



THE SURPLUS LINE ASSOCIATION OF CALIFORNIA

---

# FILING REQUIREMENTS FOR THE SURPLUS LINE ASSOCIATION OF CALIFORNIA

---

**CREATING A BULK SUBMISSION (AKA BATCH)**

# Table of Contents

▶ Creating a Bulk Submission.....	3
▶ Coversheet Contents.....	4
▶ Coversheet Example.....	5
▶ Documents Required for Filings.....	6
▶ Order of Documents within a Batch.....	7
▶ Policy Content.....	8
▶ SL-1 Form.....	9
▶ SL-1 Instructions.....	10
▶ SL-2 Form.....	11
▶ SL-2 Instructions.....	13
▶ Exceptions to Diligent Search.....	14
▶ Submission.....	18

# Creating a Bulk Submission

- ▶ All bulk submissions must be accompanied by a coversheet that includes all the transactions that are included in the upload. **New and renewal policy should be submitted within 60 days of the policy effective date.**
- ▶ The submission must contain:
  - Batch Coversheet
  - Copy of the Declarations Page, Certificate, Cover Note or Binder
  - Completed copy of the SL-1
  - Lloyd's Syndicate List, if applicable
  - Completed copy of the SL-2, if applicable

# Batch Coversheet Contents

(for paper filings)

Filings should be submitted with a maximum of 75 policies and/or endorsements for easier reconciliation. Submissions must be accompanied by a coversheet which includes:

- ▶ Assigned SLA broker number (especially for brokerages with multiple branches)
- ▶ Exempt Commercial Purchaser/Commercial Insured checkbox
- ▶ Insured's name
- ▶ Transaction type
- ▶ Policy number
- ▶ Premium amount (including taxable fees)
- ▶ Stamping fee
- ▶ Surplus line state tax
- ▶ Invoice date
- ▶ California % premium allocation (for multi-state risks)—even if 100% of the premium is to be filed in California, the CDI wants to track what the % of premium would have been filed in California pre NRRA.
- ▶ Total amount of items and premium

\*Including the name and contact information for the person responsible for creating the batch would enable SLA correspondence to be directed to the appropriate party.

# California SLA Filing Coversheet Example

**Date of Submission:** February 1, 2014  
**Broker Name:** AAAA Insurance Brokers, Inc.  
**SLA Broker Number:** 1234

	CI/ECP	Insured Name	Type	Policy #	Premium	Stamping Fee	Taxes	Invoice Date	% CA
1	X	ABC Equipment	New	XF10003	5,125.50	10.25	153.75	1/1/2014	20%
2		Dover Corp	Renewal	A745999	1,100.00	2.20	33.00	2/4/2014	100%
3		Pine, Inc.	Endorsement	TRX54738	3,100.00	6.20	93.00	2/1/2014	100%
				<b>TOTALS</b>	<b>\$9,325.50</b>	<b>\$18.65</b>	<b>\$279.75</b>		

**Submitted by:** Sarah Clark (415) 555-1680  
[Sarah.Clark@aaaabrokers.com](mailto:Sarah.Clark@aaaabrokers.com)

**CI/ECP** refers to the California Insurance Code section 1760.1(b) definition of commercial insured or the NRRA definition of exempt commercial purchaser. Refer to California Insurance Code section 1760.1. The checklist is on the following slide.

**%CA** refers to the percentage of premium allocated to California if there was no home state rule.

# Documents Required For Filings

For paper, emailed or bulk submission upload filings only:

- ▶ Coversheet

For all filings:

- ▶ New and renewal transactions must include:
  - Copy of the Declaration Page, Certificate, Cover Note or Binder
  - Lloyd's syndicate list (if applicable)
  - Completed copy of the SL-1
  - Completed copy of the SL-2 (unless the coverage is on the current export list or the insured qualifies under the California Insurance Code section 1760.1(b) definition of commercial insured)
- ▶ Extension endorsements extending the policy term for more than 90 days in the aggregate during any 12-month period must include:
  - Copy of the extension endorsement
  - Lloyd's syndicate list (if applicable)
  - Completed copy of the SL-1
  - Completed copy of the SL-2 (unless the coverage is on the current export list or the insured qualifies under the California Insurance Code section 1760.1(b) definition of Commercial Insured/ Exempt Commercial Purchaser.)
- ▶ Endorsements and cancellations must include:
  - Copy of endorsement

