



Filing Procedures and Data Submission Requirements



Filing Procedures and Data Submission Requirements

Agenda

- Who is PSLA?
- Before You Prepare a Filing – What you need to know
- Filing Requirements
 - Submitting an Original Filing
 - Filing an Endorsement
 - Remittance of Stamping Fees
 - Submitting your 1620 Monthly Report
 - Submitting your RCT-123 Annual Tax form



Filing Procedures and Data Submission Requirements

SECTION I

The Pennsylvania Surplus Lines Association



Filing Procedures and Data Submission Requirements

What is Surplus Lines Insurance?

Traditional insurance markets (PA Licensed or “Admitted” companies) are not always available for every risk.

PA Surplus Lines Law recognizes this need by allowing certain “non-admitted” companies to provide insurance on a “surplus lines” basis.

The complete updated list of Eligible Insurers can be found on our website

www.pasla.org under the Eligible Insurers Link



Filing Procedures and Data Submission Requirements

Who is PSLA?

PSLA Responsibilities

- Facilitate and encourage compliance with the Surplus Lines Laws of this Commonwealth
- Provide review and examination of all Surplus Lines coverage written for RISKS LOCATED within the Commonwealth
- Communicate with organizations with respect to the proper use of the Surplus Lines market
- Receive and disseminate information relative to Surplus Lines insurance



Filing Procedures and Data Submission Requirements

SECTION II

Before you Prepare a Filing –
Responsibilities of the Producer
and Surplus Lines Licensee



Filing Procedures and Data Submission Requirements

Effective July 1, 2011 Pennsylvania adopted Act 28 and Act 29 that brings the Commonwealth into compliance with the Federal Non-Admitted and Reinsurance Reform Act of 2010, (NRRA) effective July 21, 2011.

The highlights with respect to multi-state placements are as follows:

- Pennsylvania has discontinued the process of premium allocation in favor of the “one state or Home state rule” meaning only the Home state may tax a surplus lines premium and may regulate a surplus lines placement. Taxes are to be calculated on the full 100% premium of the total placement when Pennsylvania is deemed the Home state.
- A surplus lines license and a producer license will be required for the Home state as there is no change in the filing requirements.
- The determination of the Home state will require you, the licensee to determine the Home state in consultation with the insured and/or the insured’s producer.



Filing Procedures and Data Submission Requirements Definition of “Home State”

(1) Except as provided under paragraph (2), 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 one hundred per centum (100%) of the insured risk is located out of the state referred to under clause (A) SUBPARAGRAPH (I), the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated.

(2) If more than one insured from an affiliated group are named insureds on a single non-admitted insurance contract, the term means the home state, as determined under paragraph (1), of the member of the affiliated group that has the largest percentage of premium attributed to it under the insurance contract.



Filing Procedures and Data Submission Requirements

Before You Prepare a Filing – What you Need to Know

Obtaining a Pennsylvania Surplus Lines License

- “A Surplus Lines Licensee is a duly licensed Insurance Producer who also has a separate Surplus Lines license that allows for the solicitation, negotiation and placement of appropriate insurance coverage with Eligible Surplus Lines Insurers.”
- To obtain a Surplus Lines License for yourself and your agency, you must contact the Pennsylvania Insurance Department Bureau of Licensing and Enforcement: www.insurance.pa.gov
- Be certain that proper licensing has taken place prior to any solicitation, negotiation or placement of Surplus Lines coverage.



Filing Procedures and Data Submission Requirements

Before You Prepare a Filing – What you Need to Know

Obtaining your PSLA Customer ID Number

- Completion of a “Licensee Questionnaire” is required
 - Once the Questionnaire is returned and reviewed by PSLA, the licensee will receive a Welcome Letter from PSLA via email identifying the assigned four digit Customer ID number
 - It is critical that all documents filed with PSLA be clearly marked with the Customer ID number

Section 1615 of Pennsylvania Surplus Lines Law requires both the licensee and the agency to hold a valid resident/non-resident surplus lines license before transacting business



Filing Procedures and Data Submission Requirements

Before You Prepare a Filing – What you Need to Know

Obtaining your EFS Login and Password

- Licensees are required to enroll in the Electronic Filing System once they have been assigned a PSLA Cust ID number
- The Enrollment Application, located on the PSLA website under the New Licensees Overview link must be completed and submitted to PSLA before any business can be filed by the licensee's agency
- Once the Licensee completes the application, accepting the terms and conditions, a Login and Password will be issued to the Licensee or such person as the Licensee designates as the Electronic Filing Administrator for said agency.

