

JAMES M. THOMSON
COMMISSIONER OF INSURANCE

THOMAS S. NARDO
FIRST DEPUTY COMMISSIONER



BOX 1157
RICHMOND, VA. 23209
TELEPHONE (804) 786-374

**STATE CORPORATION COMMISSION
BUREAU OF INSURANCE**

**ADMINISTRATIVE LETTER
1985-19**

December 19, 1985

- TO:** All Insurance Companies, Life and Casualty Cooperative or Assessment Companies, Mutual Assessment Fire Insurance Companies, Prepaid Health Care Plans and Health Maintenance Organizations
- RE:** Changes in the Licensing Procedure of Agents
in Accordance with House Bill 1715

House Bill 1715, effective January 1, 1986, changed a number of sections in Chapter 7.1 (Agents and Brokers) to delete the requirements for multiple licensing for agents and to prescribe a new procedure for the appointment of agents. An applicant for a resident life and health or property and casualty agent's license will no longer receive a certificate of qualification after successfully completing the requirements for the type of license that the agent is applying for. Instead, the applicant will receive a license to sell the type of insurance for which he has met the requirements. The licensed agent must then be "appointed" by each company to sell for the company that type of insurance for which he is licensed.

A licensed agent may solicit insurance applications for a company before being appointed by that company. In this situation the company must either reject the application or appoint the agent within 15 days of the company's receipt of the initial application from that agent by mailing an appointment form to the Bureau of Insurance.

The agent must discontinue any solicitation for a company if he has not received a copy of the appointment form (Form PIN 415) from the Commission within 30 days of his mailing or delivering the first application to an insurer. If the agent continues to solicit business for that insurer he will be subject to a penalty under § 38.1-40.

Each insurer must pay a \$7 fee for each appointment. Insurers will be billed quarterly for the appointment fee. A renewal fee of \$7 must also be paid each year by insurers for each appointment that they have made as of July 1.

The appointment will be effective unless it is terminated, suspended or revoked. It is the insurer's responsibility to notify the Bureau of Insurance and the agent when the insurer decides to terminate an agent. If an insurer accepts business from an agent and does not appoint the agent, the insurer will be subject to a penalty under § 38.1-40.

Below is an example of the procedure a prospective resident life and health or property and casualty agent would follow:

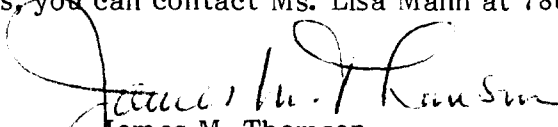
After completing the life and health study course, Ricks completes an application for the life and health examination and sends it to the Bureau of Insurance with the \$15 fee. Ricks passes the examination and receives a license to sell life and health insurance. Ricks is appointed by Company ABC. Company ABC completes the form (Form PIN 415), sends the blue and yellow copies to the Bureau of Insurance. The white copy is to be given to the agent and the green copy should be retained by the company for its agent licensing department. The Bureau will then mail a copy of the appointment form and an appointment card to the agent verifying that the agent has been appointed. Ricks begins to sell insurance for ABC. He is asked for information about other companies and he solicits an application for XYZ Company. He mails the application to XYZ. XYZ decides to accept the business and appoints the agent. They mail the appointment forms to the Bureau of Insurance within the required 15 days after receiving the application from Ricks. The Bureau receives the forms a few days later and sends a copy of the form and an appointment card to Ricks. Ricks is now appointed by XYZ Company.

For agents who are presently qualified and licensed, certificates of qualification will be considered licenses on January 1, 1986. Licenses for resident life and health and property and casualty agents that are presently issued will be considered appointments. On July 1 an appointment fee must be paid by each company.

Applicants for restricted licenses and non-resident licenses must continue to complete Form PIN 405-A and submit it to the Bureau of Insurance. An additional Form PIN 405-A must be completed for each new company that the restricted agent wishes to be appointed to represent. Applicants for agency licenses must continue to complete Form PIN 405-B for each company they desire to represent. Companies will be billed for the licenses/appointments.

The new appointment form (Form PIN 415) is now available. A copy of the form is attached for your information. Please make your requests for copies in writing to the Bureau of Insurance, P. O. Box 1157, Richmond, Virginia 23209. A mailing label should be included with your request for appointment forms.

If you have any questions, you can contact Ms. Lisa Mann at 786-2631.


James M. Thomson
Commissioner of Insurance

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