

INSURANCE CODE

TITLE 6. ORGANIZATION OF INSURERS AND RELATED ENTITIES

SUBTITLE I. SURPLUS LINES INSURERS; COMPANIES NOT ORGANIZED IN
TEXAS

CHAPTER 981. SURPLUS LINES INSURANCE

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 981.001. PURPOSE. (a) An insurance transaction that is entered into by a resident of this state with an eligible surplus lines insurer through a surplus lines agent because of difficulty in obtaining coverage from an authorized insurer is a matter of public interest.

(b) The transaction of surplus lines insurance is a subject of concern and it is necessary to provide for the regulation, taxation, supervision, and control of these transactions and the practices and matters related to these transactions by:

(1) requiring appropriate standards and reports concerning the placement of surplus lines insurance;

(2) imposing requirements necessary to make regulation and control of surplus lines insurance reasonably complete and effective;

(3) providing orderly access to eligible surplus lines insurers;

(4) ensuring the maintenance of fair and honest markets;

(5) protecting the revenues of this state; and

(6) protecting authorized insurers, which under the laws of this state must meet strict standards relating to the regulation and taxation of the business of insurance, from unfair competition by unauthorized insurers.

(c) To regulate and tax surplus lines insurance placed in accordance with this chapter within the meaning and intent of 15 U.S.C. Section 1011 and 15 U.S.C. Chapter 108, this chapter provides an orderly method for each person whose home state is this state for a particular transaction to effect insurance with eligible surplus lines insurers through qualified, licensed, and

supervised surplus lines agents in this state, if coverage is not available from authorized and regulated insurers engaged in business in this state, under reasonable and practical safeguards. Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. [951](#)), Sec. 1, eff. June 14, 2013.

Sec. 981.002. DEFINITIONS. In this chapter:

(1) "Affiliate" means, with respect to determining the home state of an insured, and solely for the purpose of determining whether an entity is another entity's affiliate, a person or entity that controls, is controlled by, or is under common control with the insured.

(2) "Affiliated group" means a group of entities whose members are all affiliated.

(3) "Control" means, with respect to determining the home state of an insured, and solely for the purpose of determining whether an entity is another entity's affiliate:

(A) to directly or indirectly, acting through one or more persons, own, control, or hold the power to vote at least 25 percent of any class of voting security of the other entity; or

(B) to control in any manner the election of the majority of directors or trustees of the other entity.

(4) "Eligible surplus lines insurer" means an insurer that is not an authorized insurer, but that is eligible under Subchapter B or B-1, in which surplus lines insurance is placed or may be placed under this chapter.

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

(A) the state in which the insured maintains the insured's principal residence, if the insured is an individual;

(B) the state in which the insured maintains the insured's principal place of business, if the insured is not an individual;

(C) if 100 percent of the insured risk is located outside of the state in which the insured maintains the insured's principal residence or principal place of business, as applicable,

the state to which the greatest percentage of the insured's taxable premium for the insurance contract that covers the risk is allocated; or

(D) for an affiliated group, the home state of the member, as determined under Paragraphs (A)-(C), that has the largest percentage of premium attributed to it under the insurance contract.

(6) "Managing underwriter" means a surplus lines agent or agency that exercises, pursuant to a written agreement with an eligible surplus lines insurer, underwriting authority for the eligible surplus lines insurer and that derives the agent or agency's business from a surplus lines agent.

(7) "Stamping office" means the Surplus Lines Stamping Office of Texas.

(8) "Surplus lines agent" means an agent licensed under Subchapter E to procure an insurance contract from a surplus lines insurer.

(9) "Surplus lines insurance" means insurance coverage that may be placed, in accordance with this chapter, with an eligible surplus lines insurer or the insurer's managing underwriter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 837 (H.B. [3410](#)), Sec. 2, eff. January 1, 2012.

Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. [951](#)), Sec. 2, eff. June 14, 2013.

Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. [2492](#)), Sec. 2, eff. January 1, 2018.

Sec. 981.003. APPLICABILITY OF CHAPTER. This chapter applies to surplus lines insurance if the home state of the insured is this state.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. [951](#)), Sec. 3, eff. June 14, 2013.

Sec. 981.0031. EXEMPT COMMERCIAL PURCHASER DEFINED.

(a) For purposes of this chapter, "exempt commercial purchaser" means a person who purchases commercial insurance and, at the time of placement:

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

(2) has paid aggregate nationwide commercial property and casualty insurance premiums of more than \$100,000 in the immediately preceding 12 months; and

(3) meets at least one of the following criteria:

(A) has a net worth of more than \$20 million;

(B) generates annual revenue of more than \$50 million;

(C) employs more than 500 full-time or full-time equivalent employees per individual insured, or is a member of an affiliated group that employs more than 1,000 employees in aggregate;

(D) is a nonprofit organization or public entity generating annual budgeted expenditures of at least \$30 million; or

(E) is a municipality with a population of more than 50,000.

(b) Effective on January 1, 2015, and on every fifth January 1 thereafter, the commissioner shall by order adjust the amounts provided by Subsections (a)(3)(A), (B), and (D) to reflect the percentage change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor for the five-year period immediately preceding January 1 of the year of the adjustment.

Added by Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. 951), Sec. 4, eff. June 14, 2013.

