



04.6.2016

External Memorandum No. 16-003

To
LSBPSE Applicants &
Licensees

From
Fabian P. Blache III
Executive Secretary

CC
FILE

Re
External Memorandum
16-003
**Insurance Company
Financial Health
Investigations**

Comments:

The purpose of this memorandum is to share a new mechanism by which the Louisiana State Board of Private Security Examiners (LSBPSE) can protect licensed companies and the public at large from predatory insurance practices, with respect to insurance policies required by R.S. 37:3276, a requirement of licensure.

Upon review of the LSBPSE rules, specifically pursuant to Title 46, Part LIX, Chapter 2, section 203, A(10)a “investigators acting on behalf of the Louisiana State Board of Private Security Examiners shall be empowered to investigate and report on the financial health of insurance companies authorized to issue...policies in Louisiana.”

As such, and effective immediately, the LSBPSE will endeavor to investigate the solvency of any insurance company producing policies for private security companies in our state. This will be done in the following manner:

1. An online check of the Better Business Bureau (BBB) will be conducted on all incoming policy submissions;
 - a. If the company has already been checked, it will be noted on a spreadsheet maintained by the LSBPSE
 - i. A check of this nature will suffice for a period of one fiscal year, and will be re-checked by August 31st of the following fiscal year.
2. An online check of the LA Department of Insurance (LDOI) will be conducted to determine if the company is domiciled in Louisiana, and is therefore a state approved producer;

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- a. If not domiciled in Louisiana, the LDOI online tools will be used to determine if there are any derogatory comments about the company;
 - i. The presence of any derogatory comments will not automatically deem the producer unworthy, but will be the cause for further investigation pursuant to rule.
- b. An online check of the AM Best rating of the company will be performed as the tertiary check;
 - i. AM Best ratings are the gold standard of determining the strength of an insurance company's financial position.

FPB/fpb
