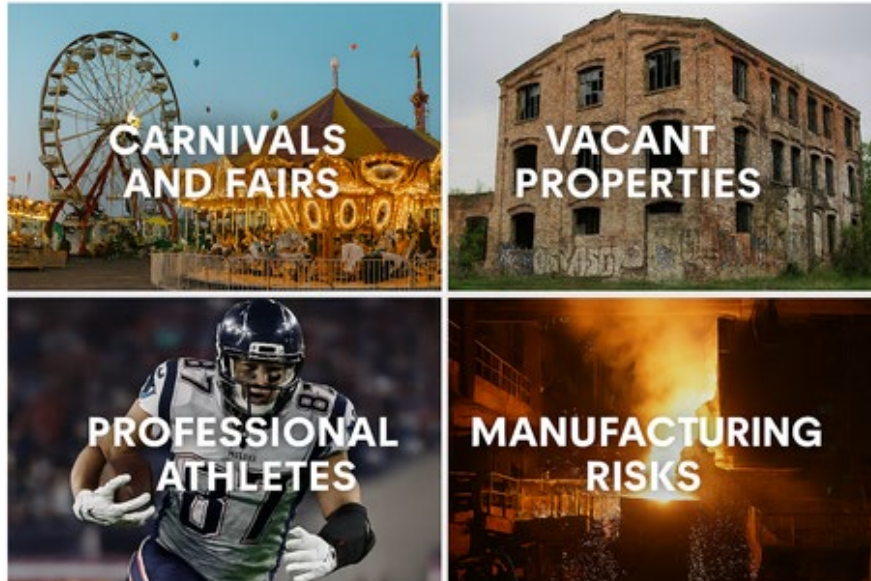


HOW TO INSURE



E&S Broker Training

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Georgia Surplus Lines Broker

Duties & Qualifications — Training Module

1. Role Overview

A Georgia Surplus Lines Broker operates in the non-admitted market, placing coverage that cannot be secured from insurers licensed in the state. Because this market carries higher risk and fewer regulatory protections, Georgia imposes elevated standards on anyone holding this license. The broker's responsibilities blend compliance, fiduciary care, and technical placement expertise.

2. Core Duties of a Georgia Surplus Lines Broker

A. Placement Responsibilities

A surplus lines broker must place coverage **only when the admitted market cannot provide it**. This includes:

- Conducting a diligent search of licensed insurers.
- Documenting that no admitted carrier was willing to write the risk.
- Securing coverage from eligible non-admitted insurers that meet Georgia's financial and regulatory criteria.

B. Compliance & Regulatory Duties

The broker is responsible for ensuring every placement meets Georgia's surplus lines laws. This includes:

- Filing surplus lines affidavits and required placement documentation.
- Reporting and remitting surplus lines premium taxes.
- Maintaining complete, accurate records for state review.
- Ensuring the non-admitted carrier is on Georgia's eligible list or meets financial requirements.

C. Client Disclosure Duties

Georgia requires clear, written disclosure that:

- The insurer is **not licensed** in Georgia.
- The policy is **not protected** by the Georgia Insurance Guaranty Association.
- The client is purchasing coverage from the surplus lines market because the admitted market could not provide it.

D. Fiduciary & Financial Duties

A surplus lines broker must handle all funds with strict fiduciary care. This includes:

- Properly accounting for premiums, fees, and taxes.
- Remitting all taxes and assessments on time.
- Maintaining the required **\$50,000 surety bond** to protect the public and the state.

E. Ongoing Service Duties

The broker continues to support the client after placement by:

- Assisting with policy changes, renewals, and cancellations.
- Helping navigate claims processes with non-admitted carriers.
- Ensuring ongoing compliance for renewals and endorsements.

F. Ethical Duties

The broker must conduct business with honesty, transparency, and professional integrity. This includes:

- Avoiding misrepresentation of coverage.
- Ensuring fees are lawful and disclosed.
- Acting in the best interest of the insured while complying with state law.

3. Qualifications Required to Become a Georgia Surplus Lines Broker

A. Prelicensing Education

Completion of a Georgia-approved prelicensing course (minimum 20 hours) specific to surplus lines authority.

B. State Examination

Passing the Georgia Surplus Lines Broker exam, which covers:

- Surplus lines statutes
- Non-admitted market rules
- Taxation and reporting
- Ethical and fiduciary responsibilities

C. Surety Bond Requirement

Georgia requires a **\$50,000 surety bond** to ensure:

- Proper handling of funds
- Compliance with surplus lines laws
- Protection of consumers and the state

D. Application & Background Requirements

Applicants must:

- Submit a full application to the Georgia Office of Insurance and Safety Fire Commissioner
- Provide fingerprints and pass background checks
- Submit proof of education and exam completion
- Pay all required fees

E. Continuing Education

To maintain the license, brokers must complete ongoing CE that includes surplus lines-specific regulatory updates and ethics training.

4. Instructor Notes (Optional for Your Curriculum)

- This module pairs well with a scenario-based exercise showing a “diligent search” done correctly vs. incorrectly.
- You can also add a compliance drill where learners practice completing a surplus lines affidavit and calculating premium tax.
- The disclosure section is ideal for a coaching script or roleplay scenario.

Asset 1: Scenario Pack — Surplus Lines Placement (Georgia)

A sequenced set of scenarios designed to build judgment, compliance accuracy, and placement confidence.

Scenario 1 — The Diligent Search That Fails (Correctly)

A commercial contractor needs liability coverage for a specialized demolition project involving explosives. The producer approaches three admitted carriers known for writing construction risks. All three decline due to the explosive component. The producer documents each declination, including dates, underwriter names, and reasons. With the admitted market exhausted, the producer contacts you, the surplus lines broker. You review the risk, confirm the diligent search documentation, and place the coverage with an eligible non-admitted carrier that specializes in high-hazard construction. You complete the surplus lines affidavit, file the placement, and remit the appropriate taxes.

