

Insurance Agents/Brokers

Insurers: Insurers are the companies which issue policies and bear the risks. They primarily sell policies by:

- 1) Direct Writers: Direct writing is a method of selling insurance directly to customers through a company's own employees, usually via mail or telephone solicitations, or at airport booths. Agents and Brokers are not used in this method of product distribution.
- 2) Captive Agent: A broker/agent acting as a captive agent represents a single insurer, or single fleet of insurers and is obligated to submit business only to that company or, at the very minimum, give that company first refusal rights on a sale.
- 3) Independent Agent: A broker/agent acting as an independent agent is a contractor who represents different insurance companies and who searches the market for the best coverage based on a client's insurance needs. Independent agents must be appointed by each insurance company they represent before placing coverage with that company.
- 4) Insurance Broker: A broker/agent acting in the capacity of an insurance broker is an independent insurance sales person who searches the marketplace in the interests of clients, not insurance companies and may place coverage with any admitted insurance company. Since brokers are not appointed to represent specific insurance companies, they must post a \$10,000 bond before acting as a broker.
- 5) Life Agents: California Licenses all life insurance producers as "Life Agents"

Insurers	They pay the gross premiums tax.	EXEMPT
Direct Writers	Insurers way to sell policies	EXEMPT
Captive Agent	Insurers pay gross premiums tax	EXEMPT
Independent Agent	Represents different insurance companies. Must be appointed by each insurance company.	EXEMPT
Insurance Broker	Independent sales person	NOT EXEMPT
Life Agents	California licenses all life insurance producers as "Life Agents"	EXEMPT

- For cities with gross receipts taxes if a "Broker/Agent" acts as both a broker and an agent, only the "Broker" portion is taxable

Claim for Exemption

As Insurance Agent:

Name of Business: _____

Street Address: _____

Insurance License #: _____

Check One:

I act only as an insurance agent and not as an insurance broker.

I act both as an insurance agent and as an insurance broker.

(If acting in the capacity of an insurance broker, you are subject to the City's business license tax in accordance with SRMC section 10.04.010)

I certify **under penalty of perjury** that the above information is true and correct.

Executed at _____, California

On _____ Day of _____, _____.

Signature: _____

Print Name: _____

Print Title: _____

(Authorized Officer or Agent)