

Directive No. 31

SURPLUS LINES

October 7, 1975

Effective December 1, 1975

The recent insolvency (not covered by the Louisiana Guaranty Association) of a foreign insurer specializing in mobile home coverages and the resulting plight of the Louisiana insurance consumer holding a multi-term mobile home contract with this insurer, necessitates the following action to minimize the dollar volume amount of unearned premium claims in any future liquidation and/or receivership of a surplus line insurer writing mobile home coverages on Louisiana risks.

Effective December 1, 1975, no mobile home coverage of any nature shall be written for a term to exceed twelve months (one year) on Louisiana risks by any eligible surplus line carrier.

Any insurer issuing a continuous form of policy contract shall be limited to a policy term not to exceed twelve months (one year) increments. The anniversary date of the contract shall be so stated and the premiums stipulated thereon shall not exceed the term of the contract.

No alteration, endorsement, application or omission shall serve to extend the term and premium paying period. It is the specific intent of this directive to preclude the advance or prepayment of any amount beyond the annual premium specified in the contract of insurance for any reason whatsoever.

Since this directive cannot be made retroactive beyond the effective date indicated, each licensed resident Louisiana surplus line broker and eligible surplus line carrier upon receipt of this directive shall acknowledge same by dating, signing, and returning one copy to this office.

Sherman A. Bernard
COMMISSIONER OF INSURANCE