

Part 6 Chapter 2: (F&C 71-1) Agent's Commissions; Countersignature, Incorporated Agencies

Rule 2.1: Commission to be Paid Only to Licensed Agents

WHEREAS, it has come to the attention of the Department that certain incorporated agencies have stockholders who are not licensed insurance agents or solicitors; and

WHEREAS, the insurance laws of this State, including but not limited to Section 5674, 5710 and 5711 of the Miss. Code of 1942, Recompiled, and the rules and regulations of the Insurance Department, particularly Regulation No. F & C 18 dated September 5, 1963, as clarified by Regulation No. F & C 19, prohibit the dividing of commissions with anyone other than a licensed agent or solicitor; and

WHEREAS, the payment of dividends to stockholders who are not licensed agents or solicitors violates the aforesaid law and regulations,

IT IS HEREBY ORDERED that no commission accruing to incorporated agencies through the sale of insurance shall be divided or paid, directly or indirectly, to anyone other than a licensed agent or solicitor. Nothing herein shall be construed to prevent payment of operating expenses, salaries and professional fees for services actually rendered in the usual and customary course of agency business commensurate with such services rendered. This order does not prohibit the division of commissions with duly licensed or resident agents as set out under Sections 5674, 5710 and 5711 of the Miss. Code of 1942, Recompiled. Any incorporated agency willfully violating this regulation will be subject to revocation, suspension, or non-renewal of license. No insurance agent or solicitor shall knowingly participate in the division of any commission prohibited herein, earned by him in whole or in part, but shall report to the Insurance Department such attempt to evade this regulation. Any licensed agent or solicitor knowingly participating in divisions and not reporting same shall place his own license in jeopardy.

The form attached hereto is made a part hereof as if fully set out herein and is required to be executed by and filed with all new and renewal applications for an incorporated agency licensed from and after the effective date of this regulation.

This regulation does not prevent the dividing of corporate income derived from sources other than the commissions on the sale of insurance.

Signed and effective immediately, this 31st day of December, 1971.

Source: *Miss. Code Ann. §83-17-7 (Rev. 2011)*