



AIG Programs

PROGRAM UNDERWRITING AUTHORITY STATEMENT ADDENDUM – SURPLUS LINES AUTHORITY

RecycleGuard Program

Addendum Date: 02/01/2016

Program Administrator: Willis of New Hampshire, Inc.
Pease International Tradeport
1 New Hampshire Ave. S-200
Portsmouth, NH 03801

This Addendum amends your Underwriting Authority Statement, effective as of the date set forth above. Such changes will be integrated in to future Underwriting Authority Statements or superseded by future Addenda

AMENDMENTS TO AUTHORITY (as follows):

2.15 SURPLUS LINES RULES

In the event that you are asked by the Company to issue a policy on a non admitted basis because certain products offered through the Program cannot be written on an admitted basis in any given state, you may issue such product on a surplus lines basis subject to the terms and conditions set forth below, **provided that** (a) you are properly licensed to place surplus lines business in the required state(s) or (b) you have made arrangements with a duly licensed surplus lines broker to place such business.

2.15.1 INSURANCE COMPANIES

With regard to surplus lines business **ONLY**, you are authorized to place business in the Program with the Companies set forth below

COMPANY NAME

Lexington Insurance Company (all states except DE)
AIG Specialty Insurance Company (DE only)

**CONFIDENTIAL – FOR INTERNAL AIG PROPERTY AND CASUALTY PURPOSES
ONLY**



2.15.2 STATE SURPLUS LINES TAXES, STAMPING FEES, SURCHARGES AND OTHER FEES

You are responsible for ensuring the proper display, billing, collection and remittance of all state required surplus lines taxes, stamping fees, surcharges and other applicable fees. All such amounts associated with these costs are to be remitted directly to the appropriate state/regulatory authority and are not to be remitted to the Company. Please refer to our Underwriting Bulletins or contact your Program Manager for current information regarding all applicable state surcharges and fees (noting that maintaining current information on applicable surplus lines taxes and stamping fees is the responsibility of the surplus lines broker and will not be provided by the Company).

2.15.3 SURPLUS LINES HANDLING AND RELATED CONSIDERATIONS

Surplus lines business can only be placed by a broker that holds a surplus lines license or has surplus lines authority in the “headquarters state” of the insured (see Section 3.10.5). While you may or may not serve in the capacity of surplus lines broker of record on each account, you remain responsible for ensuring that all state required surplus lines obligations/requirements are met and complied with. These requirements include, but are not limited to, proper qualification of surplus lines risks, documentation of diligent search requirements within the admitted market, surplus lines stamping and disclosure to the insured, and the application of state required surplus lines taxes, fees and other charges. If you, as our Program Administrator, are not acting as the surplus lines broker of record, you are responsible for establishing procedures and practices to verify that all state required surplus lines obligations are being met by the surplus lines broker of record. The Company may, if so required, request information from you regarding surplus lines policy handling to satisfy regulatory reporting requests it receives.

2.15.4 SURPLUS LINES REQUIREMENTS FOR QUOTATIONS

All Quotations issued on a surplus lines basis must contain the following wording on the 1st page of the Quotation:

“THIS INSURER IS NOT LICENSED IN THE STATE AND IS NOT SUBJECT TO ITS SUPERVISION”

If you are not acting in the capacity as surplus lines broker of record or are not reflecting the state required surplus lines taxes and other fees, as may be applicable, on the Quotation, you must include the following on your Quotation in the area where the final premium is shown:

“Premium figures do not include surplus lines taxes and fees”



2.15.5 SURPLUS LINES REQUIREMENTS FOR BINDERS

All Binders issued on a surplus lines basis must contain the following wording on the 1st page of the Binder:

“THIS INSURER IS NOT LICENSED IN THE STATE AND IS NOT SUBJECT TO ITS SUPERVISION”

If you are not acting in the capacity as surplus lines broker of record or are not reflecting the state required surplus lines taxes and other fees, as may be applicable, on the Binder you must include the following on your Binder in the area where the final premium is shown:

“Premium figures do not include surplus lines taxes and fees”

2.15.6 SURPLUS LINES FORMS – MANDATORY USE

Surplus lines policies must contain a “Service of Suit” clause, either built into the policy form or added by endorsement. Many proprietary products that have been developed by the Company for surplus lines use will have this clause built in. When ISO-type forms or products/forms that had been previously developed for admitted use are being used on a surplus lines basis, the clause may not be incorporated and will require having it added by endorsement, as follows:

Lexington Insurance Company – Service of Suit Endorsement – PRG 2023 (05/14)

AIG Specialty Insurance Company – Service of Suit Endorsement – PRG 2084 (05/14)

Additionally, the following states require the following Policy Notices be issued as part of the surplus lines policy:

Alaska – Alaska Policyholder Notice – 94079 (07/14)

Florida – Florida Policyholder Notice – Addendum to the Declarations – 101762 (6/09)

Montana - Amendatory Endorsement / Conformity with Montana Statutes – 57120 (05/93)

Texas – Texas Notice (Surplus Lines) – 56668 (3/13)

All other terms and conditions remain unchanged.



ACKNOWLEDGEMENT AND ACCEPTANCE

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This Underwriting Authority Statement Addendum and the authority granted within attaches to the most current document outlining underwriting requirements and authority. Only the terms of this written statement apply to the conduct of your underwriting responsibility. Verbal expressions of underwriting authority do not alter the terms of this Statement. Please sign below and return an executed copy of this Underwriting Authority Statement to your Program Manager within 30 days. If AIG Programs does not receive the executed copy within such time, this Underwriting Authority Statement will automatically go into effect on February 1, 2016.

Acknowledged By:

Delegated By:

Name of Recipient/Designee

Name and Title of Grantor

Date

Date