
DEPARTMENT OF INSURANCE45 FREMONT STREET, 21st Floor
SAN FRANCISCO, CA 94105**FEE INCREASE**

The Department has recently completed a regulatory modification process for Title 10, 2174.1-14. The sections are now contained in Title 10, 2174.1-2174.4. The modifications give new filing fees, set forth what documents must be filed in the annual renewal filing and what documents must be filed as periodic updates as required under Insurance Code Section 1765.1. Specifically 2174.2 lists the Schedule of Fees. Pursuant to these changes, there are increased fees effective February 24, 1999. The fees are as follows:

Initial Application	\$4,500
Annual Renewal	\$2,250
Periodic Updates	\$250 Financial Documents
	\$35 Non-Financial Documents

In the case of a group of incorporated or a combination of incorporated and unincorporated insurers which underwrite insurance as members of a group of syndicates pursuant to Insurance Code Section 1765.1(a)(2)(C), in addition to the initial application and annual renewal fees, the group shall reimburse the Department for the costs of review of any individual syndicate. There are no periodic update fees for such groups.

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 FREMONT STREET, 21st FLOOR
SAN FRANCISCO, CALIFORNIA 94105

CALIFORNIA CODE OF REGULATIONS, TITLE 10
CHAPTER 5, SUBCHAPTER 1, ARTICLE 4
SECTIONS 2174.1 THROUGH 2174.4
EFFECTIVE FEBRUARY 24, 1999

2174.1 Definitions

(a) "Filing" means the providing of documents required under Insurance Code Section 1765.1 (c), (d) and (i) to the Department.

(b) "Report of Examination" means a report of examination by the insurer's domiciliary regulator listing the condition of the insurer at an as of date that is no later than 5 years from the date of submission.

NOTE: Authority Cited: Section 1763, Insurance Code.

Reference: Sections 1763 and 1765.1, Insurance Code.

2174.2 Schedule of Fees

(a) Initial Filing

Insurer, or licensee, shall pay in support of a filing for qualification as an eligible surplus lines insurer pursuant to Insurance Code Section 1765.1 the filing fee of \$4500 except that for a group of incorporated or a combination of incorporated and unincorporated insurers which underwrite insurance as members of a group of syndicates pursuant to Insurance Code Section 1765.1(a)(2)(C), the filing fee shall be \$4500. In addition, the group shall reimburse the Department for the costs of review of any individual syndicate.

(b) Annual Renewal

Within twelve months after being added to the list of approved surplus line carriers and annually thereafter, a filing of all the documents required by 2174.3(a) must be made and the filing fee for that annual renewal will be \$2250 except that for a group of incorporated or a combination of incorporated insurers and unincorporated insurers which underwrite insurance as members of a group of syndicates pursuant to Insurance Code Section 1765.1(a)(2)(C), the filing fee shall be \$2250. In addition, the group shall reimburse the Department for the costs of review of any individual syndicate.

(c) Periodic Updates

Upon the filing of documents, pursuant to the update provisions of 2174.3(b) throughout the year, the filing fee will be \$250 per document for updates of financial documents; and \$35 per document for all other updates. These document fees shall not apply to any documents filed in connection with the review of any syndicate that is part of a group of incorporated or a combination of incorporated insurers and unincorporated insurers which underwrite insurance as members of a group of syndicates pursuant to Insurance Code Section 1765.1(a)(2)(C).

(d) Additional Requirements

All filings made pursuant to this section shall meet the requirements of Insurance Code Section 8 and shall be forwarded to the Department at the following address:

Surplus Lines Enforcement Unit
Investigation Bureau
California Department of Insurance
45 Fremont
San Francisco, California 94105

All filings shall be made in quadruplicate, unless otherwise agreed to by the Department.

NOTE: Authority Cited: Sections 1763, and 1771, Insurance Code. Reference: Sections 1763 and 1765.1, Insurance Code.

