

MARKET BULLETIN

From	Director Worldwide Markets (extn 6677)
Date	10 August 2006
Reference	Y3858
Subject	US Surplus Lines: reminder of changes required to the reporting of surplus lines broker information to Xchanging, (XIS)
Subject areas	US surplus lines insurance
Attachments	None
Action points	To include the surplus lines broker's name, address, licence number and state of filing in respect of all US surplus lines business
Deadlines	Immediate

1 Purpose of the bulletin

To remind managing agents and Lloyd's brokers of the amended requirements for US surplus lines business, as detailed in [market bulletin Y3768](#), dated 16 March 2006.

2 Action required

From 1 August 2006, regardless of inception date, Lloyd's requires that all business classified as "US Surplus Lines" and presented to XIS for signing must include the name, address and surplus lines licence number of the surplus lines broker making the filing as well as the state in which that broker is making such a filing.

Please consult the market bulletin above for further details, and section 5 below.

3 Social security numbers (SSN) or FEIN numbers used as licence numbers

In some states either the SSN or FEIN number of the surplus lines broker or surplus lines agency is used as the surplus lines licence number. In such instances, rather than provide the full SSN or FEIN number, the licence number should state the initials "SSN" or "FEIN"

rather than the licence number. Lloyd's is aware that this is currently the case in the following states:

- a) North Carolina
- b) South Carolina
- c) North Dakota
- d) Virginia

4 US state online databases

Many US states have online databases of licensed intermediaries including those with surplus lines licences. This provides the opportunity for users to search for local broker and producer information in order to verify details and to ensure surplus lines compliance.

As a service to the market, Worldwide Markets has added a page to Lloyds.com which provides links to these databases. This is available through the attached link:

http://www.lloyds.com/Lloyds_Worldwide/Country_guides/US_home/US_Surplus_Lines_broker_details.htm

5 State reporting

Alien surplus lines insurers, including Lloyd's are required to file transactional reports with several US states detailing, among other items, premium written by licence number, name and address of the surplus lines broker. These reports are filed as part of a surplus lines insurer's continued eligibility to do business in a particular state, and can be used by a state to verify the amount of surplus lines taxes receivable from their surplus lines brokers.

To date Lloyd's surplus lines reporting has been deficient in providing certain key elements to enable the individual states to make use of the data supplied to them. State insurance departments are therefore expecting Lloyd's to take steps to improve the collection of surplus lines transactional information. In response Lloyd's is therefore introducing these amended requirements in order to improve the completeness and accuracy of Lloyd's surplus lines reporting and to allow Lloyd's to better fulfil its reporting obligations.

6 Further information

Worldwide Markets has consulted with the LMA and LMBC on this matter. If you have any queries about the market bulletin, or would like someone from Worldwide Markets to come and talk about the content of the bulletin with staff from your organisation, please contact Lloyd's Worldwide Market Services:

Lloyd's Worldwide Market Services
Tel: 020 7327 6677
Email: market.services@lloyds.com

Box 190b, Gallery 1

This bulletin has been sent to active underwriters and to the compliance officers of Managing Agents and Lloyd's brokers.

Julian James
Director
Worldwide Markets