Sec. 981.0032. QUALIFIED RISK MANAGER DEFINED. For purposes of this chapter, "qualified risk manager" means, with respect to a policyholder of commercial insurance, a person who:

(1) is an employee of, or third-party consultant retained by, a commercial policyholder;

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

(3) satisfies the requirements of one of the following paragraphs:

(A) has:

(i) a bachelor's or higher degree from an accredited college or university in risk management, business administration, finance, economics, or another field determined by a state insurance commissioner or other state regulatory official or entity to demonstrate competence in risk management; and

(ii) either:

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

(b) a designation, certification, or license:

(1) as a chartered property casualty underwriter (CPCU), issued by the American Institute for CPCU/Insurance Institute of America;

(2) as an associate in risk management (ARM) issued by the American Institute for CPCU/Insurance Institute of America;

(3) as a Certified Risk Manager (CRM) issued by the National Alliance for Insurance Education and Research;

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

(5) that is determined by a state insurance commissioner or other state insurance regulatory official or entity to demonstrate minimum competence in risk management;

(B) has at least seven years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing of commercial lines of insurance and one of the designations, certifications, or licenses

described by Paragraph (A)(ii)(b);

(C) has at least 10 years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance; or

(D) has a graduate degree from an accredited college or university in risk management, business administration, finance, economics, or another field determined by a state insurance commissioner or other state regulatory official or entity to demonstrate competence in risk management.

Added by Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. [951](#)), Sec. 4, eff. June 14, 2013.

Sec. 981.0033. INDUSTRIAL INSURED DEFINED. For purposes of this chapter, "industrial insured" means a person who purchases commercial insurance and, at the time of placement:

(1) employs or retains a qualified risk manager to negotiate insurance coverage; and

(2) either:

(A) has paid aggregate nationwide commercial property and casualty insurance premiums of more than \$25,000 in the immediately preceding 12 months; or

(B) employs at least 25 full-time employees.

Added by Acts 2017, 85th Leg., R.S., Ch. 92 (H.B. [1559](#)), Sec. 1, eff. September 1, 2017.

Sec. 981.004. SURPLUS LINES INSURANCE AUTHORIZED. (a) An eligible surplus lines insurer may provide surplus lines insurance only if:

(1) the full amount of required insurance cannot be obtained, after a diligent effort, from an insurer authorized to write and actually writing that kind and class of insurance in this state;

(2) the insurance is placed through a surplus lines agent; and

(3) the insurer meets the eligibility requirements of Subchapter B or B-1 as of the inception date and annual anniversary

date of each insurance contract, cover note, or other confirmation of insurance.

(b) An eligible surplus lines insurer may provide surplus lines insurance only in the amount that exceeds the amount of insurance obtainable from authorized insurers.

(c) Subsection (a)(1) does not apply to insurance procured for an exempt commercial purchaser if:

(1) the agent procuring or placing the insurance discloses to the exempt commercial purchaser that:

(A) comparable insurance may be available from the admitted market that is subject to more regulatory oversight than the surplus lines market; and

(B) a policy purchased in the admitted market may provide greater protection than the surplus lines insurance policy; and

(2) after receiving the notice described by Subdivision (1), the exempt commercial purchaser requests in writing that the agent procure the insurance from or place the insurance with an eligible surplus lines insurer.

(d) Subsection (a)(1) does not apply to insurance procured for an industrial insured if:

(1) the agent procuring or placing the insurance discloses to the industrial insured that:

(A) comparable insurance may be available from the admitted market that is subject to more regulatory oversight than the surplus lines market; and

(B) a policy purchased in the admitted market may provide greater protection than the surplus lines insurance policy;

(2) the surplus lines company offering the coverage has a financial strength rating of A- or better from the A. M. Best Company; and

(3) after receiving the notice described by Subdivision (1), the industrial insured requests in writing that the agent procure the insurance from or place the insurance with an eligible surplus lines insurer.

(e) Subsections (a)(1) and (b) do not apply to flood coverage under an insurance policy issued by an eligible surplus

lines insurer that has a financial strength rating of A- or better from the A. M. Best Company.

(f) Notwithstanding Subsection (a)(1), the availability of windstorm and hail insurance from the Texas Windstorm Insurance Association does not preclude an eligible surplus lines insurer from providing windstorm and hail insurance under Subsection (a) or limiting the amount of insurance that may be provided under Subsection (b).

(g) Except with respect to a line of insurance for which the commissioner has temporarily reinstated the requirements for rate and form filings under Section [2251.0031\(d\)](#) or [2301.0031\(d\)](#), Subsections (a)(1) and (b) do not apply to an insurance policy issued by an eligible surplus lines insurer for any line of the kinds of insurance described by Sections [2251.0031\(a\)](#) and [2301.0031\(a\)](#) or exempted under Section [2251.0031\(c\)](#) or [2301.0031\(c\)](#).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. [951](#)), Sec. 5, eff. June 14, 2013.

Acts 2017, 85th Leg., R.S., Ch. 92 (H.B. [1559](#)), Sec. 2, eff. September 1, 2017.

Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. [2492](#)), Sec. 3, eff. January 1, 2018.

Acts 2019, 86th Leg., R.S., Ch. 763 (H.B. [1306](#)), Sec. 1, eff. September 1, 2019.

