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SUBJECT: Surplus Line Brokers Disclosure Form

DATE: January 2005

NOTICE TO ALL SURPLUS LINE BROKERS AND OTHER INTERESTED PARTIES

Assembly Bill 2490 (Maddox, Chapter 95, Statutes of 2004) was signed into law on July 6, 2004. Effective January 1, 2005, Section 1761.4 of the California Insurance Code will be amended to extend the current disclosure exemption provided to commercial lines coverages to include, under certain circumstances, personal lines coverage.

This amendment will allow homeowners policies written in the surplus lines market to be bound, prior to receiving a signature on the required disclosure forms, but only if the applicant requires insurance coverage to be bound immediately and the applicant is unable to meet with the producer to sign the disclosure.

The broker must obtain a signed disclosure from the applicant within 5 days after binding the coverage and the applicant must be advised that they have 5 days after receiving a copy of the disclosure form, to cancel the policy. The disclosure form affected by this amendment must also contain information informing all applicants of this exemption, including the 5-day period in which to cancel the coverage. For additional information about this bill contact the Surplus Lines Association at (800)334-0491 or access their webs site at www.sla-cal.org.