

*INSURANCE AGENTS*  
CHAPTER 10  
LICENSING OF INSURANCE PRODUCERS

**191—10.1(522) Purpose and authority.**

**10.1(1)** The purpose of these rules is to set out the requirements, procedures and fees relating to the qualification, licensure and appointment of insurance producers.

**10.1(2)** These rules are authorized by Iowa Code section 505.8 and are intended to implement Iowa Code chapters 522 and 252J.

**10.1(3)** No producer may solicit insurance until the producer has obtained an Iowa insurance license.

**10.1(4)** These rules do not apply to:

- a. A licensed attorney providing surety bonds incident to the attorney's practice.
- b. A producer appointed to represent a fraternal benefit society as stipulated under Iowa Code section 512B.31.
- c. A transportation ticket selling agent of a common carrier in reference only to trip accident insurance policies or insurance on personal effects while being carried as baggage in connection with the transportation provided by such transportation ticket.

**191—10.2(522) Definitions.**

*"Amended license"* means a license that has had qualifications added or deleted since the issue date of the prior license.

*"Appointment form"* means the NAIC Midwest Zone Uniform Request for Company Appointment/Cancellation form or such other form as designated by the division.

*"CE term"* means the three-year period prior to the producer's renewal year. However, if a producer receives a license classification within the three-year period prior to the producer's renewal year, "CE term" will mean the period starting from the date the license classification is received until the producer's renewal year.

*"Division"* means the Iowa insurance division.

*"Duplicate license"* means a license reissued due to name change, address change or loss of license.

*"Nonresident"* means a person residing permanently in a state other than Iowa.

*"Person"* means a natural person.

*"Producer"* means a person required to obtain an insurance license under Iowa Code section 522.1.

*"Producer renewal report"* includes:

1. The form issued by the division with which producers apply for renewal of a producer license and verify CE credits on file with the division;
2. The continuing education fee described in rule 191—11.10(272C);
3. The license fee set forth in rule 10.20(522); and
4. A nonresident producer who resides in a state or district that has producer CE requirements must include a certification letter from that producer's resident state or district which states that the producer is in compliance with those CE requirements.

*"Renewal year"* means the following:

1. For producers born during the months of January, February, March and April, the renewal year is 1996 and every third year thereafter.
2. For producers born during the months of May, June, July and August, the renewal year is 1994 and every third year thereafter.
3. For producers born during the months of September, October, November and December, the renewal year is 1995 and every third year thereafter.

*"Retaliatory fee"* means a fee equal to the fee which a nonresident person would be charged by such person's state of residence if that person were a resident of Iowa making application for a license in that state.

**191—10.3(522) Examinations.**

**10.3(1)** The division will enter into a contractual relationship with a qualified outside testing service to provide the licensing examinations for all of the producers' qualifications where an examination is required, provided the division maintains control over the process.

**10.3(2)** The outside testing service will administer all examinations for license applicants.

**10.3(3)** Any contract to implement subrule 10.3(1) shall require the outside testing service to:

- a. Update, on a continual basis, the licensing examinations;
- b. Ensure the examinations are job related;
- c. Adequately inform the applicants of the procedures and requirements for taking the licensing examinations; and
- d. Prepare and administer examinations for all lines listed in rule 10.7(522), except qualification 9.

**191—10.4(522) Exemptions from examination requirement.** The following persons shall be exempt from the examination requirements of this chapter:

**10.4(1)** An applicant for renewal of a producer license who has complied in a timely fashion with the continuing education requirement in 191—Chapter 11.

**10.4(2)** An applicant for nonresident insurance producer's license who complies with the procedures of rule 10.6(522). This exemption does not apply to nonresident producers who have been licensed in Iowa but who fail to comply with the continuing education requirements of 191—Chapter 11.