# Order of Documents

## SL-2 Form

### The Surplus Line Association of California DILIGENT SEARCH REPORT (SL-2 FORM)

Before completing this report, please review the instructions on page 2.

I, \_\_\_\_\_, hereby submit that I performed or supervised this diligent search,

## SL-1 Form

Policy Number: XF10003  
California Premium: 5,125.00

### CONFIDENTIAL REPORT OF SURPLUS LINE PLACEMENT

Please refer to the instructions on Page 2, and the attached current California Export List for assistance in completing this form.

Please check ONE box only:

☐ The following information, accompanied by a copy of the declarations page or certificate or binder, is submitted for an Insurance Code

## Lloyd's Syndicate List

SLA SAMPLE UNDERWRITERS, INC.

## Security Agreement

Contract: 900/13

Lloyd's Security

Syndicate Number

## Declarations Page

### United Specialty Insurance Company

465 Cleveland Avenue  
Westerville, Ohio 43082  
614-895-2000  
www.centurysurety.com

COMMERCIAL LINES POLICY  
COMMON POLICY DECLARATIONS

POLICY NO: XF10003

Renewal of New

## California SLA Filing Coversheet Example

## Cover Sheet

Date of Submission: February 1, 2014

Broker Name: AAAA Insurance Brokers, Inc.

SLA Broker Number: 1234

	CI/ECP	Insured Name	Type	Policy #	Premium	Stamping Fee	Taxes	Invoice Date	% CA
1	X	ABC Equipment	New	XF10003	5,125.50	10.25	153.75	1/1/2014	20%

# Policy Content

- ▶ California Insurance Code Section 381 list the required contents on the policy:
  - Parties between whom the contract is made, insured and insurer
  - Property or life insured
  - Interest of the insured in property insured, if he is not the absolute owner
  - Risks insured against
  - Policy period
  - Premium



# SL-1: Confidential Report of Surplus Line Placement

Policy Number: \_\_\_\_\_  
California Premium: \_\_\_\_\_

**CONFIDENTIAL REPORT OF SURPLUS LINE PLACEMENT**

Please refer to the instructions on Page 2, and the attached current California Export List for assistance in completing this form.

Please check ONE box only:

☐ The following information, accompanied by a copy of the declarations page or certificate or binder, is submitted for an insurance coverage or risk listed on the current California Department of Insurance Export List. (California Insurance Code Section 1763.1)

☐ The following information, accompanied by a copy of the declarations page or certificate or binder, and a fully executed copy of the diligent search report (SL-2 Form), is submitted in accordance with California Insurance Code Section 1763(a).

1. \_\_\_\_\_ hereby submits that he/she is:

(A) a duly licensed surplus line broker, license number \_\_\_\_\_; or,

(B) a transactor on the surplus line license of \_\_\_\_\_ (Name of Organization)

(C) \_\_\_\_\_; and, \_\_\_\_\_ (License Number)

that he/she or said organizational licensee was engaged by the insured, or the insured's broker, named herein, to obtain insurance against certain risk as described in this report.

2. **RISK DESCRIPTION**

(A) Name of Insured \_\_\_\_\_

(B) Address of Insured \_\_\_\_\_ (Street and Number)

(C) Description of the Risk \_\_\_\_\_ (City) (State) (Zip Code)

(D) Location of Risk \_\_\_\_\_ (e.g., Laundromat, Liquor Store, -- NOT TYPE OF COVERAGE) (Street and Number) (City) (State) (Zip Code)

(E) Export List Code OR Coverage Code \_\_\_\_\_ (Coverage Codes listed on Page Two; Export List Codes listed on Export List)

3. **PLACEMENT DESCRIPTION**

List Nonadmitted Insurer(s) Underwriting This Policy with % of Premium. (Include an attachment if additional space is needed, or attach a line slip.) If Gap Provision applies, please include GAP Exemption Form Attachment.