Acts 2019, 86th Leg., R.S., Ch. 1089 (H.B. [1940](#)), Sec. 1, eff. June 14, 2019.

Acts 2021, 87th Leg., R.S., Ch. 42 (S.B. [1367](#)), Sec. 1, eff. September 1, 2021.

Acts 2021, 87th Leg., R.S., Ch. 915 (H.B. [3607](#)), Sec. 21.001(58), eff. September 1, 2021.

Sec. 981.005. VALIDITY OF CONTRACTS. (a) Unless a material and intentional violation of this chapter or Chapter [225](#) exists, an insurance contract obtained from an eligible surplus lines insurer is:

(1) valid and enforceable as to all parties; and

(2) recognized in the same manner as a comparable contract issued by an authorized insurer.

(b) A material and intentional violation of this chapter or Chapter 225 does not preclude the insured from enforcing the insured's rights under the contract.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.125, eff. April 1, 2009.

Sec. 981.006. SANCTIONS. Chapter 82 applies to a surplus lines agent or an eligible surplus lines insurer that violates:

(1) this chapter;

(2) Chapter 225; or

(3) a rule or order adopted under Subchapter B or B-1 or Section 981.005.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.126, eff. April 1, 2009.

Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. 2492), Sec. 4, eff. January 1, 2018.

Sec. 981.007. LIABILITY OF SURPLUS LINES INSURER FOR LOSSES AND UNEARNED PREMIUMS. (a) This section applies if:

(1) an eligible surplus lines insurer has assumed a risk under this chapter; and

(2) the surplus lines agent who placed the insurance has received the premium for that risk.

(b) If a coverage question between the eligible surplus lines insurer and the insured arises regarding the assumed risk, the insurer is considered to have received the premium due for that coverage.

(c) The eligible surplus lines insurer is liable to the insured for any:

(1) loss covered by the insurance; and

(2) unearned premium payable to the insured on cancellation of the insurance.

(d) This section applies without regard to whether the surplus lines agent is indebted to the insurer regarding the insurance or for any other cause.

(e) An eligible surplus lines insurer that assumes a risk under this chapter subjects itself to this section.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.008. SURPLUS LINES INSURANCE PREMIUM TAX. The premiums charged for surplus lines insurance are subject to the premium tax, if applicable, imposed under Chapter 225.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.127, eff. April 1, 2009.

Acts 2011, 82nd Leg., 1st C.S., Ch. 4 (S.B. 1), Sec. 18.10, eff. September 28, 2011.

Sec. 981.009. RULES. The commissioner may adopt rules to implement this chapter or satisfy requirements under federal law or regulations.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.228(a), eff. Sept. 1, 2003.

SUBCHAPTER B. ELIGIBILITY REQUIREMENTS FOR SURPLUS LINES INSURERS

Sec. 981.051. AUTHORIZATION REQUIRED. (a) Before an insurer may issue surplus lines insurance, the insurer must hold an authorization to engage in the business of insurance from its domiciliary state or country.

(b) The authorization from the domiciliary state or country must be for the same kind or class of insurance to be written in this state as surplus lines insurance.

(c) The surplus lines insurer must provide to the commissioner satisfactory evidence that the insurer holds the

authorization.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.054. CERTAIN PRECONDITIONS NOT ALLOWED. An eligible surplus lines insurer may not require as a condition precedent to writing new or renewal surplus lines insurance that the insured or prospective insured place with the insurer other insurance that is not obtainable as surplus lines insurance.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.057. MINIMUM CAPITAL AND SURPLUS REQUIREMENTS. (a) Except as provided by Subsection (b), an eligible surplus lines insurer must maintain capital and surplus in an amount of at least \$15 million.

(b) Subsection (a) does not apply to alien surplus lines insurers listed on the Quarterly Listing of Alien Insurers maintained by the International Insurers Department, National Association of Insurance Commissioners.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. [951](#)), Sec. 6, eff. June 14, 2013.

Sec. 981.058. ALIEN INSURERS. An alien surplus lines insurer must be listed on the Quarterly Listing of Alien Insurers maintained by the International Insurers Department, National Association of Insurance Commissioners.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. [951](#)), Sec. 7, eff. June 14, 2013.

Sec. 981.063. COMMISSIONER OR DEPARTMENT NOT RESPONSIBLE FOR DETERMINING UNAUTHORIZED INSURER'S FINANCIAL CONDITION OR CLAIMS PRACTICES. This subchapter does not impose on the commissioner or department a responsibility to determine the actual financial condition or claims practices of an unauthorized insurer

as described by Chapter [101](#).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.064. COMMISSIONER MAY ORDER REVOCATION OF CONTRACTS. The commissioner may order the revocation of an insurance contract issued by an eligible surplus lines insurer that does not meet the eligibility requirements of this subchapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.065. APPLICABILITY TO CONTRACT EXTENSION. This subchapter and Sections [981.101\(b\)](#), [981.210](#), and [981.211](#) apply to an extension of an insurance contract beyond its original expiration date.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.066. UNIFORM STANDARDS. To issue surplus lines insurance in this state, an insurer must comply with all applicable nationwide uniform standards adopted by this state in accordance with 15 U.S.C. Section 8204.

