

Florida law allows planners to give insurance advice without insurance company

Helps fee-only planners meet CFP Board definition prohibiting such affiliation with firms that charge commissions

By **Mark Schoeff Jr.** | July 10, 2014 - 11:55 am EST

A new law in Florida allows financial planners in the state to discuss insurance coverage with their clients without having to be affiliated with a provider — a move that will help fee-only planners maintain their compensation definition.

On July 1, the state created a new kind of insurance license that applies to investment advisers who are not associated with an insurance company. Previously, the state required that advisers be appointed by an insurance company in order to provide advice about insurance.

Under the law, advisers will be able to obtain a Florida insurance license through “self-appointment” and give insurance advice, even if they don’t intend to sell insurance.

Florida’s approach means fee-only financial planners can address a client’s insurance needs without running afoul of [Certified Financial Planner Board of Standards Inc. rules](#) that prohibit them from being affiliated with any firm that charges commissions.

“This is a huge gain for fee-only planners in Florida because they can now practice in a fee-only model with an insurance license that doesn’t potentially jeopardize their fee-only

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status with the CFP Board,” said Michael Branham, chairman of the Financial Planning Association and a planner at Cornerstone Wealth Advisors.

The Financial Planning Association of Florida was instrumental in pushing the law through the recently concluded session of the state legislature.

The measure ensures financial planners don't find themselves on the wrong side of Florida law when they talk to clients about insurance, said Chris Draughon, advocacy director for the FPA of Florida.

“They want to do the right thing; they want to be in compliance,” said Mr. Draughon, also the director of financial planning at First Coast Wealth Advisors. “They're giving insurance advice as financial planners legally.”

Even though he helped push through the law, Paul Auslander, president of FPA of Florida, acknowledged that easing the requirement that planners affiliate with an insurance company means they're not getting the education the firm provides for its products.

“It makes the public feel that someone who is an unaffiliated insurance adviser has the same level of education and training as a licensed insurance agent. That's simply not the case,” said Mr. Auslander, director of financial planning at ProVise Management Group.

It was important to get the law passed so that many Florida FPA members would not be “led out in cuffs,” but more work needs to be done, Mr. Auslander said.

“Over time, it will improve,” he said. “It's going to take a couple years to get it right.”

It's unclear how many states have a prohibition on providing insurance advice without a license. Illinois is one of them, according to Mr. Branham. The FPA does not have plans to lobby the Illinois legislature.

In many states, the problem doesn't come up because they don't require a license.

The Producer Licensing Model Act released by the National Association of Insurance Commissioners includes an exception for financial planning and investment advisory services that “are not deemed to be soliciting the sale of insurance.”

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