



No. 0125

SUBJECT: Insurance Licensing for Credit Insurance

INTRODUCTION

This release applies to all credit unions, state and federal chartered.

EXECUTIVE SUMMARY

All credit union employees who market credit life or credit disability insurance and who receive remuneration for that insurance must be licensed by the State of Wisconsin. Wisconsin Statutes §628.03(1) provides: “No natural person may perform, offer to perform, or advertise any service as an intermediary in this state unless the natural person obtains a license....”

An intermediary is defined in Wisconsin Statutes §628.02(1), as “any individual or person who solicits, negotiates or places insurance on behalf of an insured or advises a person about their insurance needs or provides information about the coverage of the insurance.” Intermediaries include all individuals who market credit life or credit disability insurance or who receive commissions or other incentives based on the volume or dollar amount of the credit life or disability insurance that they sell.

The Office of the Commissioner of Insurance advises that a financial institution employee does not need to be licensed if two conditions are met:

1. The employee receives no commission or bonus on the sale of the insurance, and
2. There is a licensed insurance agent on the premises at the time.

Individuals receiving a commission or other remuneration on the insurance must have a license. Wisconsin Statutes §186.36 provides that any insurance agent who is an officer or employee of the credit union must pay any commission over to the credit union.

Licensing is relatively easy in Wisconsin. A “limited line” credit life or credit accident and health license is all that is required, if no other insurance products are sold. To obtain a limited line insurance license, an individual must pass an examination administered by the Commissioner of Insurance. There are no formal educational requirements for that license. An individual wishing to take the licensing examination may purchase the study manual offered in the brochure accompanying the application form. To obtain an application for the credit life/disability limited line license, write to: Office of the Commissioner of Insurance, P.O. Box 7872, Madison, WI 53707-7872.

License applicants may review the *Intermediary's Guide to Wisconsin Insurance Law*. The guide can be obtained from the Office of the Commissioner of Insurance.

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League publications are designed to provide accurate information with regard to the subject matter covered, with the understanding that the League does not render legal services. If you have general questions regarding this release, please call The League at (608) 640-4050 if local; or (800) 242-0833. For specific legal advice, please consult your credit union's attorney.

Legal Affairs Department

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