

# **SURPLUS LINE ASSOCIATION OF OREGON**

# **MANUAL**



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## **SLAOR History and Purpose**

The Surplus Line Association of Oregon was originally formed in 1939, at the direction of the Insurance Commissioner of Oregon, as an unincorporated association of Surplus Line Brokers. Its purpose was to assist the Insurance Department in regulating and collecting taxes on the surplus line business written in Oregon. On September 3, 1980, it was incorporated as a non-profit corporation under the Oregon Non-Profit Corporation Act, for purposes, as stated in its Articles of Incorporation, as follows:

- a) To cooperate with recognized organizations of admitted insurance carriers and insurance agents for the proper use of the surplus line market by members of the corporation.
- b) To discourage and prevent violations of the law regarding surplus line insurance by members of the association and insofar as possible, by nonmembers.
- c) To encourage fair dealing between members and with the public and admitted insurance carriers.
- d) To adopt and enforce rules, insofar as permitted by law for the accomplishment of the objectives of the corporation.

Under the Oregon Surplus Line Law, the Association also shall:

- a) Be the advisory organization of the Surplus Line Licensees.
- b) Provide means for the examination of all Surplus Line coverages written by its members to determine whether such coverages comply with the law.
- c) Communicate with organizations of admitted insurers with respect to the proper use of the Surplus Line market.
- d) Supervise the calculation, reporting and remittance of the state premium tax due on surplus line placements.

The Mission of the Association is:

To protect persons seeking Surplus Line Insurance in Oregon while encouraging the development of new and innovative types of insurance.

To assist the Oregon Insurance Department in the administration of surplus lines insurance regulations and to encourage compliance by surplus lines agents and insurers with the surplus lines laws of the state of Oregon.

To monitor and provide input for regulatory and legislative changes affecting the insurance industry and communicate those changes and related issues to Association members.

To support and promote educational activities relating to the insurance and surplus lines industries.

To promote professionalism among members of the Association.

In furtherance of this Mission, the Association shall:

Foster good public relations with the insurance industry and the general public.

Encourage an exchange of information among members and support the development and dissemination of educational information for the benefit of members and the excess and surplus lines insurance industry.

Maintain liaison with other segments of the insurance industry, including insurance commissioners, regulatory bodies, insurers, and insurance producer groups.

Supported by filing fees paid by policyholders on the approximately 27,800 (2009) surplus lines policies written each year, the Association today continues its role of examining surplus line placements and reporting taxes to the state. In addition to its examining duties, the Association supports insurance education and research in the surplus line industry. An Executive Director and staff are employed to discharge these responsibilities subject to the oversight of a volunteer board of five directors elected from the membership.

The Surplus Line Association Office is located at:

7360 SW Hunziker Street, Suite 105  
Portland, OR 97223

Phone: (503) 718-6700  
Fax: (503) 718-6702  
E-Mail: [slaor@slaor.org](mailto:slaor@slaor.org)  
Website: [www.slaor.org](http://www.slaor.org)

Executive Director – Larry C. Boyd	E-Mail: <a href="mailto:lcboyd@slaor.org">lcboyd@slaor.org</a>
Manager – Carolee Lance	E-Mail: <a href="mailto:carolee@slaor.org">carolee@slaor.org</a>
Filing Analyst – Nan Jenkins	E-Mail: <a href="mailto:nan@slaor.org">nan@slaor.org</a>
Filing Analyst – Andrea Tycksen	E-Mail: <a href="mailto:andrea@slaor.org">andrea@slaor.org</a>

The Association Office, under the direction of the Executive Director, examines all submissions as per the *Plan of Operations* and *Submission Procedure* sections of this Manual.

The Executive Director serves as liaison with the Insurance Division of the Department of Consumer and Business Services, State of Oregon. The Executive Director also maintains liaison with the National Association of Insurance Commissioners (NAIC), the National Association of Surplus Line Offices (NAPSLO), the American Association of Managing General Agents (AAMGA), and monitors the activity of the Oregon and Federal Legislatures with respect to Surplus Lines issues.

The Association Office, via the Association's website [www.slaor.org](http://www.slaor.org), makes available current information on non-admitted insurers which have met the financial requirements of the Insurance Division. Any non-admitted insurer wishing to do business in Oregon must provide the Insurance Division with a certified copy of its financial statement or otherwise comply with ORS 735.415 (3) of the Surplus Line Act.

