

***Insurance Department***106 East 6th Avenue ♦ Cheyenne, Wyoming 82002Tom C. Hirsig
Commissioner**MEMORANDUM: 02-2012**

TO: SURPLUS LINES BROKERS AND INDEPENDENTLY PROCURED COVERAGE (IPC) FILERS

FROM: TOM C. HIRSIG, INSURANCE COMMISSIONER

DATE: May 29, 2012

SUBJECT: FILING CHANGES ON MULTI-STATE RISK POLICIES FOR SURPLUS LINES CLEARINGHOUSE

The purpose of this memorandum is to provide guidance regarding the filing of multi-state surplus lines policies after the Surplus Lines Clearinghouse has become operational. This memorandum is specific to policies in which a NIMA-participating state is deemed the “Home State” under the provisions of the Nonadmitted Reinsurance Reform Act (NRRA) and the policy includes premium for an exposure in one or more states/territories, regardless of their NIMA participation status.

All multi-state policies issued or renewed on or after July 1, 2012, and any subsequent endorsements to those policies, in which a NIMA-participating state is deemed the “Home State” should be filed with the Surplus Lines Clearinghouse. Brokers and policyholders may begin filing transactions with the Clearinghouse on July 1, 2012. Endorsements on multi-state policies with an effective date prior to July 1, 2012 should continue to be filed with the Home State in accordance with the laws in effect at the time the policy became effective.

Furthermore, brokers and IPC filers should be aware of the policy data elements that will be required to make these filings with the Surplus Lines Clearinghouse as they may differ from the information currently required to be collected for each policy. A listing of the required policy data elements is posted at www.slclearinghouse.com.

Additionally, licensed brokers will be required to provide their National Producer Number (NPN) upon registration with the Surplus Lines Clearinghouse. This number is assigned by the National Association of Insurance Commissioners' National Insurance Producer Registry and is unique to each producing entity. To find your NPN number, please visit: <https://pdb.nipr.com/html/PacNpnSearch.html>.

As authorized by the NIMA Agreement, brokers will be required to collect a transaction fee from the insured to be remitted to the Clearinghouse. This fee is payable by the insured directly or through brokers on each transaction processed through the Clearinghouse to cover the cost of its operations and activities. A web-based **Multi-State Tax Calculator** to assist brokers in

estimating the taxes due for transactions submitted to the Clearinghouse is available on the Clearinghouse website at <http://www.slclearinghouse.com>. The calculator will provide brokers and policyholders estimates for all applicable surplus lines taxes, assessments, and the Clearinghouse transaction fees due for a multi-state placement for which the home state is a NIMA participating state.

As of the date of this memorandum, the NIMA premium allocation method has not been formally adopted by each of the participating states. Therefore, for multi-state policies issued or renewed with an effective date on or after July 1, 2012, brokers and IPC filers should continue to use their current rating basis for allocation purposes until further guidance is provided.

Brokers can submit policy data to the Clearinghouse using two different methods: SLIP or XML Batch Filing. XML Batch Filing allows brokers to submit multiple transactions in a single upload through XML Batch Filing. Brokers may now download the XML Batch Filing Schema and Documentation from the Surplus Lines Clearinghouse website at <http://www.slclearinghouse.com/xml/xml.batch.schema.v1.0.xsd> and <http://www.slclearinghouse.com/xml/xml.batch.manual.v1.0.pdf>.

Additional information will be provided regarding single state policy reporting, Clearinghouse implementation, educational tools and training opportunities for Clearinghouse customers as that information becomes available. Please contact Donna Stewart at (307) 777-7308 if you have any additional questions.