

# HB261 INTRODUCED



1 HB261  
2 BLBB4JQ-1  
3 By Representative Ellis  
4 RFD: Insurance  
5 First Read: 12-Feb-25



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SYNOPSIS:

Under existing law, the Department of Insurance licenses surplus line brokers. A nonresident may be licensed as a surplus line broker for the same type of insurance the broker is licensed to handle in the nonresident's state.

Existing law requires an applicant for a nonresident license to comply with the same requirements as provided for a resident license which includes an application, a license fee, and an additional surety bond.

This bill would specify that the requirements for licensure of a nonresident surplus line broker in this state would include an application and a license fee, but not an additional surety bond. This change is proposed in order for Alabama to remain in conformance with existing reciprocity provisions for the licensing of nonresident insurance agents in this state.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to the Department of Insurance and the



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29 licensing of a nonresident surplus line broker; to amend  
30 Section 27-10-24 of the Code of Alabama 1975, as amended by  
31 Act 2024-71 of the 2024 Regular Session, to further specify  
32 the requirements for licensure of nonresident surplus line  
33 brokers.

34 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

35 Section 1. Section 27-10-24 of the Code of Alabama  
36 1975, as amended by Act 2024-71, is amended to read as  
37 follows:

38 "§27-10-24

39 (a) Any person licensed as a resident insurance  
40 producer in this state for the property and casualty lines of  
41 authority and deemed by the commissioner sufficiently  
42 experienced in the insurance business may be licensed as a  
43 surplus line broker for the same types of insurance that he or  
44 she is currently licensed to handle as follows:

45 (1) ~~Application~~An application shall be ~~made on forms~~  
46 ~~designated and furnished~~ submitted on a form as required by  
47 the commissioner.

48 (2) ~~A~~The license fee required by Section 27-4-2 shall  
49 be paid to the commissioner. The license shall expire on  
50 December 31 next after its issue.

51 (3) Prior to the issuance of the license, the applicant  
52 shall file with the commissioner a bond in favor of the State  
53 of Alabama in the penal sum of at least fifty thousand dollars  
54 (\$50,000), aggregate liability, with authorized corporate  
55 sureties approved by the commissioner to remain in force for  
56 the duration of the license or any renewal. The amount of the



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57 bond may be increased if deemed necessary by the commissioner,  
58 considering the amount of surplus ~~lines tax~~ line taxes paid in  
59 previous years. The bond shall be conditioned that the broker  
60 will conduct business under the license in accordance with the  
61 provisions of the surplus line insurance law and will promptly  
62 remit the taxes as provided by the law. No bond shall be  
63 terminated unless at least 30 days' prior written notice is  
64 given to the broker and the commissioner.

65 (b) A business entity acting as a surplus line broker  
66 shall designate each licensed individual producer acting under  
67 the license, each of whom shall be responsible for the  
68 business entity's compliance with the insurance laws, rules,  
69 and regulations of this state. A separate fee shall be paid  
70 for each individual producer acting under a business entity  
71 license as surplus line broker, as in Section 27-4-2.

72 (c) A nonresident person may be licensed as a surplus  
73 line broker for the same types of insurance that he or she is  
74 currently licensed in good standing to handle in his or her  
75 domiciled state, as follows:

76 ~~(1) The nonresident shall comply with the requirements~~  
77 ~~established in subsection (a).~~

78 (1) An application shall be submitted on a form as  
79 required by the commissioner.

80 (2) The license fee required by Section 27-4-2 shall be  
81 paid to the commissioner. The license shall expire on December  
82 31 next after its issue.

83 ~~(2)~~ (3) Each licensed nonresident surplus line broker  
84 shall be considered to have performed acts equivalent to and



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85 constituting an appointment of the commissioner to receive  
86 service of legal process issued against the nonresident in  
87 this state upon causes of action arising within this state out  
88 of transactions under the nonresident's surplus line broker  
89 license. Service upon the commissioner shall constitute  
90 effective legal service upon the nonresident.

91 ~~(3)~~ (4) The appointment shall be irrevocable for as long  
92 as there may be any such cause of action in this state against  
93 the nonresident.

94 ~~(4)~~ (5) Service of process under this section shall be  
95 made by leaving three copies of the summons and complaint, or  
96 other process, with the commissioner, along with payment of  
97 the fee prescribed in Section 27-4-2, and the service shall be  
98 sufficient service upon the nonresident if notice of the  
99 service and a copy of the summons and complaint or other  
100 process are sent by registered or certified mail to the  
101 defendant by the commissioner. The defendant's return and the  
102 certificate of the commissioner certifying compliance herewith  
103 shall be filed in the office of the clerk of court, or in the  
104 court or tribunal wherein the action is pending. The  
105 certificate of the commissioner shall show the date of the  
106 mailing by registered or certified mail of the notice of the  
107 service and copy of the summons and complaint, or other  
108 process, to the nonresident defendant and the date of the  
109 receipt of the return card and shall be signed by the  
110 commissioner. The commissioner may give the nonresident  
111 defendant notice of the service upon him or her, in lieu of  
112 the notice of service provided for ~~herein to be given~~ in this



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113 subdivision by registered or certified mail, in the following  
114 manner:

115           a. By having a notice of service and a copy of the  
116 summons and complaint, or other process, served upon the  
117 nonresident defendant, if found within the State of Alabama,  
118 by any officer duly qualified to serve legal process within  
119 the State of Alabama or, if the nonresident defendant is found  
120 to be outside of the State of Alabama, by a sheriff, deputy  
121 sheriff, or United States marshal or deputy United States  
122 marshal, or any duly constituted officer qualified to serve  
123 like process in the state or the jurisdiction where the  
124 nonresident defendant is found.

125           b. The officer's return showing service, when made,  
126 shall be filed in the office of the clerk of the court, or in  
127 the court or tribunal wherein the action is pending, on or  
128 before the return day of the process or as the court or  
129 tribunal may allow, and the court or tribunal in which the  
130 action is pending may order a continuance, or continuances, as  
131 may be necessary to afford the nonresident defendant  
132 reasonable opportunity to defend the action.

133           ~~(5)~~ (6) The commissioner shall keep on file for a period  
134 of not less than three years a copy of the summons and  
135 complaint or other process served upon the commissioner,  
136 together with a record of all such process and of the day,  
137 hour, and manner of service."

138           Section 2. This act shall become effective immediately.

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