
Rules of Department of Insurance

Division 700—Licensing

Chapter 1—Insurance Producers

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**Title 20—DEPARTMENT OF
INSURANCE**

**Division 700—Licensing
Chapter 1—Insurance Producers**

**20 CSR 700-1.010 Insurance Producers'
Examination and Licensing Procedures
and Standards**

PURPOSE: This regulation explains insurance producers' licensing standards and procedures. This regulation is promulgated pursuant to section 374.045, RSMo and implements sections 375.012–375.025, RSMo.

(1) Examination Procedures.

(A) Before an individual may be licensed to sell certain classes of insurance, s/he must first take and pass an examination testing both the individual's knowledge regarding the class(es) of insurance the individual proposes to sell and the individual's knowledge of the insurance statutes and regulations. The examination must be taken and passed prior to submitting an application for a license to the Department of Insurance. The classes of insurance for which an examination is required prior to licensure are life insurance, accident and health insurance, property insurance, casualty insurance, and personal lines.

(B) The department contracts with an independent testing service, which administers the examinations referred to in subsection (1)(A). In order to take an examination, an individual must register and pay the appropriate fee to the independent testing service designated by the department. Instructions may be obtained from the independent testing service or the Department of Insurance.

(C) Once an individual has passed an examination, s/he has one (1) year from the date of the examination in which to submit an application for licensure to the Department of Insurance. Failure to submit an application within this time period will necessitate the individual taking and passing the examination again before s/he may be licensed.

(2) Application Required.

(A) The application required by section 375.015, RSMo shall be completed on the form approved by the director of insurance by each applicant for licensure before any license is issued.

(B) Each application shall be accompanied by an application fee of one hundred dollars (\$100).

(C) All fees must be paid by money order, cashier's check, company check or business entity check. No fee shall be refundable.

(D) A license will be issued only when the applicant has satisfactorily completed the requirements of sections 375.015–375.018, RSMo and of this regulation and the director has not refused to issue the license pursuant to section 375.141.2, RSMo.

(3) Special Licenses.

(A) Variable Contracts. Any licensed life insurance producer may be licensed to sell variable annuities and variable life insurance policies upon the submission of an application for same and a copy of the insurance producer's National Association of Securities Dealers registration or Securities and Exchange Commission certification, and the one hundred dollar (\$100) application fee.

(B) Title. A license to sell title insurance shall be issued to any natural person pursuant to section 375.018, RSMo upon receipt of a completed application and the one hundred dollar (\$100) application fee.

(C) Credit. A license to sell credit life, credit disability, credit property, credit unemployment, involuntary unemployment, mortgage life, mortgage guaranty, mortgage disability and guaranteed automobile protection (GAP) shall be issued pursuant to section 375.018, RSMo, to any natural person upon receipt of a completed application and a one hundred dollar (\$100) application fee.

(D) Travel. A license to write insurance policies covering the risk of travel shall be issued pursuant to section 375.018, RSMo, to any natural person upon receipt of a completed application and a one hundred dollar (\$100) application fee.

(4) Natural persons who are not residents of Missouri may be licensed as insurance producers in this state upon receipt of a completed application, the certification of the proper official of the insurance producer's resident state that s/he is licensed in that state for the lines for which s/he wishes to be licensed in this state, provided equivalent lines are licensed in this state, and a one hundred dollar (\$100) application fee.

(5) The biennial renewal fee for an insurance producer's license is one hundred dollars (\$100). An insurance producer's license shall be renewed biennially on the anniversary date of issuance and continue in effect until refused, revoked or suspended by the director in accordance with section 375.141, RSMo. If the biennial renewal fee for the license is not paid by the expiration date the license terminates.

(6) Personal Lines. A license to sell personal lines insurance shall be issued to any natural persons pursuant to section 375.018, RSMo,

upon receipt of a completed examination, proof of passing score on examination, and a one hundred dollar (\$100) application fee. A personal lines license shall authorize an individual to sell property and casualty insurance providing coverage for individuals and families for non-commercial purposes. An individual holding a personal lines license shall complete, during each two (2)-year period, the continuing education requirements for a property and casualty license as defined in section 375.020, RSMo.

AUTHORITY: section 374.045, RSMo 2000. This rule was previously filed as 4 CSR 190-12.020. Original rule filed Aug. 5, 1974, effective Aug. 15, 1974. Amended: Filed Dec. 23, 1975, effective Jan. 2, 1976. Amended: Filed July 15, 1976, effective Dec. 20, 1976. Amended: Filed Oct. 14, 1977, effective March 13, 1978. Amended: Filed July 12, 1979, effective Nov. 15, 1979. Amended: Filed Oct. 14, 1981, effective Jan. 15, 1982. Amended: Filed Dec. 14, 1982, effective April 11, 1983. Emergency amendment filed May 30, 1985, effective June 10, 1985, expired Oct. 8, 1985. Amended: Filed Jan. 17, 1986, effective June 28, 1986. Amended: Filed July 5, 1988, effective Nov. 1, 1988. Amended: Filed Feb. 16, 1994, effective Aug. 28, 1994. Amended: Filed April 12, 1999, effective Nov. 30, 1999. Amended: Filed July 12, 2002, effective Feb. 28, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995.*

Op. Atty. Gen. No. 145, Scharz (9-15-66). A corporation may not be a licensed insurance agent. Therefore, an insurance company cannot pay agent a commission to a corporate insurance agency.

