

TECHNICAL ADVISORY

TA 116

FEBRUARY 27, 1998

SUBJECT: AGENT OF RECORD LAW - 30 DAY NOTICE

BACKGROUND: Changes were made to the Louisiana agent of record law in 1997, which affected all policies issued on or after January 1, 1998. Refer to IIAL Technical Advisory #113, dated January 20, 1998.

MAIN POINTS: One of the main changes in the law was to allow a removed agent to receive 30 days' notice before the removal was effective .

However, an avalanche of questions has arisen recently about how this 30 day notice affects renewals. The principal question is this: If there is less than 30 days before a policy renews, does this mean that another agent is blocked from obtaining an agent of record letter to quote on the renewal, since there would not be sufficient time to give the current agent 30 days' notice?

According to the Louisiana Department of Insurance, the answer is "no." The requirement to give the current agent 30 days' notice is not relevant to the renewal - only the existing policy. Here is the pertinent section of the revised statute:

22:1118F.(1) *"Any insurance company authorized to transact business in this state or issuing or delivering property or casualty insurance, or fidelity bonds in the state shall retain information of the agent of record who wrote such policies or bonds for the full term of the contracts, or until the renewal or termination of the contracts, whichever occurs first. The insurer shall not change or remove such agents by any agent of record letter which may be secured by another agent during the term of such contracts or until the renewal*
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date of the contracts, whichever occurs first, unless the change or removal is requested by an insured under a particular contract."

22:1118F.(1)(a) "If a change or removal of an agent is requested by an insured, the insurer shall give the agent written notice thirty days in advance of the change or removal as to the particular insured's contract."

Various references in the statute make it clear that agent of record requirements apply to a "particular contract," i.e., the contract in force, and not to renewals.

The intent of the revised statute is to make sure that the insured is free to change agents at any time, whether at mid-term or renewal. The full intent of the revised law would be thwarted if there was a blackout period in the final thirty days of an expiring policy, which prevented an insured from selecting another agent of his choosing, who could best serve his needs.

**NECESSARY
ACTION:**

Circulate this memo to appropriate agency staff, and to each company.