



## “The Consistency of Change” Insurance Commissioner to Address PSLA Annual Meeting

### New Surplus Lines Premium Tax Regulation Workshop to Highlight Conference

Pennsylvania’s Acting Insurance Commissioner, Michael Consedine, will provide his personal views on the current developments in the state’s surplus lines and insurance industry when he speaks exclusively to members of the Pennsylvania Surplus Lines Association at the Annual Meeting, May 11-12, 2011. Given the upcoming July 21, 2011 deadline for implementation of the Non-Admitted and Reinsurance Reform Act, timing of the Meeting to prepare PSLA members for the changes ahead could not be more appropriate.



Pennsylvania’s Acting  
Insurance Commissioner,  
Michael Consedine

This year’s Annual Meeting theme is “The Consistency of Change,” and will highlight speakers, workshops, educational events and networking opportunities. “Our 2011 Annual Meeting will serve as a vitally important opportunity for PSLA members and their colleagues to be informed of

**This is an important and an essential time for us to inform PSLA members on the new regulatory requirements and to answer everyone’s questions. The rules are changing and we need to be prepared as we write surplus lines risks in the months and years ahead.**

**See page 10 of this newsletter to register for the 2011 Annual Meeting.**

and prepare for the changes and developments that lie ahead, and to incorporate new ideas and processes into their operations”, said PSLA Executive Director Ken Rudert. The Meeting takes place Wednesday May 11th to Thursday, May 12th at the Omni Bedford Springs Resort in Bedford Springs, PA. Information and registration materials about the meeting can be obtained by [clicking here](#).

In addition to the address by the Acting Insurance Commissioner, included in this year’s Annual

Meeting events for PSLA members are:

- A workshop and panel forum on the new surplus lines premium reporting and payment requirements;
- Two continuing education classes: environmental liabilities, and nanotechnology / hazardous products, will provide an update on these unique risk exposures; and
- Two keynote speakers will provide ideas on how to embrace change and profit from incorporating new principles into agency or company operations by differentiating PSLA members from the competition.

The annual golf outing on the Bedford Springs Old Course and receptions during the meeting will also enable PSLA members to foster relationships and further discuss market changes and dynamics. The Annual Business Meeting will also provide further information on the PSLA’s activities during the past year and plans for the year ahead. “This is an important and an essential time for us to inform PSLA members on the new regulatory requirements and to answer everyone’s questions. The rules are changing and we need to be prepared as we write surplus lines risks in the months and years ahead,” Mr. Rudert added.



## PSLA Issues Revised Bulletin on Changes to the Filing of Multi-State Risks

The PSLA issued an November 30, 2010 Bulletin, on the Nonadmitted and Reinsurance Reform Act (NRRRA), which was signed into Law on July 21, 2010. Its provisions become effective on July 21, 2011. In the meantime, current Pennsylvania Laws and Regulations and their affect on the filing process remain. A revised Bulletin was issued April 18, 2011.

One of the provisions within the NRRRA 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

(A) IN GENERAL – Except as provided in subparagraph (B), the term “home state” means, with respect to an insured -

(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.

(B) AFFILIATED GROUPS – If more than 1 insured from an affiliated group are named insureds on a single non-admitted insurance contract, the term “home state” means the home State, as determined pursuant to subparagraph (A), of the member of the affiliated group that has the largest percentage of premium attributed to it under such insurance contract.

Click on the EFS helptext link or refer to the Procedures and Electronic Filing User Manual for additional information on Multi-state risks.

