

Florida Surplus Lines Service Office

Agent Procedures Manual

Florida Surplus Lines Service Office Agents' Procedures Manual

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INTRODUCTION

In 1997, the Florida Legislature established the Florida Surplus Lines Service Office ("FSLSO" or "Service Office") as a self-regulating, non-profit association in which all Florida licensed surplus lines agents are recognized as members.

Mission: To serve and protect our customer's interest by facilitating compliance and providing assistance and information regarding the Florida surplus lines marketplace.

Vision: The FSLSO is a national leader in facilitating the placement and taxation of surplus lines insurance, utilizing leading edge technology to maximize efficiency and developing innovative customer solutions.

Values:

Efficiency - the ability to do something well or achieve a desired result without wasted energy or effort; productive use of resources; the degree to which something is done well or without wasted energy.

Effectiveness - producing the desired or intended result; producing a favorable impression; successful, especially in producing a strong or favorable impression on people.

The Goals of FSLSO are:

- Protect consumers seeking insurance in this state,
- Protect the revenues of this state,
- Permit surplus lines insurance to be placed with eligible surplus lines insurers,
- Promote and permit orderly access to surplus lines insurance in this state,
- Enhance the number and types of insurance products available to consumers in this state,
- Provide a source of advice and counsel for the benefit of consumers,
- Provide a source of advice and counsel for the benefit of surplus lines agents in their compliance with the Florida Insurance Code,
- Provide a source of advice and counsel for the benefit of insurers in their compliance with the Florida Insurance Code, and,
- Provide a source of advice to government agencies concerning the operation of the surplus lines insurance market.

Each Florida licensed surplus lines agent is required by law to report information for insurance policy or document with the Service Office as provided by the FSLSO Plan of Operations.

The FSLSO maintains records of policy information reported and provides to each surplus lines agent a report of business submitted.

This manual is designed to assist you in filing this information with the Florida Surplus Lines Service Office, as well as complying with the rules and regulations outlined by the Florida Insurance Code.

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MEMBERSHIP IN THE FLORIDA SURPLUS LINES SERVICE OFFICE DOES NOT IN ANY WAY AFFECT YOUR OBLIGATION TO COMPLY WITH THE SURPLUS LINES LAW AND OTHER FLORIDA INSURANCE REGULATIONS.

MEMBERSHIP

MEMBERSHIP

Any individual, licensed as a surplus lines agent under §626.927 and §626.9272, Florida Statutes, shall be deemed a member of the Florida Surplus Lines Service Office association (FSLSO).

REQUIREMENTS

Registration

Each newly licensed and appointed surplus lines agent must register with FSLSO by **completing the electronic membership form on FSLSO's website.** The website address is <http://www.fslso.com/membership/register.aspx?o=gl>.

Self-Appointment Renewal

Agents are required to renew their self appointment every two (2) years during their birth month. This can be done by going to the Department of Financial Services website at <https://aalf.fldfs.com>.

Address Changes

The Service Office must be informed if there is a change in address or other contact information so that all necessary reports and correspondence can be directed properly. You may update this information through the Surplus Lines Information Portal (SLIP) or through your FTP (batch filing) submission. **Notifying FSLSO does not replace your obligation to notify the Department of a change of address or other contact information.**

Failure to report to the Service Office within sixty (60) days after a change of principal business street address, mailing address or email address may result in administrative action by the Department of Financial Services.

License Termination

If you determine that you will not be renewing your surplus lines appointment or bond, or if you surrender your surplus lines license voluntarily, you must notify the Service Office and the Florida Department of Financial Services, Division of Agent & Agency Services, Bureau of Licensing in writing. **Notifying FSLSO does not replace your obligation to notify the Department of your intentions to non-renew or surrender your surplus lines license.**

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Transferring Files

It is your responsibility, as the Surplus Lines countersigning agent, to complete the prescribed form when transferring business upon termination of employment with an agency. You can download this form from the following FLSO web address and return to the FLSO office. The web address is:

<http://www.flsso.com/publications/forms/index.aspx>.

DILIGENT EFFORT STATEMENTS

Each surplus lines agent shall maintain, as part of each insured's file, a copy of the producing agent's documentation of diligent effort. This documentation shall be made available for inspection upon request by the Service Office. It is the responsibility of the surplus lines agent to verify that the producing agent has made a diligent effort to place the coverage with an authorized insurer. Verification should include more than acceptance of the diligent effort statement by the surplus lines agent from the producing agent. The diligent effort statement must meet the requirements of §626.916(1), 626.916 (3)(a) & (b) and the Office of Insurance Regulation Rule 69P-5.003 as referenced, 69P-5.003 Statement of Diligent Effort. (1) When placing coverage with an eligible surplus lines insurer, the surplus lines agent must verify that a diligent effort has been made by requiring from the retail or producing agent a properly documented statement of diligent effort on form DI4-1153 (7/94), "Statement of Diligent Effort", which is hereby adopted and incorporated by reference. Copies of form DI-1153 may be obtained from the Bureau of Property and Casualty Insurer Solvency, 200 East Gaines Street, Tallahassee, Florida 32399-0329. (2) Declinations must be documented on a risk-by-risk basis. *Specific Authority 624.308, 626.916(2) FS. Law Implemented 624.307(1), 626.913(2), 626.916(1)(a), 626.930(1) FS. History—New 10-1-91, Formerly 4-11.005, Amended 8-28-94, Formerly 4J-5.003.*

Certain lines of coverages may be exempt from the diligent effort search requirement as specified in the above referenced statutes. Additional guidance regarding compliance with the diligent effort and the disclosure requirements are included in the "Surplus Lines Rules of Practice" section of this manual.

Failure to maintain proper documentation is grounds for administrative action by the Department of Financial Services. Penalties for violating this section include disciplinary action up to and including administrative penalty, supervision or revocation of all licenses by the Department of Financial Services.

EXEMPT COMMERCIAL PURCHASER

The Non-Admitted and Reinsurance Reform Act of 2010 (NRRA) created a new type of insurance purchaser which is referred in the act as "exempt commercial purchaser." The NRRA now provides a nationwide standard for the automatic export of risks for these "qualified" insureds. As defined by the NRRA, an "exempt commercial purchaser" is a person purchasing commercial insurance that, at the time of placement, meets all of the following requirements:

- The person employs or retains a qualified risk manager to negotiate insurance coverage.

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- The person has paid aggregate nationwide commercial property and casualty insurance premiums in excess of \$100,000 in the immediately preceding twelve (12) months.
- The person meets at least 1 of the following criteria:
 - (I) The person possesses a net worth in excess of \$20,000,000.
 - (II) The person generates annual revenues in excess of \$50,000,000.
 - (III) The person employs more than 500 full-time or full-time equivalent employees per individual insured or is a member of an affiliated group employing more than 1,000 employees in the aggregate.
 - (IV) The person is a not-for-profit organization or public entity generating annual budgeted expenditures of at least \$30,000,000.
 - (V) The person is a municipality with a population in excess of 50,000 persons.

(Effective on the fifth January 1 occurring after the date of the enactment of this subtitle and each fifth January 1 occurring thereafter, the amounts in subclauses (I), (II), and (IV) of clause (i) shall be adjusted to reflect the percentage change for such 5-year period in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.)

Where the insurance buyer is an Exempt Commercial Purchaser, the surplus lines agent is relieved of the diligent search requirements if:

- 1) The agent procuring or placing the surplus lines insurance has disclosed to the exempt commercial purchaser that such insurance may or may not be available from the admitted market that may provide greater protection with more regulatory oversight, and;
- 2) The exempt commercial purchaser has subsequently requested in writing the agent to procure or place such insurance from a nonadmitted insurer.

With regards to the agents that will be working with exempt commercial purchasers: It is advisable that prior to July 21, they have the necessary NRRA disclosures and forms available. There is no standard form to use, and agents may build their own form or affidavit. This documentation should be kept with your files; FLSO's compliance review analysts will be looking for this documentation during your compliance review.

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STATEMENT OF DILIGENT EFFORT

Producing Agent _____ License Number _____

Name of Agency _____

Has sought to obtain:

Type of Coverage _____ for

Named Insured _____ from the following authorized insurers
currently writing this type of coverage:

(1) Authorized Insurer _____ Person Contacted _____

Telephone Number _____ Date of Contact _____

The reason(s) for declination by the insurer was (were) as follows:

(2) Authorized Insurer _____ Person Contacted _____

Telephone Number _____ Date of Contact _____

The reason(s) for declination by the insurer was (were) as follows:

(3) Authorized Insurer _____ Person Contacted _____

Telephone Number _____ Date of Contact _____

The reason(s) for declination by the insurer was (were) as follows:

Signature of Producing Agent

Printed or Typed Name of Producing Agent

Document Verified by Surplus Lines Agent: Yes ___ No ___ Date Verified: _____

DI4-1153/700

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DESCRIPTION OF COVERAGE CODES

<u>Code</u>	<u>COMMERCIAL PROPERTY</u>	<u>DESCRIPTION</u>
1000	Commercial Property	Coverage for business risks including goods in transit, fire, burglary & theft.
1001	Builders Risk	Types of contracts that insure building contractors for damage to property under construction.
1002	Business Income	Indemnification for the loss of profits & the continuing fixed expenses.
1003	Commercial Property written for apartments	Coverage for habitational housing buildings & complexes, coverages typically written on a commercial package basis.
1004	Boiler & Machinery	Covers losses resulting from the malfunction of boilers and machinery.
1005	Commercial Package	Insurance policy which is Commercial Lines in orientation & is composed of two or more coverages such as: Commercial Property, Business Crime, Commercial Liability, Boiler Machinery to name a few.
1006	Condominium Master Contract	Coverage within the category of commercial residential and is designed to cover the condominium structure and association owned property.
1007	Crop Hail	Coverage for crops in the event of loss or damage by insured perils including hail, fire & lightning.
1008	Difference in Conditions	Coverage usually written on an "all risk" basis for the purpose of covering the insured's property for perils not covered by basic perils type policies.
1009	Earthquake	Earthquake is a separate coverage or endorsement that can be purchased or added to a property policy such as a homeowners commercial type policy. Typically it would provide coverage for loss due to a landslide, settlement, mudflow, or the rising, sinking and contracting of earth resulting from an earthquake.
1010	Flood	Coverage made available to residents of a community on a subsidized & non-subsidized premium rate basis once the governing body of the community qualifies that the community for coverage under the National Flood Insurance.
1011	Glass (Commercial)	Coverage on an ALL RISKS basis for glass breakage, generally subject to exclusions of war & fire.
1012	Mortgagee Impairment	Attachment to a property insurance policy to protect the interest of the mortgagee in the mortgaged property.
1013	Windstorm and/or Hail	Additional coverage to a property policy or written as a stand alone policy for the perils of wind and or hail.
1014	Mold Coverage (Commercial)	Stand alone (mono-line) coverage for mold as a result of a covered peril generally written on a commercial type policy.
1015	Sinkhole Coverage (Commercial)	The peril of a sudden sinking or collapse of land into underground empty spaces created by water on limestone or similar rock formations.

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1016	Excess Flood (Commercial)	Specific excess flood over a primary flood policy on residential property or commercial type policy.
<u>Code</u>	<u>HOMEOWNERS & OTHER RESIDENTIAL PROPERTY</u>	<u>DESCRIPTION</u>
2000	Homeowners-HO-1	Coverage for fire, lightning, windstorm, hail, explosion, smoke, theft, vandalism, malicious mischief, riot, civil commotion, glass breakage, vehicles, and aircraft (commonly referred to as the basic form)
2001	Homeowners-HO-2	The Broad Form (HO-2) – coverage for a broader spectrum of perils than under Form No. 1.
2002	Homeowners-HO-3	Homeowners Policy forms used to insure an owner-occupant of a residence. It provides coverage to the residence and other structures on an open-perils or all risk basis and is referred to as a "special form".
2003	Tenant Homeowners-HO-4	Coverage for the contents of a renter's home or apartment and for liability.
2004	Homeowners-HO-5	Comprehensive Form is useful for insuring dwelling and personal property of the upscale account. It provides coverage to the residence, other structures, and personal property on an open-perils basis.
2005	Condo Unit-Owners-HO-6	Same coverage as Form No. 4 but extends coverage for damage to additions and/or alterations that the unit owner may have made inside the unit. Coverage goes into effect as an excess amount above that insurance (if any) that the condominium association may have.
2006	Homeowners-HO-8	Most limited coverage form a modified version of the HO1) – Basic Form. Not only is the HO8 limited in the perils insured against, but it only pays actual cash value (ACV) on both dwelling and personal property losses.
2007	Dwelling Builders Risk	Coverage when residential dwelling property that insure property under construction.
2008	Dwelling Flood	Coverage against loss resulting from the peril of flood.
2009	Dwelling Property	Provides financial protection against loss or damage to the insured's property (dwelling) caused by such perils as fire, windstorm, hail, etc.
2010	Farm Owners Multi-Peril	Package coverage for a farm dwelling & its contents, barns, stables & other land structures as well as liability coverage.
2011	Mobile Homeowners	Coverage similar to a Homeowners Insurance Policy in that Section I covers the mobile home property exposure & Section II covers liability exposure
2012	Windstorm	Additional coverage available on most property insurance policies through the extended coverage endorsement.
2013	Mold Coverage (Residential)	Stand alone (mono-line) coverage for mold as a result of a covered peril under a commercial policy.
2014	Sinkhole Coverage (Residential)	Stand alone (mono-line) coverage for sinkholes on residential property.

