



MSLAA

MONTANA SURPLUS LINES AGENTS' ASSOCIATION – QUARTERLY NEWSLETTER JAN 2006

Year End Tax Statements

Tax statements will be mailed out only to licensed surplus lines producers before March 1, 2006. Payments are due to the state of Montana by April 1, 2006 and checks are made payable to: State of Montana. If you did not file any submissions with MSLAA in calendar year 2005 then you will not receive a tax statement nor are you required to file anything further. If you have any questions please call 406-443-7324.

All submissions sent it after Dec 31, 2005 that have an effective date of 2006 to 2007 will not be processed until after March 1, 2006. All 2005 to 2006 policies will be processed as normal.

Tidbits:

FILLING OUT SUBMISSION FORMS

When filling out a submission form, please use our interactive form that can be completed from your computer or you can type the information in with a typewriter. This is not required, but some handwriting can be very difficult to read which may cause a delay in processing of your submission.

Before sending in a submission form to the stamping office please look over the form and verify that all fields are completed. When fields are not filled in they will be sent back to the surplus lines producer to be completed. This quick step can save your agency a lot of time and money. All of us here at the MSLAA stamping office appreciate your help with this matter.

10% AND \$1500 EXCEPTION CONFUSION

If you are trying to use the new 10% AND \$1500 Exception and the type of risk for your insured is on the Approved Risk List (ARL) you cannot use the exception. When your risk is on the ARL then it is already approved to be written in the surplus lines market as those risks are very hard or impossible to place in the authorized market. If you are not positive you are eligible to use this exception feel free to call our office. Information about this can be found at: [MCA 33-2-302 \(1\) \(d\) \(i\) and \(2\)](#) and on our website at www.mslaa.org.

FREQUENTLY ASKED QUESTIONS

Q: What is the ARL List and how does it apply to me as a Producer or Customer Service Representative?

A: The Approved Risk List is a list of risks that are very hard or impossible to place in the Authorized Market. The Montana Department of Insurance (DOI) reviews the list with a committee and approves this list every 6 months. The DOI can amend the list at anytime. If you are writing a risk that falls under one of the categories listed then it is automatically can be placed in the Surplus Lines market. This allows you to skip questions #1 through #4 on the submission form.

Q: Can I attach a notarized statement to a submission form to replace the notary stamp on Part 1 or Part 2?

A: The answer is "No". Per the MT Dept. of Insurance, the notary stamp must be located on the submission form and not on any accompanying documentation. All submissions not meeting these criteria will be returned the surplus lines producer for correction.

Q: What are the requirements for using the "10% AND \$1500 exception" that was passed in the 2005 legislative session (HB-631)?

A:

1. The unauthorized market quote was placed with a surplus lines company that is "A" rated or better.
2. The authorized market quote that was used was the lowest premium from the diligent search.
3. The difference between the authorized market quote and the unauthorized market quote meet both the 10% AND the \$1500 requirements.
4. The insured must sign the surplus lines disclosure form. It should be kept with your records only.

For more information see [MCA 33-2-302](#).

Q: Is the diligent effort still required if you want to use the "10% AND \$1500 exception" ?

A: The answer is "YES". Nothing has changed regarding the diligent effort. It still has to be completed and documented before you can write business in the surplus lines market even if there is a company in the authorized market that will write the risk. Once you finish the diligent effort you can take the lowest authorized market quote and compare it to the surplus lines quote to see if it is eligible for this exception.

Q: How much time do I have to get my completed submission form to the Surplus Lines Stamping Office?

A: You have 30 days from the effective date of the policy.

Q: On Part 1, Question 1 on the submission form it says "Give a detailed description why insurance for this risk is unavailable from an authorized insurer" what answers are acceptable for this field?

A: Your answer has to be detailed enough to explain why it was not written. 1 word answers are not acceptable and the submission will be mailed back to the SL Producer to be corrected. If you are the SL Producer and do not see the completed form before it is sent to the stamping office, please make sure that you tell the Producing Producer to be detailed with their answers or it will cost the SL Producer unwanted work to fix the problem. Examples of some answers that are not acceptable to the stamping office are now available on the website at <http://www.mslaa.org/rntu.htm> . The list on the website is not every incorrect answer but just a few common ones that we see.

FUTURE ISSUES WILL BE AVAILABLE IN AN ELECTRONIC FORMAT, TO SUBSCRIBE TO THE MSLAA QUARTERLY NEWSLETTER PLEASE VISIT WWW.MSLAA.ORG AND FILL OUT THE SURVEY ON THE HOMEPAGE OR SEND AN EMAIL TO NSPANO@IAMT.ORG - PUT "[MSLAA NEWSLETTER](#)" IN THE SUBJECT LINE.