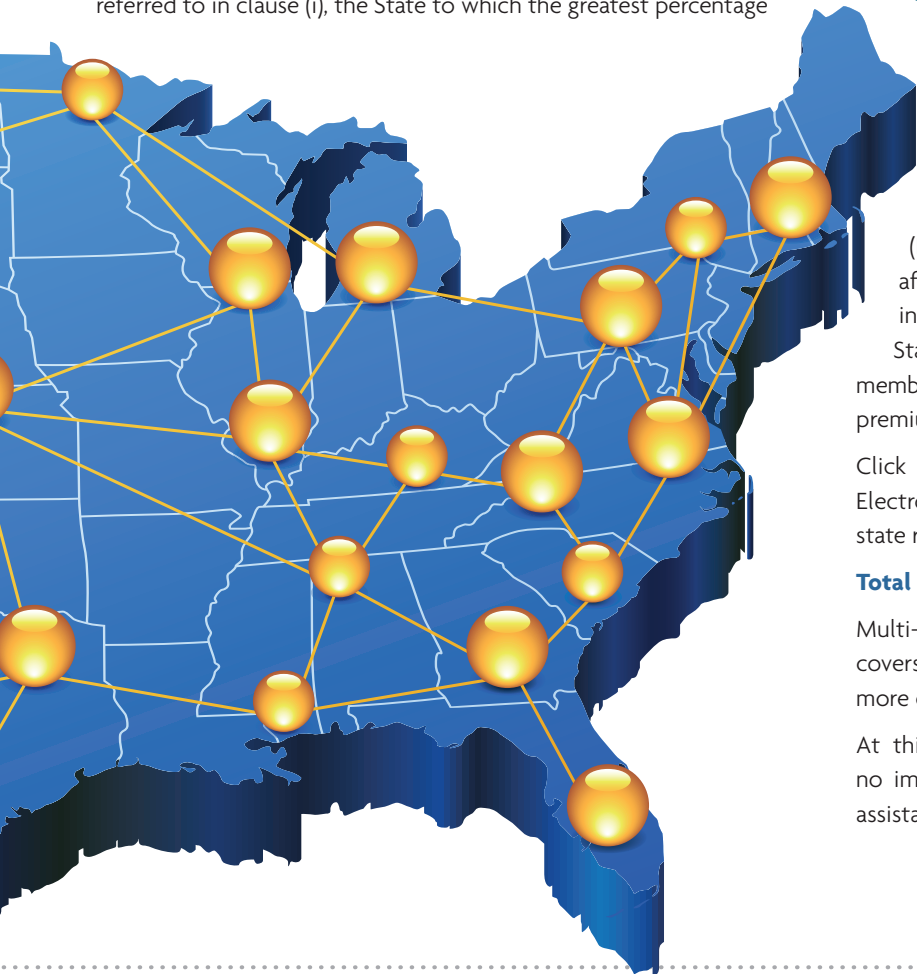
### Total Multi-state Policy Premium

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.

• A Workshop on the status of the NRRRA’s adoption and implementation on Pennsylvania risks, will be held as part of the PSLA’s Annual Meeting at the Omni Bedford Springs Resort on May 12, 2011 - see related story on page 1 of this Newsletter.

• Note: If a filing has been made with incorrect multi-state information since December 1, 2010, please revise the filing as soon as possible.



## Surplus Lines Premium Tax Reforms Take Effect July 21, 2011

Pennsylvania surplus lines insurance writers will have to amend their operational practices starting July 21, 2011 when the provisions of the Non-Admitted and Reinsurance Reform Act (NRRRA) take effect. Intended to bring efficiency and uniformity to surplus lines premium payments on multistate risks, the NRRRA was incorporated into the [Dodd-Frank Wall Street Reform and Consumer Protection Act](#) (Public Law 111-203, H.R. 4173), and passed in both Houses of Congress and signed into law on July 21, 2010. As part of the legislation, Congress gave the states a mandate: bring surplus lines premium tax collection and payments into a uniform and consistent framework.

To date, the PA Legislature has not introduced a formal bill to implement the provisions of the NRRRA in the Commonwealth. However, draft legislation is making its way through mark-up in the Committees. The current proposal follows what the legislatures in New York and California have done: follow the federal law by having all premium taxes on surplus lines multi-state risks paid to the Home State of the insured. The measure also presently delegates authority to the PA Department of Revenue to determine, at a later time, whether to enter into an interstate compact or adopt the National

Association of Insurance Commissioner's (NAIC) Non-Admitted Insurance Multistate Agreement (NIMA).

The NRRRA provides, among other things, that surplus lines premium taxes on multistate risks will be paid to the Home State of the insured, as opposed to the surplus lines agent/broker determining the amount of risk residing in each of the states and allocating a proportionate percentage of the risk in each of those states and then calculating and paying the appropriate surplus lines premium tax in each state. The intent of Congress, as set forth in §101(b)(4) is for a nationwide system to be developed whereby "each State [to] adopt nationwide uniform requirements, forms, and procedures, such as an interstate compact, that provides for the reporting, payment, collection, and allocation of premium taxes for nonadmitted insurance consistent with this section."

Since that time, both industry and the National Association of Insurance Commissioners have adopted proposals to implement the new law by the July 21, 2011 deadline established by Congress. Surplus Lines practitioners and insurance industry groups worked together to draft and advance the ["Surplus Lines Insurance Multi-](#)

[State Compliance Compact"](#) (SLIMPACT). Thereafter, a scaled down version of the interstate compact was drafted and adopted by the National Council of Insurance Legislators; American Association of Managing General Agents; Council of State Governments; and the National Conference of State Legislators.

