

SENATE BILL No. 206

By Committee on Ways and Means

2-15

1 AN ACT concerning surplus lines insurance; relating to the surplus lines
2 insurance multi-state compliance compact.

3
4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. This act may be cited as the Surplus Lines Insurance
6 Multi-State Compliance Compact.

7 **PREAMBLE**

8 WHEREAS, with regard to Non-Admitted Insurance policies
9 with risk exposures located in multiple states, the 111th United States
10 Congress, has stipulated in Title V, Subtitle B the Non-Admitted and
11 Reinsurance Reform Act of 2010, of the Dodd-Frank Wall Street Reform
12 and Consumer Protection Act, hereafter, the NRRRA, that:

13 (A) The placement of Non-Admitted Insurance shall be subject
14 to the statutory and regulatory requirements solely of the insured's Home
15 State, and

16 (B) Any law, regulation, provision, or action of any State that
17 applies or purports to apply to Non-Admitted Insurance sold to, solicited
18 by, or negotiated with an insured whose Home State is another State shall
19 be preempted with respect to such application; except that any State law,
20 rule, or regulation that restricts the placement of workers' compensation
21 insurance or excess insurance for self-funded workers' compensation
22 plans with a Non-Admitted Insurer shall not be preempted.

23 WHEREAS, in compliance with NRRRA, no State other than the
24 Home State of an insured may require any Premium Tax payment for
25 Non-Admitted Insurance; and no State other than an insured's Home
26 State may require a Surplus Lines Broker to be licensed in order to sell,
27 solicit, or negotiate Non-Admitted Insurance with respect to such insured;

28 WHEREAS, the NRRRA intends that the States may enter into a
29 compact or otherwise establish procedures to allocate among the States
30 the premium taxes paid to an insured's Home State; and that each State
31 adopt nationwide uniform requirements, forms, and procedures, such as
32 an interstate compact, that provide for the reporting, payment, collection,
33 and allocation of premium taxes for Non-Admitted Insurance;

34 WHEREAS, after the expiration of the two-year period
35 beginning on the date of the enactment of the NRRRA, a State may not
36 collect any fees relating to licensing of an individual or entity as a

1 Surplus Lines Licensee in the State unless the State has in effect at such
2 time laws or regulations that provide for participation by the State in the
3 national insurance producer database of the NAIC, or any other
4 equivalent uniform national database, for the licensure of Surplus Lines
5 Licensees and the renewal of such licenses;

6 WHEREAS, a need exists for a system of regulation that will
7 provide for Surplus Lines Insurance to be placed with reputable and
8 financially sound Non-Admitted Insurers, and that will permit orderly
9 access to Surplus Lines Insurance in this state and encourage insurers to
10 make new and innovative types of insurance available to consumers in
11 this state;

12 WHEREAS, protecting the revenue of this state and other
13 Compacting States may be accomplished by facilitating the payment and
14 collection of Premium Tax on Non-Admitted Insurance and providing for
15 allocation of Premium Tax for Non-Admitted Insurance of Multi-State
16 Risks among the States in accordance with Uniform Allocation Formulas;

17 WHEREAS, the efficiency of the surplus lines market may be
18 improved by eliminating duplicative and inconsistent tax and regulatory
19 requirements among the States, and by promoting and protecting the
20 interests of Surplus Lines Licensees who assist such insureds and Non-
21 Admitted Insurers, thereby ensuring the continued availability of Non-
22 Admitted Insurance to consumers;

23 WHEREAS, regulatory compliance with respect to Non-
24 Admitted Insurance placements may be streamlined by providing for
25 exclusive single-state regulatory compliance for Non-Admitted Insurance
26 of Multi-State Risks, thereby providing certainty regarding such
27 compliance to all persons who have an interest in such transactions,
28 including but not limited to insureds, regulators, Surplus Lines Licensees,
29 other insurance producers, and Surplus Lines Insurers;

30 WHEREAS, coordination of regulatory resources and expertise
31 between State insurance departments and other State agencies, as well as
32 State surplus lines stamping offices, with respect to Non-Admitted
33 Insurance will be improved;

34 NOW, THEREFORE, in consideration of the foregoing, the
35 State of Kansas and the various other States do hereby solemnly covenant
36 and agree, each with the other as follows:

37 **ARTICLE I**

38 **Purpose**

39 The purposes of this Compact are:

- 40 1. To implement the express provisions of the NRRA.
- 41 2. To protect the Premium Tax revenues of the Compacting
42 States through facilitating the payment and collection of Premium Tax on
43 Non-Admitted Insurance; and to protect the interests of the Compacting

1 States by supporting the continued availability of such insurance to
2 consumers; and to provide for allocation of Premium Tax for Non-
3 Admitted Insurance of Multi-State Risks among the States in accordance
4 with uniform Allocation Formulas to be developed, adopted, and
5 implemented by the Commission.

6 3. To streamline and improve the efficiency of the surplus lines
7 market by eliminating duplicative and inconsistent tax and regulatory
8 requirements among the States; and promote and protect the interest of
9 Surplus Lines Licensees who assist such insureds and Surplus Lines
10 Insurers, thereby ensuring the continued availability of Surplus Lines
11 Insurance to consumers.

12 4. To streamline regulatory compliance with respect to Non-
13 Admitted Insurance placements by providing for exclusive single-state
14 regulatory compliance for Non-Admitted Insurance of Multi-State Risks,
15 in accordance with Rules to be adopted by the Commission, thereby
16 providing certainty regarding such compliance to all persons who have
17 an interest in such transactions, including but not limited to insureds,
18 regulators, Surplus Lines Licensees, other insurance producers, and
19 Surplus Lines Insurers.

20 5. To establish a Clearinghouse for receipt and dissemination of
21 Premium Tax and Clearinghouse Transaction Data related to Non-
22 Admitted Insurance of Multi-State Risks, in accordance with Rules to be
23 adopted by the Commission.

24 6. To improve coordination of regulatory resources and expertise
25 between State insurance departments and other State agencies, as well as
26 State surplus lines stamping offices, with respect to Non-Admitted
27 Insurance.

28 7. To adopt uniform Rules to provide for Premium Tax payment,
29 reporting, allocation, data collection and dissemination for Non-Admitted
30 Insurance of Multi-State Risks and Single-State Risks, in accordance with
31 Rules to be adopted by the Commission, thereby promoting the overall
32 efficiency of the Non-Admitted Insurance market.

33 8. To adopt uniform mandatory Rules with respect to regulatory
34 compliance requirements for:

- 35 (i) foreign Insurer Eligibility Requirements;
- 36 (ii) surplus lines Policyholder Notices;

37 9. To establish the Surplus Lines Insurance Multi-State
38 Compliance Compact Commission.

