

(See §137.Y.1) for the definition of *a particular insurance product*.)

2. The rule does not prohibit multiple advertising during an enrollment period through any and all media published or transmitted within this state as long as the enrollment periods for all such advertisements have the same expiration date.

3. The rule does not prohibit the solicitation of members of a group or association for the same product even though there has not been a lapse of (insert months) since the close of a preceding enrollment period which was open to the general public for the same product.

4. The rule does not require separation by (insert number) months of enrollment periods for the same insurance product in this state if the advertising material is directed by an admitted insurer to persons by direct mail on the basis that a common relationship exists with an entity. Examples of such would be a bank and its depositors, a department store to its charge account customers, or an oil company to its credit card holders, and more than one of such organizations is sponsoring such insurance product at different times if providing such insurance under such a method is not otherwise prohibited by law. However, the (insert number) month rule does apply to one specific sponsor to the same persons in this state on the basis of their status as customers of that one specific entity only.

Z. The rule defines the meaning of *a particular insurance product* in §137.Y.1 and prohibits advertising of products having minor variations such as different periods or different amounts of daily hospital indemnity benefits in a succession of enrollment periods.

AA. The rule is closely related to the requirements of §115 concerning the use of statistics. The rule prohibits insurers which have been organized for only a brief period of time advertising that they are "old" and also prohibits emphasizing the size and magnitude of the insurer. Also, the occupations of the persons comprising the insurer's board of directors or the public's familiarity with their names or reputations is irrelevant and must not be emphasized. The preponderance of a particular occupation or profession among the board of directors of an insurer does not justify the advertisement of a plan of insurance offered to the general public as insurance designed or recommended by members of that occupation or profession. For example, it is unacceptable for an insurance company to advertise a policy offered to the general public as "the physicians' policy" or "the doctors' plan" simply because there is a preponderance of physicians or doctors on the board of directors of the insurer. The rule prohibits the use of recommendation of a commercial rating system unless the purpose, meaning, and limitations of the recommendation are clearly indicated.

BB. The text of Subsection A is identical to the text of the first paragraph of the Enforcement Section of previous drafts of the rules, except the last sentence of the Subsection has been revised to require that the advertising file be maintained either for a period of four years (rather than three as previously) or until the next regular examination of the

insurer, whichever is the longer period of time.

CC. The rule is attached as an example of the text of a rule which may be used, at the option of the commissioner, in a state which reviews advertisements prior to use. The NAIC takes no position here on the question of whether direct response advertising material should be subject to prior review by the commissioner.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:2 and 22:224.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 17:67 (January 1991).

## Chapter 3. Rule Number 4— Interlocal Risk Management Agency

### §301. Purpose

A. The purpose of this amendment to Rule 4 is to provide for the expansion of the types of investments in which an Interlocal Risk Management Agency could invest to include selected investments permitted under R.S. 33:2955 and to adopt provisions and uniform guidelines for their interpretation as authorized specifically by Act 462 of the 1979 Session of the Legislature. This Rule is designed to facilitate and implement the provisions of that Act. It is intended to supplement, not alter in any manner, the provisions of the Act.

AUTHORITY NOTE: Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990), amended, LR 46:1103 (August 2020).

### §303. Applicability

A. These provisions shall be applicable to any and all entities which may be defined as an *interlocal risk management agency* by Act 462 of the 1979 Session of the Louisiana Legislature.

AUTHORITY NOTE: Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990), amended LR 46:1103 (August 2020).

### §304. Authority

A. Rule 4 is promulgated by the commissioner pursuant to the authority granted under the Louisiana Insurance Code, R.S. 22:11, Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature, R.S. 33:2955 and the Administrative Procedure Act, R.S. 49:950 et seq.

AUTHORITY NOTE: Promulgated in accordance with R.S. 22:11, Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature, R.S. 33:2955.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Office of the Commissioner, LR 16:621 (July 1990), amended LR 46:1103 (August 2020).

### §305. Definitions

*Certified Audit*—an audit upon which the auditor

expresses his professional opinion that the accompanying statements present fairly the financial position of the self-insurance fund in conformity with generally accepted accounting principles consistently applied, and accordingly, include such test of the accounting records and such other auditing procedures as considered necessary by such auditor.