At the present time, SLIMPACT-Lite has been

**A Workshop on how to comply with the new surplus lines law will be presented as part of the PSLA Annual Meeting, on Thursday, May 12th, 2011 at the Omni Bedford Springs Resort in Bedford Springs, PA.**

signed into law by the Governor of Kentucky, and awaits the Governors' signature in New Mexico and Ohio. It has also passed at least one chamber of the state legislatures in Alabama, Connecticut, Iowa, New York, Rhode Island, Tennessee, Texas and Vermont.

PSLA will keep members advised of further developments as they materialize.

## Election for PSLA Board of Governors Underway

Balloting is currently underway by members of the PSLA to select its Board of Governors for an upcoming three (3) year term. Ballots were sent to all members eligible to vote on April 06, 2011.

Pursuant to Section 3.04.2 of the Bylaws of the Pennsylvania Surplus Lines Association, the Nominating Committee submitted the following slate of candidates:

Irene Barbera  
W. N. Tuscano Agency, Inc.  
950 Highland Avenue  
Greensburg, PA 15601

Gerald Henner  
Edgehill Special Risk  
P.O. Box 1856  
Horsham, PA 19044

Judith Klingerman  
Partners Specialty Group, LLC  
100 Tournament Drive, Suite 214  
Horsham, PA 19044

Dennis Lewandowski  
Wagner Agency, Inc.  
5020 Centre Avenue  
Pittsburgh, PA 15213

Edwin Rice  
Insurance Consultant  
603 South Bedford Street  
Carlisle, PA 17013

Anthony Saltzman  
Johnson & Johnson, Inc.  
1225 Walton Road  
Blue Bell, PA 19422

Members requiring a ballot can contact the PSLA Membership Division Headquarters by calling 610.225.2636. Ballots can be returned either by email to: [memberservices@pasla.org](mailto:memberservices@pasla.org); fax: 610.225.1996; or by bringing them to the PSLA Annual Meeting Business Meeting on May 12, 2011.



## Insurance Considerations for Privacy Risks: What's in it for Surplus Lines Professionals?

by Richard S. Pitts, Vice President and General Counsel, Arlington/Roe & Co., Inc.



*During the most recent on-line continuing education session for PSLA members, Richard S. Pitts, Vice President and General Counsel, Arlington / Roe & Co., Inc., in Indianapolis, IN reviewed privacy risks, issues and opportunities in a world dependent on electronic forms of communications and the protection of confidential information. A substantial number of PSLA members participated in the webinar and learned valuable information on the background or the issues and how to better write these types of risks. Expanding on his 3-hour CE session, Mr. Pitts reviews some new developments and recommendations on how to best underwrite privacy risks.*

Businesses must protect confidential data. A Network World article from January identified the top ten web hacking techniques of 2010. They included such exotic animals as, "Attacking HTTPS with Cache Injection," (No. 4, for the curious), "Universal XSS in IE8" (No. 6) and "Java Applet DNS Rebinding." (No. 10). Sound like a foreign language?

This won't: the federal Department of Health and Human Services levied a \$1,000,000 fine on Mass General Hospital for having lost documents containing names and medical record numbers of 192 patients.

Think this is all due to the pervasiveness of electronic commerce? It is, but every business should understand the "low tech" risks as well in the realm of privacy issues. The Mass General documents were left on a subway train.

For all businesses, the risks in connection with a data breach translate to staggering

financial costs. A Ponemon Institute 2009 survey showed:

- The cheapest data breach cost \$750,000; the most expensive was \$31,000,000
- The average cost of a data breach was \$6,750,000; the average cost per compromised record rose slightly to \$204.
- The biggest cost driver appears to be "abnormal churn or turnover of customers resulting directly from a data breach..."

A data breach event could threaten the financial core or stability of a business. Privacy and data security related issues should be a fundamental concern for business risk management. Insurance should be part of the solution.

So, what's in it for surplus lines insurance professionals? Actually, a two-fold spot of good news. First, as the business risks have emerged over the past dozen years, the insurance industry has responded with lightning speed (by industry standards!) with policy forms effectively addressing the risk. These are largely and most successfully marketed through the excess and surplus lines mechanism. Second, the agent and broker community has the opportunity to seize the day and educate their retail agencies about the risks privacy laws present. Agents and brokers can simultaneously present the insurance solutions they have at their disposal.