**20 CSR 700-1.020 Activities Requiring
Licensure as Insurance Producer**

PURPOSE: This rule effectuates and aids in the interpretation of the definition of insurance producer as stated in section 375.012, RSMo by outlining those activities for which licensure is required.

(1) Solicitation of an Insurance Contract.

(A) Unless otherwise specifically provided by section 375.012, RSMo, no person shall solicit an insurance contract in Missouri unless s/he is a licensed insurance company, its employee or an insurance producer.

(B) Solicitation of an insurance contract includes, but is not limited to, the following activities:



1. Disseminating information as to rates secured by reference to a published or printed list or computer database of standard rates;

2. Initiating sales over the telephone other than scheduling appointments with insurance producers to discuss insurance;

3. Advising an insured to purchase additional insurance when receiving payment for existing business;

4. Signing an application or an order for insurance; and

5. Advising a prospective purchaser on the terms of existing coverage.

(C) Solicitation of an insurance contract does not include the following activities:

1. Dispensing brochures and other general information so long as there is no conversation relating to the terms of an insurance contract;

2. Disseminating buyer's guides, applications for coverage, coverage selection forms, or other similar forms in response to a request from prospective or current policyholders;

3. Receiving and recording information from a policyholder to give to an insurance producer for his or her review and response;

4. Scheduling appointments with insurance producers to discuss insurance.

(2) Negotiation of an Insurance Contract.

(A) Unless otherwise specifically provided by section 375.012, RSMo, no person shall negotiate an insurance contract between an insured and a third party in Missouri unless s/he is a licensed insurance company, its employee or an insurance producer.

(B) Negotiation of an insurance contract includes, but is not limited to, the following activities:

1. Advising a prospective purchaser on the premium cost of a proposed contract of insurance, including the quoting of rates;

2. Advising a prospective purchaser on the coverages or terms of a proposed contract of insurance, including counseling as to which coverages to buy;

3. Recommending or independently initiating additions or deletions to an insured's policy;

4. Explaining the effect of age, health, or other risk-related conditions with respect to purchasing a particular policy;

5. Counseling, urging, or advising any prospective purchaser to buy a particular policy or to insure with a particular company; or

6. Explaining, discussing, or interpreting coverage, analyzing exposures or policies, or giving opinions or recommendations as to coverage.

(C) Negotiation of an insurance contract does not include communicating with the policyholder or prospective policyholder in order to obtain factual information necessary for an insurance producer to complete a review.

(3) Sale of an Insurance Contract.

(A) Unless otherwise specifically provided by section 375.012, RSMo, no person shall sell an insurance contract in Missouri unless s/he is a licensed insurance company, its employee or an insurance producer.

(B) Sale of an insurance contract includes, but is not limited to, the following activities:

1. Signing binders, certificates of insurance, commitments, endorsements, insurance identification cards and insurance policies;

2. Indicating that the requested coverage is or will be bound or issued; or

3. Issuing certificates of insurance, endorsements, binders, commitments, insurance policies or insurance identification cards except when done by a group policyholder.

(C) Sale of an insurance contract does not include the following activities:

1. Receiving requests for coverage for transmittal to a licensed insurance producer or for processing through an automated system developed and maintained under the supervision of an insurer or licensed insurance producer;

2. Receiving and recording information from an applicant or policyholder and preparing an application for insurance pursuant to instructions from and for the review of an insurance producer;

3. Obtaining underwriting information from credit agencies, the Department of Revenue, and other insurance agencies and companies;

4. Receiving and recording information from an applicant or policyholder and preparing an application for an insurance producer's review and signature, all binders, certificates, endorsements, identification cards, or policies pursuant to instructions from the insurance producer;

5. Receiving premiums at the recorded place of business where the payment is being made on a binder, endorsement, or existing policy.

(4) Duty to Have Insurance Producer at Each Place of Business.

(A) Each place of business of an insurance producer must contain the principal office of at least one (1) licensed insurance producer.

(B) A licensed insurance producer shall be held responsible for all insurance-related activities performed by an unlicensed individ-

ual under the supervision of that insurance producer.

(5) Discipline for Violation. The director of the Missouri Department of Insurance may institute disciplinary action for violations of this regulation in accordance with the provisions of section 375.141, RSMo and any other applicable law.

AUTHORITY: sections 374.045, RSMo 2000 and 375.012 RSMo Supp. 2001. 381.031.17, RSMo Supp. 1989. This rule was previously filed as 4 CSR 190-12.025. Original rule filed Dec. 1, 1989, effective June 30, 1990. Amended: Filed July 12, 2002, effective Jan. 30, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995; 375.012, RSMo 1961, amended 1965, 1967, 1981, 1993, 1997, 2001; and 381.031, RSMo 1987, repealed 2000.*

20 CSR 700-1.025 Conduct of the Business of Insurance Over the Internet

PURPOSE: This regulation provides general guidelines for the conduct of business in Missouri with Missouri residents over the Internet.

(1) All laws and rules applying to the conduct of the business of insurance apply to the business of insurance conducted over Internet transactions.

(2) Each website or home page of insurance producers or insurance companies shall contain an address and telephone number for contact with the insurance producers or insurance companies.

(3) Each website or home page of insurance producers or insurance companies shall contain a notice of the states in which they are authorized or licensed to do the business of insurance.

AUTHORITY: section 374.045, RSMo 2000. Original rule filed July 12, 2002, effective Feb. 28, 2002.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995.*

20 CSR 700-1.030 Certification Letters Submitted With Insurance Producer's License Applications

PURPOSE: This regulation provides the definition of a certification letter and aids and

effectuates licensing standards and procedures as outlined in section 375.017.2, RSMo.