*Contingent Liability*—the amount that the interlocal risk management agency may be obligated to pay in excess of a given year's normal premium collected or on hand.

*Department*—the Insurance Department of the State of Louisiana.

*Experience Modification*—the applicable experience debit or credit promulgated in accordance with those experience rating plans filed by and approved for the National Council on Compensation Insurance or the Insurance Services Office.

*Fund*—the interlocal risk management agency self-insurers fund.

*Gross Premium*—the premium determined by multiplying the payroll or other unit of exposure (segregated into the proper workmen's compensation job classification or general liability classification) times the appropriate manual rates.

*Loss Fund*—the retention of risk sharing for an interlocal risk management agency under the terms of an aggregate excess contract or contracts.

*Manual Rate*—for workmen's compensation purposes that rate filed by and approved for use in the state by the National Council on Compensation Insurance. For public liability exposure, the term means that rate filed by and approved for use by the Insurance Services Office.

*Net Safety Factor*—any amount needed in a given fund year, in addition to current loss' reserves to fund future loss development.

*Normal Premium*—the standard premium less any discount allowed.

*Service Agent*—a business which contracts with an interlocal risk management agency for the purpose of providing all services necessary to place and maintain a group self-insurance program.

*Standard Premium*—gross premium plus or minus applicable experience modification.

*Statutory Workmen's Compensation Benefit*—those prescribed by Title 23, Louisiana Revised Statutes of 1950, as amended.

*Surplus*—all other assets a fund may have on hand in excess of all loss reserves, actual and contingent liabilities, and net safety factors in all fund years.

*Trustee Fund*—any monies and investment under the control of the board of trustees of a self-insurance fund which are not part of the loss fund or which are not required to pay claims.

*Trustees*—the executive boards of the Louisiana

Municipal Association or of the Police Jury Association of Louisiana, as the case may be, where those bodies have been designated in an intergovernmental agreement to administer an interlocal risk management agency or such members of such executive boards as do not decline to serve as trustees. In all other cases, *trustee* means a group of members elected by the interlocal risk management agency, for stated terms of office, to administer a group self-insurance fund and whose duties shall include responsibilities for approving applications for new members of such fund. A trustee shall not be an owner, officer, or employee of the service agent.

AUTHORITY NOTE: Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990).

### **§307. Requirements Necessary to Obtain a Certificate of Authority as an Interlocal Risk Management Agency**

A. Evidence must be submitted to the Insurance Department that two or more local government subdivisions have made an executed agreement among themselves to form and become members of an interlocal risk management agency.

B. Copies of the bylaws and other agreements must be submitted to the Insurance Department.

C. A copy of the ordinance or other enabling Act that is adopted by the political subdivisions authorizing execution of an agreement to form an interlocal risk management agency must be submitted to the Department of Insurance.

D. Each interlocal risk management agency must identify its agent for service of process to the Department of Insurance.

E. Each fund must have an annual gross premium calculated in accordance with the applicable manual premium rate or rates, plus or minus applicable experience credits or debits, of not less than \$200,000.

F. An interlocal risk management agency must, at all times, maintain a contract or contracts of aggregate excess insurance of at least \$5,000,000 as respects public liability claims if a fund is formed to self-insure public liability claims.

G. An interlocal risk management agency must, at all times, maintain a contract or contracts of specific excess insurance as respects workmen's compensation claims. Those contracts must provide for statutory workmen's compensation benefits which shall include provisions for unlimited medical and rehabilitation expenses, except that interlocal risk management agencies that are in existence prior to September 1, 1980 shall be deemed to be in compliance with this rule provided a contract or contracts of specific excess insurance has been submitted with a limit of liability in the amount of at least \$1,000,000. On the first renewal date following September 1, 1980, the exception shall not be applicable.

H. Each interlocal risk management agency must provide

statutory workmen's compensation benefits. A contract or contracts of excess insurance as provided in §307.G shall be provided to secure payment of statutory workmen's compensation benefits.