All information is furnished 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, or comment on the information or its significance. It is the responsibility of the members to make appropriate judgment based on the information, if any, they obtain from the association or others.

# Plan of Operations

## INTRODUCTION

This plan of operations (the "Plan") identifies the duties that The Surplus Line Association of Oregon (the "SLAOR") performs as a surplus line advisory organization pursuant to the Oregon Insurance Code<sup>1</sup> and describes the manner in which the SLAOR will perform those duties. These duties are as required in Oregon statute ORS 735.430 (1) and the By-Laws, Articles of Incorporation and Mission Statement of the SLAOR. A copy of ORS 735.430 (1), Article II of the Articles of Incorporation and the Mission Statement of the SLAOR may be found in Exhibit I of this "Plan". The complete By-Laws of the SLAOR may be found in the publications section of the SLAOR Web site: [www.slaor.org](http://www.slaor.org).

### **I. RECEIPT, REVIEW AND RECORDING OF DOCUMENT FILINGS REQUIRED BY THE SURPLUS LINES LAW<sup>2</sup>**

The SLAOR shall serve as a designee of the Insurance Commissioner (the "Commissioner") for receiving, reviewing and recording documents that Oregon licensed surplus line producers or others are required by the Surplus Lines Law to file with the Commissioner, including the following items:

- confidential report of placement, including a copy of the declaration page of the policy or the surplus line producer's certificate or binder, and other pertinent information reasonably required by the Commissioner,
- diligent search report on form as prescribed by the Commissioner

If requested to do so by the Commissioner, the SLAOR shall also receive, review, and record other documents that the Commissioner by law may require surplus line producers to file. Other than the quarterly "Report of Taxes", any documents or reports required may be filed as e-documents and "hard" copies are not required.

#### **A. Processing of filings.**

##### **1. Surplus Line Producers Filing Procedures**

The SLAOR shall advise all surplus lines producers or others responsible for Oregon surplus line filings to submit filings and accompanying documents in the manner prescribed by current statutes, regulations, and bulletins. The SLAOR shall adopt procedures for filers and, from time to time, the SLAOR shall advise all surplus line producers of the current filing procedures and requirements.

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<sup>1</sup> ORS Chapters 731, 732, 733, 734, 735, 737, 742, 743, 744, 746, 748, and 750

<sup>2</sup> ORS Chapter 735.400 to 735.495

## 2. Receipt, Review, and Recording of Filings

The SLAOR shall be the Commissioner's designated recipient of all filings and required documents related to surplus lines insurance placements and for the collection of Premium and Fire Marshal Taxes owed to the State of Oregon for such surplus lines insurance placements. For each filing received, the SLAOR shall confirm that the producer's licensed name or DBA name, producer's license number, date received, and premium total and item count are recorded. Each item filed shall be reviewed by the SLAOR staff, who shall see that all pertinent information is recorded, as required by the Commissioner and the SLAOR's computer database. Exhibit II describes the required information which may be amended from time to time as directed by the Commissioner.

During the review, the SLAOR shall determine whether the documents required by the Commissioner have been fully and correctly completed by the filing surplus line producer in accordance with the Commissioner's instructions and existing statutes and regulations, that the accompanying calculation of tax is in the correct amount and whether the insurer is on the list of surplus line insurers maintained by the Commissioner. Printouts of the information recorded in the SLAOR's database pursuant to this section shall be available to the Commissioner on request.

The SLAOR shall notify the filing surplus line producer or other permitted filer of any errors, inaccuracies, or other problems in the filed documents and shall follow up on responses as it deems appropriate, or as requested by the Commissioner. This notification may be issued in writing in the form of a "tag". Exhibit 3 contains the detailed procedure for filing documents and a list of the possible "tags". The tags and procedures may be amended from time to time by the SLAOR or as directed by the Commissioner. SLAOR shall notify the Commissioner of any amendments to the tags or procedures implemented by SLAOR if not at the direction of the Commissioner. On request or as otherwise set forth herein the Commissioner shall be provided with periodic reports regarding any unresolved or unanswered tags noted in the submitted documents or with copies of any related documentation.

