

FSLSO

Insurer Procedures

Manual

Table of Contents

1) Insurer Procedures Manual – Purpose	3
2) History of the Florida Surplus Lines Service Office (FSLSO)	4-5
3) FSLSO Contact Information	6
4) Department of Financial Services/Office of Insurance Regulation – Contact Information	6
5) Insurer Filing Requirements Electronic Quarterly/Annual Premium Report or No Business Notification	7-10
6) Non Compliance of Insurer Filing Requirements	11
7) Financial Statements	
1) Quarterly and Annual Filings	12-13
2) Financial Solvency Requirements	14-15
8) Insurer/Contact Information	
1) Address/Phone/Email Changes	16
2) Name Changes	16
3) Acquisitions	17
4) Changes to Status of Surplus Lines Eligibility	17
9) Surplus Lines Insurers Eligible to Operate in the State of Florida	18
10) Florida Surplus Lines Statutes	19
11) <i>The Advisor</i>	20
13) <i>eNews</i>	20
14) Checklist: Foreign Insurers	21
15) Checklist: Alien Insurers	22

INSURER PROCEDURES MANUAL

PURPOSE....

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

This manual consists of information regarding the formation of the Florida Surplus Lines Service Office (FSLSO), contact information, insurer filing requirements and information about useful tools located on the FSLSO website.

Revisions or updated information will be sent if any of the requirements change.

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

HISTORY OF THE FLORIDA SURPLUS LINES SERVICE OFFICE (FSLSO)

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

The mission of the Florida Surplus Lines Service Office (FSLSO) is to serve and protect our customer's interests by facilitating compliance and providing assistance and information regarding the Florida surplus lines marketplace.

The goals of the FSLSO are to:

- protect consumers seeking insurance in this state;
- permit surplus lines insurance to be placed with approved surplus lines insurers;
- maintain a self-regulating organization that will promote and permit orderly access to surplus lines insurance in the state of Florida;
- enhance the number and types of insurance products available to consumers in the state of Florida;
- 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;
- provide a source of advice to government agencies concerning the operation of the surplus lines insurance market; and
- protect the revenues of the state of Florida.

The FSLSO is required to receive, record, and review all surplus lines policies or documents, maintain records of the information reported to the Service Office and prepare reports for the Florida Department of Financial Services, Office of Insurance Regulation. The Service Office is also required to prepare and deliver to each surplus lines agent, reports of each surplus lines agent's business, as well as to collect a .1% service fee (effective April 1, 2007) and a 5% surplus lines premium receipts tax as provided for in §626.932 and §626.9325 Florida Statutes. The FSLSO also bills agents for assessments and other types of fees.

The FLSO exercises its powers through and operates under the supervision of a Board of Governors, which set forth the mission and objectives of the FLSO. In addition, the Board of Governors' recommendations have guided the FLSO towards becoming financially stable, enhancing the services provided to surplus lines agents and being on the forefront of technology.

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

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

FSLSO CONTACT INFORMATION

Florida Surplus Lines Service Office
1441 Maclay Commerce Drive
Suite 200
Tallahassee, FL 32312

Phone:

800-562-4496

850-224-7676

850-513-9624 (fax)

Website address: www.fslso.com

Email address: insurer.services@fslso.com

DEPARTMENT OF FINANCIAL SERVICES OFFICE OF INSURANCE REGULATION CONTACT INFORMATION

Address: Florida Office of Insurance Regulation
Bureau of Property & Casualty Insurer Solvency
200 East Gaines Street
Tallahassee, FL 32399-0330

Website address: www.floir.com

INSURER FILING REQUIREMENTS

Electronic Quarterly/Annual Premium Reports Or No Business Notification

Pursuant to Section 626.931 (3), Florida Statutes, all foreign surplus lines insurers are required to file quarterly policy information to the FLSO for policy transactions written during the quarter. The submission of data is due no later than 90 days after the quarter ends. Alien insurers are required to file annually by June 30 (Section 626.931 (4), Florida Statutes).

Policy information includes specific information about policies underwritten by the insurer such as policy number, effective date, premium amount and insured name. In addition, contact information for the insurer and surplus lines agent for each policy reported is required. Information must be filed electronically and in a specified format. Instructions on the format for insurers who create their own reporting application or use the FLSO Insurer Reporting Software to report are available on the FLSO website at www.flsso.com under The Surplus Lines Insurers Section “**Insurers/Reporting Software.**”

The insurer must use the **FTP Submission Software or SLIP – Surplus Lines Information Portal** when submitting quarterly or annual premium information to the FLSO.