Learning Focus:

- Proper documentation
- Clear eligibility for surplus lines
- Clean transition from admitted to non-admitted market

Scenario 2 — The Diligent Search That Fails (Incorrectly)

A restaurant owner wants liquor liability coverage. The producer only checks with one admitted carrier, receives a declination, and immediately asks you to place it in surplus lines. When you ask for the diligent search documentation, the producer insists that “everyone knows” admitted carriers don’t want liquor liability. You explain that Georgia requires a documented search of the admitted market. Without proper documentation, you cannot legally place the coverage. The producer must complete the required search before you proceed.

Learning Focus:

- Legal requirement for a documented search
- Broker responsibility to refuse improper placements
- Protecting the agency and client from regulatory violations

Scenario 3 — The Non-Admitted Carrier That Isn’t Eligible

A tech startup needs cyber coverage with limits higher than most admitted carriers offer. The producer finds a non-admitted carrier online that appears reputable. When the file reaches you, you verify the carrier’s eligibility and discover it is **not** on Georgia’s eligible surplus lines list and does not meet the financial requirements. You inform the producer and locate an eligible non-admitted carrier with the necessary capacity. You complete the placement legally and document the eligibility review.

Learning Focus:

- Eligibility verification
- Broker’s duty to protect the client from unstable or unauthorized carriers
- Proper documentation of carrier selection

Scenario 4 — The Disclosure Conversation

A small business owner is surprised to learn that the insurer is non-admitted. They express concern about the lack of guaranty fund protection. You walk them through the disclosure calmly and clearly, explaining why the admitted market could not provide coverage and how surplus lines carriers are vetted for financial strength. You provide the required written disclosure and answer their questions before binding coverage.

Learning Focus:

- Required disclosures
- Client reassurance and transparency
- Ethical communication

Scenario 5 — The Tax Reporting Deadline

You place a large commercial property policy in the surplus lines market. The producer assumes the carrier will handle taxes. You explain that **Georgia requires the surplus lines broker** to file

and remit premium taxes. You calculate the tax, complete the filing, and submit payment before the deadline. You also document the transaction for audit readiness.

Learning Focus:

- Broker responsibility for tax reporting
- Avoiding penalties and compliance failures
- Maintaining audit-ready records

Scenario 6 — Renewal With Material Changes

A manufacturer renews a surplus lines policy, but this year they added a new facility and expanded operations. You review the changes, confirm that the admitted market still cannot provide coverage, and document a new diligent search. You update disclosures, complete a new affidavit, and file the renewal with accurate tax reporting.

Learning Focus:

- Renewals require fresh compliance steps
- Material changes can affect eligibility
- Continuous documentation discipline

Asset 2: Coaching Script — Non-Admitted Market Disclosures (Georgia)

A calm, confident, client-friendly script that covers every required disclosure without overwhelming the insured.

Opening the Conversation

“Thanks for taking a few minutes to go over the details of your coverage. Before we finalize anything, I want to walk you through an important part of how this policy is placed. This is a standard conversation for certain types of insurance in Georgia, and I’ll make it simple and clear.”

Explaining Why Surplus Lines Is Being Used

“In Georgia, we always try to place coverage with insurers that are licensed in the state. For your particular risk, we checked the admitted market first. Those carriers either declined the risk or couldn’t offer the coverage you need. When that happens, state law allows us to use what’s called the surplus lines market.”

“This market exists specifically for situations like yours—where the coverage is necessary, but the admitted carriers aren’t able to provide it.”

Explaining What “Non-Admitted” Means

“The insurer we’re using is what’s called a non-admitted carrier. That simply means they’re not licensed in Georgia in the same way admitted carriers are. They’re still allowed to operate here, but they do so under a different regulatory structure.”

“These companies are typically specialists. They take on unique, complex, or higher-risk situations that the standard market won’t write.”

Addressing the Guaranty Fund Issue

“One important thing to know is that non-admitted carriers are **not** backed by the Georgia Insurance Guaranty Association. That means if the insurer were ever to become insolvent, the state guaranty fund wouldn’t step in.”

“However, Georgia only allows surplus lines brokers to place business with carriers that meet strict financial requirements. We verify their financial strength before placing any coverage.”

Reassuring the Client

“I want you to know this isn’t unusual. Many businesses—large and small—use surplus lines carriers every day. The key is making sure you understand how the market works and why it’s being used in your situation.”

“My job is to make sure the placement is legal, compliant, and in your best interest.”

Confirming Understanding

“Do you feel comfortable with how the surplus lines market works and why we’re using it for your coverage? If anything feels unclear, I’m happy to walk through it again.”

Closing the Disclosure

“I’ll provide the required written disclosure as well. It summarizes everything we just talked about. Once you’ve reviewed it, we can move forward with binding the coverage.”

Asset 3: The Step-by-Step Compliance Workflow for Georgia Surplus Lines Filings.

Step 1 — Confirm the Risk Cannot Be Placed in the Admitted Market

Begin by verifying that the producer conducted a diligent search of licensed carriers. This requires documented declinations from admitted insurers that normally write this class of business. Each declination should include the date, the underwriter’s name, and the reason for refusal. If the search is incomplete or undocumented, pause the process and have the producer complete it. Georgia law requires this step before any surplus lines placement can occur.

Step 2 — Review the Risk for Surplus Lines Eligibility

Once the diligent search is complete, evaluate the risk to ensure it qualifies for surplus lines placement. Confirm that the need for non-admitted coverage is legitimate and not the result of convenience, pricing, or producer preference. The surplus lines market is only appropriate when the admitted market cannot provide the required coverage.

Step 3 — Verify the Non-Admitted Carrier’s Eligibility

Before placing coverage, confirm that the non-admitted insurer meets Georgia’s financial and regulatory requirements. This includes verifying that the carrier is on Georgia’s eligible surplus lines list or meets the state’s financial strength criteria. Document your verification process. This step protects the insured and ensures the placement is lawful.

Step 4 — Provide Required Client Disclosures

Before binding coverage, deliver the mandatory surplus lines disclosures. Explain that the insurer is non-admitted, that the policy is not protected by the Georgia Insurance Guaranty Association, and that the placement is being made because the admitted market declined the risk. Provide the written disclosure and confirm the client understands the information.

