

**Assembly Bill No. 842**

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Passed the Assembly    September 6, 1995

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*Chief Clerk of the Assembly*

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Passed the Senate    September 1, 1995

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_ day  
of \_\_\_\_\_, 1995, at \_\_\_\_ o'clock \_\_M.

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*Private Secretary of the Governor*

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## CHAPTER \_\_\_\_

An act to add Section 1763.1 to the Insurance Code, relating to insurance.

## LEGISLATIVE COUNSEL'S DIGEST

AB 842, Hoge. Surplus line insurance: export list.

Existing law provides that a surplus line broker may solicit and place insurance, other than as excepted, with nonadmitted insurers only if that insurance cannot be procured from insurers admitted for the particular class or classes of insurance and that actually write the particular type of insurance in this state.

This bill would authorize the Insurance Commissioner to declare, by order, eligible for placement with a nonadmitted insurer and exempt from certain conditions to placement of insurance requirements, as specified, any type of insurance coverage or risk for which the commissioner finds, after a public hearing, that there is not a reasonable or adequate market among admitted insurers. The commissioner would be required to maintain an export list, as specified, showing those exempt coverages and risks. However, the commissioner would not be authorized to place certain insurance on the export list.

*The people of the State of California do enact as follows:*

SECTION 1. Section 1763.1 is added to the Insurance Code, to read:

1763.1. (a) The commissioner may by order declare eligible for placement with a nonadmitted insurer and exempt from all requirements of Section 1763 except the filing of a confidential written report, any type of insurance coverage or risk for which he or she finds, after a public hearing, that there is not a reasonable or adequate market among admitted insurers. The commissioner or his or her designee shall maintain an export list showing all those exempt coverages and risks.



A public hearing shall be held annually or more often at the commissioner's discretion and reasonable notice of a hearing shall be given to all interested parties including surplus line brokers, admitted insurers, trade associations representing admitted insurers, agents and brokers, and consumer groups. The hearing shall not be required to be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. Any such order by the commissioner shall continue in effect until terminated by the commissioner. Where the commissioner receives written comments or testimony or otherwise determines, prior to a hearing that a type of insurance on the export list is more available in the admitted market the commissioner may remove the type of insurance from the list. The eligibility of any type of insurance to remain on the list is subject to an annual affirmative finding by the commissioner, however, when written comment or testimony is received prior to a hearing, the eligibility of that type of insurance to remain on the export list shall be reviewed at the next hearing and that type of insurance may not remain on the export list without an affirmative decision by the commissioner or his or her designee that there is not a reasonable or adequate market among admitted insurers. The commissioner or his or her designee shall notify all surplus line brokers of any removal. For purposes of this section, the commissioner shall not be authorized to include on the export list as eligible for placement with a nonadmitted insurer, automobile or motor vehicle liability insurance, insurance on residential property, as defined under Section 10087, or any insurance written by the California FAIR plan.

(b) The surplus line advisory organization authorized by Chapter 6.1 (commencing with Section 1780.50) shall pay the costs for a maximum of two public hearings per year held by the commissioner or his or her designee pursuant to this section.

(c) Except for the removal of a type of insurance from the export list pursuant to subdivision (a), nothing in this



section shall authorize the commissioner to declare any type of insurance ineligible for exportation.



Approved \_\_\_\_\_, 1995

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*Governor*

