

## Special Bulletin

DATE: May 17, 2007

TO: To all Resident and Non-Resident Licensees

FROM: Kenneth A. Rudert – Executive Director *KAR*

SUBJECT: **Data Entry Mistakes Follow Up to September 1, 2006 Bulletin**

On September 1, 2006, PSLA emailed a special bulletin to all surplus lines licensees and their staff announcing the discontinuance of the flat, annual stamping fee refunds for filing mistakes, errors and omissions, effective October 1, 2006. <http://www.pasla.org/Bulletins/Suspension%20of%20Stamping%20Fee%20Return%20-%202009.01.06.pdf> . We pointed out that temporarily allowing stamping fee refunds had been to help licensees get used to the fact that changes were underway to make the filing process EASIER in Pennsylvania. These changes have been in process for several years, along with the introduction of the much requested electronic filing system (EFS). All of this came at a very high cost to PSLA. Clearly, it was time to return to the original flat, annual, non refundable stamping fee concept initiated January 1, 2002.

The majority of surplus lines licensees, both resident and non-resident, have responded well to this effort and we are gratified by this. Those who are unhappy are annoyed that we are no longer returning stamping fees for the mistakes, errors and omissions that THEY consistently make. Some even send us memos (a filing or filings attached) conceding that "the attached is either late or duplicate and we are to advise them what they did". Other issues are uncovered by our accounting department each month. Many times in an effort to make an initial correction, other mistakes are discovered by our data entry staff. All of this activity takes a great deal of time and expense.

According to our Surplus Lines Law, it is the responsibility of the surplus lines licensee to file required documentation that is complete and correct. This includes the accuracy and integrity of all activity relating to placements by each agency identified by its customer I D. Remember, it is your record and no one else's. Your record is your responsibility and not the responsibility of the stamping office to do this FOR YOU. The responsibility of the stamping office is to advise, consult, train and educate the surplus lines licensee and the producer. For the Insurance Department, the stamping office receives and records what YOU DO by way of this required documentation. This we have done successfully for the past ten years and, in the last several years, we have reduced the workload for the surplus lines licensees by creating an environment for substantially greater accuracy.

In our September 1, 2006 Special Bulletin, we mentioned a number of problem areas which cause frequent requests to correct mistakes. It was expected that an easier filing process and more importantly, the inclusion of the EFS, would allow the licensee to make corrections prior to filing and review their individual record. This, in turn, would substantially reduce the flow of filing mistakes, errors and omissions. This has not been the case; not returning stamping fees has made little difference. The only thing that has changed is the increased complaints that PSLA will not return the stamping fee for the surplus lines licensee's mistakes.

So, to restate OUR position, the very inexpensive flat, annual, non refundable stamping fee of \$15.00 will not be returned and cannot be passed on to the unsuspecting insured. The fee will be retained by PSLA to help, in a small way, to defray the relatively high costs to process your erroneous filings. This should be important to you in your effort to maintain database integrity with respect to your agency. If you cannot identify what you did or did not do, there is a serious flaw in your system. This has an ill affect not only on your record of individual filings throughout each year, but, also the accuracy of the required monthly reports and especially the quality and accuracy of the annual surplus lines premium tax return made to the Department of Revenue. Over the years, we can recall many surplus lines agencies incurring much grief mostly due to erroneous record keeping.