



**PENNSYLVANIA SURPLUS LINES ASSOCIATION**

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## Special Bulletin

DATE: August 18, 2005  
TO: All Pennsylvania Resident and Non-Resident Surplus Lines Licensees  
FROM: Kenneth A. Rudert - Executive Director/ KAR  
SUBJECT: **Licensee Liable for Insurer's Losses**

Over the years, PSLA has always directed licensees to comply with the requirements of the surplus lines law and its supporting regulations. In particular, emphasis has always been placed on the diligent search requirement which qualifies a given risk for entrance into the surplus lines marketplace. This emphasis is particularly critical with respect to the producer affidavit which requires that the producer, representing the insured, indicate a minimum of three declining licensed, admitted carriers who have officially declined the risk in question.

Recently, the stamping office for the state of New York (ELANY) sent a bulletin to all New York licensees outlining a recent court event holding a **licensee** liable for losses that would otherwise have been paid by a now insolvent insurer. The basis of the decision: the licensee did not perform the diligent search requirement.

For those interested in reviewing the details of this court event, we have provided a link to the bulletin page on the New York stamping office web site (select **Bulletin No. 2005-18**)

<http://www.elany.org/Navigation.asp?name=HotNews.htm&Img1=b>