(1) If the home state of an applicant for a nonresident license participates in the National Association of Insurance Commissioners (NAIC) Producer Database, the department, through the Producer Database, will verify the applicant's licensing status.

(2) If the home state of an applicant for a nonresident license does not participate in the NAIC Producer Database, the applicant must submit a certification letter certifying that the producer is licensed and in good standing in that state. The certification letter must include the signature of the head of that resident state's insurance regulatory agency and his/her official seal.

(3) A certification letter submitted with an application for a nonresident license must be dated no earlier than six (6) months prior to the date the application is received by the Missouri Department of Insurance.

(4) Failure to submit a properly dated certification letter will cause all application materials to be returned to the insurance producer.

AUTHORITY: sections 374.045, 375.014, 375.016, 375.017, Mo. Supp. 2001, and 375.018 RSMo Supp. 2002. This rule was previously filed as 4 CSR 190-12.026. Original rule filed Jan. 11, 1990, effective May 1, 1990. Amended: Filed July 12, 2002, effective Jan. 30, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995; 375.014, RSMo 1965, amended 1967, 2001; 375.016, RSMo 1965, amended 1967, 1981, 2001; 375.017, RSMo 1967, amended 1981, 2000, 2001; and 375.018, RSMo 1965, amended 1967, 1981, 1984, 1985, 1990, 1991, 1992, 1993, 2001, 2002.*

20 CSR 700-1.040 Clearance Letters

PURPOSE: This regulation provides the definition of a clearance letter and aids and effectuates licensing standards and procedures as outlined in section 375.017.2, RSMo.

(1) Definition. Clearance letter as used in this rule is a statement from another state certifying that the insurance producer held, within one (1) year next proceeding the date of application, the same kind of license as applied for in this state. The statement also includes the signature of the head of the insurance regulatory agency of the state from whom the insurance producer held the same kind of license and his/her official seal.

(2) A clearance letter submitted with an application for a resident license must be dated no earlier than six (6) months prior to the date the application is received by the Missouri Department of Insurance.

(3) Failure to submit a properly dated clearance letter will cause all application material to be returned to the insurance producer.

AUTHORITY: sections 375.045, RSMo 2000, 375.012, 375.014, 375.016, 375.017, RSMo Supp. 2001, 375.018 RSMo Supp. 2002. This rule was previously filed as 4 CSR 190-12.027. Original rule filed Jan. 11, 1990, effective May 1, 1990. Amended: Filed July 12, 2002, effective Jan. 30, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995; 375.012, RSMo 1969, amended 1965, 1981, 1993, 1997, 2001; 375.014, RSMo 1965, amended 1967, 2001; 375.016, RSMo 1965, amended 1967, 1981; 375.017, RSMo 1967, amended 1981, 2001; and 375.018, RSMo 1965, amended 1967, 1981, 1984, 1985, 1990, 1991, 1992, 1993, 2001, 2002.*

20 CSR 700-1.050 Payment of Earned Commissions

PURPOSE: This rule permits some commissions fully earned while licensed to be paid after the termination of licensure. This regulation was promulgated pursuant to authority granted by section 374.045, RSMo and implements sections 375.012, 375.014, 375.018 and 375.071, RSMo.

Commissions Receivable Upon Termination. Where an insurance producer's license is terminated before the full amount of commissions earned during the period of licensure has been received, the amount earned and not received may be paid.

AUTHORITY: sections 374.045 RSMo 2000, 375.012, 375.014, 375.071, RSMo Supp. 2001 and 375.018, RSMo Supp. 2002. This rule was previously filed as 4 CSR 190-12.030. Original rule filed Dec. 20, 1974, effective Dec. 30, 1974. Amended: Filed Oct. 14, 1977, effective March 13, 1978. Amended: Filed Jan. 15, 1981, effective Aug. 24, 1981. Amended: Filed July 12, 2002, effective Jan. 30, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995; 375.012 RSMo 1961, amended 1965, 1981, 1993, 1997, 2001; 375.014, RSMo 1965, amended 1967, 2001; 375.018, RSMo 1965, amended 1967; 1981, 1984, 1985, 1990, 1991, 1992, 1993, 2001, 2002; and 375.071, RSMo 1961, amended 1967, 1984, 2001.*

20 CSR 700-1.060 Retrospective Commission Contracts Prohibited

PURPOSE: This regulation specifies restrictions on the authority of insurance producers to settle claims when they profit directly from the refusal to pay claims. This regulation was adopted pursuant to the provisions of section 374.045, RSMo and implements sections 375.141 and 375.445, RSMo.

(1) Retrospective Commission Contracts Prohibited. No insurance company licensed or authorized to do business in Missouri may use any plan of payment to its insurance producers by which the company receives an agreed portion of its earned premium free from any normal claims and allows any insurance producer or other person to pay all normal claims from the remainder and retain as his/her compensation the money not paid to claimants.

(2) Profit Sharing Permitted. Commission agreements may contain a provision for varying the amount of commission paid an insurance producer with the loss experience of the policies s/he has written, provided the company is directly liable for and does pay claims and the insurance producer has no authority to deny or refuse to pay or compromise any claim.

(3) Records Required. Copies of all these agreements shall be maintained as business records by both the company and the insurance producer for three (3) years for inspection by the director or his/her duly appointed agent.