Added by Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. [951](#)), Sec. 8, eff. June 14, 2013.

SUBCHAPTER B-1. DOMESTIC SURPLUS LINES INSURER

Sec. 981.071. DEFINITION. In this subchapter, "domestic surplus lines insurer" means an insurance company designated as a domestic surplus lines insurer under Section [981.072](#).

Added by Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. [2492](#)), Sec. 5, eff. January 1, 2018.

Sec. 981.072. DESIGNATION AS DOMESTIC SURPLUS LINES INSURER. (a) A property and casualty insurance company organized under Chapter [822](#) that has capital and surplus in an amount described by Section [981.057](#) may apply to the department in a form and manner prescribed by the commissioner for designation as a domestic surplus lines insurer.

(b) On approval of an application under Subsection (a), the

commissioner shall designate an applicant as a domestic surplus lines insurer and issue to the applicant a domestic surplus lines insurer certificate.

(c) Notwithstanding Section [822.101](#), a domestic surplus lines insurer is not entitled to a certificate of authority to engage in the business of insurance in this state in the admitted market.

Added by Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. [2492](#)), Sec. 5, eff. January 1, 2018.

Sec. 981.073. APPLICABILITY OF OTHER LAW; CONFLICTS.

(a) Except as provided by Subsection (b), a domestic surplus lines insurer is subject to:

- (1) this chapter; and
- (2) all other insurance laws, including Title 4, applicable to a property and casualty insurance company organized under Chapter [822](#).

(b) A domestic surplus lines insurer is not subject to:

- (1) Section [38.003](#);
- (2) Chapter [462](#);
- (3) Chapter [463](#);
- (4) Chapter [501](#);
- (5) Section [981.051](#);
- (6) Section [981.101](#)(b);
- (7) Chapter [2007](#);
- (8) Chapter [2301](#);
- (9) Chapter [2251](#); and
- (10) Chapter [1006](#), Transportation Code.

(c) To the extent that this subchapter conflicts with any other insurance law, this subchapter controls.

Added by Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. [2492](#)), Sec. 5, eff. January 1, 2018.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 594 (S.B. [604](#)), Sec. 5.25, eff. September 1, 2019.

Sec. 981.074. AUTHORIZED BUSINESS. (a) A domestic surplus

lines insurer may only insure a risk in this state if:

(1) the insurance is procured as eligible surplus lines insurance under this chapter; and

(2) the insurance is a kind of insurance the insurer is authorized to write under the insurer's articles of incorporation.

(b) A domestic surplus lines insurer may not issue:

(1) a policy in the admitted market; or

(2) a policy to satisfy the financial responsibility requirements of Chapter 601, Transportation Code, insurance requirements of Chapter 406, Labor Code, or requirements of any other law of this state mandating insurance coverage by an insurance company authorized to engage in the business of insurance in this state.

Added by Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. 2492), Sec. 5, eff. January 1, 2018.

Sec. 981.075. TAXES IMPOSED. (a) The premium for a surplus lines policy written under this subchapter is subject to the premium tax, if applicable, imposed under Chapter 225.

(b) A domestic surplus lines insurer is subject to an applicable maintenance tax as if the domestic surplus lines insurer were an authorized insurer under Subtitle C, Title 3.

Added by Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. 2492), Sec. 5, eff. January 1, 2018.

Sec. 981.076. REQUIREMENTS FOR DOMESTIC SURPLUS LINES DOCUMENTS. (a) In this section, "surplus lines document" has the meaning assigned by Section 981.101.

(b) A surplus lines document issued by a domestic surplus lines insurer must include a statement in the form and manner provided by commissioner rule.

Added by Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. 2492), Sec. 5, eff. January 1, 2018.

Sec. 981.077. REDOMESTICATION. A foreign insurer may redomesticate to this state as a domestic surplus lines insurer as provided by Chapter 983 if the foreign insurer qualifies under

Section [981.072](#).

Added by Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. [2492](#)), Sec. 5, eff. January 1, 2018.

SUBCHAPTER C. REQUIREMENTS AND PROCEDURES FOR ISSUANCE OF SURPLUS
LINES DOCUMENTS

The following section was amended by the 89th Legislature. Pending publication of the current statutes, see S.B. [455](#), 89th Legislature, Regular Session, for amendments affecting the following section.

Sec. 981.101. REQUIREMENTS FOR SURPLUS LINES DOCUMENTS.

(a) In this section, "surplus lines document" means each new or renewal insurance contract, certificate, cover note, or other confirmation of insurance obtained and delivered as surplus line coverage under this chapter.

(b) A surplus lines document must state, in 11-point type, the following:

This insurance contract is with an insurer not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and the insurer is not a member of the property and casualty insurance guaranty association created under Chapter [462](#), Insurance Code. Chapter [225](#), Insurance Code, requires payment of a _____ (insert appropriate tax rate) percent tax on gross premium.

(c) A surplus lines document must show:

(1) the description and location of the subject of the insurance;

(2) the coverage, conditions, and term of the insurance;

(3) the premium and rate charged, and premium taxes to be collected from the insured;

(4) the name and address of:

(A) the insured;

(B) the insurer; and

(C) the insurance agent who obtained the surplus line coverage; and

(5) if the direct risk is assumed by more than one insurer:

(A) the name and address of each insurer; and

(B) the proportion of the entire direct risk assumed by each insurer.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.128, eff. April 1, 2009.

