



SURPLUS LINES BULLETIN NO. 19

TO: ALL SURPLUS LINES LICENSEES AND INTERESTED PARTIES

RE: FORM SL-1914 AND FORM SL-1917

AMENDED DATE: October 25, 2016

ORIGINAL DATE: August 16, 2016

The purpose of this bulletin is to notify individual surplus lines broker licensees and surplus lines compliance reporting personnel that two new forms are being implemented by the Delaware Department of Insurance.

AMENDMENT

Since the issuance of the original Surplus Lines Bulletin No. 19 on August 16, 2016, the Department has received numerous inquiries regarding the implementation and application of surplus lines Forms SL-1917 and SL-1914. The general questions received and the Department's answers thereto are attached.

BACKGROUND

FORM SL-1914 – EXEMPT COMMERCIAL PURCHASER APPLICATION FORM

The Delaware Nonadmitted Insurance Act, 18 *Del.C.* § 1914(a) permits a surplus lines broker licensee to procure coverage for a qualified exempt commercial purchaser without having to fulfill the diligent search requirements if:

“(1) The broker procuring or placing the surplus lines insurance has disclosed to the exempt commercial purchaser that such insurance may or may not be available from the admitted market that may provide greater protection with more regulatory oversight; and

(2) The exempt commercial purchaser has subsequently requested in writing the broker to procure or place such insurance from a nonadmitted insurer.”

The SL-1914 form is designed to serve the purpose of providing attestation that this notification was made to the purchaser. It is the surplus lines broker's responsibility to ensure that the purchaser meets the qualifications specified in § 1914(b).

FORM SL-1917 – SURPLUS LINES BROKER NOTICE TO INSURED

According to 18 *Del.C.* § 1917(a), every surplus lines broker is obligated to notify each insured in writing that:

“a. The insurer with which the broker places the insurance is not licensed by this State and is not subject to its supervision; and

b. In the event of the insolvency of the surplus lines insurer, losses will not be paid by the state insurance guaranty fund.”

This Section of the law also states that no contract of insurance placed by a surplus lines broker for a home state insured shall be binding upon the insured and no premium charged shall be due and payable until the surplus lines broker has given the above notice to the insured in writing, in a form acceptable to the Commissioner. Form SL-1917 is to be used to fulfill this notification requirement.

INSTRUCTIONS

The use of both of these new forms is effective immediately. Each form requires the signatures of both the surplus lines broker licensee and the insured. The signed form is to be retained by the surplus lines broker with the records for the policy to which it pertains and the records are to be made available for possible examination by the Commissioner for 5 years after the issuance of the coverage to which it relates.

All forms, along with instructions, are available on the Department’s website at:

www.delawareinsurance.gov

This bulletin shall be effective immediately and shall remain in effect unless withdrawn or superseded by subsequent law, regulation or bulletin.


Karen Weldin Stewart, CIR-ML
Insurance Commissioner

QUESTIONS AND ANSWERS

1. **Do we need to obtain a signed SL-1917 or SL-1914 form for policies that are already in place?**

No. These forms are only applicable to new policies written and placed after August 16, 2016.

2. **Must the signed SL-1917 or SL-1914 be received by the surplus lines broker before a policy renewal takes place?**

No. The forms are only applicable to new business, not to renewals of existing surplus lines policies.

3. **Is the SL-1917 or SL-1914 required for endorsements?**

No. The forms are not applicable to endorsements on existing surplus lines policies.

4. **Does the SL-1917 replace the SL-1923?**

No, the SL-1917 form does not replace the SL-1923 form. Both forms are required and must be kept with the surplus lines broker's records with other pertinent policy documents, subject to examination by the Commissioner.

5. **When placing a policy for an "exempt commercial purchaser" do we need to complete both the SL-1917 and the SL-1914?**

No. Only the SL-1914 is used when the surplus lines broker procures business for a "qualified exempt commercial purchaser" as defined in 18 *Del. C.* § 1914 (b).

6. **What wording should be stamped on the policy? The "old" wording or the "new" wording from the SL-1917 form?**

The statutory endorsement of contract disclosure statement requirement at 18 *Del. C.* § 1917 (b) has not changed.