I. A copy of each contract of excess and aggregate insurance must be filed with the Department of Insurance.

J. Each risk contract must contain a provision that the Department of Insurance will be notified not less than 30 days in advance in the event of cancellation of the contract by action of either the interlocal risk management agency or the insurance company that issued the contract.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

**HISTORICAL NOTE:** Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990).

### **§309. Filing of Reports**

A. A certified audited financial statement must be submitted annually. That statement must contain a review of the interlocal risk management agency operations and general conditions by a certified independent casualty actuary. During the first two years of the existence of the interlocal risk management agency, the Commissioner of Insurance, or his chief examiner, may require periodic interim financial reports. Those reports may be required on a basis no more frequent than quarterly.

B. That statement of financial condition must include a report of the outstanding workmen's compensation liabilities of the interlocal risk management agency and include details of the amount and source of all monies recoverable from any third party.

C. Summary loss data shall be filed with the Department of Insurance on each fund member within 60 days after the evaluation date of the losses being reported in a manner acceptable to the Department of Insurance.

D. Classified, audited, and properly limited payrolls and premium development on each fund member shall be submitted to the Insurance Department on acceptable forms within 60 days after the evaluation date of the summary loss information required in §309.C.

E. All of the information required in §309.D shall be submitted using classification, payroll limitations, experience modification, and rate procedure of the National Council on Compensation Insurance, or in the case of public liability, those of Insurance Services Office, as filed and approved for use in this state.

F. Failure or refusal of the interlocal risk management agency to file these reports in accordance with this rule shall be considered good cause to suspend or refuse renewal of the Certificate of Authority issued by the Commissioner of Insurance.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

**HISTORICAL NOTE:** Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990).

### **§311. Solvency or Risk Management Agencies; Trustee Responsibilities**

A. In order to insure the financial stability of the operations of each interlocal risk management agency, the board of trustees of each fund shall be responsible for all operations of the fund. The board of trustees of each agency shall take all necessary precautions to safeguard the assets of the fund or funds of such agency including:

1. the designation of a fiscal agent or administrator, if not otherwise provided for by Act 462 of the 1979 Regular Session of the Louisiana Legislature to administer the financial affairs of the fund, which as obligee, shall furnish a fidelity bond, or acceptable substitute, to protect the fund against misappropriation or misuse of any monies or securities. The amount of the bond, or substitution therefor, shall be determined by the interlocal risk management agency subject to approval by the insurance department. Such fiscal agent or administrator shall not be an owner, officer, or employee of the service agent;

2. retain control of all monies collected or disbursed from the fund or funds and shall segregate all monies into a claims fund and trustee fund. The amount allocated to the claims fund will be sufficient to cover payment of the entire aggregate loss fund, as defined in the aggregate excess insurance policy. Only disbursements that are credited toward the loss fund, as defined in the aggregate excess policy, will be made from the claims fund. All administration costs and other disbursements will be made from the trustee fund. The administrator of the fund shall establish a revolving fund for use by the authorized service agent, which will be replenished from time to time from the claims fund. The service agent and its employees shall be covered by a fidelity bond, with the interlocal risk management agency named as obligee in an amount sufficient to protect all monies placed in the revolving fund. Such bond and its amount shall be subject to approval by the insurance department;

3. audit of the accounts and records are provided for in Act 462 of the 1979 Regular Session of the Louisiana Legislature;

4. the board of trustees or its fiscal agent or administrator shall not utilize any of the monies collected as premiums for any purpose unrelated to workmen's compensation or public liability purposes. Further, it shall not borrow any monies from the fund, or in the name of the fund, without advising the Department of Insurance of the nature and purpose of the loan and obtaining approval. The board of trustees may, at its discretion, invest any surplus monies not needed for current obligations, but such investments shall be limited to:

- a. direct United States Treasury obligations, the principal and interest of which are fully guaranteed by the government of the United States;

- b. bonds, debentures, notes, or other evidence of the indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and

credit of the United States of America, which obligations include but are not limited to:

