

**North Carolina Department of Insurance  
Activities Requiring a Surplus Lines License**

<b>Activities</b>	<b>Non - Licensable “Clerical”</b>	<b><u>Retail</u> Surplus Lines License required<sup>1</sup></b>	<b><u>Wholesale</u> Surplus Lines License required<sup>2</sup></b>
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<b><i>Solicit</i></b>			
Dispense brochures and other general information. Disseminating buyers’ guides, applications for coverage, coverage selection forms or other similar forms in response to a request from prospective or current policyholders or, in the case of wholesale surplus lines producers, retail agents.  <i>(No conversation relating to contract terms and conditions should be discussed or transmitted).</i>	X		
Receiving and recording consumer questions to give to a licensed surplus lines insurance producer for his or her response.	X		
Scheduling appointments for insurance producers to discuss insurance with a customer.	X		
Disseminating information as to rates and/or coverages secured by reference to a published or printed list or computer data base of standard rates.		X	X
<b><i>Negotiate</i></b>			
Communicating with the policyholder or prospective policyholder (or, in the case of wholesale surplus lines agents, the retail agents) in order to obtain factual information necessary for an insurance producer to complete a review.		X	*

<sup>1</sup> Retail Agents directly procuring a non-admitted policy. **(Dealing directly with the insured)**

<sup>2</sup> Wholesale Brokers procuring a non-admitted policy for a retail agent. **(Going through a licensed retail agent. Generally, not dealing directly with the insured only on a specific program)**

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Communicating with the company about the risk (or, in the case of the wholesale surplus lines agents, the retail agents) in order to obtain factual information necessary to complete a review.		X	X
Engaging in a discussion with the surplus lines carrier concerning risk of an existing or prospective policy.		X	X
Explain, discuss, or interpret coverage, rates, analyze exposures or policies, or give opinions or recommendations as to coverage to a policyholder, prospective policyholder, or retail agent by mail, email, fax, telephone or in person.		X	X
Counsel, urge or advise any prospective purchaser to buy a particular policy or to insure with a particular company.		X	X
<b><i>Information Gathering</i></b>			
Receiving messages for transmittal to a licensed surplus lines insurance producer without discussion of rates or coverage. Receiving and recording information from an applicant or policyholder and preparing an application for insurance pursuant to instructions from and for the review of a licensed surplus lines insurance producer.  <i>(Recording of information ONLY examples: Receiving mortgage/lienholder information for a policy; changing contact information).</i>	X		
Obtain underwriting information from credit agencies, DMV, and other insurance agencies and companies for purposes of providing it to the licensed surplus lines insurance producer who is actually placing the surplus lines policy.	X		

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<i>(Example: Communicating ONLY with third parties to collect underwriting information from these sources to be provided to a licensed insurance producer: example credit companies, DMV, etc).</i>			
<b><i>Sell or Bind Coverage</i></b>			
Indicate that requested coverage is or will be bound, issued, reinstated or cancelled.		<b>X</b>	<b>X</b>
Binding coverage.		<b>X</b>	<b>X</b>
Only receiving premiums at the recorded place of business where the payment is being made on a binder, endorsement, or existing policy.  <i>(Note: If the policy is cancelled, refer client to a licensed surplus lines insurance producer).</i>  <i>Reminder: unlicensed insurance producers and employees cannot sell, solicit, or negotiate insurance business.</i>	<b>X</b>		
<b><i>Servicing of Existing Producers</i></b>			
Printing, transmitting, or mailing unaltered insurance ID Cards.	<b>X</b>		
Printing, transmitting, or mailing unaltered Certificates of Insurance or other evidence of insurance.	<b>X</b>		

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<p><i>(Unlicensed employees may not sign the Certificate of Insurance or other evidence of insurance).</i></p> <p><i>Note: unlicensed persons may deliver Certificates of Insurance, etc. at the direction of a licensed surplus lines producer.</i></p>			
<p>Preparing and processing endorsements, binders, commitments, insurance policies or insurance identification cards to be given to a licensed surplus lines insurance producer for review and approval.</p> <p><i>(There should be records kept that show that a licensed surplus lines insurance producer has reviewed and approved such documents.)</i></p>		<b>X</b>	<b>*</b>
<p>Receiving and recording an insured’s request concerning any additions or deletions to an existing policy to be given to a licensed surplus lines insurance producer for completion.</p>	<b>X</b>		
<p>Informing the policyholder of their coverage as indicated in policy records.</p>		<b>X</b>	<b>X</b>
<p>Opening mail, office filing, and mailing bills. Receiving telephone calls, reporting additional or replacement items (vehicles, property, drivers for policies currently in force).</p>	<b>X</b>		

(\* ) License not required since the wholesale agents’ employees are dealing with a licensed retail agent and not the actual insured.

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## **North Carolina Department of Insurance Activities Requiring a Surplus Lines License**

### **Clarifying Notes:**

This chart is for CSRs, underwriting assistants, and other administrative activities. This also assumes that the producing agent or broker has an NC Surplus Lines License. Any broker procuring business needs to be licensed as a Surplus Lines Producer.

Directly procuring business is the person who actually places the business – dealing with the carrier.

MGAs are on the wholesale side.

Retail agents are individuals dealing directly with the insured.

Licensed surplus lines retail agents and licensed surplus lines MGAs/Wholesalers deal directly with surplus lines carriers.

**Selling, soliciting, and negotiating of any kind requires a surplus lines license whether this is on the retail side or the MGA/Wholesale side.**