

DATE: March 15, 2005

TO: All Surplus Lines Licensees

FROM: Kenneth A. Rudert – Executive Director *KAR/cmw*

SUBJECT: Tips on Obtaining and Verifying NAIC Numbers for the Diligent Search Process

Pennsylvania, like most states, requires that a minimum of three admitted\* carriers officially decline the risk in question to qualify said risk for entrance into the Surplus Lines Market. Again, like most states, said admitted carrier must be, in fact, admitted in the Commonwealth of Pennsylvania. Therefore, an admitted carrier in one state may not be an admitted carrier in all of the states. This is particularly true with groups of insurance carriers (i.e. CNA, Chubb, AIG etc.) where not all of the admitted carriers within the group are admitted in all of the states.

Section 124.5 of the Regulations that support the Pennsylvania Surplus Lines Law thoroughly describes the diligent search process. Once all of the requirements of the diligent search process have been met, the producer must identify the declining admitted carriers by stating this information on the producer affidavit form labeled 1609PR. This requirement has become a much greater issue now that reciprocity of licensing (PA Act 147) is in effect.

When completing the 1609PR affidavit form, one of the requirements is to provide the five digit NAIC number for each declining carrier identified. Frequently, 1609PR forms are submitted to PSLA with an invalid NAIC number. The number is sometimes omitted, or confused with the company's AM Best Book number (also five digits). This causes the entire filing to be returned to the Surplus Lines Licensee for correction.

One way to look up a Pennsylvania admitted carrier and its five digit NAIC number is to use the "[Licensed Insurance Companies](http://www.ins.state.pa.us/ins/site/default.asp)" link available on the Pennsylvania Insurance Department web site (<http://www.ins.state.pa.us/ins/site/default.asp>). It should be noted that the carriers that are listed are **all of the licensed insurance carriers writing all forms of coverage**. However, with respect to the surplus lines diligent search process, be sure to select only those admitted carriers who engage in property and casualty coverage.

In order to confirm that the carrier selected is an admitted carrier in Pennsylvania chartered for property and casualty coverage, PSLA has, for some time, provided a company look-up feature on our web site (from [www.pasla.org](http://www.pasla.org), click on "Company Lookup". This feature enables all visitors to our site to enter a NAIC number and confirm that the carrier is a valid declining property and casualty admitted carrier for Pennsylvania. The utilization of this company look-up feature on our web site will eliminate errors associated with this most important process required by the Surplus Lines Law.

Following this procedure will help to support compliance with the Diligent Search process as well as to reduce the number of filings returned to your office for correction.

As always, if there are questions regarding the information contained in this Bulletin, do not hesitate to contact us.

\* Admitted, licensed and authorized are all terms used to differentiate between carriers operating in the standard market versus those carriers that operate in the surplus lines market.