

2009 Fall National Meeting  
Washington, DC

**Surplus Lines (C) Task Force**  
**September 23, 2009**  
**1:00 p.m. – 2:00 p.m.**  
**Gaylord Convention Center – National Harbor 10-11, National Harbor Level**

James Donelon, Chair	Louisiana	Sandy Praeger	Kansas
Merle Scheiber, Vice Chair	South Dakota	Mike Chaney	Mississippi
Jim Ridling	Alabama	Scott Kipper	Nevada
Linda Hall	Alaska	James Wrynn	New York
Steve Poizner	California	Joel Ario	Pennsylvania
Karen Weldin-Stewart	Delaware	Joseph Torti, III	Rhode Island
Kevin McCarty	Florida	Kent Michie	Utah
Michael T. McRaith	Illinois	Jane L. Cline	West Virginia
Carol Cutter	Indiana		

**AGENDA**

1. Legislative Update – *Amanda Yanek (NAIC)*
2. Discuss Survey Results Regarding Surplus Lines License Exemption –  
*Bob Schump (NAIC)*

	Attachment One
a. Georgia	Attachment One-a
b. Ohio	Attachment One-b
c. NAPSLO	Attachment One-c
d. Maryland	Attachment One-d
e. Louisiana	Attachment One-e
f. Indiana	Attachment One-f
g. Delaware	Attachment One-g
h. Kentucky	Attachment One-h
i. Virginia	Attachment One-i
j. South Dakota	Attachment One-j
k. Arkansas	Attachment One-k
l. New Hampshire	Attachment One-l
m. Hawaii	Attachment One-m
n. Wisconsin	Attachment One-n
o. Wyoming	Attachment One-o
p. ELANY, SLOT, SLA	Attachment One-p
q. New Jersey	Attachment One-q
r. Florida	Attachment One-r
s. Colorado	Attachment One-s
t. California	Attachment One-t
u. PIA	Attachment One-u
3. Receive Multi-State Surplus Lines Premium Tax Working Group Report –  
*Bob Schump (NAIC)* Attachment Two
4. Consider Adoption of the 2010 Task Force Charges Attachment Three
5. Any Other Matters Brought Before the Task Force

**Multi-State Surplus Lines Premium Tax (C) Working Group**

**Meeting Summary Report**

The Multi-State Surplus Lines Premium Tax (C) Working Group of the Surplus Lines (C) Task Force conducted conference calls on August 25 and September 16, 2009. During the calls, the Working Group:

- Reported that the compilation of responses from a comprehensive Surplus Lines Survey was progressing, but that additional time would be required for completion. The chair will update the Working Group on the results at a later meeting.
- Introduced a prototype universal filing form as a starting point in discussions to research and develop a universal tax allocation reporting form. The filing form was created using Excel software that contained horizontal columns for states and lines of common categories for reporting data. The form will allow for state percentages in situations of multi-state exposures and provide for totals. The use of Excel software enables the form to be both adaptable and expandable, while leveraging the advantage of near universal familiarity of the software within the insurance industry by brokers, regulators and others. The prototype universal tax allocation filing form is currently being updated with suggested improvements and will be reviewed at the next Working Group conference call.
- Heard comments from regulators and industry supporting the goal of a universal reporting form and numerous suggestions for streamlining the prototype. Also heard comments on how states or surplus lines stamping offices could adapt to usage of the form and whether adoption of the form would require changes in state laws.
- Received a report on the application of model laws. The Working Group will continue discussions on the report during future calls.

# 2010 PROPOSED CHARGES

Attachment Three

Draft: 9/17/09

## SURPLUS LINES (C) TASK FORCE

The mission of the Surplus Lines (C) Task Force is to monitor the surplus lines market and its operation and regulation, including the activity and financial condition of U.S. and non-U.S. surplus lines insurers by providing a forum for discussion of issues and to develop or amend model regulation.

### Ongoing Maintenance of NAIC Programs, Products or Services:

1. Maintain the IID Plan of Operation and its requirements relating to standards for inclusion on the NAIC Quarterly Listing of Alien Insurers (“Quarterly Listing”) concerning capital and/or surplus funds, U.S. trust accounts and fitness of management, among other criteria. This charge is ongoing and will be assumed by the IID Plan of Operation Review Group.—*Essential*
2. Provide NAIC/IID financial staff guidance and expertise relative to regulatory policy and practices with respect to individual companies and Lloyd's syndicates that are either listed on or seeking admission to the Quarterly Listing. This charge is ongoing and will be assumed by the Surplus Lines Financial Analysis Working Group. The authority of the Working Group is limited to that of an advisory body, with a goal of formulating recommendations to the chairs of the Task Force and Property/Casualty Insurance Committee for the appropriate regulatory response. Issues upon which the Surplus Lines Financial Analysis Working Group may formulate a recommendation might include, but are not limited to, approval or disapproval of applicants to the Quarterly Listing, delisting of listed insurers, changes to trust fund requirements, or placement of limitations or restrictions on a listed insurer’s business activity in the United States. —*Essential*
3. Perform financial analysis of the surplus lines market utilizing the NAIC Financial Data Repository and other sources in order to prepare a regulator report.—*Important*
4. Consider a uniform method of allocating **and/or reporting** surplus lines and independently procured insurance premium tax on multi-state risks and any other surplus lines issues. This charge is assumed by the Multi-State Surplus Lines Premium Tax Working Group.—*Important*