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BULLETIN #00-01

TO: All Insurers, Licensees and Interested Parties
FROM: James H. Brown, Commissioner
RE: Insurance over the Internet
DATE: August 11, 2000

The business of insurance continues to flourish through technological advances made in the sales and marketing of insurance products through the Internet. The Department of Insurance recognizes that more persons and businesses are choosing to communicate directly with one another to transact the business of insurance through this electronic medium, finding this method more efficient and reliable in some instances than the use of paper and telephones to which we are accustomed.

The Department of Insurance realizes the significant advantage the Internet offers the insurance industry in the ability to not only communicate its services and products to a vast audience, but also to deliver its marketing materials to its agents and brokers electronically. Doing so reduces administrative costs, which the insurance industry can pass on to the consumer in the form of less expensive products and services. Consumers, in turn, have the advantage of shopping the Internet for these cheaper products and services.

With the advent of financial services modernization through the banking sector, we anticipate new products to be marketed for sale over the Internet. Our concern is that because the Internet has no geographical boundaries, products and services may be marketed for sale in Louisiana that either may not have received prior approval from the Louisiana Department of Insurance or which may be solicited, brokered and sold by persons or entities who are not licensed to transact these activities in Louisiana.

This Bulletin is to advise all persons and entities engaged in or contemplating being engaged in the business of insurance over the Internet, that the Louisiana Department of Insurance will apply the following general guidelines:

- No person shall be authorized to transact the business of insurance in this state without complying with the provisions of the Louisiana Insurance Code (Title 22), including any rules and regulations promulgated by the commissioner of insurance.
- "Person" means any individual, company, insurer, association, organization, reciprocal or inter-insurance exchange, partnership, business, trust or corporation.
- No person shall act as an insurer in this state unless properly qualified as an insurer of a type permitted under the provisions of Title 22.

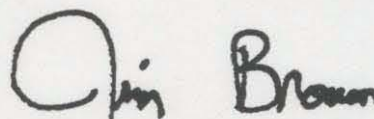
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- Disclosure statements shall be included on web sites identifying those features of the product that are not available in Louisiana.
- Disclosure statements shall be included on web sites identifying the licensing status of the person in Louisiana.
- All insurers are responsible for the marketing practices of their agents;
- All persons transacting the business of insurance in Louisiana shall provide the Department of Insurance with the web site and e-mail address where they exist to all applications of licensure and/or certificates of authority.
- All electronic insurance forms, including Internet applications for insurance, are subject to the same approval requirements as paper insurance forms.
- Premium taxes must continue to be accounted for and paid.

The Department of Insurance will promulgate regulations as necessary to address issues concerning electronic signatures, electronic filings and any other issues relating to the regulation of the business of insurance over the Internet.

All affected persons or entities are encouraged to thoroughly review Title 22 and their compliance therewith. Specific inquiries concerning this Bulletin should be directed in writing to the attention of the Legal Division of the Department of Insurance.



James H. "Jim" Brown
Commissioner of Insurance