Step 5 — Bind Coverage and Issue Documentation

Once disclosures are complete and the client agrees to proceed, bind the coverage with the eligible non-admitted carrier. Provide the insured with the binder, policy documents, and any required notices. Ensure all documents clearly identify the carrier as non-admitted and reflect the terms agreed upon.

Step 6 — Complete the Surplus Lines Affidavit

Georgia requires a surplus lines affidavit for each placement. Complete the affidavit accurately, including details of the diligent search, the non-admitted carrier’s eligibility, and the specifics of the placement. This document becomes part of the official filing and must be retained for audit purposes.

Step 7 — File the Placement With the State

Submit the required filing to the Georgia Office of Insurance and Safety Fire Commissioner. This includes the surplus lines affidavit, placement details, and any supporting documentation. Ensure the filing is submitted within the required timeframe. Late or incomplete filings can result in penalties.

Step 8 — Calculate and Remit Surplus Lines Premium Taxes

Georgia requires surplus lines brokers to calculate and remit premium taxes on all surplus lines placements. Determine the correct tax amount based on the premium and applicable rates. Submit the tax payment along with the required tax report. This step is the broker’s responsibility and cannot be delegated to the carrier.

Step 9 — Maintain Complete, Audit-Ready Records

Retain all documentation related to the placement, including the diligent search records, disclosures, affidavits, filings, tax reports, and correspondence. Georgia regulators may request these records during audits or compliance reviews. Organized, complete records protect both the broker and the insured.

Step 10 — Monitor Renewals and Material Changes

For renewals, repeat the compliance steps as required. Material changes in the risk may necessitate a new diligent search or updated disclosures. Treat each renewal as a fresh compliance event unless the law specifically allows otherwise. This ensures ongoing legality and accuracy.

Asset 4: Learner Quiz — Georgia Surplus Lines Broker Duties & Compliance

Each question is written in a scenario-driven, exam-ready style that matches your instructional voice.

Answers are included after each question for instructor use.

Question 1 — Diligent Search Requirement

A producer sends you a risk and says, “I already know the admitted market won’t take this. Just place it in surplus lines.” They provide no declinations or documentation.

What is your legal obligation as the surplus lines broker?

Correct Answer:

You must pause the placement and require a documented diligent search of the admitted market. Georgia law prohibits surplus lines placement without proof that licensed carriers declined the risk.

Question 2 — Carrier Eligibility

You find a non-admitted carrier willing to write a complex manufacturing risk. The carrier appears reputable but is not on Georgia’s eligible surplus lines list.

What must you do?

Correct Answer:

You must verify whether the carrier meets Georgia’s financial requirements. If it does not, you cannot place coverage with that carrier and must locate an eligible non-admitted insurer.

Question 3 — Required Disclosures

A client is surprised to learn their policy is being placed with a non-admitted carrier.

What must you disclose before binding coverage?

Correct Answer:

You must explain that the insurer is non-admitted, that the policy is not protected by the Georgia Insurance Guaranty Association, and that the admitted market declined the risk. Written disclosure is required.

Question 4 — Tax Responsibility

A producer tells you the carrier will handle the surplus lines premium tax.

What is the correct response?

Correct Answer:

Georgia requires the surplus lines broker—not the carrier—to calculate, file, and remit surplus lines premium taxes. You must complete the tax filing and payment.

Question 5 — Affidavit Requirement

After binding coverage, what document must you complete to comply with Georgia surplus lines law?

Correct Answer:

The surplus lines affidavit, which documents the diligent search, carrier eligibility, and placement details.

Question 6 — Renewal Compliance

A policy is renewing with significant changes to the insured's operations. What must you do before renewing in the surplus lines market?

Correct Answer:

Reevaluate the risk, confirm whether the admitted market can now write it, and document a new diligent search if required. Renewals must meet the same compliance standards as new placements.

Question 7 — Recordkeeping

Georgia regulators request documentation for a placement you handled last year. What records must you have maintained?

Correct Answer:

All placement documentation, including diligent search records, disclosures, affidavits, filings, tax reports, and correspondence. Records must be complete and audit-ready.

Question 8 — Ethical Conduct

A client asks you to "leave out" certain details to help secure coverage. What is your duty?

Correct Answer:

You must refuse and maintain ethical conduct. Misrepresentation violates Georgia law and your fiduciary duty as a surplus lines broker.

Question 9 — Binding Coverage

Before binding coverage with a non-admitted carrier, what must be completed?

Correct Answer:

All required disclosures must be delivered, the client must acknowledge them, and the placement must be confirmed as eligible under Georgia surplus lines rules.

Question 10 — Purpose of the Surplus Lines Market

Why does Georgia allow surplus lines placements?

Correct Answer:

To provide coverage when the admitted market cannot or will not write the risk. Surplus lines exists to fill gaps, not to replace admitted carriers for convenience or price.

Module Overview

This module provides a complete, end-to-end understanding of the duties, qualifications, compliance responsibilities, and practical application of Georgia surplus lines law. Learners move from foundational knowledge to real-world scenarios, guided scripts, operational workflows, and a final assessment to confirm mastery.

Section 1 — Duties and Qualifications of a Georgia Surplus Lines Broker

A Georgia Surplus Lines Broker operates in the non-admitted market, placing coverage only when the admitted market cannot provide it. Because these placements carry higher risk and fewer regulatory protections, Georgia imposes strict standards on anyone holding this license.

Core Duties

A surplus lines broker must:

- Place coverage only when the admitted market has declined the risk.
- Document a diligent search of licensed carriers.
- Verify the eligibility and financial strength of non-admitted insurers.
- Provide all required disclosures to clients before binding coverage.
- File surplus lines affidavits and placement documentation.
- Calculate and remit surplus lines premium taxes.
- Maintain complete, audit-ready records.
- Uphold ethical conduct and proper handling of funds.
- Support clients with servicing, renewals, and claims navigation.

