

Publications

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Louisiana Insurance Department Issues Bulletin Emphasizing TPA Due Diligence Obligations Regarding Unlicensed Insurance Entities

Key Takeaways

- The Louisiana Insurance Department issued Bulletin 2026-07 reminding TPAs of their due diligence obligations when entering into agreements with entities offering insurance products or insurance services in Louisiana, following reports of unlicensed insurance activity in the state.
- The Bulletin signals increased regulatory scrutiny of TPAs licensed in Louisiana involved in insurance arrangements with unlicensed entities. TPAs may face enforcement actions in Louisiana for working with unlicensed entities.
- TPAs should exercise appropriate due diligence when entering into agreements with insurers or entities offering insurance products or related insurance services to verify that entities they are contracting with are properly licensed to conduct insurance business in Louisiana and that their TPA agreements comply with applicable Louisiana law.

Louisiana insurance regulators are focusing on the role that third-party administrators (TPAs) play in insurance arrangements involving entities that may not be authorized to transact insurance in the state. The Louisiana Insurance Department (the Department) recently issued Bulletin 2026-07 to all licensed TPAs in the state. According to the Department, the Bulletin was issued because they had been made aware that certain entities were offering insurance products in Louisiana and were not licensed to transact insurance in Louisiana pursuant to La. R.S. 22:46. In this alert, we summarize the Bulletin's guidance for TPAs and outline why it matters.

Bulletin's Guidance for TPAs

The Bulletin notified all licensed TPAs in Louisiana of their regulatory obligations when entering into agreements with entities offering insurance products or insurance services in Louisiana. Specifically, the Bulletin states that "TPAs are expected to exercise appropriate due diligence when entering into agreements with insurers or entities offering insurance-related services. This expectation includes taking reasonable steps to verify that entities with which TPAs contract with are properly licensed to conduct business in Louisiana and that these agreements comply with applicable law."

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Related Capabilities

- Third Party Administrator (TPA) Licensing & Compliance Services
- Insurance

Additionally, the Bulletin requests that TPAs promptly notify the Department's Office of Consumer Services if they are contacted by or have entered into agreements with unlicensed entities offering insurance products in Louisiana. TPAs conducting business on behalf of an unlicensed entity in Louisiana may be subject to a statement of charges, proceedings or a cease-and-desist order pursuant to La. R.S. 22:1945.

Practical Considerations and Why This Matters for TPAs Operating in Louisiana

TPAs that conduct business with unlicensed entities in Louisiana are exposed to increased regulatory scrutiny which may include statements of charges, proceedings or cease-and-desist orders by the Department. TPAs operating in Louisiana need to conduct proper due diligence when working with prospective business partners to ensure they are properly licensed by the Department in Louisiana.

For More Information on Our TPA and PBM Team

Polsinelli's TPA and PBM team provides a number of services to TPAs and PBMs including licensing, regulatory and compliance services, assistance with audits, government examinations and investigations, drafting administrative services agreements and a myriad of other services. Our TPA and PBM team includes former state insurance regulators and former in-house counsel for TPAs, which provide our TPA and PBM clients with significant experience to help navigate complex regulatory challenges efficiently. By leveraging its extensive experience representing TPAs and PBMs, our TPA and PBM team helps clients avoid the learning curve and related cost implications that can be experienced by working with companies or attorneys less familiar with the regulatory and compliance needs of TPAs and PBMs.

For questions regarding this e-alert or other TPA and PBM regulatory and compliance matters, please contact one of the authors, a member of Polsinelli's TPA and PBM team or your Polsinelli attorney.