

**ALABAMA DEPARTMENT OF INSURANCE  
INSURANCE REGULATION**

**CHAPTER 482-1-036**

**INSURANCE PLACED WITH COMPANIES NOT LICENSED IN ALABAMA**

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**482-1-036.01 Authority.** This chapter is adopted pursuant to Sections 27-2-17 and 27-10-1, et seq., Code of Alabama 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17 & 27-10-1, et seq.

**History:** New August 12, 2008; effective August 25, 2008

**482-1-036-.02 Purpose.** The purpose of this chapter is to set forth rules and procedural requirements the Commissioner deems necessary to carry out the provisions of Sections 27-10-1, et seq., Code of Alabama 1975. The actions and information required by this chapter are hereby declared to be necessary and appropriate in the public interest and for the protection of the citizens of this state.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, §§ 27-2-17 & 27-10-1, et seq.

**History:** New August 12, 2008; effective August 25, 2008

**482-1-036-.03 Licensing of Surplus Line Brokers.**

(1)(a) Individual residents of this state who are licensed as insurance producers as to property and casualty insurance as defined in Section 27-7-14.1 may be licensed as surplus line brokers to place in non-admitted carriers only those coverages authorized by their license as an insurance producer.

(b) Powers of the licensee as a surplus line broker are limited to those same powers for which he or she is licensed as an insurance producer.

(c) Authority under a surplus line broker's license is coterminous with the licensee's authority as an insurance producer.

(d) The surplus line law provides that an insurance producer who, at the discretion of the Commissioner, has sufficient experience in the insurance business may be licensed as a surplus line broker. It is hereby deemed that minimum qualifications for a an individual surplus line broker are a combination of training and experience equivalent to high school graduation including at least three years of recent fulltime experience in the property and casualty insurance fields. A business entity shall be deemed eligible so long as an individual licensed as a surplus line broker is designated as responsible for the business entity's compliance with the insurance laws, rules, and regulations of this state.

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(e) A bond in the amount of \$50,000 as required by Section 27-10-24(a)(3) must accompany the application for license.

(f) The application should also be accompanied by the fees set forth in Section 27-4-2.

(2) Individuals and business entities from another state may receive a nonresident surplus line broker license as follows:

(a) The person must submit to the Commissioner a copy of the application for licensure that was submitted to the home state.

(b) The person must submit Form [AL-SLB-13] requesting licensure and pay the fees as set forth in Section 27-4-2.

(c) The person's home state must issue a nonresident surplus line broker license to persons from Alabama on the same basis.

(d) The person is currently licensed as a resident surplus line broker and is in good standing in the applicant's home state.

(e) The authority under the Alabama surplus line broker license will be coterminous with the person's home state authority as a surplus line broker.

(3) Surplus line broker licenses will run for the calendar year, and the license fee may not be prorated for any portion of the year.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New September 23, 1963, Revised February 28, 1977, effective March 10, 1977, Revised April 17, 1989, effective April 28, 1989; Revised August 12, 2008, effective August 25, 2008

**482-1-036-.04 Forms.** The following forms are designed for use in connection with the Surplus Line Insurance Law. Copies of all forms are on the department's Web page at <http://www.aldoi.gov>. The right to amend, rescind, or add to these forms is reserved without amending this rule.

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<b>Form Number</b>	<b>Title</b>	<b>Reference to Code</b>
AL-SLB-1	Application for License as Surplus Line Broker	27-10-24(a)(1)
ID 12 – (online filing)	Certificate of Surplus Line Broker	27-10-21
AL-SLB-13	Bond Form	27-10-24(a)(3)
ID 14	Purchasing Group Independently Procured Business	27-10-35(a)
ID 14.1	Independently Procured Business	27-10-35(a)
ID 15	Annual Statement / Tax Return	27-10-30

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New September 23, 1963, Revised February 28, 1977, effective March 10, 1977, Revised April 17, 1989, effective April 28, 1989; Revised August 12, effective August 25, 2008

**482-1-036-.05 Eligible Surplus Line Insurers.**

(1) At appropriate times this Department will under the authority of Section 27-10-26 publish lists of certain unauthorized insurers which are known by this Department to be ineligible either as to financial requirements or as to claim practices. No inference should be drawn that surplus line insurers other than those so prohibited have been approved by this Department. The law clearly places this responsibility on the broker. No lists of approved insurers will be published by this Department. Eligible Surplus Line Insurers that write business in Alabama should refer to the Filing Requirements for Surplus Line Insurance Companies, which is located on the Department of Insurance website for instructions on filings to be made with the Department of Insurance.

(2) The National Association of Insurance Commissioners has established the International Insurers Department. The services of that office are available to surplus line brokers and others who may be interested by the payment of an annual subscription fee. That office can furnish a listing of alien non-admitted insurers that have filed financial data with one or more states or with a surplus line association cooperating with a state.

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The annual subscription fee will entitle each subscriber to these listings as issued and upon request copies of the independent insurer financial statement data at an additional minimal reproduction cost.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New September 23, 1963, Revised February 28, 1977, effective March 10, 1977, Revised April 17, 1989, effective April 28, 1989; Revised August 12, 2008, effective August 25, 2008

**482-1-036-.06 Adjusters.** Sections 27-10-2 and 27-10-35(g) prohibit an adjuster from entering into the adjustment or investigation of any loss arising under a contract of insurance issued by an unauthorized insurer unless such insurance contract be lawfully issued as provided under the law. In order to assist adjusters in avoiding violations of this prohibition, the Department will maintain a file of coverages reported under the requirements of the law, either by surplus line broker or independently procured by the insured, and the necessary information to assure the adjuster that coverage was lawfully placed will be furnished the adjuster on request.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New September 23, 1963, Revised February 28, 1977, effective March 10, 1977, Revised August 12, 2008, effective August 25, 2008

**482-1-036-.07 Severability.** If a court holds any paragraph or portion of a paragraph of this chapter or the applicability thereof to any person or circumstance invalid, the remainder of the chapter shall not be affected thereby.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New August 12, 2008, Effective August 25, 2008.

**482-1-036-.08 Effective Date.** This chapter shall become effective upon its approval by the Commissioner of Insurance and upon its having been on file as a public document in the office of the Secretary of State for ten days.

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**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-2-17

**History:** New September 23, 1963, Revised February 28, 1977, effective March 10, 1977, Revised April 17, 1989, effective April 28, 1989; Revised August 12, 2008, effective August 25, 2008