CHAPTER 45

Insurance Brokers and Surplus Lines Insurance

**SECTION 38‑45‑10.** Definitions.

As used in this chapter:

(1) "Admitted insurer" means an insurer licensed to engage in the business of insurance in this State.

(2) "Affiliate" means, with respect to an insured, any entity that controls, is controlled by, or is under common control with the insured.

(3) "Affiliated group" means any group of entities that are all affiliated.

(4) "Control" means:

(a) the entity directly or indirectly or acting through one or more other persons owns, controls, or has the power to vote twenty‑five percent or more of any class of voting securities of the other entity; or

(b) the entity controls in any manner the election of a majority of the directors or trustees of the other entity.

(5) "Exempt commercial purchaser" means any person purchasing commercial insurance that, at the time of placement, meets the following requirements:

(a) the person employs or retains a qualified risk manager to negotiate insurance coverage;

(b) the person has paid aggregate nationwide commercial property and casualty insurance premiums in excess of one hundred thousand dollars in the immediately preceding twelve months; and

(c)(i) the person meets at least one of the following criteria:

(A) the person possesses a net worth in excess of twenty million dollars, as that amount is adjusted pursuant to subsubitem (ii);

(B) the person generates annual revenues in excess of fifty million dollars, as that amount is adjusted pursuant to subsubitem (ii);

(C) the person employs more than five hundred full‑time or full‑time equivalent employees per individual insured or is a member of an affiliated group employing more than one thousand employees in the aggregate;

(D) the person is a not‑for‑profit organization or public entity generating annual budgeted expenditures of at least thirty million dollars as that amount is adjusted pursuant to subsubitem (ii); or

(E) the person is a municipality with a population in excess of fifty thousand persons.

(ii) Effective on the January 1, 2017, and each fifth January first thereafter, the amounts in sub‑subitems (i)(A), (B), and (D) of subitem (c) shall be adjusted to reflect the percentage change for the five‑year period in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

(6)(a) "Home state", with respect to an insured, means:

(i) the state in which an insured maintains its principal place of business or, in the case of an individual, the individual's principal residence; or

(ii) if one hundred percent of the insured risk is located out of the state referred to in subsubitem (i), the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated.

(b) Notwithstanding the provisions of subitem (a), if more than one insured from an affiliated group are named insureds on a single surplus lines insurance contract, the term "home state" means the home state, as determined pursuant to subitem (a), of the member of the affiliated group that has the largest percentage of premium attributed to it under the insurance contract.

(7) "Independently procured insurance" means insurance procured directly by an insured from a surplus lines insurer.

(8)(a) "Insurance broker" means a property and casualty insurance producer licensed by the director or his designee who:

(i) sells, solicits, or negotiates insurance on behalf of an insured;

(ii) takes or transmits other than for himself an application for insurance or a policy of insurance to or from an insured;

(iii) advertises or otherwise gives notice that he receives or transmits a surplus lines application or policy;

(iv) receives or delivers a policy of surplus lines insurance for an insured on behalf of a surplus lines insurer;

(v) receives, collects, or transmits a premium of surplus lines insurance; or

(vi) performs another act in the making of a surplus lines insurance contract for or with an insured.

(b) An insurance broker's license is not required of:

(i) a broker's office employee acting within the confines of the broker's office, under the direction and supervision of the licensed broker and within the scope of the broker's license, in the acceptance of request for insurance and payment of premiums and the performance of clerical, stenographic, and similar office duties; or

(ii) a producer licensed for property and casualty insurance who places surplus lines insurance through a licensed insurance broker.

(c) An insurance broker, or an insurance producer as provided in subitem (b)(ii), may place that insurance either with an eligible surplus lines insurer or with a licensed insurance producer appointed by an insurance carrier licensed in this State.

(9) "Municipal agent" means the Municipal Association of South Carolina or other designated agent of the municipality for the purpose set forth in this chapter.

(10) "Surplus lines insurance" means any property and casualty insurance permitted to be placed directly or through a surplus lines broker, or an insurance producer as provided in subitem (b)(ii), with a surplus lines insurer eligible to accept the insurance as defined in Section 38‑1‑20(56).