39 10. To coordinate reporting of Clearinghouse Transaction Data
40 on Non-Admitted Insurance of Multi-State Risks among Compacting
41 States and Contracting States.

42 11. To perform these and such other related functions as may be
43 consistent with the purposes of the Surplus Lines Insurance Multi-State

1 Compliance Compact.

2 **ARTICLE II**

3 **Definitions**

4 For purposes of this Compact the following definitions shall
5 apply:

6 1. "Admitted Insurer" means an insurer that is licensed, or
7 authorized, to transact the business of insurance under the law of the
8 Home State; for purposes of this Compact "Admitted Insurer" shall not
9 include a domestic surplus lines insurer as may be defined by applicable
10 State law.

11 2. "Affiliate" means with respect to an insured, any entity that
12 controls, is controlled by, or is under common control with the insured.

13 3. "Allocation Formula" means the uniform methods
14 promulgated by the Commission by which insured risk exposures will be
15 apportioned to each State for the purpose of calculating Premium Taxes
16 due.

17 4. "Bylaws" means those bylaws established by the Commission
18 for its governance, or for directing or controlling the Commission's
19 actions or conduct.

20 5. "Clearinghouse" means the Commission's operations
21 involving the acceptance, processing, and dissemination, among the
22 Compacting States, Contracting States, Surplus Lines Licensees, insureds
23 and other persons, of Premium Tax and Clearinghouse Transaction Data
24 for Non-Admitted Insurance of Multi-State Risks, in accordance with this
25 Compact and Rules to be adopted by the Commission.

26 6. "Clearinghouse Transaction Data" means the information
27 regarding Non- Admitted Insurance of Multi-State Risks required to be
28 reported, accepted, collected, processed, and disseminated by Surplus
29 Lines Licensees for Surplus Lines Insurance and insureds for
30 Independently Procured Insurance under this Compact and Rules to be
31 adopted by the Commission. Clearinghouse Transaction Data includes
32 information related to Single-State Risks if a state elects to have the
33 Clearinghouse collect taxes on Single-State Risks for such state.

34 7. "Compacting State" means any State which has enacted this
35 Compact legislation and which has not withdrawn pursuant to Article
36 XIV, Section 1, or been terminated pursuant to Article XIV, Section 2.

37 8. "Commission" means the "Surplus Lines Insurance Multi-
38 State Compliance Compact Commission" established by this Compact.

39 9. "Commissioner" means the chief insurance regulatory official
40 of a State including, but not limited to commissioner, superintendent,
41 director or administrator or their designees.

42 10. "Contracting State" means any State which has not enacted
43 this Compact legislation but has entered into a written contract with the

1 Commission to utilize the services of and fully participate in the
2 Clearinghouse.

3 11. "Control" An entity has "control" over another entity if:

4 (A) The entity directly or indirectly or acting through one or
5 more other persons own, controls, or has the power to vote 25% or more
6 of any class of voting securities of the other entity; or

7 (B) the entity controls in any manner the election of a majority
8 of the directors or trustees of the other entity.

9 12. "Home State"

10 (A) IN GENERAL. Except as provided in subparagraph (B), the
11 term "Home State" means, with respect to an insured:

12 (i) the State in which an insured maintains its principal place of
13 business or, in the case of an individual, the individual's principal
14 residence; or

15 (ii) if 100% of the insured risk is located out of the State referred
16 to in subparagraph (A)(i), the State to which the greatest percentage of
17 the insured's taxable premium for that insurance contract is allocated.

18 (B) AFFILIATED GROUPS. If more than one insured from an
19 affiliated group are named insureds on a single Non-Admitted Insurance
20 contract, the term "Home State" means the Home State, as determined
21 pursuant to subparagraph (A), of the member of the affiliated group that
22 has the largest percentage of premium attributed to it under such
23 insurance contract.

24 13. "Independently Procured Insurance" means insurance
25 procured by an insured directly from a Surplus Lines Insurer or other
26 Non-Admitted Insurer as permitted by the laws of the Home State.

27 14. "Insurer Eligibility Requirements" means the criteria, forms
28 and procedures established to qualify as a Surplus Lines Insurer under the
29 law of the Home State provided that such criteria, forms and procedures
30 are consistent with the express provisions of the NRRRA on and after July
31 21, 2011.

32 15. "Member" means the person or persons chosen by a
33 Compacting State as its representative or representatives to the
34 Commission provided that each Compacting State shall be limited to one
35 vote.

36 16. "Multi-State Risk" means a risk with insured exposures in
37 more than one State.

38 17. "Non-Compacting State" means any State which has not
39 adopted this Compact.

40 18. "Non-Admitted Insurance" means Surplus Lines Insurance
41 and Independently Procured Insurance.

42 19. "Non-Admitted Insurer" means an insurer that is not
43 authorized or admitted to transact the business of insurance under the law

1 of the Home State.

2 20. "NRRRA" means the Non-Admitted and Reinsurance Reform
3 Act which is Title V, Subtitle B of the Dodd-Frank Wall Street Reform
4 and Consumer Protection Act.

5 21. "Policyholder Notice" means the disclosure notice or stamp
6 that is required to be furnished to the applicant or policyholder in
7 connection with a Surplus Lines Insurance placement.

8 22. "Premium Tax" means with respect to Non-Admitted
9 Insurance, any tax, fee, assessment, or other charge imposed by a
10 government entity directly or indirectly based on any payment made as
11 consideration for such insurance, including premium deposits,
12 assessments, registration fees, and any other compensation given in
13 consideration for a contract of insurance.

14 23. "Principal Place of Business" means with respect to
15 determining the Home State of the insured, the state where the insured
16 maintains its headquarters and where the insured's high-level officers
17 direct, control and coordinate the business activities of the insured.

18 24. "Purchasing Group" means any group formed pursuant to the
19 Liability Risk Retention Act which has as one of its purposes the
20 purchase of liability insurance on a group basis, purchases such
21 insurance only for its group members and only to cover their similar or
22 related liability exposure and is composed of members whose businesses
23 or activities are similar or related with respect to the liability to which
24 members are exposed by virtue of any related, similar or common
25 business, trade, product, services, premises or operations and is domiciled
26 in any State.

27 25. "Rule" means a statement of general or particular
28 applicability and future effect promulgated by the Commission designed
29 to implement, interpret, or prescribe law or policy or describing the
30 organization, procedure or practice requirements of the Commission
31 which shall have the force and effect of law in the Compacting States.

32 26. "Single-State Risk" means a risk with insured exposures in
33 only one State.

34 27. "State" means any state, district or territory of the United
35 States of America.

36 28. "State Transaction Documentation" means the information
37 required under the laws of the Home State to be filed by Surplus Lines
38 Licensees in order to report Surplus Lines Insurance and verify
39 compliance with surplus lines laws, and by insureds in order to report
40 Independently Procured Insurance.

