



Manual

This manual, the property of the Surplus Line Association of Washington, is loaned to its members for their convenience and guidance and is not intended for any other purposes or use. Reprint pages containing amendments or revisions will be issued from time to time as occasion demands. Members are urged to insert reprint pages promptly to avoid inconvenience and delay in proper filing of submissions.

Surplus Line Association of Washington
600 University Street, Suite 1710
Seattle, WA 98101
Phone: (206) 682-3409
Email: Info@surpluslines.org
Website: www.surpluslines.org

Index

SECTION	TOPIC	PAGE
1	General History and Purposes	1
2	Officers and Directors	2
3	Membership	3
4	Articles of Incorporation.....	4
5	Bylaws.....	8
EXHIBIT	Exhibit A – Membership Agreement.....	15
6	Rules	
	(1) Surplus Line Association Office & Executive Director.....	16
	(2) Association Information Provided to Members Regarding Financial Condition of Surplus Lines Insurers.....	17
	(3) Responsibility of Surplus Line Broker	19
	(4) Submission Procedure and Forms	20
	(5) Registration Procedures	22
	(6) Stamping Fees	24
	(7) State Tax	25
	(8) Risk Purchasing Groups Registration Procedures	26
FORMS		
	• Service of Suit.....	28
	• Certification of Policy and Law Compliance.....	29
	• Certification of Risk Retention Group.....	30
	• Certification for Exempt Commercial Purchaser.....	31
7	Opinions and Interpretations.....	32
8	Washington Insurance Code.....	41
9	Washington Surplus Line Regulations.....	42
10	Bulletins.....	43

SECTION 1

GENERAL HISTORY AND PURPOSES

The Surplus Line Association of Washington was originally formed and commenced operations in 1941 as an unincorporated voluntary association of Surplus Line brokers. On November 24, 1976, it was incorporated as a nonstock, nonprofit corporation under Chapter 24.03 of the Revised Code of Washington, for purposes, as stated in its Articles of Incorporations, as follows.

- (1) To encourage and facilitate compliance by its members with the laws of the State of Washington and of the United States of America relative to surplus line insurance coverages, and with the lawful rules and regulations of the Insurance Commissioner of the said state relative to such coverages.
- (2) To provide means for examination of all surplus line coverages written by members on Washington risks to determine whether such coverages comply with certain of such laws, rules and regulations.
- (3) To cooperate with recognized organizations of insurers for proper use by members of the market for insurance provided by insurers not authorized otherwise to transact insurance in the State of Washington.
- (4) To receive and disseminate to members information relative to surplus line coverages, such laws, rules and regulations, and such other surplus line insurance matters as may be of value and interest to members.

SECTION 2

OFFICERS AND DIRECTORS

Executive Director, Registered Agent and Principal Place of Business

Joy Erven

Surplus Line Association of Washington

600 University Street, Suite 1710

Telephone: (206) 224-2437

Email: joy@surpluslines.org

Officers and Directors

Click [here](#) to view current Board of Directors.

SECTION 3

MEMBERSHIP

Surplus Line Brokers Membership Listing

Click [here](#) to view the current list of membership.

SECTION 4

Articles of Incorporation of Surplus Line Association of Washington

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned residents of the State of Washington, being desirous of forming a nonstock, nonprofit corporation under the Washington Nonprofit Corporation Act, Chapter 24.03 of the Revised Code of Washington, do hereby make, subscribe and verify in duplicate the following:

Articles of Incorporation

ARTICLE I

NAME

The name of this corporation is and shall be:

“SURPLUS LINE ASSOCIATION OF WASHINGTON”

ARTICLE II

DURATION

This corporation shall be of perpetual duration.

ARTICLE III

PURPOSES

- (1) To encourage and facilitate compliance by its members with the laws of the State of Washington and of the United States of America relative to surplus line insurance coverages, and with the lawful rules and regulations of the Insurance Commissioner of the said state relative to such coverages.
- (2) To provide means for the examination of all surplus line coverages written by members on Washington risks to determine whether such coverages comply with such laws, rules and regulations.
- (3) To cooperate with recognized organizations of insurers for proper use by members of the market for insurance provided by insurers not authorized otherwise to transact insurance in the State of Washington.
- (4) To receive and disseminate to members information relative to surplus line coverages, such laws, rules and regulations, and such other surplus line insurance matters as may be of value and interest to members.

ARTICLE IV

REGISTERED OFFICE AND AGENT

(Not reprinted here, the Executive Director is the current registered agent)

ARTICLE V

BOARD OF DIRECTORS

The initial Board of Directors of this corporation shall consist of nine directors, and the names and addresses of the persons who are to serve as directors until the first annual meeting of members, or until their respective successors have been elected and qualified, are (not reprinted here. The current Board members are set forth on page 2).

A Director may be removed from office by vote of not less than two-thirds of the entire membership of the corporation at a meeting of members called for the purpose.

ARTICLE VI

DISTRIBUTION OF ASSETS ON DISSOLUTION

Upon any dissolution of this corporation assets remaining after discharge of its obligations shall be distributed in accordance with the applicable statutes of the State of Washington and such lawful plan of distribution as may be adopted by the corporation in process of dissolution under procedures provided by such statutes.

ARTICLE VII

INCORPORATORS

The names of the incorporators of this corporation are:

John E. Bentley, Jr.
Karl Cunningham
Bruce C. Davis
John C. Griffin

Gerald A. Newman
Russell Newman
C. Marvin Still
John F. Sullivan, Jr.

IN WITNESS WHEREOF, we, the incorporators, have signed these Articles of Incorporation at Seattle, Washington, on this 9th day of November, 1976.

STATE OF WASHINGTON

:SS.

County of King

On this day personally appeared before me (the above incorporators) to me known to be the individual described in and who executed the within and foregoing Articles of Incorporation, and acknowledged that he signed the same as his free and voluntary act and deed for the purpose therein mentioned, that he knows the contents thereof, that the same are true, and he hereby so verifies.

GIVEN under my hand and official seal this 9th day of November, 1976.

Jean E. Chaback
Notary Public in and for the
State of Washington, residing
at Seattle.

**Articles of Amendment
of Surplus Line Association
of Washington**

ARTICLE VIII

CONTRACTS IN WHICH DIRECTORS HAVE INTEREST

Any contract or other transaction between this corporation and one or more of its directors, or between this corporation and any corporation, firm, association or other entity of which one or more of its directors are stockholders, members, directors, officers or employees or in which they are interested, shall be valid for all purposes, notwithstanding the presence of such director or directors at the meeting of the Board of Directors which acts upon or in reference to such contract or transaction and notwithstanding his or their participation in such action, by voting or otherwise, even though his or their presence or vote, or both, might have been necessary to obligate this corporation upon such contract or transaction; provided, that the fact of such interest shall be disclosed to or known by the Directors acting on such contract or transaction.