Pursuant to ORS 735.430 (4), the SLAOR shall make a charge on each transaction for reviewing surplus lines policies and collecting, on behalf of the state, taxes imposed under ORS 735.470 in the manner prescribed in the Plan of Operations. Such charge shall be adjusted from time to time in a reasonable and prudent fashion by the SLAOR to meet changing market conditions. The SLAOR shall notify the Commissioner of any adjustments to the charge. Such charge (“stamping charge”) shall not be subject to Premium or Fire Marshal Tax.

The SLAOR shall mail a quarterly report and stamping charge invoice to each surplus line filer showing a summary of filings processed in the preceding quarter for that surplus line filer. The SLAOR shall collect the checks payable to the Insurance Division from the surplus line filers and forward such checks to the Insurance Division for deposit. The SLAOR shall simultaneously collect any stamping charge due for its services.

Premium and Fire Marshal Tax rates charged and the formula for allocation of premiums for purposes of calculating the Fire Marshal Tax shall be as stipulated by statute or determined by the Commissioner.<sup>3</sup> Premium Tax but not Fire Marshal Tax shall apply to fees added by the filing surplus lines licensee. Fees added by any other intermediary or the insurer shall be subject to Premium Tax and a Fire Marshal Tax calculated using the premium allocation percentage of the coverage being reported which has the lowest Fire Marshal Tax allocation percentage.

#### **B. Availability of File Documents and Records.**

Documents maintained by the SLAOR pursuant to the Insurance Code, and information contained in those documents, shall be made immediately available, on request, to the Commissioner.

Documents maintained pursuant to the Insurance Code shall be made available by the SLAOR, on request, to the surplus line producer who filed them and to the insured or insurer on whose behalf the documents were filed. The SLAOR shall not release such documents to any other person, except that statements filed under the Insurance Code where the Commissioner has determined in writing that the public interest or the welfare of the filing producer necessitates release, if maintained by the SLAOR, shall be made available by the SLAOR to any person for its inspection on request made to the Commissioner if all cost of retrieval and/or copying are paid by the requesting party.

Aggregate statistics which do not reveal confidential or proprietary information may be released by the SLAOR to the public or to the press.

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<sup>3</sup> ORS 735.470

The availability of documents and information maintained by the SLAOR pursuant to the Insurance Code shall be governed by this plan regardless of when they were filed with or otherwise received by the SLAOR.

## **II. INSURANCE FRAUD REPORTING**

The SLAOR shall report to the Commissioner and other appropriate authorities instances of actual fraudulent or other illegal insurance activity in the surplus lines market that come to the SLAOR's attention and any other facts that come to the SLAOR's attention that, in the reasonable judgment of the SLAOR, may indicate the presence of fraudulent or illegal insurance activity in the surplus line market or potential risk of harm to consumers of surplus lines insurance.

The SLAOR shall co-operate with the Commissioner in any investigation of fraudulent or other illegal activity as requested, and shall keep confidential any communications between the Commissioner and the SLAOR regarding such activity and shall not disclose such communication to anyone, including the person subject to the investigation, except as directed by the Commissioner.

## **III. PREMIUM TAX INFORMATION COLLECTING AND REPORTING.**

The information received, reviewed, and recorded by the SLAOR under this plan shall be available to the Commissioner for purposes of ensuring that surplus lines taxes are fully and accurately reported and paid.

The SLAOR shall maintain a dialogue with the Commissioner concerning additional ways in which the SLAOR might expand its services to the Commissioner in relation to premium tax return preparation, tax auditing, and tax collection.

To expedite the proper payment and reduce administrative expenses the SLAOR may from time to time collect taxes and charges from select ("item basis") filers<sup>4</sup> in advance of the quarterly due date and remit the portion of such funds due to the Commissioner in bulk at the time of the quarterly payment to the Commissioner. The SLAOR shall be appointed by the filers making these payments as their agent for the purpose of collecting and remitting the taxes and charges and all such taxes due the Commissioner shall be kept in a separate trust account administered by the SLAOR. Such account will be audited by a Certified Public Accountant as directed by the Commissioner but not less than annually. All costs related to such account and any interest or other income thereon shall be for the account of the SLAOR.

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<sup>4</sup> Such filers are called "item basis" filers and submit batches containing only a single item in each batch. Their submissions are accompanied by a check for all taxes and charges due at the end of the quarter on the item submitted.