NAME OF NONADMITTED INSURER(S)	% OF PREMIUM
_____	_____
_____	_____
_____	_____

Signature of Person Named on Line 1 \_\_\_\_\_ Date \_\_\_\_\_

SL-1 Form (Revised January 16, 1997)

Policy number  
California premium  
plus taxable fees

Full name of transactor  
who placed the risk

Individual license number, **or**  
name of business entity and  
entity's license number

Name of insured as stated on  
the policy declaration page

Insured address

Risk description, not type of  
coverage

Physical location of risk, not  
PO Box

Coverage or export code  
from instructions

Name of nonadmitted insurer as  
stated on the policy declaration  
page

Percentage of premium  
allocated for each nonadmitted  
insurer

Signature of licensee named on  
line 1; electronic facsimile is  
acceptable

Date of  
signature

# SL-1 Instructions

Confidential Report

## **INSTRUCTIONS**

### **WHAT MUST ACCOMPANY THE CONFIDENTIAL REPORT OF PLACEMENT**

(A) If the insurance coverage or risk is currently listed on the California Export List, this Report must be accompanied by a copy of the declarations page or certificate or binder. (B) If the insurance coverage or risk is not listed on the California Export List, this Report must be accompanied by the declarations page or certificate or binder, and a fully completed Diligent Search Report (SL-2) Form). (California Insurance Code Section 1763(a))

Note: A copy of the current California Export List may be obtained from the SLA by phone at (415) 434-4900, or by fax to (415) 434-3716.

**WHEN TO FILE:** This report must be filed by the surplus line broker within 60 days of placing the insurance with a nonadmitted insurer. (California Insurance Code Section 1763(a))

**WHERE TO FILE:** This Report must be submitted to The Surplus Line Association of California as designee for the California Insurance Commissioner. Mailing address is as follows: 12667 Alcosta Boulevard, Suite 450, San Ramon, CA 94583.

**LOWER RATE FILINGS:** This Report may not be used to file a risk placed with a nonadmitted insurer when such insurance is procured at a lower rate of premium or lower premium than the lowest rate or premium available from an admitted insurer. Please contact the Department of Insurance or The Surplus Line Association of California for information regarding the procedures applicable to such “lower rate” filings.

### **CODE CATEGORY – TYPE OF INSURANCE**

1000 – Crime  
2000 – Property  
3000 – Fidelity/Bonds/Contract Insurance  
4000 – Inland Marine  
5000 – General Liability  
6000 – Professional Liability/Cyber/Malpractice  
7000 – Health/Accident  
8000 – Automobile/Motorized Craft  
9000 – Miscellaneous

Please refer to the [Coverage Code List](#) and [Export Code List](#) under Resources on the Learning Center for the full list of coverages and their respective codes.

# SL-2:Diligent Search Report

Full name of licensee who performed or supervised diligent search

Coverage or export code from instructions

Diligent Efforts Admitted Insurer information (fill out information for all three Admitted Insurers)

If checked "Yes," complete the SL2 Addendum (shown on next slide) . If checked "No," skip the SL2 Addendum.

Signature of licensee named on line 1; electronic facsimile is acceptable

Individual license number, **or** name of organization and organization's license number

Name of insured as stated on the policy declaration page

Risk description, not type of coverage

If the Admitted Insurer information was not completed, describe why the risk was submitted to less than three admitted insurers

Date of signature

**The Surplus Line Association of California  
DILIGENT SEARCH REPORT (SL-2 FORM)**

Before completing this report, please review the instructions on page 2.

