



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

May 24, 2010

*****NOTICE TO SURPLUS LINES BROKERS REGARDING PLACEMENT OF COASTAL BUSINESS IN THE SURPLUS LINES MARKET*****

In its ongoing efforts to ensure the protection of insurance consumers in Connecticut, the Insurance Department is issuing this notice to surplus lines brokers concerning the placement of business, particularly along the Connecticut coastline. Surplus lines brokers and producers should review Bulletin SL-1 dated November 17, 2009 at the following link: <http://www.ct.gov/cid/lib/cid/BullSL1.pdf> for Connecticut requirements for the placement of surplus lines business.

The Department has been apprised of situations where a surplus lines broker is placing a coastal risk in the surplus lines market despite the fact that the insured received a renewal offer from their existing Connecticut authorized insurer. The Department wishes to remind all Connecticut licensed producers as well as Connecticut surplus lines brokers, that when an insured has been offered a renewal from their existing admitted insurers; any other Connecticut admitted insurer; or any residual market mechanism, it would be a violation of Connecticut statutes—specifically Conn. Gen. Stat. Section 38a-741—for the risk to be placed in the surplus lines market.

If the Department determines that a producer/broker is employing this practice the Department will undertake any and all appropriate action against the Connecticut licensed producer or surplus lines broker as authorized under the provisions of Title 38a of the Connecticut General Statutes.

Additionally, the Department also wishes to inform Connecticut surplus lines brokers that once a risk has been placed in the excess and surplus lines market, that the surplus lines broker is required under Conn. Gen. Stat. Section 38a-741 to seek placement in the admitted market at each renewal and must fully complete a new affidavit verifying their attempt to place the account in the admitted market. A copy of the form of Affidavit can be found at: <http://www.ct.gov/cid/lib/cid/surlnsaff.pdf> . Surplus lines brokers are also reminded that pursuant to Conn. Gen. Stat. Section 38a-742, surplus lines brokers are required to keep a complete and separate record of all policies procured from unauthorized insurers that all such records shall be subject to examination by the Insurance Commissioner.

If you have questions concerning this Notice, please contact the Connecticut Insurance Department's Property and Casualty division at: (860) 297-3941 or at: cid.pc@ct.gov.