41 29. "Surplus Lines Insurance" means insurance procured by a
42 Surplus Lines Licensee from a Surplus Lines Insurer or other Non-
43 Admitted Insurer as permitted under the law of the Home State; for

1 purposes of this Compact “Surplus Lines Insurance” shall also mean
2 excess lines insurance as may be defined by applicable State law.

3 30. "Surplus Lines Insurer" means a Non-Admitted Insurer
4 eligible under the law of the Home State to accept business from a
5 Surplus Lines Licensee; for purposes of this Compact “Surplus Lines
6 Insurer” shall also mean an insurer which is permitted to write Surplus
7 Lines Insurance under the laws of the state where such insurer is
8 domiciled.

9 31. “Surplus Lines Licensee” means an individual, firm or
10 corporation licensed under the law of the Home State to place Surplus
11 Lines Insurance.

12 **ARTICLE III**

13 **Establishment of the Commission and Venue**

14 1. The Compacting States hereby create and establish a joint
15 public agency known as the Surplus Lines Insurance Multi-State
16 Compliance Compact Commission.”

17 2. Pursuant to Article IV, the Commission will have the power to
18 adopt mandatory Rules which establish exclusive Home State authority
19 regarding Non-Admitted Insurance of Multi State Risks, Allocation
20 Formulas, Clearinghouse Transaction Data, a Clearinghouse for receipt
21 and distribution of allocated Premium Tax and Clearinghouse Transaction
22 Data, and uniform rulemaking procedures and Rules for the purpose of
23 financing, administering, operating and enforcing compliance with the
24 provisions of this Compact, its Bylaws and Rules.

25 3. Pursuant to Article IV, the Commission will have the power to
26 adopt mandatory Rules establishing foreign Insurer Eligibility
27 Requirements and a concise and objective Policyholder Notice regarding
28 the nature of a surplus lines placement.

29 4. The Commission is a body corporate and politic, and an
30 instrumentality of the Compacting States.

31 5. The Commission is solely responsible for its liabilities except
32 as otherwise specifically provided in this Compact.

33 6. Venue is proper and judicial proceedings by or against the
34 Commission shall be brought solely and exclusively in a court of
35 competent jurisdiction where the principal office of the Commission is
36 located. The Commission may waive venue and jurisdictional defenses to
37 the extent it adopts or consents to participate in alternative dispute
38 resolution proceedings.

39 **ARTICLE IV**

40 **Authority to Establish Mandatory Rules**

41 The Commission shall adopt mandatory Rules which establish:

42 1. Allocation Formulas for each type of Non-Admitted Insurance
43 coverage, which Allocation Formulas must be used by each Compacting

1 State and Contracting State in acquiring Premium Tax and Clearinghouse
2 Transaction Data from Surplus Lines Licensees and insureds for reporting
3 to the Clearinghouse created by the Compact Commission. Such
4 Allocation Formulas will be established with input from Surplus lines
5 Licensees and be based upon readily available data with simplicity and
6 uniformity for the Surplus Line Licensee as a material consideration.

7 2. Uniform Clearinghouse Transaction Data reporting
8 requirements for all information reported to the Clearinghouse.

9 3. Methods by which Compacting States and Contracting States
10 require Surplus Lines Licensees and insureds to pay Premium Tax and to
11 report Clearinghouse Transaction Data to the Clearinghouse, including
12 but not limited to processing Clearinghouse Transaction Data through
13 State stamping and service offices, State insurance departments, or other
14 State designated agencies or entities.

15 4. That Non-Admitted Insurance of Multi-State Risks shall be
16 subject to all of the regulatory compliance requirements of the Home
17 State exclusively. Home State regulatory compliance requirements
18 applicable to Surplus Lines Insurance shall include but not be limited to,
19 (i) person(s) required to be licensed to sell, solicit, or negotiate Surplus
20 Lines Insurance; (ii) Insurer Eligibility Requirements or other approved
21 Non-Admitted Insurer requirements; (iii) Diligent Search; (iv) State
22 Transaction Documentation and Clearinghouse Transaction Data
23 regarding the payment of Premium Tax as set forth in this Compact and
24 Rules to be adopted by the Commission. Home State regulatory
25 compliance requirements applicable to Independently Procured Insurance
26 placements shall include but not be limited to providing State Transaction
27 Documentation and Clearinghouse Transaction Data regarding the
28 payment of Premium Tax as set forth in this Compact and Rules to be
29 adopted by the Commission.

30 5. That each Compacting State and Contracting State may
31 charge its own rate of taxation on the premium allocated to such State
32 based on the applicable Allocation Formula provided that the state
33 establishes one single rate of taxation applicable to all Non-Admitted
34 Insurance transactions and no other tax, fee assessment or other charge by
35 any governmental or quasi governmental agency be permitted.
36 Notwithstanding the foregoing, stamping office fees may be charged as a
37 separate, additional cost unless such fees are incorporated into a state's
38 single rate of taxation.

39 6. That any change in the rate of taxation by any Compacting
40 State or Contracting State be restricted to changes made prospectively on
41 not less than 90 days advance notice to the Compact Commission.

42 7. That each Compacting State and Contracting State shall
43 require Premium Tax payments either annually, semi-annually, or

1 quarterly utilizing one or more of the following dates only: March 1, June
2 1, September 1, and December 1.

3 8. That each Compacting State and Contracting State prohibit
4 any other State agency or political subdivision from requiring Surplus
5 Lines Licensees to provide Clearinghouse Transaction Data and State
6 Transaction Documentation other than to the insurance department or tax
7 officials of the Home State or one single designated agent thereof.

8 9. The obligation of the Home State by itself, through a
9 designated agent, surplus lines stamping or service office, to collect
10 Clearinghouse Transaction Data from Surplus Line Licensees and from
11 insureds for Independently Procured Insurance, where applicable, for
12 reporting to the Clearinghouse.

13 10. A method for the Clearinghouse to periodically report to
14 Compacting States, Contracting States, Surplus Lines Licensees and
15 insureds who independently procure insurance, all Premium Taxes owed
16 to each of the Compacting States and Contracting States, the dates upon
17 which payment of such Premium Taxes are due and a method to pay them
18 through the Clearinghouse.

19 11. That each Surplus Line Licensee is required to be licensed
20 only in the Home State of each insured for whom Surplus Lines
21 Insurance has been procured.