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2015 Excess Flood (Residential) A coverage designed to be in excess over one or more primary coverages, which does not pay a loss until the loss amount exceeds a certain sum.

Code

OCEAN MARINE

DESCRIPTION

3000	Marina Operators Legal Liability a. Taxable - Tax Status 0 b. Non-Taxable - Tax Status 3	Liability exposures associates with the operation of a marina including those related to the care, custody, control of watercraft.
3001	Marine Liabilities Package a. Taxable - Tax Status 0 b. Non-Taxable - Tax Status 3	Provides a package of Marine Liability Coverages arising out of ownership or operation of a vessel or marine related industry.
3002	Ocean Marine-Hull and/or Protection & Indemnity (Always Non-Taxable - Tax Status 3)	Marine loss or destruction to a ship's hull and P & I protects the insured against liability from accidents and related expenditures.
3003	Ocean Cargo Policy (Always Non-Taxable - Tax Status 3)	Coverage to cover various hazards related to movement of goods shipped primarily by water.
3004	Ship Repairers Legal Liability (Always Non-Taxable - Tax Status 3)	SRLI provides protection for contractors repairing or altering customers vessel at their shipyard, locations or at sea.
3005	Stevedores Legal Liability (Always Non-Taxable - Tax Status 3)	Liability coverage for dockworkers for damage to property in transit while in their care.
3006	Personal & Pleasure Boats & Yachts (Always Taxable - Tax Status 0)	A special package policy for boat owners that combines physical damage insurance, medical expense insurance, liability insurance, and other coverages in one contract.
3007	Ocean Marine Builders Risk (Always Non-Taxable - Tax Status 3)	Indemnifies for loss of or damage to a vessel under construction, normally written for a specified amount on the vessel & applies only in the course of construction. Coverage customarily includes fire & extended coverage and vandalism and malicious mischief. Builders risk coverage can be extended to a "special" form. The builders risk policy also may include coverage items in transit to the construction site (up to a certain percentage of value) and items stored at the site.
3008	Longshoremen & Harbor Workers Compensation Act (Always Non-Taxable - Tax Status 3)	Coverage under the LHWCA for all employees in the maritime industry who perform their function in navigable U.S. waters.

Code

INLAND MARINE

DESCRIPTION

4000	Inland Marine (Commercial)	A broad type of insurance, generally covering articles that may be transported from one place to another as well as bridges, tunnels and other instrumentalities of transportation. It includes goods in transit (generally excepting trans-ocean).
4001	Inland Marine (Personal)	Numerous "floater" policies such as personal effects, personal property, jewelry, furs, fine art and others.
4002	Motor Truck Cargo (Non-Taxable -Tax Status 3)	Protection under Motor Carrier Act, policy covers the motor truck if it is legally liable for damage, destruction or other loss of the customer's property being shipped.
4003	Jewelers Block	Open perils (all risk) insurance contract which provides jewelers coverage on most types of losses to which they are exposed.

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4004	Furriers Block	Inland marine form purchased by a furrier to protect furs in storage belongings to customers.
4005	Contractors Equipment	Form of marine insurance that covers mobile equipment of a contractor. Coverage is provided on a specified peril or an ALL RISKS basis subject to exclusions.
4006	Electronic Data Processing	Specialized type of insurance designed to cover computer equipment, data systems, information storage media & expenses or income loss related to EDP losses.
<u>Code</u>	<u>LIABILITY</u>	<u>DESCRIPTION</u>
5000	Commercial General Liability	Provides for separate limits of coverage for general liability, fire legal liability, products & completed operations liability, advertising & personal liability & medical payments.
5001	Commercial Umbrella Liability	Insures losses in excess of amounts covered by other liability insurance policies; protects the insured in many situations not covered by the usual liability polices.
5002	Directors & Officers Liability (Profit)	Protects officers and directors of a corporation against damages because of any civil claim or claims made against them and caused by any negligent act, error or omission while acting in their capacities as directors or officers. Indemnifies corporations for expenses incurred in defending lawsuits alleging negligence of officers or directors.
5003	Directors & Officers Liability (Non-Profit)	Unlike a basic directors and officers policy that covers corporate reimbursement for directors, a director and officers policy for non-profit organizations covers the corporation itself, directors and officers, employees, and committee members.
5004	Educator Legal Liability	Liability protection for educators resulting from claims such as Injuries to students under your supervision, Violation of a student's civil rights, Improper methods employed in instruction or counseling Hiring unqualified persons and Errors and omissions claims for damages arising out of your professional duties to name a few.
5005	Employment Practices Liability	Provides employers with protection liability claims for work-related incidents that are not compensable under workers compensation coverage.
5006	Excess Commercial General Liability (Not Umbrella)	Excess liability insurance may serve as excess over primary liability insurance, or as excess over a self-insured deductible.
5007	Excess Personal Liability (Not Umbrella)	Coverage designed to be in excess over the primary personal liability policy, and which does not pay a loss until the loss amount exceeds a certain sum.
5008	Liquor Liability	Legislation that makes an establishment and/or individual selling liquor responsible for injuries caused by its customer to third parties.

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5009	Owners & Contractors Protective	Liability Insurance or other liability policies for business firms which provides liability coverage for an insured who sued due to negligent acts or omissions of an independent contractor or subcontractor resulting in bodily injury and/or property damage to 3rd party.
5010	Personal Umbrella	Insures losses in excess of amounts covered by other liability insurance policies; also protects the insured in many situations not covered by the usual liability policies.
5011	Personal Liability	Insurance designed to protect the policyholder from financial loss due to liability resulting from injuries to other persons or damage to their property.
5012	Pollution & Environment Liability	Provides coverage for liability claims related to pollution
5013	Product & Completed Operations Liability	Coverage against loss arising out of the liability of a manufacturer, merchant or distributor for injury or damage resulting from the use of a product. Coverage also includes liability incurred by a contractor as the result of improperly performed work (construction or installation) after a job has been completed.
5014	Public Officials Liability	A form of professional liability insurance for a public entity and the persons who act on its behalf for errors, misstatements, omissions, neglect, or breach of duty.
5015	Police Professional Liability	Law Enforcement Liability policies provide liability coverage for bodily injury, personal injury and property damage claims arising from law enforcement liability activities.
5016	Media Liability	Media Liability Insurance, protects the insured against claims arising out of the gathering and communication of information.
5017	Railroad Protective Liability	Protective liability coverage written in favor of a railroad on behalf of those who are conducting operations on or adjacent to railroad property.
5018	Asbestos Removal & Abatement	Liability coverage for contractors specializing in asbestos abatement or removal.
5019	Guard Service Liability	Liability coverage for security guard services
5020	Special Events Liability	Liability insurance plan specifically suited for the complexity & multiple variants of different events and characteristics, for the specific event chosen of a wide range of events.
5021	Miscellaneous Liability	This code should be used when entering liability coverage types not listed above.

<u>Code</u>	<u>MEDICAL MALPRACTICE</u>	<u>DESCRIPTION</u>
6000	Hospital Professional Liability	Insurance covering liability arising out of the provisions or non-provisions of hospital services so as to have an action brought against the hospital for malpractice, error or mistake.
6001	Miscellaneous Medical Professionals	Provides liability coverage for medical professionals for a variety of different medical disciplines
6002	Nursing Home Professional Liability	Licensed facility which provides general nursing care to those who are chronically ill or unable to take care of daily living needs.

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6003	Physician/Surgeon, Dentist Professional Liability	Insurance on a professional practitioner that will defend suits instituted against the insured professional for malpractice.
<u>Code</u>	<u>ERRORS & OMISSIONS</u>	<u>DESCRIPTION</u>
7000	Architects & Engineers Liability	Protects the individual or firm of architects/engineers against any claim which the insured becomes legally obligated to pay as damages arise from the performance of professional services as architects or engineers, caused by error, omission or negligent act.
7001	Insurance Agents & Brokers E&O	This coverage protects against claims for negligent acts, errors or omissions in the conduct of the agent's/brokers business.
7002	Lawyers Professional Liability	Covers direct pecuniary loss and expense to an attorney or law firm arising from claims for alleged neglect, error or omission in the performance of services in a professional legal capacity.
7003	Miscellaneous E&O Liability	Errors and omissions coverage for professionals for various errors and omissions exposures.
7004	Real Estate Agent E&O	Protects a real estate agency against claims for damages alleging negligence in the conduct of negotiations and business performance for others.
7005	Software Design Computer E&S	Professional Liability for computer software designers, analysts & consultants to cover errors in programs or in system design.
<u>Code</u>	<u>AUTOMOBILE COVERAGE</u>	<u>DESCRIPTION</u>
8000	Commercial Auto Liability	Liability insurance on various types of miscellaneous commercial automobiles that promises to pay legal obligations of the insured for bodily injury and property damage caused by an accident and arising out of ownership, maintenance, or use of covered auto.
8001	Commercial Auto Excess Liability	Liability coverage for Commercial Auto exposures that are in excess of the primary coverage layer.
8002	Commercial Auto Physical Damage	Coverage on various types of miscellaneous commercial automobiles providing protection from direct and accidental "loss" or damage to an insured's auto.
8003	Dealers Open Lot	This coverage is similar to garagekeepers liability, but covers inventory property losses to dealerships.
8004	Garage Liability	Insurance coverage purchased by a auto dealership or repair shop that covers property damage & bodily injury resulting from the operations of an auto garage.
8005	Garage Keepers Legal	Coverage that protects a garage keeper against liability for damage to vehicles in the keeper's care, custody, control caused by specific perils.
8006	Private Passenger Auto-Physical Damage	
8007	Personal Excess Auto Liability	Excess liability over the primary liability insurance.

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<u>Code</u>	<u>AIRCRAFT</u>	<u>DISCRIPTION</u>
9000	Commercial Aircraft Hull and/or Liability (Always Non-Taxable - Tax Status 1)	An aircraft hull and liability policy is similar to a combination automobile policy in that both physical damage, liability and medical payments hazards are combined. Under Hull insurance two types of coverage are available: all risks while not in flight and all risks coverage.
9001	Airport Liability (Always Non-Taxable - Tax Status 1)	Coverage for the insured in the event that the insured's negligent acts and/or omissions result in losses in connection with the use, ownership or maintenance of aircraft.
9002	Aviation Cargo (Always Non-Taxable - Tax Status 1)	Coverage for an air carrier's legal liability for damage, destruction, or other loss of a customer's property while being shipped. Coverage is on an all risks basis subject to specific perils excluded in the policy.
9003	Aviation Product Liability (Always Non-Taxable - Tax Status 1)	Products liability coverage for manufacturers and dealers of aircraft products and for fixed based operators who repair and maintain aircraft.
9004	Hangar Keepers Legal Liability (Always Non-Taxable - Tax Status 1)	Coverage for the owner of an airplane in circumstances where use of his premises as an aircraft hangar results in bodily injury or property damage to a third party. Excluded from coverage is property under the care, custody, and control of the insured.
9005	Personal & Pleasure Aircraft (Always Taxable - Tax Status 0)	A special package policy for boat owners that combines physical damage insurance, medical expense insurance, liability insurance, and other coverages in one contract.
<u>Code</u>	<u>CRIME</u>	<u>DESCRIPTION</u>
1100	Bankers Blanket Bond	Coverage for a bank in the event of loss due to dishonest acts of its employees or individuals external to the bank.
1101	Blanket Crime Policy	Coverage usually provided as part of the special multiperil insurance (SMP) policy through the attachment of the Blanket Crime Endorsement.
1102	Employee Dishonesty	Dishonest act of an employee which may contribute to a loss for the employer. Fidelity bonds are usually used to protect against such losses.
1103	Identity Theft	Coverage for fraud or other crimes, when someone uses your personal information without your permission.
1104	Deposit Forgery	Coverage for deposit forgery if an insured's paper has been forged or altered.
1105	Miscellaneous Crime	This coverage code should be used when entering Crime coverages not included in the Crime coverages listed above.
<u>Code</u>	<u>MISCELLANEOUS</u>	<u>DISCRIPTION</u>
1200	Accident & Health	Insurance against loss by sickness or bodily injury. The generic form for those forms of insurance that provide lump sum or periodic payments in the event of loss occasioned by bodily injury, sickness or disease, and medical expense.