Remember as of January 1, 2009 the Pennsylvania Insurance Department has mandated ALL surplus lines filings and endorsements, monthly reports and copies of annual surplus lines tax returns must be filed electronically



Filing Procedures and Data Submission Requirements

Before You Prepare a Filing – What you Need to Know

The Diligent Search of Admitted Carriers

- “Per section 1604(2)(i) of Pennsylvania Surplus Lines Law, Surplus Lines insurance may be procured through a Surplus Lines Licensee from non-admitted insurers if a diligent search is made by an Insurance Producer among the admitted insurers who are writing, in this Commonwealth, coverage comparable to the coverage being sought”
- Pennsylvania requires a minimum of three declinations from admitted insurers before a non-admitted insurer can be accessed
- The Producer Affidavit (1609 PR) requires the **Writing** Producer to declare (among other things) under penalties of perjury that the search has been completed
- For a full description of the Diligent Search requirements, all licensees should review the PA Surplus Lines Law Section 1609, Declarations, and Regulation chapter 124.5



Filing Procedures and Data Submission Requirements

Before You Prepare a Filing – What you Need to Know

Exceptions to the Diligent Search requirement:

- Placements which qualify as filing types 1609-B, 1610-A and 1610-B (to be discussed later)
- Kinds of Coverage or Classes of insured operations found on the Export list – 1604-E Reporting Form (to be discussed later)

Filings are due to PSLA within 45 days of the Effective Date of the Policy.



Filing Procedures and Data Submission Requirements

Before You Prepare a Filing – What you Need to Know

The Disclosure Statement to the Insured (at the time of presenting a quote or proposal to the insured)

“At the time of presenting a quotation or proposal to the insured, the Surplus Lines Licensee shall present to the Insured or Insured’s Writing Producer written notice that the insurance or a portion thereof involves placement with non-admitted insurers. As required by Section 1608 of the Pennsylvania Surplus Lines Law, the notice to the Insured or Insured’s Producer must state that:

- The insurer with which the licensee places the insurance is not licensed by the Pennsylvania Insurance Department and is subject to its limited regulation; and
- In the event of insolvency of an eligible surplus lines insurer, losses will not be paid by the Pennsylvania Property and Casualty Insurance Guaranty Association.

In accordance with Section 124.2 of Title 31 Pa. Code

Said notice shall be prominently printed on the first page of the quotation.



Filing Procedures and Data Submission Requirements

Before You Prepare a Filing – What you Need to Know

The Disclosure Statement to the Insured (after Receiving the Order)

- “Once coverage has been bound, every evidence of insurance negotiation, placed or procured pursuant to the provisions of the Pennsylvania Surplus Lines Law issued by the Surplus Lines Licensee shall bear the name of the Licensee and the following in 10-point type:”

“The insurer which has issued this insurance is not licensed by the Pennsylvania Insurance Department and is subject to limited regulation. This insurance is NOT covered by the Pennsylvania Property and Casualty Insurance Guaranty Association. Placed by: (INSERT your name, partnership or corporation, your street address (not P.O. Box) city, state and zip code)”

Reminder – the responsibility to meet the terms and conditions set forth within the Pennsylvania Surplus Lines Law rests with the Surplus Lines Licensee alone.



