



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

DIRECTIVE 221

**TO: ALL AUTHORIZED PROPERTY AND CASUALTY INSURERS
AND SURPLUS LINES INSURERS**

FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE

RE: DIRECTIVE 221

DATE: July 20, 2023

The Louisiana Department of Insurance (LDI) hereby issues Directive 221 to advise all property and casualty insurers, including surplus lines insurers, (insurers) of the recent suspension of McClenny, Moseley & Associates, PPLC (MMA) from practicing law in Louisiana, and to direct insurers to comply with La. R.S. 22:1896 (and the corresponding duty of good faith and fair dealing) when communicating with Louisiana policyholders formerly represented by that firm. Insurers are reminded that they are obligated to respond to any inquiry or request from the policyholder within 14 days of that inquiry or request pursuant to La. R.S. 22:1896.

The LDI has evidence that MMA and its principals, managers and/or partners, Richard William Huye III, John Moseley, and James McClenny, participated in a fraudulent scheme, which, among other things, constitutes unfair trade practices in the business of insurance in Louisiana.

Based on the LDI's investigation thus far, MMA has admitted to at least 856 fraudulent misrepresentations whereby MMA communicated to Louisiana insurers that they had been retained by Louisiana policyholders to settle claims when MMA did not represent those policyholders. MMA's fraudulent behavior additionally included presenting demands for payment pursuant to the consumer's insurance policy, directing the adjustment of those claims, and receiving and negotiating insurance settlement checks without the knowledge (and authority to do so) from the policyholder. The LDI issued a Cease and Desist Order, Notice of Wrongful Conduct and Notice of Investigative Proceedings to MMA on February 17, 2023. In addition, the LDI issued fines collectively totaling \$2 million dollars to MMA, founding partners James McClenny and John Moseley, and Louisiana managing partner Richard William Huye III for engaging in unfair trade practices involving the policyholders referenced herein. The LDI's investigation remains ongoing in this matter.

On March 3, 2023, the Louisiana Supreme Court ordered that Richard William Huye III, be suspended from the practice of law on an interim basis.¹ Additionally, the

¹In Re: Richard William Huye III, 356 So.3d 1000 (Mem), 2023-B-00277 (La. 3/3/23)

Louisiana Supreme Court has stayed the multitude of hurricane and storm-related suits filed by MMA in Louisiana state courts pending further orders of the Supreme Court. The Louisiana Supreme Court appointed attorney Edward J. Walters, Jr. of Walters, Thomas, Cullens, LLC, as a special trustee to receive the information provided to the Office of Disciplinary Counsel relative to the lawsuits filed in state court and to contact each client formerly represented by MMA in state court so they may provide resources to them in obtaining new counsel, if necessary.

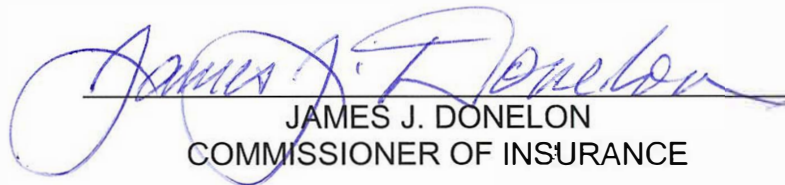
It has been suggested to me that some insurers are refusing to communicate with policyholders solely because they have received a letter of representation from MMA. The letter of representation from MMA is no longer valid given that this firm is absolutely prohibited from practicing law in the state of Louisiana. Therefore, the LDI will not now consider this a valid reason to excuse an insurer's obligation to communicate with their policyholder, as La. R.S. 22:1896 prohibits an insurer from this type of business practice. In addition, insurers are required to communicate with respect to claims arising under insurance policies², and insurers owe their insureds a duty of good faith and fair dealing³.

Any insurer who has received a letter of representation from MMA from a particular policyholder and who is seeking to determine whether that policyholder is represented by other counsel may contact Magistrate Judge Michael North in the Eastern District of Louisiana at (504) 589-7610, as the Court has worked to compile a listing of clients/policyholders formerly represented by MMA.

If there are any questions or concerns regarding Directive 221, please contact David Caldwell, Executive Counsel, at (225) 342-4673 or electronically at public@ldi.la.gov.

Please be governed accordingly.

Baton Rouge, Louisiana, this 20th day of July 2023.


JAMES J. DONELON
COMMISSIONER OF INSURANCE

² La. R.S. 22:1964(14)(b)

³ La. R.S. 22:1973(A)