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1201	Credit Insurance	Insurance against loss or damage resulting from failure of debtor to pay their obligations to the creditor, does not include financial guaranty insurance.
1202	Animal Mortality	Coverage for designated horses and other animals if they are damaged or destroyed. The insurance includes registered cattle and herds, other farm livestock, and zoo animals.
1203	Mortgage Guaranty	A form of casualty insurance insuring lenders against financial loss generally associated with non-payment of principal, interest, and other sums agreed to be paid under the term of the loan on real estate which contains a building or buildings.
1204	Workers Compensation-Excess Only	Coverage, in excess of the primary coverage layer providing four types of benefits (medical care, death, disability, and rehabilitation) for employee job-related injuries or diseases as a matter of right (without regard to fault).
1205	Product Recall	Coverage for the expenses incurred by a business resulting from the recall of products, whether defective or not.
1206	Kidnap/Ransom	Insurance written primarily for financial institutions & covers named employees for individual or aggregate amounts paid as ransom, with deductible requiring the insured to participate in about 10% of any loss.
1207	Surety	Contract by which one party agrees to make good the default or debt of another.
1208	Weather Insurance	Insurance designed to protect the insured sponsor of an outside event or a manufacturer designing a product the promotion of which depends on a weather-related risk.
1209	Prize Indemnification	Coverage for large prizes that is tailor-made, using a basic inland marine policy, and the pricing depends on the odds faced by the insurer.
1210	Travel Accident	Coverage for accidental death, disability and medical expenses when traveling.
1211	Terrorism	Stand alone (mono-line) coverage for specific acts of terrorism.
1212	Fidelity	Coverage for all dishonest acts such as larceny, theft embezzlement, forgery.

AGENTS' FILING PROCEDURES

Florida Statute, 626.921, created the Florida Surplus Lines Service Office Association and provides that "All surplus lines agents shall as a condition of holding a surplus lines license in this state, report to and file with the Service Office a copy of, or information on all surplus lines policies or documents as provided in section (7) (B) of the Plan of Operation."

DATA SUBMISSION

All premium bearing policy transactions placed with an eligible surplus lines insurer, taxable or non-taxable, must be electronically submitted to the FLSO in the prescribed electronic format via

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the Internet or SLIP within thirty (30) days from the effective date of the transaction. The prescribed file format can be found on the FLSO website at: <http://www.fslso.com/software/FTPsubmit.aspx>. SLIP may also be found on the FLSO website at: <https://slip.fslso.com>.

Each submission shall contain the following information for each transaction:
(for multi-state risk transactions, please refer to page 18-19)

- Surplus lines agents name; license #;
- Surplus lines agent's agency name;
- Surplus lines agent's agency license or registration number;
- Name of the insured;
- Policy number;
- Unique Market Reference Number (UMR) for Lloyd's transactions;
- Named Insurer(s) and the NAIC number of insurer(s) participating on the risks;
- The primary zip code of risk (must be a valid Florida zip code);
- County location of primary risk (must be a valid Florida County);
- Coverage code as provided in manual;
- Tax Status:
 - 0 = taxable;
 - 1= non-taxable airport liability/aircraft hull liability;
 - 2 = non-taxable governmental, state, county or municipalities;
 - 3 = non-taxable ocean marine/ocean cargo/motor truck cargo and;
 - 4 = non-taxable entities exempted from taxes, service fee, Citizens Property Insurance Corporation and Florida Hurricane Catastrophe Fund assessments (e.g. Hospital Alliances);
- Transaction types as follows: 1 = new business, 2 = additional premium endorsements, 3 = return premium endorsements, 4 = policy cancellation, 5 = policy renewal, 6 = reinstatement, 11 = back out of new business, 12 = back out of additional premium, 13 = back out of return premium, 14 = back out of cancellation, 15 = back out of renewal and 16 = back out of reinstatement;
- Gross premium charged or returned, including policy and/or inspection fees (excluding service fees, taxes and assessments);
- Effective and expiration date;
- Issue Date and Late Reason if submission is more than 30 days after the transactions' effective date.

Insurance coverage of wet marine, transportation risks, or aviation risks including incidental airport and products liability, including hangarkeeper's liability, are exempt from the five (5%) percent premium receipts tax, but are subject to the service fee and the Florida Hurricane Catastrophe Fund (FHCF) assessment, and should be included in your submission reports to the FLSO with the appropriate tax status and coverage code.

Examples of correct coverage code/tax status combinations:

- a. (3002) Ocean Marine-Hull &/or Protection & Indemnity - Tax Status - 3
- b. (9000) Commercial Aircraft - Tax Status - 1
- c. (9002) Aviation Cargo - Tax Status 1

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- d. (3003) Ocean Marine Cargo - Tax Status 3
- e. (9003) Incidental Airport and Products Liability - Tax Status 1
- f. (9004) Hangarkeeper's Liability - Tax Status 1
- g. (4002) Motor Truck Cargo - Tax Status 3

Tax status 2 may be used with any of the coverage codes, but only if the insurance is covering risks of state government or its agencies, or of any county or municipality or of any agency thereof.

Insurance premiums on the following subjects of insurance are exempt from the service fee and the premium receipts tax but, are subject to applicable assessments and the EMPA surcharge should be included in your submission reports with the appropriate tax status which is **2**:

**State, county, or government entities or any agencies thereof;
Municipalities or any agencies thereof;**

Insurance premiums on the following described subjects of insurance must be issued pursuant to §626.916 F. S., and the premium receipts tax, service fee, and applicable assessments are charged. The applicable tax status is **0**:

**Pleasure Boats
Private Aircraft used solely for personal pleasure, family use, or
transportation of executives, employees and guests of the insured.**

SUBMISSION CONTACT INFORMATION

The submission contact should be someone that the Service Office can reach out to regarding questions or issues with the submission.

- FTP – FLSO's FTP Submit Software requires entry of a submission contact person.
- SLIP – SLIP provides an area where agents may add submission contacts associated with their filings, if you would like other members of your staff to have access to your policy data via SLIP, they must be added as a SLIP user. You can set up your SLIP users and edit user information under the Users Tab.

SUBMISSION RESPONSES

When completing a filing with FLSO, the agent will receive either a confirmation number (if using Agent SLIP) or a submission response (when using the FTP Submit Software).

1. **FTP Submissions** – An initial response will be sent out via e-mail acknowledging that the FLSO received the electronic submission. There will be a confirmation number assigned to each transaction filed. The confirmation number will be transmitted back to the agent or agent contact via e-mail.

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- 2. Rejected Submissions – Occasionally, a submission will be rejected and you will not receive confirmation numbers.** A response will be sent indicating that your entire submission, not just the transactions that are shown with a reference number has been rejected.

Reason: Invalid Back out Ref#_____ , Policy# _____

When you receive this message, it is important to determine what errors were made, make the necessary corrections, and resubmit the entire file. If you cannot determine where the errors are, please call the Service Office at (800) 562-4496, ext. 104, ext. 106, or ext. 129. Feel free to call anytime; we are here to help and want to assist you in every way possible to keep your submissions importing properly and timely. This also prevents transactions from eventually appearing in the Transactions in Question (TIQ) file.

- 3. SLIP Submissions** – Please note that in a SLIP submission, a confirmation number is generated upon acceptance of the transaction. You will not receive a submission response email after making each submission in SLIP.

Confirmation numbers will begin with either an “A” or “Q.” A = Accepted and Q = Questioned. When you receive a confirmation number that begins with a “Q”, it is important that you determine what error(s) was/were made, make the necessary corrections and submit the correction (s). If you cannot determine what caused the error, please contact the Service Office.

Please note that in a SLIP submission, a confirmation number is generated upon acceptance of the transaction. You will not receive a submission response email after making each submission in SLIP.

Agents must maintain confirmation numbers received from FLSO in their office and make them available upon review of the agent's files.

DISCLAIMER STATEMENT

A disclaimer will be placed on responses for all submissions accepted by the FLSO advising that:

Receipt and acknowledgment by the FLSO of policies and/or documents filed does not constitute approval by the FLSO, or compliance of the submission with Florida Law. Compliance is the responsibility of the agent and/or policyholder providing the policies or coverages.

Transactions that are not submitted in the proper electronic format will not be accepted by FLSO.

Do not submit non-premium bearing endorsement transactions.

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Agents are prohibited from delivering a surplus lines insurance contract to the insured unless it has been filed with, and a confirmation number provided to the agent by the FLSO.

SURPLUS LINES INFORMATION PORTAL

The Florida Surplus Lines Service Office's **Surplus Lines Information Portal (SLIP)** provides a web-based mechanism for Florida licensed surplus lines agents to electronically submit policy information to the Service Office. Additionally, SLIP provides users the ability to not only view previously submitted data, but to also edit policy information and back out transaction data.

With SLIP, you have the capabilities to run a variety of reports (including Monthly & Quarterly Transaction Reports, Transactions in Question, Submission Responses, etc.), track current industry news items, file your Quarterly Report Affidavit, and many other functions.

Please visit our website at www.fslso.com for detailed instructions for using SLIP.

ALLOCATION OF SURPLUS LINES INCLUDING INDEPENDENTLY PROCURED INSURANCE PREMIUM TAX AND SERVICE FEE ON MULTI-STATE RISKS

For the purpose of determining the tax and service fees payable to this state pursuant to Sections 626.932(3), 626.9325(3) and 626.938 (3), Florida Statutes, the following guidelines should be used in determining the premium allocation for risks or exposures located in Florida and at least one other state.

During the 2011 Florida Legislative Session, the above listed statutes were amended to require tax and fees to be computed on the gross premium on the multi-state risk when Florida is the home state as defined in the Non-Admitted and Reinsurance Reform Act of 2010 (NRRA).

The definition of Home State, as defined by this act states: (b), the term "home state" means, with respect to an insured – the State in which an insured maintains its principal place of business, or, in the case of an individual, the individual's principal residence; or if 100 percent of the insured risk is located out of the state referred to in subparagraph (a), the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated.

The list below provides coverage code types and corresponding allocation information based on Florida definitions.

Type of Insurance

Allocation of Premium for Florida Policyholders

Commercial Property

Premium for structures and other property in each state.

Homeowners and
Other Residential Property

Premium for structures and other property permanently in each state.

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Ocean Marine	Premium for vessels registered in each state or to be registered in each state. Other property used at a marina located in each state.
Inland Marine	Premium for property located in each state.
Liability	Premium generated by the portion of the rating basis attributable to exposures in each state.
Medical Malpractice	Premium generated by the portion of the rating basis attributable to exposures in each state.
Errors and Omissions	Premium generated by the portion of the rating basis attributable to exposures in each state.
Automobile Coverages	Premium for any vehicle registered or titled and which is principally garaged or used in each state.
Aircraft	Premium for aircraft principally kept or used in each state.
Crime	Premium generated by that portion of the rating basis attributable to exposures in each state.
Hospital, Nursing Homes/and Adult Living Facilities	Number of beds plus one additional bed for each 100 outpatient visits at locations in each state or premium generated by that portion of the rating basis attributable to exposures in each state.
Miscellaneous Coverages	Premium generated by that portion of the rating basis attributable to exposures in each state.

30 -DAY FILING REQUIREMENT VIOLATION PROCEDURES

Agents are required to file policy information thirty (30) days from the effective date of the policy. Agents who file at least fifty (50%) percent or more of their transactions in violation of the thirty (30) day filing requirement (30 days from the effective date of the transaction) may be referred to

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the Department of Financial Services and assessed a late filing penalty in accordance with the following procedures:

1. On the first business day of each month, a report will be generated to identify agents who filed fifty (50%) percent or more transactions past the thirty (30) days due date.
2. This report will identify transactions received in the prior month that were reported after the thirty (30) day filing deadline. (For example, August 1, 2011 report will be generated on September 1, 2011)
3. Each agent listed on the late filing report, with ten (10) or more late filed transactions, may be reported to the Department of Financial Services for appropriate administrative action, including but not limited to a late filing penalty.
4. Unreported premium bearing transactions verified through the Compliance Review or Variance Process will be assessed a nine (9%) percent interest penalty compounded annually in accordance with Sections 626.932(2)(b) and 626.9325(2)(b), Florida Statutes.

FILING QUARTERLY REPORT AFFIDAVITS

Each licensed and appointed surplus lines agent must file a Quarterly Report Affidavit on or before the 45th day following each calendar quarter. (For example, quarter ending December 31, 2010 affidavits are due by February 14, 2011). Affidavits should be submitted to FLSO via SLIP. SLIP will auto-fill the premium reported to FLSO during the quarter. If no business was submitted during the quarter, the affidavit will indicate \$0 premium.

An agent who does not transact business during the quarter, that has an active surplus lines license and appointment, MUST file a Quarterly Report Affidavit indicating no business was transacted during the quarter. The affidavit should be submitted via SLIP.

Agents who fail to file an affidavit when due, may be subject to a fine by the Department of Financial Services up to \$50 per day for each day the neglect continues, beginning the day after the affidavit was due until the date it was received by the FLSO.

LATE FILING QUARTERLY REPORT AFFIDAVITS REFERRAL PROCEDURES

I. AUTHORITY AND REFERENCES
Florida Statute: Sections 626.931 and 626.936

II. STATEMENT OF POLICY
All licensed and appointed surplus lines agents are required to file a Quarterly Report Affidavit on or before the 45th day following each calendar quarter. Any licensed surplus lines agent who neglects to file a report or an affidavit in the form and within the time required or provided for in the Surplus Lines Law, may be fined by the Department up to \$50 per day for each day the neglect continues, beginning the day after the report or affidavit was due until the date the report or affidavit is received.

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PURPOSE OR OBJECTIVE

The purpose of these procedures is to enforce the statutory Quarterly Report Affidavit filing requirement and to ensure that agents report and pay taxes on business written pursuant to the Surplus Lines Law.