**10.4(3)** An applicant for a resident producer license who previously held a valid Iowa resident license but who left Iowa and has continuously held a resident license in another state. Such an applicant has three years from relinquishing the Iowa resident license to reenter Iowa and obtain a resident producer license without testing. These applicants must comply with the Iowa continuing education requirements applicable to newly licensed producers.

**191—10.5(522) Licensing of resident producers.**

**10.5(1)** In order to qualify as an Iowa resident insurance producer, the applicant must satisfy the following requirements:

- a. Be at least 18 years of age;
- b. Be a resident of the state of Iowa;
- c. Be of good character and competency;
- d. Pass an examination determining the applicant's competence to sell any or all lines of insurance as described in rule 10.7(522) or, if applicable, subrule 10.6(4);
- e. File a license application with the division's outside testing service on the form prescribed by the division, except, on all applications filed before February 1, 1994, the license application must be filed with the division;
- f. File a letter of clearance from any other state in which the applicant has ever held a resident license (the letter of clearance will be accepted only within 90 days of the date of the letter of clearance); and
- g. Pay the appropriate license fee as set forth in rule 10.20(522). Any application submitted with an incorrect fee will be returned.

**10.5(2)** An applicant may obtain an examination application form, included within the license information bulletin, from the prospective employer or from the outside testing service on contract with the division.

**10.5(3)** Application for the examination and for the producer license must be made with the outside testing service. The examination fee is set forth in rule 10.20(522). An applicant may request express processing of the application three or more business days prior to the requested examination date, with payment of the appropriate fee set forth in rule 10.20(522).

**10.5(4)** An application is valid for 90 days after the date the outside testing service receives a properly completed application. If an applicant is unable to pass the necessary examinations within the 90 days, all but \$10 of the license fee will be returned.

**10.5(5)** Examination results are valid for 90 days after the date of the test. Failure to apply for licensure within 90 days after the examination is passed voids the examination results.

**10.5(6)** Any licensed insurance producer desiring to become licensed in additional qualifications for which the producer has not previously been licensed shall:

*a.* Submit to the division a completed application form specifying the added qualifications requested;

*b.* Pass the examinations for those lines; and

*c.* Submit the appropriate amended license fee as set forth in rule 10.20(522).

**10.5(7)** Qualification in personal lines is a prerequisite for obtaining the commercial lines qualification. The commercial lines qualification includes personal lines and the license will reflect only qualification 17 as defined under rule 10.7(522).

**10.5(8)** To receive a license for the variable contracts qualification, the applicant must be qualified in life insurance and must submit proof of passage of the following National Association of Securities Dealers (NASD) examinations: #63 (Uniform Securities Agent State Law), and either #6 (Investment Company and Variable Contract Product Representative) or #7 (General Securities Representative).

An applicant can demonstrate compliance with NASD examinations by either submitting proof of passing the examinations within 90 days of the date of application, or submitting proof of a continuously active securities license since passing the examinations.

**10.5(9)** As a condition of licensure, an applicant must sign a certification designating the commissioner as such applicant's agent for service of process regarding all insurance disciplinary matters and shall agree that service upon the commissioner is of the same legal force and validity as personal service on the applicant.

**191—10.6(522) Licensing of nonresident producers.** A nonresident of the state of Iowa desiring to sell insurance within this state shall comply with the following procedures in order to acquire an Iowa nonresident insurance producer license.

**10.6(1)** The applicant for a nonresident license shall complete and submit to the division a nonresident producer application, the appropriate fee as set forth in rule 10.20(522), and an original certification of current licensure by the insurance commissioner of the applicant's resident state. Such certification will be accepted only within 90 days of the certification date. Such certification shall verify that the applicant is currently licensed for the equivalent qualifications for which the applicant is seeking an Iowa nonresident license.

**10.6(2)** Any licensed nonresident producer desiring to become licensed in additional qualifications for which the producer has not previously been licensed in Iowa shall submit to the division:

*a.* A completed application form specifying the added qualifications requested;

*b.* An original resident state certification within 90 days of the certification date; and

*c.* The appropriate fee as set forth in rule 10.20(522).

