

TECHNICAL ADVISORY

INDEPENDENT INSURANCE AGENTS & BROKERS OF LOUISIANA

TA 334

August 1, 2018

SUBJECT: [LDI Advisory Letter 2018-02](#) Employing Any Person Convicted of a Felony

BACKGROUND: LDI recently issued [LDI Advisory Letter 2018-02](#) which provides important guidance to insurance agencies (and any other insurance businesses) regarding federal and state laws related to employing or allowing to associate with your business, any person engaged in the business of insurance who has been convicted of a felony. **We think many insurance agencies and their employees are currently in violation of these laws and must take action before December 31, 2018. It is extremely important that every insurance agency (and other insurance businesses) review [LDI Advisory Letter 2018-02](#) carefully, and make sure that every employee or other persons associated with your business are compliant. [LDI Advisory Letter 2018-02](#) can be found [HERE](#).**

MAIN POINTS: Federal and state laws prohibit insurance agencies from employing or allowing to associate with your business any person who has been convicted of a felony.

These laws allow exceptions for agencies and persons who apply to the Commissioner of Insurance for a waiver, and the Commissioner grants such waiver. Commissioner Donelon requested legislation during the 2018 Regular Session of the Louisiana Legislature to allow such waivers under Louisiana law. IIABL supported and helped Commissioner Donelon pass Act 299 to allow for such waivers.

In general, the Commissioner will consider waivers for youthful drug possession felony convictions and other lesser crimes that do not involve lying, cheating, stealing, etc. The Commissioner and his staff will consider each case on its merits and make a decision as to the seriousness of the conviction and the future threat to the public.

Insurance agencies are required to conduct criminal background checks or otherwise insure that all persons employed by or associated with the agency do not have felony convictions.

Persons with felony convictions who do not obtain a waiver, and insurance agencies who employ such persons are subject to regulatory action by the Louisiana Department of Insurance.

Insurance Commissioner Jim Donelon has given insurance agencies with employees who have felony convictions until December 31, 2018 to come into compliance with Act 299. Any employees hired after August

1, 2018 are immediately subject to R.S. 22:1554 (18) as amended by Act 299.

**NECESSARY
ACTION:**

Insurance agency (and other insurance businesses) owners and managers need to run criminal background checks or otherwise insure that all employees or other persons associated with the agency do NOT have felony convictions. If the agency finds employees who have felony convictions, the agency and the employee need to file with the Commissioner of Insurance for a waiver as outlined in Advisory Letter 2018-02. Insurance Commissioner Jim Donelon has given insurance agencies with employees who have felony convictions until December 31, 2018 to come into compliance with Act 299. Any employees hired after August 1, 2018 are immediately subject to R.S. 22:1554 (18) as amended by Act 299. [LDI Advisory Letter 2018-02](#) can be found [HERE](#).

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