AUTHORITY: sections 374.045, 375.141, 375.445, RSMo 2000. This rule was previously filed as 4 CSR 190-10.050. Original rule filed Dec. 20, 1974, effective Dec. 30, 1974. Amended: Filed Feb. 14, 1975, effective March 1, 1975. Amended: Filed July 15, 1976, effective Dec. 20, 1976. Amended: Filed July 12, 2002, effective Jan. 30, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995; 375.141, RSMo 1961, amended 1965, 1967, 1981, 1984, 1989, 1993, 2001; and 375.445, RSMo 1967.*

20 CSR 700-1.070 Coverages Permitted to be Sold Under Credit License

PURPOSE: This regulation describes what coverages may be sold under a limited credit license. This regulation is adopted pursuant to the provisions of section 374.045, RSMo and implements section 375.018.4(5), RSMo.



(1) No credit life insurance may be sold by a licensee exempted from examination by section 375.018.5(4), RSMo which—

(A) Is issued upon the life of any person other than the debtor(s);

(B) Exceeds the term of indebtedness it secures except as provided in section 385.035, RSMo; or

(C) Exceeds at any time the amount of the indebtedness it secures except when—

1. Caused by voluntary prepayment of a portion of the loan;

2. The insurance is written on agricultural credit transaction commitments;

3. The insurance is written on educational credit transaction commitments; or

4. Insurance is written on residential real estate-secured credit transaction commitments. In addition, no credit life insurance that contains a conversion privilege may be sold by the licensee.

(2) No credit accident and sickness insurance may be sold unless that policy does not exceed the amount or term of the indebtedness it secures issued only upon the health of the debtor.

(3) Property insurance under section 375.018.5(4), RSMo may be written under license provided it meets the following provisions:

(A) Covers only that tangible personal property pledged as collateral for a loan except as otherwise permitted by section 408.140, RSMo;

(B) Provides only physical damage coverage in the case of automobiles, for example, collision and comprehensive;

(C) Provides only the standard fire policy with extended coverage in the case of collateral other than automobiles; and

(D) Provides coverage no greater in amount than the total amount of the underlying indebtedness.

AUTHORITY: sections 374.045, RSMo Supp. 1993 and 375.018.5(4), RSMo 1986. This rule was previously filed as 4 CSR 190-12.040. Original rule filed Dec. 20, 1974, effective Dec. 30, 1974. Amended: Filed May 13, 1975, effective June 20, 1975. Amended: Filed Aug. 16, 1977, effective Dec. 11, 1977. Amended: Filed Feb. 1, 1989, effective July 1, 1989. Amended: Filed Feb. 5, 1990, effective May 1, 1990.*

**Original authority: 374.045, RSMo 1967, amended 1993; 375.018.5(4), RSMo 1965, amended 1967, 1981, 1984, 1985.*

20 CSR 700-1.080 Representatives of Reciprocal and Interinsurance Exchanges to be Licensed

PURPOSE: This regulation requires representatives of reciprocal and interinsurance exchanges to be licensed. This regulation is adopted pursuant to the provisions of section 374.045, RSMo and implements sections 375.012, 375.014, 375.016 and 375.018, RSMo.

(1) All persons who represent interinsurance exchanges or the attorney-in-fact for the exchanges and whose compensation is in part or in whole paid in the form of commissions on the business written or a portion of the deposit shall be duly licensed by this department.

(2) This order shall not apply to salaried representatives of the attorney-in-fact.

AUTHORITY: sections 374.045, RSMo Supp. 1993, 375.012, 375.014, 375.016 and 375.018, RSMo 1986. This rule was previously filed as 4 CSR 190-12.050. Original rule filed Dec. 5, 1969, effective Dec. 15, 1969. Amended: Filed Aug. 5, 1974, effective Aug. 15, 1974.*

**Original authority: 374.045, RSMo 1967, amended 1993; 375.012 and 375.014, RSMo 1965, amended 1967; 375.016, RSMo 1965 amended 1967, 1981; and 375.018, RSMo 1965, amended 1967, 1981, 1984, 1985.*

20 CSR 700-1.090 Fiduciary Duty of Broker

(Rescinded January 30, 2003)

AUTHORITY: sections 374.045, RSMo Supp. 1993 and 375.121, RSMo 1986. This rule was previously filed as 4 CSR 190-12.060. Original rule filed Dec. 20, 1974, effective Dec. 30, 1974. Rescinded: Filed July 12, 2002, effective Jan. 30, 2003.

20 CSR 700-1.100 Producer Service Agreements

PURPOSE: This regulation provides for Producer Service Agreements.

(1) Producer Service Agreements.

(A) The form set forth in Exhibit A is approved for use as specified in section 375.116, RSMo. Substantially equivalent forms may be used where they contain other provisions and do not affect the content of

Exhibit A. The Producer Service Agreement, which is included herein, must be a separate document from any other form or contract.

(B) Each Producer Service Agreement may cover multiple contracts of insurance negotiated or procured for the same insured or prospective insured where the insurance producer's compensation falls within the requirements of section 375.116.3, RSMo. Each insurance producer shall retain one (1) copy of the Producer Service Agreement in his/her office for three (3) years and deliver one (1) copy to the insured.

(C) The Producer Service Agreement shall contain a list of the policies it covers.