Filing Procedures and Data Submission Requirements

SECTION III

Filing Requirements



Filing Procedures and Data Submission Requirements

Filing Requirements Overview

There are five steps to the filing process:

- Submitting the Original Filing within 45 days of Effective Date
- Submitting endorsements as they occur
- Remitting Stamping Fees by the 25th of the month
- Submitting a 1620 monthly report by the 30th of the following month
- Submitting an RCT-123 Annual Tax form by January 31st to the PA Department of Revenue (with a copy to PSLA)



Filing Procedures and Data Submission Requirements

Filing Requirements – The Original Filing

A Surplus Lines licensee must submit a filing to PSLA for **all** Surplus Lines placements covering a risk located or performed within the Commonwealth of Pennsylvania.

The filing made by the Surplus Lines Licensee must be entered into the EFS within 45 days of the effective date of the placement.

There are five types of filings; the first four are all submitted using the SLL Affidavit

- 1609-SLL/1609-PR (includes second affidavit from the Producer)
- 1609-B
- 1610-A
- 1610-B

The fifth filing type is known as the “Export”. It is filed with:

- The 1604-E reporting form



Filing Procedures and Data Submission Requirements

Filing Requirements – The 1609-SLL/1609-PR Filing Type

Most common filing type (must be used when criteria for other four are not met)


Requires completion of the 1609-PR Affidavit (from the Writing Producer) which documents results of the Diligent Search and informing insured of the Disclosure Statement

SLL Affidavit and 1609-PR Affidavit must be submitted together in EFS by the Surplus Lines Licensee within 45 days of the effective date of the placement



Filing Procedures and Data Submission Requirements

Electronic SLL Affidavit

		Submit Original Filing	
Home		signed in as Jane Doe [Jane.Doe@agencyname.com] on nfweb	
		? Help	
Enter New Filing Information			
		Correctly Received Date	<input type="text" value="01/18/2008"/>
Pennsylvania Surplus Lines Association 211 Welsh Pool Road, Suite 200 Exton, PA 19341	Customer ID	<input type="text" value="0753"/> ▼	
	Policy Number	<input type="text"/>	
	Binder Number	<input type="text"/>	
		Customer Reference Number	<input type="text"/>

Refer to pages 16 through 28 of the Procedures and EFS Manual



Filing Procedures and Data Submission Requirements

Electronic SLL Affidavit

Type of Filing (please select one): 1609-SLL/1609-PR ▼			
REPORT OF TRANSACTION WITH UNLICENSED INSURER(S) IN ACCORDANCE WITH SECTIONS 1604, 1606, 1608 AND 1609 OF ARTICLE XVI. SURPLUS LINES. OF THE INSURANCE COMPANY LAW, ACT OF MAY 17, 1921, P.L. 682, NO. 284, AS AMENDED			
DECLARATION BY SURPLUS LINES LICENSEE			
Insured Name <input type="text"/>			
Location of Risk	Zip	City	State
<input type="text"/>	<input type="text"/>	<input type="text"/>	PA
Type of Coverage	Description of Insured's Operation		
<input type="text"/>	<input type="text"/>		
= Select the type of coverage = ▼	= Select the description of insurance = ▼		
Effective Dates (term) of Coverage			
Effective Date (mm/dd/yyyy)	Expiration Date (mm/dd/yyyy)		
<input type="text"/>	<input type="text"/>		
With respect to the risk described above, I hereby declare under the penalties provided for perjury that I am not aware of how the coverage can be procured from licensed insurers. I have, therefore, affected the insurance described above with the following eligible surplus line insurer(s). Among the licensed insurers declining to insure the risk or declining the amount of insurance on this risk, are the following:			