**10.6(3)** Any Iowa licensed nonresident insurance producer who moves to this state and becomes a resident of Iowa shall surrender the Iowa nonresident license, and shall comply with rule 10.5(522), except that after February 1, 1994, the producer must pass an Iowa laws only examination or other appropriate examination as determined by the division. A producer holding only the surety qualification or the credit accident, health and life qualification shall not be required to complete an examination. The producer shall comply with all other requirements of this chapter in order to obtain an Iowa resident insurance producer license.

**10.6(4)** Qualifications will not be issued to a nonresident producer if the producer's resident state (*a*) does not issue those qualifications to Iowa resident producers applying for nonresident producer qualifications in that state or (*b*) restricts Iowa resident producers' nonresident activities in that state.

**10.6(5)** As a condition of licensure, an applicant must sign a certification designating the Iowa insurance commissioner as such applicant's agent for service of process regarding all insurance disciplinary matters and shall agree that service upon the commissioner is of the same legal force and validity as personal service on the applicant.

**10.6(6)** Upon receipt of appropriate documentation and fees as set forth in this rule, the division will issue to the applicant an Iowa nonresident insurance producer license in the appropriate qualifications.

**191—10.7(522) License qualifications.**

**10.7(1)** Applicants must satisfy provisions of rule 10.5(522) (residents) or rule 10.6(522) (nonresidents) to receive one or more of the following qualifications:

Qualification Number	Qualification
4	Crop only
5	Surety only
6	Accident and health only
7	Life only
9	Variable contracts
14	Personal lines—fire, casualty, auto, and crop insurance sold to individuals or families only
17	Commercial lines—fire, casualty, auto, surety and crop insurance sold to individuals, families or businesses (includes personal lines above)
18	Credit accident and health and credit life
19	Legal expense
20	Excess and surplus lines

**10.7(2)** No person may sell excess and surplus lines coverage without the appropriate license. Qualification 20 is available only to resident producers who hold a commercial lines qualification and to nonresident producers who hold the equivalent qualifications in their resident state.

**191—10.8(522) Commissions.**

**10.8(1)** A producer may not receive commissions for insurance written with a company until that producer has been appointed with such company. Nothing herein is intended to alter the requirements of Iowa Code section 522.4.

**10.8(2)** A producer may assign commissions to an entity organized for the purpose of operating that producer's insurance business so long as all of the entity's representatives who personally engage in solicitation activities in Iowa are individually licensed as producers under Iowa law.

**191—10.9(522) Issuance of clearance letters.**

**10.9(1)** A resident producer who is moving from Iowa to another state, who wishes to obtain a resident producer license in another state, and who wishes to obtain from the division a clearance letter, must submit to the division:

- a. A written request, signed by the producer, including the producer's name and social security number, and the name of the state for which a clearance letter is sought;
- b. The producer's Iowa insurance license, or a signed statement that it has been lost or destroyed;
- c. A self-addressed stamped envelope;
- d. The appropriate fee as set forth in rule 10.20(522).

**10.9(2)** Upon issuance of the clearance letter, the division will cancel all of the producer's company appointments and the license status will be changed to reflect the move. A producer may not sell insurance in Iowa once a clearance letter has been issued unless the producer has been properly licensed as a nonresident producer.

**191—10.10(522) Issuance of certification letters.**

**10.10(1)** A resident producer who wishes to obtain a nonresident producer license in another state, and who wishes to obtain from the division a letter certifying the producer's license status, must submit to the division the following:

- a. A written request including the producer's name and social security number, and the name of the state for which a certification letter is sought;
- b. A self-addressed stamped envelope; and
- c. The appropriate fee as set forth in rule 10.20(522).