2174.3

(a) Annual Renewal Filing

Within a year of the initial filing and every year thereafter the insurer or the licensee must file the following:

(1) Foreign Insurers

(A) Financial Documents

(i) Annual Statement as required by Insurance Code Section 1765.1(c)(1)(A)

(ii) Audited Financial Report as required by Insurance Code Section

1765.1(c)(1)(B) & (D)

(iii) Latest Report of Examination as required by Insurance Code Section 1765.1

(c)(7)

(iv) Quarterly Financial Statements

(B) Non-financial Documents

(i) Certified License as required by Insurance Code Section 1765.1(c)(2)

(ii) Certificate of Good Standing as required by Insurance Code 1765.1

Section(c)(2)

(iii) Agent for Service of Process as required by Insurance Code Section

1765.1(c)(3)

(iv) Principal Place of Business as required by Insurance Code Section

1765.1(c)(4)

(v) Market Conduct Statement as required by Insurance Code Section

1765.1(c)(5)

(vi) Regulatory Disclosure Statement as required by Insurance Code

1765.1(c)(6)

(vii) List of Surplus Line Brokers authorized to issue policies as required by Insurance Code Section 1765.1(c)(7)

(C) Supplemental information

- (i) Proposed Plan of Operation as required under Insurance Code 1765.1(d)(1)
- and (h)
- (ii) Biographical Affidavits pursuant to Insurance Code Section 1765.(d)(1)
- (2) Alien Insurers
- (A) Financial Documents
- (i) Audited Financial Report as required by Insurance Code Section 1765.1(c)(1)(B) &(E)
- (ii) Latest Financial Statement as required by Insurance Code Section 1765.1(c)(1)(A) & (E)
- (iii) Quarterly or half-yearly if available
- (B) Non-financial Documents
- (i) Trust Agreement as required by Insurance Code Section 1765.1(c)(1)(C)(i)
- (ii) Certified License as required by Insurance Code 1765.1(c)(2)
- (iii) Certificate of Good Standing as required by Insurance Code Section 1765.1(c)(2)
- (iv) Agent for Service of Process as required by Insurance Code Section 1765.1(c)(3)
- (v) Principal Place of Business as required by Insurance Code Section 1765.1(c)(4)
- (vi) Market Conduct Statement as required by Insurance Code Section 1765.1(c)(5)
- (vii) Regulatory Disclosure Statement as required by Insurance Code Section 1765.1(c)(6)
- (viii) List of Authorized Surplus Line Brokers as required by Insurance Code Section 1765.1(c)(7)
- (ix) Most recent quarterly statement of account of assets in the trust as required by Insurance Code Section 1765.1(c)(1)(C)(ii)
- (C) Supplemental Information
- (i) Proposed Plan of Operation as required by Insurance Code Section 1765.1(d)(1) and (h)
- (ii) Biographical Affidavits pursuant to Insurance Code Section 1765.1(d)(1)

All documents and information required to be filed pursuant to subdivision (a) must be the most recent version of the document or information. If a document or information has previously been filed to the Department it need not be refiled as part of the annual renewal filing. The cover letter with the annual renewal should mention when and what document was previously filed. If one or more of the documents listed in subdivision (a) is not filed with the Department as part of the annual renewal filing then explain in writing what those documents are and the reason they are not being filed.

(b) Update Requirements

Whenever a document required in the initial filing or annual renewal filing is materially changed or a more recent version becomes available, the insurer or the

licensee must file the document as soon as it is available.

NOTE: Authority Cited: Section 1763, Insurance Code.

Reference: Sections 1763 and 1765.1, Insurance Code.

2174.4 Public Availability Of Documents

(a) All documents filed with the Commissioner under Insurance Code Section 1765.1 except the biographical affidavits and the plan of operation, all periodic filings required under the trust agreement, all orders issued under Insurance Code Section 1765.1, and all evidence, pleadings and documents relating to hearings held under Insurance Code Section 1765.1, shall be available for public review. Nothing herein shall make any memorandum, study or other document prepared by or for the Department staff in its official capacity, for internal Department use, a public document.

(b) The Commissioner may prepare and distribute to the public a list of insurers to whom section 1765.1 orders have been issued and of insurers named in the orders.

NOTE: Authority Cited: Section 1763, Insurance Code.

Reference: Sections 856(a), 1763 and 1765.1, Insurance Code.