(11) "Surplus lines insurer" means an insurer not licensed to engage in the business of insurance in this State, but does not include a risk retention group, as that term is defined in Section 2(a)(4) of the Liability Risk Retention Act of 1986 (15 U.S.C. 3901(a)(4)).

(12) "Premium tax" means, with respect to surplus lines or independently procured insurance coverage, any tax, fee, assessment, or other charge imposed by a governmental entity directly or indirectly based on any payment made as consideration for an insurance contract, including premium deposits, assessments, registration fees, and any other compensation given in consideration for a contract of insurance.

(13) "Broker's premium tax rate" means a blended tax rate of six percent. The rate is comprised of a four percent state broker's premium tax and a two percent municipal broker's premium tax.

(14) "Qualified risk manager" means, with respect to a policyholder of commercial insurance, a person who meets all of the following requirements:

(a) the person is an employee of, or third‑party consultant retained by, the commercial policyholder;

(b) the person provides skilled services in loss prevention, loss reduction, or risk and insurance coverage analysis, and purchase of insurance; and

(c)(i)(A) the person has a bachelor's degree or higher from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by the director or other state regulatory official or entity to demonstrate minimum competence in risk management; and

(B) has three years of experience in risk financing, claims administration, loss prevention, risk and insurance analysis, or purchasing commercial lines of insurance; or

(aa) has a designation as a Chartered Property and Casualty Underwriter (CPCU) issued by the American Institute for CPCU/Insurance Institute of America;

(bb) has a designation as an Associate in Risk Management (ARM) issued by the American Institute for CPCU/Insurance Institute of America;

(cc) has a designation as Certified Risk Manager (CRM) issued by the National Alliance for Insurance Education & Research;

(dd) has a designation as a RIMS Fellow (RF) issued by the Global Risk Management Institute; or

(ee) any other designation, certification, or license determined by the director or other state insurance regulatory official or entity to demonstrate minimum competency in risk management;

(ii)(A) has at least seven years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance; and

(B) has any one of the designations specified in subitems (c)(i)(B)(aa) through (c)(i)(B)(ee);

(iii) has at least ten years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance; or

(iv) has a graduate degree from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by the director or other state regulatory official or entity to demonstrate minimum competence in risk management.

(15) "State" includes any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.

HISTORY: Former 1976 Code Section 38‑45‑10 [1947 (45) 322; 1952 Code Section 37‑801; 1962 Code Section 37‑801] recodified as Section 38‑17‑10 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑10 [1947 (45) 322; 1952 Code Section 37‑201; 1962 Code Section 37‑201] recodified as Section 38‑45‑10 by 1987 Act No. 155, Section 1; 1990 Act No. 524, Section 3; 1993 Act No. 181, Section 672; 2009 Act No. 69, Section 7, eff June 2, 2009; 2012 Act No. 283, Section 1, eff January 1, 2012; 2016 Act No. 137 (H.4660), Section 3, eff March 2, 2016.

Effect of Amendment

2016 Act No. 137, Section 3, in (8)(a)(iii), substituted "policy" for "policies"; in (8)(b), added paragraph identifiers (i) and (ii), and deleted "However" at the beginning of the first sentence; in (8)(c) and (10), inserted ", or an insurance producer as provided in subitem (b)(ii),"; and made other nonsubstantive changes.

**SECTION 38‑45‑20.** Requirements for resident to be licensed as an insurance broker.

A resident property and casualty‑licensed insurance producer may be licensed as an insurance broker by the director or his designee if the following requirements are met:

(1) licensure of the resident as an insurance producer for the same lines of insurance for which he proposes to apply as a broker of this State;

(2) successfully passed the South Carolina broker licensing examination;

(3) payment of a biennial license fee of two hundred dollars which is earned fully when received, not refundable;

(4) filing of a bond with the department in a form approved by the Attorney General in favor of South Carolina of ten thousand dollars executed by a corporate surety licensed to transact surety insurance in this State and personally countersigned by a licensed resident agent of the surety. The bond must be conditioned to pay a person insured or seeking insurance through the broker who sustains loss as a result of:

(a) the broker's violation of or failure to comply with an insurance law or regulation of this State;

(b) the broker's failure to transmit properly a payment received by him, cash or credit, for transmission to an insurer or an insured; or

(c) an act of fraud committed by the broker in connection with an insurance transaction. Instead of a bond, the broker may file with the department certificates of deposit of ten thousand dollars of building and loan associations or federal savings and loan associations located within the State in which deposits are guaranteed by the Federal Savings and Loan Insurance Corporation, not to exceed the amount of insurance, or of banks located within the State in which deposits are guaranteed by the Federal Deposit Insurance Corporation, not to exceed the amount of insurance. An aggrieved person may institute an action in the county of his residence against the broker or his surety, or both, to recover on the bond or against the broker to recover from the certificates of deposit, and a copy of the summons and complaint in the action must be served on the director, who is not required to be made a party to the action;

(5) payment to the department, within thirty days after March thirty‑first, June thirtieth, September thirtieth, and December thirty‑first each year, of the broker's premium tax rate upon premiums for policies of insurers not licensed in this State. In computing total premiums, return premiums on risks and dividends paid or credited to policyholders are excluded. The credit must be refunded to the policyholder.

HISTORY: Former 1976 Code Section 38‑45‑20 [1947 (45) 322; 1952 Code Section 37‑802; 1962 Code Section 37‑802] recodified as Section 38‑17‑20 by 1987 Act No. 155, Section 1; Former 1976 Code Sections 38‑47‑20 [1947 (45) 322; 1952 Code Section 37‑202; 1962 Code Section 37‑202] and Section 38‑47‑30 [1947 (45) 322; 1952 Code Section 37‑203; 1960 (51) 1646; 1962 Code Section 37‑203; 1969 (56) 240; 1970 (56) 2497; 1981 Act No. 11, Section 1; 1981 Act No. 44, Section 1] recodified as Section 38‑45‑20 by 1987 Act No. 155, Section 1; 1988 Act No. 314, Section 5; 1989 Act No. 52, Section 3; 1990 Act No. 379, Section 1; 1992 Act No. 501, Part II Section 11J; 1993 Act No. 181, Section 672; 2000 Act No. 312, Section 9; 2003 Act No. 73, Section 13, eff January 31, 2004; 2004 Act No. 291, Section 11, eff July 29, 2004; 2008 Act No. 326, Section 12, eff June 16, 2008; 2009 Act No. 69, Section 8, eff June 2, 2009; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑30.** Requirements for nonresident to be licensed as an insurance broker.

A nonresident may be licensed as an insurance broker by the director or his designee if the following requirements are met:

(1) filing an application on a form prescribed by the director or his designee;

(2) paying a biennial license fee of two hundred dollars fully earned when received, not refundable;

(3) an aggrieved person may institute an action in the county of his residence against the broker to recover damages. A copy of the summons and complaint in the action must be served on the director, who is not required to be made a party to the action;

(4) paying the department, within thirty days after March thirty‑first, June thirtieth, September thirtieth, and December thirty‑first each year, the broker's premium tax rate upon premiums for policies of insurers not licensed in this State. In computing total premiums, return premiums on risks and dividends paid or credited to policyholders are excluded. The credit must be refunded to the policyholder.

HISTORY: Former 1976 Code Section 38‑45‑30 [1947 (45) 322; 1952 Code Section 37‑803; 1962 Code Section 37‑803] recodified as Section 38‑17‑30 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑30 [1947 (45) 322; 1952 Code Section 37‑203; 1960 (51) 1646; 1962 Code Section 37‑203; 1969 (56) 240; 1970 (56) 2497; 1981 Act No. 11, Section 1; 1981 Act No. 44, Section 1]; Section 38‑47‑40 [1947 (45) 322; 1952 Code Section 37‑203.1; 1962 Code Section 37‑203.1] recodified as Section 38‑45‑30 by 1987 Act No. 155, Section 1; 1988 Act No. 314, Section 6; 1989 Act No. 52, Section 4; 1990 Act No. 379, Section 2; 1992 Act No. 501, Part II Section 11K; 1993 Act No. 181, Section 672; 1999 Act No. 30, Section 2; 2000 Act No. 312, Section 10; 2003 Act No. 73, Section 14, eff June 25, 2003; 2008 Act No. 326, Section 13, eff June 16, 2008; 2012 Act No. 283, Section 1, eff January 1, 2012; 2016 Act No. 194 (H.4817), Section 3, eff May 26, 2016.