**10.10(2)** Reserved.

**191—10.11(522) Renewals.**

**10.11(1)** Resident producers must renew their licenses by submitting a producer renewal report and the appropriate license fee as set forth in rule 10.20(522). The submissions will be timely only if they are received by the division no later than February 28 of the year in which the producers' licenses expire.

**10.11(2)** Nonresident producers must renew their licenses by submitting a producer renewal report, a resident state letter of certification, and the appropriate license fee as set forth in rule 10.20(522). The submission will be timely only if it is received by the division no later than February 28 of the year in which the nonresident producer's license expires. The letter of certification will be accepted only within 90 days of the certification date.

**10.11(3)** The division shall send a producer renewal report form to each licensed producer prior to the expiration of the producer's license. The producer renewal report form will be sent to the producer's last known address as it appears in division records. Failure of the producer to receive a producer renewal report form shall not relieve the producer of the responsibility of filing the producer renewal report in a timely manner.

**10.11(4)** A producer that does not renew by February 28, but does renew by April 30, must pay the late fee set forth in rule 10.20(522).

**10.11(5)** Failure to renew a license and pay appropriate fees set forth in rule 10.20(522) prior to April 30 will result in cancellation of the license.

**191—10.12(522) License reinstatement.** If a producer has not renewed the license prior to April 30 of the renewal year, the license will be canceled. A producer may reinstate a canceled license up until October 31 of the renewal year by proving that, during the CE term, the producer met the CE requirements found in 191—Chapter 11, and by paying appropriate late fees, CE fees and license fees. A previously licensed resident producer who does not prove compliance with the CE requirements by October 31 of the renewal year must retest and apply for a new license. A previously licensed nonresident producer who cannot prove compliance with the CE requirements may either take the appropriate Iowa examination(s) prior to October 31 of the renewal year or wait until November 1 of the renewal year and apply for a new license.

**191—10.13(522) Licensing after revocation or voluntary surrender of license.**

**10.13(1)** A producer who wishes to obtain a new license following a revocation must pay any fines or costs imposed at the time of the revocation and apply for a new license.

**10.13(2)** When a producer voluntarily surrenders an Iowa insurance license, the license is canceled. To obtain a new license, the producer must pay any fines or costs imposed at the time of the voluntary surrender and apply for a new license.

**191—10.14(522) Change in name and address.**

**10.14(1)** If a producer's name is changed, written notification must be filed with the division by the producer within 30 days of the change. If the change of name is by court order, a copy of the order must be submitted to the division within 30 days of the change.

**10.14(2)** Address change.

*a.* If a resident or nonresident producer's address is changed, written notification signed by the producer must be submitted to the division within 30 days of the address change, stating:

- (1) Producer's name;
- (2) Social security number;
- (3) Previous resident address; and
- (4) The new resident address.

*b.* If a nonresident producer moves from one state to another state, the division will cancel the license and the producer must apply for a new nonresident license.

*c.* If an Iowa resident producer moves from Iowa to another state, the division will cancel the resident license and the producer may apply for an Iowa nonresident license.

*d.* If a producer moves into Iowa and wishes to obtain a resident license, the producer must comply with rule 10.5(522).

**10.14(3)** Rescinded IAB 2/28/96, effective 4/3/96.

**191—10.15(522) Appointment requisition procedures.**

**10.15(1)** Any insurance company admitted to do business in Iowa may request an appointment for a licensed insurance producer to represent that company, provided the company has or intends to have a contractual relationship with the producer. It is the company's responsibility to verify that the producer is licensed for the appropriate qualification(s).

**10.15(2)** The company shall submit to the division a current appointment form and the appropriate fee as set forth in rule 10.20(522). If an appointment form is rejected by the division, the appointment form will be returned to the company, and the division shall retain the appointment fee. A company will have to submit a new fee with a corrected appointment form. An appointment shall be deemed approved and effective if not rejected within ten business days of its receipt at the division. Companies may, by arrangement with the division, submit appointments electronically.

