



Monica J. Lindeen
Commissioner of Securities & Insurance
Montana State Auditor
840 Helena Ave. • Helena, MT 59601
Phone: 406.444.2040 or 800.332.6148
Fax: 406.444.3497 • Web: www.csi.mt.gov

EXAMPLE OF RISK ON APPROVED RISK LIST OR WHITE LIST INCLUDES AN EXAMPLE OF A POLICY ENDORSEMENT

This example has the following Information based on the filing of a electronic submission:

1. This policy was a property casualty risk for a log home in rural Montana and has a fire risk.
2. Montana is home state of the Insured.
3. The policy was submitted with a declaration page rather than a binder.
4. **Insured Information** - the surplus lines agent is required to enter the following from the Montana Surplus Lines Submission Form:
 - a. policy holder name
 - b. policy number (enter the number as assigned by the insurance company)
 - c. the Montana street address of risk insured.
 - d. the nearest Montana city in which the risk is located
5. **Submission Form Part 1 – Producing Insurance Producer Section**, the following information must be entered:
 - a. If the risk is included in the Approved Risk List or White List the category should be entered. If the yes box is checked, an approved code must be entered. If an approved risk is entered, sections 2, 3 and 4 of Montana Surplus Lines Submission form do not have to be entered.
 - b. If the risk is not listed on the ARL, the agent must describe the risk in complete sentences.
 - c. If this risk is not listed on the ARL, the agent must describe, in complete sentences, the reason for the risk is not available from an authorized insurer.
 - d. The agent must enter the name of the prior insurer from the drop down menu. **If more than one prior insurer exists, list the lead prior insurer or the prior insurer who retained the most risk.**
 - e. If the agent is using the 10% and \$1,500 exception, under 33-2-302(1)(d)(i) and (2), MCA, this box must be checked.
 - f. The source of the company's rating must be selected, either AM Best or Standard and Poor's when using the 10% and \$1,500 exception.
 - g. The applicable rating must be selected when using the 10% and \$1,500 exception.
 - h. The effective date of the insurance company rating, if using the 10% and \$1,500 exception must be entered.
 - i. The agent must select the three authorized insurers who provided a bid for coverage when using the 10% and \$1,500 exception. The bid amount must be entered in the box to the right of the company name when using the 10% and \$1,500 exception.
 - j. Enter the producing producer's license number, which should bring up the agents name and the affiliated agency in the drop down box. The agent must select the proper agency if more than one agency is listed.
 - k. Enter the date the producing producer signed the submission form.
6. **Submission Form Part II Surplus Lines Agent Information** - the Surplus Lines Agent is Required to enter the following information:
 - a. The Montana Surplus Lines Agent license should be entered, which will cause the surplus lines agent information to be automatically entered in the form. The surplus lines agent should confirm the information to be correct.
 - b. The date the surplus lines agent signed the policy.

7. Based on the example, the base premium for this policy is \$1,077.00. A \$50 inspection fee was charged to the policyholder. **The manual calculations for the example are listed below (note the stamping fee is reduced to ½ of 1% or 0.005% for electronic filings from the 1% or 0.01 due for paper filings):**

a. Base premium	\$1,077.00
Inspection fee	<u>50.00</u>
Total Premium for premium tax calculation	\$1,127.00
Premium tax rate	2.75%
Fire tax premium (see item 9)	\$ 646.00
Fire tax rate	2.50%
Stamping fees	0.5%
Premium taxes owed $((1,077+50) \times .0275)$	\$ 30.99
Fire taxes owed $(646 \times .0250)$	\$ 16.15
Stamping fees owed $(1,077 \times .0005)$	<u>5.39</u>
Total taxes and fees owed	\$ 52.53