**Exhibit A
Missouri Producer Service Agreement**

1. The undersigned insured hereby engages the services of _____, a licensed Missouri insurance producer, license # _____, for the purpose of securing, negotiating and procuring the placement of the following described insurance coverages and to assist the undersigned in the preparation of any and all applications, underwriting data, and other information required by an insurer for the purposes of issuing an insurance policy within this state. The insurance coverage requested is: *(Here describe in detail the coverage to be effected.)*

2. The undersigned insured authorizes the insurance producer to commit to a maximum premium of not more than _____ for the above-stated coverage(s). *(If multiple contracts of insurance are to be procured for the same insured or prospective insured, a separate maximum may be stated for each contract covered by this agreement.)*

The undersigned insured agrees to pay as compensation to the insurance producer, above and in addition to the commission received from the insurer, for the various services of the insurance producer a fee of not more than \$ _____. *(If multiple contracts of insurance are to be procured for the same insured or prospective insured, a separate producer fee may be stated for each contract covered by this agreement.)*

3. A brief description of those services performed and not described in paragraph 1. above is: _____

This agreement is in furtherance of section 375.116, RSMo, and Missouri Department of Insurance Regulation 20 CSR 700-1.100.

Dated: _____
(Insured)

Dated: _____
(Insurance Producer)

*AUTHORITY: sections 374.045, RSMo 2000 and 375.071–375.136, RSMo 2000 and Supp. 2001. * This rule was previously filed as 4 CSR 190-12.080. Original rule filed Dec. 23, 1975, effective Jan. 2, 1976. Amended: Filed Oct. 14, 1981, effective Jan. 15, 1982. Amended: Filed Jan. 17, 1986, effective June 28, 1986. Amended: Filed Oct. 15, 1996, effective May 30, 1997. Amended: Filed April 12, 1999, effective Nov. 30, 1999. Amended: Filed July 12, 2002, effective Feb. 28, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995 and 375.071–375.136, see Revised Statutes of the State of Missouri, 2000 and Cumulative Supplement, 2001 and 2002.*

20 CSR 700-1.110 Licensing of Business Entity Insurance Producers

PURPOSE: This regulation explains business entity insurance producer licensing standards and procedures in Missouri.

(1) Business Entity Insurance Producers Defined.

(A) An insurance producer license must be obtained for each business entity meeting the definition of insurance producer in section 375.012(6), RSMo.

(B) Sole Proprietors.

1. An insurance producer who is a sole proprietor conducting his/her insurance business in his/her legal name, including any first name or nickname, and who is the only licensed person conducting the insurance business under the name, is not required to obtain an additional license as a business entity insurance producer. The insurance producer doing the insurance business as described above may use the terms, “insurance agency,” “agency,” and other similar descriptive terms with the use of the legal name, including any first or nickname, without the necessity of obtaining a separate business entity insurance producer license.

2. An insurance producer who is a sole proprietor conducting his/her insurance business in his/her legal name, including any first name or nickname, and who has other licensed persons conducting the insurance business under the name of the sole proprietor, is required to obtain a license as a business entity insurance producer.

3. An insurance producer who is a sole proprietor conducting an insurance business in a name other than his/her legal name, including any first name or nickname, with or without other licensed persons, is required to obtain a business entity insurance producer license.

(C) If a business entity is acting as an insurance producer under more than one (1) name or operates subsidiaries under differing names which also come within the definition of insurance producer, all these subsidiaries must be licensed as insurance producers.

(2) Corporations, associations, partnerships, limited liability companies, limited liability partnerships, or other legal entities shall submit a copy of its Certificate of Good Standing as issued by the Missouri Secretary of State or a current certification from the state or federal agency governing the applicant’s authority to do business that the applicant is then in good standing to do business. If the other licensed persons are conducting the business of insurance in their own names, no separate business entity producer license is required.

(3) Organizational Credit Business Entities.

(A) In addition to the application fee required by section 375.065, RSMo, organizational credit business entities shall submit a fee of eighteen dollars (\$18) per employee to whom the business entity pays any salary or commission for the solicitation, negotiation, or sale of credit insurance contracts.

(B) Organizational credit business entity licenses shall be renewed as required under section 375.065, RSMo. At renewal, an organizational credit business entity shall include a list of employees to whom the business entity has paid, within the preceding twelve (12) months, any salary or commission for the solicitation, negotiation, or sale of credit insurance contracts.

AUTHORITY: sections 374.045, 375.013, 375.041, RSMo 2000, 375.012, 375.014, 375.016, 375.017, 375.019, 375.020, 375.022, 375.025, 375.031, 375.033, 375.035, 375.037, 375.039, 375.046, 375.051, RSMo Supp. 2001, 375.018, RSMo Supp. 2002. This rule was previously filed as 4 CSR 190-12.090. Original rule filed Dec. 23, 1975, effective Jan. 2, 1976. Amended: Filed July 15, 1976, effective Dec. 20, 1976. Amended: Filed Oct. 14, 1981, effective Jan. 15, 1982. Amended: Filed April 28, 1994, effective Oct. 30, 1994. Amended: Filed April 23, 1999, effective Nov. 30, 1999. Amended: Filed July 12, 2002, effective Feb. 28, 2003.

**Original authority: see Missouri Revised Statutes, 2000 and Cumulative Supplement to the Revised Statutes of the State of Missouri, 2001 and 2002.*

Op. Atty. Gen. No. 286, Dalton (6-18-68). *An insurance agency originally licensed after January 1, 1968, is required to pay an annu-*

al license fee of \$25 on or before July 1, 1968, under the provisions of section 375.061, RSMo (Supp. 1967).