Qualifications

To become licensed, a broker must:

- Complete Georgia-approved prelicensing education.
- Pass the Georgia surplus lines licensing exam.
- Obtain a **\$50,000 surety bond**.
- Submit a full application and undergo background checks.
- Complete ongoing continuing education to maintain licensure.

Section 2 — Scenario Pack: Applying Surplus Lines Rules in Real Situations

These scenarios build judgment, compliance accuracy, and placement confidence.

Scenario 1 — The Proper Diligent Search

A contractor needs liability coverage for a demolition project involving explosives. Three admitted carriers decline the risk. The producer documents each declination. You confirm the documentation, verify carrier eligibility, place the coverage with an eligible non-admitted insurer, complete the affidavit, and file the placement with taxes.

Scenario 2 — The Incomplete Search

A producer checks with only one admitted carrier and insists surplus lines is the only option. You explain that Georgia requires a documented search of the admitted market. Without it, you cannot legally place the coverage.

Scenario 3 — The Ineligible Carrier

A non-admitted carrier appears willing to write a cyber risk, but it is not on Georgia's eligible list. You verify financials and determine it does not meet requirements. You decline the placement and locate an eligible carrier.

Scenario 4 — The Disclosure Conversation

A client is uneasy about non-admitted coverage. You explain why the admitted market declined the risk, how surplus lines carriers are vetted, and why the placement is appropriate. You provide the required written disclosure.

Scenario 5 — The Tax Filing Responsibility

A producer assumes the carrier will handle taxes. You clarify that Georgia requires the surplus lines broker to calculate and remit premium taxes. You complete the filing and maintain documentation.

Scenario 6 — Renewal With Material Changes

A manufacturer expands operations. You reassess the risk, confirm the admitted market still cannot write it, update disclosures, complete a new affidavit, and file the renewal.

Section 3 — Coaching Script: Explaining Non-Admitted Market Disclosures

This script gives learners a ready-to-use, client-friendly explanation.

Opening

“Before we finalize your coverage, I want to walk you through an important part of how this policy is placed. This is a standard conversation in Georgia, and I’ll make it simple and clear.”

Why Surplus Lines Is Being Used

“We always check the admitted market first. In your case, those carriers declined the risk. When that happens, Georgia allows us to use the surplus lines market, which exists specifically for situations like yours.”

What ‘Non-Admitted’ Means

“The insurer isn’t licensed in Georgia in the same way admitted carriers are. They operate under a different regulatory structure and typically specialize in unique or higher-risk situations.”

Guaranty Fund Explanation

“Non-admitted carriers are not backed by the Georgia Insurance Guaranty Association. However, we only place business with carriers that meet strict financial requirements.”

Reassurance

“This is common for certain types of risks. My job is to make sure the placement is legal, compliant, and in your best interest.”

Confirmation

“Do you feel comfortable with how the surplus lines market works and why we’re using it for your coverage?”

Closing

“I’ll provide the required written disclosure. Once you’ve reviewed it, we can move forward with binding the coverage.”

Section 4 — Step-by-Step Compliance Workflow for Georgia Surplus Lines Filings

This workflow ensures every placement is legal, documented, and audit-ready.

Step 1 — Confirm the Admitted Market Declined the Risk

Verify a documented diligent search. If incomplete, pause the process.

Step 2 — Confirm Surplus Lines Eligibility

Ensure the risk qualifies for non-admitted placement.

Step 3 — Verify Carrier Eligibility

Confirm the non-admitted insurer meets Georgia’s financial and regulatory requirements.

Step 4 — Deliver Required Disclosures

Explain non-admitted status, lack of guaranty fund protection, and the reason for surplus lines placement.

Step 5 — Bind Coverage

Issue binders and documents clearly identifying the carrier as non-admitted.

Step 6 — Complete the Surplus Lines Affidavit

Document the diligent search, carrier eligibility, and placement details.

Step 7 — File the Placement With the State

Submit all required documents within the mandated timeframe.

Step 8 — Calculate and Remit Premium Taxes

Georgia requires the broker to file and pay surplus lines taxes.

Step 9 — Maintain Audit-Ready Records

Retain all documentation for regulatory review.

Step 10 — Monitor Renewals and Material Changes

Treat renewals as fresh compliance events unless otherwise allowed.

Section 5 — Learner Quiz: Mastery Check

1. What must you do if a producer provides no diligent search documentation?

Pause the placement and require a documented search of the admitted market.

2. What if a non-admitted carrier is not on Georgia's eligible list?

Verify financials; if requirements are not met, you cannot place coverage with that carrier.

3. What disclosures must be given before binding coverage?

Non-admitted status, lack of guaranty fund protection, and reason for surplus lines placement.

4. Who is responsible for surplus lines premium taxes?

The surplus lines broker.

5. What document must be completed after binding coverage?

The surplus lines affidavit.

6. What must be done when a renewal includes material changes?

Reevaluate the risk and complete a new diligent search if required.

7. What records must be maintained?

All placement documentation, disclosures, affidavits, filings, tax reports, and correspondence.

8. What is your duty if a client asks you to omit information?

Refuse and maintain ethical conduct.

9. What must be completed before binding coverage?

All required disclosures and confirmation of eligibility.

10. Why does Georgia allow surplus lines placements?

To provide coverage when the admitted market cannot write the risk.

Instructor Notes — Georgia Surplus Lines Broker Module

A clean, narrative-only guide for instructors delivering this training.

Purpose of This Module

This module equips learners with the knowledge and judgment required to legally and confidently place business in the Georgia surplus lines market. It blends foundational instruction, real-world scenarios, client communication skills, compliance workflows, and a mastery check.

How to Teach This Module

Move through the content in a linear sequence. Each section builds on the last, reinforcing both conceptual understanding and practical application. Encourage learners to think like compliance-driven brokers rather than order-takers.

Key Teaching Emphasis Areas

1. The Diligent Search Is Non-Negotiable

Stress that Georgia requires documented declinations from the admitted market. This is the most common compliance failure in the field. Reinforce that “everyone knows the admitted market won’t take this” is not documentation.

2. Carrier Eligibility Must Be Verified Every Time

Learners must understand that not all non-admitted carriers are eligible. This is a core protection for the insured and a legal requirement for the broker.

