

*State of Idaho*  
**DEPARTMENT OF INSURANCE**

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**BULLETIN NO. 09-04**

**DATE:** April 23, 2009

**TO:** Insurance Producers and Insurance Companies  
Doing Business in Idaho

**FROM:** William W. Deal, Director

**SUBJECT:** Producer of Record Letters

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The purpose of this bulletin is to discuss the appropriate use of producer of record letters. The term "producer of record letter" is used in this bulletin to refer to a written statement signed by an insured advising an insurer that a particular producer has been selected to act as the insured's representative with respect to the insurer. Commonly referred to as a "broker of record" or "agent of record" letter, a producer of record letter documents an insured's decision to replace a producer that has previously represented the insured with another producer.

It has been brought to the attention of the Department of Insurance that some producers have been obtaining the signatures of insureds on producer of record letters without fully explaining the legal effect or intended use of the letter. In some cases, the letter may have been improperly represented as necessary simply to obtain a rate quote for comparison purposes. In other cases, key information may have been added into a producer of record letter by a producer after the insured has signed it. For example, additional names of insurance companies including, in some cases, insurance companies the producer obtaining the letter is not appointed to represent. The Department of Insurance views these practices as unfair methods of competition and deceptive to consumers. Idaho Code § 41-1321 authorizes the Director to file an administrative action against any person who engages in any unfair method of competition or unfair or deceptive practice with respect to the business of insurance in this state, and the Department will take appropriate action in any cases where it finds that unfair practices or deception are used by a producer to obtain a producer of record letter.

Following are general guidelines for the use of producer of record letters intended to promote fair competition in the insurance marketplace and to discourage unfair or deceptive trade practices.

A producer of record letter should be in the general format of a letter or written notification that is executed by an insured on the insured's letterhead for the purpose of notifying an insurer that the insured has selected a particular producer to act as the insured's representative. The named producer must be appointed by and authorized to

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represent all insurers named in the letter. It is not an acceptable practice to leave any portion of the letter blank to be filled in after the insured has signed the letter. The notice should be provided to each of the named insurers as soon as possible following its execution by the insured. At a minimum, the producer of record letter should contain the following information:

- The complete name of the insured and, if the insured is a business or other entity, the title of the person signing on behalf of the entity;
- All policy numbers of affected policies along with their anniversary or effective date and line of business;
- The intended effective date of the notice;
- The complete name and address of the new producer of record, who must be licensed in the lines of business addressed in the letter and appointed by each of the insurers named in the letter at the time the letter is executed;
- The names of all insurers for which the notice is intended;
- The date the letter was signed by the insured; and
- An explanation in the body of the letter clearly setting forth that the purpose of the letter is to make the named producer the insured's producer of record and that it is the intent of the insured to replace any existing producer of record with the producer identified in the letter.

A copy of the producer of record letter should be provided to the insured. Insurers are encouraged to develop standardized wording and procedures for producer of record letters that are consistent with this bulletin.