

DEPARTMENT OF INSURANCE

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February 26, 1997

Mr. Edgar S. Clark, Executive Director
Surplus Line Association of California
388 Market Street, 11th Floor
San Francisco, California 94111

Subject: Licensing Requirements For Surplus Line Brokers

Dear Mr. Clark:

It seems that there may be some confusion regarding the statutory requirements for licensing individuals who work in a surplus line office. This letter is intended to provide your membership with guidance regarding this issue. Your cooperation in distributing this letter to your members would be appreciated.

License Required For Transacting Insurance With The Public

Unlike other insurance licenses issued by the Department, a surplus line license is not required for employees who transact insurance with insurance producers as distinguished from the public. (See California Insurance Code §1765.2) Employees in the surplus line office who transact insurance only with insurance producers do not need to be named to the surplus line license.

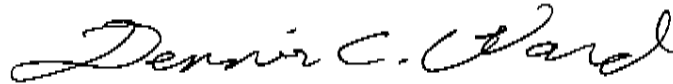
Any employee who transacts insurance with the general public must be named to the surplus line license. "Transact" includes numerous types of activities, including but not limited to, soliciting business, offering quotes, completing applications for insurance, explaining insurance coverages, and executing binders / policies.

Multiple Offices - Designated Responsible Person

Surplus line licensees that maintain more than one office must name a natural person located at each surplus line office who is to be responsible for the proper discharge of the surplus line duties at that location. Thus, surplus line brokers must have at least one individual at each location named on their surplus line license. Additionally, any individuals who will be transacting insurance with the public at those offices must also be licensed.

Please encourage your members to contact me directly with any questions regarding this letter. Specific questions regarding license fees and license forms should be directed to the Department's License Bureau in Sacramento at 320 Capitol Mall, Sacramento, CA 95814; telephone (916) 322-3555.

Very truly yours,

A handwritten signature in cursive script that reads "Dennis C. Ward".

DENNIS C. WARD
Chief, Enforcement Division

DCW:cld