ARTICLE VIX

INDEMNIFICATION

To the full extent permitted by the Washington Nonprofit Corporation Act, RCW 24.03, the personal liability of a director to the corporation and its members, if any, shall be eliminated and the corporation shall indemnify any person made a party to any proceeding by reason of the fact that he or she is or was a director, against judgement, penalties, fines, settlements and reasonable expenses actually incurred by him or her in connection with such proceeding. Provided, however, that the corporation shall neither indemnify a director, nor shall the director's liability be eliminated for acts or omissions that involve intentional misconduct by a director or a knowing violation of law by a director, or for any transaction from which the director will personally receive a benefit in money, property or services to which the director is not legally entitled. The corporation shall also indemnify any officer or employee who is or was not a director, to the same extent, and with the same limitations, that the corporation is authorized to indemnify directors. The Board of Directors may, from time to time, approve by general or specific action of the Board, or by contract, the indemnification of any other person which the corporation has the power to indemnify under the Act. The indemnification provided by this article shall not be deemed exclusive of any other rights to which a person may be entitled as a matter of law or by contract.

SECTION 5

Bylaws of Surplus Line Association of Washington

A Non-Profit Corporation Organized
Under the Laws of the State of Washington

ARTICLE I

MEMBERSHIP

- A. *Members:* Any person, firm or corporation while licensed as a surplus line broker under the laws of the State of Washington, may become a member of the Association upon the approval of such person, firm or corporation for membership by a majority vote of the Board of Directors, in the sole discretion of such Board, and upon the delivery to the Association of a signed membership agreement and upon the payment of an initiation fee in an amount to be established from time to time by majority vote of the Board of Directors.
- B. *Definitions of Resident and Nonresident Members:*
- (a) "Resident" means: (1) any member firm or corporation that maintains an office (i) located in Washington State, (ii) leased or owned by the member firm or corporation, and (iii) staffed by employees of the member firm or corporation who are residents of Washington State; or (2) any individual member who is a resident of Washington State.
 - (b) "Nonresident" means: (1) any member firm or corporation that does not meet the definition of Section (B)(a)(1); or (2) any individual member who does not meet the definition of Section (B)(a)(2).
 - (c) Nonresident members shall have all rights and obligations of members, except that a nonresident member shall not have the right to vote on any matter to be voted on by the members, other than the right to vote with respect to the removal of a Director. The Board of Directors may require such evidence of residency of a member as it shall determine is necessary or appropriate.
- C. *Representation:* Each Resident member that is a corporation or firm shall file in writing with the Association the names of the persons holding a Washington State surplus line broker's license or the persons authorized under the Washington State surplus line broker's license issued to such firm or corporation to act pursuant to such license and shall identify in writing such person who is authorized to vote as the representative of such member firm or corporation in the proceedings of the Association. Each Resident member firm shall have only one vote on any matter requiring a vote of the membership; provided, however, a person may not be authorized to vote for more than one Resident member firm or corporation. Each Resident individual member who is not a part of a firm or corporation shall have one vote on any matter requiring a vote of the membership; provided, however, no Resident individual member who is a part of a Resident member firm or corporation shall have a

vote on any matter except to the extent that the Resident individual member is the authorized person to vote as the representative of the Resident member firm or corporation. With the exception of persons designated to represent a Resident member firm or corporation in accord with the preceding sentence, no member shall be represented by agent, attorney or proxy in the proceedings of this Association.

- D. *Suspension or Expulsion of a Member:* A member may be suspended or expelled from the Association for any of the following causes:
- (a) Violation by the member of any state or federal law (including statutes, rules and regulations governing insurance in the State of Washington) applicable to the conduct of the member.
 - (b) Willful refusal or substantial failure to abide by the articles, bylaws and rules of this Association or to comply with findings or rulings of the Manager.
 - (c) Willful refusal or substantial failure to permit inspection of records as prescribed by rules of this Association.
 - (d) Any other conduct determined by the Board of Directors to be detrimental to the integrity of the insurance business and/or the integrity or reputation of this Association.

No member may be expelled except by vote of a majority of the Board of Directors adopting a finding that one or more of the preceding causes (a)(d) justifies such suspension or expulsion. Such vote shall be in the sole and absolute discretion of the members of the Board and is not subject to any appeal to any court or other authority.

- E. *Termination of Membership:* Membership in the Association shall terminate for any member:
- (a) Automatically upon termination of such member's license as a surplus line insurance broker in the State of Washington.
 - (b) Sixty days after the member has given written notice to the Association of intent to withdraw from membership.
 - (c) Upon expulsion of the member as provided by these bylaws.
- F. *Statement of Indebtedness Upon Termination:* Upon termination of membership for any reason, the member shall immediately pay in full all indebtedness of the member to the Association; and upon failure to so pay, the Association shall have a cause of action against the former member to recover the amount of such indebtedness.

ARTICLE II

MEETINGS OF MEMBERS

- A. *Annual Meeting of Members:* There shall be one annual meeting of the members which shall be held during the first quarter of each calendar year at a time and place to be determined by the Board of Directors. At least thirty days written notice shall be given to each member of the time and place of such meeting. At such annual meeting the Board of Directors shall be elected for the coming year and the members may take up such other business as may be placed on the agenda of such annual meeting by the Board of Directors. The agenda shall include any matter requested to be included in writing at least 20 days before the meeting by ten or more members of the Association.
- B. *Quorum:* The members in attendance shall constitute a quorum at any meeting of the members of the Association.
- C. *Special Meetings of Members:* Upon motion by the Board of Directors, or upon written request of at least 15% of the members of the Association, the Board of Directors shall, within 60 days of the receipt of such written request, call a special meeting of the members, at a time within such 60 days and at a place designated by the Board of Directors with at least thirty days written notice to all members of such meeting. At any such special meeting, the members may take up any business placed on the agenda by the Board of Directors, which agenda shall include any items requested to be included in writing at least twenty days before the meeting by at least ten or more of the members.

ARTICLE III

BOARD OF DIRECTORS

- A. *General Powers:* The affairs of the corporation shall be managed by its Board of Directors.
- B. *Number of Directors:* The Board of Directors shall be comprised of nine (9) members.
- C. *Eligibility to Serve as a Director:* Only a member or a person authorized under Article I(B) of these Bylaws to represent a member shall be entitled to be a director of this Association.
- D. *Term of Office:* The term of office of each Director shall be to serve from the time of election at an annual meeting to the next annual meeting.

