THE COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF CONSUMER AFFAIRS
DIVISION OF INSURANCE
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GLORIA C. LARSON
SECRETARY

KAY DOUGHTY
COMMISSIONER

BULLETIN 92-06

TO: Certified Risk Managers

FROM: Kay Doughty, Commissioner of Insurance

RE: Insurance Licensing Requirements

DATE: October 28, 1992

The Division of Insurance recently received a list of firms who are qualified to participate in the Loss Management Program of the Worker's Compensation Rating and Inspection Bureau. Some of the firms on the list are licensed as insurance advisors, agents or brokers pursuant to applicable sections of c. 175 of the Massachusetts General Laws. Others are not. Inclusion on the list of qualified loss managers does not permit a firm to engage in insurance related activities without the appropriate license. The purpose of this bulletin is to remind loss managers of those license requirements.

M.G.L. c. 175, §3 provides, in brief, that "no person shall negotiate, solicit, sell or in any matter aid in the transaction of [insurance] contracts or of their continuance or renewal except as authorized by c. 175. Pursuant to c. 175 the Division issues licenses to individuals and entities who are engaged in the business of insurance as brokers, agents and advisors. Section 162 defines a "broker" as anyone who, for compensation, not being an agent or an officer of a domestic insurance company,

> "acts or aids in any manner in negotiating policies of insurance ... or placing risks or effecting insurance, or in negotiating the continuance or renewal of such policies or contracts for a person other than himself ...".

Section 177A defines an "insurance advisor" as one who

> "for a fee received or to be received offers to examine, or examines or aids in examining any policy of insurance ... for the purpose of giving, or gives or offers to give, any advice, counsel, recommendation or information in respect to the terms, condition, benefits, coverage or premium of any such policy of contract, or in respect to the expediency or advisability of altering, changing, exchanging, converting, replacing, surrendering, continuing, renewing or rejecting any such policy or contract, or of accepting or procuring any such policy or contract from any company ...".

Section 177A excepts from the definition of "advisor" licensed agents or brokers, officers of an insurance company and attorneys and certified public accountants acting within the course or scope of their profession or business. Anyone who conducts activities which fall within the statutory definition of "broker" or "advisor" without an appropriate license is considered to be in violation of the law.

A qualified risk manager which wishes to provide services requiring an insurance license, but is not itself licensed as a "broker" or "advisor," may employ or contract with a licensed agent, broker or advisor to provide specific insurance related services to it. Licensing forms and information may be requested from the Division at 280 Friend Street, Boston 02114. Questions about the licensing process may be addressed as follows:

Advisor's licenses: John A. Iannelli, 727-7189, x504

Agent and broker licenses: Joanne LaRosa, 727-7189, x307
Recorded information: x350