

SB97 ENROLLED



1 SB97
2 1BE6L3L-2
3 By Senator Kitchens
4 RFD: Banking and Insurance
5 First Read: 05-Feb-25



SB97 Enrolled

Enrolled, An Act,

Relating to the Department of Insurance and the licensing of a nonresident surplus line broker; to amend Section 27-10-24 of the Code of Alabama 1975, as amended by Act 2024-71 of the 2024 Regular Session, to further specify the requirements for licensure of nonresident surplus line brokers.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§27-10-24

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

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

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

(3) Prior to the issuance of the license, the applicant



SB97 Enrolled

shall file with the commissioner a bond in favor of the State of Alabama in the penal sum of at least fifty thousand dollars (\$50,000), aggregate liability, with authorized corporate sureties approved by the commissioner to remain in force for the duration of the license or any renewal. The amount of the bond may be increased if deemed necessary by the commissioner, considering the amount of surplus~~lines tax~~ line taxes paid in previous years. The bond shall be conditioned that the broker will conduct business under the license in accordance with the provisions of the surplus line insurance law and will promptly remit the taxes as provided by the law. No bond shall be terminated unless at least 30 days' prior written notice is given to the broker and the commissioner.

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

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

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

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



SB97 Enrolled

57 (2) The license fee required by Section 27-4-2 shall be
58 paid to the commissioner. The license shall expire on December
59 31 next after its issue.

60 ~~(2)~~ (3) Each licensed nonresident surplus line broker
61 shall be considered to have performed acts equivalent to and
62 constituting an appointment of the commissioner to receive
63 service of legal process issued against the nonresident in
64 this state upon causes of action arising within this state out
65 of transactions under the nonresident's surplus line broker
66 license. Service upon the commissioner shall constitute
67 effective legal service upon the nonresident.

68 ~~(3)~~ (4) The appointment shall be irrevocable for as long
69 as there may be any such cause of action in this state against
70 the nonresident.

71 ~~(4)~~ (5) Service of process under this section shall be
72 made by leaving three copies of the summons and complaint, or
73 other process, with the commissioner, along with payment of
74 the fee prescribed in Section 27-4-2, and the service shall be
75 sufficient service upon the nonresident if notice of the
76 service and a copy of the summons and complaint or other
77 process are sent by registered or certified mail to the
78 defendant by the commissioner. The defendant's return and the
79 certificate of the commissioner certifying compliance herewith
80 shall be filed in the office of the clerk of court, or in the
81 court or tribunal wherein the action is pending. The
82 certificate of the commissioner shall show the date of the
83 mailing by registered or certified mail of the notice of the
84 service and copy of the summons and complaint, or other



SB97 Enrolled

process, to the nonresident defendant and the date of the receipt of the return card and shall be signed by the commissioner. The commissioner may give the nonresident defendant notice of the service upon him or her, in lieu of the notice of service provided for ~~herein to be given~~ in this subdivision by registered or certified mail, in the following manner:

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

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

~~(5)~~ (6) The commissioner shall keep on file for a period of not less than three years a copy of the summons and complaint or other process served upon the commissioner,



SB97 Enrolled

113 together with a record of all such process and of the day,
114 hour, and manner of service."

115 Section 2. This act shall become effective immediately.



SB97 Enrolled

116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148

President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB97
Senate 06-Mar-25
I hereby certify that the within Act originated in and passed
the Senate.

Patrick Harris,
Secretary.

House of Representatives
Passed: 29-Apr-25

By: Senator Kitchens