

TITLE 4: ECONOMIC RESOURCES
DIVISION 7: INSURANCE

§ 7303. General Agents, Subagents, Adjusters, and Solicitors Defined.

(a) *General Agent.*

(1) “General agent” means any person appointed under 4 CMC § 7301(b)(1)(D) and authorized by the insurer to perform any of the following acts in the Commonwealth:

- (A) Solicit applications for insurance;
- (B) Effectuate and countersign insurance contracts;
- (C) Collect premiums on insurance applied for or effectuated;
- (D) Appoint subagents and solicitors;
- (E) Any other lawful acts pursuant to this division.

(2) A person may be a general agent for any number of insurers.

(3) A domestic insurer may be appointed as a general agent.

(4) A domestic insurer appointing subagents or solicitors is required to have one or more employees who have passed any general agent’s examination required by law.

(5) The individual who is in charge of a branch office maintained in the Commonwealth by a foreign or alien insurer is required to be a general agent.

(b) *Subagent.*

(1) “Subagent” means any person appointed in writing by a general agent, or by a domestic insurer upon compliance with subsection (a)(4) of this section, to perform the following acts in the Commonwealth:

- (A) Solicit applications for insurance;
- (B) If authorized to do so, effectuate and countersign insurance contracts;
- (C) Collect premiums on insurance so applied for or effectuated;
- (D) Any other lawful acts pursuant to this division.

(2) A subagent may be empowered to appoint solicitors.

(3) A person may be a subagent for any number of principals, except that a subagent may not be appointed with respect to more than one general agent or domestic insurer for life insurance.

(c) *Adjuster.*

(1) “Adjuster” means any individual who investigates for or reports to or adjusts for his or her principal relative to claims arising under insurance contracts on behalf solely of either the insurer or the insured.

(2) For the purposes of this division, the following individuals are not deemed to be an adjuster:

- (A) An attorney at law who adjusts insurance losses from time to time incidental to the practice of his profession;
- (B) An “average” adjuster;
- (C) A salaried employee of an insurer or of an adjusting corporation or association owned and controlled by insurers of a general agent or of a subagent; and
- (D) An individual who acts for a self-insurer or for an insured which administers its own group insurance contract.

(3) “Independent adjuster” means an adjuster representing the interests of the insurer.

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(4) “Public adjuster” means an adjuster employed by and representing solely the financial interests of the insured named in the policy.

(d) *Solicitor*.

(1) “Solicitor” means an individual appointed in writing by a general agent or by a subagent or by a domestic insurer upon compliance with subsection (a)(4) of this section to perform the following acts in the Commonwealth:

- (A) Solicit applications for insurance;
- (B) Collect premiums in connection therewith;
- (C) Any other lawful acts pursuant to this division;

(2) A solicitor shall not have the power to countersign insurance contracts.

(3) An individual who is employed by such principal and devotes full-time to clerical work with incidental taking of insurance applications and receiving premiums in the office of the principal, is not deemed to be a solicitor if his or her compensation neither includes a commission on such business nor is related to the volume of such applications, insurance, or premiums.

(e) *Broker*. “Broker” means a person who, for compensation, and on behalf of another person, transacts insurance business other than as insurer, general agent, subagent, adjuster, or solicitor.

(f) *License*. It is unlawful for any person to do or perform any act in the Commonwealth as a general insurance agent, subagent, adjuster, solicitor, or broker, or hold himself or herself out as such, for any kind of insurance without holding a license then in force issued by the commissioner. Licenses and renewals shall be for one year terms. The fee for each type of license and renewal shall be pursuant to statute.

(g) *Administration of License*.

(1) The commissioner shall investigate the qualifications of any person applying for a license or renewal. For the purpose of this investigation, the commissioner shall require the applicant to file a statement, verified under oath, as follows:

(A) The name, age, business and residence address of the applicant, and if the applicant is a firm or corporation, the name and address of each person designated to act for it;

(B) The type of license applied for and a description of the type of business to be engaged in under such licenses, including the classes of insurance the applicant proposes to represent;

(C) The previous insurance experience of the applicant, if any, together with the names and addresses of all insurers or agents whom the applicant represented or was employed by;

(D) A statement that the principal use of the license is not to effect insurance on the applicant’s own life, property or risks, or on the life, property or risks of an employee or member of the applicant’s family;

(E) Such other information as the commissioner requires by regulations or specifically requests of the applicant.

(2) The statement of the applicant required by subsection (g)(1) of this section shall be accompanied by the following:

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(A) If the applicant is for a general agent's license, the request of the insurer that the applicant be licensed to represent the insurer as a general agent;

(B) If the applicant is for a subagent's license, the request of either an insurer or general agent that the applicant be licensed to represent the insurer or general agent as a subagent;

(C) If the application is for a solicitor's license, the request of either an insurer, general agent or a subagent that the applicant be licensed to represent the insurer, general agent or subagent as a solicitor.

(3) The commissioner may, for the reasons contained herein, refuse to issue or renew a license, or may suspend or revoke a license, for any of the following reasons:

(A) The person has wilfully violated any provision of this division;

(B) The person has intentionally made a material misstatement in his or her application;

(C) The person has been guilty of fraudulent or dishonest practices;

(D) The person has misappropriated or converted to his or her own use or illegally withheld monies held in a fiduciary capacity;

(E) The person has misrepresented the terms and conditions of policies;

(F) The person has been guilty of rebating;

(G) The person has conducted his or her business in such a manner as to cause injury to the public or to those with whom he or she is dealing;

(H) The person does not meet the necessary qualifications to act in that capacity. A license may be suspended for not more than 60 days. A person whose license has been revoked is not eligible to apply for a new license for a period of three months. A refusal, suspension, or revocation under this section shall be by order of the commissioner, and the person adversely affected may request a hearing pursuant to 4 CMC § 7201. Notice of any refusal, suspension, or revocation of a license under this section shall be given to the insurer, general agent or subagent requesting that applicant be licensed.

(4) The paying or allowing of any commission or other valuable consideration on insurance transacted in the Commonwealth by an insurer or its agents to other admitted insurers or to licensed brokers, agents, or solicitors for solicitation of the business is lawful. If at the time of the solicitation and issuance of a policy of insurance which by its terms continues until canceled, a licensed person may lawfully receive commissions thereof, such person or his personal representative may continue to receive commissions thereon during the continuance in force or renewal of such policy without being licensed. It is unlawful for an insurance agent or insurance broker who is not duly licensed to transact business, to receive commissions from any insurers.

(5) It is unlawful for an insurer to pay any representative who is given discretion as to the settlement or adjustment of claims under any insurance, whether in direct negotiations or in supervision of the person negotiating, which in any way is contingent upon the settlement of each claim, except that this section shall not apply to marine insurance.

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(6) No person, except a person otherwise licensed under this division, may make any adjustment under an insurance policy covering hazards described in 4 CMC § 7103, unless the person holds a license under 4 CMC § 7304 or is exempted therefrom.

(7) Any person violating any of the provisions of this section may be found guilty of a misdemeanor, and may, upon conviction, be subject to a fine of not more than \$1,000 if the person convicted is not a natural person; or if the person convicted is a natural person, a fine of not more than \$500, or imprisonment of not more than six months, or both such fine and imprisonment.

Source: PL 3-107, § 17.