Filing Procedures and Data Submission Requirements

Single Eligible Insurer

ELIGIBLE INSURERS		Add Another Insurer		Remove Last Insurer	
	<u>Eligible Insurer Number</u>	<u>Eligible Insurer</u>	<u>Property Limit</u>	<u>Casualty Limit</u>	<u>Premium</u>
1	<input type="text"/>	<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>
Total from Eligible Insurers			\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>	\$ <input type="text" value="0.00"/>
			<input type="checkbox"/> For <u>Reporting Only</u>		
<p>I declare under the penalties provided for perjury, that I have made a diligent effort to procure the insurance coverage described above from licensed insurers which are authorized to transact the kind of insurance involved and which provide, in the usual course of business, coverage comparable to the coverage being sought and have been unable to procure said insurance. I further declare under the penalties provided for perjury, that at the time of presenting a quotation to the insured, the insured was given notice in writing, either directly or through the producer, that:</p> <p>The insurer with whom the insurance is to be placed is not admitted to transact business in this Commonwealth and is subject to limited regulation by the Department; and in the event of the insolvency of the insurer, losses will not be paid by the Pennsylvania Property and Casualty Insurance Guaranty Association.</p>					
Tax		\$ <input type="text" value="0.00"/>	<input type="checkbox"/> Check here ONLY if <u>Tax Exempt</u>		



Filing Procedures and Data Submission Requirements

Upload 1609-PR Form

<u>Surplus Lines Individual Licensee</u> = Select the Individual Licensee = <input type="button" value="v"/>	<u>Surplus Lines Agency Name</u> PENNSYLVANIA SURPLUS LINES ASSOCIA
Producer (FORM 1609-PR)	
<input type="checkbox"/> Check here if after numerous attempts you were unable to obtain the 1609-PR form from the producer. 1609-SLL filings without a 1609-PR form will be reported to PID.	
1609-PR Image	
Select the 1609-PR scan from your system <input type="text"/>	<input type="button" value="Browse..."/>



Filing Procedures and Data Submission Requirements

Validate and Submit Filing

Warning! The stamping fee is non-refundable. Inconsistent use of "spaces", "hyphens", and other symbols in the policy number may create a duplicate filing with a non-refundable fee.

Enter the Policy or Binder Number again

Please Note: Once you have clicked on Validate the Policy you will see the wording **Filing Is Valid to Submit** you must then scroll back down to the bottom of the page and click on **Submit Filing**

Do Not Click on Exit as you will lose all information entered on the page



Filing Procedures and Data Submission Requirements

Filing Requirements – The 1609-PR Affidavit

To be completed by the Writing Producer (person who is representing the insured in the transaction) and forwarded to Surplus Lines Licensee within 30 days after the Licensee has placed insurance with a Surplus Lines carrier

Affirms that:

- A diligent effort was made to procure the desired coverage in the admitted market
- The insured was advised in writing prior to placement of the insurance that:

"The insurer with whom this insurance is to be placed is not admitted to transact business in this Commonwealth and is subject to limited regulation by the department; and in the event of insolvency of the insurer, losses will not be paid by the Pennsylvania Property and Casualty Insurance Guaranty Association."

Reminder – read chapter 124.5 of the Pennsylvania Surplus Lines Regulation for a full description of the Writing Producer's Diligent Search requirements.



Filing Procedures and Data Submission Requirements

Filing Requirements – The 1609-PR Affidavit

COMMONWEALTH OF PENNSYLVANIA INSURANCE DEPARTMENT

1609-PR (REV. 04/05)

(Must be included with SLL Affidavit type 1609-SLL/1609-PR)

① Customer ID #	
② Policy #	
Binder #	

Report of transactions with unlicensed insurer(s) in accordance with Section 1609 of Article XVI, Surplus Lines of the Insurance Company Law, Act of May 17, 1921, P.L. 682, No. 284, as amended

DECLARATION BY PRODUCER

③ Insured Name		City		State	Zip
④ Location of Risk***					
⑤ Kind of Insurance:		⑥ Class of Operations:			
⑦ Amount of Insurance Property*	\$	⑧ Casualty**	\$		
Effective Dates (term) of Coverage		⑩ TO			
⑨ FROM					

*Total Insured Value **General or Policy Aggregate ***If more than one location of risk, then give address with most exposure

I declare under the penalties provided for perjury, that I have made a diligent effort to procure the insurance coverage described above from licensed insurers which are authorized to transact the kind of insurance involved and which provide, in the usual course of business, coverage comparable to the coverage being sought and have been unable to procure said insurance. Among the licensed insurers declining to insure the risk or declining the amount of insurance on this risk, are the following:

⑪ NAIC #	NAMES OF LICENSED COMPANIES	INSURER'S REPRESENTATIVE
1.		
2.		
3.		