- E. *Vacancies:* Any member may resign from the Board. The Board may declare a vacancy for the remaining term of any Director who misses three (3) consecutive Board meetings or a total of five (5) Board meetings during one year. Upon either such vacancy, the vacancy shall be filled by a majority vote of the remaining members of the Board. The Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor.
- F. *Meetings of the Board:* Regular meetings of the Board of Directors shall be held in accordance with a schedule adopted by the Board. Special meetings may be called by the president and shall be called by the president upon written request of two or more directors.
- G. *Quorum:* A majority of directors shall constitute a quorum for the transaction of any business except for the adjournment of the meeting to a later time at which a quorum is present.
- H. *Board Action by a Majority Vote:* Any and all action taken or to be taken by the Board shall be by majority of all Board members.
- I. *Place of Meetings:* The Board may designate any location for its meetings.
- J. *Action by Written Consent:* The Board may act by written consent of all Board members without a meeting.
- K. *Compensation for Services as Directors:* There shall be no compensation for services as a Director.
- L. *Reimbursement of Expenses:* The Board may act to reimburse its members for expenses incurred in connection with meetings of the Board or other business of the Association.

ARTICLE IV

OFFICERS

- A. *Officer Positions:* The officers of the Association shall be the President, Vice President, and Secretary/Treasurer.
- B. *Election of Officers:* All officers shall be members of the Board. The officers shall be elected by the Board of Directors annually immediately following the annual meeting of the members.
- C. *Removal:* Any officer elected or appointed by the Board may be removed by a majority vote of the Board whenever in the judgement of the Board the best interests of the Association would be served thereby.
- D. *Vacancies:* A vacancy in office shall be filled by the Board of Directors for the unexpired term so vacated. Any officer may resign from his or her position at any time.

- E. *Duties of President:* The president shall be the principal executive officer of the Board and shall preside at all meetings of the Association and shall be an ex officio member of all committees.
- F. *Duties of Vice President:* In the absence of the president or in the event of the president's inability or refusal to act, the vice president shall perform the duties of the president, and when so acting shall have all the powers and be subject to all the restrictions upon the president.
- G. *Duties of the Secretary/Treasurer:* The secretary/treasurer shall be responsible for the proper accounting of the funds of the Association, shall keep the minutes of all meetings of the Association, the Board of Directors and any committees of the Association. The secretary/ treasurer may delegate the duty of keeping all minutes to the Manager.
- H. *Compensation and Reimbursement:* The compensation and reimbursement of expenses of officers shall be governed by the provisions of these bylaws with respect to the compensation and reimbursement of members of the Board.

ARTICLE V

COMMITTEES

- A. *Standing Committees:* The Board, by resolution, may designate one or more standing committees, each of which shall consist of at least one member of the Board. Such resolution shall designate the title of the committee and shall, in a general way, state the purpose, duties and/or functions of such committee. Such standing committees may include one or more members of the Association who are not members of the Board.
- B. *Special Committees:* The president may from time to time designate one or more members of the Association (which may be but need not be members of the Board of Directors) to act as a committee to perform such duties, responsibilities and functions as may be designated by the president.
- C. *Executive Committee:* The only permanent committee of this Association shall be the executive committee which shall consist of the officers and which shall have the power to act between Board meetings on the business of the Association with respect to unusual or emergency matters that, in the judgement of the President, should not be deferred until the next Board meeting.

ARTICLE VI

INDEMNIFICATION OF DIRECTORS

- A. To the fullest extent permitted by Chapter 24.03 of the Revised Code of Washington, the personal liability of a director to the corporation and its members shall be eliminated and the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a director or officer or the Manager of the corporation, or is or was serving on a duly constituted committee of the corporation by appointment of the Board of Directors and is or was acting in his or her capacity as such ("Committee Member"), or is or was serving at the request of the corporation as a director or officer of another corporation, trust or other enterprise, against expenses (including attorneys' fees), judgements, fines, penalties and amounts paid in settlement, actually and reasonably incurred by him or her, in connection with such action, suit or proceeding, to the full extent allowed by applicable law.
- B. Reasonable expenses incurred by a director, officer, Manager or Committee Member who is a party to a proceeding may be paid or reimbursed by the corporation in advance of the final disposition of such proceeding:
1. Upon receipt by the corporation of a written undertaking by or on behalf of the director, officer, Manager or Committee Member to repay such amount if it shall ultimately be determined that such person has not met the standard of conduct necessary for indemnification by the corporation as authorized by this section; and
 2. Either:
 - a. After a determination that the information then known to those making the determination (without undertaking further investigation for the purposes thereof) does not establish that indemnification would not be permissible under applicable law; or
 - b. Upon receipt by the corporation of a written affirmation by the director, officer, Manager or Committee Member of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation as authorized in this Article; and The undertaking required by paragraph 1 of this subsection shall be an unlimited general obligation of the director, officer, Manager or Committee Member, but need not be secured and may be accepted without reference to financial ability to make the repayment.
- C. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, Manager or Committee Member of the corporation or who is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability under the provisions of this Article.
- D. Any indemnification of a director in accordance with this Article, including any payment or reimbursement of expenses, shall be reported to the members, except to the extent such disclosure is prohibited by a court of competent jurisdiction.

ARTICLE VII

MEMBERSHIP AGREEMENT

All members shall sign and be bound by a membership agreement in the form attached to these bylaws as Exhibit A.

ARTICLE VIII

RULES

This Association, its business and the members and their business shall be governed by rules adopted from time to time by a majority vote of the Board of Directors, which rules shall be published to the members by and on behalf of the Board.

EXHIBIT A

MEMBERSHIP AGREEMENT

The undersigned, both individually and on behalf of the corporation named below, does hereby agree with the Surplus Line Association of Washington:

- I. To abide by each and every provision of the articles, the bylaws, and any rules adopted pursuant to Article VIII of the bylaws, including with limitation the indemnification obligations contained in such rules.
- II. To pay all dues assessed by the Board of Directors.
- III. To obey all state and federal laws, rules and regulations governing the business of the undersigned, and any corporation named below.

Dated this _____ day of _____ 20_____.

Individual Name (Print)

Individual Signature

Firm Name (Print)

RULE 1

SURPLUS LINE ASSOCIATION OFFICE & EXECUTIVE DIRECTOR

The Board of Directors will employ an Executive Director who will be responsible for the management of the Surplus Line Association Office.

The Association Office under the direction of the Executive Director will examine all submissions (see submission procedures) and prepare an accounting for premium tax purposes to the members based upon their submissions. In addition, the Association Office under the direction of the Executive Director will undertake such other services and activities as the Board may direct.

The Executive Director will serve as liaison with the Office of Insurance Commissioner, Washington State insurance industry organizations, NAIC, and other Surplus Line organizations. The Executive Director will monitor legislative activity for matters pertaining to Surplus Lines.