3. Disclosures Are a Legal Requirement, Not a Courtesy

Instructors should emphasize the importance of clear, confident communication. Many new producers feel uncomfortable explaining non-admitted status. The coaching script helps them overcome that.

4. Taxes Are the Broker’s Responsibility

Make sure learners understand that surplus lines premium taxes are not handled by the carrier. This is a broker duty and a major audit focus.

5. Renewals Are Not Automatic

Teach that renewals require fresh compliance steps, especially when material changes occur. Many brokers mistakenly treat renewals as “set it and forget it.”

How to Use the Scenario Pack

Use each scenario as a discussion prompt. Ask learners:

- What would you do next
- What compliance risks exist

- What documentation is required
- What conversations must occur

Encourage them to articulate their reasoning out loud.

How to Use the Coaching Script

Have learners practice the script in pairs. One plays the client, the other plays the broker. Rotate roles. The goal is to build confidence and clarity in explaining non-admitted market concepts.

How to Use the Compliance Workflow

Treat the workflow as a checklist. Instructors should walk through each step slowly, explaining why it exists and what regulators look for during audits.

How to Use the Learner Quiz

Deliver the quiz after all instruction and scenario discussion. Encourage learners to explain their answers, not just select them. This deepens understanding and reveals gaps.

Instructor Tone and Approach

Teach with clarity, calmness, and confidence. Surplus lines can feel intimidating to new brokers. Your role is to demystify it and show that compliance is simply a matter of following a repeatable process.

Learner Study Guide — Georgia Surplus Lines Broker Module

A clear, scannable guide that reinforces the essentials without overwhelming the learner.

1. Understanding the Surplus Lines Market

The surplus lines market exists to provide insurance when the admitted market cannot or will not write the risk. It is not a shortcut, a convenience, or a pricing alternative. It is a legally regulated safety valve for unique, complex, or high-risk situations.

A surplus lines broker must always begin with the same question:

“Can the admitted market write this risk?”

If the answer is no — and properly documented — surplus lines becomes an option.

2. The Diligent Search Requirement

Georgia law requires a documented search of admitted carriers before any surplus lines placement.

A proper diligent search includes:

- Contacting multiple admitted carriers
- Receiving formal declinations
- Documenting dates, underwriter names, and reasons for refusal

Without this documentation, a surplus lines placement is illegal.

3. Non-Admitted Carrier Eligibility

Not all non-admitted carriers are eligible to write surplus lines business in Georgia. A broker must verify that the carrier:

- Appears on Georgia's eligible surplus lines list, or
- Meets the state's financial strength requirements

This protects the insured and ensures compliance.

4. Required Client Disclosures

Before binding coverage, the broker must clearly explain:

- The insurer is non-admitted
- The policy is not protected by the Georgia Insurance Guaranty Association
- The admitted market declined the risk

These disclosures must be delivered verbally and in writing.

5. Binding Coverage

Coverage can only be bound after:

- The diligent search is documented
- The carrier's eligibility is verified
- All disclosures are delivered and acknowledged

The binder and policy documents must clearly identify the carrier as non-admitted.

6. The Surplus Lines Affidavit

Georgia requires a surplus lines affidavit for every placement. It documents:

- The diligent search
- The carrier's eligibility
- The details of the placement

This affidavit becomes part of the official filing.

7. Filing Requirements

After binding coverage, the broker must file the placement with the state. This includes:

- The affidavit

- Placement details
- Supporting documentation

Timely filing is essential to avoid penalties.

8. Premium Tax Responsibility

Georgia places the responsibility for surplus lines premium taxes on the broker.

The broker must:

- Calculate the tax
- File the tax report
- Remit payment on time

This is a core compliance duty.

9. Recordkeeping

A surplus lines broker must maintain complete, audit-ready records, including:

- Diligent search documentation
- Disclosures
- Affidavits
- Filings
- Tax reports
- Correspondence

Regulators may request these records at any time.

10. Renewals and Material Changes

Renewals are not automatic.

If the risk changes, the broker must:

- Reevaluate the placement
- Confirm whether the admitted market can now write it
- Complete a new diligent search if required
- Update disclosures and filings

Every renewal must meet current compliance standards.

11. Ethical Responsibilities

A surplus lines broker must act with honesty, transparency, and professional integrity.

This includes:

- Avoiding misrepresentation
- Refusing to omit or alter information
- Handling funds responsibly
- Acting in the insured's best interest while following the law

Ethics are not optional — they are part of the license.

12. What Success Looks Like

A successful surplus lines broker:

- Follows a repeatable compliance process
- Communicates clearly with clients
- Documents everything
- Verifies eligibility every time
- Files accurately and on time
- Maintains audit-ready records
- Upholds ethical standards

Master these habits, and surplus lines becomes a straightforward, manageable part of your practice.

Georgia Surplus Lines Broker Training Module

This module provides a complete instructional narrative covering the duties, qualifications, compliance requirements, and practical application of Georgia surplus lines law. It is structured for delivery inside a learning management system and is written in a clear, continuous format suitable for SCORM packaging.

Introduction

The Georgia surplus lines market exists to provide insurance solutions when the admitted market cannot or will not write a particular risk. Because surplus lines placements involve non-admitted insurers and reduced regulatory protections, Georgia imposes strict requirements on brokers who operate in this space. This module explains those requirements and guides the learner through the full placement process, from initial evaluation to final compliance filings.

Understanding the Surplus Lines Market

Surplus lines insurance is used only when the admitted market declines a risk. It is not a substitute for admitted coverage and cannot be used for convenience or price shopping. The surplus lines market serves as a safety valve for unique, complex, or high-risk exposures that fall outside the appetite of licensed carriers.

A surplus lines broker must always begin by determining whether the admitted market can provide the required coverage. If the answer is no, and the declinations are properly documented, surplus lines becomes an available option.

