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## **RE: ENTITY VS. INDIVIDUAL LICENSES**

ELANY frequently receives questions regarding broker entity licenses versus individual licenses. It is important for all brokers to understand the law and how to comply.

If a broker operates as a corporation, LLC or partnership in New York, **the entity must be licensed** with one or more individuals acting as sublicensee(s). The entity must maintain the premium trust account and receive commissions in the entity name. An unlicensed entity that operates as a broker in New York cannot rely on the license of an individual principal or employee of the firm. Doing so is a violation of New York law.

It is certainly legal for an individual to maintain a sole proprietorship with an individual license while maintaining the premium trust account and receiving commissions in the name of the individual or sole proprietorship. The problem that ELANY most often observes is when the premium trust account is maintained and commissions are received in an unlicensed entity's name with only an individual license held by a principal or employee.

An entity that fails to obtain an entity license and instead attempts to operate under a principal's or employee's individual license has violated the law because it is illegal for an unlicensed entity or person to receive commissions. The licensee must hold the premiums received in a premium trust account in its name and under its control.

A licensed entity that maintains the premium trust account in the entity name and receives commission in that name should file the policy with ELANY under the entity license. The policy should not be filed under a principal's or employee's individual license.

Should you have any questions regarding the content of this bulletin, please direct them to Howard Greene at [hgreene@elany.org](mailto:hgreene@elany.org) or (646) 292-5591.

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