



December 3, 1998

BULLETIN #840

RE: REMINDER OF RECENT CHANGES IN FILING PROCEDURES

As of September 28, 1998, surplus line brokers are no longer permitted to supply the SLA with originals of the SL-1 (Confidential Report of Placement) or the SL-2 (Diligent Search Report); photo copies of those forms must be submitted. Beginning December 28, 1998, brokers who file the original signed copy of the SL-1 or SL-2 with the SLA will receive an informational tag.

[Attached](#) is a letter from Dennis Ward, Chief of the California Department of Insurance, Enforcement Division, explaining the provisions of the regulation that established this new filing procedure. The amended California Code of Regulations, Title 10, Section 2190, requires new record keeping and document distribution requirements in surplus line transactions but represents and improvement in SLA filing procedures for surplus line brokers. However, surplus line brokers are required to maintain the original of the SL-1 for five (5) years after the expiration or cancellation of the policy. The agent, broker or surplus line broker who signs the SL-2 must maintain the original and send copies to other agents, brokers or surplus line brokers involved in the transaction. The agent, broker or surplus line broker who receives the original D-1 (Disclosure Statement) from the insured must maintain the original for 5-years after expiration of the policy and send copies to all other agents, brokers or surplus line brokers involved in the transaction.

On another front, the term "copy" as defined in the regulation has been expanded to permit the SLA to facilitate electronic filing of SL-1 and SL-2's when the Association becomes technically able to do so.

The SLA is working with the Department on some minor practical concerns we have with the regulation. I will keep you informed of how the Department decides to proceed.

Theodore M. Pierce
Executive Director

[Attachments](#) (PDF Format)