Sec. 981.102. LIMIT ON USE OF SURPLUS LINES POLICY OR CONTRACT FORMS. A surplus lines insurance policy or contract form may not be used unless use of the form is:

(1) reasonably necessary for the principal purposes of the insurance coverage; or

(2) not contrary to the purposes of this chapter regarding the reasonable protection of authorized insurers from unwarranted competition by unauthorized insurers.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.103. DELIVERY TO INSURED OF SURPLUS LINES DOCUMENTS. (a) On placing new or renewal surplus lines coverage, a surplus lines agent shall promptly issue and deliver to the insured or to the insured's agent the following evidence of insurance:

(1) the policy issued by the insurer; or

(2) if the policy is not available, a certificate, cover note, or other confirmation of insurance.

(b) If the policy is not available at the time of placement of the insurance, the surplus lines agent shall, on the insured's request and as soon as reasonably possible:

(1) obtain the policy from the insurer; and

(2) deliver the policy to the insured to replace the certificate, cover note, or other confirmation of insurance previously issued.

(c) A surplus lines agent may not deliver the evidence of

insurance described by Subsection (a), or purport to insure or represent that insurance will be or has been granted by an eligible surplus lines insurer, unless the agent:

(1) has prior written authority from the insurer for the insurance; or

(2) has received information from the insurer in the regular course of business that:

(A) the insurance has been granted; or

(B) an insurance policy providing the insurance actually has been issued by the insurer and delivered to the insured.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.104. DELIVERY TO INSURED OF REVISED SURPLUS LINES DOCUMENTS. (a) A surplus lines agent shall promptly deliver to the insured a substitute certificate, cover note, confirmation, or endorsement for the original document showing the current status of the coverage and the insurers responsible for that coverage if, after the delivery of the original document, a change is made:

(1) to the identity of the insurers;

(2) to the proportion of the direct risk assumed by the insurer as stated in the original document; or

(3) in any other material respect as to the insurance coverage evidenced by the document.

(b) A change made under Subsection (a) may not result in coverage or an insurance contract that would violate this chapter or Chapter 225, if originally issued on that basis.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.129, eff. April 1, 2009.

Sec. 981.105. FILING WITH STAMPING OFFICE. (a) Not later than the 60th day after the later of the effective date or the issue date of new or renewal surplus lines insurance, a surplus lines agent responsible under Section 225.006 for the filing, reporting, collection, payment, and other requirements imposed by Chapter 225

shall file with the stamping office:

(1) a copy of the policy issued; or

(2) if the policy has not been issued, a copy of the certificate, cover note, or other confirmation of insurance delivered to the insured.

(b) The surplus lines agent described by Subsection (a) shall also promptly file with the stamping office:

(1) a copy of each substitute certificate, cover note, or other confirmation of insurance delivered to an insured;

(2) a copy of each endorsement of an original policy, certificate, cover note, or other confirmation of insurance delivered to an insured; and

(3) a memorandum from the agent informing the stamping office of the substance of any change represented by a document described by Subdivision (1) or (2), as compared with the original coverage.

(c) The commissioner may assess a fee against an agent who files a surplus lines policy after the filing deadline specified by Subsection (a).

(d) For an agent who files a surplus lines policy on or before the 180th day after the effective date or issue date described by Subsection (a), the amount of the fee is:

(1) \$50 for each late-filed policy if, in the calendar year immediately preceding the year in which the policy is late-filed, the agent has filed not more than five percent of the policies the agent was required to file after the filing deadline specified by Subsection (a); or

(2) \$100 for each late-filed policy if, in the calendar year immediately preceding the year in which the policy is late-filed, the agent has filed more than five percent of the policies the agent was required to file after the filing deadline specified by Subsection (a).

(e) For an agent who files a surplus lines policy after the 180th day but before the 365th day after the effective date or issue date described by Subsection (a) and who, during the immediately preceding calendar year, filed not more than two percent of the policies the agent was required to file after the filing deadline

specified by Subsection (a), the amount of the fee for the late-filed policy is \$200.

(f) Notwithstanding any other provision of this section, for an agent who not later than January 1, 2012, files a late-filed policy with an effective date before January 1, 2010, that, at the time the policy is filed, has not been listed in a previous late-filed policy report of the stamping office, the amount of the fee is \$50 for each late-filed policy.

(g) The assessment, imposition, or payment of a fee under this section does not establish a violation for purposes of Section [81.004](#), [82.051](#), [82.052](#), [82.054](#), [82.056](#), or [84.022](#)(b)(3).

(h) An agent who files a surplus lines policy after the filing deadline specified by Subsection (a) is subject to Chapters [81](#), [82](#), and [84](#) only if the agent:

(1) fails to timely pay a fee assessed under this section;

(2) files a surplus lines policy on or after the 365th day after the effective date or issue date; or

(3) files a surplus lines policy after the 180th day but before the 365th day of the effective date or issue date, and in the calendar year immediately preceding the year in which the policy is late-filed, filed more than two percent of the policies the agent was required to file after the filing deadline specified in Subsection (a).