### Privacy Law is Multi-Sourced and Complicated

When presented with the need for a privacy policy, an insured's typical responses to

a producer will likely include, "That's not applicable to me" or "We always comply with the law anyway, so I don't need it."

The primary – and accurate – basis for overcoming this resistance is in privacy law itself. There are multiple laws, both state and federal, having an impact on privacy concerns. Some of the things those laws do are complicated, and not necessarily commonsensical.

A classic illustration is HIPAA – the "The Health Insurance Portability and Accountability Act" from the mid-1990s. This law requires covered entities to do things such as:

- Develop and implement written privacy policies and procedures
- Designate a privacy official
- Train all workforce members on its privacy policies and procedures
- Maintain reasonable and appropriate administrative, technical, and physical safeguards
- Prevent intentional or unintentional use or disclosure of protected health information

Covered entities include health care providers, health insurers, and billing clearinghouses. By regulation and by contractual obligation, it also includes the "business associates" of those covered entities.

A consumer and finance example is

*Continued on next page*

## Insurance Considerations for Privacy Risks: What's in it for Surplus Lines Professionals?, Cont'd

*Continued from previous page*

the FCRA – the Fair Credit Reporting Act. Administered by the Federal Trade Commission, the FCRA has, in its 40-plus year history, morphed into a major privacy law. Most recently, and controversially, it has become the basis for the “Red Flags” rules on detecting and preventing identity theft.

Another major federal law having an impact on privacy concerns is the Gramm-Leach-Bliley Act. The examples go on and on: OSHA mandates that certain records are kept regarding employees; the U.S. Department of Labor and the Equal Employment Opportunity Commission have rules or guides on keeping employee information confidential.

That's about half the privacy story. The other half is the multitude of privacy laws on the state level. Virtually every jurisdiction now has a data breach notification statute, requiring businesses to notify customers when they have suffered a data breach that could result in identity theft (these laws vary in their applicability). State law interfaces with federal law, the federal Driver Privacy Protection Act, to restrict use of MVRs. Additionally, most states recognize some form of tort for invasion of privacy.

This isn't close to a comprehensive list. It is a conversation starter for surplus agents and brokers to have with their retailers, so that retailers will have it with their clients.

### A Standard CGL Just Won't Do

The second part of the conversation is why a standard commercial general liability policy will not suffice to address – and probably won't respond to – privacy-related claims.

Definitions preclude coverage, as a general proposition. The standard Insurance Services Offices Commercial General Liability policy's liability coverage is triggered by a claim of “bodily injury” or “property damage.” Neither invasions of privacy nor violation of federal privacy statutes likely result in “bodily injury” or “property damage.” It may not even be an “occurrence” because a data breach may not be as a result of an accident.

Even if these definitional hurdles were overcome, Exclusion (p), added to the

standard CGL form in 2004, carves out: “Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.”

Some solace and some coverage are found in the “personal and advertising injury” provisions of the CGL policy. “Advertising Injury” is defined as including “invasion of privacy.” However, there are significant exclusions, some dating from as little as five years ago, reflecting the view that e-commerce, Internet and Web businesses have specific and peculiar risks that should be referred to a specialty coverage.

### The Privacy/Data Breach Insurance Marketplace

This is where the sales opportunity really presents itself. With the CGL providing spotty or no coverage, depending on the nature of the privacy claim, the insurance products (largely offered through the E&S market) come to the fore.

**the opportunity is present for PSLA members to let their retail partners know about these resources and create and share resources on their own. In the realm of privacy concerns, a little common sense does indeed go a long way.**

The marketplace for insurance coverage for data breach or privacy is broad, not only as to price or rate, but also as to form. Many carriers have drafted their own policy forms. Even if “standard” or conventional forms are used, there still is a good deal of variation in the available coverages. The expertise offered by PSLA members is vital to meeting the insured's needs and overcoming any reluctance in the retail community to discussing that need.

Many carriers have adopted a “menu” type approach, offering various levels or forms of coverage through differing insuring agreements. Insureds have to sort through the various coverages and pricing to determine which menu items – insuring agreements – they will select.

Even ISO's “standard” Internet Liability and Network Protection Policy follows this approach. The ISO standard form contains five different insuring agreements. Agreement A of the ISO form covers Web Site Publishing Liability. Agreement B covers Network Security Liability. In general terms, these types of coverages can be seen as replacing those liability claims which have been “removed” (or perhaps never existed) under the CGL policy. Agreement C provides coverage for “replacement or restoration of electronic data.”

