



NEWS EXCLUSIVELY FOR MEMBERS OF THE PSLA



PSLA Annual Meeting: “The Synergy of Surplus Lines” May 16 & 17, 2012 – King of Prussia, PA

The Annual Meeting of the Pennsylvania Surplus Lines Association will be held at the Dolce Hotel in King of Prussia, PA on May 16 – 17, 2012. This year’s theme, “The Synergy of Surplus Lines”, will focus on bringing together the many important elements of the industry in an informative and business-oriented venue. The event will provide you with the chance to take advantage of many relationships and networking opportunities with other surplus lines professionals who will be in attendance. We will also offer a continuing education class on the latest liability exposures for wholesale producers; and a keynote speaker to provide new details on emerging exposures and transacting business within the Lloyd’s marketplace.

Highlights of the Annual Meeting will include:

- Networking Cocktail Party
- Update from the PA Insurance Department
- A Panel Forum with Insurance Company Executive Officers



- Surplus Lines Licensee E&O Exposures Continuing Education Class
- Keynote presentation by Hank Watkins, President of Lloyd’s US

Watch your email for registration materials, which will be mailed in the near future.

Sponsorship opportunities are available for the event. Please contact PSLA Member Services for more information (memberservices@pasla.org), or by calling Sarah Selverian at: 610-225-2636. This year’s sponsors include:

- Saul Ewing, LLP;
- Stradley, Ronon, Stevens & Young, LLP;
- US Liability Insurance Company; and
- Western World Insurance Company

Thanks to the above named for confirming your sponsorships for this year’s Annual Meeting. Join these PSLA members and your surplus lines colleagues by sponsoring the 2012 PSLA Annual Meeting.

[Click here](#) to learn more about the Convention Hotel

[Click here](#) for directions to the Hotel

Continuing Education Session to Focus on Email Liability Exposures

Emails now number in the trillions annually. Experts say speed, ease and cost drive the use of email as the main corporate communication mechanism. This seminar is designed to address the risks posed by corporate email communications and propose solutions that producers and their clients may consider. This seminar begins with a discussion of the pure "legal" status of emails, and focuses on the Uniform Electronic Transactions Act. The underlying goal here is to stress to attendees that the relative lack of formality of email and its speed in comparison to "snail" mail does not invalidate its status as a business record. The seminar also briefly touches upon HIPAA, GLBA and Sarbanes Oxley record requirements as they impact email.

The seminar is designed to address the needs of producers themselves (in the errors and omissions context) and how producers can better serve their clients by presenting them with common sense and relatively inexpensive risk management techniques as it specifically relates to record keeping guidelines.

Please join us on February 22nd from 11:00am to 1:00pm for a webcast to gain a unique insight into communication issues you – your retail producers – and their potential policyholders – face each day.

Click here for [Course Description](#).

Click here for the [Registration Form](#).

Fee: PSLA Members - \$40; Non-Members - \$55

Locations: Exton, King of Prussia, Chadds Ford, Harrisburg, Greensburg, and Warrendale (Pittsburgh Area)



The class will be via web conference at all locations.

To register for this class, please download the Registration Form and mail the completed Registration Form and a check to:

PSLA Member Services
150 South Warner Road, Suite 156
King of Prussia, PA 19406

Questions? – contact Sarah Selverian at 610-225-2636 or memberservices@psla.org. More information can also be found on the [PSLA website](#).

We look forward to your joining us on February 22nd for this exclusive session for PSLA members and their employees.

The PSLA extends its heartiest congratulations and best wishes to Cressinda E. Bybee at the Pennsylvania Insurance Department on her recent promotion to Senior Licensing Specialist.

Congratulations

 A black fountain pen with a gold nib is shown writing the word "Congratulations" in a flowing, cursive script. The pen is positioned at the bottom right of the page, with the ink trail extending towards the left.

PSLA Bulletins

Changes resulting from the Non-admitted Reinsurance and Reform Act (NRRRA)

As we enter the beginning of 2012, we would like to take the opportunity to bring some observations and comments to your attention.