22 12. That a policy considered to be Surplus Lines Insurance in the
23 insured's Home State shall be considered Surplus Lines Insurance in all
24 Compacting States and Contracting States, and taxed as a Surplus Lines
25 transaction in all states to which a portion of the risk is allocated. Each
26 Compacting State and Contracting State shall require each Surplus Lines
27 Licensee to pay to every other Compacting State and Contracting State
28 Premium Taxes on each Multi-State Risk through the Clearinghouse at
29 such tax rate charged on surplus lines transactions in such other
30 Compacting States and Contracting States on the portion of the risk in
31 each such Compacting State and Contracting State as determined by the
32 applicable uniform Allocation Formula adopted by the Commission. A
33 policy considered to be Independently Procured Insurance in the insured's
34 Home State shall be considered Independently Procured Insurance in all
35 Compacting States and Contracting States. Each Compacting State and
36 Contracting State shall require the insured to pay every other Compacting
37 State and Contracting State the Independently Procured Insurance
38 Premium Tax on each Multi-State Risk through the Clearinghouse
39 pursuant to the uniform Allocation Formula adopted by the Commission.

40 13. Uniform foreign Insurer Eligibility Requirements as
41 authorized by the NRRA.

42 14. A uniform Policyholder Notice.

43 15. Uniform treatment of Purchasing Group Surplus Lines

1 Insurance placements.

2 **ARTICLE V**

3 **Powers of the Commission**

4 The Commission shall have the following powers:

5 1. To promulgate Rules and operating procedures, pursuant to
6 Article VIII of this Compact, which shall have the force and effect of law
7 and shall be binding in the Compacting States to the extent and in the
8 manner provided in this Compact;

9 2. To bring and prosecute legal proceedings or actions in the
10 name of the Commission, provided that the standing of any State
11 insurance department to sue or be sued under applicable law shall not be
12 affected;

13 3. To issue subpoenas requiring the attendance and testimony of
14 witnesses and the production of evidence, provided however, the
15 Commission is not empowered to demand or subpoena records or data
16 from Non-Admitted Insurers;

17 4. To establish and maintain offices including the creation of a
18 Clearinghouse for the receipt of Premium Tax and Clearinghouse
19 Transaction Data regarding Non-Admitted Insurance of Multi-State
20 Risks, Single-State Risks for states which elect to require Surplus Lines
21 Licensees to pay Premium Tax on Single State Risks through the
22 Clearinghouse and tax reporting forms;

23 5. To purchase and maintain insurance and bonds;

24 6. To borrow, accept or contract for services of personnel,
25 including, but not limited to, employees of a Compacting State or
26 stamping office, pursuant to an open, transparent, objective competitive
27 process and procedure adopted by the Commission;

28 7. To hire employees, professionals or specialists, and elect or
29 appoint officers, and to fix their compensation, define their duties and
30 give them appropriate authority to carry out the purposes of the Compact,
31 and determine their qualifications, pursuant to an open, transparent,
32 objective competitive process and procedure adopted by the Commission;
33 and to establish the Commission's personnel policies and programs
34 relating to conflicts of interest, rates of compensation and qualifications
35 of personnel, and other related personnel matters;

36 8. To accept any and all appropriate donations and grants of
37 money, equipment, supplies, materials and services, and to receive, utilize
38 and dispose of the same; provided that at all times the Commission shall
39 avoid any appearance of impropriety and/or conflict of interest;

40 9. To lease, purchase, accept appropriate gifts or donations of, or
41 otherwise to own, hold, improve or use, any property, real, personal or
42 mixed; provided that at all times the Commission shall avoid any
43 appearance of impropriety and/or conflict of interest;

- 1 10. To sell convey, mortgage, pledge, lease, exchange, abandon
2 or otherwise dispose of any property real, personal or mixed;
- 3 11. To provide for tax audit Rules and procedures for the
4 Compacting States with respect to the allocation of Premium Taxes
5 including:
 - 6 a. Minimum audit standards, including sampling methods,
 - 7 b. Review of internal controls,
 - 8 c. Cooperation and sharing of audit responsibilities between
9 Compacting States,
 - 10 d. Handling of refunds or credits due to overpayments or
11 improper allocation of Premium Taxes,
 - 12 e. Taxpayer records to be reviewed including a minimum
13 retention period,
 - 14 f. Authority of Compacting States to review, challenge, or re-
15 audit taxpayer records.
- 16 12. To enforce compliance by Compacting States and
17 Contracting States with Rules, and Bylaws pursuant to the authority set
18 forth in Article XIV;
- 19 13. To provide for dispute resolution among Compacting States
20 and Contracting States;
- 21 14. To advise Compacting States and Contracting States on tax-
22 related issues relating to insurers, insureds, Surplus Lines Licensees,
23 agents or brokers domiciled or doing business in Non-Compacting States,
24 consistent with the purposes of this Compact;
- 25 15. To make available advice and training to those personnel in
26 State stamping offices, State insurance departments or other State
27 departments for record keeping, tax compliance, and tax allocations; and
28 to be a resource for State insurance departments and other State
29 departments;
- 30 16. To establish a budget and make expenditures;
- 31 17. To borrow money;
- 32 18. To appoint and oversee committees, including advisory
33 committees comprised of Members, State insurance regulators, State
34 legislators or their representatives, insurance industry and consumer
35 representatives, and such other interested persons as may be designated in
36 this Compact and the Bylaws;
- 37 19. To establish an Executive Committee of not less than seven
38 (7) nor more than fifteen (15) representatives, which shall include officers
39 elected by the Commission and such other representatives as provided for
40 herein and determined by the Bylaws. Representatives of the Executive
41 Committee shall serve a one year term. Representatives of the Executive
42 Committee shall be entitled to one vote each. The Executive Committee
43 shall have the power to act on behalf of the Commission, with the

1 Commission the Executive Committee and the Operations Committee;

2 iii. Providing reasonable standards and procedures: (i) for the
3 establishment and meetings of other committees, and (ii) governing any
4 general or specific delegation of any authority or function of the
5 Commission;

6 iv. Providing reasonable procedures for calling and conducting
7 meetings of the Commission that consist of a majority of Commission
8 Members, ensuring reasonable advance notice of each such meeting and
9 providing for the right of citizens to attend each such meeting with
10 enumerated exceptions designed to protect the public's interest, the
11 privacy of individuals, and insurers' and Surplus Lines Licensees'
12 proprietary information, including trade secrets. The Commission may
13 meet in camera only after a majority of the entire membership votes to
14 close a meeting in toto or in part. As soon as practicable, the Commission
15 must make public: (i) a copy of the vote to close the meeting revealing
16 the vote of each Member with no proxy votes allowed, and (ii) votes
17 taken during such meeting;

18 v. Establishing the titles, duties and authority and reasonable
19 procedures for the election of the officers of the Commission;

20 vi. Providing reasonable standards and procedures for the
21 establishment of the personnel policies and programs of the Commission.
22 Notwithstanding any civil service or other similar laws of any
23 Compacting State, the Bylaws shall exclusively govern the personnel
24 policies and programs of the Commission;

25 vii. Promulgating a code of ethics to address permissible and
26 prohibited activities of Commission Members and employees;

27 viii. Providing a mechanism for winding up the operations of the
28 Commission and the equitable disposition of any surplus funds that may
29 exist after the termination of the Compact after the payment and/or
30 reserving of all of its debts and obligations;

31 ix. The Commission shall publish its Bylaws in a convenient
32 form and file a copy thereof and a copy of any amendment thereto, with
33 the appropriate agency or officer in each of the Compacting States.

