

POLICY SERVICE FEES FAQ

Q. Can an agent charge a policy service fee such as application fee, reinstatement fee, endorsement fee, etc?

A. An agent may charge policy service fees as long as the agent complies with the following statutes and rules. Please note that agency examiners employed by the Department observe many agents violate the statutes and rules relative to policy service fees.

NCGS 58-33-85(b) states " No insurer, agent, broker or limited representative shall knowingly charge to or demand or receive from an applicant for insurance any money or other consideration in return for the processing of applications or other forms or for the rendering of services associated with a contract of insurance, which money or other consideration is in addition to the premium for such contract unless the applicant consents in writing before any services are rendered. This subsection does not apply to the charging of collection of any fees otherwise provided for by the law."

NCAC 4.0120 (1) (2) (3) states: "An agent, broker, or limited representative who deals directly with an applicant and who intends to charge a policy or service fee in accordance with G.S. 58-33-85(b) shall not do so unless he complies with the following: (1) A sign that informs the applicant in large bold print that a policy or service fee of (amount) will be charged, shall be displayed in a prominent place so as to be seen and read from any part of the office lobby. (2) The applicant's consent in writing is obtained on a separate form each time a policy or service fee is charged. The form shall be entitled, "Policy or Service Fee Consent" and shall include the date and amount of each fee charged. (3) A dated receipt for the payment of a policy or service fee shall be issued either separately from the policy premium receipt or stated separately on the receipt issued for the policy premium."

NCGS 58-3-120 (a)(b)states "(a) No agent or representative of any company doing business of insurance as defined in G.S. 58-7-15 shall make any discrimination in favor of any person." (b) Discrimination between individuals of the same class in the amount of premiums or rates charged for any policy of insurance covered by Articles 50 through 55 of this chapter, or in the benefits payable thereon, or in any of the terms or conditions of such policy, or in other manner whatsoever, is prohibited."

NCGS 58-33-80 states "No agent or representative of any company doing business of insurance as defined in G.S. 58-7-15 shall make any discrimination in favor of any person."