



# Producer Licensing

This guide is derived from NAIC Model Regulations, Acts, and/or Bulletins. Because states independently determine whether to adopt NAIC Models—and may do so in whole, in part, or with state-specific modifications—requirements can vary by jurisdiction. CEFLI Oversight Guides provide checklists of potential oversight elements to help support regulatory compliance. The guides and any referenced resources are not legal advice. CEFLI Member Companies should ensure their oversight programs reflect their specific product portfolios, distribution strategies, risk tolerances, internal controls and prior market conduct examination findings. Member Companies should carefully evaluate and incorporate unique state regulatory requirements, including any deviations from NAIC Models, in the states where they conduct business.

## Helpful Resources

- [NAIC Market Regulation Handbook 2025, Volume 1-IV](#)
- [NAIC Producer Licensing Model Act \(MO-218-1\)](#)
- [NAIC Producer Licensing Model Act \(MO-218-1\) - State Adoption](#)
- [NAIC Summary – Producer Compensation Disclosure Requirements](#)
- [NAIC Summary – Producer Education and Examination Requirements](#)
- [NAIC Summary – Producer Fiduciary Responsibilities - Premiums](#)
- [NAIC Summary – Producers’ Ability to Charge Fees and Collect Commissions](#)
- [NAIC Summary – Producer Fingerprint Requirements for Licensing](#)

## Scope of the Regulation

- **Inclusions.** A person shall not sell, solicit or negotiate insurance in a state unless the person is licensed for the line of authority solicited. This includes individual producers and business entities acting as producers.
- **Exceptions.** The following are excluded:
  - Insurers, subsidiaries and affiliates.
  - Insurers’ officers, directors and employees, provided they do not receive commission on policies sold and the individuals activities are: a.) executive, administrative, managerial, clerical or a combination thereof and are indirectly related to the sale, solicitation or negotiation of insurance; or b.) the individual’s function relates to underwriting, loss control, inspection or the processing, adjusting, investigating or settling of a claim on a contract of insurance; or the individual is acting in the capacity of a special agent or agency supervisor assisting insurance producers where the person’s activities are limited to providing technical advice and assistance to licensed insurance producers and do not include the sale, solicitation or negotiation of insurance.
  - A person who secures and furnishes information for the purpose of group life insurance, group property and casualty insurance, group annuities, group or blanket accident and health insurance; or for the purpose of enrolling individuals under plans; issuing certificates under plans or otherwise assisting in administering plans; or performs administrative services related to mass marketed property and casualty insurance; where no commission is paid to the person for the service.
  - An employer or association or its officers, directors, employees, or the trustees of an employee trust plan, if individuals are engaged in the administration or operation of a program of employee benefits for the employer’s or association’s own employees or the employees of its subsidiaries or affiliates, which program involves the use of insurance issued by an insurer, as long as the employers, associations, officers, directors, employees or trustees are not in any manner compensated, directly or indirectly, by the company issuing the contracts.
  - Employees of insurers or organizations employed by insurers who are engaging in the inspection, rating or classification of risks, or in the supervision of the training of insurance producers and who are not individually engaged in the sale, solicitation or negotiation of insurance.



- A person whose activities in this state are limited to advertising without the intent to solicit provided the person does not sell, solicit or negotiate insurance.
- A person who is not a resident of this state who sells, solicits or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under that contract, provided that that person is otherwise licensed as an insurance producer to sell, solicit or negotiate that insurance in the state where the insured maintains its principal place of business and the contract of insurance insures risks located in that state.
- A salaried full-time employee who counsels or advises his or her employer relative to the insurance interests of the employer or of the subsidiaries or business affiliates of the employer provided that the employee does not sell or solicit insurance or receive a commission.