(i) The department shall provide notice to each agent of the amount of fees assessed under this section during each calendar year not later than June 15 of the year immediately following the year for which fees are assessed, and each agent shall pay the assessed fees not later than the 30th day after the date of the notice.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 197 (S.B. [1806](#)), Sec. 1, eff. May 28, 2011.

Acts 2013, 83rd Leg., R.S., Ch. 920 (H.B. [1405](#)), Sec. 2, eff. January 1, 2014.

SUBCHAPTER D. SURPLUS LINES STAMPING OFFICE

Sec. 981.151. STATUS AS NONPROFIT ASSOCIATION. The Surplus Lines Stamping Office of Texas is a nonprofit association.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.152. BOARD OF DIRECTORS. (a) The board of directors of the stamping office exercises the powers of the office.

(b) The board consists of nine members appointed by the commissioner. Four members must represent the public and have a minimum of three years of experience in purchasing commercial insurance. A public representative may not:

(1) be an officer, director, or employee of an insurer, insurance agency, agent, broker, solicitor, or adjuster or any other business entity regulated by the department;

(2) be a person required to register under Chapter 305, Government Code; or

(3) be related to a person described by Subdivision (1) or (2) within the second degree by affinity or consanguinity.

(c) A board member serves a term as established in the plan of operation.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.153. PLAN OF OPERATION. (a) The procedures to administer the stamping office are established by a plan of operation approved by the commissioner. The plan of operation establishes the terms of the members of the board of directors of the office.

(b) The stamping office shall submit any amendment to the plan of operation to the commissioner. An amendment to the plan of operation is effective on approval by commissioner order.

(c) If the stamping office fails to submit a suitable amendment to the plan of operation, the commissioner may, after notice and hearing, adopt:

(1) an amendment to the plan of operation; and

(2) any rules necessary or advisable to implement this

subchapter.

(d) A rule adopted under Subsection (c) continues until:

(1) modified by the commissioner; or

(2) superseded by an amendment to the plan of operation submitted by the stamping office and approved by the commissioner.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.154. POWERS AND DUTIES. (a) The stamping office shall perform its functions under the plan of operation.

(b) The stamping office shall conduct the following activities as provided in the plan of operation:

(1) receive, record, and review each surplus lines insurance contract that a surplus lines agent is required to file with the office;

(2) provide to the commissioner an evaluation of the eligibility of each surplus lines insurance contract and surplus lines insurer;

(3) prepare monthly reports for the commissioner relating to surplus lines insurance obtained during the preceding month in a form prescribed by the commissioner;

(4) prepare reports for the commissioner relating to surplus lines business;

(5) collect from each surplus lines agent a stamping fee for the costs of operations to be paid by the insured and determined by the department in an amount not to exceed three-fourths of one percent of gross premium resulting from surplus lines insurance contracts;

(6) employ persons;

(7) borrow money;

(8) enter into contracts;

(9) perform any other acts to facilitate or encourage compliance with this chapter and rules adopted under this chapter; and

(10) provide any other service incidental or related to an office purpose.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.155. SUPERVISION BY COMMISSIONER. The commissioner shall supervise the stamping office. The stamping office is subject to the applicable provisions of this code and rules of the commissioner.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.156. EXAMINATION BY COMMISSIONER. (a) The commissioner shall examine the stamping office at any time the commissioner considers an examination necessary.

(b) The stamping office shall pay the cost of the examination.

(c) During an examination, a stamping office board member, officer, agent, or employee:

(1) may be examined under oath regarding the operation of the office; and

(2) shall make available any book, record, account, document, or agreement relating to the operation of the office.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.157. IMMUNITY FROM LIABILITY. A person or entity is not liable for, and a cause of action does not arise out of, an act or omission in performing a power or duty under this subchapter if the person or entity is:

(1) the stamping office or a board member, officer, agent, or employee of the stamping office; or

(2) the department or an employee or representative of the department, including the commissioner.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.158. EXEMPTION FROM PUBLIC INFORMATION LAW. (a) An individual surplus lines insurance contract filed with the stamping office is:

(1) confidential; and

(2) not public information under Chapter 552, Government Code.

(b) This section does not prevent access by a state agency

to an individual surplus lines insurance contract filed with the stamping office.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.159. EXEMPTION FROM LIBRARY AND ARCHIVES LAW. Chapter [441](#), Government Code, does not apply to the stamping office or its records.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.160. NO ENFORCEMENT AUTHORITY. This subchapter does not give the stamping office authority to enforce this chapter or Chapter [225](#).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 2E.130, eff. April 1, 2009.

SUBCHAPTER E. SURPLUS LINES AGENTS

Sec. 981.201. DEFINITION. In this subchapter, "managing general agent" means an agent licensed under Chapter [4053](#).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 2E.131, eff. April 1, 2009.