#### **IV. COMMENTING ON PROPOSED LEGISLATION OR REGULATIONS**

The SLAOR, through its Executive Director and Legislative Committee, shall respond to any request by the Commissioner for comments on any proposed legislation or regulation affecting the placement of insurance pursuant to the Surplus Lines Law.

#### **V. EDUCATIONAL AND INFORMATION DISSEMINATION ACTIVITIES**

The SLAOR shall provide information and instruction to its membership and other interested persons concerned by broadening its communication capabilities, presenting seminars, educating the industry and consumers in surplus line laws and regulations, assisting with regulatory compliance questions, and disseminating in a timely manner, updated current information relative to the surplus line industry.

The SLAOR shall disseminate information relative to surplus line issues through bulletins on topics of interest to its membership and through a periodic newsletter. At the Commissioner's request the SLAOR shall offer its facilities and mailing list as a convenient and cost-effective means of distributing documents and informational items relevant to the transaction of surplus line insurance on behalf of the Insurance Division.

The SLAOR shall keep the Commissioner advised of all educational activities in which it engages and it shall provide such other educational activities as may reasonably be requested by the Commissioner.

#### **VI. COMMUNICATING WITH ORGANIZATIONS OF ADMITTED INSURERS**

The SLAOR shall, as necessary and appropriate in the furtherance of its duties as delegated and actively supervised by the Commissioner under the Insurance Code, communicate with and respond to questions or comments from organizations of admitted insurers regarding surplus lines insurance.

#### **VII. SLAOR WEBSITE**

The SLAOR shall establish and maintain an internet website containing information pertinent to the surplus line industry in Oregon. The website shall contain copies of the procedures for filing surplus lines business in Oregon, this Plan and the current By-Laws of the SLAOR.

### **VIII. ADDITIONAL FUNCTIONS AGREED BETWEEN THE COMMISSIONER AND THE SLAOR**

The SLAOR welcomes suggestions by the Commissioner of additional functions it could provide that would assist the Commissioner in providing efficient and cost-effective surplus line regulation. The SLAOR shall meet periodically with the Commissioner and the Commissioner's staff to consider modifications to this plan.

### **IX. EXAMINATION OF SLAOR RECORDS**

As provided in Oregon statutes the Commissioner may make or cause to be made an examination of the SLAOR. The reasonable cost of any such examination shall be paid by the SLAOR upon presentation to it by the Commissioner of a detailed account of each cost. The officers, managers, agents and employees of the SLAOR may be examined at any time, under oath, and shall exhibit all books, records, accounts, documents or agreements governing its method of operation. The Commissioner shall furnish two copies of any such examination report to the SLAOR and shall notify the organization that it may, within 20 days thereof, request a hearing on the report or on any facts or recommendations therein. If the Commissioner finds the SLAOR or any member thereof to be in violation of the Surplus Lines Law, the Commissioner may issue an order requiring the discontinuance of such violation.

The Commissioner may require an independent examination of the financial records of the SLAOR by a certified public accountant at any time and in the absence of such request the SLAOR shall seek a certified financial report at least annually. Such report to be made available to the Commissioner at his or her request.

## EXHIBIT I

### SLAOR MISSION AND RESPONSIBILITIES

#### Statutory:

**735.430 Surplus Line Association of Oregon.** (1) The Surplus Line Association of Oregon shall be the advisory organization of surplus lines licensees to:

- (a) Facilitate and encourage compliance by resident and nonresident surplus lines licensees with the laws of this state and the rules of the Director of the Department of Consumer and Business Services relative to surplus lines insurance;
- (b) Provide means for the examination, which shall remain confidential as provided in ORS 705.137, of all surplus lines coverage written by resident and nonresident surplus lines licensees to determine whether the coverages comply with the Oregon Surplus Lines Law;
- (c) Communicate with organizations of admitted insurers with respect to the proper use of the surplus lines market;
- (d) Receive and disseminate to resident and nonresident surplus lines licensees information relative to surplus lines coverages; and
- (e) Receive and collect on behalf of the state and remit to the state premium receipts tax for surplus lines insurance.

#### Articles of Incorporation:

##### Article II

The purpose of the corporation is to engage in any lawful activity for which corporations may be organized under the Oregon Non-Profit Corporation Act, including but not limited to the following objectives:

- a) To cooperate with recognized organizations of admitted insurance carriers and insurance agents for the proper use of the surplus line market by members of the corporation;
- b) To discourage and prevent violations of the law of the State of Oregon regarding surplus line insurance by members of the corporation and insofar as possible by nonmembers;
- c) To encourage fair dealing between members and with the public and admitted insurance carriers;
- d) To adopt and enforce rules, insofar as permitted by law for the accomplishment of the objects of the corporation.

