

SURPLUS LINES LICENSE

Frequently Asked Questions (FAQS)

1. What is an “admitted insurer” in North Carolina?

An admitted insurer is an insurer licensed by the North Carolina Department of Insurance to do insurance business in this State.

2 What license or licenses do you need to place insurance coverage with an admitted insurer?

If you want to place insurance business with an admitted insurer, you must hold a producer license in order to sell, solicit, or negotiate insurance for that insurer. The specific producer license required depends on the kind of insurance the insurer writes and is authorized to write in North Carolina. For example, if the insurer writes and is authorized to write property and casualty insurance policies in North Carolina, you must hold a property license, a casualty license, or a personal lines license, depending on the kind of insurance you want to place. In addition to holding the correct license, you must also have an active company appointment.

3. What license do you need to write business for an admitted insurer for which you do not have a company appointment? For example, you have appointments only with personal lines insurers and you have a client who wants insurance for his or her commercial property. Although you hold a property license, you do not have an appointment with a company that writes commercial property insurance and are either unable to or do not want obtain an appointment for this incidental placement. How can you help the client?

You need a broker’s license to place business through another licensed agent who has an active company appointment with an admitted commercial property insurer. In addition to the broker’s license, you must also be licensed to sell, solicit, or negotiate whatever kind of insurance you are brokering.

4. What is a “non-admitted insurer” in North Carolina?

A non-admitted insurer is an insurer that is not licensed to do insurance business in North Carolina. Unless a non-admitted insurer is an eligible surplus lines insurer, it is an unauthorized insurer. If you place insurance with an unauthorized insurer, you do so at your own risk.

5. What is an “eligible surplus lines insurer” in North Carolina?

An eligible surplus lines insurer is a non-admitted insurer that has qualified under North Carolina General Statute § 58-21-20 to write surplus lines insurance in North Carolina.

6. What is “surplus lines insurance” in North Carolina?

Surplus lines insurance is any insurance in North Carolina that covers resident risks (located or to be performed in North Carolina) that may be placed with an eligible surplus lines insurer. Surplus lines insurance does not include reinsurance; commercial aircraft, wet marine and transportation, life, accident, or health insurance; or annuities.

7. What license must you hold to place insurance directly with an eligible surplus lines insurer?

You must hold an individual surplus lines license to place insurance directly with an eligible surplus lines insurer. If a resident, you must first hold property agent licenses before you can obtain a surplus lines license. Resident individual surplus lines agents must be members of the North Carolina Surplus Lines Association, in accordance with North Carolina General Statute § 58-21-40. Non-residents must hold the surplus lines license in their resident state to apply for a North Carolina non-resident surplus lines license and must be members of the North Carolina Surplus Lines Association effective 1/1/2017 as required by House Bill (HB) 262.

8. What license must you hold to place insurance through a surplus lines licensee with an eligible surplus lines insurer?

If a resident, you must hold a property agent license or a broker's license to place insurance through a surplus lines licensee with an eligible surplus lines insurer. If a non-resident you must hold a property license or surplus lines license in your resident state to place insurance through a surplus lines licensee with an eligible surplus lines insurer. The surplus lines licensee may share commissions on surplus lines business with you.

9. Does North Carolina issue a corporate surplus lines license?

Yes, the Department issues a surplus lines business entity license. The business entity shall designate an individual designated responsible licensed producer (DRLP) who will be responsible for the business entity's compliance with the insurance laws and administrative rules of this State. The DRLP is required to have an active North Carolina resident or non-resident producer's license. For the purposes of complying with the statutory requirements to be a resident corporate surplus lines licensee under N.C. General Statute § 58-21-65(c), any business entity licensed pursuant to N.C. General Statute § 58-33-31(b) shall maintain with the Property and Casualty Division of the North Carolina Department of Insurance a current list of all individual surplus lines licensees transacting surplus lines business on behalf of the business entity.

10. How do you apply for a surplus lines individual or business entity license and what are the fees?

Complete an online resident or non-resident initial application through the National Insurance Producer Registry (NIPR) at www.nipr.com. The license fee for an individual surplus lines license is \$100.00. The license fee for a surplus lines business entity license is \$150.00.

11. Do surplus lines individual or business entity licenses need to be renewed?

Yes, surplus lines licenses expire annually on 8/31 and must be renewed by the completion of an online resident or non-resident renewal application through NIPR at www.nipr.com. The license renewal fee for an individual surplus lines license is \$90.00. The license renewal fee for a surplus lines business entity license is \$140.00.

12. Who is responsible for the payment of surplus lines tax required under NCGS 58-21-85?

The North Carolina resident surplus lines licensee is responsible for the payment of the surplus lines tax with the submission of the quarterly bill. The North Carolina resident surplus lines licensee may be a corporate entity, partnership, or an individual.

13. Can a nonresident NC surplus lines licensee submit surplus lines tax directly to NCDOI?

No. N.C. General Statute 58-21-85(b) requires every report (Form F) to be countersigned by a NC resident surplus lines licensee or NC regulatory support organization (NCSLA).

14. What is the Federal Nonadmitted and Reinsurance Reform Act (NRRRA)?

The Nonadmitted and Reinsurance Reform Act of 2010 (NRRRA) provides that only an insured's "home state" may require the payment of premium tax for nonadmitted insurance. Moreover, the NRRRA subjects the placement of nonadmitted insurance solely to the statutory and regulatory requirements of the insured's home state, and provides that only the insured's home state may require a surplus lines broker to be licensed to sell, solicit or negotiate nonadmitted insurance with respect to such insured. The NRRRA is effective on July 21, 2011.

15. Is a non-resident surplus lines licensee required to be licensed in North Carolina based on the NRRRA?

The Department issued Bulletin 11-B-07 to outline the NRRRA regulatory changes will affect licensure requirements in North Carolina. Each surplus lines licensee should fully review Bulletin 11-B-07 to determine their specific North Carolina licensure requirements prior to completing their surplus lines license renewal.

Bulletin 11-B-07 is posted under Hot Topics on the Department's website in the following location: http://www.ncdoi.com/PC/pc_surplus_home.asp