- i. U.S. Export-Import Bank;
- ii. Farmers Home Administration;
- iii. Federal Financing Bank;
- iv. Federal Housing Administration Debentures;
- v. General Services Administration;
- vi. Government National Mortgage Association—guaranteed mortgage-backed bonds and guaranteed pass-through obligations;
- vii. U.S. Maritime Administration—guaranteed Title XI financing;
- viii. U.S. Department of Housing and Urban Development.

c. Bonds, debentures, notes, or other evidence of the indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored, and such obligations include but are not limited to:

- i. Federal Home Loan Bank System;
- ii. Federal Home Loan Mortgage Corporation;
- iii. Federal National Mortgage Association;
- iv. Student Loan Marketing Association;
- v. Resolution Funding Corporation.

d. In no instance shall an interlocal risk management agency invest in obligations in Subparagraphs b and c of this Paragraph which are collateralized mortgage obligations that have been stripped into interest only or principal only obligations, inverse floaters, or structured notes. For the purposes of this Item, *structured notes* shall mean securities of U.S. government agencies, instrumentalities, or government-sponsored enterprises, which have been restructured, modified, and/or reissued by private entities.

e. Bonds, debentures, notes, or other evidence of indebtedness issued by the state of Louisiana or any of its political subdivisions provided that the indebtedness shall have a long-term rating of Baa or higher by Moody's Investors Service, a long-term rating of BBB- or higher by Standard and Poor's or a long-term rating of BBB- or higher by Fitch, Inc. or a short-term rating of MIGI or VMIGI by Moody's Investors Service, a short-term rating of A-1 or A-1+ by Standard and Poor's, or a short-term rating of F1 or F1+ by Fitch, Inc.

f. Direct security repurchase agreements of any federal book entry only securities enumerated in Subparagraphs a, b, and c of this Paragraph. *Direct security repurchase agreement* means an agreement under which political subdivision buys, holds for a specified time, and then sells back those securities and obligations enumerated in Subparagraphs a, b, and c of this Paragraph.

g. Time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, savings accounts or shares of savings and loan associations and savings bank, as defined by R.S. 6:703(16) or (17), or share accounts and share certificate accounts of federally or state-chartered credit unions issuing time certificates of deposit. Funds invested herein shall not exceed at any time the amount insured by the Federal Deposit Insurance Corporation in any one banking institution, or in any one savings and loan association, or National Credit Union Administration.

h. Deposits in savings and loan associations and commercial banks shall be limited in this state, except in those instances where higher interest rates paid on deposits by such institutions in other states will provide better investment income and such deposits shall not exceed the federally insured amount in any one account, except that the federally insured amount on any one account may be exceeded if the amount involved in such an account does not exceed the greater of either of the two factors:

i. 5 percent of the combination of surplus and undivided profits and reserves, as currently reported for each bank in this state of in the banking division annual report of the Financial Institution Office of the Department of Commerce (banking control) or financial reports filed with the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and the Federal Reserve Bank of Atlanta;

ii. \$500,000 per institution.

i. Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investment of funds in such mutual or trust fund institutions shall be limited to 25 percent of the monies considered available for investment as provided by this Section.

j. Guaranteed investment contracts issued by a bank, financial institution, insurance company, or other entity having one of the two highest short-term rating categories of either Standard and Poor's Corporation or Moody's Investors Service, provided that no such investment may be made except in connection with a financing program for political subdivisions which financing program is approved by the state Bond Commission and offered by a public trust having the state as its beneficiary, provided further that no such investment shall be for a term longer than 18 months, and provided further that any such guaranteed investment contract shall contain a provision providing that in the event the issuer of the guaranteed investment contract is at any time no longer rated in either of the two highest short-term rating categories of Standard and Poor's Corporation or Moody's Investors Service, the investing unit of local government may either be released from the guaranteed investment contract without penalty, or be entitled to require that the guaranteed investment provider

collateralize the guaranteed investment contract with any bonds or other obligations which as to principal and interest constitute direct general obligations of, or are unconditionally guaranteed by, the United States of America, including obligations set forth in Subparagraphs a and b of this Paragraph to the extent unconditionally guaranteed by the United States of America.

