



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

August 29, 2006

### \*\*\*NOTICE TO ALL CONNECTICUT SURPLUS LINES BROKERS\*\*\*

This Notice is directed to all licensed producers and surplus brokers in the State of Connecticut selling or offering to sell Homeowner's insurance policies through the nonstandard markets to Connecticut residents. It has been brought to the Insurance Department's attention that some producers may be seeking to place their risks in nonstandard/excess markets without first attempting to secure coverage through admitted carriers.

This Notice is intended to remind all Connecticut licensed producers and surplus lines brokers of the rules governing the placement of risks in non-admitted/surplus lines markets. Connecticut General Statutes Section 38a-741 provides in relevant part that a surplus lines broker may place coverage with an eligible surplus lines insurer only if a coverage, after a diligent effort having been made, is not available from any licensed insurers.

Department Bulletin EL-4 provides that a diligent effort to procure insurance coverage from licensed insurers will be presumed to have been made if the producer can establish that the insured has been declined by three (3) licensed insurers which customarily write the kind of insurance requested. As part of the declination process, it is important that the insured be notified of the adverse underwriting decision made by the licensed insurers. See Conn. Gen. Stat. 38a-985. The insured or their licensed producer is then required to make a direct request to the surplus lines broker for the coverage attempted to be placed through a surplus lines market. Attached to this Notice is a copy of Form SL-8 entitled "Surplus Lines Affidavit" which replaces Form EB-3.

The Department intends to closely monitor this situation and take appropriate enforcement action in the event surplus lines brokers or other producers fail to comply with all laws applicable to the conduct of surplus lines insurance business.

A handwritten signature in black ink that reads "Susan F. Cogswell".

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Susan F. Cogswell  
Insurance Commissioner



STATE OF CONNECTICUT  
INSURANCE DEPARTMENT

**INSTRUCTIONS FOR COMPLETING THE SURPLUS LINES AFFIDAVIT**

1. Refer to the licensed Surplus Lines Firm that will submit the affidavit to the Insurance Department.
2. Refer to the producing agent and his/her Connecticut license number.
3. Indicate the name and location of the risk.
4. If the risk is an exportable item, C.G.S. 38a-741 does not apply. Check "no" and "exportable". Otherwise, check "yes". The three declinations must be kept in your files and only submitted to this Department upon request.
5. Identify the "White List" insurer through which the business is written. The White List is available on our web site at [www.ct.gov/cid](http://www.ct.gov/cid).
6. Enter the type of insurance, limits, and "Risk Description". "Risk Description" should identify the type of operation or risk; i.e. manufacturer, vacant building, etc.
7. Indicate the premium and the type of payment. The policy period must show specific effective and expiration dates. Indicating "one year" or "six months" is not acceptable.
8. Indicate the amount of the broker service fee assessed in box 8a. Indicate the amount of the producer service fee assessed in box 8b.

Affidavit control number must be assigned by the surplus lines broker in numerical sequence, beginning with no. 1, followed by a hyphen and the last two digits of the year of the effective date of the policy.

The affidavit must bear the notarized signatures of the insured and the broker. Once completed, each affidavit must be filed with the Insurance Department within 45 days of the inception date of the policy, as per Section 38a-741(b) C.G.S. Failure to adhere to filing deadlines may result in administrative action.

**SURPLUS LINES AFFIDAVIT**

AFFIDAVIT CONTROL NO.

1. Name and Address of Surplus Lines Broker

2. Producing Agent (not agency)		CT Lic. No.	3. Name/Location of Risk
4. Does the undersigned broker have on file evidence of declination by three licensed insurers and ineligibility for any residual market mechanism per 38a-741 C.G.S.? Yes _____ No _____ Exportable List _____			5. Surplus Lines insurer(s) and associated representative accepting this risk. (1)
6. Kind of Insurance	Limits	Risk Description	Insurer (2)
7. Premium	Term Premium _____ Installment _____ Subject to audit _____	Policy Period	Insurer Associated Representative _____

**AFFIDAVIT BY INSURED**

I/We, the named insured, state that on \_\_\_\_\_ 20\_\_\_\_ I/We directed the licensed producing agent named on this Surplus Lines Affidavit to obtain insurance coverage described herein; that I/We were informed by said producing agent that he made a diligent effort to place this risk with licensed insurers authorized to transact the class of insurance involved and which accept in the usual course of business, insurance on risks of the same class as the risk described herein; and that said companies accepted only part of or no part of the required insurance.

I/We were further informed by said producing agent that the amount of insurance indicated herein could be obtained from certain insurers not licensed to transact business in the State of Connecticut. I/We therefore directed the producing agent named herein to obtain said insurance through the office of the licensed Surplus Lines Broker named herein. I/We have been advised by the producing agent named herein that such insurance represents only the excess over the amounts procurable from licensed insurers or the Connecticut residual market. I/We have been advised that, in addition to commissions, I/We will be charged a service fee as set out in 8a and 8b below.

8a. Broker Service Fee

8b. Producer Service Fee

\_\_\_\_\_  
Signature of Insured

State of \_\_\_\_\_  
County of \_\_\_\_\_ SS \_\_\_\_\_ 20\_\_\_\_

Personally appeared before me (insured) \_\_\_\_\_ and made oath that the above affidavit signed by him/her is true to the best of his/her knowledge and belief.

\_\_\_\_\_  
Notary Public

**AFFIDAVIT BY SURPLUS LINES BROKER**

I, as a licensed Surplus Lines Broker, authorized to transact insurance with the surplus lines insurer(s) named on this Surplus Lines Affidavit, being duly sworn, depose and declare under the penalties provided for false affidavit that a diligent effort has been made to procure said insurance coverage from licensed insurers which are authorized to transact the class of insurance involved and which accept in the usual course of business, insurance on risks of the same class described herein. This insurance has been procured with the surplus lines insurer(s) named on this Surplus Lines Affidavit, which insurance is only the excess over amounts procurable from licensed insurers.

\_\_\_\_\_  
Signature of Surplus Lines Broker

State of \_\_\_\_\_  
County of \_\_\_\_\_ SS \_\_\_\_\_ 20\_\_\_\_

Personally appeared before me (broker) \_\_\_\_\_ and made oath that the above affidavit signed by him/her is true to the best of his/her knowledge and belief.

\_\_\_\_\_  
Notary Public