Clearly, the biggest event of 2011 was the enactment of the Non-admitted and Reinsurance Reform Act (NRRRA). The general feeling is that, for the most part, compliance with this Federal Act has made the filing process more streamlined and easier. At the same time, there are a few issues within this Law that have surfaced as problem areas.

1. On a positive note, the implementation of the “home state rule” on multi-state risks requires the surplus lines licensee to be licensed only in said “home state” of the insured. In addition, the licensee calculates, collects and remits the tax on the full 100% of the premium to just the “home state”. This eliminates the expensive, time consuming, involved, allocation of premium based on the location of risk. This is a particularly important issue on large accounts with locations in an array of states. After all, it was the cumbersome allocation of premium problem that brought about the NRRRA in the first place. Thankfully, when the Pennsylvania Legislature passed Act 28 and Act 29, the amendments to the Pennsylvania Surplus Lines Law adopted the NRRRA in its entirety. Life is good.

The challenge that has developed is determining the “home state”. As you know, PSLA always stands ready to help, but, the fact of the matter is that WE know little or nothing about YOUR client. Often, we can ask some helpful questions that may help you to make your determination, but we often find that the person responsible for making the filing also knows little about the client. Our suggestion is that the person making the filing has sufficient information available to reach a decision. This information should come from the production and/or marketing personnel in your agency or, better yet, directly from the insured.

2. We would remind all licensees to be accurate when making filings in Pennsylvania using the filing type 1610-A, especially now since this filing type is applicable to the Exempt Commercial Purchaser (ECP) for policies effective after June 30, 2011. Basically we would like to bring to your attention the requirements of the Exempt Commercial Purchaser, which are stated below.

“Exempt commercial purchaser.” Any person purchasing

commercial insurance that, at the time of placement, meets the following requirements:

- (1) The person employs or retains a qualified risk manager to negotiate insurance coverage.
- (2) 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.
- (3) (i) 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, as adjusted under subparagraph (ii).
 - (B) The person generates annual revenues in excess of fifty million (\$50,000,000) dollars, as adjusted under subparagraph (ii).
 - (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, as adjusted under subparagraph (ii).
 - (E) The person is a municipality with a population in excess of fifty thousand (50,000) persons.
- (ii) 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.

Note: The new Law defines person as “A natural person or business entity.”



THE PSLA WANTS TO HEAR FROM YOU!

You've heard from us - now it's your turn. We love feedback, so please let us know your thoughts on this issue of the PSLA's Newsletter. Did you like it? Were the articles of interest and value to you? We're already planning the next issues, so please let us incorporate your ideas. Kindly direct your comments or questions to memberservices@pasla.org

Federal Government Issues New Trucking Rules

Surplus Lines Producers should make certain they are aware of the Federal Motor Carrier Safety Administration's (FMCSA) new Hours of Service (HOS) rules relating to the maximum number of hours a truck driver can work within a week. Under the old rule, truck drivers could work up to 82 hours within a seven-day period. The new rule limits a driver's work week to 70 hours. [Click here](#) to see the complete final rule.

In addition, truck drivers cannot drive after working eight hours without first taking a break of at least 30 minutes. Drivers can take the 30-minute break whenever they need rest during the eight-hour window.

The final rule retains the current 11-hour daily driving limit. FMCSA will continue to conduct data analysis and research to

further examine any risks associated with the 11 hours of driving time.

The rule requires truck drivers who maximize their weekly work hours to take at least two nights of rest from 1 am to 5 am. This rest requirement is part of the rule's "34-hour restart" provision that allows drivers to restart the clock on their work week by taking at least 34 consecutive hours off-duty. The final rule allows drivers to use the restart provision only once during a seven-day period.

Companies and drivers committing egregious violations of the rule could face the maximum penalties for each offense. Trucking companies that allow drivers to exceed the 11-hour driving limit by three or more hours could be fined \$11,000 per



offense, and the drivers themselves could face civil penalties of up to \$2,750 for each offense.