III. PROCEDURES

All late filed Quarterly Report Affidavits will be handled as follows:

- A. Each licensed and appointed Surplus Lines Agent shall file with the FLSO a Quarterly Report Affidavit on or before the 45th day following the end of each calendar quarter.
- B. For the purpose of referring an agent to the Department of Financial Services to assess a fine FLSO shall use the postmark or receipt date of the Affidavit.
- C. A letter is electronically mailed to each agent who has not filed their Affidavits advising them that their Affidavit has not been received and he/she is subject to a possible fine by the Department of Financial Services.
- D. At the close of the business day on the 45th day after the end of the calendar quarter when the report is due, a list is generated of all agents whose Affidavits have not been received. Agents who do not comply may be referred to the Department of Financial Services for administrative action.

TAX

Surplus lines insurance premiums are subject to a five (5%) percent premium receipts tax. The surplus lines agent shall collect from the insured the amount of tax due at the time of delivery of a cover note, certificate of insurance, policy, or other confirmation of insurance, in addition to the full amount of gross premium charged by the insurer for insurance.

The tax applies to all surplus lines insurance policies, including additional premium endorsements written on behalf of Florida insureds, except insurance risks for state government or its agencies, or of any county or municipality, or of any agency thereof. Insurance premiums for wet marine and transportation, or aviation risks written in accordance with §626.917, are also exempted from the premium receipt tax. The surplus lines agent is prohibited from absorbing such tax as an inducement for insurance or for any other reason, rebating all or any part of such tax or commission.

During the 2011 legislative session, an amendment was passed to Florida Statute 626.932 which requires a surplus lines agent to determine the home state of the multi-state risk. When Florida is determined to be the home state, regardless of the location of the risk, the entire surplus lines premium must be filed with the Service Office and will be taxed based upon that respective state's (or states') tax rate and percentage of exposure. At that point, the Service Office will determine the appropriate allocation, if any, of the applicable surplus lines taxes. For a reference on determining premium allocation specific to Florida definitions of coverage, see Allocation Procedures on Pages 18-20.

FLSO will collect the premium receipts tax by generating an invoice specific to the Department of Financial Services that will be sent on a quarterly basis.

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SERVICE FEE

The service fee established by the FLSO Board of Governors and approved by the Office for all new and renewal policies effective April 1, 2007 and thereafter is 0.1%. The service fee assessed for each policy, cover note, or other confirmation of insurance and other premium bearing documents submitted to the FLSO, shall fund the services performed by FLSO. The service fee shall be collected from the insured and paid by the surplus lines agent. Service fees should be shown separately on all policies, binders, additional premium endorsements, or other confirmation of insurance, and must be labeled "service fee."

The service fee should be charged on all surplus lines insurance policies gross premium (plus agent policy fee and inspection fees). This includes additional premium endorsements written on behalf of Florida insureds, except insurance risks for state government or its agencies, or of any county or municipality, or of any agency thereof.

For multi-state policies effective July 1, 2011, in which Florida is the home state the fee collected shall be computed on the gross premium. Insurance coverage of wet marine and transportation, or aviation risks written in accordance with §626.917, is subject to the service fee. The surplus lines agent is prohibited from absorbing such fee or, as an inducement for insurance or for any other reason, rebating all or any part of such fee or commission.

Please note: The Emergency Management Preparedness and Assistance (EMPA) Trust Fund surcharge, the Citizens Property Insurance Corporation and Florida Hurricane Catastrophe Fund Assessments are not subject to the service fee and the premium receipt tax.

The service fee is not included in the tax computation and should be shown separately on the declaration page. The Service Office will collect the service fee by generating an invoice specific to the FLSO Service Fee that will be sent along with the premium receipts tax invoice on a quarterly basis.

CITIZENS' PROPERTY INSURANCE CORPORATION (CITIZENS) ASSESSMENT

For policies effective July 1, 2011 and thereafter, FLSO will apply a 1% Citizens Property Insurance Corporation (Citizens') emergency assessment approved by the Office of Insurance Regulation (OIR) referenced by informational memorandum (OIR-11-03M). The 1% assessment will be applicable on all new and renewal surplus lines policies and any subsequent endorsements to those policies with an effective date on or after July 1, 2011. The assessment period will continue until further notice.

Following are the business rules for levying assessments:

- Assessments will be invoiced quarterly.
- Assessments will always be charged based on transactions and will be calculated as a percentage (up to two decimal places) of the transaction's premium and policy fees.
- One transaction can have multiple assessments at any given time.

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- Each assessment will be treated separately and assessment amounts for each assessment will be calculated separately.
- The amount of each assessment is determined by Citizens.
- Assessments will be calculated based upon the effective date of new business or renewal transactions. Assessments for additional premium endorsements will be based upon the effective date of the policy.
- The assessment is refundable on a proportional basis for return premium endorsements, cancellations and backouts.

The following surplus lines coverages and their specific codes have been identified as subject to the Citizens assessment:

1000	Commercial Property	2002	Homeowners – HO-3
1001	Builders Risk	2003	Tenant Homeowners – HO-4
1002	Business Income	2004	Homeowners – HO-5
1003	Apartments (Commercial)	2005	Condo Unit-Owners – HO-6
1005	Commercial Package	2006	Homeowners – HO-8
1006	Condominium (Commercial)	2007	Dwelling Builders Risk
1009	Earthquake	2008	Dwelling Flood
1010	Flood	2009	Dwelling Property
1012	Mortgagee Impairment	2010	Farm Owners Multi-Peril
1013	Windstorm and/or Hail	2011	Mobile Homeowners
1014	Mold Coverage (Commercial)	2012	Windstorm
1016	Excess Flood (Commercial)	2013	Mold Coverage (Residential)
2000	Homeowners – HO-1	2015	Excess Flood (Residential)
2001	Homeowners – HO-2		

FSLSO will collect the assessment fee by generating an invoice specific to the Citizens assessment that will be sent along with the premium receipts tax invoice on a quarterly basis.

EMERGENCY MANAGEMENT PREPAREDNESS AND ASSISTANCE SURCHARGE (EMPA)

Effective January 1, 2006 FSLSO began collecting the Emergency Management Preparedness and Assistance (EMPA) Trust Fund surcharge. While the EMPA surcharge is not new, the 2005 Legislative Session amended Section 252.372, Florida Statute to authorize FSLSO to collect the surcharge. The surcharge is \$2.00 for residential property coverages and \$4.00 for commercial property coverages. You will be invoiced quarterly for the EMPA Surcharge based on the coverage codes identified below.

The EMPA surcharge is fully earned, unless the policy is cancelled flat and the transaction is backed out.

The surcharge applies to the following coverage codes:

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Commercial Property (\$4.00)

1000 - Commercial Property
1001 - Builders Risk
1003 - Apartments (Commercial)
1005 - Commercial Package
1006 - Condominium (Commercial)

Residential Property (\$2.00)

2000 - Homeowners-HO-1
2001 - Homeowners-HO-2
2002 - Homeowners-HO-3
2003 - Tenant Homeowners-HO-4
2004 - Homeowners-HO-5
2005 - Condo Unit-Owners-HO-6
2006 - Homeowners-HO-8
2007 - Dwelling Builders Risk
2009 - Dwelling Property
2010 - Farm Owners Multi-Peril
2011 - Mobile Homeowners

FLORIDA HURRICANE CATASTROPHE FUND (FHCF) ASSESSMENT

The 2004 Florida Legislature passed Senate Bill 2488, an act relating to the Florida Hurricane Catastrophe Fund (FHCF). This bill gives the FHCF the ability to assess surplus lines policyholders to pay regular emergency assessments in the event the FHCF board determines that the amount of revenue is insufficient to fund the obligations, costs, and expenses of the fund.

In accordance with §215.55, Florida Statutes, the emergency assessment will be levied on all property and casualty lines, **except workers' compensation, medical malpractice, accident and health, and National Flood insurance policies**. The assessment shall be specified as a percentage of future premium collections and is subject to annual adjustments by the Board to reflect changes in premiums subject to assessments. The same percentage shall apply to all policies.

Surplus lines transactions will be charged a 1.3% assessment in addition to the current premium receipts tax and the service fee on applicable policies issued or renewed with an effective date on or after January 1, 2011. The same percentage shall apply to all policies in lines of business subject to the assessment issued or renewed during the 12 month period beginning on the effective date of the assessment.

Each surplus lines agent shall collect the assessment at the same time as the agent collects the surplus lines premium receipt tax and remit the assessment to the FLSO at the same time as the agent remits the surplus lines premium receipt tax. Emergency assessments are not premiums and are not subject to the surplus premium receipt tax. Surplus lines agents are liable for all assessments collected and must treat the failure of an insured to pay an assessment as a failure to pay the premium. When an insured is entitled to a refund of an unearned premium the FLSO shall provide a credit or refund to the surplus lines agent for the collected assessment attributable to the unearned premium. Below are the business rules for levying the **FHCF** assessments:

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- Assessments will be invoiced quarterly.
- Assessments will always be charged based on transactions and will be calculated as a percentage (up to two decimal places) of the transactions premium, policy and inspection fees.
- Assessments will be returned by FHCF on unearned premiums.
- One transaction can have multiple assessments at any given time.
- Each assessment will be treated separately and assessment amounts for each assessment will be calculated separately.
- Each assessment will be active for a specific time frame determined by the FHCF.
- Assessments will be calculated based upon the effective date of new business or renewal transactions. Assessments for additional premium endorsements will be based upon the effective date of the policy.

PAYMENT REMITTANCE INFORMATION (Taxes, Fees, and Assessments)

FSLSO will prepare quarterly invoices (DFS taxes, DEM EMPA surcharges, FHCF assessments, Citizens Assessment and Service Fees) for each surplus lines agent on transactions filed and processed during the preceding quarter. The invoices are to be prepared and mailed within seven (7) days from the end of the quarter. Taxes, Assessments, Surcharges, and Fees are invoiced quarterly on the first business day of January, April, July, and October, and are due on or before the 45th day following each calendar quarter. The corresponding transaction detail reports are generated for each agent.

When invoices are issued, all reports are automatically pushed to all SLIP users' inboxes quarterly. For agents with amounts outstanding or credits from the previous billing cycles, customer statements will be generated. All Invoices and statements are sent to the agents, either via electronic transmittal (if enrolled) or by mail.

To receive invoices and statements electronically, please click the following link to our website and complete the necessary information: <http://www.fslso.com/contact/invoicing.aspx>.

Please note, once you request to receive electronic invoicing, you will no longer receive mailed copies of the invoices or statements unless you request in writing to be removed from the electronic invoicing list.

Negative invoices are considered credit balances unless otherwise requested by the agent. All Transaction Detail Reports are sent to the SLIP inboxes whether or not an invoice is issued. If you do not have a SLIP login and password, please send an email to slip.support@fslso.com and a login and password will be provided for you.

ELECTRONIC PAYMENTS

All tax, fee, and assessment invoices issued to a Florida surplus lines agent can be paid electronically via SLIP. On the SLIP homepage, there is a tab titled "Pay Invoices" for you to

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view all open invoices and click to pay. Through this secured website, you are able to save your bank account information for future use, as well as enter multiple bank accounts if necessary. All payments submitted before 4PM will be posted to your accounts as of the next business day.

If you have any questions or concerns, please call FSLSO's Accounting Department at 800-562-4496, option 4 or email accounting@fslso.com.

PAYMENTS BY CHECK

Fees, taxes, and assessments are separate charges, and they must be paid with separate checks.

- DFS Taxes should be made payable to **Florida Department of Financial Services.**
- Service Fees should be made payable to **Florida Surplus Lines Service Office.**
- Citizens assessments should be made payable to **Citizen's Property Insurance Corporation.**
- DEM EMPA surcharges should be made payable to **Florida Division of Emergency Management.**
- FHCF assessments should be made payable to **Florida Hurricane Catastrophe Fund.**

Please mail payments to:

SURPLUS LINES AGENTS	
FSLSO Agent P.O. Box 864593 Orlando, FL 32886-4593	Overnight Address: Wells Fargo Bank Lockbox #864593 11050 Lake Underhill Road Orlando, FL 32825

Agents shall pay interest on any delinquent balances due, at the rates listed below compounded annually; beginning the day the amount becomes delinquent. **Agents who fail to pay taxes and fees required when due, may be fined up to \$500 per day for each day the failure continues until payment is received by the Service Office as provided for in §626.936, Florida Statutes.**

DFS Tax 9%

Service Fee 9%

CPIC Assessment 9%

DEM EMPA Surcharge 9%

FHCF Assessment 5.38% (this rate is for 2012, updated annually)

The Service Office's policy is that service fee balances less than \$10 are not considered delinquent. However, the balances may not remain outstanding for a period greater than one year.

Unpaid service fees due by a surplus lines agent, shall be recoverable in a suit brought by the Department against the surplus lines agent bond. The Department may authorize the Service Office to file suit on its behalf.