Op. Atty. Gen. No. 177, Dill (5-2-68). *“True name” as used in section 375.012, subsection (2), RSMo (Supp. 1967), means a person’s actual and not fictitious name and includes a surname, a first name and a middle name or initial.*

Op. Atty. Gen. No. 145, Scharz (9-15-66). *A corporation may not be a licensed insurance agent. Therefore, an insurance company cannot pay agent’s commission to a corporate insurance agency.*

20 CSR 700-1.120 Certain Representatives of Prepaid Dental Corporations to be Licensed

PURPOSE: This regulation requires representatives of prepaid dental corporations who solicit contracts on behalf of the corporation to be licensed as insurance producers with the Department of Insurance pursuant to section 354.721, RSMo.

(1) Any person who solicits membership contracts on behalf of prepaid dental corporations or offers or assumes to act in negotiation of the contracts, whether a salaried representative of the corporation or one whose compensation is in part or in whole paid in the form of commissions on the business written, shall be duly licensed by this department as an accident and health insurance producer.

(2) No person shall act in this state as an insurance producer for a prepaid dental corporation unless s/he is licensed by the director as provided in this regulation.

(3) Persons desiring to solicit contracts on behalf of prepaid dental corporations shall comply with 20 CSR 700-1.010 and 20 CSR 700-3.100 as the regulations relate to insurance producer’s examination and licensing procedures and standards.

(4) Persons desiring to solicit contracts on behalf of prepaid dental corporations, in addition, shall be subject to the provisions of sections 375.016–375.022, 375.046–375.051 and 375.081, RSMo.

(5) The director may revoke or suspend, for a period as s/he may determine, any license of any insurance producer, if it is determined as provided by sections 621.045–621.205, RSMo, that the licensee or applicant has

violated, at any time, the provisions of section 375.141, RSMo.

AUTHORITY: sections 354.700–354.723 and 374.045, RSMo 2000. This rule was previously filed as 4 CSR 190-12.110. Original rule filed June 13, 1988, effective Oct. 27, 1988. Amended: Filed July 12, 2002, effective Jan. 30, 2003.*

**Original authority: 354.700, RSMo 1987, amended 1992; 354.702, RSMo 1987; 375.703, RSMo 1989; 354.704–354.707, RSMo 1987; 354.710, RSMo 1987, amended 1990, 1992; and 354.712–354.723, RSMo 1987; 374.045, RSMo 1967, amended 1993, 1995.*

20 CSR 700-1.130 Appointment and Termination of Insurance Producers

PURPOSE: The department defines appointment of an insurance producer, as used in section 375.022, RSMo, so an insurance company knows what act(s) constitutes appointment of an insurance producer to act for the insurance company.

(1) As used in section 375.022, RSMo, appointment of an insurance producer means the earliest date on which an insurance company, or its authorized agent does any of the following:

(A) Distributes an application form, which on its face requires submission of premium at the time of completing the application with a consumer, to the prospective insurance producer, unless the application form is marked in bold type as a specimen;

(B) Accepts premiums from the prospective insurance producer;

(C) Accepts for underwriting an application for insurance submitted by the prospective insurance producer;

(D) Executes a written or oral employment contract with the prospective insurance producer; or

(E) Grants binding authority given to the prospective insurance producer.

(2) An insurer may appoint insurance producers directly by appointing individual insurance producers, or by designating a licensed business entity, which designation shall be deemed to appoint all individual insurance producers employed by such licensed business entity to act for the insurance company in the lines for which the individual insurance producers are licensed and for which the licensed business entity has been designated by the insurance company.

(A) Any individual insurance producers listed or employed by a licensed business entity pursuant to section 375.015, RSMo after the designation of the licensed business

entity by an insurer shall be deemed an appointment of such individual insurance producers for all insurers with existing designations of the licensed business entity.

(B) The appointment of an individual insurance producer pursuant to this subsection shall terminate upon the individual insurance producer's termination or resignation from the licensed business entity with which the individual insurance producer is listed or employed, upon termination of the licensed business entity by the insurer, or upon nonrenewal, suspension, revocation, or surrender of the individual insurance producer's license.

(C) An insurer may also appoint an organizational credit business entity licensed pursuant to section 375.065, RSMo, in the manner described in subsections (2)(A) and (2)(B) of this rule.

(3) The notice of termination for one of the reasons set forth in section 375.141, RSMo, required by subsections 5 and 7 of section 375.015, RSMo, shall be accompanied by a report or summary of the acts of the insurance producer believed to violate section 375.141, RSMo, and copy of the documentation collected by the insurer that led to the termination.

AUTHORITY: sections 374.045, RSMo 2000 and 375.022, Supp. 2001. This rule was previously filed as 4 CSR 190-12.120. Original rule filed Aug. 8, 1989, effective Feb. 1, 1990. Amended: Filed April 12, 1999, effective Nov. 30, 1999. Amended: Filed July 12, 2002, effective Feb. 28, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995; 375.022, RSMo 1967, amended 1981, 1991, 1998, 2000 and 2001.*

20 CSR 700-1.135 Forms for Filing Notice of Appointment of Agents and Notice of Termination of Appointment of Agents (Rescinded January 30, 2003)

AUTHORITY: section 374.045.1(2) and (3), RSMo Supp. 1995. Original rule filed Sept. 13, 1996, effective March 30, 1997. Rescinded: Filed July 12, 2002, effective Jan. 30, 2003.

