



**THE SURPLUS LINE ASSOCIATION
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RE: NRRA COMPLIANCE AND EFFECTIVE DATE

The Nonadmitted and Reinsurance Reform Act of 2010 (the "NRRA") was signed into law on July 21, 2010. We understand that surplus line brokers have questions regarding compliance requirements of the NRRA.

The NRRA does not take effect until July 21, 2011 (one year from the date of enactment), which means current California law and regulations (and those of other applicable states) regarding tax collection and reporting requirements govern. Therefore, until the effective date of the NRRA, brokers are advised to continue to comply with the current California surplus line broker requirements and those of other applicable states. Brokers should not change their compliance practices in response to the NRRA at this time.

While the enactment of the NRRA and its home state regulation focus will ultimately have a significant impact on broker compliance requirements, it is impossible at present to predict the precise nature of the requirements when the NRRA takes effect on July 21, 2011. The NAIC, the California Department of Insurance and the various state regulators are currently in the process of developing methods to implement the NRRA. Many states, including California, are likely to amend their laws in response to the NRRA.

The SLA will continue to monitor and advise developments in the California law and regulations regarding the NRRA and provide further guidance as the nature of the requirements becomes more clear. In the meantime, members are advised to continue their current practice of compliance.

A handwritten signature in black ink, appearing to read 'Theodore M. Pierce'.

Theodore M. Pierce
Executive Director