Effect of Amendment

2016 Act No. 194, Section 3, deleted former (2) and (3), relating to affidavit requirements, and redesignated former (4) through (6) as (2) through (4).

**SECTION 38‑45‑35.** Applicant's business and residence address required; notice of change of address required.

When an individual applies for an insurance broker's license, he shall supply the department his business and residence address. The broker shall notify the department within thirty days of any change in these addresses.

HISTORY: 1988 Act No. 327, Section 2; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑40.** Reciprocal agreements as to licensing nonresidents.

The director or his designee may enter into reciprocal agreements with the insurance commissioners of other states in regard to licensing of nonresident brokers if in his judgment the arrangements or agreements are in the best interest of the State and if the applicant for the license meets the minimum statutory requirements of this State for the issuance of a broker's license. However, the director or his designee may not enter into or continue any reciprocal agreement unless the other state is as liberal as this State in licensing nonresident brokers.

HISTORY: Former 1976 Code Section 38‑45‑40 [1947 (45) 322; 1952 Code Section 37‑804; 1962 Code Section 37‑804; 1964 (53) 2054] recodified as Section 38‑17‑40 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑50 [1957 (50) 534; 1962 Code Section 37‑203.2] recodified as Section 38‑45‑40 by 1987 Act No. 155, Section 1; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑50.** Duration of broker's license; nonpayment of license fee.

Each license issued is for an indefinite term unless revoked or suspended. If the biennial license fee of a broker is not paid at the time and in the manner the department provides by regulation, the license must be canceled. If the license is to be reinstated, an original application must be filed and a reinstatement fee equal to the biennial license fee unpaid must be paid in addition to the regular biennial license fee.

HISTORY: Former 1976 Code Section 38‑45‑50 [1947 (45) 322; 1952 Code Section 37‑805; 1962 Code Section 37‑805; 1964 (53) 2054] recodified as Section 38‑17‑50 by 1987 Act No. 155, Section 1; Former 1976 Code Sections 38‑1‑60 [1979 Act No. 63], and 38‑47‑90 [1947 (45) 322; 1952 Code Section 37‑205; 1962 Code Section 37‑205; 1976 Act No. 612 Section 2] recodified as Section 38‑45‑50 by 1987 Act No. 155, Section 1; 1992 Act No. 501, Part II Section 11L; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑55.** Revenue.

The revenue collected from the broker's premium tax rate imposed pursuant to the provisions of Sections 38‑45‑20(5), 38‑45‑30(6), and 38‑45‑190, must be credited to a special earmarked fund, distinct from the general fund, and expended only for the purposes provided in this chapter.

HISTORY: 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑60.** Accounting of state portion of broker's premium tax rate payment collected; distribution from earmarked fund.

(A) As soon after December thirty‑first of each year as may be convenient, the director or his designee shall render an accounting to the State Treasurer of the state portion of the broker's premium tax rate payment collected showing the counties in which the risk covered by the insurance is located and shall furnish a duplicate of the accounting to the Comptroller General. The Comptroller General shall draw his warrant on the State Treasurer for one‑fourth of the state's portion of the broker's premium tax rate payment collected by the department on property insurance, payable to the county treasurer of the county in which the property is located. The county treasurer shall distribute the broker's premium tax collected on property insurance in accordance with the requirements of Sections 23‑9‑360 and 23‑9‑470 and Sections 38‑7‑70 and 38‑7‑80.

(B) As soon as practical after December thirty‑first, but no later than July first of each year, the department shall distribute from the special earmarked fund, distinct from the general fund, the municipal portion of the broker's premium tax rate payment collected for the prior tax year in accordance with the requirements of Sections 38‑45‑20(5) and 38‑45‑30(6). This amount must be paid to the municipal agent with a full accounting, provided by the department, including, but not limited to, the name and address of the broker, and amount of the broker's premium tax rate payment collected from each broker, and showing the counties in which the risk covered by the insurance is located. The municipal agent shall distribute the funds annually to each municipality with which it contracts based on the data submitted by the department.

