



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON

COMMISSIONER

DIRECTIVE 129 (REVISED AND REISSUED)

**TO: ALL DOMESTIC OR FOREIGN STOCK INSURERS DOING BUSINESS
IN THE STATE OF LOUISIANA**

FROM: JAMES J. DONELON, COMMISSIONER

RE: PARTICIPATING POLICIES

DATE: AUGUST 4, 2020

Directive 129, originally issued on November 1, 1995, is being revised and reissued to remove references to the Louisiana Insurance Rating Commission. A "participating policy" is an insurance policy which provides for participation in the profits of the operations of a stock insurer by the payment of dividends to policyholders. Such a program is called a "dividend plan."

I hereby order and direct that a domestic or foreign stock insurer, if authorized by its articles of incorporation, may issue participating policies as follows:

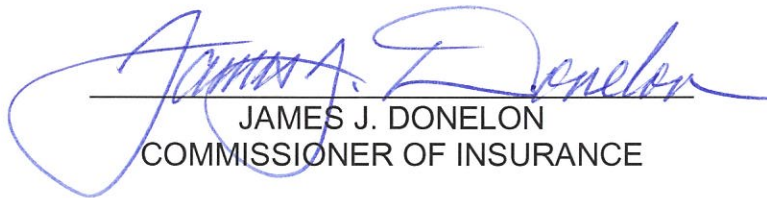
1. All dividend plans are subject to review and approval by the Commissioner of Insurance.
 - a. Stock property and casualty insurers which by law must make rate and rule filings with the Commissioner of Insurance must submit that portion of the dividend plan that applies to the calculation of dividends to the Commissioner of Insurance in the same manner as a rate or rule filing. Filings must adhere to all Louisiana statutes and comply with all guidance provided for by the Louisiana Department of Insurance ("LDI") in regulations, bulletins, advisory letters or directives regarding such filings. In addition, all portions of the dividend plan that apply to the payment or distribution of dividends must be submitted to the Chief Actuary of the LDI for approval.
 - b. All other companies must submit the entire dividend plan to the Chief Actuary of the LDI for approval.
2. Dividends are payable only upon approval by the insurer's Board of Directors.

3. Dividends shall only be paid out of earnings during the year or an accumulation of earnings from prior years. This amount shall be calculated based on the policies issued under the dividend plan.
4. Dividends shall not be contingent upon the renewal of the policy.
5. No dividend may be declared or paid when the capital and surplus is less than the minimum capital and surplus required to transact business in this state or if payment of the dividend would reduce the company's capital and surplus below its required minimum.

Please be governed accordingly.

If there are any questions regarding this Directive, please contact the Deputy Commissioner for the Office of Financial Solvency, electronically at public@ldi.la.gov.

Baton Rouge, Louisiana, this 4th day of August, 2020.



JAMES J. DONELON
COMMISSIONER OF INSURANCE