## Insurer Responsibilities

- Insurer System of Control.** Each insurer must provide each individual whose duties will include selling, soliciting or negotiating *limited line credit insurance* with a program of instruction that may be approved by the insurance commissioner. Act section 6.D.
- Payment of Commissions to Individuals.** Insurers and producers may not pay a commission, service fee, brokerage or other valuable consideration to a person for selling, soliciting or negotiating insurance if that person is required to be licensed and is not. Act section 13.A.
- Payment of Commissions to Agencies and Others.** Insurers and producers may pay or assign commissions, service fees, brokerages or other valuable consideration to an insurance agency or to persons who do not sell, solicit or negotiate insurance unless the payment would violate this Act or another state law (such as an anti-rebating statute, if applicable). Act section 13.D.
- Appointment.** In states with appointment requirements, an insurance producer shall not act as an agent of an insurer unless appointed by the insurer. To appoint a producer the insurer shall file, in a format approved by the insurance commissioner, a notice of appointment within fifteen (15) days from the date the agency contract is executed or the first insurance application is submitted. Fifteen (15) days is the Model Act's language. States may have adopted different requirements. Refer to the [NAIC Producer Licensing Model Act \(MO-218-1\) - State Adoption](#) document for state regulatory citations. An insurer may also elect to appoint a producer to all or some insurers within the insurer's holding company system or group by the filing of a single appointment request. An insurer shall pay an appointment fee and renewal fees (if required under state regulations), in the amount and via a method of payment set forth in the state's regulations, for each insurance producer appointed by the insurer. Act section 14.A., 14.B., 14.D. and 14.E.
- Termination for Cause.** An insurer (or authorized representative) that terminates the appointment, employment, contract or other insurance business relationship with a producer shall notify the insurance commissioner within thirty (30) days following the effective date of the termination, using a format prescribed by the insurance commissioner. Thirty (30) days is the Model Act's language. States may have adopted different requirements. Refer to the [NAIC Producer Licensing Model Act \(MO-218-1\) - State Adoption](#) document for state regulatory citations. If the reason for the termination is one of the reasons set forth in Section 12 (the list under "[License Denial, Nonrenewal or Revocation](#)" under the "Producer Requirements" section of this Guide) or the insurer has knowledge the producer was found by a court, government body or self-regulatory organization authorized by law to have engaged in any of the activities in Section 12. Upon the written request of the insurance commissioner, the insurer shall provide additional information, documents, records or other data pertaining to the termination or activity of the producer. Act section 15.A.
- Termination Without Cause.** An insurer (or authorized representative) that terminates the appointment, employment or contract with a producer for any reason not set forth in Section 12 (the list under "[License Denial, Nonrenewal or Revocation](#)" under the "Producer Requirements" section of this Guide), shall notify the insurance commissioner within thirty (30) days following the effective date of the termination, using a format prescribed by



the insurance commissioner. Thirty (30) days is the Model Act's language. States may have adopted different requirements. Refer to the [NAIC Producer Licensing Model Act \(MO-218-1\) - State Adoption](#) document for state regulatory citations. Upon written request of the insurance commissioner, the insurer shall provide additional information, documents, records or other data pertaining to the termination. Act section 15.B.

- Termination and Ongoing Notification Requirement.** The insurer (or the authorized representative) shall promptly notify the insurance commissioner in a format acceptable to the insurance commissioner if, upon further review or investigation, the insurer discovers additional information that would have been reportable to the insurance commissioner in accordance with the "Termination for Cause" requirement above, had the insurer then known of its existence. Act section 15.C.
- Termination Notification to the Producer.** Within fifteen (15) days after making the notification required under the three 'termination' sections above, the insurer shall mail a copy of the notification to the producer at his or her last known address. Fifteen (15) days is the Model Act's language. States may have adopted different requirements. Refer to the [NAIC Producer Licensing Model Act \(MO-218-1\) - State Adoption](#) document for state regulatory citations. If the producer is terminated for cause for any of the reasons listed in Section 12 (the list under "[License Denial, Nonrenewal or Revocation](#)" under the "[Producer Requirements](#)" section of this Guide) the insurer shall provide a copy of the notification to the producer at his or her last known address by certified mail, return receipt requested, postage prepaid or by overnight delivery using a nationally recognized carrier. Act section 15.D.
- Insurer Records and Actions Upon Receipt of Producer Comments Regarding a Termination.** The producer may file written comments concerning the substance of the notification with the insurance commissioner. The producer shall, by the same means, simultaneously send a copy of the comments to the reporting insurer and the comments shall become a part of the insurance commissioner's file and accompany every copy of a report distributed or disclosed for any reason about the producer as permitted under the confidentiality section of the Act section 14.F.
- Penalties for Failing to Report.** An insurer (or authorized representative) or producer that fails to report as required under the termination provisions of this Act or that is found to have reported with actual malice by a court of competent jurisdiction may, after notice and hearing, have its license or certificate of authority suspended or revoked and may be fined in accordance with state regulation. Act section 14.G.