HISTORY: Former 1976 Code Section 38‑45‑60 [1947 (45) 322; 1952 Code Section 37‑806; 1962 Code Section 37‑806] recodified as Section 38‑17‑60 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑70 [1947 (45) 322; 1952 Code Section 37‑207; 1962 Code Section 37‑207; 1978 Act No. 585 Section 2; 1981 Act No. 11, Section 2] recodified as Section 38‑45‑60 by 1987 Act No. 155, Section 1; 1991 Act No. 171, Part II, Section 22J; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑70.** Effect of broker's license; municipal license fees.

A broker's license entitles the holder to solicit insurance in any county of this State. However, municipalities may impose license fees in accordance with this title.

HISTORY: Former 1976 Code Section 38‑45‑70 [1947 (45) 322; 1952 Code Section 37‑807; 1962 Code Section 37‑807] recodified as Section 38‑17‑70 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑80 [1947 (45) 322; 1952 Code Section 37‑208; 1962 Code Section 37‑208] recodified as Section 38‑45‑70 by 1987 Act No. 155, Section 1; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑80.** Brokers to keep records of business done, furnish to director for inspection.

All brokers doing any kind of insurance business in this State shall make and keep a full and correct record of the business done by them, showing the number, date, term, amount insured, premiums, and the person to whom issued of every policy or certificate of renewal. The information from these records must be furnished to the director or his designee on demand and the original books or records are open to the inspection of the director or his designee on demand. These records must be kept for a minimum of five years. The director or his designee also may conduct examinations of broker records. Examinations must be conducted in accordance with the requirements of Chapter 13 of this title. The broker is responsible for the costs of any examination.

HISTORY: Former 1976 Code Section 38‑45‑80 [1947 (45) 322; 1952 Code Section 37‑808; 1962 Code Section 37‑808] recodified as Section 38‑17‑80 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑5‑1210 [1947 (45) 322; 1952 Code Section 37‑290; 1962 Code Section 37‑290] recodified as Section 38‑45‑80 by 1987 Act No. 155, Section 1; 1988 Act No. 357, Section 5; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑90.** Duties of brokers placing business with nonadmitted insurers; statements and reports; due diligence.

(A) At the request of a licensed resident broker, the director or his designee may approve certain nonadmitted insurers as eligible surplus lines insurers to write business on risks located in this State that one or more insurers licensed in this State to write that line of business in this State have declined to write. The director or his designee may require the broker to submit, on behalf of the insurer, documents necessary to satisfy him that the insurer is licensed in his domiciliary state, that meets at least the minimum capital and surplus requirements of this State, and that its operation is not hazardous to the policyholders. The director or his designee may require the broker or the insurer to file additional documents at any time to maintain the insurer's status as an eligible surplus lines insurer. For the purposes of this section, "domiciliary state" means the state or jurisdiction in which an insurer is incorporated or organized. The director or his designee may withdraw his approval at any time the insurer fails to meet any of the requirements. While the insurer maintains his status as an eligible surplus lines insurer, a duly licensed broker, under the terms of this chapter, may place business with the insurer. An insurance broker shall exercise due care in the placing of insurance, except as provided in subsection (B). Each broker transacting business in the State during a calendar year shall file annually with the department within thirty days after December thirty‑first a detailed report of this business. The report must be in the form the director or his designee prescribes. The broker's books, papers, and accounts must be open at all times to the inspection of the director or his designee.