Agreements D and E, powerful in their own right, demonstrate the true menu nature of the form. Agreement D covers Cyber Extortion, while Agreement E contains coverage for business income and extra expense.

### A Little Common Sense Goes a Long Way

Consistent with the philosophical underpinnings of expense reimbursement, many carriers take an approach to privacy coverage and claims that is proactive and positive. Many will offer resources or forms for privacy policies, how to handle a data breach, and things such as how claims are handled. Privacy claims are often fluid, rather than static. Simply put, “what happened?” may not be as important as, “How are we going to react to what happened?”

Similarly, the opportunity is present for PSLA members to let their retail partners know about these resources and create and share resources on their own. In the realm of privacy concerns, a little common sense does indeed go a long way. Retail agents and insureds both need to know this.

An example: Experian Corporation's Chief Information Security Officer James Christiansen suggested that companies have a response team ready to go before disaster strikes, and that the team have in place appropriate ways to control internal and external communication.

When surplus line agents and brokers prompt their clients with ideas like this on privacy risk management and present a knowledgeable resource for privacy coverages, the insured's interests are best served and the sales opportunity presents itself.

## Pricing Reduced for PSLA Continuing Education Sessions

One of the many PSLA member benefits is the ability to participate in regular continuing education activities - designed, written and presented for and by insurance professionals underwriting surplus lines risks in Pennsylvania. Pricing has been reduced for 2011, to the discounted rate of \$50 per person.

Classes for 2011 include:

CE CLASS	DATE	DESCRIPTION
Nanotechnology, Hazardous Products	May 11, 2011 Annual Meeting	What is nanotechnology, and why is it being called the next industrial revolution? To learn more, join us for a lively discussion on market predictions, regulatory concerns, product development, occupational and consumer exposures, as well as underwriting and coverage concerns with this important emerging exposure. From a hazardous exposures perspective, we will explore Chinese drywall and tire issues, toys, food, medicine and how issues with these products are affecting our industry.
Environmental Liability	May 11, 2011 Annual Meeting	This environmental liability course will help students to understand the history of environmental regulation as well as the impacts of regulation on general liability coverage. Other topics to be highlighted include premises pollution coverage, operations pollution liability, professional liability, environmental general liability, and products pollution liability. In addition, we will cover the aspects of getting the risk quoted properly and will review a case study which covers many of these important considerations.
Construction Defects	September 14, 2011 Webcast	The past decade has presented several serious challenges to providers of general liability insurance coverage for contractors as homeowners and businesses have steadily marched to courthouses across the nation to take legal action alleging damage arising out of the use of inferior materials and poor methods of construction. This session will examine these challenges, the industry's response and a look into the future as it relates to the underwriting and claims aspects of construction defects.
Street Level Ethics	November 2, 2011 Webcast	Gain insight into ethical behavior, to understand why the terms "ethical" and "moral" are quite different (and why confusing them presents problems). You will also become familiar with inherent conflicts in being ethical (if it weren't hard, everyone would do it) and gain an understanding of the value of a code of ethics. Through case studies, you will gain practice in seeing the ethical dilemmas in common insurance situations and have the opportunity to exercise individual judgment and reasoning in addressing ethical dilemmas, relying upon accepted ethical approaches and applicable codes of ethics.

Additional information on each class and registration materials are sent to the principal of each PSLA member by e-mail prior to each class, and are posted on the PSLA's website prior to each offering. Please mark your calendar now to take advantage of these exclusive offerings for PSLA members.



**THE PSLA WANTS TO HEAR FROM YOU!**

You've heard from us - now it's your turn. We love feedback, so please let us know your thoughts on this issue of the PSLA's Newsletter. Did you like it? Were the articles of interest and value to you? We're already planning the next issues, so please let us incorporate your ideas. Kindly direct your comments or questions to [memberservices@pasla.org](mailto:memberservices@pasla.org)

## PA Legislative Update

### In the Governor's Office

Governor Tom Corbett has moved quickly in assembling his top leadership team. The governor has appointed Brian Nutt, Chief of Staff; Ann Marie Kaiser, Secretary of Legislative Affairs; Jennifer Branstetter, Director of Policy and Planning; and Kevin Harley, Director of Communications. The staff members have been long-time aides to Governor Corbett.