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

In the event of a large volume of business to report, the insurer would need to create an in-house application using the FLSO Export file format and use the FTP Submission Software to submit the file to the FLSO. Specific instructions on how to make a submission are located on the FLSO website under “**Insurer/Reporting Software.**”

FSLSO's web based application; **SLIP- Surplus Lines Information Portal** is a great tool to use for submitting policy information. Insurer SLIP provides for the search and submission of policy data, the ability to make corrections to data submitted, the ability to report No Business, the ability to submit the Catastrophe Contact Form, and access to various types of reports and the establishment of links that connect the user to pre-selected insurer financial data for surplus lines insurers operating in the state of Florida. Please contact the FSLSO at insurer.services@fslso.com or call 800-562-4496 if you need a SLIP account.

In addition to these tools, the user will be kept current on the Insurer Reporting Software packages available on the FSLSO website. Direct links are provided. Plus, no site would be complete without a window to the hot topics or current news and events of the day. This feature transfers the user straight to the FSLSO homepage where all current happenings related to the insurance world; specifically the surplus lines insurance world, are posted as they occur.

If you are interested in obtaining an account for access to **SLIP** for Insurers or need assistance, please contact the Insurer Services section of the FSLSO and request an account at insurer.services@fslso.com. Information needed is

- 1) Name of person requesting the account
- 2) Business Address
- 3) City
- 4) State
- 5) Zip Code
- 6) Phone Number
- 7) Fax Number
- 8) Email Address
- 9) Name of the Company

A screen print of the portal is provided on the next page.

Surplus Lines Information Portal - Welcome! - Windows Internet Explorer

http://slpnew.fslso.com:88/portal/default.aspx

Surplus Lines Information Portal

HOME POLICY SEARCH NEW POLICY REPORTS USERS SETTINGS HELP LOGOUT

You are logged in as SLIPINS, on behalf of insurer ADRIATIC INSURANCE COMPANY

Welcome, ADRIATIC INSURANCE COMPANY to SLIP

Welcome to the Florida Surplus Lines Information Portal (SLIP). This secure site was designed exclusively for all eligible Florida Surplus Lines Insurers and their staff to search and submit policy data, make corrections to submitted data, run reports for a variety of needs and receive the latest industry news from the Florida Surplus Lines Service Office. To begin, please select from the menu bar above or from one of the links on this page.

FSLSO Contact Information

Inbox
Your Inbox Is Empty

Batch Submission
Batch Submit

External Links

FSLSO Home

FTP_Submit v5.x

FSLSO Export (SLX) File Format for Insurers (v5.0)

Search Policy

The Search Policy section of SLIP contains all the functionality to search for and submit policy data. These screens grant access to general policy data, transactions and confirmation numbers.

New Policy

The New Policy section of SLIP allows you to submit a new policy and enter new transactions.

News & Events

FSLSO What's New
1/24/2011 5:15:35 PM
[FSLSO Extends Condolences for Passing of Member Agent and Past Board Member Tom Enright](#)

1/7/2011 1:06:42 PM
[Citizens Board Votes to Reduce Emergency Assessment Amount to 1%](#)

1/3/2011 2:20:50 PM
[CFO-Elect Jeff Atwater Announces Management Team](#)

12/22/2010 3:14:43 PM
[FSLSO Holiday Schedule](#)

Internet 105%

Deadlines for filing the quarterly premium report for foreign insurers or a “No Business” notification, if applicable, are as follows:

Foreign:

- 1st quarter – June 30
- 2nd quarter – September 30
- 3rd quarter – December 31
- 4th quarter – March 31

Deadlines for filing the annual premium report for alien insurers or a “No Business” notification are as follows:

Alien:

Annual – June 30th

Please report “No Business (NB)” via SLIP in the event no business is conducted in Florida for the Quarter or Year. The notification should be made through FLSO’s Surplus Lines Information Portal (SLIP). To request a SLIP account, please email insurer.services@fslso.com or call 800-562-4496.