Duties of a Georgia Surplus Lines Broker

A Georgia surplus lines broker must ensure that every placement complies with state law. This includes verifying that the admitted market declined the risk, confirming the eligibility of the non-admitted carrier, delivering required disclosures, completing the surplus lines affidavit, filing the placement with the state, remitting premium taxes, and maintaining complete records. The broker must also uphold ethical standards and handle all funds responsibly.

Qualifications for Licensure

To become a surplus lines broker in Georgia, an individual must complete state-approved prelicensing education, pass the surplus lines licensing examination, obtain a fifty-thousand-dollar surety bond, submit a full application, undergo background checks, and complete continuing education to maintain the license.

The Diligent Search Requirement

Georgia law requires a documented diligent search of admitted carriers before any surplus lines placement. A proper diligent search includes contacting multiple licensed insurers, receiving formal declinations, and documenting the date, the underwriter's name, and the reason for refusal. Without this documentation, a surplus lines placement cannot proceed.

Carrier Eligibility Verification

Not all non-admitted carriers are eligible to write surplus lines business in Georgia. The broker must verify that the carrier appears on Georgia's eligible surplus lines list or meets the state's financial strength requirements. This verification protects the insured and ensures compliance with state regulations.

Required Client Disclosures

Before binding coverage, the broker must clearly explain that the insurer is non-admitted, that the policy is not protected by the Georgia Insurance Guaranty Association, and that the admitted market declined the risk. These disclosures must be delivered verbally and in writing. The client must understand the nature of the placement before coverage is bound.

Binding Coverage

Coverage may only be bound after the diligent search is documented, the carrier's eligibility is confirmed, and all required disclosures are delivered. The binder and policy documents must clearly identify the carrier as non-admitted and reflect the terms of the placement accurately.

The Surplus Lines Affidavit

Georgia requires a surplus lines affidavit for every placement. This affidavit documents the diligent search, the carrier's eligibility, and the details of the placement. It becomes part of the official filing and must be retained for audit purposes.

Filing Requirements

After binding coverage, the broker must file the placement with the Georgia Office of Insurance and Safety Fire Commissioner. This includes submitting the affidavit, placement details, and supporting documentation. Timely filing is essential to avoid penalties.

Premium Tax Responsibility

Georgia requires the surplus lines broker to calculate, file, and remit surplus lines premium taxes. This responsibility cannot be delegated to the carrier. Accurate tax reporting is a core compliance duty and a major focus of regulatory audits.

Recordkeeping Requirements

The broker must maintain complete, audit-ready records for every surplus lines placement. Required records include diligent search documentation, disclosures, affidavits, filings, tax reports, and correspondence. Regulators may request these records at any time.

Renewals and Material Changes

Renewals are not automatic. If the risk changes, the broker must reevaluate the placement, determine whether the admitted market can now write the risk, and complete a new diligent search if required. Updated disclosures and filings must be completed for each renewal. Every renewal must meet current compliance standards.

Ethical Responsibilities

A surplus lines broker must act with honesty, transparency, and professional integrity. This includes avoiding misrepresentation, refusing to omit or alter information, handling funds responsibly, and acting in the insured's best interest while following the law. Ethical conduct is a fundamental requirement of the license.

Scenario Applications

Learners should apply these rules through realistic scenarios. These include situations where the diligent search is properly documented, where the search is incomplete, where a carrier is ineligible, where disclosures must be delivered, where tax responsibilities must be fulfilled, and where renewals involve material changes. Each scenario reinforces the importance of following the compliance process exactly as required.

Mastery Check

Learners should be able to explain the purpose of the surplus lines market, describe the diligent search requirement, verify carrier eligibility, deliver required disclosures, complete the surplus lines affidavit, file the placement with the state, remit premium taxes, maintain audit-ready

records, and handle renewals correctly. They should also demonstrate ethical decision-making in all placement scenarios.

Conclusion

Surplus lines brokerage in Georgia requires precision, documentation, and strict adherence to regulatory requirements. By following a repeatable compliance process and maintaining clear communication with clients, a broker can confidently and legally place coverage in the non-admitted market. Mastery of these responsibilities ensures protection for the insured, compliance for the broker, and integrity for the marketplace.

Georgia Surplus Lines Broker Training

Lesson Introduction

Welcome to the Georgia Surplus Lines Broker training lesson. In this session, you will learn how the surplus lines market works, why it exists, and what Georgia requires from brokers who place business with non-admitted insurers. You will also walk through real-world scenarios, learn how to communicate surplus lines disclosures to clients, and follow a step-by-step compliance workflow that ensures every placement is legal and audit-ready. By the end of this lesson, you will understand both the rules and the reasoning behind them, giving you the confidence to operate effectively in the surplus lines market.

Understanding the Surplus Lines Market

The surplus lines market exists for one reason: to provide insurance when the admitted market cannot. It is not a shortcut or a pricing alternative. It is a regulated solution for risks that fall outside the appetite of licensed carriers. Before any surplus lines placement can occur, the admitted market must decline the risk. This is the foundation of surplus lines law in Georgia.

The Broker's Role and Responsibilities

As a surplus lines broker, your responsibilities go far beyond simply finding coverage. You must ensure that every placement complies with Georgia law. This includes verifying that the admitted market declined the risk, confirming the eligibility of the non-admitted carrier, delivering required disclosures, completing the surplus lines affidavit, filing the placement with the state, remitting premium taxes, and maintaining complete records. You must also uphold ethical standards and handle all funds responsibly.

The Diligent Search Requirement

Georgia requires a documented diligent search of admitted carriers before any surplus lines placement. This means contacting multiple licensed insurers, receiving formal declinations, and documenting the date, the underwriter's name, and the reason for refusal. Without this documentation, a surplus lines placement cannot proceed. This requirement protects consumers and ensures that surplus lines is used only when necessary.

Verifying Carrier Eligibility

Not all non-admitted carriers are eligible to write surplus lines business in Georgia. You must verify that the carrier appears on Georgia's eligible surplus lines list or meets the state's financial strength requirements. This step ensures that the insurer is financially capable of paying claims and operating responsibly.

