

FLORIDA SURPLUS LINES SERVICE OFFICE



INSURER

PROCEDURES MANUAL

1441 Maclay Commerce Drive, Suite 200 • Tallahassee, FL 32312 • 800.562.4496 • www.fslso.com



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Introduction

The purpose of the Insurer Procedures Manual is to provide information regarding statutory compliance filings for all surplus lines insurers operating in the state of Florida.

This manual consists of information regarding the formation of the Florida Surplus Lines Service Office (FSLSO), contact information, insurer filing requirements and useful tools located on the FSLSO website. This manual is subject to revisions as information/requirements change.

Please read through the manual and do not hesitate to call the FSLSO if you have any questions or need assistance with any of the requirements.

I. History of the Florida Surplus Lines Service Office (FSLSO)

On October 1, 1997, the Florida Legislature adopted the Florida Statute §626.921, establishing the Florida Surplus Lines Service Office (FSLSO) as a self-regulating, not-for-profit association in which all Florida licensed surplus lines agents are recognized as members.

The mission of the Florida Surplus Lines Service Office (FSLSO) is to facilitate compliance. We provide assistance and information regarding the Florida surplus lines marketplace.

The purposes of FSLSO, as established by Florida Statute include:

- Protecting consumers seeking insurance in this state;
- Permitting surplus lines insurance to be placed with eligible surplus lines insurers;
- Promoting and permitting orderly access to surplus lines insurance in the state of Florida;
- Enhancing the number and types of insurance products available to consumers in the state of Florida;
- Providing a source of advice and counsel for the benefit of consumers;
- Providing a source of advice and counsel for the benefit of surplus lines agents in their compliance with the Florida Insurance Code;
- Providing a source of advice and counsel for the benefit of insurers in their compliance with the Florida Insurance Code;
- Providing a source of advice to government agencies concerning the operation of the surplus lines insurance market; and
- Protecting the revenues of the state of Florida.



FSLSO was the first paperless Service Office in the country to receive and review all surplus lines placements electronically. In addition, it has created a state-of-the-art, easy to use proprietary software program to service the reporting responsibilities between the industry and regulators. A variety of services have been developed, such as a user-friendly website and an electronic bulletins, to inform members and interested parties of current events and issues.

FSLSO staff carries out the responsibilities as a service organization by setting and maintaining high quality standards for assistance, education and protection.

II. Contact Information

Florida Surplus Lines Service Office

1441 Maclay Commerce Drive, Suite 200

Tallahassee, FL 32312

800-562-4496 option 2

850-224-7676, local

850-513-9624 (fax)

Website address: www.fslso.com

Email address: insurer.services@fslso.com

Florida Office of Insurance Regulation

Bureau of Property & Casualty Insurer Solvency

200 East Gaines Street

Tallahassee, FL 32399-0330

Website address: www.floir.com

III. Insurer Filing Requirements

Electronic Quarterly/Annual Premium Reports or No Business Notification

Pursuant to Section 626.931 (3), Florida Statutes, all foreign surplus lines insurers are required to file quarterly policy information to the FSLSO for policy transactions written during the quarter. The submission of data is due no later than 90 days after the quarter



ends. Alien insurers are required to file annually by June 30 (Section 626.931 (4), Florida Statutes).

Policy information includes specific information about policies underwritten by the insurer such as policy number, effective date, premium amount and insured name. In addition, contact information for the insurer and surplus lines agent for each policy reported is required. Insurers are required to use our online filing platform **Surplus Lines Information Portal (SLIP)** when submitting quarterly or annual premium information to the FLSO. More filing information and instructions are available at www.fslso.com.

A *No Business* notification is required in lieu of quarterly or annual policy information for eligible surplus lines insurers not doing business in Florida. The notification must also be filed through FLSO's SLIP. It should be submitted quarterly for foreign insurers and filed within 90 days after the quarter ends. Alien insurers are required to file annually by June 30 for the previous calendar year.

In the event of a large volume of business to report, the insurer can use FLSO XML Batch file format in SLIP. SLIP also provides features that allow search and submission of policy data, the ability to make corrections to data submitted, the ability to report *No Business*, the ability to submit your Catastrophe Contact Form, and access to various types of reports and the establishment of links that connect the user to pre-selected insurer financial data for surplus lines insurers operating in the state of Florida. Insurer SLIP tutorials are available at www.fslso.com.

If you are interested in obtaining an Insurer SLIP account or need assistance, please contact insurer.services@fslso.com.

Information needed includes:

- Name of person requesting the account;
- Business Address;
- City;
- State;
- Zip Code;
- Phone Number;
- Fax Number;
- Email Address; and
- Name of the Company.



Insurer SLIP



FOREIGN: Deadlines for filing the quarterly premium report for foreign insurers or a *No Business* notification, if applicable.