8. The surplus lines agent should review the information for accuracy. If the agent is satisfied, the box to the left of the surplus lines agents name must be checked and the submit button can be pressed to enter the transaction. The surplus lines agent can view and print their statement of surplus lines activity at anytime. Please contact 406-444-2040 if you have any questions.
9. After June 1, 2010 the surplus lines agent can either be pay the premium tax and stamping fees electronically or by a single check, at their convenience or with an annual payment due by April 1 in the next calendar year. The CSI will not be sending out tax and stamping fee statements as these amounts can be viewed on-line. **Checks must be made out to the Montana Commissioner of Securities and Insurance.**
10. After the submit button has been pressed, the next screen should be the following confirmation, listed below, indicating that the submission was successful. If this screen is not present the transaction has not been entered into the database. Two possibilities are likely for the problem. The first may be that not all of the boxes have been properly completed or a problem may exist with the server. The agent should check the form for completeness, attempt to resubmit or reenter the information at a later time.
11. Any changes to the original surplus lines submission must be made through an endorsement or cancellation of the policy.
12. In this case the fire premium was a known amount if the exact fire premium is not known, the surplus lines agent can calculate the fire premium based on the following:
13. The surplus lines agent is required to maintain the original or a scanned copy of the Montana Surplus Lines Submission form, declaration page and/or binder for a period of five years, from the ending date of the policy.
14. **PLEASE NOTE THE SURPLUS LINES FILING MUST BE MADE TO THE MONTANA COMMISSIONER OF SECURITIES AND INSURANCE, OFFICE OF THE STATE AUDITOR WITHIN 60 DAYS OF THE EFFECTIVE DATE OF THE POLICY**

EXAMPLE OF A PREMIUM ENDORSEMENT

15. On February 8, 2010 the insured added an unattached structure to her policy. The premium for the unattached structure is \$100.00. Since this is an endorsement premium the following steps must be followed.
16. Call up the Endorsement Form on the CSI website.
17. Enter the policy number
18. Enter the Endorsement number, if any.
19. Enter the Endorsement Date (02/08/2010 for this transaction)
20. Enter the additional premium
21. Enter the additional fire premium, if any (\$60.00 for this transaction)
22. Enter the inspection fee, if any (\$ for this transaction)
23. Verify the information is correct and hit the submit button. If the information is incorrect, use the reset button to clear the entered information and begin the process over by entering the policy number.

MONTANA SURPLUS LINES SUBMISSION FORM

SAMPLE

NOTICE: Complete entire submission form. Do not leave any blanks. Write "NA" if any question is "not applicable." Incomplete submission forms will be returned.

INSURED: Elaine Johnson POLICY NUMBER: PP0005580M

MT ADDRESS: 10 Beautiful View Ridge Hamilton, Montana 59840

MT LOCATION ONLY

IS THIS FILED ON A BINDER? YES NO

PART 1: AFFIDAVIT OF PRODUCING INSURANCE PRODUCER SECTION

State of Montana County of Ravalli ss. The undersigned hereby certifies upon oath that the insurance which is the subject of this affidavit is in accordance with Title 33, § 33-2-301, et seq. MCA, the Montana Surplus Lines Insurance Law.

Is the risk included on the most recent Approved Risk List? YES or NO If so, in which category? (Ex: GL-01) FA-13

If not included on the most recent ARL describe 1) Type of Risk N/A

1a) EXPLAIN in detail why insurance for this risk is unavailable from an authorized insurer: (COMPLETE SENTENCE)

2) Indicate prior insurer: N/A 2a) Explain why the prior insurer, if an authorized insurer, did not renew: N/A

2b) If a renewal was offered, what was the renewal quote? NONE (IF NONE PUT "NONE")

3) Are you filing using the 10% AND \$1500 exception? (33-2-302(1)(d)(i) and (2) MCA) (Y or N) N (DILIGENT EFFORT IS REQUIRED)

If YES, the financial stability rating system used was N/A and the rating was N/A as of N/A (effective date).

