

SB97 INTRODUCED



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