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RETURN OF TAXES, FEES, AND ASSESSMENTS

When you receive an invoice with a credit balance, you have two options. You can let the credit roll forward and offset a future invoice, or you can request a refund. To request a refund, please fill out the appropriate refund request form found at: If you have any questions or concerns, please call FLSO's Accounting Department at 800-562-4496, option 4 or email accounting@fslso.com.

COMPLIANCE REVIEW

The FLSO Agent Compliance Review Program is a self-imposed regulatory measure. However, these procedures are maintained under the advisement of the FLSO Board of Governors with recommendation from the Florida Department of Financial Services.

The purpose of the review is to ensure there is compliance by the surplus lines agents relative to the export of surplus lines insurance contracts, to provide educational assistance to surplus lines agents where needed, and to measure the quality of service provided in the market place.

A letter of intent to review records along with a list of items for the surplus lines agent to have ready for the review, is provided in advance of scheduling the review. Within 7-10 days of notification of intent to review, the agent will be contacted by a Compliance Review Analyst to schedule the review date. The review is designed to verify information that the surplus lines agent is responsible for reporting to the Service Office, as well as, other information required to be maintained in order to comply with the Surplus Lines Law.

In order for the compliance review analyst to perform their duties, a desk/table, chair, telephone, as well as, a power outlet are necessary elements that the surplus lines agent being reviewed must make available. If these elements cannot be made available, please inform the analyst at the time the analyst calls to schedule/confirm the review date.

It is the surplus lines agents' responsibility to make specific records available for the review. All records and information requested must be available when the review commences to be deemed acceptable for conducting the review. As requested, but not limited to, the compliance review will include a review of the following items made available by the surplus lines agents:

- Surplus lines agent's license;
- Surplus lines agent's bond with verification of current bond payment;
- Agency license or registration with the Department of Financial Services;

- Surplus lines agent's or agency's Accounts Payable Ledger relating to the "vendor" (all insurance companies, agents, brokers, and MGA's) that have been paid in the last 12 months;
- Policy records relating to policies from the past three years, and;
- Quarterly Report Affidavits.

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The FLSO may review all but not limited to, the information filed with the office as part of the compliance review process. All resident and nonresident Florida licensed surplus lines agents are subject to a compliance review at least once every three (3) years.

Within thirty (30) days of the Compliance Review, the surplus lines agent will receive a final report from the FLSO. The surplus lines agent may be required to submit, within thirty (30) days of receipt of the final report, a response/corrective action plan to address any non-compliance issues noted in the final report. Additional information regarding the compliance review process can be found on the website at: www.fslso.com/faq/index.aspx.

SURPLUS LINES RULES OF PRACTICE

Surplus Lines Law; short title; purposes.— §626.913

1. Sections 626.913-626.937 constitute and may be referred to as the “Surplus Lines Law.”
2. It is declared that the purposes of the Surplus Lines Law are to provide orderly access for the insuring public of this state to insurers not authorized to transact insurance in this state, through only qualified, licensed, and supervised surplus lines agents resident in this state, for insurance coverages and to the extent thereof not procurable from authorized insurers; to protect such authorized insurers, who under the laws of this state must meet certain standards as to policy forms and rates, from unwarranted competition by unauthorized insurers who, in the absence of this law, would not be subject to similar requirements; and for other purposes as set forth in this Surplus Lines Law.
3. This section, and this Surplus Lines Law, do not apply to insurance coverages that are subject to §626.938.
4. Surplus lines insurance is exempt from chapter 627, except where it is specifically stated in chapter 627.

Definitions.—§626.914

Policy – means an insurance policy, contract, cover note, certificate or any other detailed evidence of coverage, including policy jacket, endorsements and coverage parts.

Export – means to place, in an unauthorized insurer under the Surplus Lines Law, insurance covering a subject of insurance resident, located, or to be performed in this state.

Eligible Surplus Lines Insurer – means an unauthorized insurer that has been made eligible by the Department to issue insurance coverage under the Surplus Lines Law.

Surplus Lines Agent – means an individual licensed and appointed as provided in the Surplus Lines Law to handle the placement of insurance coverages with unauthorized insurers and to place such coverage with authorized insurers as to which the licensee is not appointed as an agent.

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Diligent Effort – means seeking coverage from and having been rejected by at least three authorized insurers currently writing this type of coverage and documenting these rejections. If a residential structure has a dwelling replacement cost of \$1 million or more, the term means seeking coverage from and having been rejected by at least one authorized insurer currently writing this type of coverage and documenting this rejection.

Surplus lines insurance authorized.—§626.915

If certain insurance coverages of subjects resident, located, or to be performed in this state cannot be procured from authorized insurers, such coverages may be procured from unauthorized insurers, subject to the following conditions:

1. The insurance must be eligible for export pursuant to §626.916 or §626.917, Florida Statutes;
2. The insurer must be an eligible surplus lines insurer;
3. The insurance must be placed through a licensed and appointed Florida surplus lines agent; and
4. The other applicable provisions of the Surplus Lines Law must be met.

Eligibility for export.—§626.916

1. No insurance coverage shall be eligible for export unless it meets all of the following conditions:
 - a. The full amount of insurance required must not be procurable, after a diligent effort has been made by the producing agent to do so, from among the insurers authorized to transact and actually writing the type and class of insurance.
 - b. The amount of insurance exported shall be only the excess over the amount procurable from authorized insurers.
 - c. If it is not possible to obtain the full amount of insurance required by layering the risk, it is permissible to export the full amount.
 - d. The rates at which the coverage is exported shall not be lower than the rate applicable, if any, in actual use by a majority of the authorized insurers for the same coverage on a similar risk.
 - e. The policy or contract form under which the insurance is exported shall not be more favorable to the insured as to the coverage, or rate than under similar contracts on file and in actual use in this state by a majority of authorized insurers actually writing similar coverage on similar risks.
 - f. When a surplus lines agent is desirous of issuing a unique form of policy designed for use with respect to a particular subject of insurance, the forms must be filed with the Office of Insurance Regulation for approval prior to issuance of the contract.
2. Insurance coverage may be procured through a Florida licensed and appointed surplus lines agent from eligible surplus lines insurers only after the producing agent has made a diligent effort to place the risk with an authorized insurer.
3. The producing agent must have proper documentation of non-availability, or documentation that particular policy terms or conditions material to the insured cannot be obtained from insurers authorized to transact business in this state. The documentation must meet the requirements of §626.916(1), F. S. and Rule 69P-5.003.

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4. Each surplus lines agent shall maintain as part of each insured's file a copy of the producing agent's documentation of diligent effort. This documentation shall be made available for inspection upon request by the Department or the FLSO. It is the responsibility of the surplus lines agent to verify that the producing agent has made the diligent effort. Certain lines of business as referenced in 627.062 (3)(d)1 are exempt from the diligent effort search requirements as amended in the 2011 legislative session. These lines of business and effective dates of exemption are as follows: Beginning July 1, 2011 the following additional lines of coverage are exempt from the diligent effort search requirements: excess or umbrella, surety and fidelity, boiler and machinery, directors and officers, employment practices and management liability, intellectual property and patent infringement liability, advertising and internet liability and property that is rated under a highly protected risks rating plan. Beginning October 1, 2011 the following new types of commercial insurance exempted from the diligent effort search requirement: fiduciary liability, general liability, nonresidential property (not to include collateral protection insurance) nonresidential multi-peril, excess property, burglary and theft.

DISCLOSURE STATEMENT:

Effective July 1, 2011, a new disclosure requirement shall be executed and signed by the named insured. A copy of this disclosure statement is available at the following web address: <http://www.fslso.com/publications/forms/index.aspx>.

Failure to maintain proper documentation is grounds for administrative action by the Department of Financial Services. Penalties for violating this section include disciplinary action up to and including revocation of all licensures by the Department of Financial Services.

5. An agent may charge a reasonable per-policy fee, not to exceed \$35 for each policy eligible for export.
6. Courtesy filings are prohibited. Florida surplus lines agents are prohibited from filing business not directly procured by him/her from eligible surplus lines insurers for out-of-state brokers on behalf of Florida insureds.

Eligibility for export; wet marine and transportation, aviation risks.—§626.917

1. Insurance coverage of wet marine and transportation risks as defined in §624.607(2) (see copy in the Miscellaneous Statute Section), or aviation risks, including airport and products liability incidental thereto and hangarkeeper's liability, may be exported under the following conditions:
 - a. The insurance must be placed only by or through a Florida licensed and appointed surplus lines agent, and;
 - b. The insurer must be one made eligible by the Office specifically for such coverages, based upon information furnished by the insurer and indicating that the insurer is well able to meet its financial obligations.

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2. This section does not apply to boats or aircraft used solely for personal pleasure, family use, or the transportation of executives, employees, and guests of the insured. Insurance coverage for these described subjects of insurance must be issued pursuant to §626.916, and the surplus lines premium tax and service fee charged.
3. Insurance coverages on the following subjects of insurance exported pursuant to this section are tax exempt, but subject to the service fee and should be included in your submission reports as non-taxable:
 - a. Commercial Boats
 - b. Commercial Aircraft
 - c. Aviation and Ocean Marine Cargo
 - d. Incidental Airport and Products Liability
 - e. Hangarkeeper's Liability

Eligible surplus lines insurers.—§626.918

1. No surplus lines agent shall place coverage with any unauthorized insurer that is not an eligible surplus lines insurer, except as stated in 3 and 4 below. Please note: The recently enacted NRRA establishes uniform minimum capital and surplus eligibility requirements for foreign nonadmitted insurers. In addition, the NRRA, Section 524(2), bars states from prohibiting surplus lines brokers from placing business with alien nonadmitted insurers (i.e., domiciled outside the U.S.) if they are listed on the NAIC's Quarterly List of Alien Nonadmitted Insurers. Please visit the Florida Surplus Lines Service Office website for further guidance regarding the placement of business with companies that appear on the NAIC's Quarterly Alien Nonadmitted insurer list. Information will be posted on our website as soon as it is available.
2. No unauthorized insurer shall be or become an eligible surplus lines insurer unless made eligible by the Office in accordance with the following conditions:
 - a. Eligibility of the insurer must be requested in writing by the Florida Surplus Lines Service Office;
 - b. The insurer must be currently an authorized insurer in the state or country of its domicile as to the kind or kinds of insurance they propose to write and must have been such an insurer for not less than 3 years, or a wholly owned subsidiary of an authorized insurer, or must be a wholly owned subsidiary of an already eligible surplus lines insurer for the kind or kinds of insurance proposed for not less than three years;
 - c. The Office may waive the 3-year requirement if the insurer provides a product or service not readily available to the consumers of this state or has operated successfully for a period of at least 1 year next preceding and has capital and surplus of not less than \$25 million;
 - d. Before granting eligibility, FLSO or the insurer shall furnish the Office with a duly authenticated copy of its current annual financial statement in the English language and with all monetary values therein expressed in United States dollars, at an exchange rate (in the case of statements originally made in the currencies of other countries) then-current and shown in the statement, and with such additional information relative to the insurer as the Office may request;

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- e. 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;
 - f. The insurer must be of good reputation as to the providing of service to its policyholders and the payment of losses and claims;
 - g. The insurer must be eligible, as for authority to transact insurance in this state, under §624.404(3); and
 - h. This subsection does not apply as to unauthorized insurers made eligible under §626.917, F.S. as to wet marine and aviation risks.
3. When any particular insurance risk subject to subsection (5) is eligible for placement with an unauthorized insurer and not more than 12.5% of the risk is so subject, the Office may, at its discretion, permit the agent to obtain from the insured a signed statement as indicated in subsection (5). All other provisions of this code apply to such placement the same as if such risks were placed with an eligible surplus lines insurer.
 4. When it appears that any particular insurance risk which is eligible for export, but on which insurance coverage, in whole or in part, is not procurable from the eligible surplus lines insurers, the surplus lines agent may file a supplemental signed statement stating such facts and advising the Department or the FLSO that such part of the risk is unprocurable and is being placed with named unauthorized insurer(s), in the amounts and percentages set forth in the statement. Such named unauthorized insurer shall, before accepting any risk in this state deposit with the Department cash or securities acceptable to the Office and Department of the market value of \$50,000 for each individual risk and the Department shall hold the deposit for the benefit of Florida policyholders only.
 5. Whenever any insurance risk or any part thereof, is placed with an unauthorized insurer, the policy, binder or cover note shall contain a statement signed by the insured and the agent with the following notation:

“The insured is aware that certain insurers participating in this risk have not been approved to transact business in Florida nor have they been declared eligible as surplus lines insurers by the Office. The placing of such insurance by a duly licensed surplus lines agent in Florida shall not be construed as approval of such
 6. If it becomes necessary to implement the above section, the surplus lines agent should contact FLSO prior to placing the risk.

Levy upon deposit.--§626.9181

No judgment creditor or other claimant of a surplus lines insurer shall have the right to levy upon any of the assets or securities held in this state as a deposit under s. 626.918, Florida Statutes.

