



DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 08 – 15:
Licensing Requirement for Solicitation of Prepaid Legal Services
ISSUED December 30, 2008

To: All Persons Seeking to Sell or Solicit Prepaid Legal Services
From: Linda Bohrer, Acting Director of Insurance
RE: Licensing Requirements for Solicitation of Prepaid Legal Services

On April 22, 2005, the Missouri Department of Insurance (currently the “Department of Insurance, Financial Institutions and Professional Registration”, referred to herein as “DIFP”) issued Bulletin 05-04, which stated that any individual seeking to sell prepaid legal services must be licensed as an insurance producer in order to solicit prepaid legal services in Missouri. In addition, in a news release dated May 5, 2008, DIFP announced the availability of a new examination for individuals selling or seeking to sell prepaid legal services and further reiterated the requirement that individuals must be licensed in order to sell prepaid legal services in Missouri. (The above referenced bulletin and news release are located on the DIFP website.)

Pursuant to 375.014.1 RSMo, “No person shall sell, solicit or negotiate insurance in this state for any class or classes of insurance unless he or she is licensed for that line of authority as provided in this chapter.” The statute further prohibits a company from paying commissions to any person who is not licensed: “An insurance company or insurance producer shall not pay a commission, service fee, brokerage or other valuable consideration to a person for selling, soliciting or negotiating insurance in this state if that person is required to be licensed and is not so licensed.” (375.076.1 RSMo.)

Prior to the May 5, 2008 news release on the new examination for sellers of prepaid legal services, DIFP allowed licensure in other lines of authority for the purpose of meeting the licensing requirements of Chapter 375, RSMo. With the creation of the Prepaid Legal Services line of authority and the above noted examination, any and all persons selling or seeking to sell prepaid legal services must be licensed under the Prepaid Legal Services line of authority on or before March 31, 2009. Anyone seeking to sell or currently selling prepaid legal services will be evaluated under the following criteria:

1. If the person is a licensed producer and is currently selling prepaid legal services, the producer may continue to do so, but only until the March 31, 2009 deadline. If the producer desires to continue to sell prepaid legal services, he/she is required to obtain a license under the Prepaid Legal Services line of authority. Absent such licensure, the producer is prohibited from selling prepaid legal services after the deadline.
2. If the person is a licensed producer, but does not currently sell prepaid legal services, the producer is required to obtain licensure under the Prepaid Legal Services line of authority before the producer may sell prepaid legal services.
3. If the person is not a licensed producer under any line of authority, he/she is prohibited from selling prepaid legal services until they have obtained a license under the Prepaid Legal Services line of authority. If the individual is currently selling prepaid legal services, the individual is in violation of state statute and must cease such activity immediately. Only after the individual has received licensure under the Prepaid Legal Services line of authority may the individual legally sell prepaid legal services.

In addition, representatives of prepaid legal services who solicit membership or explain coverage terms must be licensed as insurance producers under the prepaid legal services line of authority, even if accompanied by a licensed producer. Missouri statutes provide that any licensed insurance producer who assists in the solicitation of, or who agrees to place business from, any person who is not appropriately licensed may also be subject to discipline. In all situations, failure to obtain the required licensure may result in disciplinary action by the Department.

Due to the limited number of testing sites and/or testing dates, DIFP strongly advises individuals to act promptly in scheduling the required testing in order to satisfy the licensing requirements prior to the March 31, 2009 deadline.