

# THE SURPLUS LINE ASSOCIATION

OF CALIFORNIA

315 MONTGOMERY STREET

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A. L. LATHROP  
MANAGER  
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ASSISTANT MANAGER

July 20, 1972

NO. 328

BULLETIN TO ALL MEMBERS

RE: Disclosure of Compensation Received  
From Premium Financers

We have been requested by the Insurance Department to distribute the attached Ruling No. 181 to Surplus Line Brokers.

Please be guided by this Ruling with respect to any premium financing in which you receive compensation.



A. L. Lathrop  
Manager

Enc.

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
1407 Market Street  
San Francisco, California 94103

In the Matter of Proposed Rules and )  
Regulations of the Insurance )  
Commissioner relating to Disclosure )  
by Insurance Agents and Brokers of )  
Compensation Received from Premium )  
Financers. )

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RULING NO. 181

FILE NO. RH-146

DECISION

The attached Proposed Decision of Lawrence C. Baker, Jr., Chief Deputy Insurance Commissioner, is hereby adopted by the Insurance Commissioner of the State of California as his Decision in the above-entitled matter.

IT IS SO ORDERED this 5th day of July, 1972.

  
RICHARDS D. BARGER  
Insurance Commissioner

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
1407 Market Street  
San Francisco, California 94103

In the Matter of Proposed Rules and )  
Regulations of the Insurance )  
Commissioner relating to Disclosure )  
by Insurance Agents and Brokers of )  
Compensation Received from Premium )  
Financers. )

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RULING NO. 181

FILE NO. RH-146

PROPOSED DECISION

In accordance with Notice published pursuant to law, the above-entitled matter came on regularly for hearing before Lawrence C. Baker, Jr., Chief Deputy Insurance Commissioner, at the office of the Insurance Commissioner at 1407 Market Street, San Francisco, California, on Tuesday, April 18, 1972, at which place and time exhibits were received and statements, arguments and contentions, both written and oral, were adduced. At the conclusion of the hearing on the same date, the record was held open for thirty days for the submission of additional written arguments, at the end of which period the written record was closed and the matter submitted for decision thereon.

The matter having been duly heard and considered, the following Order is hereby made.

ORDER

IT IS ORDERED, by virtue of the authority vested in the Insurance Commissioner by Section 778.2(b) of the Insurance Code of the State of California that the rules and regulations stated below be adopted as the rules and regulations of the Insurance Commissioner as Article 6, Subchapter 1, Chapter 5, Title 10 of the California Administrative Code, Disclosure of Compensation Received from Premium Financers.

2185. Disclosure of Compensation.

(a) Any person engaged in business as an insurance agent or broker who accepts compensation for arranging, directing, or performing services in connection with a premium financing agreement shall disclose in writing to the insured prior to the execution of the premium finance agreement the amount of compensation such insurance agent or broker is to receive from the premium financier on account of that premium finance agreement.

(b) The disclosure required under subsection (a) shall be made in the following form:

**STATEMENT OF COMPENSATION TO BE PAID  
TO INSURANCE AGENT OR BROKER BY LENDER**

This statement is required by provisions of California Insurance Code Section 778.2.

1. Name of Insured: \_\_\_\_\_

2. List of Financed Policies and Amount of Premium Financed on each Policy:

_____	\$	_____
_____	\$	_____
_____	\$	_____
Total	\$	_____

3. Name and Address of Premium Financer (Lender):  
\_\_\_\_\_

4. Gross Finance Charge for Financing the Above Premiums:

\$ \_\_\_\_\_

5. Total compensation to be received by the undersigned agent or broker from the lender by reason of the premium finance agreement relating to the above premiums (if compensation is contingent state the maximum compensation payable under any contingency):

\$ \_\_\_\_\_

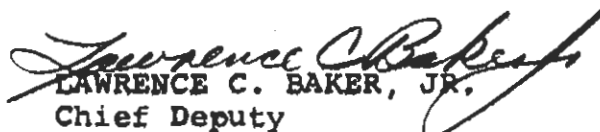
Dated:

\_\_\_\_\_  
(Insurance Agent or Broker)

(c) In lieu of the foregoing separate disclosure statement, said information may be contained in the premium finance agreement or other document, provided the premium finance agreement or other document contains all of the information set forth above and is signed by the insurance agent or broker.

CERTIFICATION

I, Lawrence C. Baker, Jr., do hereby certify that this is my proposed Decision in the above-entitled matter.

  
LAWRENCE C. BAKER, JR.  
Chief Deputy  
Insurance Commissioner

DATE: July 5, 1972