



Department of Business Regulation

233 Richmond Street
Providence, RI 02903

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Insurance Producers

Service Fees and Charges with regard to Property & Casualty Insurance

An insurance producer who receives a commission from a licensed Property & Casualty insurer for placing coverage cannot also charge a fee to the insured for services that are customarily associated with the selling, soliciting or negotiation of the insurance. Commission expenses of the insurer are included within the operating expenses of the insurer and are considered in the rate making process. Any additional charges imposed on the insured are, therefore, in violation of the rate filing statutes and R.I. Gen. Laws § 27-29-8. Commission sales are contracts between the insurer and producer under R.I. Gen. Laws § 27-6-6 and 27-9-6 and, therefore, any concerns over inadequate compensation rests between the insurer and the producer. Contracts which are “net of commission” do not include commission expenses in rates and, therefore, a separate fee may be charged to the insured by the insurance producer. However, that fee must be fully disclosed to the purchaser, in writing, prior to the sale.

The producer may not impose an additional charge based on method of payment. Property & Casualty insurance producers may allow payments by credit card but may not charge the insured the merchant fee assessed. If a producer chooses to accept credit card payments such merchant fees are a cost of doing business which must be absorbed by the producer. Producers may not charge a fee for acceptance of cash payments.

[230-RICR-20-50-1](#) governs imposition of fees by Surplus Lines Brokers.

Producers which engage in premium finance activity may be subject to R.I. Gen. Laws § 27-40-1 *et seq.* Inquiries regarding Premium Finance Companies should be made to the Department of Business Regulation - Banking Division.

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