34 2. Executive Committee, Personnel and Chairperson

35 a. An Executive Committee of the Commission ("Executive
36 Committee") shall be established. All actions, of the Executive
37 Committee, including compliance and enforcement are subject to the
38 review and ratification of the Commission as provided in the Bylaws. The
39 Executive Committee shall have no more than fifteen (15)
40 representatives, or one for each State if there are less than fifteen (15)
41 Compacting States, who shall serve for a term and be established in
42 accordance with the Bylaws.

43 b. The Executive Committee shall have such authority and duties

- 1 as may be set forth in the Bylaws, including but not limited to:
- 2 i. Managing the affairs of the Commission in a manner
3 consistent with the Bylaws and purposes of the Commission;
- 4 ii. Establishing and overseeing an organizational structure
5 within, and appropriate procedures for the Commission to provide for the
6 creation of Rules and operating procedures.
- 7 iii. Overseeing the offices of the Commission; and
- 8 iv. Planning, implementing, and coordinating communications
9 and activities with other State, federal and local government
10 organizations in order to advance the goals of the Commission.
- 11 c. The Executive Committee shall annually elect a Chairperson
12 from the Executive Committee, having such authority and duties, as may
13 be specified in the Bylaws.
- 14 d. The Executive Committee may, subject to the approval of the
15 Commission, appoint or retain an executive director for such period, upon
16 such terms and conditions and for such compensation as the Commission
17 may deem appropriate. The executive director shall serve as secretary to
18 the Commission, but shall not be a Member of the Commission. The
19 executive director shall hire and supervise such other persons as may be
20 authorized by the Commission.
- 21 e. All representatives of the Executive Committee shall be
22 individuals who have extensive experience and or employment in the
23 Surplus Lines Insurance business including but not limited to executives
24 and attorneys employed by Surplus Line Insurers, Surplus Lines
25 Licensees, Law Firms, state Insurance Departments and or State
26 Stamping Offices.
- 27 3. Operations Committee
- 28 a. An Operations Committee shall be established. All actions of
29 the Operations Committee are subject to the review and oversight of the
30 Commission and the Executive Committee and must be approved by the
31 Commission. The Executive Committee will accept the determinations
32 and recommendations of the Operations Committee unless good cause is
33 shown why such determinations and recommendations should not be
34 approved. Any disputes as to whether good cause exists to reject any
35 determination or recommendation of the Operations Committee shall be
36 resolved by the majority vote of the Commission.
- 37 The Operations Committee shall have no more than fifteen (15)
38 representatives or one for each State if there are less than fifteen (15)
39 Compacting States, who shall serve for a term and shall be established as
40 set forth in the Bylaws.
- 41 The Operations Committee shall have responsibility for:
- 42 i. Evaluating technology requirements for the Clearinghouse,
43 assessing existing systems used by state regulatory agencies and state

1 stamping offices to maximize the efficiency and successful integration of
2 the Clearinghouse technology systems with state and state stamping
3 office technology platforms and to minimize costs to the states, state
4 stamping offices and the Clearinghouse.

5 ii. Making recommendations to the Executive Committee based
6 on its analysis and determination of the Clearinghouse technology
7 requirements and compatibility with existing state and state stamping
8 office systems.

9 iii. Evaluating the most suitable proposals for adoption as
10 mandatory Rules, assessing such proposals for ease of integration by
11 states, and likelihood of successful implementation and to report to the
12 Executive Committee its determinations and recommendations.

13 iv. Such other duties and responsibilities as are delegated to it by
14 the Bylaws, the Executive Committee or the Commission.

15 b. All representatives of the Operations Committee shall be
16 individuals who have extensive experience and/or employment in the
17 Surplus Lines Insurance business including but not limited to executives
18 and attorneys employed by Surplus Line Insurers, Surplus Line
19 Licensees, Law Firms, State Insurance Departments and or State
20 stamping offices. Operations Committee representatives from
21 Compacting States which utilize the services of a state stamping office
22 must appoint the Chief Operating Officer or a senior manager of the state
23 stamping office to the Operations Committee.

24 4. Legislative and Advisory Committees

25 a. A legislative committee comprised of State legislators or their
26 designees shall be established to monitor the operations of and make
27 recommendations to, the Commission, including the Executive
28 Committee; provided that the manner of selection and term of any
29 legislative committee member shall be as set forth in the Bylaws. Prior to
30 the adoption by the Commission of any Uniform Standard, revision to the
31 Bylaws, annual budget or other significant matter as may be provided in
32 the Bylaws, the Executive Committee shall consult with and report to the
33 legislative committee.

34 b. The Commission may establish additional advisory
35 committees as its Bylaws may provide for the carrying out of its
36 functions.

37 5. Corporate Records of the Commission

38 The Commission shall maintain its corporate books and records
39 in accordance with the Bylaws.

40 6. Qualified Immunity, Defense and Indemnification

41 a. The Members, officers, executive director, employees and
42 representatives of the Commission, the Executive Committee and any
43 other Committee of the Commission shall be immune from suit and

1 liability, either personally or in their official capacity, for any claim for
2 damage to or loss of property or personal injury or other civil liability
3 caused by or arising out of any actual or alleged act, error or omission
4 that occurred, or that the person against whom the claim is made had a
5 reasonable basis for believing occurred within the scope of Commission
6 employment, duties or responsibilities; provided that nothing in this
7 paragraph shall be construed to protect any such person from suit and/or
8 liability for any damage, loss, injury or liability caused by the intentional
9 or willful or wanton misconduct of that person.

10 b. The Commission shall defend any Member, officer, executive
11 director, employee or representative of the Commission, the Executive
12 Committee or any other Committee of the Commission in any civil action
13 seeking to impose liability arising out of any actual or alleged act, error or
14 omission that occurred within the scope of Commission employment,
15 duties or responsibilities, or that the person against whom the claim is
16 made had a reasonable basis for believing occurred within the scope of
17 Commission employment, duties or responsibilities; provided that
18 nothing herein shall be construed to prohibit that person from retaining
19 his or her own counsel; and provided further, that the actual or alleged act
20 error or omission did not result from that person's intentional or willful or
21 wanton misconduct.

22 c. The Commission shall indemnify and hold harmless any
23 Member, officer, executive director, employee or representative of the
24 Commission, Executive Committee or any other Committee of the
25 Commission for the amount of any settlement or judgment obtained
26 against that person arising out of any actual or alleged act, error or
27 omission that occurred within the scope of Commission employment,
28 duties or responsibilities, or that such person had a reasonable basis for
29 believing occurred within the scope of Commission employment, duties
30 or responsibilities, provided that the actual or alleged act, error or
31 omission did not result from the intentional or willful or wanton
32 misconduct of that person.