Commercial truck drivers and companies must comply with the rule by July 1, 2013.

PA Venue Shopping Legislation Update



The House Judiciary Committee has approved Legislation to improve Pennsylvania's civil lawsuit system by prohibiting venue shopping in certain personal injury lawsuit claims.

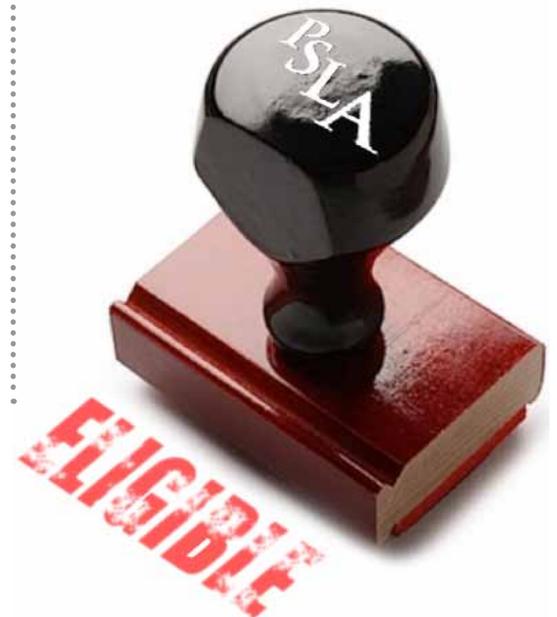
[House Bill 1976](#), sponsored by state Rep. Bryan Cutler (R-Lancaster), would add a section to the Judicial Code that specifies where a plaintiff may bring a personal injury lawsuit claim against a corporation. Such suits would be limited to the county where the plaintiff resides, the county where the cause of action arose, and the county where the registered office or principal place of business of the defendant is located. For cases in which multiple corporate defendants are named, the complaint must be filed in the county where the cause of action took place or in the plaintiff's home county.

Current law allows a plaintiff to bring a suit in Philadelphia if any one of the defendants can be sued there, which may encourage plaintiffs to find a marginal defendant eligible for suit in Philadelphia so all defendants can be sued there, even if the alleged injury occurred elsewhere or the principal parties are not located in the city.

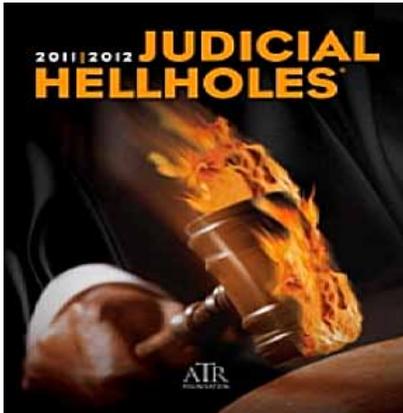
House Bill 1976 now goes to the entire House for consideration.

Eligible Insurers List Update

The PSLA has posted an updated list of Eligible Insurers approved to transact business in Pennsylvania. Please [click here](#) for the latest details.



American Tort Reform Association Releases 2011 Results



The American Tort Reform Association has released its annual Judicial Hellholes® report, documenting abuses of the civil justice system in jurisdictions it says are among the most unfair and out-of-balance in the nation.

The Report cites the recent Wall Street Journal editorial [“The City of Unbrotherly Torts”](#) (December 3, 2011), for its conclusion that Civil courts in Philadelphia, particularly the Complex Litigation Center, top the list of Judicial Hellholes for the second year in a row, as “litigation tourism” is actually encouraged by some judges. Civil justice problems throughout California and West Virginia earn the second- and third-place rankings, respectively. And auto-accident fraud racketeers helped place perennial

judicial hellhole South Florida in fourth place.

Two neighboring rural counties in Illinois, Madison and St. Clair, return to the Judicial Hellholes list in the fifth spot this year after recent civil justice reform efforts there appear to have stalled. New York City and Albany collectively claim sixth place as petty lawsuits remain the norm and personal injury lawyers block reform.