**Mission Statement:**

**The mission of the Association is:**

1. To protect persons seeking Surplus Line Insurance in Oregon while encouraging the development of new and innovative types of insurance.
2. To assist the Oregon Insurance Division in the administration of surplus lines insurance regulations and to encourage compliance by surplus lines agents and insurers with the surplus lines laws of the state of Oregon.
3. To monitor and provide input for regulatory and legislative changes affecting the insurance industry and communicate those changes and related issues to association members.
4. To support and promote educational activities relating to the insurance and surplus lines industries.
5. To promote professionalism among members of the association

**In furtherance of this mission, the Association shall:**

1. Foster good public relations with the insurance industry and the general public.
2. Encourage an exchange of information among members and support the development and dissemination of educational information for the benefit of members and the excess and surplus lines insurance industry.
3. Maintain liaison with other segments of the insurance industry, including insurance commissioners, regulatory bodies, insurers, and insurance producer groups.

**EXHIBIT II**  
**REQUIRED INFORMATION**

**ORS 735.425**

**Filing by licensee after placement of surplus lines insurance.**

(1) Within 90 days after the placing of any surplus lines insurance in this state, each surplus lines licensee shall file with the Director of the Department of Consumer and Business Services:

(a) A statement signed by the licensee regarding the insurance, which shall be kept confidential as provided in ORS 705.137, including the following:

(A) The name and address of the insured;

(B) The identity of the insurer or insurers;

(C) A description of the subject and location of the risk;

(D) The amount of premium charged for the insurance; and

(E) Such other pertinent information as the director may reasonably require.

(b) A statement on a standardized form furnished by the director, as to the diligent efforts by the producing insurance producer to place the coverage with admitted insurers and the results thereof. The statement shall be signed by the producing insurance producer and shall affirm that the insured was expressly advised prior to placement of the insurance that:

(A) The surplus lines insurer with whom the insurance was to be placed is not licensed in this state and is not subject to its supervision; and

(B) In the event of the insolvency of the surplus lines insurer, losses will not be paid by the state insurance guaranty fund.

(2) The director may direct that filings required under subsection (1) of this section be made to the Surplus Line Association of Oregon. The director may also require that such filings be made electronically but may exempt a licensee from the requirement for good cause shown.

(3) A nonresident surplus lines licensee or nonresident producing insurance producer not licensed to transact surplus lines insurance in this state who places a surplus lines policy on a risk with exposures located both in this state and outside this state shall satisfy filing requirements established by the director by rule. The director shall ensure that the rules facilitate interstate regulation of surplus lines insurance transactions.

(4) Facsimile signatures and electronic signatures subject to ORS 84.001 to 84.061 are acceptable and have the same force as original signatures. [1987 c.774 §122; 1993 c.182 §1; 2001 c.377 §§13,13a; 2003 c.364 §39; 2005 c.185 §12]

## **ORS 735.465**

### **Monthly reports; rules.**

(1) On or before the end of each month, each surplus lines licensee shall file with the Director of the Department of Consumer and Business Services, as prescribed by the director, a verified report of all surplus lines insurance transacted on risks resident in this state during the preceding 90 days. The report need not show transacted surplus lines insurance that was reported in an earlier report. The report shall show:

- (a) Aggregate gross premiums written;
- (b) Aggregate return premiums; and
- (c) Amount of aggregate tax.

(2) The director may direct that reports required under subsection (1) of this section be made to the Surplus Lines Association of Oregon and that the Surplus Lines Association of Oregon file a combined report thereof with the director. The director may also require that reports required under subsection (1) of this section be made electronically but may exempt a licensee from the requirement for good cause shown.

