



# PENNSYLVANIA SURPLUS LINES ASSOCIATION

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## BULLETIN

DATE: July 6, 2009  
TO: All Surplus Lines Agencies  
FROM: Kenneth A. Rudert, Executive Director  
SUBJECT: **Pennsylvania Declining Carriers Being Part of the Same Insurance Group**

All producer licensees and surplus lines licensees are reminded that the Producer's responsibility to conduct the proper diligent search of the admitted marketplace cannot include licensed declining companies that are members of the same insurance group. In addition, licensed declining companies cannot be members of the same insurance group as the non-admitted surplus lines carrier who has accepted the risk. (See [31 Pa. Code §124.5\(1\)\(vi\)\(A\) & \(B\).](#))

Examples are as follows:

Declining Companies	Concerns
1. Nationwide Assurance Co. 2. Nationwide Mutual Insurance Co. 3. Nationwide Property and Casualty Insurance Co.	All declining insurers are part of the Nationwide Group
1. Continental Casualty Co. 2. American Casualty Co. 3. Atlantic States Insurance Co.	Two of the three declining insurers are part of the CNA Group
1. Nationwide Assurance Co. 2. Continental Casualty Co. 3. Atlantic States Insurance Co.	The declining insurers are NOT affiliated, however, the surplus lines carrier accepting the risk is Scottsdale Insurance Company, an affiliate of Nationwide Assurance Co.

The restrictions above DO NOT apply if it can be established that the affiliated carriers are writing independently of each other using separate and independently developed underwriting criteria and marketing plans, and for underwriting purposes, compete with each other. (See [31 Pa. Code §124.5\(1\)\(vi\)\(C\).](#))

For those wishing to seek further detailed information on this subject, please refer to [Section 1609 of the Surplus Lines Law](#), [Section 124.5 of the Regulations](#) that support the Law and the [Producer Information](#) that appears on the [PSLA website](#).

Producers having difficulty determining the status of an admitted carrier with respect to establishing the insurance group can refer to "Best's Key Rating Guide<sup>®</sup>" Property/Casualty edition or contact the admitted carrier directly.

As always the staff at PSLA is always available to provide further assistance.

cc: Jeffrey Mackley, Field Investigations Division  
Bureau of Licensing and Enforcement, Pennsylvania Insurance Department

KAR/ds