20 CSR 700-1.140 Minimum Standards of Competency and Trustworthiness for Insurance Producers Concerning Personal Insurance Transactions

PURPOSE: This regulation effectuates and aids in the interpretation of the provisions of section 375.141.1(8), RSMo, which relates to

the competence and trustworthiness of insurance producers. The regulation requires insurance producers to comply with certain minimum requirements in transactions involving personal insurance policies. It is promulgated pursuant to the provisions of section 374.045, RSMo and implements the provisions of section 375.141, RSMo.

(1) Definitions.

(A) Cash premium payment means a premium payment made in the form of currency.

(B) Insurer means an insurance company, fraternal benefit society, health services corporation, health maintenance organization, prepaid health plan or any similar organization authorized to transact business in Missouri.

(C) Personal insurance policy means any liability or risk-assuming policy, contract, subscriber agreement, rider or endorsement delivered or issued for delivery in this state by an insurer, for the purpose of providing personal, noncommercial insurance coverage to an individual or family on a nongroup basis, including individual or family automobile, homeowners, life, annuity, health, property or casualty coverage.

(D) Licensee means a person licensed by Missouri to act as an insurance producer.

(E) Premium means any amount of money which is paid by the insured or prospective insured to a licensee for coverage under a personal insurance policy. The term shall also mean any amount which must be returned to the insured, as in the case of any unearned premium due the insured upon the termination of coverage.

(2) Document and Premium Handling Standards. When dealing with any personal insurance policy, every insurance producer shall comply with the following standards of promptness regarding securing and amending coverage, providing written evidence of insurance transactions and handling premiums, except to the extent these actions are the responsibility of the insurer. Where it is the insurer's responsibility to take these actions, this responsibility shall be delineated in a written document, a copy of which shall be retained by the licensee and available for examination by the department.

(A) Every insurance producer shall handle every application for new coverage under a personal insurance policy and every request for amendments to an existing policy in a manner which will secure the new or amended coverage as soon as is reasonably possible, unless a longer time is permitted under a written agreement between the licensee and the insured or prospective insured. If within



thirty (30) days of the original application for insurance the licensee has not yet secured an insurer willing to provide coverage, the licensee immediately shall inform the prospective insured of this fact in writing.

(B) Whenever an insurer requires additional information prior to issuing a new personal insurance policy, or prior to renewing, continuing or amending an existing policy, the insurance producer through whom the insured or prospective insured applied for or procured the coverage shall inform, at the earliest reasonable opportunity, the insured or prospective insured of the need for the additional information from the insured or prospective insured.

(C) Every insurance producer shall provide every purchaser of a personal insurance policy with written evidence of coverage at the time coverage is bound or the policy is issued, whichever occurs earlier, or as soon after as is reasonably possible, but in no event later than thirty (30) days after the date the coverage is bound or the policy is issued. A written binder or insurance policy shall constitute written evidence of coverage for purposes of this subsection. Any application forms, riders or endorsements associated with the policy which are not provided along with written evidence of coverage shall be provided to the insured as soon as is reasonably possible. When an insurer declines to cover a prospective insured, the insurer's written denial of coverage shall be provided by the licensee to the prospective insured as soon as is reasonably possible, but in no event later than thirty (30) days after the date the coverage is denied.

(D) Insurance producers shall remit all premium payments associated with a personal insurance policy to those persons entitled to them as soon as is reasonably possible after their receipt by the licensee, but in no event later than thirty (30) days after the date of receipt, provided, however, that premiums may be remitted at a later point in time if the licensee is so authorized under a written agreement between the licensee and the person legally entitled to the premiums. In no event, however, shall a licensee retain premium payments if to do so will result in the failure to obtain or continue coverage on behalf of an insured or prospective insured.

(3) No insurance producer or a member of the insurance producer's immediate family shall, at any time, be named as a beneficiary or contingent beneficiary or shall acquire any ownership interest in any insurance policy held by an insurance client or former or prospective insurance client. Such a prohibition would not apply if there exists a rela-

tionship between the insurance client or former or prospective insurance client and the insurance producer or immediate family of the insurance producer which gives rise to an insurable interest.

(4) No insurance producer shall obtain or solicit for a loan from an insurance client or former or prospective insurance client or any type of ownership interest in any insurance policy held by an insurance client or former or prospective insurance client. This prohibition shall not apply—

(A) When it is the usual occupation or practice of the insurance client or former or prospective insurance client to receive and process loan applications and to provide loans to the public as an owner, officer, director or employee of an institution in the business of providing such loans; or

(B) When there exists a relationship between the insurance client or former or prospective insurance client and the insurance producer which gives rise to an insurable interest.

(5) Receipts for Cash Premiums Payments.

(A) Whenever a cash premium payment is received by an insurance producer for a personal insurance policy, a written receipt shall be executed by the licensee and given to the person making the premium payment. The receipt shall bear the words Receipt or Premium Receipt and shall include the following information:

1. The name of the insured;
2. The name of the insurer, where one (1) has been selected;
3. The date of the cash payment;
4. The amount of the cash payment;
5. The policy number, if available, or other information which will describe the insurance coverage for which the cash premium was paid;
6. The signature of the licensee or an employee of the licensee duly authorized in writing to accept these payments or to execute the receipts; and
7. Any comment required under subsection (3)(D) of this rule.

(B) Use of the form, Exhibit A, included herein, shall be deemed to satisfy the requirements of this section. Other receipt forms which contain the information required by this section may also be used. Methods of documenting the payment of premiums which do not satisfy all the requirements of this section, such as the use of premium payment books for debit plans, shall be deemed to satisfy this section only if their use for this purpose has been approved in writing by the director.