Sec. 981.202. SURPLUS LINES LICENSE REQUIRED. An agent licensed by this state may not issue or cause to be issued an insurance contract with an eligible surplus lines insurer unless the agent possesses a surplus lines license issued by the department.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.203. QUALIFICATIONS FOR SURPLUS LINES LICENSE.
(a) The department may issue a surplus lines license to an applicant who the department determines complies with Subsection (b) and is:

(1) an individual who:

(A) has passed an examination under Chapter 4002 and department rules; and

(B) holds a current license as:

(i) a general property and casualty agent authorized under Subchapter B, Chapter 4051; or

(ii) a managing general agent; or

(2) a corporation, limited liability company, or partnership that:

(A) has at least one officer or director or at least one active partner who has passed the required surplus lines license examination;

(B) holds a current license as:

(i) a general property and casualty agent authorized under Subchapter B, Chapter 4051; or

(ii) a managing general agent; and

(C) conducts insurance activities under this chapter only through an individual licensed under this section.

(a-1) Notwithstanding Subsection (a)(1)(B), an individual is not required to obtain a general property and casualty agent license to hold a surplus lines agent license if:

(1) the home state of each insured is Texas;

(2) the individual is a nonresident of this state;

(3) the individual is licensed as a surplus lines agent in the individual's state of residence;

(4) the individual is not required by the individual's state of residence to hold a general property and casualty agent license to become licensed as a surplus lines agent;

(5) the individual has provided information acceptable to the commissioner that the individual's state of residence does not require a general property and casualty agent license for a surplus lines agent license;

(6) the individual's state of residence does not require a surplus lines agent to search for the availability of insurance in the individual's state of residence before the insurance is placed through a surplus lines agent;

(7) the individual's state of residence allows a

licensed general property and casualty agent to search for the availability of insurance in the individual's state of residence;

(8) the individual has a professional relationship with, and each transaction is conducted through, a person who:

(A) is a licensed general property and casualty agent in this state or in the state of each transaction; and

(B) searches for the availability of insurance in this state before the insurance is placed through a surplus lines agent; and

(9) each transaction complies with the laws of the state in which it occurs.

(b) The agent must:

(1) pay an application fee as determined by the department; and

(2) submit a properly completed license application.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.229(a), eff. Sept. 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 402 (S.B. [1564](#)), Sec. 1, eff. January 1, 2006.

Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. [1263](#)), Sec. 2.09, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 2E.132, eff. April 1, 2009.

Acts 2009, 81st Leg., R.S., Ch. 87 (S.B. [1969](#)), Sec. 14.012, eff. September 1, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 562 (S.B. [697](#)), Sec. 1, eff. January 1, 2014.

Sec. 981.204. CLASSIFICATION OF SURPLUS LINES AGENTS. The department may classify surplus lines agents and issue a surplus lines license to an agent in accordance with:

(1) a classification created under this section; and

(2) reasonable rules of the commissioner.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.210. PLACEMENT OF COVERAGE. A surplus lines agent may not place surplus lines coverage with an insurer unless:

(1) the insurer meets the eligibility requirements of Subchapter B or B-1; and

(2) the stamping office provides evidence to the department that the insurer meets those requirements.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 854 (H.B. [2492](#)), Sec. 6, eff. January 1, 2018.

Sec. 981.211. FINANCIAL CONDITION OF SURPLUS LINES INSURERS. (a) A surplus lines agent must make a reasonable effort to determine the financial condition of an eligible surplus lines insurer before placing insurance with that insurer.

(b) A surplus lines agent may not knowingly place surplus lines insurance with a financially unsound insurer.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.212. ACCEPTING SURPLUS LINES INSURANCE FROM OTHER AGENTS. (a) A surplus lines agent may originate surplus lines insurance or accept surplus lines insurance from another agent who is licensed to handle the kind of insurance being accepted.

(b) A surplus lines agent who accepts surplus lines insurance from an agent may share a commission with that agent.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.213. FILING CONTRACT WITH STAMPING OFFICE. A surplus lines agent responsible under Section [225.006](#) for the filing, reporting, collection, payment, and other requirements imposed by Chapter [225](#) shall report to and file with the stamping office a copy of each surplus lines insurance contract as provided in the stamping office's plan of operation. The department may accept that filing instead of the filings required under Section [981.105](#).

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 920 (H.B. 1405), Sec. 3, eff. January 1, 2014.

Sec. 981.214. COMPLIANCE WITH STAMPING OFFICE PLAN OF OPERATION. A surplus lines agent shall comply with the stamping office's plan of operation.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.215. SURPLUS LINES AGENT RECORDS. (a) A surplus lines agent shall maintain a complete record of each surplus lines contract obtained by the agent, including any of the following, if applicable:

- (1) a copy of the daily report;
- (2) the amount of the insurance and risks insured against;
- (3) a brief general description of the property insured and the location of that property;
- (4) the gross premium charged;
- (5) the return premium paid;
- (6) the rate of premium charged on the different items of property;
- (7) the contract terms, including the effective date;
- (8) the insured's name and post office address;
- (9) the insurer's name and home office address;
- (10) the amount collected from the insured;
- (11) an agreement under Section 225.006(c);
- (12) evidence establishing that:
 - (A) the insured qualified as an exempt commercial purchaser and that the surplus lines agent complied with the requirements of Section 981.004(c) if a diligent effort to obtain insurance in the admitted market was not made pursuant to Section 981.004(a)(1); or
 - (B) the insured qualified as an industrial insured and that the surplus lines agent complied with the requirements of Section 981.004(d) if a diligent effort to obtain insurance in the admitted market was not made pursuant to Section 981.004(a)(1); and

(13) any other information required by the department.

