



The Surplus Line
Association of California

12667 Alcosta Boulevard
Suite 450
San Ramon, CA 94583

275 Battery Street
Suite 750
San Francisco, CA 94111

P 415.434.4900

slacal.com

November 25, 2019

BULLETIN #1379

RE: New Disclosure Statements Available Effective January 1, 2020

Attached are copies of the surplus line disclosure notices prescribed by the California Insurance Code section 1764.1 as amended by AB 1813 effective January 1, 2020. The revised D-1 and D-2 forms may be used immediately; they are required for any application taken on or after January 1, 2020. There is no grace period for using older versions of the form. Transactions issued with an outdated notice must be updated by the surplus line broker.

The changes to the forms include:

- The title is “Important Notice” instead of “Notice”
- Section 4 explains the role of the National Association of Insurance Commissioners (NAIC)
- Section 5 has the following sentence added “You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.”
- Section 7 adds quotation marks around “List of Approved Surplus Line Insurers (LASLI)” and includes the address of the link to the LASLI on the CDI website
- Section 8 replaces the word “bound” in the first sentence with “effective”.
- Text is no longer all in upper case

Please note:

- The forms must be printed or reproduced in 16-point boldface type.
- The text of the forms cannot be amended.
- The D-1 disclosure notice must be signed and should be dated by the insurance applicant at the time of the acceptance by the nonadmitted insurer and surplus line broker of an application for an insurance policy issued by a non-admitted insurer.
- The D-1 is not required when renewing with the same carrier or if the insured qualifies as an industrial insured.
- The agent, broker, or surplus line broker who receives the original D-1 form from the insured must maintain the original or scanned image for 5 years after the termination or expiration of the policy and send copies to all other agents, brokers, or surplus line brokers involved in the transaction.

**The Surplus Line
Association of California**

12667 Alcosta Boulevard
Suite 450
San Ramon, CA 94583

275 Battery Street
Suite 750
San Francisco, CA 94111

P 415.434.4900

slacal.com

- Every policy issued by a non-admitted insurer and every certificate evidencing the placement of insurance must contain or have affixed to it the D-2 disclosure form.

For more information on the Disclosure Statements, please visit our expanded Disclosure Statements FAQs at <http://www.slacal.org/resources/frequently-asked-questions/disclosure-statement>

If you have any questions, please call the SLA at (415) 434-4900 and ask for me or any of the Education and Compliance Department staff.

Sincerely,



Pat McAuley
Senior Vice President, Education and Compliance
San Francisco Office

Attachments



IMPORTANT NOTICE:

- 1. The insurance policy that you are applying to purchase is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**

6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on the NAIC’s International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or “surplus line” broker to obtain more information about that insurer.

7. California maintains a “List of Approved Surplus Line Insurers (LASLI).” Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.

8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker’s fee charged for this insurance will be returned to you.

Date: _____

Insured: _____

IMPORTANT NOTICE:

- 1. The insurance policy that you have purchased is being issued by an insurer that is not licensed by the State of California. These companies are called “nonadmitted” or “surplus line” insurers.**
- 2. The insurer is not subject to the financial solvency regulation and enforcement that apply to California licensed insurers.**
- 3. The insurer does not participate in any of the insurance guarantee funds created by California law. Therefore, these funds will not pay your claims or protect your assets if the insurer becomes insolvent and is unable to make payments as promised.**
- 4. The insurer should be licensed either as a foreign insurer in another state in the United States or as a non-United States (alien) insurer. You should ask questions of your insurance agent, broker, or “surplus line” broker or contact the California Department of Insurance at the toll-free number 1-800-927-4357 or internet website www.insurance.ca.gov. Ask whether or not the insurer is licensed as a foreign or non-United States (alien) insurer and for additional information about the insurer. You may also visit the NAIC’s internet website at www.naic.org. The NAIC—the National Association of Insurance Commissioners—is the regulatory support organization created and governed by the chief insurance regulators in the United States.**
- 5. Foreign insurers should be licensed by a state in the United States and you may contact that state’s department of insurance to obtain more information about that insurer. You can find a link to each state from this NAIC internet website: https://naic.org/state_web_map.htm.**
- 6. For non-United States (alien) insurers, the insurer should be licensed by a country outside of the United States and should be on**

the NAIC's International Insurers Department (IID) listing of approved nonadmitted non-United States insurers. Ask your agent, broker, or "surplus line" broker to obtain more information about that insurer.

7. California maintains a "List of Approved Surplus Line Insurers (LASLI)." Ask your agent or broker if the insurer is on that list, or view that list at the internet website of the California Department of Insurance: www.insurance.ca.gov/01-consumers/120-company/07-lasli/lasli.cfm.

8. If you, as the applicant, required that the insurance policy you have purchased be effective immediately, either because existing coverage was going to lapse within two business days or because you were required to have coverage within two business days, and you did not receive this disclosure form and a request for your signature until after coverage became effective, you have the right to cancel this policy within five days of receiving this disclosure. If you cancel coverage, the premium will be prorated and any broker's fee charged for this insurance will be returned to you.