As for the cabinet appointments, the Governor has appointed Michael Consedine as Acting Insurance Commissioner. Click on the hyperlink to review the text of Mr. Consedine's [Confirmation Testimony](#) presented at the March 9, 2011 Hearing. Prior to his appointment, Mr. Consedine concentrated his practice on regulatory and corporate matters involving insurance entities and consumers. From 1995-1999, Consedine served as Department Counsel for the Pennsylvania Insurance Department, where he represented the Department in litigation proceedings and on transactional filings. These matters included major corporate restructurings, development and implementation of legislation permitting financial institutions to engage in the sale of insurance, and several landmark enforcement action cases against insurance companies engaged in illegal geographic discrimination, as well as "churning" of life insurance policies. From 1999 to January of 2011, Consedine practiced with the law firm of Saul Ewing LLP where he was a Partner and Vice-Chair of the firm's Insurance Practice Group.

Governor Corbett also announced that Glenn Moyer, former President and CEO of National Penn Bancshares Inc., as his Banking Secretary; C. Alan Walker, President and CEO, Bradford Energy Company, as Secretary of Community and Economic Development; Kelly Powell, Secretary of Administration; John Wetzell, Franklin County Jail Warden, for State Department of Corrections; and Frank Noonan, State Police.

### Insurance Department Discusses Budget & Insurance Issues with Appropriations Committees

Acting Commissioner Consedine has met with both the Senate and House Appropriations Committees over the last several weeks concerning the Department's 2011/2012 budget. The discussions centered



Pennsylvania State Capital Building in Harrisburg

around recently enacted federal health care reform issues.

When questioned about the Department's efficiencies, Mr. Consedine responded that the Department is already a model for efficiency for regulatory agencies, pointing out Pennsylvania is the fifth largest insurance market with one of the smallest budgets for its department. He noted this has been accomplished through the Department embracing technology, which he said it will continue to do.

Similar to his nomination hearing, the Acting Commissioner was questioned about insurers steering customers to certain auto body shops. Senator Rafferty stated that he and some constituents have been the victims of insurance company steering toward auto body shops and asked what the Department does in this regard. Mr. Consedine reassured Senator Rafferty that consumers are entitled to choice in choosing auto body shops and the Department will address complaints of steering. He said there were seven complaints from five body shops last year with only one confirmed case of steering, which the Department pursued. Rafferty stated he has had a conversation with seven auto body dealers in his office who complained of this problem.

### In the Legislature

#### Joint and Several Liability Passes House Committee

The Pennsylvania House Judiciary Committee has passed the Fair Share Act, [HB1](#) legislation that seeks to reform the state's joint and several liability provisions. The bill was sponsored by Rep. Curt Schroder (R – Chester) and passed along party lines 15-10. When introducing the bill, Representative Schroder commented

that it will help to restore fairness when it comes to assessing penalties in liability lawsuits. The legislation would eliminate joint and several liability in civil cases for defendants found to be less than 60 percent liable. Instead, it implements a system of comparative responsibility in which a defendant is responsible for paying only his or her fair share of damages.

Legislation previously passed during Governor Mark Schweiker's administration in 2002 called the Fair Share Act; but was struck down on a procedural court challenge. It was passed again and vetoed by Governor Ed Rendell in 2005, and reintroduced again last session.

The Senate Judiciary Committee has not yet scheduled a vote on substantially similar legislation, [SB 2](#) sponsored by Senator Jake Corman, III (RF – Centre).

Senator Stewart Greenleaf (R – Montgomery) has introduced [SB 500](#), a somewhat different piece of legislation also reforming joint liability. That measure abolishes joint liability for any defendant whose percentage share of liability is less than the plaintiff's percentage share of liability.

#### Bill Repeals Sprinkler Law for New Homes

The Pennsylvania House of Representatives has sent to Governor Tom Corbett a bill to repeal the state's fire sprinkler mandate for most new homes. House Bill 377, would remove a requirement from the



Uniform Construction Code that all newly constructed one- and two-family homes have a fire sprinkler system installed.

The House gave final approval to the bill by a vote of 129-68. The Senate had passed an amended version of the legislation previously.

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## PA Legislative Update, Cont'd

*Continued from previous page*

Those who support the repeal claim sprinkler systems increase the cost of building a new home by up to \$15,000. They said the added costs discouraged many families from building, and stalled the construction industry as the housing market was trying to recover from the recession.

Opponents said the cost of installation was much lower, and well worth the lives saved by fire sprinklers.

