

VIRGINIA ACTS OF ASSEMBLY -- 1999 SESSION

CHAPTER 97

An Act to amend and reenact § 38.2-1812 of the Code of Virginia, relating to insurance; payment and sharing of commissions; trade names.

[H 2222]

Approved March 15, 1999

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-1812 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-1812. Payment and sharing of commissions.

A. No insurer shall pay directly or indirectly any commission or other valuable consideration to any person for services as an agent or a surplus lines broker within this Commonwealth unless the person is then a duly appointed agent of such insurer and, at the time of the transaction out of which arose the right to such commission or other valuable consideration, held a valid license as an agent, or valid license as surplus lines broker, for the class of insurance involved. No person other than a duly licensed and appointed agent or a surplus lines broker may accept any such commission or other valuable consideration unless such person, at the time of the transaction out of which arose the right to such commission or other valuable consideration, held a valid license as an agent or surplus lines broker for the class of insurance involved. An agent of a combination insurer who is assigned a debit may receive, and the insurer may pay, commissions on business written on the debit prior to the agent's becoming licensed and appointed, provided that the agent is duly licensed and, if appropriate, appointed on the day such commissions are paid to and received by him. This provision shall not prevent the payment or receipt of renewal or other deferred commissions or compensation to or by any person if the person was so duly licensed and appointed, where the appointment was necessary, at the time of the transactions out of which arose the right to such renewals or deferred commissions or compensation. *This provision shall not prevent the payment of commissions to a trade name which has been filed with the Bureau of Insurance pursuant to subsection E of § 38.2-1822.*

B. No agent or surplus lines broker shall directly or indirectly share his commissions or other compensation received or to be received by him on account of a transaction under his license with any person not also then licensed under this chapter or Chapter 48 of this title, for the class of insurance involved in the transactions. No agent or surplus lines broker not then licensed and qualified for the same class of insurance shall receive any commission or other compensation. This provision shall not affect payment of the regular salaries due employees of the licensee.