RULE 2

ASSOCIATION INFORMATION SERVICE TO MEMBERS REGARDING FINANCIAL CONDITION OF SURPLUS LINES INSURERS

Information on file at Association Office

The Association will make its best efforts to maintain the following information on Surplus Lines insurers identified in the filings filed with the Association's office:

NAIC – Quarterly Listing of Non-admitted Insurers

NAIC – Financial Review of Alien Insurers

Best's – Key Rating Guide

Best's – Insurance Reports – Property & Casualty

International Insurance Reports – Best's, Fitch's or Standard & Poor's

Annual Statements – Washington-eligible U.S. Surplus Lines Insurers

FC&S Bulletins

The Association shall make its best efforts to provide, by way of written bulletin, the following information to its members:

- (1) Addition or deletion of companies from the NAIC alien insurers list.
- (2) Commencement of rehabilitation or insolvency proceedings regarding such surplus lines insurers, where actual notice of such proceedings is received by the Association.
- (3) Information regarding recommendation or orders of the Washington State Insurance Commissioner that any particular company or companies should not be used to write insurance in this state, where actual notice of such recommendation or order is received by the Association.

The Association will make known to the Washington State Insurance Commissioner and the National Association of Insurance Commissioners the Association's desire to receive information regarding the above matters.

Limited Association Service - Members to Remain Legally Responsible

Other than the foregoing, the Association does not provide any regular or systematic information regarding the financial condition of insurers. In the event that additional information is received at the offices of the Association and believed by the Association staff to be pertinent to financial condition of surplus lines insurers being used in the State of Washington, such information may in the discretion of the staff, be retained. The Association undertakes no responsibility to notify its members of such additional information but will make such additional information known to its members upon inquiry.

All information made available to or provided to members is provided without any warranty, representation or reassurance that the information is accurate, complete or current. While it is the intention of the Association to provide an efficient source of certain limited information obtained from third parties, it is not the function, intent or purpose of the Association to interpret, explain, ratify, verify or comment upon the information or its significance. It remains the responsibility of the members to make appropriate judgements based upon the information, if any, that they obtain from the Association or from others.

Indemnity and Hold Harmless

The members are hereby precluded from making any claim against the Association or any of its officers or employees or agents or representatives with respect to information or services regarding the financial condition of the companies, as referred to in this rule or otherwise. It is the obligation of members to indemnify and hold harmless the Association from and against any claims against the Association arising out of the rehabilitation, or insolvency of any insurer or by reason of the deferral or denial of payment by reason of an insurer's financial condition that may arise by or on behalf of insureds or others under insurance placements effected by such member.

RULE 3

RESPONSIBILITY OF SURPLUS LINE BROKER

Nothing in the Bylaws and no action or inaction of this Association, the Executive Director or the Association office shall relieve any member of responsibility to comply with the law. Each and every member shall indemnify and hold harmless the Association, its Board of Directors, Executive Director and employees from and against any liability that may arise by reason of any member's failure to comply with or violation of any law.

RULE 4

SUBMISSION PROCEDURE AND FORMS

All surplus line insurance coverages written by members of the Association on Washington risks (per RCW48.15.120) are to be submitted to the Association office for examination.

The following Rules shall apply to such submissions:

- (1) All submissions must be filed on forms prescribed and furnished by the Association.
- (2) The certification form must be filed within sixty (60) days of the effective or procurement date. Policy documents are to be filed with the certification form. If these policy documents are not available within 60 days, these policy documents must be sent upon receipt by the member. Policy documents required are:
 - (a) Policy declarations, certificate or cover note declarations
 - (b) Supplemental declarations
 - (c) Schedule of forms and endorsements
 - (d) Copy of the service of suit endorsement
- (3) Upon receipt of a complete submission, the Association office will either accept the same by registering the submission or will issue a "tag" for correction. Submissions "tagged" for amendment or correction must be corrected promptly.
- (4) When the Association office receives a certification form, the Association office will thereafter deliver a copy of the certification form to the Insurance Commissioner. Whether or not the submission is registered it will be considered filed with the Insurance Department for reporting and tax purposes. Changes to the certification form can be made until the account is registered. This will complete the surplus line broker's filing requirement under the Washington Insurance Code.
- (5) The policy will not be considered registered until the certification form and policy documents have been received and reviewed by the Association, any tags have been cleared, and registration confirmation has been sent to the broker.
- (6) The notice of a "Registered" certification form and a copy of coverages constitutes a complete copy of the filing for the broker's records.

- (7) Endorsements or other modifications of coverages previously submitted must be promptly filed with the Association where the endorsement or other modification involves any additional or return premium, changes in security, or a change of policy number.
- (a) Endorsements having additional or return premiums must include details, e.g. premiums, state tax, stamping fee.
 - (b) Non-money endorsements need not be filed, except for changes of security (insurer) or policy number.
 - (c) Certifications should not be submitted with an endorsement.
- (8) Itemization of Premium, Taxes and Fee: Each filing involving premium must include the following itemized charges:
- (a) Premium Policy Fee
 - (b) Any other applicable fees charged
 - (c) State Tax - Refer to Rule 7
 - (d) Stamping Fee - Refer to Rule 6
- State tax and stamping fee are based on the sum of all premiums and fees, including but not limited to policy, broker and/or inspection fees.
- (9) Listing of Insurers in each Certificate of Coverage: In each submission filed with the Association there shall appear in full the names of all insurers assuming liability, and the percentage of such liability respectively assumed by them, said names to appear both in the certificate and also in Item 3 of the certification form so that the Insurance Commissioner will be advised.
- (10) All documents submitted shall be confidential information to the Association office, and shall not be divulged to, or to be open to inspection by any third party, except the Insurance Commissioner or other governmental agency having legal authority, therefore. Provided, however, that the Board of Directors may, by resolution adopted by a majority of its members, allow or require the Executive Director to disclose specific types or categories of information in accordance with the terms, conditions and limitations of such resolution.

RULE 5

REGISTRATION PROCEDURES

Association staff will be instructed to verify the following eight items on each submission (except for subsequent endorsements). Upon verification of each of the following items the submission shall be "registered". It shall not be implied or assumed by the members or anyone else that the registration of a submission signifies anything more or less than that the submission has been verified as follows:

- (1) *Mathematical accuracy of tax calculations.* The mathematical accuracy of the tax calculation shall be checked by verifying that the tax indicated is the arithmetically correct result of multiplying the tax rate times the premium stated on the submission.
- (2) *Coding.* The submission shall be coded by the association. The purpose of such coding is for statistical purposes and has no other purpose or effect.
- (3) *Minimum Security Check.* The following minimum security check does not assure the broker that the requirements of RCW 48.15.090 and WAC 284-15-090 have been complied with. Compliance with these statutes is the responsibility of the broker, not the Association. The staff shall compare the minimum capital and surplus requirements of RCW 48.15.090 and WAC-284-15-090 with the most recent AM Best's financial statements for the insurer, if the insurer is domiciled in the United States. If the insurer is domiciled outside the United States, the staff shall determine whether or not such alien insurer appears on the most recent version of the NAIC Alien Insurers list available in the office of the Association. The staff shall do no further security check or evaluation. In the event that an insurer does not meet minimum financial standards, the surplus line broker may request a waiver of financial requirements from the Commissioner in accordance with the provisions of WAC 284-15-050. Such documentation should preferably be included with the original submission to the Association. If documentation is not included and the submission is tagged, the documentation must be included with the resubmission. Such submission shall constitute a representation and warranty that the broker has complied with WAC 284-15-020 (2)(b). It shall not be the responsibility of the Association or its staff to verify compliance with said rule.
- (4) *Certification Completed and Signed.* Staff shall verify that the blanks in the certification form are completed. It shall not be the responsibility of the staff to verify the truth, accuracy, or validity of the statements made in the certification or the completeness of the certification.

