AN ACT CONCERNING THE RENEWAL OF SURPLUS LINES INSURANCE POLICIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (b) of section 38a-741 of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2023):

(b) (1) When any policy of insurance is procured or renewed under the authority of such license providing a line of insurance or its component that does not, on the effective date of coverage, appear on the current published list, both the licensee and the insured shall [write signed statements setting forth facts showing that such licensee and such insured were unable after] first make a diligent effort, as defined by the commissioner, to procure, from any authorized insurer or insurers, the full amount of insurance required to protect the interest of such insured, and further showing (A) that the amount of insurance procured from an unauthorized insurer or insurers is only the excess over the amount so procurable from authorized insurers, (B) the type of policy, and (C) if such policy is for real property, the location of such property. Such licensee shall [file such signed statements in electronic format with the commissioner on February fifteenth, May fifteenth, August fifteenth and November fifteenth of each year] keep, in a form
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approved by the commissioner, and make available for examination by
the commissioner upon request, all (i) documentation concerning such
licensee's and insured's diligent effort to procure, from any authorized
insurer or insurers, the full amount of insurance required to protect the
interest of such insured, and (ii) information concerning each policy
placed in the surplus lines market.

(2) The provisions of subdivision (1) of this subsection shall not apply
to (A) any such policy providing or including flood insurance, including
flood insurance procured from the National Flood Insurance Program,
or (B) any policy of insurance procured under the authority of such
license for an insured that is an exempt commercial purchaser, as
defined in Section 527 of the Dodd-Frank Wall Street Reform and
Consumer Protection Act, P.L. 111-203, as amended from time to time,
provided (i) the surplus lines broker has disclosed to such exempt
commercial purchaser that such insurance may or may not be available
from an authorized insurer, that may provide greater protection with
more regulatory oversight, and (ii) such exempt commercial purchaser
has subsequently requested such broker, in writing, to procure such
policy from an unauthorized insurer.

Approved June 27, 2023