Required Client Disclosures

Before binding coverage, you must clearly explain that the insurer is non-admitted, that the policy is not protected by the Georgia Insurance Guaranty Association, and that the admitted market declined the risk. These disclosures must be delivered verbally and in writing. Your goal is to ensure the client understands the nature of the placement and why it is being used.

Binding Coverage

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Renewals and Material Changes

Renewals are not automatic. If the risk changes, you must reevaluate the placement, determine whether the admitted market can now write the risk, and complete a new diligent search if required. Updated disclosures and filings must be completed for each renewal. Every renewal must meet current compliance standards.

Scenario Applications

Throughout this lesson, you will encounter scenarios that illustrate how surplus lines rules apply in real situations. These include proper and improper diligent searches, carrier eligibility issues, disclosure conversations, tax responsibilities, and renewal considerations. Each scenario reinforces the importance of following the compliance process exactly as required.

Lesson Summary

Surplus lines brokerage in Georgia requires precision, documentation, and strict adherence to regulatory requirements. By following a repeatable compliance process and maintaining clear communication with clients, you can confidently and legally place coverage in the non-admitted market. Mastery of these responsibilities ensures protection for the insured, compliance for the broker, and integrity for the marketplace.

Learner-Facing Video Script

Georgia Surplus Lines Broker Training**

Opening Scene

Today, you're going to learn how the Georgia surplus lines market works, why it exists, and what your responsibilities are as a surplus lines broker. This lesson will give you the clarity and confidence to operate legally, ethically, and effectively in the non-admitted market.

Section 1 — Why Surplus Lines Exists

The surplus lines market exists for one purpose: to provide insurance when the admitted market cannot. Some risks are too unique, too complex, or too high-hazard for licensed carriers. When those carriers decline the risk, surplus lines becomes the solution. It is not a shortcut. It is not a pricing alternative. It is a regulated pathway for risks that fall outside the standard market.

Section 2 — Your Role as a Surplus Lines Broker

As a surplus lines broker, your job is more than finding coverage. You are responsible for ensuring that every placement follows Georgia law. That means verifying that the admitted market declined the risk, confirming the eligibility of the non-admitted carrier, delivering required disclosures, completing the surplus lines affidavit, filing the placement with the state, remitting premium taxes, and maintaining complete records. You are the compliance anchor in the process.

Section 3 — The Diligent Search Requirement

Before any surplus lines placement can occur, Georgia requires a documented diligent search of admitted carriers. This means contacting multiple licensed insurers, receiving formal declinations, and documenting the date, the underwriter's name, and the reason for refusal. Without this documentation, the placement cannot proceed. This step protects consumers and ensures surplus lines is used only when necessary.

Section 4 — Verifying Carrier Eligibility

Not every non-admitted carrier is eligible to write surplus lines business in Georgia. You must verify that the carrier appears on Georgia's eligible surplus lines list or meets the state's financial strength requirements. This step ensures that the insurer is financially capable of paying claims and operating responsibly.

Section 5 — Required Client Disclosures

Before binding coverage, you must clearly explain that the insurer is non-admitted, that the policy is not protected by the Georgia Insurance Guaranty Association, and that the admitted market declined the risk. These disclosures must be delivered verbally and in writing. Your goal is to ensure the client understands the nature of the placement.

Section 6 — Binding Coverage

Coverage can only be bound after the diligent search is documented, the carrier's eligibility is confirmed, and all required disclosures are delivered. The binder and policy documents must clearly identify the carrier as non-admitted and accurately reflect the terms of the placement.

Section 7 — The Surplus Lines Affidavit

Georgia requires a surplus lines affidavit for every placement. This affidavit documents the diligent search, the carrier's eligibility, and the details of the placement. It becomes part of the official filing and must be retained for audit purposes.

Section 8 — Filing Requirements

After binding coverage, you must file the placement with the Georgia Office of Insurance and Safety Fire Commissioner. This includes submitting the affidavit, placement details, and supporting documentation. Timely filing is essential to avoid penalties.

Section 9 — Premium Tax Responsibility

Georgia requires the surplus lines broker to calculate, file, and remit surplus lines premium taxes. This responsibility cannot be delegated to the carrier. Accurate tax reporting is a core compliance duty.

Section 10 — Recordkeeping Requirements

You must maintain complete, audit-ready records for every surplus lines placement. Required records include diligent search documentation, disclosures, affidavits, filings, tax reports, and correspondence. Regulators may request these records at any time.

Section 11 — Renewals and Material Changes

Renewals are not automatic. If the risk changes, you must reevaluate the placement, determine whether the admitted market can now write the risk, and complete a new diligent search if required. Updated disclosures and filings must be completed for each renewal.

Section 12 — Scenario Applications

Throughout your work, you will encounter situations where the diligent search is incomplete, where a carrier is ineligible, where disclosures must be delivered, or where tax responsibilities must be fulfilled. Each scenario reinforces the importance of following the compliance process exactly as required.

Closing Scene

Surplus lines brokerage in Georgia requires precision, documentation, and strict adherence to regulatory requirements. By following a repeatable compliance process and communicating clearly with clients, you can confidently and legally place coverage in the non-admitted market. Master these responsibilities, and you will protect your clients, your license, and the integrity of the marketplace.

The Knowledge Check Quiz formatted for Teachable/LearnWorlds.

All questions are single-answer, scenario-driven, and reinforce compliance mastery.

Question 1

Before placing a risk in the surplus lines market, what must be documented?

Correct Answer:

A diligent search of admitted carriers, including formal declinations with dates, underwriter names, and reasons for refusal.

Question 2

A producer insists that “everyone knows the admitted market won’t take this risk” and provides no documentation. What is your next step?

Correct Answer:

Pause the placement and require a documented diligent search before proceeding.

Question 3

You find a non-admitted carrier willing to write a risk, but it is not on Georgia’s eligible surplus lines list. What must you do?

Correct Answer:

Verify whether the carrier meets Georgia’s financial requirements; if not, you cannot place coverage with that carrier.

Question 4

What must you disclose to the client before binding coverage with a non-admitted carrier?

Correct Answer:

That the insurer is non-admitted, the policy is not protected by the Georgia Insurance Guaranty Association, and the admitted market declined the risk.

