

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	Туре	Policy#	Premium	Stamping Fee	Taxes	Invoice Date	% CA
1	Х	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%
				TOTALS	\$9,325.50	\$18.65	\$279.75		

Submitted by: Sarah Clark (415) 555-1680

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**

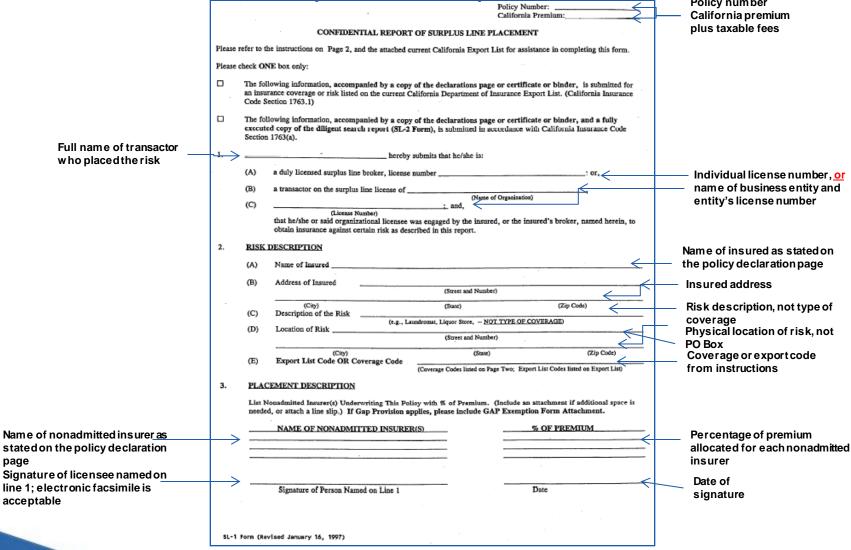
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## **Policy Content**

- 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





This form is available on the SLA website:
<a href="http://www.slacal.com/docs/default-source/general-content-documents/Filing-Forms/sl-1-form-printable.pdf">http://www.slacal.com/docs/default-source/general-content-documents/Filing-Forms/sl-1-form-printable.pdf</a>

### **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

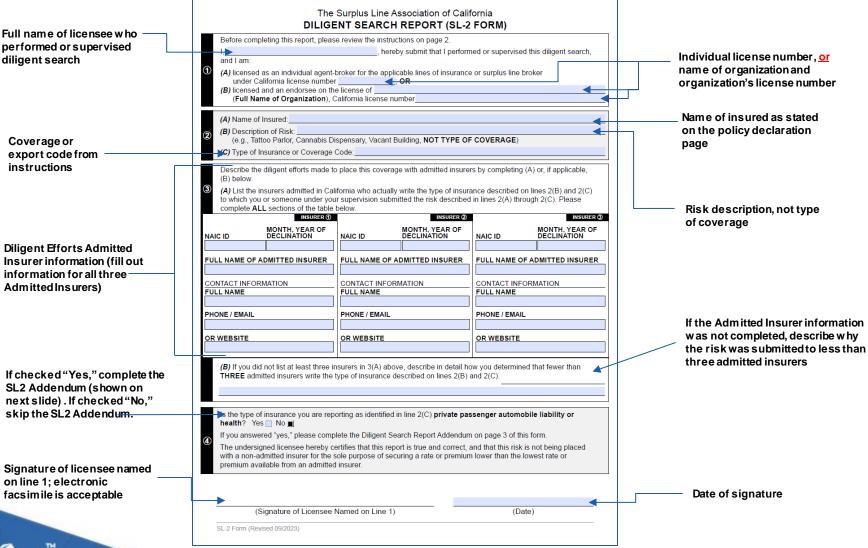
8000 - Automobile/Motorized Craft

9000 - Miscellaneous

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



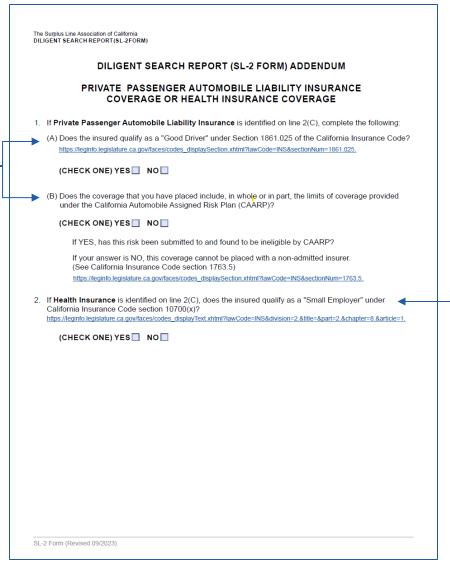
# SL-2: Diligent Search Report

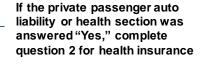




## SL-2: Diligent Search Report (continued)

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







### **SL-2 Instructions**

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

#### 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.

—	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, of 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, <b>or</b>
	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.



### **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 <a href="https://slip.slacal.com">https://slip.slacal.com</a>

