

## **Surplus Lines Subgroup Full Meeting**

**Q4-2017**

### ***Regulatory Update Recap***

**Alaska:** The Alaska Division of Insurance is transitioning to electronic reporting and payment through the use of the Online Premium Tax for Insurance (OPTins) application operated by the NAIC. Toward this end, the director recently adopted Regulatory Order No. R 17-08, which describes the new surplus lines financial reporting and payment changes effective for the first quarterly report due in 2018. The order is posted on the division's website at:

<https://www.commerce.alaska.gov/web/Portals/11/Pub/Consumers/Orders/Regulatory/2017/R17-08.pdf>.

**Arizona:** through Regulatory Bulletin 2017-02, the DOI outlines changes in insurance laws, including HB2279 which amended ARS 20-465 by excluding from the fee restrictions of the provision surplus lines brokers transacting surplus lines insurance.

<https://insurance.az.gov/sites/default/files/documents/files/DOI%20REGULATORY%20BULLETIN%2020170809.3.pdf>

**California:** With the passage of Assembly Bill 1641, the CA DOI will have more flexibility to manage the Export List starting January 1, 2018. To that end, the DOI is holding a hearing on Wednesday, November 29, which provides an opportunity to advocate for adding additional coverages to the export list. These and other items are covered in the CA Surplus Lines Association of California's SLA Connection Fall 2017 issue found here:

[http://www.slacal.com/docs/default-source/quarterly-newsletter/sla\\_connection\\_fall\\_2017.pdf?sfvrsn=4](http://www.slacal.com/docs/default-source/quarterly-newsletter/sla_connection_fall_2017.pdf?sfvrsn=4)

**Colorado:** the Courier or Express service address on the Colorado Surplus Lines Tax System Payment Coupon has been updated to: KeyBank Lockbox Operations, 1000 South McCaslin Blvd., Superior, CO 80027. Contact: Shane Roberts at 720-304-1770. This change is effective as of 11/17/17 but only impacts courier or express mailings.

**Connecticut:** HB 7126 provides for the regulation of Transportation Network Companies (TNC) and allows surplus lines insurers to cover the required insurance. The bill took effect October 1, 2017.

**Connecticut:** HB 7183 amends policy renewal requirements for all insurers, including surplus lines insurers who had previously been exempt. The bill requires insurers to issue a conditional renewal notice to insureds if the insurer intends to renew a policy under terms or conditions less favorable to the insured than provided under the existing policy. This provision took effect October 1, 2017.

**Delaware:** The Delaware Department of Insurance issued Surplus Lines Bulletin No. 21 informing all surplus lines licensees that on and after January 1, 2018, policy transaction reports, premium tax reports and payments must be filed through OPTins, and paper filings will no longer be accepted at that time.

<https://insurance.delaware.gov/wp-content/uploads/sites/15/2017/08/linesbull21.pdf>

**Georgia:** the DOI issued Bulletin 17-EX-1 to remind surplus lines brokers and insurers that it is unlawful to charge customers added fees in conjunction with the sale of a surplus lines policies. With specific exceptions, you may not collect any sum in excess of the premiums and charges for insurance specified by the insurer in the policy.

<https://www.oci.ga.gov/ExternalResources/Announcements/Bulletin-9272017-1024.pdf>

**Louisiana:** Beginning in 2018, producers and adjusters will file a single license renewal, which will renew all eligible lines on the license. Licensees will no longer renew in an even or odd year based on the lines of authority on the license. The renewal date will continue to be based on the last day of the birth month but the renewal year will be determined by the license number. Licenses that end in an even number will expire in even-numbered years regardless of lines. Licenses that end in an odd number will expire in odd-numbered years regardless of the lines. Business Entity license renewals are moving from April 30 to March 31. Here are more details:

<http://ldi.la.gov/industry/producer-adjuster/renewals>

<https://www.ldi.la.gov/onlineservices/LicenseChangeInformation/>

**Maryland:** SB 19 eliminated the requirement that surplus lines brokers file a zero premium report in periods when they transacted no business. The bill became effective 10/1/2017.

**Maryland:** Bulletin 17-10 outlines the rules for how insurers, producers, and surplus lines brokers should accept credit cards as payment for insurance premiums, including disclosures that must be provided.

