



**March 23, 1995**

**BULLETIN #690**

**RE: NEW SURPLUS LINE LAW**

Attached is Bulletin #94-13A, dated March 22, 1995, which revises some of the provisions of Bulletin #94-13 dated December 5, 1994, which described the transition from Regulation 2174 to Senate Bill 959. Members must familiarize themselves with the contents of Bulletin #94-13A and its immediate impact on current filing requirements.

In summary, Bulletin #94-13A states that the California Department of Insurance will consider all SB 959 filings made in 1995 as dual 2174 filings with an expiration date of December 31, 1995.

Remember, surplus line brokers must still file a valid Form A before any placements for carriers eligible in California under Regulation 2174 in 1995.

Should you have any questions or concerns, please contact the SLA office at (415) 434-4900. Thank you.

Edgar S. Clark  
Executive Director  
ESC/ljl

**Attachment**

STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
45 FREMONT STREET  
SAN FRANCISCO, CA 94105

March 22, 1995

**Bulletin No. 94-13A** TO: All Surplus Line Brokers, Insurance Producers & other Interested Persons  
SUBJECT: New Surplus Line Insurance Law

The Department hereby corrects its Bulletin #94-13. In that bulletin on page 7 in the section entitled Transition for Insurers Presently under Regulation 2174.1 the Department expressed its concern about the transition between the 2174 listing and the SB 959 listing. The Department specifically stated that:

"The Department encourages 2174.1 listed insurers to file for approval under SB 959 as soon as possible to give the Department adequate time to evaluate, and act upon, the SB 959 filing before the insurer's 2174.1 listing expires. The Department suggests that 2174.1 insurers consider renewing their 2174.1 filing in December, 1994 and thereby extend their surplus line authority thru December, 1995.

Additionally, if so requested by the submitting surplus line broker, the Department will accept the 2174.1 renewal submission as a filing for approval under SB 959. Thus, with one submission and one \$1,500 filing fee, an insurer can renew its 2174.1 listing thru December, 1995 and also file for approval under SB 959. All 2174.1 renewals received in December, 1994 that are in substantial compliance with Regulation 2174.1 will be placed on the 2174.1 listing of filings with an expiration date of December 31, 1995."

Despite this warning, as of this date, the Department is surprised by the fact that brokers did not make any filings for some surplus line companies. Other brokers made only 959 filings. Furthermore many filings were made late. As a result, several 2174 listed companies are in danger of expiring under 2174 before they are approved under SB 959.

The Department is quite concerned about the stability of the market and wants to make certain that there is a smooth transition from 2174 to SB 959. The Department wants to minimize market dislocation during this time period. The Department may have inadvertently and mistakenly not allowed enough time for brokers to make the necessary filings. Some brokers appear to have made a 959 filing with the understanding that the carrier would still be an eligible 2174 carrier until the 959 filing was either approved or disapproved.

In light of the above, the Department hereby amends its order of December 2, 1994 as follows:

1. Any broker which made a 959 filing only will also be deemed to have requested a 2174 renewal unless the Department is notified in writing otherwise. Unless otherwise requested then such carriers will be listed as renewed on the 2174 list with an expiration date of December 31, 1995.
2. Any broker who did not make a 2174 renewal filing in December of 1994 for an insurer that was on the 2174 listing of filings as of December 31, 1994 may now make a 959 filing before the expiration date of the carrier on the 2174 list. If such a 959 filing is made before the carrier's expiration date, then the carrier's 2174 expiration date will be automatically extended until December 31, 1995.
3. All filings will be handled on a first come first serve basis. Questions regarding this Bulletin, may be directed to:

Surplus Line Enforcement Unit 45 Fremont  
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(415) 904-5700

CHUCK QUACKENBUSH  
Insurance Commissioner  
by  
Timothy J. Summers  
Deputy