

DATE: October 13, 2010  
TO: All Surplus Lines Agencies  
FROM: Kenneth A. Rudert, Executive Director  
SUBJECT: Pennsylvania Insurance Department Directive –  
Surplus Lines Filings with Missing Producer Affidavits

For some time PSLA has been advised by a number of surplus lines licensees that they have made placements where the writing producer has failed to supply the required Producer Affidavit known as the 1609-PR. The purpose of this Bulletin is not to review the history of this dilemma nor to debate the issue itself. The simple fact of the matter is that surplus lines placements without the Producer Affidavit completed, signed and dated where required is in direct violation of the Surplus Lines Law.

Pennsylvania's Act 14 of 2010 became effective on September 20, 2010 and includes substantial increases in penalty amounts for Surplus Lines Law violations. In addition, part of the new federal Financial Reform Law includes the Non-admitted Reinsurance and Reform Act (NRRA) which becomes effective July 21, 2011. The provisions in the NRRA will represent a substantial change in the surplus lines marketplace. As a first step, the Pennsylvania Insurance Department has required the creation of a method that will allow surplus lines licensees to file these incomplete filings for the record in PSLA's Electronic Filing System (EFS).

PSLA has developed an additional process in our EFS which will allow the surplus lines licensee to file the 1609-SLL and indicate particular details with respect to the writing producer who has failed to supply the required Producer Affidavit. This filing will go on record with the Pennsylvania Insurance Department. In addition to the usual \$25.00 stamping fee and the additional \$25.00 late stamping fee (when applicable), there will be a missing 1609-PR stamping fee of \$50.00 that is non-refundable. Surplus lines licensees should understand that this process does not eliminate the writing producer's requirement of submitting the completed Producer Affidavit and it does not alleviate the surplus lines licensee's responsibility to obtain and file the completed Producer Affidavit.

**NOTE: Neither the additional fee for a late filing nor the additional fee for a missing 1609-PR filing may be passed on to the insured.**

This process will be available to begin January 1, 2011.

KAR/ds