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Withdrawal of eligibility; surplus lines insurer.—§626.919

1. If, at any time, the Office has reason to believe that any unauthorized insurer then on the list of eligible surplus lines insurers is insolvent or in unsound financial condition, or does not make reasonable prompt payment of just losses and claims in this state, or that it is no longer eligible under the conditions therefore provided in §626.918, Florida Statutes, it shall withdraw the eligibility of the insurer to insure surplus lines risks in this state.
2. If the Office finds that an insurer currently eligible as a surplus lines insurer has willfully violated the laws of this state or a rule of the Commission, it may, at its discretion, withdraw the eligibility of the insurer to insure surplus lines risks in this state.
3. The Office shall promptly mail notice of all such withdrawals of eligibility to each surplus lines agent at his or her address of record with the Department.

Notice of cancellation or non-renewal.—§626.9201

1. An insurer issuing a policy providing coverage for property, casualty, surety, or marine insurance shall give the insured at least 45 days' advance written notice of nonrenewal.
2. If the policy is not to be renewed, the written notice shall state the reason or reasons for nonrenewal.
3. An eligible surplus lines insurer issuing a policy providing coverage for property, casualty, surety, or marine insurance shall give the insured at least 45 days' written notice of cancellation or termination other than nonrenewal. The written notice should state the reason for cancellation or termination.
4. If cancellation is for non-payment of premium, the surplus lines insurer shall give at least 10 days' written notice of cancellation accompanied by the reason for cancellation.
 - a. As used in this paragraph, the term "nonpayment of premium" means the failure of the named insured to discharge when due any of his or her obligations in connection with the payment of premiums on a policy or an installment of such a premium, whether the premium or installment is payable directly to the insurer or its agent or indirectly under any plan for financing premiums or extension of credit or the failure of the named insured to maintain membership in an organization if such membership is a condition precedent to insurance coverage.
 - b. The term also includes the failure of a financial institution to honor the check of an applicant for insurance which was delivered to a licensed agent for payment of a premium, even if the agent previously delivered or transferred the premium to the insurer.
 - c. If a correctly dishonored check represents payment of the initial premium, the contract and all contractual obligations are void ab initio unless the nonpayment is cured within the earlier of 5 days after actual notice by certified mail is received by the applicant or 15 days after notice is sent to the applicant by certified mail or registered mail, and, if the contract is void, any premium received by the insurer from a third party shall be refunded to that party in full.

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5. When cancellation or termination occurs during the first 90 days' during which the insurance is in force and the insurance is cancelled for reasons other than nonpayment, at least 20 days' written notice shall be given except where there has been a material misstatement or misrepresentation or failure to comply with the underwriting requirements established by the insurer.
6. If a surplus lines insurer fails to provide the 45-day or 20-day written notice required, the coverage provided to the insured shall remain in effect until 45 days' after the notice is given, or until the effective date of replacement coverage is obtained by the named insured, whichever occurs first. The premium for the coverage shall remain the same during the extension period.

Florida Surplus Lines Service Office.—§626.921

There is hereby created a non-profit association to be known as the Florida Surplus Lines Service Office. All surplus lines agents shall, as a condition of holding a license as a surplus lines agent in this state, be deemed members of this association. The Association must perform the functions under the plan of operation established and approved by order of the Office and must exercise its powers through a board of governors. The Association shall be supervised by the Office and is subject to the applicable provisions of the Florida Insurance Code and rules of the Commission and, with respect to surplus lines agents, rules of the Department. The Association shall be authorized and have the duty to:

1. Receive, record, and review all surplus lines insurance policies or documents.
2. Maintain records of the surplus policies reported to the Service Office and prepare monthly reports for the Office in such form as prescribed by the Commission.
3. Prepare and deliver to each surplus lines agent quarterly reports of each surplus lines agent's business in such form as the Commission may prescribe, and collect and remit to the Department the surplus lines tax as provided for in §626.932, Florida Statutes.
4. Perform a reconciliation of the policies written in the nonadmitted market, as provided by non-admitted insurers, with policies reported to the Service Office by surplus lines agents, and prepare and deliver to the Office a report on the results of the reconciliation in such form as the Commission may prescribe.
5. Collect from each surplus lines agent a service fee of the total gross premium of each surplus lines policy or document reported, for the cost of operation of the Service Office. The service fee shall be paid by the insured.
6. Collect from each Florida insured that procures or causes coverage to be procured from an unauthorized foreign or alien insurer within 45 days following each calendar quarter a service fee as provided for in §626.938(3), F. S.

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7. Receive and record a copy of the report or other requested information on every Florida insured who procures or causes to be procured insurance with an unauthorized insurers as provided for in § 626.938, F.S.
8. Collect and remit to the Department a premium receipt tax on Independently Procured Coverage as provided for in §626.938 (3), F. S.

Submit to the Department an agent's manual, which provides administrative procedures the surplus lines agent must follow with respect to their duties to the service office.

Evidence of insurance, changes, penalty.—§626.922

1. Upon placing a surplus lines coverage, the surplus lines agent shall promptly issue and deliver to the insured evidence of the insurance consisting either of the policy, or if such policy is not available, a certificate, cover note, or other confirmation of insurance. Such document shall be executed or countersigned by the surplus lines agent and show the following:
 - a. Description and location of the subject of the insurance;
 - b. Coverages, conditions, and terms of insurance;
 - c. Premium and rate charged, taxes and service fee collected from the insured and,
 - d. Name and address of the insured and insurer.
 - e. If the risk is assumed by more than one insurer, the evidence of insurance shall state the name and address and proportion of the entire risk assumed by each insurer.
2. A copy of the policy or cover note or confirmation of insurance shall be delivered to the insured within sixty (60) days after effectuation of coverage.
3. Any surplus lines agent who knowingly or negligently issues false evidence of insurance Including a certificate, cover note or endorsement, or who fails to promptly notify the insured of any material change to such insurance shall upon conviction be subject to the penalties provided by s.624.15, Florida Statutes or to any greater applicable penalty otherwise provided by law.

Filing copy of policy or certificate.—§626.923

A surplus lines agent shall, within 30 days after the date of request by the Department or the FLSO, furnish an exact copy of any and all requested policies, including applications, certificates, cover notes, or other forms of confirmation of insurance coverage or any substitutions thereof or endorsements thereto. The confirmation shall also include the exact same information as the insured's copy.

Information required on contract.—§626.924

1. Each surplus lines agent through who surplus lines coverage is procured shall write or print on the first page of the confirmation of insurance the following information:
 - a. Name, address and identification number of the Florida licensed and appointed surplus lines agent;

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- b. Name and address of the producing agent, **not agency**, through whom the business originated;
- c. This wording:

“THIS INSURANCE IS ISSUED PURSUANT TO THE FLORIDA SURPLUS LINES LAW. PERSONS INSURED BY SURPLUS LINES CARRIERS DO NOT HAVE THE PROTECTION OF THE FLORIDA INSURANCE GUARANTY ACT TO THE EXTENT OF ANY RIGHT OF RECOVERY FOR THE OBLIGATION OF AN INSOLVENT UNLICENSED INSURER;”and

“SURPLUS LINES INSURERS' POLICY RATES AND FORMS ARE NOT APPROVED BY ANY FLORIDA REGULATORY AGENCY.”

- d. Florida surplus lines agent's countersignature;
- e. Full name and address of the insurer(s) and the percentage of participation, if more than one insurer is participating on the risk;
- f. Policy term, effective, and expiration date;
- g. Issue date or countersign date;
- h. *Unique Market Reference Number (UMR if applicable);
- i. Total policy premium, including all fees, such as the \$35 policy and inspection fees;
- j. Total amount of tax charged;
- k. Total amount of service fee charged;
- l. Total amount of Citizens assessment;
- m. Total amount of FHCF assessment; and
- n. The #2.00/\$4.00 EMPA Surcharge, if applicable.

Surplus lines insurance valid.—§626.925

Insurance contracts procured as surplus lines coverages from unauthorized insurers in accordance with the Surplus Lines Law shall be fully valid and enforceable as to all parties and shall be given acceptance and recognition in all matters and respects to the same effect and extent as like contracts issued by authorized insurers.

Liability of insurer as to losses and unearned premiums.—§626.926

If an unauthorized insurer or a person authorized by the insurer has bound a risk as to surplus lines coverage placed under the Surplus Lines Law, and if the premium has been received by the surplus lines agent or the originating agent who placed such insurance, the insurer shall be deemed to have received the premium due to it for such coverage; and the insurer shall be liable to the insured as to losses covered by such insurance, and for unearned premiums which may become payable to insured upon cancellation of such insurance, whether or not the surplus lines agent is indebted to the insurer with respect to such insurance or for any other cause.

*this reference number is optional and is use solely for the purposes of assisting the analysts during a compliance review audit.

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Licensing of surplus lines agent.—§626.927

1. Any individual while licensed and appointed as a general lines agent as to property, casualty, and surety insurance, has 1 year's experience working for a licensed surplus lines agent, or has successfully completed 60 class hours in surplus and excess lines, may be licensed as a surplus lines agent, upon taking and passing a written examination as to surplus lines, as given by the Department.
2. Any individual while licensed and appointed as a managing general agent as defined in §626.051, or service representative as defined in §626.051, and who otherwise possesses all of the other qualifications of a general lines agent and has a minimum of 1 year's experience working for a surplus lines agent, or who has successfully completed 60 class hours in surplus lines, upon taking and passing a written examination as to surplus lines, be licensed as surplus lines agent solely for the purpose of placing with surplus lines insurers property, marine, casualty, or surety coverages originated by general lines agents.
3. Application for the license shall be made to the Department on forms as designated and furnished by it.
4. License and appointment fees, in the amount of \$150 shall be paid to the Department in advance. The license and appointment of a surplus lines agent shall continue in force until suspended, revoked, or otherwise terminated. The appointment of surplus lines agents continues in force until suspended, revoked or terminated, but is subject to a biennial renewal or continuation by agent.
5. The applicant must file and thereafter maintain a bond in the amount of \$50,000 as described in §626.928.
6. Any individual who has been licensed by the Department as a surplus lines agent may be subsequently appointed without additional written examination if his or her application for appointment is filed with the Department within 48 months following the date of cancellation or expiration of the prior appointment. The Department may require at its discretion an individual to take and successfully pass an examination as for original issuance of license as a condition precedent to the reinstatement or continuation of the licensee's current license or reinstatement or continuation of the agent's appointment.

Temporary license; death, disability, absence of surplus lines agent-- §626.9271

1. The Department may, in its discretion, issue a temporary license and appointment as a surplus lines agent to a licensed surplus lines agent's employee, family member, business associate, or personal representative for the purpose of continuing or winding up the business affairs of the surplus lines agent or agency, subject to the following conditions:
 - a. The surplus lines agent being replaced must have died or become unable to perform his or her duties as agent because of military service or illness or other physical or mental disability.
 - b. There must be no other person connected with the surplus lines agent's business who is licensed as a surplus lines agent.

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- c. The proposed temporary licensee must be qualified for a regular surplus lines agent's license under this code except as to residence, examination, education, or experience.
 - d. Application for the temporary license and appointment must be made by the applicant upon statements and affidavit filed with the Department on forms as prescribed and furnished by it.
 - e. The temporary license and appointment shall be issued and be valid for a period of not over 4 months, and may not be renewed to the holder of the temporary license or to any other person for or on behalf of the surplus lines agent or agency.
2. The applicant for a temporary license and appointment shall pay to the Department, prior to the issuance thereof, the applicable license and appointment fees specified in §624.501.
 3. The holder of a temporary license may be granted a regular surplus lines agent's license upon passing an examination as required by §626.927.
 4. The holder of a temporary license shall be subject to the same requirements and responsibilities as apply under this code to agents regularly licensed.

Licensing of nonresident surplus lines agents.--§626.9272

1. The Department may upon written application and the payment of the fees specified in s. 624.501, issue a nonresident surplus lines agent license to a nonresident individual licensed in his or her home state as a resident general lines and resident surplus lines agent and otherwise qualified under the laws of this state if, under the laws of the individual's home state, residents of this state may be licensed in a similar manner as a nonresident surplus lines agent in that state.
2. The Department may not issue a license unless the applicant satisfies the same licensing requirements under § 626.927 as required of a resident surplus lines agent.
3. The authority of a nonresident license is limited to the specific lines of authority granted in the license issued by the agent's home state and the lines authorized under the nonresident license by this state.
4. Any individual who holds a nonresident agent's license, upon becoming a resident of this state, may, for a period not to exceed 90 days, operate under the nonresident license and appointment, but must become licensed as a resident agent within that time in order to continue transacting business in this state after the 90-day period.
5. Nonresident surplus lines agents are subject to the same requirements that apply to resident surplus lines agents in this state, including ss. 626.913-626.937.

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Surplus lines agent's bond.—§626.928

Each surplus lines agent, as a condition to receiving a surplus lines license shall file with the Department, and maintain thereafter, as long as license remains in effect, a bond in favor of the Department in the penal sum of not less than \$50,000, aggregate liability, with authorized corporate surety or sureties approved by the Department. No bond shall be terminated unless 30 days prior written notice is given the agent and filed with the Department of Financial Services.

Origination, acceptance, placement of surplus lines business.—§626.929

1. A general lines agent while licensed and appointed as a surplus lines agent may originate surplus lines business and may accept surplus lines business from any other originating Florida-licensed general lines agent appointed and licensed as to the kind or kinds of insurance involved.
2. A managing general lines agent while licensed and appointed as a surplus lines agent may accept and place solely such surplus lines business as is originated by a Florida-licensed general lines agent appointed and licensed as to the kind or kinds of insurance involved.
3. No such general lines agent shall knowingly misrepresent to the surplus lines agent any material fact involved in any such insurance or in the eligibility thereof for placement with a surplus lines insurer.

