

North Carolina Department of Insurance

Surplus Lines Activities Requiring a Surplus Lines License and Non-licensable Surplus Lines Clerical Activities

N.C.G.S. 58-21-10(9) "Surplus lines licensee" means a person licensed under G.S. 58-21-65 to place insurance on risks resident, located, or to be performed in this State with a nonadmitted domestic surplus lines insurer or with nonadmitted insurers eligible to accept such insurance.

N.C.G.S. 58-21-65(a) "For insureds whose home state is this State, no insurance producer licensed by the Commissioner shall directly procure any contract of surplus lines insurance with any nonadmitted domestic surplus lines insurer or nonadmitted insurer, unless he possesses a current surplus lines insurance license issued by the Commissioner."

Pursuant to N.C.G.S. 58-21-65(b) in order to hold a surplus lines license an individual must first hold: "a current insurance producer license with property and casualty lines of authority."

For clarity, while there is no Statutory definition of **procure** the Merriam-Webster definition of **procure** is to get possession of (something): to obtain (something) by particular care and effort.

Retail agents that deal with a surplus lines licensee do not need a surplus lines license to transact business through the surplus lines licensee.

NOTE: This chart is not intended to be exhaustive of all duties requiring a Surplus Lines License.

<u>ACTIVITIES</u>	LICENSABLE SURPLUS LINES ACTS	NON-LICENSABLE CLERICAL ACTS
MARKETING, CUSTOMER SUPPORT, INFORMATION GATHERING AND COMMUNICATIONS		
Delivering brochures and other general information, buyers' guides, applications for coverage, coverage selection forms or other similar forms in response to a request from a prospective or current insured and/or insurance producer without discussing benefits, terms or conditions of an insurance contract.		X
Receiving and recording consumer questions regarding coverage and/or policy benefits, terms or conditions to provide to a licensed insurance producer or a surplus lines licensee for their response.		X
Scheduling appointments for a licensed insurance producer or a surplus lines licensee to discuss insurance with a customer or retail agent.		X

<u>ACTIVITIES</u>	LICENSABLE SURPLUS LINES ACTS	NON-LICENSABLE CLERICAL ACTS
Disseminating a published or printed list of computer database of standard coverage rates with no discussion or rates or coverages with the customer or retail agent.		X
Discussing or advising an insured, a prospective insured, or retail agent on a published or printed list or computer database for surplus lines policy coverage rates.	X	
<u>BEING COPIED ONLY</u> on emails or other communications to or from a licensed producer or surplus lines licensee in which the licensed person is offering advice or engaging in other licensable discussion with an insured or a prospective insured. <u>(NOTE:</u> In these scenarios there should not be any participation in any discussion by an unlicensed person.)		X
Discussing the terms of the policy with the policyholder, or the retail agent, regarding nonadmitted coverage.	X	
Printing, transmitting, or mailing unaltered insurance ID Cards and unaltered Certificates of Insurance, or other evidence of insurance.		X
Receiving and recording an insured's, or retail agent's, request concerning any additions or deletions to an existing policy to be given to a licensed insurance producer or a surplus lines licensee for completion.		X
Opening mail, office filing, and mailing bills. Receiving telephone calls, reporting additional or replacement items (vehicles, property, drivers for policies currently in force). Not discussing coverage changes.		X
Obtain underwriting information from credit agencies, DMV, and other insurance agencies and companies for the purposes of providing it to the surplus lines licensee who is procuring the surplus lines policy.		X
Receiving and recording information from an applicant, insured, or retail agent to prepare an application for insurance for review by a licensed insurance producer or a surplus lines licensee. <u>(NOTE:</u> In these scenarios there should not be any participation in any discussion by an unlicensed person.)		X

<u>ACTIVITIES</u>	LICENSABLE SURPLUS LINES ACTS	NON-LICENSABLE CLERICAL ACTS
INTERPRETATION AND EXPLANATION OF POLICY TERMS & QUOTING AND BINDING COVERAGE		
Communicating with the policyholder, prospective policyholder, or retail agent, in order to obtain factual information necessary for a licensed insurance producer or a surplus lines licensee to complete a review.	X	
Discussing or providing advice, by email or otherwise, to an insured, a prospective insured, or retail agent, on nonadmitted policy benefits, rates, or terms of coverage; or recommending and/or urging the purchase of a nonadmitted policy.	X	
Communicating with a nonadmitted company about the risk.	X	
Engaging in discussions or negotiations with a surplus lines insurer regarding nonadmitted coverage terms or pricing.	X	
Engaging in discussions or negotiations with a surplus lines insurer regarding endorsements to add, modify, or remove coverage from a nonadmitted policy.	X	
Explain, discuss, or interpret coverage or rates; analyze exposure or policies, or give opinions or recommendations as to coverage with a nonadmitted company to an insured, prospective insured, or retail agent by mail, email, telephone, fax, or in person.	X	
Counsel, urge, or advise any prospective purchaser to buy a particular policy or to insure with a nonadmitted company.	X	
Confirming that requested nonadmitted coverage is or will be bound, issued, reinstated, or cancelled.	X	
Inputting binding information or confirmation, provided by a surplus lines licensee, into a data management or records system.		X
Requesting that coverage be bound by a surplus lines carrier on behalf of an insured, prospective insured, or retail agent.	X	

<u>ACTIVITIES</u>	LICENSABLE SURPLUS LINES ACTS	NON-LICENSABLE CLERICAL ACTS
Binding coverage with a surplus lines insurer.	X	
Preparing and processing endorsements, binders, insurance policies or insurance identification cards.	X	
Discussing or providing advice on a nonadmitted quote.	X	
Requesting coverage for a particular risk directly from a surplus lines insurer.	X	
Forwarding a request for coverage directly to a surplus lines insurer at the documented direction of a surplus lines licensee.		X