33 **ARTICLE VII**

34 **Meetings and Acts of the Commission**

35 1. The Commission shall meet and take such actions as are
36 consistent with the provisions of this Compact and the Bylaws.

37 2. Each Member of the Commission shall have the right and
38 power to cast a vote to which that Compacting State is entitled and to
39 participate in the business and affairs of the Commission. A Member shall
40 vote in person or by such other means as provided in the Bylaws. The
41 Bylaws may provide for Members' participation in meetings by telephone
42 or other means of communication.

43 3. The Commission shall meet at least once during each calendar

1 beyond the scope of the purposes of this Act, or the powers granted
2 hereunder, then such an action by the Commission shall be invalid and
3 have no force or effect.

4 2. Rulemaking Procedure.—Rules shall be made pursuant to a
5 rulemaking process that substantially conforms to the “Model State
6 Administrative Procedure Act,” of 1981 Act, Uniform Laws Annotated,
7 Vol. 15, p.1 (2000) as amended, as may be appropriate to the operations
8 of the Commission.

9 3. Effective Date - All Rules and amendments, thereto, shall
10 become effective as of the date specified in each Rule, operating
11 procedure or amendment.

12 4. Not later than thirty (30) days after a Rule is promulgated, any
13 person may file a petition for judicial review of the Rule; provided that
14 the filing of such a petition shall not stay or otherwise prevent the Rule
15 from becoming effective unless the court finds that the Petitioner has a
16 substantial likelihood of success. The court shall give deference to the
17 actions of the Commission consistent with applicable law and shall not
18 find the Rule to be unlawful if the Rule represents a reasonable exercise
19 of the Commission’s authority.

20 **ARTICLE IX**

21 **Commission Records and Enforcement**

22 1. The Commission shall promulgate Rules establishing
23 conditions and procedures for public inspection and copying of its
24 information and official records, except such information and records
25 involving the privacy of individuals, insurers, insureds or Surplus Lines
26 Licensee trade secrets. State Transaction Documentation and
27 Clearinghouse Transaction Data collected by the Clearinghouse shall be
28 used for only those purposes expressed in or reasonably implied under
29 the provisions of this Compact and the Commission shall afford this data
30 the broadest protections as permitted by any applicable law for
31 proprietary information, trade secrets or personal data. The Commission
32 may promulgate additional Rules under which it may make available to
33 federal and State agencies, including law enforcement agencies, records
34 and information otherwise exempt from disclosure, and may enter into
35 agreements with such agencies to receive or exchange information or
36 records subject to nondisclosure and confidentiality provisions.

37 2. Except as to privileged records, data and information, the laws
38 of any Compacting State pertaining to confidentiality or nondisclosure
39 shall not relieve any Compacting State Member of the duty to disclose
40 any relevant records, data or information to the Commission; provided
41 that disclosure to the Commission shall not be deemed to waive or
42 otherwise affect any confidentiality requirement, and further provided
43 that, except as otherwise expressly provided in this Act, the Commission

1 shall not be subject to the Compacting State's laws pertaining to
2 confidentiality and nondisclosure with respect to records, data and
3 information in its possession. Confidential information of the
4 Commission shall remain confidential after such information is provided
5 to any Member, and the Commission shall maintain the confidentiality of
6 any information provided by a member that is confidential under that
7 Member's State Law.

8 3. The Commission shall monitor Compacting States for
9 compliance with duly adopted Bylaws and Rules. The Commission shall
10 notify any non-complying Compacting State in writing of its
11 noncompliance with Commission Bylaws or Rules. If a non-complying
12 Compacting State fails to remedy its noncompliance within the time
13 specified in the notice of noncompliance, the Compacting State shall be
14 deemed to be in default as set forth in Article XIV.

15 **ARTICLE X**

16 **Dispute Resolution**

17 1. Before a Member may bring an action in a court of competent
18 jurisdiction for violation of any provision, standard or requirement of the
19 Compact, the Commission shall attempt, upon the request of a Member,
20 to resolve any disputes or other issues that are subject to this Compact
21 and which may arise between two or more Compacting States,
22 Contracting States or Non-Compacting States, and the Commission shall
23 promulgate a Rule providing alternative dispute resolution procedures for
24 such disputes.

25 2. The Commission shall also provide alternative dispute
26 resolution procedures to resolve any disputes between insureds or Surplus
27 Lines Licensees concerning a tax calculation or allocation or related
28 issues which are the subject of this Compact.

29 3. Any alternative dispute resolution procedures shall be utilized
30 in circumstances where a dispute arises as to which State constitutes the
31 Home State.

32 **ARTICLE XI**

33 **Review of Commission Decisions**

34 Regarding Commission decisions:

35 1. Except as necessary for promulgating Rules to fulfill the
36 purposes of this Compact, the Commission shall not have authority to
37 otherwise regulate insurance in the Compacting States.

38 2. Not later than thirty (30) days after the Commission has given
39 notice of any Rule, or Allocation Formula any third party filer or
40 Compacting State may appeal the determination to a review panel
41 appointed by the Commission. The Commission shall promulgate Rules
42 to establish procedures for appointing such review panels and provide for
43 notice and hearing. An allegation that the Commission, in making

1 compliance or tax determinations acted arbitrarily, capriciously, or in a
2 manner that is an abuse of discretion or otherwise not in accordance with
3 the law, is subject to judicial review in accordance with Article III,
4 Section 6.

5 3. The Commission shall have authority to monitor, review and
6 reconsider Commission decisions upon a finding that the determinations
7 or allocations do not meet the relevant Rule. Where appropriate, the
8 Commission may withdraw or modify its determination or allocation after
9 proper notice and hearing, subject to the appeal process in Section 2
10 above.

11 **ARTICLE XII**

12 **Finance**

13 1. The Commission shall pay or provide for the payment of the
14 reasonable expenses of its establishment and organization. To fund the
15 cost of its initial operations the Commission may accept contributions,
16 grants, and other forms of funding from the State stamping offices,
17 Compacting States and other sources.

18 2. The Commission shall collect a fee payable by the insured
19 directly or through a Surplus Lines Licensee on each transaction
20 processed through the Compact Clearinghouse, to cover the cost of the
21 operations and activities of the Commission and its staff in a total amount
22 sufficient to cover the Commission's annual budget.

23 3. The Commission's budget for a fiscal year shall not be
24 approved until it has been subject to notice and comment as set forth in
25 Article VIII of this Compact.