Corporations, liability of agent.—§626.9295

Any surplus lines agent who is an officer, director, stockholder, or employee of an incorporated surplus lines insurance agency is personally and fully liable and accountable for any wrongful acts, misconduct, or violations of any provision of the Surplus Lines Law committed by such licensee or by any person under his direct supervision and control while acting on behalf of the corporation.

Records of surplus lines agent.— §626.930

1. Each surplus lines agent shall keep in his office in this state, or in the agent's state of residence for a nonresident who does not have an office in this state, a full and true record for a period of 5 years of each surplus lines contract, including applications and all certificates, cover notes, and other forms of confirmation of insurance coverage and any substitution thereof or endorsements relative to said contract procured by him and showing the following information:
 - a. Amount of insurance and perils insured against;
 - b. General description of property insured and where located;
 - c. Gross premium charged;
 - d. Return premium paid, if any;
 - e. Rate of premium charged upon the several items of property;
 - f. Effective date of contract and the terms;
 - g. Name and address of the insured;

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- h. Name and mailing address of the insurer(s); and
 - i. Premium collected from insured, including tax and service fee.
2. The records shall at all times be open to examination by the Department or the FLSLSO without notice and shall be so kept available and open for 5 years after expiration or cancellation of the contract.
3. Each surplus lines agent shall maintain all surplus lines business records in his general lines agency office, if licensed as a general lines agent, or in his managing general agency office if licensed as a managing general agent or the full-time salaried employee of such general agent.
4. When an agent leaves the employment of an agency, it is the agent's responsibility to notify the FLSLSO in writing of his/her addresses change. If the agent has been actively transacting business for his/her previous employer and he/she will no longer be responsible for those filings, a letter must be sent to the FLSLSO transferring the files to another agent, and the new agent of record must submit a letter accepting these files.

Agent affidavit and insurer reporting requirements.—§626.931

1. Each surplus lines agent shall on or before the end of the month following each calendar quarter file with the FLSLSO an affidavit, on forms as prescribed and furnished by the FLSLSO stating that all surplus lines business transacted by him during such calendar quarter has been submitted to the FLSLSO as required.
2. The quarterly affidavit can be submitted electronic via SLIP.

Surplus lines tax.—§626.932

1. The premiums charged for surplus lines coverages are subject to a premium receipts tax of five percent (5%) of all gross premiums charged for such insurance.
2. The surplus lines agent shall collect from the insured the amount of tax at the time of delivery of the cover note, certificate of insurance, policy, or other initial confirmation of insurance, in addition to the full amount of gross premium charged by the insurer for insurance.
3. The surplus lines agent is prohibited from absorbing such tax or, as an inducement for insurance or for any other reason, rebating all or any part of such tax or of his commission.
4. The surplus lines agent shall make payable to the Department of Financial Services the tax related to each calendar quarter's business as reported to the FLSLSO at the same time as provided for the filing of the quarterly affidavit.
5. The agent shall pay interest on the amount of any delinquent tax due, at the rate of nine percent (9%) per year, compounded annually; beginning the day the tax becomes delinquent.

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6. If a surplus lines policy covers risks or exposures only partially in this state and the state is the home state as defined in the federal Nonadmitted and Reinsurance Reform Act of 2010 (NRRA), the tax payable shall be computed on the gross premium. The tax must not exceed the tax rate where the risk or exposure is located.
7. The following subjects of insurance are exempt from the five percent (5%) premium receipts tax:
 - a. County, state, or government or their agencies,
 - b. Municipalities or any of their agencies,
 - c. Vessels, cargo, or aircraft written under §626.917, and
 - d. Motor truck cargo.
8. The term “premium” means the consideration for insurance by whatever name called and includes any assessment, or any membership, policy, survey, inspection, service, or similar fee or charge in consideration for an insurance contract, which items are deemed to be a part of the premium. The service fee imposed pursuant to §626.9325 is excluded from the meaning of the term “premium.”

Service fee.—§626.9325

1. The premiums charged for surplus lines insurance are subject to a service fee of one tenth of one percent (0.001%). The surplus lines agent shall collect from the insured the amount of the service fee at the time of the delivery of the policy, or other initial confirmation of insurance.
2. The surplus lines agent is prohibited from absorbing such service fee as an inducement for insurance, or for any other reason rebating all or part of such fee or of his commission.
3. The surplus lines agent shall pay quarterly to the Florida Surplus Lines Service Office the service fees on all policies reported during the previous calendar quarter.
4. The agent shall pay interest on the amount of any delinquent fees due at the rate of nine percent (9%) per year, compounded annually; beginning the day the fees becomes delinquent.
5. If the policy covers risks or exposures only partially in this state and the state is the home state as defined in the federal Nonadmitted and Reinsurance Reform Act of 2010 (NRRA), the fee payable shall be computed on the gross premium.
6. Insurance of risks of the state government or its agencies, or of any county or municipality or of any agency thereof is exempt from the service fee.
7. Insurance coverage of wet marine, transportation including motor truck cargo or aviation risks written in accordance with §626.917, are subject to the service fee.
8. The \$2.00 and \$4.00 Emergency Management, Preparedness and Assistance surcharges are not subject to the service fee and should not be reported to the FLSO.

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9. The five percent (5%) premium receipts tax is not subject to the service fee.

Collection of tax and service fee.—§626.933

If the tax or service fee payable by a surplus lines agent under the Surplus Lines Law is not paid when due, the tax and fee shall be recoverable in a suit brought by the Department against the surplus lines agent and the surety or sureties on the bond filed by the surplus lines agent under s.626.928. The Department may authorize the FLSO to file suit on its behalf.

Accounting for funds; contingent commissions.—§626.934

The following sections of the Florida Insurance Code also apply as to surplus lines agents:

- a. §626.561 - (See Miscellaneous Statute Section for a copy)
- b. §626.581 – (See Miscellaneous Statute Section for a copy)
- c. §626.591 – See Miscellaneous Statute Section for a copy)

Suspension, revocation, or refusal of surplus lines agent's license.—§626.935

1. The Department of Financial Services shall deny an application for, suspend, revoke, or refuse to renew the appointment of a surplus lines agent and all other licenses and appointments held by the licensee under this code, upon any one of the following grounds:
 - a. Removal of the licensee's office from the licensee's state of residence;
 - b. Removal of the accounts and records of his or her surplus lines business from this state or the licensee's state of residence during the period when such accounts and records are required to be maintained under §626.930;
 - c. Closure of the licensee's office for a period of more than 30 consecutive days;
 - d. Failure to make and file his or her affidavit or reports when due as required by §626.931;
 - e. Failure to pay the tax or service fee on surplus lines premiums, as provided for in this Surplus Lines Law;
 - f. Failure to maintain a bond as required by §626.928;
 - g. Suspension, revocation, or refusal to renew or continue the license or appointment as a general lines agent, service representative, or managing general agent;
 - h. Lack of qualifications as for an original surplus lines agent's license;
 - i. Violation of the Surplus Lines Law; and
 - j. For any other applicable cause for which the license of a general lines agent could be suspended, revoked, or refused under §626.611 or s.616.621.
2. The Department may, at its discretion, deny an application for, suspend, revoke, or refuse to renew the license or appointment of any surplus lines agent upon any applicable ground for which a general lines agent's license could be suspended, revoked, or refused under §626.621.
3. In the suspension or revocation of, or the refusal to issue or renew, the license or appointment of a surplus lines agent, the Department shall follow the same procedures, as

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applicable, as provided for suspension, revocation, or refusal of licenses of general lines agents, but subject to §626.936 as to failure to file a quarterly report or pay the tax.

Failure to file reports or pay tax or service fee; administrative penalty.—§626.936

1. Any surplus lines agent who neglects to file a report or an affidavit within the time required may be fined up to \$50 per day for each day the neglect continues, beginning the day after the report or affidavit was due until the date the report or affidavit is received by Florida Surplus Lines Service Office.
2. Any licensed surplus lines agent who neglects to pay the taxes or service fees as required under the Surplus Lines Law and within the time due may be fined up to \$500 per day for each day the failure to pay continues, beginning the day after the tax or service fees were due.
3. The agent shall also pay interest on the amount of any delinquent tax due, at the rate of nine percent (9%) per year, compounded annually; beginning the day the amount becomes delinquent.

Failure to file report; administrative penalty.--§626.9361

1. 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.
2. Failure to file a report may also result in withdrawal of eligibility as a surplus lines insurer in this state.

Actions against insurer; service of process.-- §626.937

1. An unauthorized insurer may be sued upon any cause of action arising in this state under any surplus lines insurance contract issued by it or any certificate, cover note, or other confirmation of such insurance issued by the surplus lines agent, pursuant to the same procedure as is provided in s. 624.423, Florida Statutes as to authorized insurers.
2. The unauthorized insurer accepting the risk or issuing the policy shall be deemed thereby to have authorized service of process against it in the manner and to the effect as provided in this section, and to have appointed the Chief Financial Officer as its agent for service of process issuing upon any cause of action arising in this state under any such policy, contract, or insurance.
3. Each unauthorized insurer requesting eligibility pursuant to s. 626.918 shall file with the department its appointment of the Chief Financial Officer, on a form as furnished by the department, as its attorney to receive service of all legal process issued against it in any civil action or proceeding in this state, and agreeing that process so served shall be valid and binding upon the insurer. The appointment shall be irrevocable, shall bind the insurer

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and any successor in interest as to the assets or liabilities of the insurer, and shall remain in effect as long as there is outstanding in this state any obligation or liability of the insurer resulting from its insurance transactions therein.

4. At the time of such appointment of the Chief Financial Officer as its process agent, the insurer shall file with the department designation of the name and address of the person to whom process against it served upon the Chief Financial Officer is to be forwarded. The insurer may change the designation at any time by a new filing.
5. This section shall be cumulative to any other methods which may be provided by law for service of process upon the insurer.

626.9371 Payment of premiums and claims.-

(1) The premiums for surplus lines insurance contracts issued on or after October 1, 2009, in this state or covering risks located in this state shall be paid in cash consisting of coins, currency, checks, or money orders or by using a debit card, credit card, automatic electronic funds transfer, or payroll deduction plan.

(2) All payments of claims made in this state under any contract of surplus lines insurance issued on or after October 1, 2009, shall be made:

(a) In cash consisting of coins, currency, checks, drafts, or money orders and, if made by check or draft, shall be in such form as will comply with the standards for cash items adopted by the Federal Reserve System to facilitate the sorting, routing, and mechanized processing of such items; or

(b) By debit card or any other form of electronic transfer if authorized in writing by the recipient or the recipient's representative. Any fees or costs to be charged against the recipient must be disclosed in writing to the recipient or the recipient's representative at the time of written authorization.

626.9372 Disclosure statement of certain information required; liability claims.-

(1) Each insurer that provides or may provide liability insurance coverage to pay all or a portion of any claim that might be made under surplus lines policies issued on or after October 1, 2009, shall provide, within 60 days after the written request of the claimant, a statement of a corporate officer or the insurer's claims manager or superintendent setting forth the following information with regard to each known policy of insurance, including excess or umbrella insurance:

(a) The name of the insurer.

(b) The name of each insured.

(c) The limits of the liability coverage.

(d) A statement of any policy or coverage defense that such insurer reasonably believes is available to such insurer at the time of filing such statement.

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(e) A copy of the policy

In addition, the insured, or her or his insurance agent, upon written request of the claimant or the claimant's attorney, shall disclose the name and coverage of each known insurer to the claimant and forward such request for information as required by this subsection to all affected insurers. The insurer shall supply the information required in this subsection to the claimant within 60 days after receipt of such request.

- (2) The statement required by subsection (1) must be amended within 60 days after the date of discovery of facts necessitating an amendment to such statement.

626.9373 Attorney's fees.-

- (1) Upon the rendition of a judgment or decree by any court of this state against a surplus lines insurer in favor of any named or omnibus insured or the named beneficiary under a policy or contract executed by the insurer on or after the effective date of this act, the trial court or, if the insured or beneficiary prevails on appeal, the appellate court, shall adjudge or decree against the insurer in favor of the insured or beneficiary a reasonable sum as fees or compensation for the insured's or beneficiary's attorney prosecuting the lawsuit for which recovery is awarded.
- (2) If awarded, attorney's fees or compensation shall be included in the judgment or decree rendered in the case.

626.9374 Liability of insureds; deductible and coinsurance.-

- (1) Any surplus lines, personal lines residential property insurance policy issued on or after October 1, 2009, containing a separate hurricane or wind deductible must on its face include in at least 14-point, boldface type the following statement: **THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE OR WIND LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU.**
- (2) A surplus lines, personal lines residential property insurance policy issued on or after October 1, 2009, containing a coinsurance provision applicable to hurricane or wind losses must on its face include in at least 14-point, boldface type the following statement: **THIS POLICY CONTAINS A CO-PAY PROVISION THAT MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU.**

FSLSO REPORTS

MONTHLY TRANSACTION REPORTS

FSLSO will prepare and make available to each surplus lines agent who submits business a Monthly Transaction Report (MTR) via SLIP. The report shall include premium data and other pertinent information submitted by agents. Agents that have no activity during the month will not receive a Monthly Transaction Report.

