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Commissions on Travel Insurance Sales

The Bureau of Insurance has been asked whether an unlicensed motor vehicle rental company employee may be paid a commission for travel accident and baggage insurance that the employee is permitted to sell pursuant to 24-A M.R.S. § 1413(8).

As long as the statutory requirements for the exemption from licensure are met, the Maine Insurance Code does not prohibit or require any particular method of compensation.

Some statutory exemptions from licensure are expressly made unavailable to persons who are compensated by commissions, such as the exemption for certain classes of salaried insurance company employees pursuant to 24-A M.R.S. § 1420-C(2)(A). There is no such requirement for the travel insurance exemption. Title 24-A M.R.S. § 1413(8) permits unlicensed motor vehicle rental employees to sell travel accident and baggage insurance so long as the following requirements are met:

1. The motor vehicle rental company primarily provides the rental of motor vehicles to the public under a rental agreement that includes travel, baggage, liability, or other related insurance coverage;
2. The insurance is purchased by an individual in connection with and incidental to the rental of a motor vehicle;
3. The motor vehicle rental company has obtained a limited insurance producer license in accordance with Chapter 16 of the Maine Insurance Code; and
4. At least one employee at each office of the rental company located in the State of Maine obtains a limited insurance producer license.

Because motor vehicle company employees are not required to be individually licensed under § 1413(8), it is permissible for an unlicensed employee to earn commissions on sales made in accordance with this provision.

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Eric A. Cioppa
Superintendent of Insurance

NOTE: This Bulletin is intended solely for informational purposes. It is not intended to set forth legal rights, duties, or privileges, nor is it intended to provide legal advice. Readers should consult applicable statutes and rules and contact the Bureau of Insurance if additional information is needed.



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