

LICENSING AND REGISTRATION OF INSURANCE AGENCIES

In 2005, the Florida Legislature adopted SB 1912. The primary purpose of this law was to require that each business location that is an insurance agency engaging in business in Florida obtain an agency license or agency registration from the Department.

The basic requirement was codified in Subsection (7)(a) of Section 626.112, Florida Statutes, which provides, in pertinent part, that "no individual, firm, partnership, corporation, association, or any other entity shall act ... as an insurance agency, unless it complies with s. 626.172 <http://www.leg.state.fl.us/statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=Ch0626/Sec172.HTM> with respect to possessing an insurance agency license for each place of business at which it engages in any activity which may be performed only by a licensed insurance agent." A later sentence allows for the registration of certain agencies in lieu of licensing.

The purpose of this Memorandum is to advise affected persons that licensure or registration is not required for every location where an agent engages in activity related to insurance. Many agents solicit customers by making appointments to meet in locations outside of the agency where the agent works.

If the location is not a business, or is a business that engages in commerce other than the business of insurance (such as a restaurant) and does not hold itself out as being a place where a consumer can go to purchase insurance but may serve as a place for an agent to meet with consumers with whom the agent has made a prior appointment, the location is not an insurance agency.

If the location is a branch office of a business that is required to be licensed or registered but the branch office is not licensed or registered, the branch office cannot advertise or contain signage or other indicia of being a business that engages in activity as an insurance agency. In addition, an agent from the licensed or registered agency could not have an office in the unlicensed location or be available to solicit or otherwise transact insurance at the unlicensed location with anyone other than an individual with a prior appointment with the agent. The agent cannot transact any other insurance at the location that is unrelated to the customer with the prior appointment.

If you have questions or need additional information, contact Hazel Muhammad, Chief, Bureau of Licensing, Division of Agent and Agency Services at (850) 413-5460.

While the Department of Financial Services does not have the authority to extend the October 1, 2006, statutory deadline for filing applications for insurance agency licensure or registration, the department was granted discretion concerning the imposition of administrative fines relating to late filed applications. Although the department has successfully received thousands of applications in recent months many insurance agencies are only now attempting to file their applications. This heightened application activity at or near the October 1st deadline has resulted in an extremely high volume of callers seeking guidance and direction concerning the on-line application process and other compliance issues. In order to provide the best possible customer service and address the extremely high volume of telephone calls we are receiving, the department has made the decision to forego the imposition of administrative fines until November 1, 2006. Accordingly, the department strongly encourages all insurance agencies required to file applications for licensure or registration and have not done so, to submit their applications before November 1, 2006, in order to avoid administrative penalties.