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Bulletin 15-22

Date: July 16, 2015

To: All Insurers and Insurance Producers

Re: Clarification on Commission Sharing- Insurance Producers

The purpose of this Bulletin is to clarify the circumstances under which a licensed and appointed producer may pay a referral fee, split a commission, or offer other valuable consideration to a licensed but non-appointed producer in exchange for a referral of an insurance applicant.

Section 10-103(c)(2) of the Maryland Insurance Code provides that before a person acts as an insurance producer in the State, the person must obtain: (1) the relevant license; and (2) "if acting for an insurer, an appointment from the insurer." Section 10-130(a) provides, in relevant part, that "a commission, fee, reward, rebate, or other consideration for selling, soliciting, or negotiating insurance may not be paid, directly or indirectly to a person other than a licensed insurance producer."

A licensed insurance producer is not required to be appointed by an insurer in order to receive a referral fee, commission split, or other valuable consideration in exchange for a referral of an applicant to an insurer or its appointed producer.

Any questions regarding this Bulletin should be addressed to Victoria August, Associate Commissioner, Compliance and Enforcement at: victoria.august@maryland.gov or 410-468-2217.

Alfred W. Redmer, Jr.
Commissioner

signature on original

By: _____

Victoria August, Associate Commissioner
Compliance and Enforcement