(B) A surplus lines broker is not required to search with due diligence to determine whether the full amount or type of insurance can be obtained from an admitted insurer when the broker is seeking to procure or place nonadmitted insurance for an exempt commercial purchaser provided the:

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

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

HISTORY: Former 1976 Code Section 38‑45‑90 [1947 (45) 322; 1952 Code Section 37‑809; 1962 Code Section 37‑809] recodified as Section 38‑17‑90 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑100 [1947 (45) 322; 1952 Code Section 37‑209; 1962 Code Section 37‑209; 1981 Act No. 13, Section 1] recodified as Section 38‑45‑90 by 1987 Act No. 155, Section 1; 1988 Act No. 314, Section 7; 1993 Act No. 181, Section 672; 1998 Act No. 411, Section 4; 2008 Act No. 326, Section 14, eff June 16, 2008; 2012 Act No. 283, Section 1, eff January 1, 2012; 2013 Act No. 66, Section 1, eff June 13, 2013.

**SECTION 38‑45‑100.** Brokers may divide commissions.

A licensed insurance broker may divide commissions with producers or brokers in other states or with a producer licensed in this State for an insurer doing the particular class of insurance desired to be placed through the broker.

HISTORY: Former 1976 Code Section 38‑45‑100 [1947 (45) 322; 1952 Code Section 37‑810; 1962 Code Section 37‑810; 1964 (53) 2054] recodified as Section 38‑17‑100 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑110 [1947 (45) 322; 1952 Code Section 37‑211; 1962 Code Section 37‑211] recodified as Section 38‑45‑100 by 1987 Act No. 155, Section 1; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑110.** Warning stamped on policies of eligible surplus lines insurer.

The broker shall write or stamp upon the face of each policy of an eligible surplus lines insurer the words, "This company has been approved by the director or his designee of the South Carolina Department of Insurance to write business in this State as an eligible surplus lines insurer, but it is not afforded guaranty fund protection".

HISTORY: Former 1976 Code Section 38‑45‑110 [1947 (45) 322; 1952 Code Section 37‑811; 1962 Code Section 37‑811] recodified as Section 38‑17‑110 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑130 [1947 (45) 322; 1952 Code Section 37‑210; 1962 Code Section 37‑210; 1981 Act No. 131, Section 1] recodified as Section 38‑45‑110 by 1987 Act No. 155, Section 1; 1988 Act No. 314, Section 8; 1993 Act No. 181, Section 672; 1998 Act No. 260, Section 1; 2000 Act No. 312, Section 11; 2002 Act No. 228, Section 8, eff May 1, 2002; 2012 Act No. 283, Section 1, eff January 1, 2012; 2016 Act No. 194 (H.4817), Section 4, eff May 26, 2016.

Effect of Amendment

2016 Act No. 194, Section 4, deleted "and application" following "each policy".

**SECTION 38‑45‑120.** Personal liability of broker on policy of unlicensed insurer.

Every insurance broker who sells an insurance policy written or issued by an insurer not licensed to do business in this State is personally liable for the limits of the coverage provided for in the policy if the broker fails to comply with the provisions of this title relating to policies issued by insurers not licensed to do business in this State.

HISTORY: Former 1976 Code Section 38‑45‑120 [1947 (45) 322; 1952 Code Section 37‑812; 1962 Code Section 37‑812] recodified as Section 38‑17‑120 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑140 [1960 (51) 1630; 1962 Code Section 37‑210.1] recodified as Section 38‑45‑120 by 1987 Act No. 155, Section 1; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑130.** Adjustment of losses; inspections and endorsements.

All losses occurring under policies placed through an insurance broker may be adjusted by a licensed producer or adjuster in this State. All inspections of property and endorsements on policies may be made by a licensed broker or any other licensed insurance producer in this State authorized to do so.

HISTORY: Former 1976 Code Section 38‑45‑130 [1947 (45) 322; 1952 Code Section 37‑813; 1962 Code Section 37‑813] recodified as Section 38‑17‑130 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑120 [1947 (45) 322; 1952 Code Section 37‑212; 1962 Code Section 37‑212] recodified as Section 38‑45‑130 by 1987 Act No. 155, Section 1; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑140.** Revocation of license of broker.

When the director or his designee determines after investigation that a broker has violated this title, he may, upon ten days' notice, impose the penalties provided in Section 38‑2‑10.