(3) For the purpose of collecting taxes on insurance covering the Oregon portion of risks when the insurance is placed outside this state and covers a risk with exposures located both in this state and outside this state, the director may establish by rule requirements for filing reports on surplus lines insurance transacted outside this state on risks with exposures located both in this state and outside this state. [1987 c.774 §130; 2001 c.191 §48]

**EXHIBIT III**  
**ERROR (“Tag”) MESSAGES**

1. Record has been marked INVALID as no support documentation was submitted to the SLAOR office. Please re-submit with required documentation.
2. Record has been marked INVALID as this policy has been previously filed by a different Licensee. Please re-submit with a LOR Change Form.
3. Record has been marked INVALID, as Diligent Search Statement was NOT INCLUDED in submission to SLAOR or was not CORRECT FORMAT. Please re-submit and include correct Diligent Search Statement.
4. Record has been marked INVALID, as Name of Insured as shown on Diligent Search Statement does NOT MATCH Name of Insured as shown on Electronic Record. Please re-submit and include Diligent Search Statement showing correct Name of Insured.
5. Record has been marked INVALID, as Coverage Type as shown on Diligent Search Statement is either MISSING or does NOT MATCH Coverage Type as shown on Electronic Record or Insuring Document. Please re-submit and include Diligent Search Statement showing correct Coverage Type.
6. Record has been marked INVALID, as Policy Number as shown on Diligent Search Statement does NOT MATCH Policy Number as shown on Electronic Record and/or Insuring Document. Please re-submit and include Diligent Search Statement showing correct Policy Number.
7. Record has been marked INVALID, as Producing Agent and/or Producing Agency name as shown on Diligent Search Statement is either MISSING or is NOT PRINTED LEGIBLY. Please re-submit and include Diligent Search Statement showing Producing Agent and Producing Agency (printed legibly).
8. Record has been marked INVALID, as Producing Agent's Name and Signature on Diligent Search Statement do NOT MATCH, and/or Signature is MISSING, or statement is SIGNED BY A SURROGATE. Please re-submit and include Diligent Search Statement showing valid, matching Producing Agent's Name and Signature.
9. Record has been marked INVALID, as Diligent Search Statement was NOT DATED. Please re-submit and include dated Diligent Search Statement.
10. FYI, Record Number was MISSING or INCORRECT on submitted Insuring Document (corrected by SLAOR).
11. FYI, Oregon physical location of risk (can NOT be a PO Box) was not shown on submitted Insuring Document. Add Oregon physical location of risk to Insuring Document retained in your files for possible future audit.
12. FYI, Policy Number was MISSING or INCORRECT on submitted Insuring Document and/or Electronic Record (corrected by SLAOR).
13. FYI, Insured name was MISSING or INCORRECT on submitted Insuring Document and/or Electronic Record (corrected by SLAOR).
14. Policies being extended more than ninety days past the original term need to be filed as a New Policy record (and submitted with a new Diligent Search Statement).
15. FYI, 90 days or more have elapsed between Inception Date of Policy and Submission Date to SLAOR.
16. FYI, Inception Date of Policy, Expiration Date of Policy, and/or Effective Date of Endorsement were MISSING or INCORRECT on submitted Insuring Document and/or Electronic Record (corrected by SLAOR).

17. Record has been marked INVALID, as Inception Date and/or Expiration Date of Policy or Effective Date of Endorsement was MISSING or INCORRECT on submitted Insuring Document and/or Electronic Record. Please re-submit with correct date.
18. FYI, Coverage Type was MISSING or INCORRECT on submitted Insuring Document and/or Electronic Record (corrected by SLAOR).
19. Record has been marked INVALID, as Coverage Type was MISSING or INCORRECT on submitted Insuring Document and/or Electronic Record. Please re-submit with correct Coverage Type.
20. Record has been marked INVALID, as Premium and Charges on Electronic Record did NOT MATCH dollar figures as shown on submitted Insuring Document. Please re-submit with correct dollar figures.
21. Record has been marked INVALID, as Premium, Fees, Charges, State Premium Tax, Fire Marshal Tax, and/or SLSC (cannot be labeled as a "fee") were not all individually itemized, labeled, and/or calculated correctly on submitted Insuring Document.
22. FYI, Insurer was MISSING or INCORRECT on Insuring Document and/or Electronic Record (corrected by SLAOR).
23. FYI, see note attached to submitted hard-copy Insuring Document.