QUARTERLY TAX TRANSACTION REPORTS

At the end of each calendar quarter, the FSLSO will prepare and deliver to each agent, a quarterly tax report (QTR) via SLIP no later than the 7th day following the quarter end. The report shall

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include premium data, amount of taxes generated, and other pertinent information submitted by agents and reviewed by the FLSO during the preceding calendar quarter. FLSO will collect and remit to the Department of Financial Services the surplus lines premium tax due and payable as provided for in §626.932, Florida Statutes, and the Tax Section of the manual. Agents that have no activity during the quarter will not receive a Quarterly Tax Transaction Report.

ASSESSMENT DETAIL REPORTS

At the end of each calendar quarter, the FLSO will prepare and deliver to each agent, a separate assessment detail report for each assessment invoiced (Citizen's, FHCF, DCA EMPA) via SLIP no later than the 7th day following the quarter end. The report shall include premium data, amount of assessments/surcharges generated, and other pertinent information submitted by agents and reviewed by the FLSO during the preceding calendar quarter. FLSO will collect and remit the surplus lines assessments and surcharges as provided for in the corresponding Florida Statutes: Citizen's Property Insurance Corporation (CPIC) §627.351, Florida Statute; FL Department of Community Affairs (DCA) §252.372, Florida Statute; FL Hurricane Catastrophe Fund (FHCF) §215.555, Florida Statutes. All assessments and surcharges are due and payable as described in §626.932, Florida Statutes and in the manual. Agents that have no activity during the quarter will not receive an assessment detail report.

REPORT TO THE DEPARTMENT/ OFFICE AND COMMISSION

FLSO will perform a reconciliation of policies written in the surplus lines market, as provided by surplus lines insurers, with policies reported to the Service Office by surplus lines agents. FLSO will prepare and deliver to the Office, upon request, a report of the results of the reconciliation in such form as prescribed by the Commission.

FLSO BULLETINS

FLSO will send out communiqués to its membership via FLSO bulletins noting pertinent changes to procedures, filing systems, rate changes, etc. Bulletins will be mailed to surplus lines agents; additionally, bulletins are made available through FLSO's website by visiting the New Releases and Bulletins section at: <http://www.fslso.com/publications/bulletins.aspx>.

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FLORIDA SURPLUS LINES

● SERVICE OFFICE ●

FSLSO Bulletin 06-01

**TO: FLORIDA SURPLUS LINES AGENTS AND
INDEPENDENTLY PROCURED COVERAGE FILERS**

**FROM: GARY D. PULLEN, EXECUTIVE DIRECTOR,
FLORIDA SURPLUS LINES SERVICE OFFICE**

DATE: MARCH 8, 2006

SUBJECT: MULTI-YEAR CONTRACTS

The purpose of this bulletin is to inform you that the Florida Surplus Lines Service Office (FSLSO) is implementing a new procedure for filing multi-year contracts including, but not limited to, Lenders Forced Placed Programs and Builders Risk. The purpose of this procedural change is to match current year premium transactions with current year service office fee and assessments rates.

Effective immediately, you will be required to file multi-year contracts as annual policies, and renewals on the policies' annual anniversary.

The following example demonstrates how to comply with this new procedure:

On 1/1/2005 you filed a force placed program as a new business transaction with an expiration date of 1/1/2010. Any additional and/or return premium endorsements issued within the 2005 policy year would be subject to the appropriate service office fee rate of .25% and the Citizens assessment would not apply.

You would then file a renewal transaction on 1/1/2006 (the annual anniversary of the policy above). The renewals, as well as any additional and/or return premium endorsements for this policy year, would be subject to the appropriate service office fee rate of .25% and the Citizens assessment of 6.84% will apply (subject only to appropriate coverage codes).

On 1/1/2007, you will file another renewal. Any additional and/or return premiums for this policy year would be subject to the new service office fee rate of .2% and any new Citizens assessment that may be in place (subject only to appropriate coverage codes).

This process will continue for the life of the contract.

If you have any questions concerning this bulletin, please contact Lisa French at 800-562-4496, ext.106 or Tiffany Varn at ext. 113.

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FRONTING AND PLACEMENT OF INSURANCE COVERAGE BY SURPLUS LINES AND GENERAL LINES AGENTS “COURTESY FILINGS”

(Reprinted from Nov. 1995—Feb. 1996 *Intercom*)

A number of surplus lines agents have been filing affidavits with the Department indicating the placement of insurance with unauthorized eligible surplus lines insurers although these agents did not actually place the insurance. Instead, the filings were made as a “courtesy” to agents not licensed as surplus lines agents in this State.

Sections 626.913(2) and 626.915(3), Florida Statutes, provides that insurance coverage eligible for export must be placed with an eligible surplus lines insurer through a licensed Florida surplus lines agent. Section 626.929(1)(2), Florida Statutes, provides that a resident general lines agent or a managing general agent, while licensed as a surplus lines agent, may originate surplus lines business and accept surplus lines business from any other originating Florida-licensed general lines agent appointed and licensed as to the kind or kinds of insurance involved. The Surplus Lines law clearly states that only a Florida-licensed surplus lines agent may place a Florida risk with an eligible Surplus Lines insurer. Therefore, Florida-licensed surplus lines agents must be actively involved in the placement of all insurance coverages for Florida insureds through eligible surplus lines insurers.

General lines agents are reminded that if they are unable to place a risk with an admitted carrier (either a company with whom they are appointed or through another agent appointed by an admitted company), they must utilize a Florida licensed and appointed surplus lines agent if they export the risk to an eligible surplus lines insurer.

Surplus lines agents who file affidavits, or pay taxes as a “courtesy” to anyone not licensed as a surplus lines agent in this State are in violation of Sections 626.913(2), 626.915(3) and 626.929(1)(2), Florida Statutes. Further, such activity involves the aiding and abetting of individuals not licensed to transact insurance in this State, which is a serious violation of the Florida Insurance Code. Reports of any such conduct to the Department will be thoroughly investigated and prosecuted. Penalties for violation of these sections include disciplinary actions up to and including revocation of the agent’s license. Florida surplus lines and general lines agents are urged to govern themselves accordingly.

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SOME OF THE MOST FREQUENTLY ASKED QUESTIONS ABOUT COURTESY FILINGS

What is a “courtesy filing?”

A courtesy filing is a filing made by a Florida surplus lines agent, such as countersigning policies, and remitting taxes for a Florida insured as a courtesy to out-of-state agent.

Can a Florida general lines agent go directly to an out-of-state broker to place a risk with a surplus lines insurer?

Yes; however, the out-of-state broker must have a non-resident surplus lines license.

As a general lines agent can I go directly to an out-of-state broker that has a special program with an eligible surplus lines insurer to place coverage on behalf of Florida insureds?

Yes; however the out-of-state broker must have a non-resident surplus lines license.

What if an out-of-state agent contacts me (surplus lines agent) to countersign a policy and remit the tax for an insured that lives in another state but has property in Florida. How do I handle this?

You refer the agent to the FLSO. This is considered direct placement by the insured and falls into the category of “Independently Procured Coverage (IPC);” therefore the insured should pay the tax, service fee and assessments if applicable direct, in accordance with the procedures outlined by the FLSO, refer to §626.938, F.S. The filing procedures may be obtained from the FLSO website at www.fslso.com.

Can I continue to countersign and remit tax on behalf of my companions in other offices around the country?

No. This office should refer all Florida business to you unless it falls in to the category of IPC discussed above.

As a surplus lines agent, is it okay for me to contact an out-of-state broker to place coverage for a Florida insured rather than going directly to the surplus lines insurer?

Yes. You are making the contact to place the risk although you are not going directly to the surplus lines insurer.

Can a surplus lines agent countersign policies and remit tax on business procured directly by the insured from an out-of-state broker through an unauthorized insurer?

No. This type of placement is considered direct placement by the insured; therefore, the insured, or a representative for the insured, should pay the tax, fee and assessments, if applicable directly to the FLSO. Refer to Section 626.938 F.S.

How do we handle a request from an out-of-state broker to countersign policies and remit taxes on behalf of an insured that has multi-state locations?

This would also fall into the category of IPC as discussed above, and the insured or his representative can remit the tax, service fee and assessments to the FLSO.

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CATASTROPHE INFORMATION

In case of a catastrophic situation Florida's insureds may be unable to contact your office. The FLSO would like to help in such a situation by providing contact information to these insureds. To aid in this effort, please complete the information below and return to the FLSO via fax or mail. (Email address: lfrench@fslso.com. Fax (850) 513-9624)

Surplus Lines Agent Name: _____ License #: _____

Agency Name: _____

Agency Toll Free Number: _____

Telephone Number: _____ FAX Number: _____

Email Address: _____

Does your office have a Catastrophe Plan? _____ Yes _____ No

If yes, please provide the following information:

Claims Manager's Name: _____

Telephone Number: _____ FAX Number: _____

Email Address: _____

If no, how do you handle claims? _____

In case of a catastrophe and your office is not operational, how can we contact you, or who do we contact?

Please provide a list of eligible surplus lines insurers you place business with along with the insurer's catastrophe contact information.

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POWER OF ATTORNEY

I _____, as a licensed Florida surplus lines insurance agent ("Agent"), hereby

name and appoint _____ ("Appointee") at _____ ("Agency") in

_____, Florida, to serve as my lawful attorney-in-fact solely to apply my signature to surplus lines policies exported in accordance with Section 626.922 (1), Florida Statutes.

The term of this appointment as attorney-in-fact shall be for a period of two years from the date of execution below. Upon expiration of this initial term or any renewal hereof, Agent and Appointee may renew this appointment in writing for an additional two-year term. Agent or the Appointee may at any time terminate this appointment following 30 days advance written notice. This appointment shall be terminated automatically upon the occurrence of any of the following: (i) Agent or Appointee ceases to be employed by the Agency; (ii) the Agency is dissolved or otherwise ceases to have the authority necessary to lawfully transact surplus lines insurance in Florida; (iii) Agent ceases to have the authority necessary to lawfully transact surplus lines insurance in Florida; (iv) Appointee is prohibited by any Federal or Florida law, regulation or lawful order from serving as Agent's attorney-in-fact for this purpose; or (vi) if this appointment is terminated by operation of any Federal or Florida law, regulation or lawful order.

IN WITNESS WHEREOF I have executed this Power of Attorney on this ___ day of _____, 20__.

Agent's Signature: _____

Agent's Name: _____
(Printed or typed)

FL Surplus Lines License No.: _____

State of _____

County of _____

I, an officer duly authorized to administer oaths and take acknowledgments, hereby certify that on this day

personally appeared before me, _____, whom I know personally _____, or whose identity I

verified by _____, and who executed the foregoing power of attorney and acknowledged before me that s/he executed the same freely and voluntarily for the uses and purposes therein expressed.

WITNESS my hand and official seal this ___ day of _____, 200__.

Notary Public, State of Florida

Seal:

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AGREEMENT TO SERVE AS ATTORNEY-IN-FACT

I _____, as Appointee, hereby agree to serve as attorney-in-fact for
_____ under the Power of Attorney attached hereto.

IN WITNESS WHEREOF I have executed this Agreement to Serve as Attorney-In-Fact on this
___ day of _____, 20__.

Appointee's Signature: _____

Appointee's Name: _____
(Printed or typed)

State of _____

County of _____

I, an officer duly authorized to administer oaths and take acknowledgments, hereby certify that on this day personally appeared before me, _____, whom I know personally ____, or whose identity I verified by _____, and who executed the foregoing agreement to serve as attorney-in-fact and acknowledged before me that s/he executed the same freely and voluntarily for the uses and purposes therein expressed.

WITNESS my hand and official seal this ___ day of _____, 200__.

Notary Public, State of Florida

Seal:

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STAFF CONTACT INFORMATION

PHONE:

800-562-4496 - 850-224-7676

Website: www.fslso.com

FAX:

850-513-9624

MAILING AND PHYSICAL ADDRESS:

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Tallahassee, FL 32312

SERVICE FEE PAYMENTS:

LOCKBOX MAILING ADDRESS:

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Brian Bogner, Insurance Analyst	Ext. 104
Jim Day, Database/Network Administrator	Ext. 118
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James Farmer, Senior Information Architect	Ext. 116
Lisa French, Senior Insurance Analyst	Ext. 106
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Bobbi Harter, Variance Specialist	Ext. 130
Rachel Hoffman, Variance Specialist, II	Ext. 131
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Felicia Meredith, Compliance Outreach Coordinator	Ext. 105
Jennifer Mills, Accounting Specialist	Ext. 150
Sheila Pearson, Accounting Supervisor	Ext. 125
Brian Sadler, Information Systems Support/Developer	Ext. 117
Kara Steele, Variance Specialist	Ext. 108
Ashlee Weber, Public Information Manager	Ext. 109
Bryan Young, Insurance Analyst	Ext. 129