

PSLA News

NEWSLETTER FOR THE PENNSYLVANIA SURPLUS LINES ASSOCIATION

Important Information for Pennsylvania Surplus Lines Licensees

The Producer Affidavit (1609-PR) in combination with the Surplus Lines Affidavit, 1609 SLL, are required to be submitted as part of the complete surplus lines filing.

The Surplus Lines Licensee is responsible for the complete filing consisting of both affidavits on those risks requiring both documents, within 45 days of inception. It is the responsibility of the Producer to complete, sign and date the 1609 PR Producer Affidavit, then forward it to the Surplus Lines Licensee within 30 days of inception.

Beginning September 1, 2009, all Surplus Lines 1609-SLL/1609-PR type filings received will require the inclusion of the completed Producer Affidavit.

Filings that have a date of receipt after the specified 45 days as required by the Surplus Lines Law, will be subject to the late filing stamping fee of \$50.00.

Reminder: Only \$25.00 of the fee is to be payable by the insured with the remaining \$25.00 payable by the surplus lines licensee. The entire fee is to be remitted by the surplus lines licensee to PSLA.

Additional information about these filings can be obtained by calling the PSLA Advisory Office (610.594.1340) or by attending the monthly online workshop presented by PSLA. This workshop reviews the material covered in the Pennsylvania Surplus Line Procedures & Electronic Filing Manual. The purpose of both the workshop and manual is to help resident and non-resident licensees understand Pennsylvania Surplus Lines Law and filing procedures.

Go to <http://www.pasla.org/HTML/Workshops.htm> for detailed information about the workshop and how you can register to attend.

Speak to us First!

PSLA is here to help you with your surplus lines related questions including how to obtain a Pennsylvania Surplus Lines License and what filings are required in connection with a surplus lines placement. PSLA's goal is to educate all parties involved in making a surplus lines placement.

Talk to the PSLA before you have to respond to questions from the Pennsylvania Insurance Department's Bureau of Licensing & Enforcement.

Go to the PSLA's website at www.pasla.org or call the PSLA at 610-594-1340.

Updated Export List

The Pennsylvania Insurance Department has announced a new Export List which has been expanded as of May 16, 2009. You can obtain this new list by going to the following link on the PSLA website found under Kinds, Classes and Export Lists. **This Export List** supersedes the list published at 38 Pa.B. 2426, dated May 24, 2008 and shall remain in effect until superseded by a subsequent list.

Pennsylvania Insurance Update

» Mini-COBRA

On June 11th Pennsylvania Gov. Ed Rendell signed legislation expanding the Consolidated Omnibus Budget Reconciliation Act (COBRA) health benefits to employees laid off by small companies, following approval of the measure by the state House and Senate.

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) provides former employees, retirees, spouses, former spouses and dependent children the right to continue health coverage at group rates for up to 18 months. However, COBRA benefits only apply to employers with 20 or more employees. The legislation signed by Gov. Rendell extends the COBRA guidelines in Pennsylvania to employers that employ two to 19 employees.

The American Recovery and Reinvestment Act of 2009, also known as the federal stimulus act, provides a 65 percent federal subsidy for COBRA premiums. The subsidy is good for up to nine months for those covered by COBRA as well as those in a state continuation program such as Pennsylvania's mini-COBRA program.

» Election of the Insurance Commissioner

HB 1363, a Joint Resolution proposing amendments to the Constitution of the Commonwealth of Pennsylvania, providing for the election of the Insurance Commissioner, was introduced in the House and referred to the State Government Committee on April 27, 2009.



2009 Annual Meeting Wyndham Gettysburg Hotel, Gettysburg, PA

Highlights of this year's meeting:

- Dynamic presentations about leadership principles by Terry Fox and Jack B. Davis, Maj. General U.S. Marine Corps (Retired).
- CE sessions
- Golf
- Opportunity to tour the battlefield where one of the most important events in our Country's history took place.

Chuck Conway, Tom Marbach, Mary Marines, and J. Warren Keyes were re-elected to the Board of Governors.

The following were elected officers of the PSLA:

- Irene Barbera - President
- Ed Rice - Vice President
- Chuck Conway - Secretary
- Jerry Henner - Treasurer



Save the Date

2010 Annual Meeting will be held in the Valley Forge area of Pennsylvania on April 28-29.

Federal Update



» The Nonadmitted and Reinsurance Reform Act ("NRRA")

The Nonadmitted and Reinsurance Reform Act of 2009, H.R. 2571, was introduced in the US House on May 21st.