**191—10.16(522) Renewal of company appointments.**

**10.16(1)** On or about May 1 of each year, the division shall send to each insurance company authorized to do business in Iowa a list of the producers currently licensed and appointed with that company and a billing statement. By June 30, the company must return the billing statement and fees. No amendments may be made to the billing statement. Renewals filed after June 30 will be subject to a late filing fee, set forth in rule 10.20(522). Failure to pay renewal appointment fees by July 15 will result in cancellation of a company's appointments. Appointments that are canceled due to nonpayment of renewal fees may be reinstated upon payment of a reinstatement fee of \$15 per appointment.

**10.16(2)** Companies may, by arrangement with the division, submit renewals electronically.

**10.16(3)** Rescinded IAB 2/28/96, effective 4/3/96.

**191—10.17(522) Cancellation of appointments.** The insurance company for which the producer was appointed shall file a properly completed appointment form immediately upon termination of the producer's contract. The producer must be notified by the company that the producer's appointment has been canceled. Companies may, by arrangement with the division, submit cancellations electronically.

**191—10.18(522) Appointment lost through merger.** A new appointment must be requested for the producers of a company that loses its identity in a new company. The new company must comply with rule 10.15(522) to request the new appointments.

**191—10.19(522) Temporary permits.** A temporary permit for a period not to exceed six months and a waiver of the normal licensing requirements by the division may be issued:

**10.19(1)** To the surviving spouse or next of kin of a deceased licensed insurance producer; or

**10.19(2)** To the spouse, next of kin, employee, or legal guardian of a licensed insurance producer disabled by sickness, injury or insanity.

**10.19(3)** A temporary permit shall be used only for purposes of winding up the affairs of the affected producer and may not be used by a successor to continue the producer's business.

**191—10.20(522) Fees and costs.**

**10.20(1)** An original of each form necessary for the producer's licensure, appointment and cancellation may be requested from the division and exact, readable, high quality copies may be made therefrom. Poor quality copies of these forms will be returned. A self-addressed, postage-paid envelope must be submitted with each request.

**10.20(2)** The fee for an examination shall be set by the independent testing service under contract to the division and approved by the division.

**10.20(3)** The express processing fee to which rule 10.5(522) refers shall be set by the independent testing service under contract to the division and approved by the division.

**10.20(4)** The fee for the license to which rule 10.5(522) refers is \$50 for three years or, for a nonresident producer, the greater of \$50 or the retaliatory fee.

**10.20(5)** The fee for issuance of an amended or duplicate license is \$10.

**10.20(6)** The fee for issuance of a clearance letter to which rule 10.9(522) refers is \$5.

**10.20(7)** The fee for issuance of a certification letter to which rule 10.10(522) refers is \$5.

**10.20(8)** The late fee for renewal of the producer license to which rule 10.11(522) refers is \$100 in addition to the fee set forth in subrule 10.20(3).

**10.20(9)** Rescinded IAB 2/28/96, effective 4/3/96.

**10.20(10)** The fee for a company appointment and the renewal of a company appointment to which rule 10.15(522) refers is \$5 per producer. There is no fee for the cancellation of an appointment.

**10.20(11)** The late fee for filing the company appointment renewals to which rule 10.16(522) refers shall be \$10 per producer.

**10.20(12)** The division may charge a fee for other services.

**191—10.21(522) Reporting of actions.**

**10.21(1)** A producer shall report to the division any administrative action taken against the producer in another jurisdiction or by another Iowa agency within 30 days of the final disposition of the matter. This report shall include a copy of the Order, Consent to Order or other legal document.

**10.21(2)** A producer shall report to the division any criminal prosecution of the producer taken in any jurisdiction to the division within 30 days of the initial pretrial hearing date. The report shall include a copy of the initial complaint filed, the Order resulting from the hearing, and Consent to Order or other legal document.