26 4. The Commission shall be regarded as performing essential
27 governmental functions in exercising such powers and functions and in
28 carrying out the provisions of this Compact and of any law relating
29 thereto, and shall not be required to pay any taxes or assessments of any
30 character, levied by any State or political subdivision thereof, upon any of
31 the property used by it for such purposes, or any income or revenue
32 therefrom, including any profit from a sale or exchange.

33 5. The Commission shall keep complete and accurate accounts
34 of all its internal receipts, including grants and donations, and
35 disbursements for all funds under its control. The internal financial
36 accounts of the Commission shall be subject to the accounting procedures
37 established under its Bylaws. The financial accounts and reports
38 including the system of internal controls and procedures of the
39 Commission shall be audited annually by an independent certified public
40 accountant. Upon the determination of the Commission, but not less
41 frequently than every three (3) years, the review of the independent
42 auditor shall include a management and performance audit of the
43 Commission. The Commission shall make an annual report to the

1 Governor and legislature of the Compacting States, which shall include a
 2 report of the independent audit. The Commission's internal accounts shall
 3 not be confidential and such materials may be shared with the
 4 Commissioner, the controller, or the stamping office of any Compacting
 5 State upon request provided, however, that any work papers related to any
 6 internal or independent audit and any information regarding the privacy
 7 of individuals, and licensees' and insurers' proprietary information,
 8 including trade secrets, shall remain confidential.

9 6. No Compacting State shall have any claim to or ownership of
 10 any property held by or vested in the Commission or to any Commission
 11 funds held pursuant to the provisions of this Compact.

12 7. The Commission shall not make any political contributions to
 13 candidates for elected office, elected officials, political parties nor
 14 political action committees. The Commission shall not engage in
 15 lobbying except with respect to changes to this Compact.

16 **ARTICLE XIII**

17 **Compacting States, Effective Date and Amendment**

18 1. Any State is eligible to become a Compacting State.

19 2. The Compact shall become effective and binding upon
 20 legislative enactment of the Compact into law by two (2) Compacting
 21 States, provided the Commission shall become effective for purposes of
 22 adopting Rules, and creating the Clearinghouse when there are a total of
 23 ten (10) Compacting States and Contracting States or, alternatively, when
 24 there are Compacting States and Contracting States representing greater
 25 than forty percent (40%) of the Surplus Lines Insurance premium volume
 26 based on records of the percentage of Surplus Lines Insurance premium
 27 set forth in Appendix A hereto. Thereafter, it shall become effective and
 28 binding as to any other Compacting State upon enactment of the Compact
 29 into law by that State. Notwithstanding the foregoing, the Clearinghouse
 30 operations and the duty to report Clearinghouse Transaction Data shall
 31 begin on the first January 1st or July 1st following the first anniversary of
 32 the Commission effective date. For States which join the Compact
 33 subsequent to the effective date, a start date for reporting Clearinghouse
 34 Transaction Data shall be set by the Commission provided Surplus Lines
 35 Licensees and all other interested parties receive not less than 90 days
 36 advance notice.

37 3. Amendments to the Compact may be proposed by the
 38 Commission for enactment by the Compacting States. No amendment
 39 shall become effective and binding upon the Commission and the
 40 Compacting States unless and until all Compacting States enact the
 41 amendment into law.

42 **ARTICLE XIV**

43 **Withdrawal, Default and Termination**

1 1. Withdrawal

2 a. Once effective, the Compact shall continue in force and
3 remain binding upon each and every Compacting State, provided that a
4 Compacting State may withdraw from the Compact ("Withdrawing
5 State") by enacting a statute specifically repealing the statute which
6 enacted the Compact into law.

7 b. The effective date of withdrawal is the effective date of the
8 repealing statute. However, the withdrawal shall not apply to any tax or
9 compliance determinations approved on the date the repealing statute
10 becomes effective, except by mutual agreement of the Commission and
11 the Withdrawing State unless the approval is rescinded by the
12 Commission.

13 c. The Member of the Withdrawing State shall immediately
14 notify the Executive Committee of the Commission in writing upon the
15 introduction of legislation repealing this Compact in the Withdrawing
16 State.

17 d. The Commission shall notify the other Compacting States of
18 the introduction of such legislation within ten (10) days after its receipt of
19 notice thereof.

20 e. The Withdrawing State is responsible for all obligations,
21 duties and liabilities incurred through the effective date of withdrawal,
22 including any obligations, the performance of which extend beyond the
23 effective date of withdrawal. To the extent those obligations may have
24 been released or relinquished by mutual agreement of the Commission
25 and the Withdrawing State, the Commission's determinations prior to the
26 effective date of withdrawal shall continue to be effective and be given
27 full force and effect in the Withdrawing State, unless formally rescinded
28 by the Commission.

29 f. Reinstatement following withdrawal of any Compacting State
30 shall occur upon the effective date of the Withdrawing State reenacting
31 the Compact.

32 2. Default

33 a. If the Commission determines that any Compacting State has
34 at anytime defaulted ("Defaulting State") in the performance of any of its
35 obligations or responsibilities under this Compact, the Bylaws or duly
36 promulgated Rules then after notice and hearing as set forth in the
37 Bylaws, all rights, privileges and benefits conferred by this Compact on
38 the Defaulting State shall be suspended from the effective date of default
39 as fixed by the Commission. The grounds for default include, but are not
40 limited to, failure of a Compacting State to perform its obligations or
41 responsibilities, and any other grounds designated in Commission Rules.
42 The Commission shall immediately notify the Defaulting State in writing
43 of the Defaulting State's suspension pending a cure of the default. The

1 Commission shall stipulate the conditions and the time period within
 2 which the Defaulting State must cure its default. If the Defaulting State
 3 fails to cure the default within the time period specified by the
 4 Commission, the Defaulting State shall be terminated from the Compact
 5 and all rights, privileges and benefits conferred by this Compact shall be
 6 terminated from the effective date of termination.

7 b. Decisions of the Commission that are issued on the effective
 8 date of termination shall remain in force in the Defaulting State in the
 9 same manner as if the Defaulting State had withdrawn voluntarily
 10 pursuant to Section 1 of this Article.

11 c. Reinstatement following termination of any Compacting State
 12 requires a reenactment of the Compact.

13 3. Dissolution of Compact

14 a. The Compact dissolves effective upon the date of the
 15 withdrawal or default of the Compacting State which reduces
 16 membership in the Compact to one Compacting State.

17 b. Upon the dissolution of this Compact, the Compact becomes
 18 null and void and shall have no further force or effect, and the business
 19 and affairs of the Commission shall be wound up and any surplus funds
 20 shall be distributed in accordance with the Rules and Bylaws.

21 22 23 **ARTICLE XV**

24 **Severability and Construction**

25 1. The provisions of this Compact shall be severable and if any
 26 phrase, clause, sentence or provision is deemed unenforceable, the
 27 remaining provisions of the Compact shall be enforceable.

