

COMMONWEALTH OF VIRGINIA

ALFRED W. GROSS
COMMISSIONER OF INSURANCE



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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

September 26, 2007

Administrative Letter 2007-10

To: All Insurance Consultants Licensed in the Commonwealth of Virginia

Re: Consulting Contracts

The purpose of this administrative letter is to remind licensed insurance consultants of the requirements of Section 38.2-1839 A of the Code of Virginia.

All consulting arrangements must be memorialized in a written contract signed by the consultant and the client, and that contract must include, without limitation, the following:

- The amount of any consulting fee;
- The basis of any consulting fee; and
- The duration of the employment.

If the consultant may also receive commissions, incentives, bonuses, overrides, or any other form of remuneration either directly or indirectly as a result of his services for selling, soliciting, or negotiating insurance as part of his services in addition to a consulting fee, unless otherwise prohibited, such information shall be disclosed in the contract.

In those instances where the consultant does not sell, solicit, or negotiate insurance as part of his services, the consultant and the client must sign the contract prior to the time the consultant performs any act as a consultant.

In those instances where the consultant does sell, solicit, or negotiate insurance as part of his services, the client and the consultant must sign the contract prior to the purchase of any insurance by that client.

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Questions relating to this matter should be directed to:

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Supervisor, P&C Agent Investigations
Virginia Bureau of Insurance
Agent Regulation and Administration Division
P.O. Box 1157
Richmond, Virginia 23218
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Cordially,

A handwritten signature in black ink, appearing to read "Alfred W. Gross". The signature is written in a cursive style with a large, sweeping initial "A".

Alfred W. Gross
Commissioner of Insurance

AWG/ifg