I further declare under the penalties provided for perjury, that at the time of presenting a quotation to the insured, the insured was given notice in writing, either directly or through the producer, that:

The insurer with whom the insurance is to be placed is not admitted to transact business in this Commonwealth and is subject to limited regulation by the Department; and in the event of the insolvency of the insurer, losses will not be paid by the Pennsylvania Property and Casualty Insurance Guaranty Association.

ALL applicable provisions of ARTICLE XVI of the Insurance Company Law (40 P.S. §991.1601 et seq.) and Title 31 PA Code, Chapter 124 have been or will be complied with.

⑫ Name of Producer Agency:	_____	⑬ License # of Producer Agency:	_____
	(Type or Print Name of Producer Agency)		(Agency's License No.)
⑭ Name of Producer:	_____	⑮ License # of Producer:	_____
	(Type or Print Name of Individual Producer)		(Individual's License No.)

⑯ Signature of Producer _____ Date: _____
(Signature of Producer)



Filing Procedures and Data Submission Requirements

Filing Requirements – The 1609-B Filing Type

Select this filing type when the same coverage, as described, has been placed continuously with an eligible surplus lines carrier for a period of at least three consecutive years immediately preceding the current placement

- Note: insured need not be with the same carrier or surplus lines licensee over the three-year period

Diligent Search of the admitted market is not required (i.e. no 1609-PR Affidavit required)



Filing Procedures and Data Submission Requirements The 1610-A Filing Type **Before** July 1, 2011 PRE NRRA

Designed for the large corporate account; select this filing type if the placement meets at least three of the following six criteria:

- The insured employs a full-time risk manager or contracts for services from a qualified risk management service
- The insured has gross sales in excess of one hundred million (\$100,000,000) dollars
- The insured regularly employs in excess of two hundred and fifty (250) full-time employees
- The insured has assets in excess of one hundred million (\$100,000,000) dollars
- The insured has insurance premiums for property and casualty insurance, excluding employee benefits, in excess of two hundred and fifty thousand (\$250,000) dollars
- The insured is seeking insurance for risks resident, located or to be performed in one or more states other than Pennsylvania and the portion of the total risk ascribable to states other than Pennsylvania exceeds fifty percent (50%)

Diligent Search of the admitted market is not required (i.e. no 1609-PR Affidavit required)



Filing Procedures and Data Submission Requirements Filing Requirements The 1610-A Filing Type **After** June 30, 2011

The diligent search requirements of section 1604(2), the reporting requirements of section 1609(a) and the twenty-five per centum (25%) limitation of section 1606 shall not apply to placements of insurance with non-admitted insurers for an exempt commercial purchaser if:

- the surplus lines licensee procuring or placing the surplus lines insurance has disclosed to the exempt commercial purchaser that the insurance may be available from the admitted market that may provide greater protection with more regulatory oversight; and
- the exempt commercial purchaser has subsequently requested in writing the surplus lines licensee to procure or place the insurance from a non-admitted insurer.



Filing Procedures and Data Submission Requirements The 1610-A Filing Type **After** June 30, 2011

"Exempt Commercial Purchaser." Any person purchasing commercial insurance that, at the time of placement, meets the following requirements:

- The person employs or retains a qualified risk manager to negotiate insurance coverage.
- The person has paid aggregate nationwide commercial property and casualty insurance premiums in excess of one hundred thousand (\$100,000) dollars in the immediately preceding twelve (12) months.
- The person meets at least one of the following criteria:
 - A) The person possesses a net worth in excess of twenty million (\$20,000,000) dollars.
 - B) The person generates annual revenues in excess of fifty million (\$50,000,000) dollars.
 - C) The person employs more than five hundred (500) full-time or full-time equivalent employees per individual insured or is a member of an affiliated group employing more than one thousand (1,000) employees in the aggregate.
 - D) The person is a not-for-profit organization or public entity generating annual budgeted expenditures of at least thirty million (\$30,000,000) dollars.
 - E) The person is a municipality with a population in excess of fifty thousand (50,000) persons.
- Beginning January 1, 2015 and every five years thereafter, the amounts under clauses (A), (B) and (D) shall be adjusted to reflect the percentage change for the five-year period in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor and Industry.