I, \_\_\_\_\_, hereby submit that I performed or supervised this diligent search, and I am:

① (A) licensed as an individual agent-broker for the applicable lines of insurance or surplus line broker under California license number \_\_\_\_\_ **OR**  
(B) licensed and an endorsee on the license of \_\_\_\_\_  
(Full Name of Organization), California license number \_\_\_\_\_

② (A) Name of Insured: \_\_\_\_\_  
(B) Description of Risk: \_\_\_\_\_  
(e.g., Tattoo Parlor, Cannabis Dispensary, Vacant Building, **NOT TYPE OF COVERAGE**)  
(C) Type of Insurance or Coverage Code: \_\_\_\_\_

Describe the diligent efforts made to place this coverage with admitted insurers by completing (A) or, if applicable, (B) below.

③ (A) List the insurers admitted in California who actually write the type of insurance described on lines 2(B) and 2(C) to which you or someone under your supervision submitted the risk described in lines 2(A) through 2(C). Please complete **ALL** sections of the table below.

INSURER ①		INSURER ②		INSURER ③	
NAIC ID	MONTH, YEAR OF DECLINATION	NAIC ID	MONTH, YEAR OF DECLINATION	NAIC ID	MONTH, YEAR OF DECLINATION
_____	_____	_____	_____	_____	_____
FULL NAME OF ADMITTED INSURER _____		FULL NAME OF ADMITTED INSURER _____		FULL NAME OF ADMITTED INSURER _____	
CONTACT INFORMATION FULL NAME _____		CONTACT INFORMATION FULL NAME _____		CONTACT INFORMATION FULL NAME _____	
PHONE / EMAIL _____		PHONE / EMAIL _____		PHONE / EMAIL _____	
OR WEBSITE _____		OR WEBSITE _____		OR WEBSITE _____	

(B) If you did not list at least three insurers in 3(A) above, describe in detail how you determined that fewer than **THREE** admitted insurers write the type of insurance described on lines 2(B) and 2(C).  
\_\_\_\_\_

Is the type of insurance you are reporting as identified in line 2(C) **private passenger automobile liability or health**? Yes ☐ No ☐

④ If you answered "yes," please complete the Diligent Search Report Addendum on page 3 of this form.

The undersigned licensee hereby certifies that this report is true and correct, and that this risk is not being placed with a non-admitted insurer for the sole purpose of securing a rate or premium lower than the lowest rate or premium available from an admitted insurer.

\_\_\_\_\_  
(Signature of Licensee Named on Line 1)

\_\_\_\_\_  
(Date)

SL-2 Form (Revised 09/2023)

# SL-2:Diligent Search Report (continued)

If the private passenger auto liability or health section was answered "Yes," complete questions 1(A) and 1(B) for private passenger automobile liability insurance

The Surplus Line Association of California  
DILIGENT SEARCH REPORT (SL-2 FORM)

**DILIGENT SEARCH REPORT (SL-2 FORM) ADDENDUM**

**PRIVATE PASSENGER AUTOMOBILE LIABILITY INSURANCE  
COVERAGE OR HEALTH INSURANCE COVERAGE**

1. If **Private Passenger Automobile Liability Insurance** is identified on line 2(C), complete the following:

(A) Does the insured qualify as a "Good Driver" under Section 1861.025 of the California Insurance Code?  
[https://leginfo.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=INS&sectionNum=1861.025](https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=INS&sectionNum=1861.025)

(CHECK ONE) YES ☐ NO ☐

(B) Does the coverage that you have placed include, in whole or in part, the limits of coverage provided under the California Automobile Assigned Risk Plan (CAARP)?

(CHECK ONE) YES ☐ NO ☐

If YES, has this risk been submitted to and found to be ineligible by CAARP?

