

# THE SURPLUS LINE ASSOCIATION

OF CALIFORNIA

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March 16, 1959

NO. 94

To Principal Representatives  
of Members:

## Filing Requirements - Tags

This bulletin, cleared with the Insurance Department, is issued by direction of your Stamping Office Committee and is of special importance to all members who make filings with the Stamping Office. It should be brought to the attention of all persons in your office who have anything to do with tags issued by the Stamping Office.

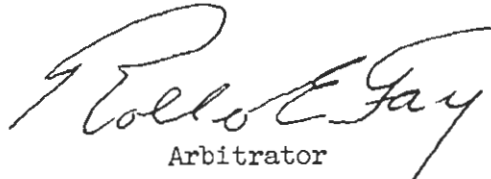
The problem is dilatory compliance with tags, which has gradually developed to a point where it has become a burden on the Stamping Office and could be a serious matter for members taking too long to satisfy tags. The solution is easy if members will act upon the following suggestions.

First, read the Filing Requirements rule on page 33 of the Surplus Line Association Manual.

Next, read carefully the advice the Insurance Commissioner gave to members of the Surplus Line Association in his letter of June 22, 1951 regarding "risks transacted by surplus line brokers ... not reported to your Association for long periods after having been written", copy attached hereto and previously bulletined to members.

Now, please observe that filings which the Stamping Office tags as incomplete or, in its opinion, as not passable under the Surplus Line Law are in the same category as covering notes as far as Sec. 382 is concerned - and must be so treated by the Stamping Office.

The objectives of this notice are: 1) to clear up the present accumulation of unsatisfied tags long outstanding; and 2) to get better compliance hereafter by members with the requirements of the tag system for their own good. It is a credit to the membership that the majority of tags are always cleared promptly, most of them within 15 days, but your Stamping Office Committee urges cooperation of all members to accomplish the objectives of this notice.

  
Arbitrator

REF:ma

Copy of

Letter dated 6-22-51 to Surplus Line Association from  
California Insurance Commissioner on "Compliance with  
Surplus Line Law"

You have recently submitted to this Department notices of a number of risks transacted by surplus line brokers which were not reported to your Association for long periods after having been written. A number of these cases have indicated that coverage on risks have been procured and continued in effect, without issuance of a certificate or policy of insurance, for periods which appear to be excessive. In your recent visit to this office we expressed to you the opinion that certificates or policies evidencing insurance procured by surplus line brokers upon risks to be placed in non-admitted insurers should be issued within the same time limits after procurement of coverage as govern the issuance of covering notes, and the extension thereof, applicable to admitted insurers. We believe it clear that the laws of this State contemplate that insurance contracts shall be evidenced by policies or certificates of insurance, and that the permission temporarily to cover risks by binders or similar instruments is a temporary relaxation of the foregoing basic requirement. It follows that in all cases a written "binder" or similar instrument must immediately be issued and that a certificate or policy of insurance be issued as soon as possible, and in any event within the times permitted in Section 382 of the California Insurance Code. Your attention is respectfully invited to the provisions of Sections 382 and 383 of the California Insurance Code and to the rules set forth in Commissioner's Ruling No. 53 issued by this Department in April of 1948. Likewise, your attention is directed to Section 1775.5 of the California Insurance Code in respect to the gross premium tax and the penalties which are due thereunder.

It is our viewpoint that the effectiveness of the law governing surplus line business is to a substantial measure predicated upon the seasonable filing of the necessary notices and documents with your organization. This is directed to your attention for the reason that many of the recent notices sent by your organization to this office indicate that some of your members are not seasonably notifying you of the surplus line insurance.

It is neither our intention nor desire to be placed in the position of having to institute disciplinary proceedings against the licensees of your organization. However, you will appreciate that if immediate correction of the violations of the insurance laws of this State is not made, it is our duty to institute appropriate proceedings to compel compliance with the law. We trust that in the future your members will carry on their business in strict compliance with the law and the rules and regulations of this Department."