

**State of Rhode Island and Providence Plantations**  
**DEPARTMENT OF BUSINESS REGULATION**  
*Division of Insurance*  
**233 Richmond Street**  
**Providence, RI 02903**

**INSURANCE REGULATION 11**

**SURPLUS LINE BROKERS**

**Table of Contents**

Section 1	Authority
Section 2	Scope
Section 3	General Rules
Section 4	Affidavits, Records and Tax
Section 5	Effective Date

**Section 1**      **Authority**

R.I. Gen. Laws §§ 27-3-38. to 27-3-42.

**Section 2**      **Scope**

- (a) Surplus Line Broker's licenses may only be held by persons who hold an agent's license for the State of Rhode Island. Such licenses shall be for a term of one (1) year from the date of its issuance.
- (b) The Surplus Line Broker shall file with the General Treasurer of this State a bond in the penal sum of five thousand dollars (\$5,000) executed by the licensee as principal and by a surety company authorized to transact business in this State as surety. The licensee shall deposit with the Insurance Commissioner a certificate from the General Treasurer that the licensee has filed said bond.
- (c) The annual fee for a Surplus Line Broker's license is fifty dollars (\$50).

**Section 3**      **General Rules**

- (a) Policies or contracts of insurance may be placed with companies not authorized to do business in Rhode Island only by Surplus Line Brokers pursuant to Chapter 155 of the Rhode Island Public Laws of 1959.

- (b) The Surplus Line Broker shall not place risks or effect insurance in unauthorized or non-admitted companies that are not on the Insurance Commissioner's list of acceptable Surplus Line insurers.
- (c) Submission of risk to authorized or admitted insurers is always required.
- (d) No insurance will be deemed unprocurable from an authorized or admitted insurer, and therefore eligible for placing with an unauthorized or non-admitted company, if the proposed form of contract cannot be lawfully issued by authorized or admitted companies.
- (e) Insurance in authorized or admitted companies will not be deemed to be unprocurable if: (1) the risk includes a combination of classes of insurance that may be procured from separate authorized or admitted companies under separate contracts; (2) the risk includes a combination of classes of insurance that a single authorized or admitted carrier is prohibited from writing in either a single contract or in separate contracts or both. In such cases separate forms of contracts, each incorporating a class or a lawful combination of classes, must be offered to and refused by authorized or admitted insurers for each such classes or combinations of classes, before such insurance can be placed with unauthorized or non-admitted insurers.
- (f) Artificial divisions of coverage in one class or in any form of coverage under one class, into two or more proposed contracts, for the purpose of rendering a portion of the coverage unacceptable to companies authorized or admitted to that class, or for the purpose of obtaining a rate advantage upon the entire risk, is prohibited where the entire coverage sought in that class or form would be acceptable as a single contract to such authorized or admitted insurers.
- (g) If a risk is of such a nature which could be written by admitted carriers but such risk is refused by such admitted carriers then such risk may be placed with non-admitted carriers, except that no such risk may be placed with unauthorized or non-admitted carriers when the refusal by admitted carriers is based on rate alone. Mere rate differential shall not be grounds for placing a particular risk with an unauthorized or non-admitted carrier when an authorized or admitted carrier would accept such risk at a different rate.
- (h) The fact that a Surplus Line Broker does not hold an agent's license for an authorized or admitted carrier that will accept the risk is not sufficient justification for placing the risk in an unauthorized or non-admitted company.

**Section 4      Affidavits, Records and Tax**

- (a)    There shall be executed both by the licensee and by the insured affidavits on each risk placed with unauthorized or non-admitted insurers.
- (b)    The affidavits shall be filed by the licensee with the Insurance Commissioner within thirty (30) days after such policies have been procured.
- (c)    Such affidavit shall be made in duplicate, numbered consecutively, and at the same time entered upon the licensee's records under the same number, so that a consecutive record of transactions may be accumulated both in his office and in the Division of Insurance. The licensee's record, which shall be open to the examination of the Insurance Commissioner at all reasonable times, shall show the exact amount of each kind of insurance procured for each insured, gross premium charged by the insurer, premium returned to insured, name of the insurer or insurers and the effective dates and terms of policies issued.
- (d)    The licensee shall file with the Insurance Commissioner not later than April 1 of each year, a certificate of the Tax Administrator, on a blank furnished by the Insurance Commissioner, certifying that the licensee has paid during the next preceding calendar year, a tax of three per cent (3%) on the gross premiums charged the insured by the insurers, less the amount of such premiums returned to such insureds for risks placed pursuant to Chapter 155 of the Rhode Island Public Laws of 1959.

**Section 6      Effective Date**

March 15, 1963.

EFFECTIVE DATE:	March 15, 1963.
AMENDED:	None
REFILED:	December 19, 2001