HISTORY: Former 1976 Code Section 38‑45‑140 [1947 (45) 322; 1952 Code Section 37‑814; 1962 Code Section 37‑814] recodified as Section 38‑17‑140 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑150 [1947 (45) 322; 1952 Code Section 37‑204; 1962 Code Section 37‑204] recodified as Section 38‑45‑140 by 1987 Act No. 155, Section 1; 1988 Act No. 374, Section 19; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑150.** Penalties.

Any person violating this chapter is guilty of a misdemeanor. Each risk written in violation of this chapter is considered a separate offense.

HISTORY: Former 1976 Code Section 38‑45‑150 [1947 (45) 322; 1952 Code Section 37‑815; 1962 Code Section 37‑815] recodified as Section 38‑17‑150 by 1987 Act No. 155, Section 1; Former 1976 Code Section 38‑47‑160 [1947 (45) 322; 1949 (46) 600; 1952 Code Section 37‑213; 1962 Code Section 37‑213] recodified as Section 38‑45‑150 by 1987 Act No. 155, Section 1; 1988 Act No. 374, Section 20; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑160.** Brokers policy fees.

No policy fee may be charged by a broker unless it is a reasonable fee, it is made part of the contract, and the broker's premium tax rate is paid upon the policy fee. If for any reason the director or his designee disapproves the placement or the insurer ultimately refuses to write the risk, the broker shall immediately refund the full policy fee to the policyholder.

HISTORY: Former 1976 Code Section 38‑45‑160 [1947 (45) 322; 1952 Code Section 37‑816; 1962 Code Section 37‑816; 1971 (57) 709; 1976 Code Section 38‑45‑160; 1980 Act No. 306, Section 3] recodified as Section 38‑17‑160 by 1987 Act No. 155, Section 1; New Section 38‑45‑160 enacted by 1988 Act No. 314, Section 9; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑170.** Appointment of director as attorney for service of legal process, for eligible surplus lines insurers.

Before the director or his designee approves a nonadmitted insurer as an eligible surplus lines insurer, the insurer shall appoint in writing the director and his successors in office to be its true and lawful attorney upon whom all legal process in any action or proceeding against it must be served and in this writing shall agree that any lawful process against it which is served upon this attorney is of the same legal force and validity as if served upon the insurer and that the authority continues in force so long as any liability remains outstanding in the State. Copies of the appointment, certified by the director, are sufficient evidence of the appointment and must be admitted in evidence with the same force and effect as the original might be admitted.

HISTORY: Former 1976 Code Section 38‑45‑170 [1947 (45) 322; 1952 Code Section 37‑817; 1962 Code Section 37‑817] recodified as Section 38‑17‑170 by 1987 Act No. 155, Section 1; New Section 38‑45‑170 enacted by 1988 Act No. 314, Section 10; 1993 Act No. 181, Section 672; 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑180.** Authority of department.

The department may promulgate regulations and prescribe forms and procedures necessary to implement this chapter.

HISTORY: 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑190.** Authority of director.

(A) For the purposes of carrying out the Nonadmitted and Reinsurance Reform Act of 2010, the director or his designee may enter into an agreement with a single state to facilitate the collection, allocation, and disbursement of premium taxes attributable to the placement of surplus lines insurance, provide for uniform methods of allocation and reporting among surplus lines insurance risk classifications, and share information among states relating to surplus lines insurance premium taxes. The General Assembly may approve, modify, or rescind any such agreement.

(B) The director or his designee is authorized to participate in a clearing house established through a multistate agreement approved by the General Assembly for the purpose of collecting and disbursing to reciprocal states any funds collected pursuant to subsection (A) applicable to properties, risks, or exposures located or to be performed outside of this State. To the extent that other states where portions of the properties, risks, or exposures reside have failed to enter into an agreement or reciprocal allocation procedure with this State, the net premium tax collected shall be retained by this State.

HISTORY: 2012 Act No. 283, Section 1, eff January 1, 2012.

**SECTION 38‑45‑195.** Collecting taxes for all risks placed in surplus lines market.

Nothing in this chapter precludes the director or his designee from collecting one hundred percent of the taxes due under this chapter for all risks placed in the surplus lines market.

HISTORY: 2012 Act No. 283, Section 1, eff January 1, 2012.