(C) A copy of the cash premium receipt shall be given to the person making the cash premium payment. An additional copy shall be retained by the licensee for the licensee's records as provided in section (6) of this regulation, unless other records of the licensee and the insurer document the information required under subsections (5)(A) and (D) of this rule for purposes of inspections or examinations by the director.

(D) No insurance producer shall accept a cash premium payment for new coverage under a personal insurance policy where the licensee has not selected an insurer with whom to place the coverage unless the cash premium receipt bears a comment indicating that an insurer has not yet been selected and that coverage currently does not yet exist.

(6) Minimum Record Keeping Requirements for all Insurance Producers.

(A) Every insurance producer shall maintain a complete set of records for each personal insurance policy applied for or procured through the licensee, except to the extent the maintenance of these records is, in whole or in part, the responsibility of the insurer. Where it is the insurer's responsibility to maintain these records, this responsibility shall be delineated in a written document(s), a copy of which shall be retained by the licensee. The records which must be maintained shall include, but not be limited to, the following:

1. Any policy applications, declaration pages, endorsements, riders or binders associated with the policy;
2. Any written correspondence or copies of records transmitted to or received by the licensee concerning the policy;
3. Any documents associated with any claims filed with the licensee under the policy; and
4. Any receipts or other documents associated with any premium payments made to the licensee under the policy, including receipts for cash premium payments required under section (3) of this regulation.

(B) The records required to be maintained under this section shall be open to the inspection or examination of the director of insurance or his/her agents, and shall be maintained in an orderly manner so that the information in the records is readily available during the inspection or examination. The requirement of this subsection shall be deemed satisfied whenever a requested record can be retrieved from its storage location within five (5) business days of a request by the director or the director's designee.

(C) An insurance producer operating under an exclusive contract with an insurer, including one (1) insurer and its subsidiaries or affiliates, upon termination of the agency appointment, shall be required to maintain only those records as the contract authorizes him/her to retain, provided that the insurer shall bear responsibility for maintaining all other records which otherwise would have been required to be maintained by the insurance producer.

(D) All records required to be maintained under this section shall be maintained for as long as the personal insurance policy in question is in force and for at least three (3) years thereafter.

(7) Discipline. Violation by an insurance producer of the provisions of this regulation shall be deemed incompetent or untrustworthy behavior under section 375.141.1(8), RSMo, and shall constitute grounds for discipline of the licensee under that section or other applicable laws.



EXHIBIT A

PREMIUM RECEIPT

Amount of payment: \$ _____ . _____ Date of Payment: _____ / _____ / _____

Name of Insurance Company: _____

Policy Number or Description: _____

Name of Insured: _____

Comment: _____

Insurance Producer's Signature: _____

KEEP THIS RECEIPT AS PART OF YOUR RECORDS FOR YOUR OWN PROTECTION.

AUTHORITY: sections 374.045, RSMo 2000 and 375.141, RSMo Supp. 2001. Original rule filed April 5, 1991, effective Oct. 31, 1991. Amended: Filed Nov. 29, 1993, effective July 30, 1994. Amended: Filed July 12, 2002, effective Feb. 28, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995; and 375.141, RSMo 1961, amended 1965, 1967, 1981, 1984, 1989, 1993, 2001.*

20 CSR 700-1.150 Incidental Fees Charged by Insurance Producers

PURPOSE: This regulation implements the provisions of sections 375.052 and 379.356.2, RSMo Supp. 2001, with regard to insurance producers charging incidental fees in addition to premium.

(1) As used in sections 375.052 and 379.356.2, RSMo, and in these rules—

(A) “Incidental fee” means an amount equal to the cost of providing a service that is charged in addition to the receipt of premium from an insured or an applicant for insurance.

(B) “Other similar services” includes payment by credit card, processing insufficient funds checks, obtaining records, reports, appraisals, inventories and other like documentation and making regulatory filings for an insured or applicant for insurance.

(2) In order to charge an incidental fee, the insurer or insurance producer is required to actually perform a service or incur a cost.

(3) Incidental fee shall include a charge for premium installments, late payments, policy reinstatements or other similar services. In the case of the fee for permitting insureds or applicants for insurance to make a premium payment by credit card, the insurer or insurance producer shall charge only the amount charged to the insurer or insurance producer by the credit card company. Any other fees not considered incidental fees shall only be charged by an insurance producer when there is in place a written contract between the insured or applicant for insurance and the insurance producer as permitted in section 375.116, RSMo, 20 CSR 700-1.100 and the form attached thereto as Exhibit A.

(4) All incidental fees charged by the insurer or insurance producer shall be disclosed in writing to the insured or the applicant for insurance at or before the time the fee is charged. The insurer or insurance producer charging the fee shall provide to the insured or applicant for insurance a written disclosure. The disclosure may be contained in an itemized bill, invoice or an application that

sets out the amount of the fee and the service for which it is being charged.

(5) The amount of the incidental fees charged by the insurance producer shall be posted conspicuously at any location wherein the insurance producer markets or negotiates the sale or renewal of insurance policies with insureds or applicants for insurance.

(6) All incidental fees charged to the insured or applicant for insurance by the insurer shall be considered premium for purposes of the premium tax imposed pursuant to section 148.320, RSMo.

(7) The provisions of sections 375.052 and 379.356.2, RSMo, and this rule do not include or apply to any other fees specifically permitted by law.

AUTHORITY: section 374.045, RSMo 2000. Original rule filed July 12, 2002, effective Feb. 28, 2003.*

**Original authority: 374.045, RSMo 1967, amended 1993, 1995.*