- (5) *Arithmetical Accuracy of Percentage Allocation on Multiple Security Certifications.* The security on a certification must always equal 100%. If filing a placement with multiple security, the insurers and their percentage participation must be shown. For example, the affidavit should show:

Underwriters at Lloyds, London	40%
Company "A"	15%
Company "B"	30%
Company "C"	5%
Company "D"	10%
	100%

- (6) *Service of Suit.* The Submission shall include a copy of the actual service of suit endorsement. Staff shall verify that the wording is appropriate.
- (7) *Registry Stamp.* The staff shall verify that the registry stamp has been properly affixed to the declaration page(s) and has been initialed by or bear the name of the surplus line broker that procured coverage, as required.
- (8) *Schedule of Forms Listing.* The list of forms will not be reviewed for substance, quality or completeness. It will only be verified that a list has been included. Thus, the existence, not the adequacy, of the list will be verified.

RULE 6

STAMPING FEES

The Association charges a "stamping" fee on the total premium on all policies registered by the Association. Each member will receive a monthly billing for stamping fees. This will itemize each filing showing all premiums and the fee charged for total premiums reported. Stamping fees are payable within thirty days of the date of mailing of the monthly statement to the member.

SCHEDULE OF STAMPING FEES

Policy Effective Date	Stamping Fee Rate <i>to be charged from inception and to all subsequent transactions</i>
April 1, 1985 to March 31, 1986	1/2 of 1% (.0050)
April 1, 1986 to December 31, 1986	4/10 of 1% (.0040)
January 1, 1987 to December 31, 1991	1/4 of 1% (.0025)
January 1, 1992 to June 30, 2006	4/10 of 1% (.0040)
July 1, 2006 to June 30, 2011	1/4 of 1% (.0025)
July 1, 2011 to December 31, 2024	1/10 of 1% (.0010)
January 1, 2025 to Present	3/10 of 1% (.0030)

The "Policy Effective Date" determines the stamping fee to be charged. The same stamping fee will then apply to all endorsements, installments, audits or cancellations on that particular policy.

RULE 7

PREMIUM TAXES – ANNUAL FILING

STATE OF WASHINGTON

Not later than February 1 of each year, the Surplus Line Association will provide each member firm information from Association records as to the amount of premium submitted by class effective during the previous calendar year by the member broker. This information will be provided in order to assist the member broker in making the required annual tax return due not later than March 1 to avoid tax penalties (RCW 48.15.120). Taxes are due and payable March 1 and delinquent after March 31.

TAX RATE

	Tax Rate
Until July 1, 1986	Two and One Quarter Percent (2.25%)
July 1, 1986 to Present	Two Percent (2.00%)

RULE 8

RISK PURCHASING GROUPS

REGISTRATION PROCEDURES

The "Liability Risk Retention Act of 1986" is a Federal Act which provided the enabling legislation for the formation of Risk Retention Groups as insurers, and Risk Purchasing Groups as buyers of insurance, regulated by and subject to the insurance laws of the state of domicile. The Act specified that a Risk Purchasing Group which purchases non-admitted insurance must do so only through a licensed Surplus Line Broker.

Definition of a Risk Purchasing Group:

A Risk Purchasing Group purchases liability on a group basis as one of its purposes; purchases liability insurance only for its group members; is composed of members having similar or related liability exposures through common business, activities, trade product, services, premises or operations; is domiciled in any State.

Section 4(f) of the "Liability Risk Retention Act of 1986" states, **"A purchasing group may not purchase from a risk retention group that is not chartered in a State or from an insurer not admitted in the State in which the purchasing group is located, unless the purchase is effected through a licensed agent or broker acting pursuant to the surplus lines law and regulations of such State."**

Therefore, this Rule 8 will apply only as respects the Liability insurance purchased by a member of a Risk Purchasing Group as governed by the Liability Risk Retention Act of 1986. Any insurance coverage other than liability insurance purchased by an insured in the non-admitted market is not subject to this Rule 8, but must be registered according to the normal Surplus Line registration procedures as stated in Rules 4 through 7.

PROCEDURE FOR REGISTERING LIABILITY INSURANCE FOR A MEMBER OF A RISK PURCHASING GROUP:

- (1) The non-admitted carrier must comply with Surplus Line financial standards of the State of Washington. (RCW 48.15.090 and WAC 284-15-090)
- (2) Complete the Risk Purchasing Group certification form in its entirety.
- (3) Apply correct State Tax per Rule 7, and correct Surplus Line Stamping fee per Rule 6.
- (4) Submit the policy documentation with the Certification form. Include the Service of Suit clause identifying the Insurance Commissioner to receive notice.
- (5) If submitting a certificate of insurance relating to a master policy, the master policy itself must first be registered regardless of premium.

FORMS

This Manual section includes the following forms:

- (1) Designation by Insurer of Person to Whom Insurance Commissioner Shall Forward Legal Process
- (2) Broker's Certification Form
- (3) Risk Purchasing Group Certification Form
- (4) Exempt Commercial Purchaser Certification Form

DESIGNATION BY INSURER OF PERSON TO WHOM INSURANCE COMMISSIONER SHALL FORWARD LEGAL PROCESS

Under an amendment of the Insurance Code in 1979, the Insurance Commissioner upon receiving service of process in a suit against a surplus line insurer may forward the process to the insurer at its home office, or to a person designated by the Insurer, by designation filed with the Insurance Commissioner, to receive the process from the Insurance Commissioner on behalf of the Insurer. Following is a form which may be used by the Insurer and filed with the Insurance Commissioner designating such person:

DESIGNATION OF PERSON TO WHOM COMMISSIONER SHALL FORWARD LEGAL PROCESS

To the Insurance Commissioner of the State of Washington:

Pursuant to RCW 48.15.150, the undersigned Insurer hereby designates:

Contact Name: _____

Title: _____

Address: _____

Phone Number: _____

Fax Number: _____

Email Address: _____

as the person to whom the Insurance Commissioner shall forward legal process against the Insurer. This designation supersedes any similar designation heretofore made by the Insurer.

Executed at _____, this _____ day of _____, 20____.

