State of North Dakota

J. O. WIGEN
Commissioner

IRV SMITH - Deputy

State Capitol Building
Bismarck, North Dakota 58505
Phone (701)224-2440

Office of the Insurance Commissioner

TO : All Surplus Lines Agents

FROM: J. O. Wigen, Commissioner of Insurance

RE : Bulletin 81-4

DATE: May 20, 1981

The purpose of this bulletin is to advise you of the surplus lines meeting of May 15, 1981 held in the State Capitol Building, Bismarck, North Dakota, and to provide you with some general guidelines concerning the surplus lines area of business.

One of the most important outcomes of the meeting was the establishment of an advisory committee made up of licensed agents in the State of North Dakota to assist the Commissioner of Insurance to establish rules and regulations concerning the surplus lines law and to provide reasonable guidelines. Furthermore, the advisory committee may well make recommendations concerning legislation in this area.

In the interim, the following guidelines have been established:

1. Risks that have been historically written in surplus lines may continue to be written in this area.

2. If business is currently written in an admitted carrier, it may not be replaced with a surplus lines carrier.

3. In packaging an entire account, where all but one line of insurance is to be written in an admitted carrier, the broker may place the one problem line of insurance in a surplus lines carrier. We would not expect the producer to send the account to another agent.

4. A customer must be informed that the business is being placed in a surplus lines carrier. Furthermore, he must be advised that a surplus lines company does not participate in the Insurance Guaranty Association.

5. The language "diligent search" shall be interpreted to permit the insured to designate the surplus lines broker as his agent for the purposes of conducting the search.

6. In all cases, we require that the policies carry an endorsement which shall read: "...issued in an unauthorized company under agent license number _____."

7. All affidavits filed with the department shall be signed by the licensed surplus lines broker personally.

8. The term "filed" shall be interpreted to mean that the affidavit will be deemed filed prior to procuring the coverage if it is mailed on or before the effective date of the coverage (policy).

9. In the interim, before the rules and regulations are established, we call upon all agents to use good judgment.

If you have any questions about matters which are in a "grey area," we would expect that you would contact the department for guidance concerning enforcement policy.

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P.S. If you have any questions, please contact:

Gregory D. Morris
Assistant Attorney General
N. D. Insurance Department
Capitol Bldg., Fifth Floor
Bismarck, ND 58505