(b) The surplus lines agent shall keep the record required by this section open for examination by the department without notice at any time until the third anniversary of the date the surplus lines contract expires or is canceled.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.233(a), eff. Sept. 1, 2003.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 595 (S.B. 951), Sec. 9, eff. June 14, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 920 (H.B. 1405), Sec. 4, eff. January 1, 2014.

Acts 2015, 84th Leg., R.S., Ch. 1236 (S.B. 1296), Sec. 11.002, eff. September 1, 2015.

Acts 2017, 85th Leg., R.S., Ch. 92 (H.B. 1559), Sec. 3, eff. September 1, 2017.

Sec. 981.216. ANNUAL REPORT. (a) Before March 1 of each year, a surplus lines agent shall submit a report to the department for the preceding calendar year.

(b) The commissioner shall adopt the form for the annual report.

(c) The annual report must:

(1) demonstrate that the amount of insurance obtained from each eligible surplus lines insurer is only the amount that exceeds the amount obtainable from an authorized insurer; and

(2) include any other information required by the commissioner.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.217. NOTICE TO DEPARTMENT REQUIRED. (a) A surplus lines agent shall notify the department not later than the 30th day after the date any of the following occurs:

(1) balances due for more than 90 days to an eligible surplus lines insurer or for more than 60 days to the agent acting on behalf of the surplus lines insurer exceed \$1 million or 10

percent of the insurer's policyholder surplus calculated on December 31 of the preceding year;

(2) balances due for more than 60 days from a managing general agent or a local recording agent appointed by or reporting to the managing general agent exceed \$500,000;

(3) authority to settle claims for an eligible surplus lines insurer is withdrawn;

(4) funds held for an eligible surplus lines insurer for losses are greater than \$100,000 more than the amount necessary to pay losses and loss adjustment expenses expected to be paid on behalf of the insurer in the next 60-day period; or

(5) the agent's contract to act on behalf of a surplus lines insurer is canceled or terminated.

(b) The commissioner shall adopt the form to be used under Subsection (a).

(c) A surplus lines agent may comply with the notification requirement under Subsections (a)(1), (2), and (4) by submitting a single annual report if:

(1) the agent or applicable eligible surplus lines insurer routinely operates beyond the limits provided by those subdivisions; and

(2) the commissioner verifies that fact under a procedure adopted by the commissioner.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.218. DEPARTMENT MONITORING OF SURPLUS LINES AGENTS. The commissioner shall monitor the activities of surplus lines agents as necessary to protect the public interest.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.228(b), eff. Sept. 1, 2003.

Sec. 981.219. ADVERTISING. A surplus lines agent may advertise regarding the agent's ability to place surplus lines insurance permitted by this chapter.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Sec. 981.220. MANAGING GENERAL AGENTS; LIMITED AUTHORITY OF CERTAIN AGENTS. A surplus lines license granted to a managing general agent who is not also licensed under Chapter 4051 is limited to the acceptance of business originating through a licensed general property and casualty agent. The license does not authorize the agent to engage in business directly with the insurance applicant.

Added by Acts 2001, 77th Leg., ch. 1419, Sec. 1, eff. June 1, 2003.

Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.234(a), eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. 1263), Sec. 2.10, eff. September 1, 2007.

Sec. 981.221. SUSPENSION OR REVOCATION OF LICENSE. If a license holder does not maintain the qualifications necessary to obtain the license, the department may revoke or suspend the license or deny the renewal of that license in accordance with Chapter 4003 and Subchapters B and C, Chapter 4005.

Added by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.229(b), eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.134, eff. April 1, 2009.

Sec. 981.222. APPLICABILITY OF OTHER LAW. In addition to the requirements of this chapter, the administration and regulation of a surplus lines agent's license is governed by Title 13, except that the provisions of Sections 4001.002(b)(2)-(6), 4001.003, and 4001.004 and Subchapters C-G, Chapter 4001, do not apply to a license issued under this subchapter.

Added by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.229(c), eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2E.135, eff. April 1, 2009.

Sec. 981.223. MANAGING UNDERWRITERS. (a) A managing underwriter with whom an insurance policy is placed in the manner described by Section 225.006(b) shall maintain appropriate records and make the records available for inspection by the department and the comptroller, including records of:

- (1) the name and address of the insured;
- (2) the policy number and policy period;
- (3) the name of the eligible surplus lines insurer;
- (4) the gross premium charged for the insurance;
- (5) the name of the surplus lines agent who placed the policy with the managing underwriter;
- (6) the license number of the surplus lines agent who placed the policy with the managing underwriter; and
- (7) an agreement, if any, under Section 225.006(c) that applies to the policy.

(b) A managing underwriter who acts as a surplus lines agent for a policy issued by an eligible surplus lines insurer shall maintain appropriate records and make the records available for inspection by the department and the comptroller, including the information listed in Subdivisions (a)(1) through (6). The records must reflect the name and license number of the managing underwriter as the surplus lines agent placing the policy.

(c) A managing underwriter may hold both a surplus lines agent license and a managing general agent license.

Added by Acts 2011, 82nd Leg., R.S., Ch. 837 (H.B. 3410), Sec. 3, eff. January 1, 2012.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 920 (H.B. 1405), Sec. 5, eff. January 1, 2014.