k. Investment grade commercial paper issued in the United States, traded in the United States markets, denominated in United States dollars, with a short-term rating of at least A-1 by Standard and Poor's Financial Services LLC or P-1 by Moody's Investor Service, Inc. or the equivalent rating by a Nationally Recognized Statistical Rating Organization (NRSRO).

l. Pre-approved first mortgage loans on commercial real estate owned by the fund administrator, located with the state of Louisiana, and occupied by the Fund or its trustees, administrator, or third [arty administrator.

m. Bonds, debentures, notes, or other indebtedness issued by a state of the United States of America other than Louisiana or any such state's political subdivisions provided that all of the following conditions are met.

i. The indebtedness shall have a long-term rating of A3 or higher by Moody's Investors Service, a long-term rating of A- or higher by Standard and Poor's or a long-term rating of A- or higher by Fitch, Inc., or a short-term rating of MIG1 of VMIG1 by Moody's Investor's Service, a short-term rating of A-1 or A-1+ by Standard & Poor's, or a short-term rating of F1 or F1+ by Fitch, Inc.

ii. Prior to purchase of any such indebtedness and at all times during which such indebtedness is owned, the purchasing interlocal risk management agency retains the services of an investment advisor registered with the United States Securities and Exchange Commission; a trust department of an institution that is insured by the Federal Deposit Insurance Corporation, that exercised trust powers in Louisiana, and that has a main office or a bank branch in Louisiana; or a trust company that has offices in Louisiana, that is regulated by the Office of Financial Institutions or the applicable federal agency, and that owes a fiduciary duty to act solely in the best interest of the political subdivision.

n. Bonds, debentures, notes or other indebtedness issued by domestic United States corporations provided that all of the following conditions are met.

i. The indebtedness shall have a long-term rating of Aa3 or higher by Moody's Investors Service, a long-term rating of AA- or higher by Standard and Poor's, or a long-term rating of AA- or higher by Fitch Ratings, Inc.

ii. Prior to purchase of any such indebtedness and at all times during which such indebtedness is owned, the purchasing interlocal risk management agency retains the services of an investment advisor registered with the United States Securities and Exchange Commission; a trust department of an institution that is insured by the Federal Deposit Insurance Corporation, that exercised trust powers in Louisiana, and that has a main office or a bank branch in

Louisiana; or a trust company that has offices in Louisiana, that is regulated by the Office of Financial Institutions or the applicable federal agency, and that owes a fiduciary duty to act solely in the best interest of the political subdivision.

o. All interlocal risk management agencies shall develop and adopt an investment policy that details and clarifies investment objectives and the procedures and constraints necessary to reach those objectives. All such investment policies should:

- i. reflect the mandate to manage funds prudently;
- ii. place appropriate emphasis on the goals of safety of principal first, liquidity second, and yield third.

B. The board of trustees may delegate authority for specific functions to the administrator of the self-insurers' fund. The functions which may be delegated include, but are not limited to, such matters as contracting with a service agent, determining the premium charged to and refunds payable to members, investing surplus monies subject to the restrictions set forth in §311.A.4, and approving applications for membership. All delegated authority shall be specifically defined in the written minutes of the trustees' meetings and shall be subject to final approval.

AUTHORITY NOTE: Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990), amended LR 46:1103 (August 2020).

### **§313. Interlocal Risk Management Self-Insurance Funds; Advance Premium Discounts; Surplus Distribution; Deficit**

A. The trustees of any interlocal risk management agency shall not allow advance premium discounts to any member in excess of that allowed by the excess insurance underwriter, subject however, to a maximum of 15 percent of their standard premium.

B. Any surplus monies for a fund year in excess of the amount necessary to fulfill all obligations under the Workmen's Compensation Act for that fund year, including a provision for claims incurred but not reported and related expenses, may be declared to be refundable by the trustees at any time, and the amount of such declaration shall be a fixed liability of the fund at the time of the declaration. The date of payment shall be as agreed by the trustees, except that surplus monies not needed to satisfy the loss fund requirements (i.e., trustees' funds), as established by the aggregate excess contract, may be refunded immediately after the end of the fund year, with the approval of the Commissioner of Insurance. The intent of this rule is to ensure that sufficient monies are retained in the funds to assure that the total assets are \$200,000 greater than total liabilities for each fund year.

