DATE: November 30, 2010

TO: All Surplus Lines Agencies

FROM: Kenneth A. Rudert, Executive Director

SUBJECT: Nonadmitted and Reinsurance Reform Act (NRRA) – Pending Unknown Multi-state Changes

As described in our August 16, 2010 Bulletin, the Nonadmitted and Reinsurance Reform Act (NRRA) was signed into Law on July 21, 2010 and its provisions become effective on July 21, 2011. In the meantime, current Pennsylvania Laws and Regulations and their affect on the filing process remain.

One of the provisions within the NRRA is “No State other than the Home State of an insured may require any premium tax payment for nonadmitted insurance.” During this interim period, the Pennsylvania Insurance Department is requiring three fields to be added to the end of the affidavit filing form in the Electronic Filing System (EFS). This additional information relating to Multi-state risks will enable the Department to respond effectively to the many unknown factors to be contemplated. The following fields will be available in EFS starting December 1, 2010.

- **Multi-state Risk:** Does the policy cover risks in the Commonwealth of Pennsylvania plus one or more other state or territory (yes or no).
- **Home State:** If yes, select the Home State. The Home State is (i) the State in which an insured maintains its principal place of business or, in the case of an individual, the individual's principal residence; or (ii) If 100 percent of the insured risk is located out of the State referred to in clause (i), the State to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated. Click on the EFS helpext link or refer to the Procedures and Electronic Filing User Manual for additional information on Multi-state risks.
- **Total Multi-state Policy Premium:** Multi-state Policy Premium is the total premium for a policy that covers risks in the Commonwealth of Pennsylvania plus one or more other state or territory.

At this time the fields only collect information and there is no impact to surplus lines tax or stamping fee, however your assistance in collecting this information is requested.

KAR/ds