Filing Procedures and Data Submission Requirements

The 1610-A Filing Type **After** June 30, 2011

A "Qualified risk manager" is defined as a person who meets all of the following requirements with respect to a policyholder of commercial insurance.

- (1) The person is an employee of, or third-party consultant retained by, the commercial policyholder.
- (2) The person provides skilled services in loss prevention, loss reduction or risk and insurance coverage analysis and purchase of insurance.
- (3) The person:
 - (i) (A) has a bachelor's degree or higher from an accredited college or university in risk management, business administration, finance, economics or any other field determined by the commissioner to demonstrate minimum competence in risk management; and
(B) (I) has three (3) years of experience in risk financing, claims administration, loss prevention, risk and insurance analysis or purchasing commercial lines of insurance; or
(II) has:
 - (a) a designation as a Chartered Property and Casualty Underwriter issued by the American Institute for Chartered Property and Casualty Underwriter/Insurance Institute of America;
 - (b) a designation as an Associate in Risk Management issued by the American Institute for Chartered Property and Casualty Underwriter/Insurance Institute of America;



Filing Procedures and Data Submission Requirements

The 1610-A Filing Type **After** June 30, 2011

- (c) a designation as Certified Risk Manager issued by the National Alliance for Insurance Education & Research;
 - (d) a designation as a RIMS Fellow issued by the Global Risk Management Institute; or
 - (e) any other designation, certification or license determined by the commissioner to demonstrate minimum competency in risk management;
- (ii) (A) has at least seven (7) years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis or purchasing commercial lines of insurance; and
- (B) has any one of the designations specified under clauses (a), (b), (c), (d) and (e);
- (iii) has at least ten (10) years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis or purchasing commercial lines of insurance; or
- (iv) has a graduate degree from an accredited college or university in risk management, business administration, finance, economics or any other field determined by the commissioner to demonstrate minimum competence in risk management.



Filing Procedures and Data Submission Requirements

Filing Requirements – The 1610-B Filing Type

For use by Surplus Lines Licensees who administer a Purchasing Group(s). Submission of a filing is required for each Pennsylvania Member of a Purchasing Group

A Risk Purchasing group is formed in compliance with the Risk Retention Act of 1986 authorizing a group of insureds engaged in similar businesses or activities to purchase insurance coverage from a commercial insurer.

- Note: Purchasing Group name is required on the affidavit and must be registered with Pennsylvania

Diligent Search of the admitted market is not required (i.e. no 1609-PR Affidavit required)



Filing Procedures and Data Submission Requirements

Filing Requirements – The Export Filing Type

Specified Kinds of coverage or Classes of insured operations are declared to be generally unavailable in the Admitted market, and thus “exportable”

This record is submitted using the 1604-E reporting form

Diligent Search of the admitted market is not required (i.e. no 1609-PR Affidavit required)

Refer to page 20 or the Procedure and Electronic Filing Manual



Filing Procedures and Data Submission Requirements

Filing Requirements – Guidelines For Affidavits

All 1609 SLL/1609 PR placements require two individuals: the **Writing Producer** representing the insured and the **Surplus Lines licensee** empowered to access the Surplus Lines market (this can be the same person).