## Producer Requirements

- Written Examination.** Producers must remit a nonrefundable examination fee and pass a written examination unless exempt pursuant to Section 9 (regarding existing licensees from another state). Act section 5.A. & 5.C.   
Resource: [NAIC Summary – Producer Education and Examination Requirements](#).
- Licensing Application – Insurance Producers.** Producers must submit an application to the insurance commissioner on the Uniform Application and declare under penalty of refusal, suspension or revocation of the license that the statements made in the application are true, correct and complete to the best of the individual's knowledge and belief. Producers must be at least 18 years old, have not committed an action that would be grounds for denial, suspension or revocation (section 12 of the Act, the list under "[License Denial, Nonrenewal or Revocation](#)" under the "[Producer Requirements](#)" section of this Guide) and, if required by the state, have completed and successfully passed a pre-licensing course of study for the lines of authority applied for. Required fees must also be paid. Refer to section 11 of the Act for unique situations when a temporary license may be allowed. Act section 6.A.   
Resource: [NAIC Summary – Producer Education and Examination Requirements](#) and [Resource: NAIC Summary – Producer Fingerprint Requirements for Licensing](#).
- Application – Business Entity Action as an Insurance Producer.** An application must be made using the Uniform Business Entity Application. The required fees must be paid and the business entity must designate a licensed



producer who is responsible for the business entity's compliance with insurance laws, rules and regulations. Act section 6.B.

- Maintenance of License.** Licensees must maintain their license. Refer to section 7.C regarding lapses and section 7.D regarding exceptions for military service and extenuating circumstances. Maintaining an insurance license may require the payment of renewal fees and the completion of continuing education, as/if required by the state. Act Section 7.B. – 7.D. Resource: NAIC Summary – Producer Education and Examination Requirements.
- Notification of Legal Name Change or Change of Address.** Resident and non-resident licensees must inform the commissioner of a change of address within thirty (30) days of the change. Thirty days (30) days is the Model Act's language. States may have adopted different requirements. Refer to the NAIC Producer Licensing Model Act (MO-218-1) - State Adoption document for state regulatory citations. A person licensed in another state who moves to the state must inform the commissioner within ninety (90) days. Act section 7.F., 8.C., and 9.B.
- Assumed Names.** An insurance producer doing business under any name other than the producer's legal name is required to notify the insurance commissioner prior to using the assumed name. Act section 10.
- License Denial, Nonrenewal or Revocation.** A producer may be placed on probation, be fined or subject to a civil penalty, have their license suspended or revoked or may be denied a new license for any of the following reasons:
  - Providing incorrect, misleading, incomplete or materially untrue information in the license application.
  - Violating any insurance laws, or violating any regulation, subpoena or order of the insurance commissioner or of another state's insurance commissioner.
  - Obtaining or attempting to obtain a license through misrepresentation or fraud.
  - Improperly withholding, misappropriating or converting any monies or properties received in the course of doing insurance business.
  - Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.
  - Having been convicted of a felony.
  - Having admitted or been found to have committed any insurance unfair trade practice or fraud.
  - Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness or financial irresponsibility in the conduct of business in this state or elsewhere.
  - Having an insurance producer license, or its equivalent, denied, suspended or revoked in any other state, province, district or territory.
  - Forging another's name to an application for insurance or to any document related to an insurance transaction.
  - Improperly using notes or any other reference material to complete an examination for an insurance license.
  - Knowingly accepting insurance business from an individual who is not licensed.
  - Failing to comply with an administrative or court order imposing a child support obligation.
  - Failing to pay state income tax or comply with any administrative or court order directing payment of state income tax.Act section 12.
- Receiving Commissions.** A person shall not accept a commission, service fee, brokerage or other valuable consideration for selling, soliciting or negotiating insurance if the person is required to be licensed and is not. This includes the receipt of renewal commissions and other deferred compensation. Act section 13.B.
- Appointment.** In states with appointment requirements, an insurance producer shall not act as an agent of an insurer unless timely appointed by the insurer. An insurance producer who is not acting as an agent of an insurer is not required to be appointed. Act section 14.A.



