



## Independent Insurance Agents & Brokers of Louisiana

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# Technical Advisory

TA 331

August 8, 2017

**Subject:** 2017 Legislative changes affecting producer licensing

**Background:** The 2017 Regular Session of the Louisiana Legislature passed a number of insurance bills. For a description of the most important ones, see the [IIABL 2017 Legislative Summary](#).

**Main Points:** Below is a summary of four important legislative actions, provided by the Louisiana Department of Insurance.

### **#1: Changes to License Renewal Schedule**

Here is the description of Act 154 (HB 503), excerpted from IIABL 2017 Legislative Summary:

*HB 503 revises the insurance producer licensing fees to allow LDI to renew multiple licenses at the same time. Instead of renewing P&C licenses one year and renewing L&H licenses the next year, LDI will be able to renew both licenses every other year.*

### **Act 154 (HB 503) Effective January 1, 2018 Changes to License Renewals and Changes to Initial License Applications**

#### **License Renewal Changes**

- Licenses will renew in even/odd years based on the license number. Renewals will no longer be based on LOA.
- Agency renewals will move to March 31.
- Renewal of the license will renew all lines eligible for renewal.
- Renewal window will increase from 60 days to 90 days.

Producer renewal fees are changing.

- \$50 to renew one line.
- \$55 to renew two or more lines.

Surplus lines authority renewal will remain \$350.

Adjuster renewal fee will remain unchanged at \$50.

#### Examples of renewal fees:

- Licensee holds Life and Health & Accident - \$55.
- Licensee holds Property and Casualty - \$55.
- Licensee holds Life - \$50.
- Licensee holds Property, Casualty and Surplus Lines - \$405.
- Licensee holds Life, Health & Accident, Variable Contracts, Property & Casualty- \$55.

#### Conversion process – what to expect:

- Licenses with expirations occurring in 2018 or 2019 will be switched to the new even/odd license renewal dates.
- This will mean that some licensees that renewed in 2017 will have to renew again in 2018 – but these licensees will be exempted from CE for their 2018 renewal.
- Notices to licensees regarding the change will be sent approximately 120 days prior to their renewal advising of the change to the renewal process.

#### Example #1 – Bobby Test

- Bobby Test is licensed as a producer for Property and Casualty lines. His license number is 2468. His birthday is October.
- Bobby last renewed 10/31/17.
- His new renewal date will be 10/31/18. The window to file the renewal will open 8/1/18. His renewal fee will be \$55.
- He will not have to do CE to renew in 2018 because he just complied with CE when he renewed in 2017. He will comply with CE when he renews in 2020.

#### Example #2 – Susie Sample

- Susie Sample is licensed as a producer for Life and Health & Accident lines. Her license number is 1359. Her birthday is in March.
- Susie last renewed 3/31/16.
- Her new renewal date will be 3/31/19. The window to file the renewal will open 1/1/19. Her renewal fee will be \$55. She will comply with CE when she renews in 2019.

#### Example #3 – Pete Producer

- Pete Producer is licensed as a producer for Limited Line Life Health & Accident and Industrial Fire lines. His license number is 1234. His birthday is in January.
- Pete last renewed his Limited Line Life Health & Accident line 1/31/16.
- Pete last renewed his Industrial Fire line 1/31/17.
- His new renewal date will be 1/31/18. The window to file the renewal will open 11/1/17. His renewal will be \$55.

#### Example #4 – Barbara Broker

- Barbara Broker is licensed as a producer for Life, Health & Accident and Variable Lines. Her license number is 2244. Her birthday is in April.
- Barbara last renewed 4/30/16.
- Her new renewal date will be 4/30/18. The window to file the renewal will open 2/1/18. Her renewal fee will be \$55. She will comply with CE when she renews in 2018.

#### Example #5 – XYZ Insurance Agency

- XYZ Insurance Agency is licensed as a producer agency for Life, Health & Accident, Property, Casualty and Surplus Lines. Their license number is 4444.
- XYZ last renewed their Life, Health & Accident line 4/30/16.
- XYZ last renewed their Property, Casualty and Surplus lines 4/30/17.
- The new renewal date will be 3/31/18. The window to file the renewal will open 1/1/18. The renewal fee will be \$405.