(Insurer)

By: _____



THE SURPLUS LINE ASSOCIATION OF WASHINGTON

To THE SURPLUS LINE ASSOCIATION OF WASHINGTON:

The following statement of insurance written or proposed to be written in non-admitted insurers is hereby submitted in accordance with the Rules of the Surplus Line Association of Washington for registration by the Association as a risk qualified under the terms of the rules and regulations of the Insurance Commissioner of the State of Washington relative to surplus line insurance. A copy of the Declarations Page, Certificate or Cover Note together with any other written documents are required to be submitted.

Policy or Certificate No. _____

Premium (add policy fee, if any) on which Taxes were Computed \$ _____

☐ Multi-State Account with Washington as Home State

1. Name of filing Surplus Line Broker :

SLA Number: _____

2. Name and address of referring insurance producer (if any): _____

Individual Surplus Line Broker WAOIC# _____

3. Name(s) of unauthorized insurer(s): _____

4. Name and address of insured: _____

5. Effective Date or Binding Date (whichever is later): _____

6. Brief statement of coverage (common trade terms may be used, e.g. D.I.C.): _____

I have procured insurance from an unauthorized insurer or insurers, in accordance with the laws and regulations of the State of Washington under my surplus line broker's license. Details of such transactions are set forth above.

The insurance could not be procured, after diligent effort was made to do so from among a majority of the insurers authorized to transact that kind of insurance in this state, and placing the insurance in an unauthorized insurer(s) was not done for the purpose of securing a lower premium rate than would be accepted by any authorized insurer.

I certify that I am duly authorized to place this coverage on behalf of the insured, that the risk has been duly accepted by the insurer(s), and that the financial condition of the unauthorized insurer(s) before placing the insurance therewith meets or exceeds the financial requirements provided by law.

I certify that under the penalty of the suspension or revocation of my surplus line broker's license that the facts contained in this certification are true and correct.

(Signature or Electronic Certification of Surplus Line Broker)

(Date)

**This Broker's Certification Form is automatically generated for acknowledgment in SLIP when filing a policy.*



THE SURPLUS LINE ASSOCIATION OF WASHINGTON RISK PURCHASING GROUP

To THE SURPLUS LINE ASSOCIATION OF WASHINGTON:

The following statement of insurance written in non-admitted insurers is hereby submitted in accordance with the Rules of the Surplus Line Association of Washington as a risk qualified under the terms of the Federal Law applying to Risk Purchasing Groups and the statutes, rules and regulations of the Insurance Commissioner of the State of Washington relative to surplus line insurance. A copy of the Declarations Page, Binder or Cover Note together with any other written documents are required to be submitted.

**Policy or
Certificate No.** _____

**Premium (add policy fee, if any) on
which Taxes were Computed \$** _____

☐ Multi-State Account with Washington as Home State

1. Name of filing Surplus Line Broker

SLA Number: _____

Individual Surplus Line Broker WAOIC# _____

2. Name and address of referring insurance producer (if any):

3. Name(s) of unauthorized insurer(s):

4. Full name of Risk Purchasing Group:

5. Name and address of insured:

6. Effective Date or Binding Date (whichever is later):

7. Brief statement of coverage (common trade terms may be used, e.g. D.I.C.):

I have procured insurance from an unauthorized insurer or insurers, in accordance with the laws and regulations of the State of Washington under my surplus line broker's license. Details of such transactions are set forth above.

I certify that I am duly authorized to place this coverage on behalf of the insured, that the risk has been duly accepted by the insurer(s), and that the financial condition of the unauthorized insurer(s) before placing the insurance therewith meets or exceeds the financial requirements provided by law.

I certify that under the penalty of the suspension or revocation of my surplus line broker's license that the facts contained in this certification are true and correct.

(Signature or Electronic Certification of Surplus Line Broker)

(Date)



THE SURPLUS LINE ASSOCIATION OF WASHINGTON EXEMPT COMMERCIAL PURCHASER

To THE SURPLUS LINE ASSOCIATION OF WASHINGTON:

The following statement of insurance written or proposed to be written in non-admitted insurers is hereby submitted in accordance with the Rules of the Surplus Line Association of Washington as a risk qualified as an Exempt Commercial Purchaser under RCW 48.15 and the rules and regulations of the Insurance Commissioner of the State of Washington relative to surplus line insurance. A copy of the Declarations Page, Certificate or Cover Note together with any other written documents are required to be submitted.

**Policy or
Certificate No.**

**Premium (add policy fee, if any) on
which Taxes were Computed \$**

☐ Multi-State Account with Washington as Home State

1. Name of filing Surplus Line Broker

SLA Number:

Individual Surplus Line Broker WAOIC#

2. Name and address of referring insurance producer (if any):

3. Name(s) of unauthorized insurer(s):

4. Name and address of insured:

5. Effective Date or Binding Date (whichever is later):

6. Brief statement of coverage (common trade terms may be used, e.g. D.I.C.):

I have procured insurance from an unauthorized insurer or insurers, in accordance with the laws and regulations of the State of Washington under my surplus line broker's license. Details of such transactions are set forth above.

I certify that the risk qualifies as an exempt commercial purchaser under RCW 48.15.

I certify that I am duly authorized to place this coverage on behalf of the insured, that the risk has been duly accepted by the insurer(s), and that the financial condition of the unauthorized insurer(s) before placing the insurance therewith meets or exceeds the financial requirements provided by law.

I certify that under the penalty of the suspension or revocation of my surplus line broker's license that the facts contained in this certification are true and correct.

.....
(Signature or Electronic Certification of Surplus Line Broker)

.....
(Date)

SECTION 7

SELECTED OPINIONS AND INTERPRETATIONS OF THE WASHINGTON STATE INSURANCE COMMISSIONER

The following opinions and interpretations of the W.S.I.C. are reprinted for the convenience of the members. The following is not intended to be a complete or exclusive source of such opinions and interpretations.

Surplus Line

ASSOCIATION OF WASHINGTON

STATE OF WASHINGTON

RICHARD G. (DICK) MARQUARDT
STATE INSURANCE COMMISSIONER

DAVID H. RODGERS
CHIEF DEPUTY



REPLY TO:
OLYMPIA OFFICE
INSURANCE BUILDING
OLYMPIA, WASHINGTON 98504-032D1
753-7300, AREA CODE 206

OFFICE OF INSURANCE COMMISSIONER

November 5, 1991

Re: Bulletin 91-7 and your October 8, 1991 letter

Bulletin 91-7 was aimed at agents and brokers who may have occasion to assist in the procurement of insurance from an unauthorized insurer. It was not intended as a primer for licensed surplus line brokers. Indeed, the point was that agents and brokers could avoid trouble by dealing with surplus line brokers. The bulletin set forth no new principle and made no changes in long-standing practices.