C. In the event of a deficit in any fund year, the deficit shall be made up immediately from any of the following:

- 1. unencumbered surplus from a fund year other than

the current fund year;

2. trustees' funds;
3. by assessment of the membership of the deficit fund year, if ordered;
4. by such alternative method as the Commissioner of Insurance may approve;
5. by reduction or elimination of the advance premium discount provided to members.

D. The Commissioner of Insurance shall be notified before any transfer of unencumbered surplus funds and of any method utilized to eliminate a deficit.

AUTHORITY NOTE: Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990).

**§315. Aggregate Excess Insurance, Interlocal Risk Management Agency; Self-Insurance**

A. No contract or policy of aggregate excess insurance shall be recognized in considering the ability of an applicant to indemnify the financial obligations of its members under the Workmen's Compensation Act, unless such contract or policy complies with all of the following:

1. is issued by a casualty insurance company authorized to transact such business in this state, or a licensed resident surplus lines broker;
2. is not cancellable or nonrenewable unless written notice by registered or certified mail is given to the other party to the policy and to the Commissioner of Insurance not less than 30 days before termination by the party desiring to cancel or not renew the policy;
3. any contract or policy containing any type of commutation clause shall provide that any commutation effected thereunder shall not relieve the underwriter or underwriters of further liability in respect to claims and expenses unknown at the time of such commutation and which are subsequently reopened by or through a competent authority. If the underwriter proposes to settle their liability for future payments payable as compensation for accidents occurring during the term of the policy by the payment of a lump sum to the interlocal risk management agency, to be fixed as provided in the commutation clause of the policy, then not less than 30 days prior notice of such commutation shall be given to the Insurance Department by the underwriter(s) or its (their) agent by registered or certified mail. If any commutation is effected, then the Commissioner of Insurance shall have the right to direct that such sum be placed in trust for the benefit of the loss fund;
4. all of the following shall be applied toward the reaching of the retention level in the aggregate excess contract:
  - a. payments made by the employer;
  - b. payments due and owing to claimants of the employers;
  - c. payments made on behalf of the employers by any surety bond under a bond required by the Commissioner of Insurance;
  - d. payments made by the Interlocal Risk Management Agency security fund;
  5. copies of the complete policy of aggregate excess insurance shall be filed with the Commissioner of Insurance, together with a certification that such policy fully complies with this rule and applicable statutes.

AUTHORITY NOTE: Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

HISTORICAL NOTE: Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990).

**§317. Servicing Interlocal Risk Management Agencies; Application; Requirements; Noncompliance**

A. Any individual, co-partnership, or corporation desiring to engage in the business of providing one or more services for an approved workmen's compensation program for an interlocal risk management agency shall apply to, and shall satisfy the Commissioner of Insurance that it has adequate facilities and competent staff within the state of Louisiana to service the self-insurance program in such a manner as to fulfill the employers' obligations under the Workmen's Compensation Act and any rules and regulations applicable thereto. Service may include, but is not limited to, claims adjusting, industrial safety engineering, underwriting, and the capacity to provide required reporting.

B. Application for approval to act as a servicing agent for an interlocal risk management agency shall be made on the required form. The application shall contain answers to all questions propounded and shall be sworn to and approved before the service agent enters into a contract with an interlocal risk management agency. Applications for approval to act as a service agent shall be granted for a period of one year and shall be subject to renewal annually.

C. If the service agent seeks approval to service claims, then proof shall be required that it has within its organization, or has contracted on a full-time basis with, at least one person who has the knowledge and experience necessary to handle claims involving the Workmen's Compensation Act and public liability. A résumé covering that person or person's background shall be attached to the application of the service agent.

D. If the service agent seeks approval to provide underwriting services, then proof shall be required that it has within its organization, or has contracted on a full-time basis with at least one person who has the knowledge and experience necessary to provide underwriting services for workmen's compensation excess insurance and public liability coverage. A résumé covering that person or person's background shall be attached to the application of the service agent.