1st quarter – June 30

2nd quarter – September 30

3rd quarter – December 31

4th quarter – March 31

ALIEN: Deadlines for filing the annual premium report for alien insurers or a *No Business* notification:

Annual – June 30th

Please report *No Business* via SLIP in the event no business is conducted in Florida for the Quarter or Year.



IV. Non Compliance

Failure to comply with the filing requirements of Section 626.931 (3), (4) Florida Statute, could result in regulatory action by the Florida Office of Insurance Regulation (OIR).

626.9361 Failure to file report; administrative penalty –

Any eligible surplus lines insurer who fails to file a report in the form and within the time required or provided for in the Surplus Lines Law may be fined up to \$500 per day for each day such failure continues, beginning the day after the report was due, until the date the report is received. Failure to file a report may also result in withdrawal of eligibility as a surplus lines insurer in this state. All sums collected by the department under this section shall be deposited into the Insurance Regulatory Trust Fund

V. Financial Documents

Quarterly and Annual Filings

FSLSO compiles the most current financial information available for surplus lines insurers eligible to operate in the state of Florida and makes the information available on www.fslso.com.

This information is compiled from the following sources:

- 1) Annual Statement for foreign insurers;
- 2) Standard IID Report for alien insurers
- 3) Actuarial Opinion for foreign insurers
- 4) Independent Auditors' Report for foreign insurers
 - 1) Annual Statement for foreign insurers;
 - 2) Standard IID Report for alien insurers;
 - 3) Actuarial Opinion for foreign insurers; and
 - 4) Independent Auditors' Report for foreign insurers.

The information is downloaded directly from the *National Association of Insurance Commissioners* (NAIC). If necessary, additional information will be requested directly from the insurer on an as needed basis.

FSLSO provides the insurer financial information for informational purposes only; it does not constitute an endorsement for any service, company or person offering any product or service. The information contained in these reports is extracted data collected from public sources as noted above.



The information collected in the review of the above listed sources is helpful to the Florida surplus lines agent and any other person interested in the financial stability of a surplus lines insurer. Reviewing the compilation of data made available by the FLSO is one additional step the surplus lines agent can take to verify their business is placed with financially stable eligible surplus lines insurers. Information presented covers a five-year period and concentrates on trends in capital and surplus, profit, gross and net written premiums and major lines of business the company writes.

THE REQUEST FOR A COPY OF FINANCIAL STATEMENTS AND OTHER FINANCIAL SUPPLEMENTS DOES NOT RELIEVE THE INSURER OF THE STATUTORY REQUIREMENT TO FILE THESE DOCUMENTS WITH THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, OFFICE OF INSURANCE REGULATION, FORMALLY KNOWN AS THE FLORIDA DEPARTMENT OF INSURANCE.

Deadlines for filing the financial documents are as follows:

FOREIGN: This information will be downloaded by the National Association of Insurance Commissioners (NAIC).

ALIEN: Submit electronic copy of Standard IID Report by July 31st.

VI. Financial Solvency Requirements

FLSO, the Department of Financial Services (DFS), and the Florida Office of Insurance Regulation (OIR) monitor the financial condition of all surplus lines insurers. The following statute references the solvency guidelines for all surplus lines insurers wanting to remain on Florida's eligibility list: Section 626.918, Florida Statutes:

(2) (d)1.a. The insurer must have and maintain surplus as to policyholders of not less than \$15 million; in addition, an alien insurer must also have and maintain in the United States a trust fund for the protection of all its policyholders in the United States under terms deemed by the office to be reasonably adequate, in an amount not less than \$5.4 million. Any such surplus as to policyholders or trust fund shall be represented by investments consisting of eligible investments for like funds of like domestic insurers under part II of chapter 625 provided, however, that in the case of an alien insurance company, any such surplus as to policyholders may be represented by investments permitted by the domestic regulator of such alien insurance company if such investments are substantially similar in terms of quality, liquidity, and security to eligible investments for like funds of like domestic insurers under part II of chapter 625. Clean, irrevocable, unconditional, and evergreen letters of credit issued or confirmed by a qualified United States financial institution, as defined in subparagraph 2., may be used to fund the trust.



b. For those surplus lines insurers that were eligible on January 1, 1994, and that maintained their eligibility thereafter, the required surplus as to policyholders shall be:

(X) On December 31, 2003, and thereafter, \$15 million.

c. The capital and surplus requirements as set forth in sub-subparagraph b. do not apply in the case of an insurance exchange created by the laws of individual states, where the exchange maintains capital and surplus pursuant to the requirements of that state, or maintains capital and surplus in an amount not less than \$50 million in the aggregate. For an insurance exchange which maintains funds in the amount of at least \$12 million for the protection of all insurance exchange policyholders, each individual syndicate shall maintain minimum capital and surplus in an amount not less than \$3 million. If the insurance exchange does not maintain funds in the amount of at least \$12 million for the protection of all insurance exchange policyholders, each individual syndicate shall meet the minimum capital and surplus requirements set forth in subsubparagraph b.

d. A surplus lines insurer which is a member of an insurance holding company that includes a member which is a Florida domestic insurer as set forth in its holding company registration statement, as set forth in s. 628.801 and rules adopted thereunder, may elect to maintain surplus as to policyholders in an amount equal to the requirements of s. 624.408, subject to the requirement that the surplus lines insurer shall at all times be in compliance with the requirements of chapter 625.