The study found that Philadelphia hosts a disproportionate share of Pennsylvania’s lawsuits and, as demonstrated by the report, forum shopping for plaintiff-friendly courts within the state is primarily a “Philly phenomenon.” The report stated judges within the Philadelphia Complex Litigation Center (CLC) have actively sought to attract personal injury lawyers from across the state and the country. Plaintiff-friendly law, expedited procedures, a reputation for a high plaintiff win rates and generous awards contribute to Philadelphia’s status as a venue of choice. Success in addressing the flow of medical liability cases to Philadelphia and the legislature’s recent limiting of a defendant’s liability to its share of fault do, however, provide some hope for the future.

Under the Fair Share Act, individual defendants are liable to pay only their proportionate share of the judgment instead

of the full judgment, with few exceptions. The exceptions include intentional torts, intentional misrepresentation, hazardous substance releases (under the Hazardous Sites Cleanup Act), or “dramshop” liability of tavern owners. The most notable exception, however, relates to a defendant held liable for 60% or more of the total apportioned liability to all parties. If a defendant is held liable for 60% or more of total apportioned liability, that defendant remains liable to pay the full amount of the judgment. The Fair Share Act also allows the jury to consider the liability of non-parties who have previously settled with the plaintiff. The Fair Share Act applies to causes of action accruing on or after June 28, 2011, so it does not affect pending cases.

The ATRA’s Report also notes the Philadelphia CLC’s strategy for drawing more lawsuits to Philadelphia seems to be working. There were 13,631 mass tort cases in the CLC in 2006. After settlement of thousands of Fen-Phen cases, the court’s docket shrank to 2,498 cases in the spring of 2007. But it is growing again. In 2010, CLC’s Mass Tort Program docket was up 22 percent - from 4,288 to 5,244 pending cases - largely due to four new pharmaceutical mass tort consolidations.

State Insurance Commissioner Named to Federal Advisory Committee

State Insurance Commissioner Mike Consedine has been named to a new, 15-person committee that will advise the U.S. Department of Treasury’s Federal Insurance Office.

“This appointment recognizes Pennsylvania’s

leadership role in the complex, global work of insurance regulation, as well as our state’s very unique, diverse and innovative insurance marketplace,” Consedine said. “It is my privilege to serve on this panel and to help promote further evolution of our state-based regulatory system.”

Consedine is one of six state and District Columbia insurance regulators to serve on the advisory panel, which is an outgrowth of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Its role is

to monitor all aspects of the insurance industry, including identifying issues that could contribute to systemic risk to insurers or the U.S. financial system.

Pennsylvania is home to small mutual insurance companies as well as large international companies. The state Insurance Department supervises the operation of approximately 1,700 insurance companies. Pennsylvania has the world’s 14th - largest insurance market, and the nation’s fifth - largest premium volume.

PSLA 2012 Dues Are in the Mail

There’s never been a more important time than now to ensure you remain a member in good standing in the Pennsylvania Surplus Lines Association. The world of transacting, binding and reporting Surplus Lines insurance business continues to change and improve.

And there’s never been a better bargain than sustaining the PSLA’s Membership Division, on-line and web-based continuing education sessions; annual meetings and other member benefits.

Be sure to complete and return your membership renewal information along with your dues payment today!





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SURPLUS LINES ASSOCIATION



Happy New Year!

The Board of Governors and Staff of the Pennsylvania Surplus Lines Association wish you, your family and colleagues a happy, prosperous and successful New Year. As we enter 2012, please know all of us are here to assist with any questions or requests for information on matters pertaining to transacting the business of surplus lines insurance in the Commonwealth of Pennsylvania.

Please contact us at:

| CONTACT TYPE | TELEPHONE | EMAIL |
|------------------------|------------------------|--------------------------|
| General information | 610-594-1340, option 1 | AgencyServices@pasla.org |
| Training | 610-594-1340, option 1 | AgencyServices@pasla.org |
| Bulletins | 610-594-1340, option 0 | PSLABulletins@pasla.org |
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| Accounting | 610-594-1340, option 3 | Accounting@pasla.org |
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