<http://insurance.maryland.gov/Insurer/Documents/bulletins/17-10-Credit-Cards-Accepted-for-Insurance-Payment-Premiums.pdf>

**New York:** ELANY has issued Bulletin No. 2017-35 which adds to the list of eligible insurers HDI Specialty Insurance Co. This is a good reminder to check states' eligibility lists periodically as the lists do change from time to time.

<http://www.elany.org/hotnews.aspx?dID=2029&mode=8>

**New York:** ELANY issued Bulletin 2017-36 to remind members on the proper use of binders and your duty to file binding authorities with ELANY. To make a long bulletin short, the point is that a binder should not be issued by a broker unless that broker is an excess lines broker and has binding authority from the eligible excess line insurer. If it does not, it should issue a "confirmation of placement of coverage." In any event, you are still required to file the declarations page for review and stamping by ELANY as soon as possible.

<http://www.elany.org/hotnews.aspx?dID=2030&mode=8>

**North Dakota:** in 2015, changes were made in statute to broaden the applicability of penalties for surplus lines filings. However, the ND Surplus Lines System has been updated to include an “approval date” on endorsement, audit and cancellation filings. This implements the tolerance given to policy change filings by statute, where the producer has to file within 60 days of the date the producer obtained knowledge of the change.

<https://www.nd.gov/ndins/producers/otherlicenses/surpluslines/>

**Oklahoma:** SB 438 exempts cities and towns in Oklahoma from paying tax on any policy of surplus lines insurance. The bill took effect on November 1, 2017.

**South Carolina:** The South Carolina Department of Insurance issued a notice requiring all property and casualty insurance companies, including eligible surplus lines insurers, to complete a claims reporting spreadsheet related to Hurricane Irma claims. The first report for claims reported as of November 1 should be reported on November 6 and the second report for claims reported as of January 3, 2018 should be reported on January 8, 2018.

**Tennessee:** the Department of Commerce has issued new guidelines for processing a request for a refund of SL taxes. The procedures can be found at the link below. Bear in mind that if you have already filed Form SL3 (OPTins or Paper) for a previous quarter/year that shows a negative amount but have not received a refund, please follow these refund procedures to AMEND the filing under which the taxes were originally paid. Please include a copy of the original payment and the SL3 form that shows the negative amount. If you do not send these items in, a refund will not be issued.

<http://www.tn.gov/assets/entities/commerce/attachments/ProcedureforaPTRefundRequest.pdf>

**Texas:** The Texas Surplus Lines association, SLTX, has indicated that due to HB 1559, effective 1/1/18, it will need to start tracking Industrial Insureds. Businesses who have previously filed under the Exempt Commercial Purchaser provision may instead be able to file under the Industrial Insured provision and its lower thresholds. Brokers that utilize the automated filing method must be certain that adequate testing is completed and are urged to do so as soon as possible. Specifics relating to the XML or ASCII file layouts, including these new changes, can be found within the Programmers Technical Reference Guide. This document can be found within the Online Filing System by selecting Help from the left Navigation panel, then Documentation, and then Technical Reference Guide. Questions can be directed to [TechSupport@sltx.org](mailto:TechSupport@sltx.org) or 800-681-588 option 2.

**Utah:** the DOI has proposed a change to applicable statutes to increase the surplus lines stamping fee from 0.15% to 0.18%. The comment period is open till 12/1/2017 though no hearing will be held. A bulletin will likely be issued by the end of the year providing details. We understand it is likely that it will apply to policies effective from 1/1/18 forward, such that premium endorsements and audits on policies effective before that date should use the current fee rate. Brokers who are invoicing policies in December that are effective 1/1/2018 or later will need to use the new fee rate. Here is the proposed language:

<https://insurance.utah.gov/wp-content/uploads/157-4Amend10-12-2017.pdf>

**Vermont:** beginning with the quarter ending 12/31/**2016**, due by 1/31/2017, new forms were required by the Department of Financial Regulation and the Department of Taxes. The new return form and accompanying schedules are available with instructions at the link below, and should be filed with the Department of Taxes, with a copy to the DFS. Note that if you did not write business during a quarter, and have zero tax to pay, do not submit a return.

<http://tax.vermont.gov/business-and-corp/miscellaneous-taxes#surpluslines>

**Washington:** note that beginning on 1/1/18, Washington resident applicants applying for or renewing a surplus lines broker license must already hold, or simultaneously apply for, an active Insurance Producer license with Property and Casualty lines of authority.