

DATE: February 22, 2010
TO: All Surplus Lines Agencies
FROM: Kenneth A. Rudert, Executive Director
SUBJECT: Pennsylvania Insurance Department Directive – 1609-X Filing Type

Early 2009 the Pennsylvania Surplus Lines Association created and implemented a new process known as Reconciliation and Examination. The purpose of this process is to review the integrity of PSLA's database since the introduction of the Electronic Filing System. Many items have come to light as a result of the new process. This information has resulted in PSLA notifying the licensee that sample testing connected with reconciliation and examination revealed a potential flaw in the agency's filing process. This is cause for the agency to review **all** of their records and make corrections where warranted. It should be noted that all agencies **should** review their filing records for accuracy on a regular basis.

As the goal of the process is to assure the integrity and accuracy of the database, the Pennsylvania Insurance Department has directed a temporary moratorium on certain late fees. This will allow the surplus lines licensees to update their agency records, which will in turn collectively update the Electronic Filing System. In order to expedite this process, the Department will temporarily waive the late stamping fee during the moratorium period; only the regular stamping fee will apply. The moratorium shall begin March 1, 2010 and extend through December 31, 2010 on placements effective prior to January 1, 2010.

To accommodate the moratorium period, PSLA has modified the Electronic Filing System to adapt two (2) different circumstances relevant to the late filing fee. They are as follows:

PART ONE: This process is designed for surplus lines filings that were originally prepared, dated and signed, but for one reason or another do not appear in the Electronic Filing System. This process simply allows the agency to re-enter the original filing, check the "Omissions" box provided on the screen, provide the reason, submit electronically and the system will automatically charge only the regular stamping fee. **The "Omissions" box is only valid for filings with a policy effective date prior to January 1, 2010, and it cannot be used with existing filings that already have a late stamping fee.**

PART TWO: This process has been designed for surplus lines filings that were **never made and are required**. This permits the surplus lines agency to make the required filings no matter the age of the filing. Many missing filings are historic in nature and creating a filing today applicable to a prior placement is basically worthless. Therefore, it became necessary to create a new form to update the database. The name of this filing type will be known as the 1609-X. Once the 1609-X is completed, the user must also check the "Omissions" box provided on the screen, provide the reason, and submit electronically. The system will automatically charge only the regular stamping fee.

We emphasize that the "Omissions" box is only valid for filings with a policy effective date prior to January 1, 2010 and cannot be used with existing filings that already have a stamping fee. Further, all filings utilizing the "Omissions" box will be recorded and reviewed by the Pennsylvania Insurance Department.

To further assist you with this new process, please review the following link of [Frequently Asked Questions](#) on this subject.

We are grateful to the Department for permitting this corrective measure, and ask all of you for your cooperation in complying. As always, any questions should be directed to Kenneth Rudert at the PSLA office.

KAR/ds