



**THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA**

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BULLETIN # 1168

RE: SURPLUS LINE DISCLOSURE NOTICES

Attached is a copy of the surplus line disclosure notices prescribed by California Insurance Code Section 1764.1 as amended by Senate Bill 1498 (Sec. 168, 2(b)), effective January 1, 2009 (Chapter 179, Statutes of 2008).

The previous version of the D-1 disclosure notice (with signature line) and the D-2 disclosure notice (without signature line) have been amended for grammatical accuracy only as part of the State of California's annual "Maintenance of codes" bill (SB 1498). These changes do not affect the meaning of the code or the disclosure notices.

These forms must be printed or reproduced in 16-point boldface type. The D-1 disclosure notice must be signed by the insured at the time of accepting an application for any insurance policy to be issued by a nonadmitted insurer. The D-1 is not required on policy renewals. Other exceptions to the signature requirement for "industrial insureds" are found in CIC Section 1764.1 et seq. The agent, broker, or surplus line broker who receives the original signed D-1 from the insured must maintain the original, or scanned image for five years after expiration of the policy and must send copies to all other agents, brokers or surplus line brokers involved in the transaction.

In addition, every policy issued by a nonadmitted insurer and every certificate evidencing the placement of insurance must contain or have affixed to it the D-2 disclosure notice.

Theodore M. Pierce
Executive Director

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Attachment

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. CALIFORNIA MAINTAINS A LIST OF ELIGIBLE SURPLUS LINE INSURERS APPROVED BY THE INSURANCE COMMISSIONER. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: www.insurance.ca.gov.**
- 5. FOR ADDITIONAL INFORMATION ABOUT THE INSURER YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE, AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357.**
- 6. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND 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: _____

NOTICE:

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