

Bulletin 12-03

To: Surplus Lines Agents and Independently Procured Insurance (IPC) Filers

From: Merle Scheiber, Director

Date: June 18, 2012

Re: Surplus Lines Filing in South Dakota

After the passage of the Nonadmitted and Reinsurance Reform Act (NRRA), South Dakota enacted enabling legislation to join multi-state agreements concerning surplus lines insurance and became a signatory to the Nonadmitted Insurance Multi-State Agreement (NIMA). NIMA functions to provide uniform filing and allocation of surplus lines premium tax when a NIMA participating state is the "Home State" under the provisions of the NRRA and the policy includes premium for an exposure in more than one state/territory, regardless of NIMA participation status. The purpose of this bulletin is to provide guidance regarding the filing of multi-state surplus lines policies where South Dakota is deemed the Home State.

All multi-state surplus lines policies issued or renewed on or after July 1, 2012, and any subsequent endorsements to those policies in which a NIMA-participating state is deemed the "Home State" must be filed with the Surplus Lines Clearinghouse as operated by the Florida Surplus Lines Service Office. Multi-state policies with an effective date prior to July 1, 2012 or endorsements on those policies will not be filed with the Clearinghouse. After July 1, 2012, any renewing multi-state policies and endorsements must be filed with the Clearinghouse. Brokers and policyholders may begin filing transactions with the Clearinghouse on July 1, 2012.

The Clearinghouse will function as the universal filing place for all surplus lines premium tax submissions where South Dakota is the Home State, including single-state risks, at a future date. At this time, single-state surplus lines premium tax will continue to be filed directly with the South Dakota Division of Insurance.

Brokers and IPC filers should be aware of the policy data elements that will be required to make these filings with the Surplus Lines Clearinghouse as they may differ from the information currently required to be collected for each policy. These elements and additional information can be found at the Clearinghouse website: www.slclearinghouse.com.

A web-based Multi-State Tax Calculator to assist brokers in estimating the taxes due for transactions submitted to the Clearinghouse is available on the Clearinghouse website. The calculator will provide brokers and policyholders estimates for all applicable surplus lines taxes, assessments, and the Clearinghouse transaction fees due for a multi-state placement for which the home state is a NIMA participating state.

Surplus lines filers must submit a Clearinghouse Registration Form to the Clearinghouse. Please find the form and additional guidance at the Division's website: <http://dlr.sd.gov/insurance>.