If your answer is NO, this coverage cannot be placed with a non-admitted insurer.  
(See California Insurance Code section 1763.5)  
[https://leginfo.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=INS&sectionNum=1763.5](https://leginfo.ca.gov/faces/codes_displaySection.xhtml?lawCode=INS&sectionNum=1763.5)

2. If **Health Insurance** is identified on line 2(C), does the insured qualify as a "Small Employer" under California Insurance Code section 10700(x)?  
[https://leginfo.ca.gov/faces/codes\\_displayText.xhtml?lawCode=INS&division=2.&title=&part=2.&chapter=8.&article=1](https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=INS&division=2.&title=&part=2.&chapter=8.&article=1)

(CHECK ONE) YES ☐ NO ☐

SL-2 Form (Revised 09/2023)

If the private passenger auto liability or health section was answered "Yes," complete question 2 for health insurance

# SL-2 Instructions

The Surplus Line Association of California  
**DILIGENT SEARCH REPORT (SL-2 FORM)**

## INSTRUCTIONS

**SECTION 1:** Please provide the full name, as it is written on the individual's California license, of the individual who performed or supervised the diligent search. If the search was performed under the individual's license number, enter the individual's California license number in section (A) or if the individual was authorized as an endorsee under an organizational license, enter the name of the organization and its California license number in section (B).

**SECTION 3:** Please provide a complete response to section (A), and if applicable to section (B). Note: The Insurance Commissioner or his designee may require the surplus line broker to conduct additional searches among admitted insurers for similar placements in the future. (California Insurance Code section 1763(b)) An incomplete response will be tagged and may unnecessarily result in a request for a further search to be conducted.

- **SECTION 3(A):** To avoid misidentification among insurers with similar names, please provide the complete name of the admitted insurer as listed in the California Department of Insurance (CDI) Official Publication of Admitted Companies and the insurance company's National Association of Insurance Commissioners (NAIC) number. Please include Insurer contact name and telephone number or email address, or if a website based quoting platform was used, enter the website name.
- **SECTION 3(B):** The detailed explanation in section 3(B) must include a description of the steps the broker took to determine whether three insurers write the type of insurance or risk and the reasoning for the determination. A conclusory statement is insufficient.

**SIGNATURE:** The Surplus Line Association of California (SLA) will accept a wet signature or a digital and electronic signature from the California Secretary of State's Approved List of Digital Signature Certification Authorities. Please refer to the following link:

<https://www.sos.ca.gov/administration/regulations/current-regulations/technology/digital-signatures/approved-certification-authorities/>

**IMPORTANT:** Persons who are licensed only as an agent are authorized to offer risks only to admitted insurers for which they are appointed agents (California Insurance Code section 1704). Agents are not authorized to offer a risk to admitted insurers for which they are not appointed agents. A search which is limited to only those companies that have appointed the agent may not necessarily constitute a diligent search of the admitted market.

**WHAT TO FILE:** This report must be filed along with the Confidential Report of Surplus Line Placement. (SL-1 Form). File this Form with signature, and, only if applicable, the Addendum.

**WHERE TO FILE:** The SL-1 Form and this report are to be filed by the surplus line broker with SLA within 60 days of placement of coverage with non-admitted insurer(s).

**MULTIPLE LICENSEES CONDUCTING SEARCH:** If two or more licensees conduct a diligent search of admitted insurers, then each licensee must complete a Diligent Search Report (SL-2 Form). All such reports should be attached to the SL-1 Form.

Please refer to the **Coverage Code List** and **Export Code List** under Resources on the Learning Center for the full list of coverages and their respective codes.

<https://learningcenter.slacal.com/resources/filing-requirements-and-procedures/coverage-codes>

<https://learningcenter.slacal.com/resources/filing-requirements-and-procedures/export-list-codes>

# Exceptions to Diligent Search

- ▶ There are two exceptions to the diligent search requirement:
  - If the coverage is listed on the current California Export List
  - or**
  - If the insured qualifies under the California Insurance Code section 1760.1(b) definition of a “commercial insured”

# Export List

- ▶ On January 1, 1996, Section 1763.1 regarding the Export list was added to the California Insurance Code.
- ▶ Placements with coverage on the Export List are exempt from a Diligent Search Report because a public hearing determined that there was not a reasonable or adequate insurance market among admitted insurers.
- ▶ If the coverage is not on the export list, then a Diligent Search Report must be completed.

