ACCEL COMPLIANCE

Producer Licensing 101

When Do You Need a License to Sell Insurance?

Thinking about selling insurance? You'll need more than just a business card. You'll likely need a producer license—and knowing when and why is key to staying compliant.

AGENT, BROKER... OR JUST "PRODUCER"?

In the old days, "agents" worked for insurers and "brokers" worked for the insured. Today, that line's a blur. Most states now use a single term—"producer"—for anyone who sells, solicits, or negotiates insurance, whether you're wearing the agent hat, broker hat, or both.

That's right: one license to rule them all.

DO I REALLY NEED A LICENSE?

Short Answer: Yes—unless you're doing absolutely nothing to influence an insurance sale.

Under most state laws, modeled after the NAIC's Producer Licensing Model Act (PLMA), you must be licensed as a producer if you:

- **Sell** insurance: You exchange insurance for money on behalf of a company.
- **Solicit** insurance: You encourage someone to apply for a policy.
- **Negotiate** insurance: You talk directly with customers about insurance products or advise them on terms, benefits, or conditions.

Even helping someone fill out an application or explaining coverage can trigger licensing requirements.

COMMON TRIGGERS FOR NEEDING A LICENSE

If you're doing any of the following, chances are you need a producer license:

- Talking about insurance benefits, premiums, or policy terms
- Urging someone to apply for coverage
- Comparing insurance products
- Giving advice on coverage
- Accepting or submitting applications

Pro Tip: These rules don't just apply to conversations—they cover your website, brochures, social media, and other marketing channels too.

DOING BUSINESS IN ANOTHER STATE? WATCH FOR FOREIGN QUALIFICATION

Thinking of expanding into a new state? You might need to "foreign qualify" your business entity there. That can trigger extra filing, tax, and compliance obligations—even if your office is based elsewhere. Always consult legal or tax advisors before crossing state lines.

BOTTOM LINE: KNOW BEFORE YOU SELL

Producer licensing is serious business—and the penalties for getting it wrong can be steep. When in doubt, assume you need a license or check with legal counsel.

FOR MORE VALUABLE COMPLIANCE CONTENT,
PLEASE FOLLOW US ON LINKEDIN

ABOUT ACCEL Compliance
ACCEL Compliance provides comprehensive compliance services and software to insurance agents and brokers. We focus on ensuring insurance intermediaries meet their regulatory obligations while freeing their resources to focus on growth. Learn more at ACCELCompliance.com.

ABOUT ACCEL Law Group
ACCEL Law Group specializes in advising insurance agents and brokers on complex mergers, acquisitions, regulatory and contract matters.
Learn more at ACCELLawGroup.com.