

DATE: April 18, 2011
TO: All Surplus Lines Agencies
FROM: Kenneth A. Rudert, Executive Director
SUBJECT: Nonadmitted and Reinsurance Reform Act (NRRA) –
Pending Multi-state Changes

Reminder:

This is especially important for those surplus lines licensees handing multi-state placements to assure that the Department makes accurate decisions regarding the requirements of the NRRA. See note below.

As described in our [August 16, 2010 Bulletin](#), the Nonadmitted and Reinsurance Reform Act (NRRA) was signed into Law on July 21, 2010 and its provisions become effective on July 21, 2011. In the meantime, current Pennsylvania Laws and Regulations and their affect on the filing process remain.

One of the provisions within the NRRA 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.

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