28 2. The provisions of this Compact shall be liberally construed to
 29 effectuate its purposes.

30 3. Throughout this Compact the use of the singular shall include
 31 the plural and vice-versa.

32 4. The headings and captions of articles, sections and sub-
 33 sections used in this Compact are for convenience only and shall be
 34 ignored in construing the substantive provisions of this Compact.

35 **ARTICLE XVI**

36 **Binding Effect of Compact and Other Laws**

37 1. Other Laws

38 a. Nothing herein prevents the enforcement of any other law of a
 39 Compacting State except as provided in Paragraph b. of this section.

40 b. Decisions of the Commission, and any Rules, and any other
 41 requirements of the Commission shall constitute the exclusive Rule, or
 42 determination applicable to the Compacting States. Any law or regulation
 43 regarding Non-Admitted Insurance of Multi-State Risks that is contrary

1 to Rules of the Commission, is preempted with respect to the following:

- 2 (i) Clearinghouse Transaction Data reporting requirements;
- 3 (ii) Allocation Formula;
- 4 (iii) Clearinghouse Transaction Data collection requirements;
- 5 (iv) Premium Tax payment time frames and Rules concerning
- 6 dissemination of data among the Compacting States for Non- Admitted
- 7 Insurance of Multi-State Risks and Single-State Risks;
- 8 (v) Exclusive compliance with surplus lines law of the Home
- 9 State of the insured; and
- 10 (vi) Rules for reporting to a Clearinghouse for receipt and
- 11 distribution of Clearinghouse Transaction Data related to Non-Admitted
- 12 Insurance of Multi-State Risks.
- 13 (vii) Uniform foreign Insurers Eligibility Requirements.
- 14 (viii) Uniform Policyholder Notice.
- 15 (ix) Uniform treatment of Purchasing Groups procuring Non-
- 16 Admitted Insurance.

17 c. Except as stated in paragraph b, any Rule, Uniform Standard
18 or other requirement of the Commission shall constitute the exclusive
19 provision that a Commissioner may apply to compliance or tax
20 determinations. Notwithstanding the foregoing, no action taken by the
21 commission shall abrogate or restrict: (i) the access of any person to State
22 courts; (ii) the availability of alternative dispute resolution under Article
23 X of this Compact (iii) remedies available under State law related to
24 breach of contract, tort, or other laws not specifically directed to
25 compliance or tax determinations; (iv) State law relating to the
26 construction of insurance contracts; or (v) the authority of the attorney
27 general of the State, including but not limited to maintaining any actions
28 or proceedings, as authorized by law.

29 2. Binding Effect of this Compact

30 a. All lawful actions of the Commission, including all Rules
31 promulgated by the Commission, are binding upon the Compacting
32 States, except as provided herein.

33 b. All agreements between the Commission and the Compacting
34 States are binding in accordance with their terms.

35 c. Upon the request of a party to a conflict over the meaning or
36 interpretation of Commission actions, and upon a majority vote of the
37 Compacting States, the Commission may issue advisory opinions
38 regarding the meaning or interpretation in dispute. This provision may be
39 implemented by Rule at the discretion of the Commission.

40 d. In the event any provision of this Compact exceeds the
41 constitutional limits imposed on the legislature of any Compacting State,
42 the obligations, duties, powers or jurisdiction sought to be conferred by
43 that provision upon the Commission shall be ineffective as to that State

1 and those obligations duties, powers or jurisdiction shall remain in the
 2 Compacting State and shall be exercised by the agency thereof to which
 3 those obligations, duties, powers or jurisdiction are delegated by law in
 4 effect at the time this Compact becomes effective.

5 ***Surplus Line Insurance Premiums by State***

Appendix A

	Premiums based on
	Share of Total
	taxes paid
	Premiums
State	
Alabama	445,746,000
	1.47%
Alaska	89,453,519
	0.29%
Arizona	663,703,267
	2.18%
Arkansas	201,859,750
	0.66%
California	5,622,450,467
	18.49%
Colorado	543,781,333
	1.79%
Connecticut	329,358,800
	1.08%
Delaware	92,835,950
	0.31%
Florida	2,660,908,760
	8.75%
Georgia	895,643,150
	2.95%
Hawaii	232,951,489
	0.77%
Idaho	74,202,255
	0.24%
Illinois	1,016,504,629
	3.34%
Indiana	412,265,320
	1.36%
Iowa	135,130,933
	0.44%
Kansas	160,279,300
	0.53%
Kentucky	167,996,133
	0.55%

1	Louisiana	853,173,280
2		2.81%
3	Maine	60,111,200
4		0.20%
5	Maryland	434,887,600
6		1.43%
7	Massachusetts	708,640,225
8		2.33%
9	Michigan	703,357,040
10		2.31%
11	Minnesota	393,128,400
12		1.29%
13	Mississippi	263,313,175
14		0.87%
15	Missouri	404,489,860
16		1.33%
17	Montana	64,692,873
18		0.21%
19	Nebraska	92,141,167
20		0.30%
21	Nevada	354,271,514
22		1.17%
23	New Hampshire	102,946,250
24		0.34%
25	New Jersey	1,087,994,033
26		3.58%
27	New Mexico	67,608,458
28		0.22%
29	New York	2,768,618,083
30		9.11%
31	North Carolina	514,965,060
32		1.69%
33	North Dakota	36,223,943
34		0.12%
35	Ohio	342,000,000
36		1.12%
37	Oklahoma	319,526,400
38		1.05%
39	Oregon	312,702,150
40		1.03%
41	Pennsylvania	780,666,667
42		2.57%
43	Rhode Island	71,794,067

1		0.24%
2	South Carolina	412,489,825
3		1.36%
4	South Dakota	38,702,120
5		0.13%
6	Tennessee	451,775,240
7		1.49%
8	Texas	3,059,170,454
9		10.06%
10	Utah	142,593,412
11		0.47%
12	Vermont	41,919,433
13		0.14%
14	Virginia	611,530,667
15		2.01%
16	Washington	739,932,050
17		2.43%
18	West Virginia	130,476,250
19		0.43%
20	Wisconsin	248,758,333
21		0.82%
22	Wyoming	40,526,967
23		0.13%
24	Total	30,400,197,251
25		100.00%

26 This Data is 2005 Calendar Year Data excerpted from a study
 27 dated February 27, 2007 by
 28 Mackin & Company.

29
 30 Sec. 2. The commissioner of insurance shall represent this state on
 31 the surplus lines insurance multi-state compliance compact.

32 Sec. 3. The member representing this state on the surplus lines
 33 insurance multi-state compliance compact may be represented thereon by
 34 an alternate designated by the commissioner of insurance. Any such
 35 alternate shall be an assistant commissioner or a division director of the
 36 insurance department.

37 Sec. 4. This act shall take effect and be in force from and after its
 38 publication in the statute book.