**191—10.22(522) Violations and penalties.**

**10.22(1)** A producer who sells insurance, directly or indirectly, in violation of this chapter shall be deemed to be in violation of Iowa Code section 522.1 and subject to the penalties provided in Iowa Code section 522.5.

**10.22(2)** Any company or company representative who aids and abets a producer in the above described violation shall be deemed to be in violation of Iowa Code section 522.1 and subject to the penalties provided in Iowa Code sections 522.5, 507B.7 and 507B.11.

**10.22(3)** The commissioner may place on probation, suspend, revoke, or refuse to issue or renew a producer's license or may levy a civil penalty, in accordance with Iowa Code sections 522.3 and 522.5 or any combination of actions for any one or more of the following causes:

- a. Failure to timely respond to division inquiries;
- b. Incorrect or incomplete information provided on the application for license;
- c. Submitting a check to the division or to the division's outside testing service which is returned by the bank, or canceling or refusing amounts charged to a credit card by the division's outside testing service where services were received by the producer;
- d. Refusing to cooperate with division employees in an investigation;
- e. Misappropriation, conversion, or improperly withholding money or property required to be held in a fiduciary capacity which belongs to policyholders, insurers, beneficiaries, or others and received in conduct of insurance business;
- f. Intentionally misrepresenting the terms of any actual or proposed insurance policy;

- g.* Demonstrating incompetence, untrustworthiness or financial irresponsibility in the transaction of insurance business;
- h.* Acting as an insurance producer through persons not licensed as insurance producers;
- i.* Failing to report any administrative action or criminal prosecution taken against the producer;
- j.* Obtaining or attempting to obtain an insurance license by fraud, misrepresentation or material misstatement;
- k.* Improperly using notes, or any other reference material to complete an examination for an insurance license;
- l.* Suspension or revocation of the producer's insurance license, or equivalent by any other state, district or territory of the U.S. or any province of Canada or state of Mexico;
- m.* Taking any action to circumvent the spirit of these rules and the Iowa insurance statutes or any other action that shows noncompliance with the requirements of Iowa Code chapter 522 or these rules.

**191—10.23(252J) Suspension for failure to pay child support.**

**10.23(1)** Upon receipt of a certificate of noncompliance from the child support recovery unit (CSRU), the commissioner shall issue a notice to the producer that the producer's pending application for licensure, pending request for renewal, or current license will be suspended 30 days after the date of the notice. Notice shall be sent to the producer's last-known address by regular mail.

**10.23(2)** The notice shall contain the following items:

- a.* A statement that the commissioner intends to suspend the producer's application, request for renewal or current insurance license in 30 days;
- b.* A statement that the producer must contact the CSRU to request a withdrawal of the certificate of noncompliance;
- c.* A statement that the producer's application, request for renewal or current license will be suspended if the certificate of noncompliance is not withdrawn;
- d.* A statement that the producer does not have a right to a hearing before the division, but that the producer may file an application for a hearing in district court pursuant to Iowa Code section 252J.9;
- e.* A statement that the filing of an application with the district court will stay the proceedings of the division;
- f.* A copy of the certificate of noncompliance.

**10.23(3)** The filing of an application for hearing with the district court will stay all suspension proceedings until the division is notified by the district court of the resolution of the application.

**10.23(4)** If the division does not receive a withdrawal of the certificate of noncompliance from the CSRU or a notice from a clerk of court that an application for hearing has been filed, the division shall suspend the producer's application, request for renewal or current license 30 days after the notice is issued.

**10.23(5)** Upon receipt of a withdrawal of the certificate of noncompliance from the CSRU, suspension proceedings shall halt and the named producer shall be notified that the proceedings have been halted. If the producer's license has already been suspended, the license shall be reinstated if the producer is otherwise in compliance with division rules.

These rules are intended to implement Iowa Code chapter 522.

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◊ Two or more ARCs