- Receipt of Termination Notification.** Within thirty (30) days after the producer has received the original termination notification or an additional notification, the producer may file written comments concerning the substance of the notification with the insurance commissioner. Thirty (30) days is the Model Act's language. States may have adopted different requirements. Refer to the [NAIC Producer Licensing Model Act \(MO-218-1\) - State Adoption](#) document for state regulatory citations. The producer shall, by the same means, simultaneously send a copy of the comments to the reporting insurer, and the comments shall become a part of the insurance commissioner's file and accompany every copy of a report distributed or disclosed for any reason about the producer as permitted under the confidentiality section of the Act (section 14.F.). Act section 15.D.(2).
  
- Reciprocity - Licensure.** The insurance commissioner shall waive any requirements for a nonresident license applicant with a valid license from his or her home state, except the requirements imposed by Section 8 (regarding specific elements of nonresident licensing) of the Act, if the applicant's home state awards nonresident licenses to residents of this state on the same basis (i.e., reciprocity). Act section 16.A. Resource: [NAIC Summary – Producer Education and Examination Requirements](#).
  
- Reciprocity – Continuing Education for Nonresident Producers.** A nonresident producer's satisfaction of his or her home state's continuing education requirements for licensed insurance producers shall constitute satisfaction of this state's continuing education requirements if the non-resident producer's home state recognizes the satisfaction of its continuing education requirements imposed upon producers from this state on the same basis (i.e., reciprocity). Act section 16.B. Resource: [NAIC Summary – Producer Education and Examination Requirements](#).
  
- Reporting of Administrative Actions.** A producer shall report to the insurance commissioner any administrative action taken against the producer in another jurisdiction or by another governmental agency in this state within thirty (30) days of the final disposition of the matter. Thirty (30) days is the Model Act's language. States may have adopted different requirements. Refer to the [NAIC Producer Licensing Model Act \(MO-218-1\) - State Adoption](#) document for state regulatory citations. The report must include a copy of the order, consent to order or other relevant legal documents. Act section 17.A. Resource: NIPR- Link for producers' reporting of actions: <https://attachments.app.nipr.com/docMgmt/public/roa/roaLoginPage.htm?sessionout=true>
  
- Reporting of Potential Criminal Actions.** Within thirty (30) days of the initial pretrial hearing date, a producer shall report to the insurance commissioner any criminal prosecution of the producer taken in any jurisdiction. Thirty (30) days is the Model Act's language. States may have adopted different requirements. Refer to the [NAIC Producer Licensing Model Act \(MO-218-1\) - State Adoption](#) document for state regulatory citations. The report shall include a copy of the initial complaint filed, the order resulting from the hearing and any other relevant legal documents. Act section 17.B. Resource: NIPR- Link for producers' reporting of actions: <https://attachments.app.nipr.com/docMgmt/public/roa/roaLoginPage.htm?sessionout=true>
  
- Compensation Disclosure.** If a producer (or an affiliate of the producer) receives any compensation from the customer for the placement of insurance or represents the customer with respect to that placement, neither that producer nor the affiliate shall accept or receive any compensation from an insurer or other third party for that placement of insurance unless the producer has, prior to the customer's purchase of insurance: (a) Obtained the customer's documented acknowledgment that such compensation will be received by the producer or affiliate; and (b) Disclosed the amount of compensation from the insurer or other third party for that placement. If the amount of compensation is not known at the time of disclosure, the producer shall disclose the specific method for calculating the compensation and, if possible, a reasonable estimate of the amount. Such requirements do not pertain to producers who do not receive compensation from the customer for the placement of insurance and in connection with that placement of insurance represents an insurer that has appointed the producer and discloses to the customer prior to the purchase of insurance: (i) that the insurance producer will receive compensation from an insurer in connection with that placement; or (ii) that, in connection with that placement of insurance, the insurance producer represents the insurer and that the producer may provide services to the customer for the insurer. The term "customer" excludes a participant or beneficiary of an employee plan or a person covered by a group or blanket insurance policy or group annuity contract sold, solicited or negotiated by



the insurance producer or affiliate. The requirements also do not pertain to an individual licensed as an insurance producer who acts only as an intermediary between an insurer and the customer's producer, for example a managing general agent, a sales manager, a wholesale broker or a reinsurance intermediary. Act section 18.A. Resource: NAIC Summary – Producer Compensation Disclosure Requirements and NAIC Summary – Producers' Ability to Charge Fees and Collect Commissions.



**Producer Fiduciary Responsibilities for Premiums.** This NAIC summary chart provides insight regarding state requirements in this area. Reference: NAIC Summary – Producer Fiduciary Responsibilities- Premiums.