» Highlights of HR 2571

- The bill provides that only the Home State of the Insured can collect premium taxes.
- As in the previous iterations of this bill, HR 2571 says that States may enter into a compact or otherwise establish procedures to allocate among the States the premium taxes paid to an insured's Home State.

- The placement of nonadmitted insurance shall be subject to the statutory and regulatory requirements solely of the insured's "home State".

- No State other than an insured's "home State" may require a surplus lines broker to be licensed in order to sell, solicit, or negotiate nonadmitted insurance with respect to such insured.

The bill also would ease reinsurers' regulatory burdens by subjecting them only to the solvency laws of their state of domicile in most circumstances.

Similar legislation had been introduced and unanimously passed in the House in both the 109th and 110th Congress, but never reached the Senate floor for a vote.

» The National Assn. of Registered Agents and Brokers Reform Act of 2009 - NARAB II (HR 2554)

HR 2554 was introduced in the U.S. House on May 21st. The bill creates a National Association of Registered Agents and Brokers and provides for streamlined nonresident insurance agent and broker licensing. It would also preserve state insurance regulation and consumer protection provisions-but would require agents applying for membership to submit to a criminal background check. Currently only 17 States require a federal criminal background check for producers.

The bill makes NARAB membership optional and does not create a federal regulator for insurance. Those who choose NARAB membership would be governed by NARAB's continuing education requirements, and no state other than a producer's home state could impose additional continuing education requirements. The bill creates a governing board consisting of 11 members to be appointed by the president with the advice and consent of the Senate. Six members of the NARAB Board would be state insurance commissioners, and the remaining five members would be marketplace representatives of producer and carrier groups.

» Office of Insurance Information (HR 2609)

Rep. Paul Kanjorski, D-Pa., has reintroduced a bill that would create a federal office of insurance information within the Treasury Department.

The new Treasury office called for in the bill, would collect and analyze data on insurance, advise the Secretary of the Treasury on domestic and international policy matters, and report to Congress every two years.

The bill also would establish an advisory group to help inform and advise the head of the office. Representatives of the group would include State regulators, consumer groups and others in the insurance industry.

NAIC

The Surplus Lines Task Force met at the NAIC Summer Meeting in Minneapolis on June 15th. The Task Force received the following reports:

- Anne Marie Narcini, Chair of the Producer Licensing Working Group (PLWG), reported about the applicability of the Commercial Lines Multi-State Exemption of the Producer Licensing Model Act (PLMA) to surplus lines agents. Currently, this Exemption does not apply to surplus lines agents. The Surplus Lines Task Force adopted a motion to provide assistance to the PLWG in the PLWG's consideration of expanding the Commercial Lines Multi-State Exemption of the Producer Lines Model Act (PLMA) to surplus lines agents.

- Roger Smith of Marsh gave a power point presentation about the problems faced by Marsh in complying with the reporting requirements and allocation standards of the States and the procedures Marsh follows to comply with the State requirements for reporting and paying premium taxes on multi-state placements. Mr. Smith stated that Marsh spends \$20,000,000 a year to process \$60,000,000 of state surplus lines premium taxes. Mr. Smith reported that Marsh recently has spent over \$1,000,000 to create a software application to allocate premium taxes on multi-state placements. Marsh offered to provide this software without cost to the NAIC.

- After hearing Mr. Smith's presentation, the Surplus Lines Task Force adopted a motion which charged the Surplus Lines Premium Tax Working Group to look into creating uniform reporting guidelines for the filing of premium tax reports.

- Dan Maher of ELANY and Steve Stephan of NAPSLO presented a brief update on the status of SLIMPACT (Surplus Lines Insurance Multi-State Compliance Compact). Mr. Maher stated that input from state regulators about the pros and cons of SLIMPACT would be welcome in order to determine which provisions of SLIMPACT would be acceptable to the state regulators. Mr. Maher recommended that a survey be distributed to obtain the regulators' input.



The PSLA offers CE classes to its members at a discounted rate. In addition to CE classes presented at the Annual Meeting, the PSLA presents classes four times a year. The cost to attend a class and receive three hours of approved credit is a reasonable \$75.00 for a PSLA member.

- On May 4th the PSLA sponsored a three hour CE class on the subject of Errors & Omissions and Producer Standards of Conduct. This class was presented live in King of Prussia and by web conference in Chadds Ford, Harrisburg and Warrendale.

- On June 24th the PSLA sponsored a three hour CE class on Insurance Ethics. This class was presented in King of Prussia, Harrisburg and Warrendale.

- **Reminder - CE classes will also be presented in September and November of 2009. Please check your e-mails for the dates and topics of these classes.**