

## Reminder: Commission Processing for non- PLMA States

The Producer Licensing Model Act (PLMA) is a model legislation developed by the National Association of Insurance Commissioners (NAIC) and is currently adopted in some form by most states.

For those states that have not adopted a version of the PLMA (referred to in this bulletin as "Non-PLMA states"), the writing agent and the entire upline hierarchy must be licensed and appointed in that state to receive override and bonus compensation in that state.

In order to comply with all state guidelines, our Licensing and Commissions Department will continue to take steps to ensure all agents are appropriately licensed and appointed in Non-PLMA states for new business applications submitted in Non-PLMA states.

When a new business application is received in a Non-PLMA state, we will verify license and appointments in the application state for the agent and the entire upline hierarchy.

- If a member of the upline holds a license in that state but is not appointed, Licensing and Commissions will complete the nonresident appointment and debit the commission statement for the appointment fee in cases where no appointment currently exists.
- If a member of the upline does not hold a license in that state, Licensing and Commissions will change the compensation level to zero on the policy record. Compensation will not be paid to any upline who is not licensed in the Non-PLMA state.

### Non-PLMA States

**These guidelines apply to the states listed below, which have not adopted the Producer Licensing Model Act:**

- Alabama
- California
- Florida<sup>1</sup>
- Georgia
- Montana
- New Mexico
- New York<sup>2</sup>
- Pennsylvania
- Texas
- Virginia
- West Virginia

<sup>1</sup> While Florida does issue an entity license for agencies, commissions may be shared with the unlicensed agency if at least one of the principals is validly licensed and appointed and if American General has proof of licensing and appointment on file.

<sup>2</sup> New York is for The United States Life Insurance Company in the City of New York only.

### Summary

- Reminds producers that in those states that have not adopted the Producer Licensing Model Act (PLMA), the writing agent AND entire hierarchy must be licensed and appointed in the state in order to receive compensation .
- If an application is received for a non-PLMA state where any member of the upline hierarchy is licensed but not appointed, the Company will complete the appointment and debit the commission statement for the appointment fee.
- If an application is received for a non-PLMA state where any member of the upline hierarchy does not hold a license in the state, no commission will be paid to that member of the hierarchy.