The Writing Producer license numbers are required on each 1609 PR affidavit for both the individual and the agency

The Surplus Lines License numbers have been stored in EFS once the Licensee completes and returns the EFS Enrollment Application

Remember: Producer license numbers are different from Surplus Lines License numbers

By signing an Affidavit, the Licensee is declaring that, **under the penalties provided for perjury**, “all applicable provisions of Article XVI, the Surplus Lines Law and Title 31 PA Code chapter 124 have been or will be complied with”



Filing Procedures and Data Submission Requirements

Filing Requirements – Additional Filing Attachments

1606-A: attachment to the filing to be used when a portion* of the risk is placed with non-admitted insurance carriers which do not appear on the list of Eligible Surplus Lines Insurers (**found on the electronic form**)

- *This portion may not exceed 25% of the total risk, unless submitting a 1610-A filing
- Must be presented to the insured in writing.
- Refer to Page 22 in the EFS Agency User Manual for details

1609/1610-SH (multiple carrier schedule): click on **Add Another Insurer** in EFS to be used when multiple carriers subscribe to the same risk on one cover note (a.k.a. a subscription form).

Total limits and premium listed on the schedule must match limits and premium listed on the SLL Affidavit or Export Reporting form

- Refer to pg. 21 in the EFS User Manual for Multiple Eligible Insurers
- If each carrier issues a separate policy, prepare separate filings.

Reminder – All filings are due to PSLA within 45 days of the Effective Date of the Policy.



Filing Procedures and Data Submission Requirements

Filing Requirements – Where To Find Other Required Information

PSLA Kinds, Classes and Export Lists

- www.pasla.org; click on “Kinds/Classes/Export Lists”

Key Carrier numbers

- www.pasla.org; click on “Eligible List”

NAIC Numbers (for 1609-PR)

- Licensed Insurance Companies link on the PA Insurance Department website: <http://www.insurance.state.pa.us/dsf/gfsearch.html>
- Verify that the carrier is Admitted in PA for Property & Casualty coverage (i.e. it is a valid declining company) using PSLA’s “Company Lookup” link on www.pasla.org



Filing Procedures and Data Submission Requirements

Filing Requirements – Endorsements

An Endorsement should be entered into EFS when one of the following items occurs:

- A change in Policy Premium (additional or returned)
- A change in Named Insured
- A change to the Location of Risk (for placements with multiple locations in Pennsylvania, the change endorsement should indicate if the location with the most exposure has been changed)
- A change in Limits
- A change or revision to the Policy Number (other than a policy rewrite)
- A change to the Policy Period
- A New Carrier is added to the policy

Endorsements must be entered into EFS and also entered on the 1620 monthly report uploaded by the agency



Filing Procedures and Data Submission Requirements

Special Filing Circumstances

Multi-year Placements

- Premium amount reported on a filing must be for the full term of coverage (regardless of collection arrangement from the Insured)
- In the case of placements covering two or more years that are not prepaid:
 - Enter the appropriate Affidavit(s) or 1604-E reporting form reporting the full coverage period (e.g. 3 years) and the first year's premium amount into EFS.
 - Enter an Additional Premium "Installment Reporting" endorsement to PSLA at the one-year anniversary of the policy (recognizing the second year's premium amount).
 - Enter an Additional Premium "Installment Reporting" endorsement to PSLA at the two-year anniversary of the policy (recognizing the third year's premium amount).
- No filing may be entered into EFS with a policy period beyond three years unless the premium is fully prepaid.



Filing Procedures and Data Submission Requirements

Special Filing Circumstances

Extending Policy Periods

- A placement cannot be extended for more than 12 months beyond the original expiration date of the policy
- Any extension beyond 12 months from the original expiration date of the policy must be submitted in the form of a new filing (subject to the stamping fee) as this is considered a renewal

Tax Exempt Premium Filings

- Tax Exempt status is defined/controlled by the PA Department of Revenue (not the Insurance Department and not PSLA)
- As per recent Department of Revenue definition, the ONLY entities generally exempt from the Surplus Lines tax are political subdivisions (counties, municipalities, school districts, authorities, etc.)
- The tax exempt nature of any placement should be confirmed with a determination by the Department of Revenue:

www.revenue.state.pa.us



Filing Procedures and Data Submission Requirements

Special Filing Circumstances

Master Policies (other than Purchasing Groups)