E. If the service agent seeks approval to furnish safety engineering services, then proof shall be required that it has within its organization, or has contracted on a full-time basis with at least one person who has the knowledge and

background necessary to adequately provide industrial safety and health engineering services.

F. The service agent shall maintain adequate staff, and the staff shall be authorized to act for the service agent on all matters covered by the Workmen's Compensation Act and rules and regulations applicable thereto.

G. The service agent shall file copies of all contracts entered into with interlocal risk management agencies as they relate to the services to be performed. Such reports shall be kept confidential. The service agent will handle all claims, with dates of injury or disease, within the contract period until their conclusion, unless the service agent is relieved of that responsibility by a successor service agent.

H. Failure to comply with the provisions of the Workmen's Compensation Act shall be considered good cause for withdrawal of the approval to act as a service agent. Thirty days notice of withdrawal shall be given, and notice shall be served, by certified or registered mail, upon all interested parties.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

**HISTORICAL NOTE:** Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990).

### **§319. Penalty for Non-Compliance**

A. Non-compliance with the provisions of this rule may result in suspension, revocation, or non-renewal of the Certificate of Authority issued by the Commissioner of Insurance pursuant to the provisions of Act 462 of the 1979 Session of the Louisiana Legislature.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

**HISTORICAL NOTE:** Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990).

### **§321. Severability**

A. If any of the provisions of this rule are held invalid, such invalidity shall not affect other provisions which can be given effect with the invalid item, and to this end the provisions of this rule are hereby declared severable.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. Title 22, Section 2 of 1950 and Act 462 of the 1979 Session of the Louisiana Legislature.

**HISTORICAL NOTE:** Promulgated by the Department of Insurance, Commissioner of Insurance, LR 16:621 (July 1990).

## **Chapter 5. Rule Number 9—Prelicensing Education**

### **§501. Authority**

A. This Rule is promulgated in accordance with R.S. 22:1571.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 22:11, R.S. 22:1571 and the Administrative Procedure Act, R.S. 49:950 et seq.

**HISTORICAL NOTE:** Promulgated by the Department of Insurance, Office of the Commissioner, LR 37:2168 (July 2011).

### **§503. Purpose**

A. The purpose of this Rule is to implement the provisions of R.S. 22:1546(A)(4) and R.S. 22:1571 by establishing curricula for programs of instruction required to be completed by applicants seeking an insurance license in the state of Louisiana; to establish criteria for approval of prelicensing program providers of the programs of instruction; and to establish a mechanism of examination and review of the performance and quality of the instruction.

**AUTHORITY NOTE:** Promulgated in accordance with R.S. 22:11, R.S. 22:1571 and the Administrative Procedure Act, R.S. 49:950 et seq.

**HISTORICAL NOTE:** Promulgated by the Department of Insurance, Office of the Commissioner, LR 37:2168 (July 2011).

### **§505. Applicability and Scope**

A. This Rule shall apply to all applicants seeking a license as an insurance producer who are required by statute to take an insurance examination. Further, this Rule shall apply to the providers of the prelicensing program and the instructors for said programs.

B. This Rule shall not apply to any applicant seeking a license as an insurance producer solely for surety or industrial fire lines of authority.

C. The following shall be exempt from any prelicensing education requirements.

1. A person applying for a license as an insurance producer for authorization to write life insurance and having any of the following designations:

- a. certified employee benefit specialist (CEBS);
- b. chartered financial consultant (ChFC);
- c. certified insurance counselor (CIC);
- d. certified financial planner (CFP);
- e. chartered life underwriter (CLU);
- f. the fellow;
- g. Life Management Institute (FLMI); or
- h. the LUTC fellow designation (LUTCf).

2. A person applying for a license as an insurance producer for authorization to write health and accident insurance and having any of the following designations:

- a. registered health underwriter (RHU);
- b. certified employee benefit specialist (CEBS);
- c. registered employee benefits consultant (REBC);

or

- d. health insurance associate (HIA).

3. A person applying for a license as an insurance producer for authorization to write property or casualty insurance and having any of the following designations:

- a. accredited advisor in insurance program (AAI);
- b. associate in risk management (ARM);