## Submission Procedure

Anyone placing surplus line business on an Oregon exposure must complete a filing form, file the form, and pay appropriate taxes and charges to the State of Oregon on the premium allocated to that Oregon exposure. The Surplus Line Association of Oregon (SLAOR), in its capacity as a “stamping office”, is responsible for reviewing all Oregon surplus line placements and assisting the State of Oregon in collecting premium taxes on those placements. All parties desiring to file surplus line business written on Oregon exposures, in compliance with Oregon Statutes, must register to file with the SLAOR. Upon processing of a filing registration, applicants are given detailed instructions on how to file and access to the on-line filing system – *SLAFiler*.

When no transaction takes place in Oregon, but the policy provides coverage on an Oregon location or other exposure, Oregon law permits a producer with an out-of-state license or others to report the Oregon portion of the premium and pay the appropriate taxes without an Oregon surplus line license. The SLAOR will process such business for non-Oregon licensed individuals provided they first register with the SLAOR.

*SLAFiler* (a web-based application), offers several distinct modules for data entry, data storage, data export and data reporting. Registered filers input all relevant policy data by entering insured name, policy number, inception date of policy, effective date of endorsement, expiration date of policy, Oregon exposure address, coverage type, premium amount, charges, fees, insurer, and insurer’s participation percentage in order to create an electronic record for each placement. The filer can view the created record to verify the accuracy of data entry and can make any necessary edits. The record is then submitted via the on-line system, and is available to the SLAOR for review. Support documentation can be electronically filed with *SLAFiler* or copies can be sent via U.S. Mail. All submitted support documentation, i.e. insuring forms (declarations page, binder, certificate, cover note, or endorsement form), and Diligent Search documents, is reviewed for accuracy and checked to see that it conforms to Code requirements and matches the electronic record created by the filer.

After an examination of the registered filer’s submission, and after making any necessary corrections to that submission, the SLAOR generates an e-mail confirmation message regarding the status of the reviewed record. Immediately upon receipt, the registered filer should review the e-mail message and make any necessary corrections to invalidated records. (Any submitted records marked *Invalid* by the SLAOR during the review process will not be considered to have been filed with the SLAOR and are returned to the filer. After corrections are made, they must be re-submitted.) Ultimately, the LICENSEE is responsible for correctly reporting his/her surplus line business, paying the tax thereon and retaining documentation for the statutory period.

The SLAOR records the state taxes (premium and fire marshal) and SLSC due from each registered filer. At the end of each calendar quarter, the SLAOR generates a tax report based on the premium reported by each registered filer during that calendar quarter. This tax report and all taxes are remitted to the Insurance Commissioner no later than the 45th day following the end of the calendar quarter as per ORS 735.470.

Copies of all documents required for placement and the related insurance policies are required by statute to be retained in the offices of the filer for five years, subject to possible exam by the Insurance Division.

All documents submitted shall be held in confidence by the Association and the Insurance Division and shall not be divulged to, or be open to inspection by, any third party, except a government agency having legal authority to do so, the insured, the filing surplus lines filer and the insurer.

All new surplus line business must be submitted, as per ORS 735.425 of the Surplus Line Law, within ninety (90) days after the placement of any surplus line insurance. Surplus line business is considered to have been "submitted" when the complete submission (by electronic record and/or by "hard copy") has been received in the SLAOR Office. Oregon surplus line policies are subject to three types of charges: State premium tax, State fire marshal tax and a surplus line service charge (SLSC) due the Association.

The name of the Licensee and the following legend in BOLD type must appear on the ORIGINAL of every evidence of insurance negotiated, placed or procured under the provisions of the Oregon Surplus Line Law. This can be accomplished by the use of a stamp, sticker or typing thereon.

**"This insurance was procured and developed under the Oregon surplus lines laws. It is NOT covered by the provisions of ORS 734.510 to 734.710 relating to the Oregon Insurance Guaranty Association. If the insurer issuing this insurance becomes insolvent, the Oregon Insurance Guaranty Association has no obligation to pay claims under this insurance."**

## Web Sites Links

- SLAOR Articles of Incorporation & By-Laws  
<http://www.slaor.org/About.aspx> - click on the “By Laws” tab
- SLAOR Officers & Directors  
<http://www.slaor.org/About.aspx> - click on the “Officers, Directors & Staff” tab
- SLAOR Membership Directory  
<http://www.slaor.org/About.aspx> - click on the “Membership Directory” tab
- Oregon Insurance Code & Oregon Surplus Line Laws  
<http://www.slaor.org/Insurance.aspx> - click on the “Oregon Statutes” tab