- Category A: Insurable interest rests with the Master Policy Member
 - Submit a filing for each member covered by the master policy
 - Be sure to list the member's unique policy or certificate number as the "Policy No." on the Affidavit (and NOT the Master Policy number)
- Category B: Insurable interest rests with the Named Insured
 - Submit a filing for the named insured
 - Submit monthly reporting endorsements as coverage is added (Additional Premium) or removed (Return Premium)
 - Enter a net additional or return amount reflecting any multiple transactions in the given reporting endorsement information



Filing Procedures and Data Submission Requirements

Filing Requirements – Special Filing Circumstances

Broker of Record Letters

- Used to transfer handling of a specific placement from one Surplus Lines Licensee to another
- Usually happens at the expiration/renewal date of a policy and the “new” licensee submits a filing using their own Customer ID number

Mid-term Broker of Record Letter

- Not accepted by PSLA
- Our recommendation:
 - Cancel the existing policy and rewrite it as of the BOR Letter date
 - Submit a filing to PSLA using the “new” licensee’s Customer ID number (Note: this filing is subject to same requirements as the original filing, including Diligent Search (if applicable) and stamping fee.



Filing Procedures and Data Submission Requirements

Filing Requirements – Remittance Of Stamping Fees

Services performed by PSLA are funded by a stamping fee, assessed for each filing submitted to PSLA

- As of 1/1/2008, fee is a flat, annual, non-refundable amount of \$25, applicable to the Original Filing ONLY
- Also as of 1/1/2008 any new filing received after the 45 day period will be charged a non-refundable amount of \$50.
- Licensees **may not bill the Insured** for the late stamping fee, only \$25.00
- Licensee must bill and collect this stamping fee from the insured (should be stated separately from the Premium and tax amount)
- DO NOT PRE-PAY FEES

Reminder – Stamping fees are NON-REFUNDABLE



Filing Procedures and Data Submission Requirements

Filing Requirements – Remittance Of Stamping Fees

Method of Payment

- On a monthly basis, PSLA sends a Statement of Account to the designated contact for each Customer ID (for business processed by us that month) via email
- Total fees indicated on the Statement are due IN FULL by the 25th of the following month
- Be sure to include the Remittance Copy of the Statement with your payment
- Checks should be made payable to: Pennsylvania Surplus Lines Association



Filing Procedures and Data Submission Requirements

Filing Requirements – Submitting 1620 Monthly Reports

Section 1620 of the PA Surplus Lines Law requires a verified report of all surplus lines insurance premium activity (consisting of all new, renewal, rewrite, and all AP's and RP's) transacted during the month must be entered into EFS with the paper copy uploaded

- If no business is conducted, a report is still due to PSLA – simply write “No Business” on the form and upload it into EFS
- The 1620 Monthly report is available from the “Forms” section of PSLA’s website (.PDF and .XL formats)
- The 1620 Monthly report is due to PSLA within 30 days after the end of the month

Tip! – A 1620 Report may be returned to you for correction if you do not follow the report submission guidelines. (Refer to page 46 of the EFS Agency User Manual)



Filing Procedures and Data Submission Requirements

Filing Requirements – Submitting Annual Tax Report

The Commonwealth of PA levies a 3% tax on gross premiums charges (less return premium) for insurance placed with either an eligible surplus lines insurer or other non-admitted insurer

The original Gross Premium Tax Report (RCT-123) must be filed with the PA Department of Revenue along with your tax payment on or before January 31st of each year (regardless of whether any Surplus Lines business was produced in the preceding year)

A full copy (all pages) of the RCT-123 with documentation must be entered into EFS

The latest version of the RCT-123 is available for download from the PA Department of revenue website www.revenue.state.pa.us



Filing Procedures and Data Submission Requirements

Important

The responsibility to meet the terms and conditions set forth within the Pennsylvania Surplus Lines Law rests with the Surplus Lines Licensee alone.

PSLA cannot comply with the law for you!

We are here to train, educate, advise and consult only.