Question 5

Who is responsible for calculating and remitting surplus lines premium taxes in Georgia?

Correct Answer:

The surplus lines broker.

Question 6

What document must be completed after binding coverage in the surplus lines market?

Correct Answer:

The surplus lines affidavit.

Question 7

A renewal includes significant changes to the insured's operations. What must you do?

Correct Answer:

Reevaluate the risk and complete a new diligent search if required.

Question 8

What records must you maintain for regulatory review?

Correct Answer:

All placement documentation, including diligent search records, disclosures, affidavits, filings, tax reports, and correspondence.

Question 9

A client asks you to omit certain details to help secure coverage. What is your duty?

Correct Answer:

Refuse and maintain ethical conduct.

Question 10

Why does Georgia allow surplus lines placements?

Correct Answer:

To provide coverage when the admitted market cannot or will not write the risk.

The Downloadable Study Sheet.

Purpose of Surplus Lines

Surplus lines insurance exists to provide coverage when the admitted market cannot or will not write the risk. It is used only after licensed carriers decline the exposure. It is not a pricing alternative or a convenience option.

When Surplus Lines Can Be Used

- The admitted market has declined the risk.
- The declinations are documented.

- The risk requires specialized or high-hazard coverage.
- A non-admitted carrier meets Georgia's eligibility requirements.

Diligent Search Requirements

A proper diligent search includes:

- Contacting multiple admitted carriers.
- Receiving formal declinations.
- Documenting dates, underwriter names, and reasons for refusal.
- Retaining all documentation for audit readiness.

Without this documentation, surplus lines placement is not permitted.

Carrier Eligibility Requirements

A non-admitted carrier must:

- Appear on Georgia's eligible surplus lines list, or
- Meet the state's financial strength requirements.

Eligibility must be verified for every placement.

Required Client Disclosures

Before binding coverage, you must disclose:

- The insurer is non-admitted.
- The policy is not protected by the Georgia Insurance Guaranty Association.
- The admitted market declined the risk.
- The placement is being made legally under surplus lines rules.

Disclosures must be verbal and written.

Binding Coverage Checklist

Before binding, confirm:

- Diligent search is documented.
- Carrier eligibility is verified.
- Disclosures are delivered and acknowledged.
- Terms are accurate and understood.

Surplus Lines Affidavit

Every placement requires an affidavit documenting:

- The diligent search.
- The carrier's eligibility.
- The placement details.

This affidavit becomes part of the official filing.

Filing Requirements

After binding coverage, you must file:

- The surplus lines affidavit.
- Placement details.
- Supporting documentation.

Timely filing is essential to avoid penalties.

Premium Tax Responsibilities

The surplus lines broker must:

- Calculate the premium tax.
- File the tax report.
- Remit payment on time.

This responsibility cannot be delegated.

Recordkeeping Requirements

Maintain complete, audit-ready records, including:

- Diligent search documentation.
- Disclosures.
- Affidavits.
- Filings.
- Tax reports.
- Correspondence.

Regulators may request these records at any time.

Renewals and Material Changes

Treat renewals as fresh compliance events.

If the risk changes, you must:

- Reevaluate the placement.
- Determine whether the admitted market can now write it.
- Complete a new diligent search if required.
- Update disclosures and filings.

Ethical Responsibilities

A surplus lines broker must:

- Act with honesty and transparency.
- Avoid misrepresentation.
- Refuse to omit or alter information.
- Handle funds responsibly.
- Protect the insured while following the law.

Success Formula

A successful surplus lines broker consistently:

- Follows a repeatable compliance process.
- Documents everything.
- Verifies eligibility every time.
- Communicates clearly with clients.
- Files accurately and on time.
- Maintains audit-ready records.
- Upholds ethical standards.

The Voiceover Script.

Opening

Welcome to the Georgia Surplus Lines Broker training.

In this lesson, you'll learn how the surplus lines market works, why it exists, and what Georgia requires from brokers who place business with non-admitted insurers.

By the end, you'll understand the full compliance process and feel confident navigating surplus lines placements from start to finish.

Section 1 — Why Surplus Lines Exists

The surplus lines market exists for one purpose: to provide insurance when the admitted market cannot.

Some risks are too unique, too complex, or too high-hazard for licensed carriers.

When those carriers decline the risk, surplus lines becomes the legal pathway to secure coverage.

It is not a shortcut.

It is not a pricing alternative.

It is a regulated solution for risks that fall outside the standard market.

Section 2 — Your Role as a Surplus Lines Broker

As a surplus lines broker, you are the compliance anchor in the placement process.

Your responsibilities include verifying that the admitted market declined the risk, confirming the eligibility of the non-admitted carrier, delivering required disclosures, completing the surplus lines affidavit, filing the placement with the state, remitting premium taxes, and maintaining complete records.

Your work ensures the placement is legal, ethical, and properly documented.

Section 3 — The Diligent Search Requirement

Before any surplus lines placement can occur, Georgia requires a documented diligent search of admitted carriers.

This means contacting multiple licensed insurers, receiving formal declinations, and documenting the date, the underwriter's name, and the reason for refusal.

Without this documentation, the placement cannot proceed.

This requirement protects consumers and ensures surplus lines is used only when necessary.

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This step ensures the insurer is financially capable of paying claims and operating responsibly.

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Before binding coverage, you must clearly explain that the insurer is non-admitted, that the policy is not protected by the Georgia Insurance Guaranty Association, and that the admitted market declined the risk.

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Closing

Surplus lines brokerage in Georgia requires precision, documentation, and strict adherence to regulatory requirements. By following a repeatable compliance process and communicating clearly with clients, you can confidently and legally place coverage in the non-admitted market.

Master these responsibilities, and you will protect your clients, your license, and the integrity of the marketplace.

When you are ready to take the prelicensing course to become a Georgia Surplus Lines Broker, go to <https://www.fyiexpress.com/georgia-20-hour-surplus-lines-broker-prelicensing.html>

Prelicensing



Excess Surplus Lines Broker STUDY MANUAL