The election shall be submitted to the office and shall be effective upon the office's being satisfied that the requirements of sub-subparagraph d. have been met. The initial date of election shall be the date of office approval. The election approval application shall be on a form adopted by commission rule. The office may approve an election form submitted pursuant to sub-subparagraph d. only if it was on file with the former Department of Insurance before February 28, 1998.

2. For purposes of letters of credit under subparagraph 1., the term "qualified United States financial institution" means an institution that:

(e) The insurer must be of good reputation as to the providing of service to its policyholders and the payment of losses and claims.

VII. Insurer Contact Information

Please report any *change in address, phone number, fax number or contact email address* to:



Florida Surplus Lines Service Office

1441 Maclay Commerce Drive, Suite 200

Tallahassee, FL 32312

ATTN: Insurer Services

Email: insurer.services@fslso.com

Please report a *change of name for the insurer* to:

Florida Office of Insurance Regulation

Bureau of Property and Casualty Solvency

200 East Gaines Street

Tallahassee, Florida 32399-0300

and

Florida Surplus Lines Service Office

1441 Maclay Commerce Drive, Suite 200

Tallahassee, FL 32312

ATTN: Insurer Services

Email: insurer.services@fslso.com

Please report an *acquisition or merger that involves the surplus lines insurer* to:

Florida Office of Insurance Regulation

Bureau of Property and Casualty Solvency

200 East Gaines Street

Tallahassee, Florida 32399-0300

and

Florida Surplus Lines Service Office



1441 Maclay Commerce Drive, Suite 200
Tallahassee, FL 32312
ATTN: Insurer Services
Email address: insurer.services@fslso.com

Please report any *voluntary surrender or administrative action that results in the surplus lines insurer being removed from Florida's eligibility list* to:

Florida Office of Insurance Regulation

Bureau of Property and Casualty Solvency
200 East Gaines Street
Tallahassee, Florida 32399-0300

and

Florida Surplus Lines Service Office

1441 Maclay Commerce Drive, Suite 200
Tallahassee, FL 32312
ATTN: Insurer Services
Email address: insurer.services@fslso.com

VIII. Eligible Insurers

A listing of Florida eligible surplus lines insurers is located on the FSLSO's website at www.fslso.com under "Eligible Insurers." Please check the NAIC# and address information to make sure all information is correct. Please forward any corrections to:

Florida Surplus Lines Service Office

1441 Maclay Commerce Drive, Suite 200
Tallahassee, FL 32312
ATTN: Insurer Services
Email address: insurer.services@fslso.com



IX. Florida Statutes

The Surplus Lines Law (CHAPTER 626, PART VIII, FLORIDA STATUTES §§626.913- 626.939) may be accessed directly from Online Sunshine, <http://www.leg.state.fl.us>.

X. News and Information

FSLSO produces two regular electronic newsletters: *The Advisor* is produced monthly as an agent newsletter and *The Carrier* is produced quarterly as an Insurer newsletter. Subscribers can sign up for either or both newsletters through our website, www.fslso.com.

The Carrier provides the latest information to keep surplus lines insurers informed on trends taking place in the surplus lines marketplace. *The Carrier* also provides educational information to help surplus lines insurers understand their responsibilities and requirements pertaining to Florida's Surplus Lines law. Additionally, *The Carrier* keeps readers up-to-date on the developments taking place within the FSLSO.

XI. Checklist - Foreign (U.S.) Insurers

- 1) Electronic filing of Quarterly Premium Report - due 90 days after each quarter ends.
- 2) Report No Business via the Surplus Lines Information Portal (SLIP).
- 3) Update DISASTER/CATASTROPHE CONTACT INFORMATION by May 15th annually via the Surplus Lines Information Portal (SLIP). Any subsequent changes to the contact information during the periods of 6/01 through 11/30 should be updated immediately.

Please remember to inform the FSLSO of any name changes, address changes, acquisitions, mergers or removal from the surplus lines eligibility list.

XII. Checklist - Alien (non U.S.) Insurers

- 1) Electronic filing of Annual Premium Report - due no later than June 30th annually.
- 2) Report No Business via the Surplus Lines Information Portal (SLIP).
- 3) Complete electronic copy of the Standard IID reporting format – due no later than July 31st annually.
- 4) Update DISASTER/CATASTROPHE CONTACT INFORMATION by May 15th annually via the Surplus Lines Information Portal (SLIP). Any subsequent changes to the contact information during the periods of 6/01 through 11/30 should be updated immediately.

Please remember to inform the FSLSO of any name changes, address changes, acquisitions, mergers or removal from surplus lines eligibility list.