# Commercial Insured/ Exempt Commercial Purchaser

- ▶ The surplus line broker does not need to perform a diligent search if the insured qualifies as an Exempt Commercial Purchaser (California uses the term “Commercial Insured”)
- ▶ The surplus line broker procuring or placing the surplus line insurance must have disclosed **in writing** to the commercial insured that such insurance may or may not be available from the admitted market, which may provide greater protection with more regulatory oversight
- ▶ The commercial insured must have subsequently requested **in writing** that the surplus line broker procure or place surplus insurance from a nonadmitted insurer.



# Commercial Insured/ Exempt Commercial Purchaser

## CALIFORNIA COMMERCIAL INSURED/EXEMPT COMMERCIAL PURCHASER

### SAMPLE CHECKLIST

#### Commercial Insured/Exempt Commercial Purchaser Qualifications Checklist

Under the NRRA and California Insurance Code 1763, the surplus line broker does not need to perform a diligent search if the insured qualifies as an Exempt Commercial Purchaser. To determine whether the insured meets the definition of a Commercial Insured/Exempt Commercial Purchaser under the NRRA and California Insurance Code section 1760.1(b), please review the following checklist. If the insured meets all three requirements, a diligent search does not need to be performed.

Remember, a Commercial Insured/Exempt Commercial Purchaser is different from an Industrial Insured as described in California Insurance Code section 1764.1.

- ☐ Requirement 1: Employs or retains a qualified risk manager (refer to definition below)
- ☐ Requirement 2: Paid an aggregate nationwide property & casualty premium of at least \$100,000 in the immediately preceding 12 months.
- ☐ Requirement 3: Meets **one** of the following\*:
- ☐ Possesses a net worth of or in excess of \$23,781,160, **or**
  - ☐ Generates annual revenues of \$59,452,900 or more, **or**
  - ☐ Employs more than 500 full time employees per individual insured, or is a member of an affiliated group employing more than 1,000 employees in the aggregate, **or**
  - ☐ Is a non-profit or public entity generating annual budget of at least \$35,671,740, **or**
  - ☐ Is a municipality with a population in excess of 50,000 persons.

#### NRRA Qualified Risk Manager Definition

Under the NRRA, a Qualified Risk Manager must meet all three of the following requirements:

- ☐ Requirement 1: Must be an employee of, or a third party consultant retained by, a commercial policyholder, **and**
- ☐ Requirement 2: Provides skilled services in loss prevention, loss reduction, or risk and insurance coverage analysis, and purchase of insurance, **and**

\* Adjusted Minimum Effective as of January 1, 2020.

#### ☐ Requirement 3:

- ☐ A bachelor's degree or higher from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by a State insurance commissioner or other State regulatory official or entity to demonstrate minimum competence in risk management; **and**
  - ☐ three years of experience in risk financing, claims administration, loss prevention, risk and insurance analysis, or purchasing commercial lines of insurance, **or**
  - ☐ Holds one of the designations below:
    - ☐ CPCU or ARM or CRM or RF or any other designation, certification, or license determined by a State Insurance commissioner or other State regulatory official or entity to demonstrate minimum competence in risk management, **or**
- ☐ Has seven years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance; and any one of the following designations: CPCU or ARM or CRM or RF or any other designation, certification, or license determined by a State insurance commissioner or other State insurance regulatory official or entity to demonstrate minimum competence in risk management, **or**
- ☐ Has at least ten years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance, **or**
- ☐ Has a graduate degree from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by a State insurance commissioner or other State regulatory official or entity to demonstrate minimum competence in risk management.

\* Adjusted Minimum Effective as of January 1, 2020.

# Submission

- ▶ Submit the documents to the SLA. The SLA currently accepts batches through:
  - Mail through the USPS to:

12667 Alcosta Boulevard  
Suite 450  
San Ramon, CA 94583
  - Upload through the SLIP Portal at <https://slip.slacal.com>