The duty to make a diligent effort to obtain the insurance from authorized insurance companies goes back to at least our 1913 insurance code. It permitted the commissioner to grant licenses to agents permitting them to place or effect insurance upon risks located in this state with insurance companies not licensed to do business in this state. The statute included this requirement:

Before any insurance, except marine insurance, shall be procured or effected, under or by virtue of said license, there shall be executed by such licensed agent and by the party or his authorized agent desiring insurance, an affidavit which shall be filed with the commissioner within 30 days after the procuring of such insurance. Such affidavit shall set forth that the party desiring insurance is, after diligent effort, unable to procure the insurance required to protect the property owned or controlled by him, from the companies licensed to transact business in this state.

Over the years, the statute changed until we have today's wording, in RCW 48.15.040:

. . . The insurance must not be procurable, after diligent effort has been made to do so from among a majority of the insurers authorized to transact that kind of insurance in this state.

. . . At the time of the procuring of any such insurance an affidavit setting forth the facts . . . must be executed by the surplus line broker. Such affidavit shall be filed with the commissioner within 30 days after the insurance is procured.

Surplus Line

ASSOCIATION OF WASHINGTON

OFFICE OF INSURANCE COMMISSIONER

WAC 284-15-030 sets forth the contents of the affidavit, which is to include the following and be signed and sworn to by the surplus line broker:

. . . I have procured insurance from an unauthorized insurer or insurers, in accordance with the laws and regulations of the state of Washington under my Surplus Line Broker's license. Details of such transaction are set forth above.

Such insurance could not be procured, after diligent effort was made to do so from among a majority of the insurers authorized to transact that kind of insurance in this state, and placing the insurance in such unauthorized insurer(s) was not done for the purpose of securing a lower premium rate than would be accepted by any authorized insurer.

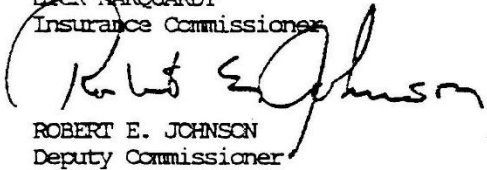
I certify that I am duly authorized to place this coverage on behalf of the insured, that the risk has been duly accepted by the insurer(s), and that I ascertained the financial condition of the unauthorized insurer(s) before placing the insurance therewith.

As a surplus line broker, you have, no doubt, signed this affidavit a number of times. In doing so, you were certifying the facts as stated. In particular, you were stating under oath that a diligent effort to procure the insurance from a majority of insurers authorized to transact such insurance in Washington state would be unsuccessful. You need not have made such search yourself, but there has to be a basis for your certification. Reliance upon a knowledgeable and qualified agent could be sufficient when coupled with your special knowledge of the market. Written evidence, as you suggest, from the agent would be a good idea, although it should be broader than simply showing that "coverage could not be placed through an authorized insurer."

The code permits the commissioner to establish by rule the degree of effort required to comply with the "diligent effort" requirement and the prohibition against using the unauthorized market to secure a lower rate than would be accepted by any authorized insurer. Thus far that has not been done, although consideration is given to the need for such a rule from time to time. As you probably know, some states require a specific number of rejections, and some have lists of risks that qualify for the surplus market. If Commissioner Marquardt becomes convinced that new rules are needed, we'll proceed into that thicket. Meanwhile, suggestions are always welcome, of course.

Yours truly,

~~DICK MARQUARDT~~
Insurance Commissioner


ROBERT E. JOHNSON
Deputy Commissioner

STATE OF WASHINGTON

RICHARD G. (DICK) MARQUARDT
STATE INSURANCE COMMISSIONER

DAVID H. RODGERS
CHIEF DEPUTY



REPLY TO:
OLYMPIA OFFICE
INSURANCE BUILDING
OLYMPIA, WASHINGTON 98504-032D1
753-7300, AREA CODE 206

OFFICE OF
INSURANCE COMMISSIONER

BULLETIN

No. 91-7

September 13, 1991

Subject: PROCUREMENT OF INSURANCE COVERAGES FROM UNAUTHORIZED INSURERS

Advertisements or solicitations from out of state, by or on behalf of unauthorized insurance companies, cause us to emphasize some basic laws which agents and brokers should understand.

As a general rule, insurance agents and brokers in our state are licensed to deal only with authorized insurance companies--those which have a Certificate of Authority from the insurance commissioner permitting them to transact insurance in Washington state. With few exceptions, an agent may represent only those authorized insurers from whom the agent has received an appointment. (Bulletin 90-1 discusses the licensing requirements and limitations for agents and brokers and the distinctions between them. Copies of that bulletin are available from the insurance commissioner's office.)

Three major restrictions are set forth in the insurance code with respect to unauthorized insurers, for which violators may be fined as much as \$25,000 and lose their insurance licenses:

1. An unauthorized insurer may not solicit insurance business in this state.
2. An unauthorized insurer may transact insurance business in this state only as provided in chapter 48.15 RCW, the surplus line law.
3. No person shall, in this state, represent an unauthorized insurer except as provided in chapter 48.15 RCW.

On the positive side, RCW 48.15.040 states that if certain coverages cannot be procured from authorized insurers, such coverages--designated as "surplus lines"--may be procured from unauthorized insurers subject to important conditions:

1. The insurance must be procured through a licensed surplus line broker.
2. A diligent, but unsuccessful, effort must first have been made to obtain the insurance from authorized insurers.

OFFICE OF INSURANCE COMMISSIONER

BULLETIN No. 91-7

Page 2

3. An unauthorized insurer must not be used to secure a lower premium rate than would be accepted by any authorized insurer.

4. The surplus line broker must execute and file an affidavit and is responsible for remittance of the premium tax.

A licensed surplus line broker may accept and place surplus line business for any insurance agent or broker licensed in this state for the kind of insurance involved and may compensate such agent or broker therefor.

Suppose an agent receives advertising from out of state that sounds good. He or she might want to sell the product but is not familiar with the insurance company. What should the agent do? First, determine if the insurer is authorized to do business in Washington state. If it is, he or she may decide to seek an appointment from the company to represent it as an agent.

If the insurer not authorized, the agent may only procure the coverage through a licensed Washington state surplus line broker. The agent may not represent the unauthorized insurer nor solicit coverage on its behalf. That is the function of a surplus line broker.

Sometimes a customer will ask an agent about a solicitation for insurance that arrives in the mail or is advertised in a publication. The agent can provide a good service by assisting the individual in determining whether the insurance company is authorized to transact insurance in our state, and, if it is not, by cautioning the customer about the use of any unauthorized insurer that is not operating through a licensed surplus line broker.

Use of a surplus line broker will assure that the insurance company meets Washington state's financial requirements, that the insurance is not procurable from authorized insurers, and that the required paper-work will be filed and that the proper taxes will be remitted.

Agents and brokers should be careful to observe the laws relating to the use of unauthorized insurers. Participation in illegal transactions can place a license in jeopardy. Generally, the use of a surplus line broker to procure insurance from an unauthorized insurer will keep agents, brokers and insureds out of trouble.