### Upcoming Increase in Accident Surcharge Dollar Threshold

The Pennsylvania Insurance Department has issued Notice No. 2011-01, relating to the upcoming increase in the accident surcharge dollar threshold.

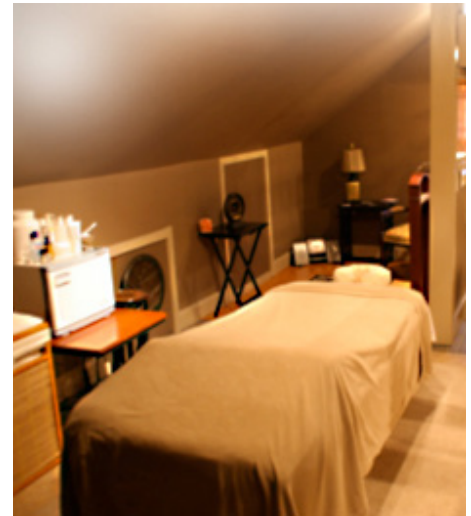
By law, an insurer writing private passenger automobile coverage in Pennsylvania may not penalize a policyholder whose aggregate claim cost over a three-year period does not exceed a certain threshold or cap. This cap applies to any person injured or property damaged, and is measured in

excess of any deductible or self-insured retention. Currently, the cap is \$1,350. The Department must adjust the amount of the cap at least once every three years, relative to changes in the Consumer Price Index for medical care and automobile maintenance and repair costs. Therefore, effective July 1, 2011, the Department has increased the cap to \$1,450.

The Pennsylvania Department of Insurance (DOI) has received a filing for a loss cost level increase for private passenger automobile insurance received from Insurance Services Office, Inc. (ISO).

### State Board of Massage Therapy Adopts Licensing Regulations

The Pennsylvania State Board of Massage Therapy (Board) has adopted Sections 20.1 through 20.54, to implement the Pennsylvania Massage Therapy Law. The regulations provide for the administrative functions of the Board, the education and qualifications for licensure, license renewal, continuing education, and the scope and standards of practice for massage therapists



in Pennsylvania.

Of significance, the regulations reiterate the Massage Therapy Law's language that licensure under the regulations does not require new or additional third-party reimbursement under the Motor Vehicle Financial Responsibility Law or the Workers Compensation Act.

## NEWLY INTRODUCED LEGISLATION

### SENATE

#### SB 190

An act amending the Unfair Trade Practices and Consumer protection law and provides for definitions and for unlawful acts or practices.

#### SB 880

An act making numerous changes to the judiciary and judicial procedures including establishing the appellate division of the Medical Professional Liability Court.

#### SB 889

An act amending accidents and accident reports and providing for the offense of accidents involving death and personal injury.

#### SB 896

An act providing for insurance language translation.

#### SB 902

An act providing for the Medical Care Availability and Reduction of Error Fund.

#### SB 918

An act defining vehicle financial responsibility.

#### SB 932

An act known as the telemarketer registration act, further providing for duration of a listing.

### HOUSE

#### HB 1189

An act amending the Unfair Trade Practices and Consumer Protection Law and further defining unfair methods of competition and unfair or deceptive acts or practices.

#### HB 1192

An act providing for nonmedical good Samaritan civil immunity.

#### HB 1197

An act amending the Telemarketer Registration Act and providing for unlawful acts and penalties.

#### HB 1202

An amend providing for the offense of wireless communications device use while dispensing liquid fuels.

#### HB 1206

An act amending the domestic relations act and providing for civil claim for damages intercept.

#### HB 1230

An act providing for the use of credit history of insured.

#### HB 1280

An act amending the acupuncture registration act pertaining to liability insurance.

#### HB 1285

An act relating to the use of credit information by carriers of personal lines insurance.

#### HB 1293

An action providing for nonmedical good Samaritan civil immunity.

#### HB 1305

An act known as the Unfair Insurance Practices Act and providing for unfair methods of competition and unfair or deceptive acts or practices.

#### HR 193

A resolution designating the week of April 25-29, 2011, as Insurance Fraud Awareness Week in Pennsylvania.



## PSLA Bulletins

### Pennsylvania Insurance Department Issues Notice – 1609-X Filing Type - Alert

Further to the PSLA's Bulletin of February 22, 2010, the Pennsylvania Insurance Department Directive 1609-X Filing Type, PSLA developed the process that became known as the 1609-X filing type.