#### Changes to license reinstatements

- Since the filing of a renewal will renew all eligible lines, what happens to lines not eligible to renew or the licensee chooses not to renew?
- Any non-renewed lines will be cancelled from the license.
- A cancelled line may be reinstated by filing an initial application.

#### Changes to license reinstatements – Example

- Joe Test is licensed as a producer for Life and Credit lines. His license number is 2468. His birthday is in July.
- His new renewal date is 7/31/18.
- When it is time for Joe to renew, Joe does not complete his continuing education required to renew the Life lines. He only chooses to renew the Credit line, which does not require CE. The non-renewal of the Life line will cause the Life line to cancel effective 7/31/18.

#### Changes to license reinstatements – Example

- Joe can reinstate the Life line within two years by complying with CE requirements and filing a new *initial application*. He is exempt from exam and prelicense education during this two-year period.
- After two years, Joe would need to complete prelicense education and re-test to add Life authority back on the application.

#### Initial License Application Changes

##### Initial License Application Changes

- Producer license application fees will no longer be based on line of authority.
- The application fee will be \$75 with the exception of Surplus Lines and Portable Electronics.
- Surplus lines application fee remains \$250.
- Portable Electronics remains \$200.
- Adding a line to an active license will be \$50.
- No change to fees for Claims Adjusters.

## **#2: Late Renewal of Claims Adjuster Licensees**

### **Act 159 (HB 643)**

**Effective July 1, 2017**

#### **Late Renewal of Claims Adjuster Licenses**

- Act 159 adds a late renewal fee for Claims Adjusters.
- The late fee will be \$50.

### **#3: Carrier Contact Updates**

#### **Act 10 (HB 289)**

**Effective January 1, 2018**

#### **Carrier Contact Updates**

Act 10 requires risk-bearing entities to file contact information in specific areas on an annual basis:

- Consumer Complaints
- Rules, Regulations, and other Directives
- Financial Solvency
- Tax Payments
- Any other function deemed necessary

Must be updated within 30 days.

Can be filed online using Licensee Contact module in Industry Access.

### **#4: Required E&O Coverage**

#### **Act 380 (SB 117)**

**Effective August 1, 2017**

#### **Required E&O Coverage**

Act 380 will require the maintenance of professional liability coverage or E&O for every insurance producer who is actively writing in this state who is:

- a non-captive producer; or
- any producer who sells products financed in whole or in part by a premium finance company
- Failure to maintain coverage constitutes an unfair trade practice.
- Excludes producers licensed for bail bonds only.

### **Additional information from the Louisiana Department of Insurance**

#### **Application Processing and Procedure Changes**

Changes to appointment renewals

- The process to renew company appointments changed in 2017. The new procedures shortened the timeframe between invoice date and renewal and eliminated the need for supplemental renewals.
- The appointment renewal date remains 4/30; however, the invoices will now be generated at the end of March instead of in January.
- Any producers newly appointed after the generation of the invoice will have appointments expire the following year. There will no longer be a need to reappoint to avoid expiration.

Need to file complete applications

- Licensees who answer "yes" to a BG question on the application should provide required documentation within 5 days of application or application is subject to closure as incomplete.

- Documents should be submitted to the NIPR Attachment Warehouse or faxed/emailed to the LDI.
- Faxed or emailed documents must reference the NIPR Transaction number or other identifying information about the applicant.
- Encourage your applicants to read the application questions carefully.

Discussion of application status with third parties

- Communication regarding criminal background information will ***only*** be with the applicant or their legal representative.
- Repeated phone calls regarding the status of applications and/or fingerprinting are unnecessary and unproductive.

**Questions?**  
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*Source: Louisiana Department of Insurance.*

**Necessary Action:** Circulate this Technical Advisory to all appropriate agency staff.

**Please note that this Technical Advisory is intended to be educational and is not legal advice upon which you should rely. Please seek any legal opinion you may need from a qualified attorney.**