DICK MARQUARDT
Insurance Commissioner

Surplus Line

ASSOCIATION OF WASHINGTON

STATE OF WASHINGTON

RICHARD G. (DICK) MARQUARDT
STATE INSURANCE COMMISSIONER

DAVID H. RODGERS
CHIEF DEPUTY



OFFICE OF INSURANCE COMMISSIONER

REPLY TO:
SEATTLE OFFICE
CENTRAL BUILDING
SUITE 650
810 THIRD AVENUE
SEATTLE, WASHINGTON 98104-1615
464-6262, AREA CODE 206

September 1, 1989

Surplus Line Association of Washington
720 Olive Way, Suite 915
Seattle, WA 98101

Attn: Mr. John Bentley, Jr., Manager

Gentlemen:

As you know this Department has recently completed the audit of a number of Surplus Line Brokers. While the actual group does not represent a major segment of your membership we are in addition visiting various other Surplus Line firms on a regular and routine basis. These contacts have led us to the conclusion that there is a pattern developing, which we would like brought to the attention of your members.

1. SERVICE OF SUIT CLAUSE

This provision must be included in the original and all copies of documents evidencing coverage including certificates, policies, binders, cover notes, etc.

2. CONTRACT/DOCUMENTARY STAMP

This stamp must appear on the original and all copies of documents evidencing coverage including certificates, policies, binders, cover notes, etc.

3. SURPLUS LINE AFFIDAVITS

Most offices are attempting and in the main are doing a credible job in this area. We have however found a number of instances which need to be addressed. The main areas are:

A. LATE FILINGS

(i) "COURTESY" FILINGS:

Washington Surplus Line Brokers making filings of this type are assuming total responsibility in this state. They must be certain they are maintaining a complete file as it will be audited by this department. Although only money and security changes are submitted to the Surplus Line Association, the Insurance Code requires that a complete file be available.

OFFICE OF INSURANCE COMMISSIONER

Mr. John Bentley, Jr., Manager
Surplus Line Association of Washington
September 1, 1989
Page 2

(ii) AWAITING DOCUMENTS:

We are referring here to those brokers who await coverage documents from various sources, primarily alien/foreign insurers. In these cases, some offices are still unaware of the fact that your office maintains a "tickler" file to ensure that coverages are reported promptly.

(iii) INTERNAL PROCEDURES:

If your members are encountering internal procedural problems resulting in late filings we suggest they ask your office (SLA) for assistance. The notification procedure you established (as discussed in item (ii) above) will prevent any criticism. Those offices that requested your assistance seem to have largely eliminated this problem.

B. LOCATION OF RISK

In a number of instances, mostly those involving out-of-state owners of properties located in this state, item 3 of the affidavit is showing an address other than one located in the state of Washington. This of course is perfectly proper except that somewhere on the affidavit, we need to see the Washington location. We suggest this be inserted in item 4 after the description of coverage.

C. AFFIDAVIT SIGNATURE

The name of the surplus line broker signing the affidavit should be typed on the form below the signature. This is a new requirement. When anyone has to go back and review a filing it is too difficult to read some signatures several years later.

D. AFFIDAVITS IN FILE

There is considerable inconsistency here. Some brokers maintain their ("goldenrod") copy and the registered ("pink") copy of the affidavit in their file and discard the coverage documents sent to your office. Others keep the registered affidavit and the coverage documents, batched in a separate file with their copy maintained in their file, while still others keep no record at all in their file. There are many other permutations which would be too lengthy to discuss here.

OFFICE OF INSURANCE COMMISSIONER

Mr. John Bentley, Jr., Manager
Surplus Line Association of Washington
September 1, 1989
Page 3

When we review an underwriting file we will expect to find in that same file (as Rule 4(5) of your manual leads me to expect) the registered copy of the affidavit together with the actual coverage document that was reviewed and registered by your office. In the event the submission is en route to or from or actually at your office, the brokers ("goldenrod") copy, with the notarized and dated signature should be in their file.

4. DISORGANIZED FILES

During our audit process we have had occasion to review underwriting files that can at best be considered as disorganized. The correspondence is mixed in with coverage documents and then are not even attached to the file folder by a post fastener or other device. The papers appear to be slotted into the files on a random basis. This problem needs to be addressed now.

5. AUTHORIZED SIGNATURES

In some cases we have found documents evidencing coverage with unauthorized insurers which have been issued over the signature of persons other than those authorized to do so. Please alert your membership to the fact that they need to ensure that those individuals both within and without their office are empowered to sign such documents.

6. SURPLUS LINE PREMIUM TAX RETURNS

This last tax year a small number of firms failed to remit taxes on time. The Insurance code is quite specific as to when taxes are due and the penalties for delinquency. Some firms overlooked the fact that a return has to be filed even if no premiums need to be reported.

7. DISPLAY OF LICENSES

Many offices we visit do not have their licenses on display in the manner required by RCW 48.17.460.

8. INSTRUCTION PROCEDURES

A number of offices are allowing their staff to handle the mechanical aspects of filing Surplus Line business with inadequate instruction. I know your office has an on-going program of instruction and I would like you to again urge your membership to take advantage of this opportunity.

Surplus Line

ASSOCIATION OF WASHINGTON

OFFICE OF INSURANCE COMMISSIONER


Mr. John Bentley, Jr., Manager
Surplus Line Association of Washington
September 1, 1989
Page 4

We trust you can appreciate that this is not intended to be an indictment of your membership. This office has little interest in imposing penalties upon any of your members; we are much more interested in compliance with the Insurance Code. Having said this however, if we continue to discover the problems outlined above after you having advised your membership of our findings (and I know you are making every effort to do so as evidenced in part by your bulletin of May 11, 1989) we will be left with little or no alternative but to proceed in this manner.

It would be appreciated if you would circulate a copy of this letter to all members of your Association at the earliest date.

Very truly yours,

DICK MARQUARDT
Insurance Commissioner



BRUCE DAVIS
Deputy Insurance Commissioner

SECTION 8

WASHINGTON INSURANCE CODE

RCW Chapter 48.15
Unauthorized Insurers

Click [here](#) to view Washington Insurance Code RCW 48.15.

SECTION 9

WASHINGTON INSURANCE REGULATIONS

Washington Administrative Code - Surplus Line Insurance
Chapter 284-15

Click [here](#) to view Washington Insurance Regulations, Chapter 284-15.

SECTION 10

BULLETINS

February 18, 2016

Surplus Line Association of Washington

RE: Records Retention

Resolved by Board of Surplus Line Association of Washington: Policy Records received in connection with certification filings will be retained for five years following expiration date stated in the filing. In the event of filings of policies indicating coverage "until cancelled", retention shall be for 72 months following filing. This policy is to be appropriately communicated on the Association website and to the Office of the Washington Insurance Commissioner.

Click [here](#) to view additional documents and bulletins.