That initial Bulletin was followed by a series of periodic reminders throughout the year, including one sent to all PSLA members on December 15, 2010. This process allowed surplus lines licensees to make filings that, for one reason or another, did not exist in PSLA's database. In addition, the newly created 1609-X filing type enabled surplus lines licensees who never made filings in the first place to do so as required by law, without penalty. The discovery of these issues was a result of the reconciliation and examination process that has been in effect since June 2009.

In order to encourage surplus lines licensees to comply with these procedures, the Pennsylvania Insurance Department instituted a moratorium period during which surplus lines licensees have been permitted to waive the late stamping fee by selecting an "Omissions" box. During this moratorium period of March 1, 2010 through December 31, 2010 only the applicable stamping fee was due.

The creation of these procedures and the moratorium period with respect to the late stamping fee was not instituted to accommodate those producers and/or surplus lines licensees who habitually break the Surplus Lines Law, but rather, maintain the integrity of the database. As indicated in the February 22, 2010 Bulletin, the moratorium period ends December 31, 2010.

The availability of the "Omissions" box and the option to waive the late stamping fee will be eliminated for these procedures. In addition, the 1609-X filing type will only be available for use in certain circumstances approved by the Department. The use of the 1609-X filing type is a means to maintain database integrity where a violation has taken place.

### PA Insurance Department Issues Eligible Surplus Lines Insurer List

In accordance with section 1605(b) of The Insurance Company Law of 1921 (40 P.S. § 991.1605(b)), the Insurance Department published the most recent Eligible Surplus Lines Insurer List on January 22, 2011. The List can be viewed by [clicking here](#). This list replaces in its entirety the Eligible Surplus Lines Insurer List as of July 1, 2010, published at 40 Pa.B. 4051 (July 17, 2010).

Persons with any questions concerning this notice should contact Robert Brackbill, Chief, Company Licensing Division, Insurance Department, 1345 Strawberry Square, Harrisburg, PA 17120, (717) 787-2735.



2011 PSLA ANNUAL MEETING

## The Consistency of Change

MAY 11-12, 2011

OMNI BEDFORD SPRINGS | BEDFORD, PA



### Featuring:

- Acting PA Insurance Commissioner Michael Consedine
- Continuing Education Classes on
  - Environmental Liability
  - Nanotechnology & Hazardous Products Liability
- Surplus Lines Workshop & Panel Forum: Regulatory & Legislative Issues on the Horizon
- Futurist Scott Friedman
- Change Management Expert Dr. Todd Dewett
- Golf Outing on the Bedford Springs Old Course

**Registrations now being accepted**

<http://www.pasla.org/Documents/PSLAAnnualMeeting-2011.pdf>

**or by calling 610-225-2636**



# 2011 Annual Meeting Registration Form

Please print this form and mail the completed form together with payment to PSLA Member Services, 150 South Warner Road, Suite 156, King of Prussia, PA 19406 Phone: 610-225-2636 Fax: 610-225-2364 E-mail: sarah@accolademgt.com

To qualify for Early Registration, this form and your check must be received at PSLA Member Services by April 22, 2011. Cancellations received in writing on or before April 22, 2011 will receive a full refund. No refunds will be made after this date.

## Please Complete a Separate Form for Each Attendee

### Annual Meeting May 11-12th, 2011

**Early Registration** (before April 22, 2011)      Members: \$200      Non-Members: \$275      \$ \_\_\_\_\_

**Regular Registration** (after April 22, 2011)      Members: \$250      Non-Members: \$325      \$ \_\_\_\_\_

**Golf - Bedford Springs Old Course** \$120      \$ \_\_\_\_\_

12:00 pm - 5:00 pm

Golf fee includes greens fees, cart, and box lunch,.

Handicap \_\_\_\_\_

### Continuing Education - Check the class(es) you will attend\*

12:00 pm - 2:00 pm: CE Class - Environmental Liabilities for Surplus Lines Professionals      \$ \_\_\_\_\_

2:20 pm - 4:20 pm: CE Class - Nanotechnology and Hazardous Products Liabilities for Surplus Lines Professionals      \$ \_\_\_\_\_

\* \$15/class (covers the cost of state filing) if you have registered for the Annual Meeting

\* Not registered for the Annual Meeting: \$50/class - members; \$75/class - non-members

Total Amount \$ \_\_\_\_\_

Name \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Business Phone \_\_\_\_\_ Fax \_\_\_\_\_

E-mail \_\_\_\_\_

Check here if you would like to be contacted by the PSLA regarding dietary needs.