NON COMPLIANCE OF INSURER FILING REQUIREMENTS

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

626.9361 Failure to file report; administrative penalty –

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

FSLSO current process:

The FSLSO will issue a final notice to noncompliance insurers on the second (2nd) day after the final quarter reporting due date. The notice will provide three (3) additional days for the insurer to report all transactions for the required reporting period. Failure to provide this report will subject the insurer to administrative action by the Florida Office of Insurance Regulation.

FINANCIAL STATEMENTS

1) *Quarterly and Annual Filings*

The Florida Surplus Lines Service Office (FSLSO) compiles the most current financial information available for surplus lines insurers eligible to operate in the state of Florida and makes the information available on the FSLSO website under "Market Data." This is done by obtaining data directly from the following sources:

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

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

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

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

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

Deadlines for filing the financial documents are as follows:

Foreign Insurers:

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

Alien Insurers:

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

2) Financial Solvency Requirements

The Florida Surplus Lines Service Office and the Department of Financial Services, Office of Insurance Regulation monitor the financial condition of all surplus lines insurers. The following statute (abbreviated version) provides the solvency guidelines for all surplus lines insurers wanting to remain on Florida's eligibility list:

Section 626.918 (2) (d), Florida Statutes:

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

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

j. On December 31, 2003, and thereafter, \$15 million.

(3) The capital and surplus requirements as set forth in subparagraph 2 do not apply in the case of an insurance exchange created by the laws of individual states, where the exchange maintains capital and surplus pursuant to the requirements of that state, or maintains capital and surplus in an amount not less than \$50 million in the aggregate. For an insurance exchange which maintains funds in the amount of at least \$12 million for the protection of all insurance exchange policyholders, each individual syndicate shall maintain minimum capital and surplus in an amount not less than \$3 million. If the insurance exchange does not maintain funds in the amount of at least \$12 million for the protection of all insurance exchange policyholders, each individual syndicate shall meet the minimum capital and surplus requirements set forth in subparagraph 2;

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

The election shall be submitted to the office and shall be effective upon the office's being satisfied that the requirements of subparagraph 4 have been met. The initial date of election shall be the date of office approval. The election approval application shall be on a form adopted by commission rule. The department may approve an election form submitted pursuant to subparagraph 4, only if was on file with the office before February 28, 1998;

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

INSURER CONTACT INFORMATION

1) *Address/Phone/email Changes*

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

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

2) *Insurer Name Change*

Please report a change of name for the insurer to:

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

Please provide a copy of the notice to:

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

3) *Acquisitions or Mergers*

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

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

Please provide a copy of the notice to:

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

4) *Changes to Status of Surplus Lines Eligibility*

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

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

Please provide a copy of the notice to:

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

INSURERS ELIGIBLE TO OPERATE IN THE STATE OF FLORIDA

A listing of Florida eligible surplus lines insurers is located on the FLSO's website at www.fslso.com under "Search Tools." The FLSO maintains this listing and is kept up to date with additions, deletions or applicable information changes.

Please check the NAIC# and address information to make sure all information is correct. Please forward any corrections to:

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

FLORIDA SURPLUS LINES STATUTES

The Surplus Lines Law (CHAPTER 626, PART VIII, FLORIDA STATUTES §§626.913-626.939) may be accessed directly from the FLSO website (www.fslso.com) under the Insurance Professionals section, located on the left side of the Home Page.

The Advisor

The Advisor is an electronic newsletter published by the (FSLSO) for the Surplus Lines Industry. The Advisor provides the latest information to keep its member agents, surplus lines insurers and other industry members informed on trends taking place in the surplus lines marketplace. *The Advisor* also provides educational information to help surplus lines agents and insurers understand their responsibilities and requirements pertaining to Florida's Surplus Lines Law. Additionally, *The Advisor* keeps readers up-to-date on the developments taking place within the FSLSO.

The FSLSO also offers a free quarterly subscription to *The Advisor* in emailed form. To add your name to our quarterly mailing list, go to the following link:

<http://www.fslso.com/publications/advisor/index.aspx>

eNews

The *eNews* is an email based informational resource provided to those involved in FSLSO matters. Information regarding software updates, filing news, slx format changes, website updates and other pertinent information is generally broadcast one to two times per month.

To subscribe, please visit: <http://www.fslso.com/publications/enews/index.aspx>

CHECKLIST

For Foreign (U.S.) Insurers

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

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

CHECKLIST

For Alien (non U.S.) Insurers

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

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