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**BULLETIN NO. 2013-03**  
**[REVISED]**

**TO:** Alabama-licensed producers and surplus line brokers

**FROM:** Jim L. Ridling   
Commissioner of Insurance

**DATE:** April 2, 2013

**RE:** Written statement of insured on surplus line policies

**EFFECTIVE:** May 1, 2013

**RELATED:** Bulletin dated July 29, 1992 (superseded)

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Bulletin 2013-03 are revised to change the effective date to May 1, 2013; to clarify the description of the types of policies subject to the Bulletin; to delete the requirement of a broker signature; to clarify the Department's expectations concerning the written statement; and to address renewals. Sections (1), (2), and (3) are revised, new section (4) is added, and the statement form is revised.

Ala. Code § 27-10-21 (1975) authorizes the Commissioner to require that the surplus line broker's report addressed in that section "be accompanied by a written statement signed by the insured to the effect that the coverage was placed in an unauthorized insurer with the insured's knowledge and consent." A Department bulletin issued on July 29, 1992, acted as the Commissioner's requirement under § 27-10-21 that broker reports for "primary private passenger and commercial automobile, homeowners, and dwelling coverages" be accompanied by written statements signed by the insureds.

Questions have arisen about whether the 1992 bulletin is still in effect, as it is not referenced in or accessible from the bulletin list on the Department's web-site, and whether brokers routinely obtain signed statements from insureds. This Bulletin is intended to resolve any ambiguity in this area and supersedes the 1992 bulletin.

1. The requirements of this Bulletin apply to new or renewal surplus line policies which become effective on or after **May 1, 2013**, in the following classes of personal lines insurance: private passenger automobile, homeowners (owner-occupied), renters/tenants, farm-owner policies, condominium (unit owner), dwelling fire, and mobile home/manufactured housing property.

2. With respect to new business, the surplus line broker shall deliver a written statement in the attached form to the retail producer with the request that the producer (i) have the insured date and sign the form on or before the effective date of the policy, and (ii) furnish copies of the signed statement to the insured and to the broker not later than thirty (30) days after the policy issue date. If the broker does not receive a signed copy from the retail producer within the thirty (30) day period, the broker shall make one additional written request to the retail producer to provide that copy to the broker.

3. The surplus line broker shall retain in the insured's policy file a copy of the signed statement or, if a signed copy has not been returned by the retail producer, a copy of the unsigned statement and documentation of the additional request referred to in Section (2) above. These items constitute a record within the scope of Ala. Code § 27-10-29 to be retained for the longer of: (i) five years following issuance of the policy as provided in Ala. Code § 27-10-29(b); or (ii) the period during which a claim can be reported on an expired policy.

4. With respect to renewals, if the insurer does not send a copy of the previously signed statement with the renewal policy, the broker shall send the insured a copy of the initial signed or unsigned statement as it appears in the insured's policy file not later than thirty (30) days after the renewal effective date.

5. This Bulletin does not require that the broker attempt to submit copies of the signed (or unsigned) statements to the Department with on-line filing of the broker report (the "ID-12").

JLR/JFM/bc

Attachment

**STATEMENT OF INSURED ON POLICIES ISSUED UNDER  
THE ALABAMA SURPLUS LINES INSURANCE LAW**

[Revised 04.2013]

**Surplus line insurer:** \_\_\_\_\_

**Insured(s):** \_\_\_\_\_

**Policy number:** \_\_\_\_\_

**Effective date:** \_\_\_\_\_ **Policy issue date:** \_\_\_\_\_

The undersigned insured understands that the insurance coverage provided by the above-described policy is written by an insurer that is not authorized (licensed) by the Alabama Department of Insurance and that the Department of Insurance does not have any authority over the policy forms used or the premiums charged by this insurance company. The undersigned insured further understands that no Alabama insurance guaranty fund protection exists in the event this insurance company becomes insolvent and that, in the event of insolvency, there is no guarantee a claim will be fully covered.

With these understandings, the undersigned insured consents that the coverage be placed through an unauthorized insurer.

\_\_\_\_\_  
Insured

Print insured name:

\_\_\_\_\_

Date: \_\_\_\_\_