



**THE SURPLUS LINE ASSOCIATION  
OF CALIFORNIA**

50 CALIFORNIA STREET, 18TH FLOOR  
SAN FRANCISCO, CA 94111

THEODORE M. PIERCE  
EXECUTIVE DIRECTOR

JOY LAUGHERY  
STAMPING OFFICE DIRECTOR

TELEPHONE  
(415) 434-4900  
(800) 334-0491  
FAX  
(415) 434-3716  
[www.slacal.org](http://www.slacal.org)

April 17, 2007

**BULLETIN #1127**

**RE: RECORDKEEPING REQUIREMENTS – ORIGINAL DOCUMENTS  
NEED NO LONGER BE MAINTAINED IN HARD COPY FORMAT**

In a letter from Keith Kuzmich, the California Department of Insurance has advised the SLA to inform its members that maintaining scanned documents will meet the 5-year recordkeeping requirements of Section 2190.2 to 2190.7 of the California Code of Regulations. This means the SL-1 (Confidential Report of Surplus Line Placement), SL-2 (Diligent Search Report), and D-1 (Disclosure Notice) need not be maintained in hard copy form. The scanned documents must be clearly legible, replicate the full page of the original paper documents, and be maintained in such a format that would not allow for editing.

If you have any questions, please contact Ted Pierce at (800) 334-0491 or (415) 434-4900.

Sincerely,

A handwritten signature in black ink that reads 'Theodore M. Pierce'.

Theodore M. Pierce,  
Executive Director

**DEPARTMENT OF INSURANCE**

ADMINISTRATION & LICENSING SERVICES BRANCH  
LICENSING SERVICES DIVISION  
300 CAPITOL MALL, SUITE 1600  
SACRAMENTO, CA 95814  
(916) 492-3511  
(916) 327-6907 (FAX)  
www.insurance.ca.gov



April 13, 2007

Mr. Theodore M. Pierce  
Executive Director  
The Surplus Line Association of California  
50 California Street, 18<sup>th</sup> Floor  
San Francisco, CA 94111

Subject: Clarification of Surplus Line Brokers' Recordkeeping Requirements

Dear Mr. Pierce:

As you know, Sections 2190 through 2190.7 of the California Code of Regulations sets forth the records relating to insurance transactions that agents and brokers, including Surplus Line Brokers, must maintain and make available for the commissioner's inspection. The records that Surplus Line Brokers must maintain specific to surplus line transactions are the SL-1 (Report of Placement), SL-2 (Diligent Search Report), and D-1 (Disclosure Statement). For each transaction, Surplus Line Brokers must maintain the records for five years from the expiration/cancellation date of the policy.

The regulations also require that the Surplus Line Broker who signs the SL-1 and SL-2 must maintain the original and file a copy with the Surplus Line Association (SLA). Additionally, the Surplus Line Broker who receives the originally signed D-1 from the insured must maintain the original and send copies of the D-1 to all other agents, brokers, or Surplus Line Brokers involved in the transaction.

During the past few years, the SLA has received many requests to maintain the originals of the SL-1, SL-2, and D-1 forms in a scanned format, rather than to maintain the paper original.

As one of Commissioner Poizner's goals is to utilize every opportunity to make transactions and requirements more efficient, including for Surplus Line Brokers, effective immediately, Surplus Line Brokers may meet the recordkeeping requirements described above by scanning their original documents. However, the scanned documents must be maintained in such a format that would not allow for editing of these documents.

Thank you for your assistance in this matter.

Keith Kuzmich  
Chief, Licensing Services Division