FOR OFFICE USE ONLY VERIFIED RATING:

(If YES, you are affirming: 1. I have provided the insured with the disclosure information on the form approved by the Commissioner. 2. The unauthorized market quote was placed with a surplus lines company that is "A" rated or better. 3. The authorized market quote(s) that was used was the lowest premium from the diligent effort. 4. The difference between the authorized market quote(s) and the unauthorized market quote(s) meets both the 10% AND the \$1500 requirements. 5. I listed the lowest quotes obtained from the authorized market search in #4 below.)

4) List a minimum of three authorized insurers you contacted for your diligent efforts to place this insurance:

A. B. C. \$ \$ \$

I, Ed Smith, being of lawful age and being first duly sworn, on oath, depose and say that I am one and the same person whose name is subscribed to this affidavit; that I have read the same and know the contents thereof; and that the statement of facts contained herein are true.

Original Signature of Producing Insurance Producer is Required Date Montana Producer/Agency License No. 830 Helena Avenue, Helena, MT 59601

Agency Name Address

The notary stamp or seal is required for each Submission Form Notary Section was not completed for the Sample Subscribed and sworn to before me this of 20 Signature Printed Name of Notary Notary Public for the State of Residing at My Commission expires

PART 2: Montana Surplus Lines Insurance Producer Section

I, Everett James (printed name of surplus lines insurance producer), affirm that: 1) I am the producer that placed this risk with the unauthorized insurer; 2) this line of insurance appears on the most recent Approved Risk List (ARL) issued by the Commissioner of Insurance or that I have, to the best of my ability, attempted to place this line of insurance through an authorized insurer and am unaware of any authorized insurer transacting this line or the full amount of this line of insurance in Montana; and 3) I have complied with § 33-2-302, MCA.

David Charles Agency 830 Helena Avenue, Helena, MT 59601

Agency Name Address as it appears on the MT Surplus Lines License

January 2, 2010 #000005

Original Signature of Surplus Lines Producer is Required Date Montana Surplus Lines License No.

PART 3: Premium / Tax / Fee Information Section

Name of Unauthorized Insurer(s): American Western Home Insurance Co. NAIC #35912 Lloyds Syndicate # N/A Policy Period From: 01/02/2010 To: 01/02/2011 Limits of Coverage: Property \$270,000 Liability \$100,000

If this policy is a multi-year policy with the policy term greater than 12 months, this form is to be completed only in the initial year of the policy. For all subsequent years, report policy premium on the Montana Surplus Lines Multi-Year Policy Premium Form

Policy Premium: \$ 1077.00 Fire Premium: \$ 646.00 Premium Tax: (2 3/4%) \$ 30.99 Fire Tax (2.5%): \$ 16.15 Stamping Fee: (1%) \$ 5.38 Inspection Fee: \$ 50.00

FOR OFFICE USE ONLY: ACCEPTED STAMP ONLY

NOTICE: Under Montana law, inspection fees for the actual cost of inspecting the risk to be covered may be charged. Other fees, such as placement fees or policy fees, are not permitted.

SEND: THE ORIGINAL SUBMISSION, A COPY OF THE ORIGINAL SUBMISSION FORM AND A SELF-ADDRESSED STAMPED ENVELOPE WITH SUFFICIENT POSTAGE TO RETURN THE STAMPED COPY OF THE SUBMISSION FORM AND ANY OTHER DUPLICATES YOU WOULD LIKE RETURNED (I.E.; DECLARATION PAGES AND/OR BINDERS). IF COPIES ARE NOT PROVIDED, NONE WILL BE RETURNED. TO: MONTANA COMMISSIONER OF SECURITIES AND INSURANCE, SURPLUS LINES, 840 HELENA AVENUE, HELENA, MT 59601.

LOG HOME OWNERS

AMERICAN WESTERN HOME
INSURANCE COMPANY
MAIN ADMINISTRATIVE OFFICE
7000 Midland Boulevard
Amelia, Ohio 45102-2607

Policy Number
PP0005580M

DECLARATIONS

NAME INSURED AND MAILING ADDRESS

ELAINE JOHNSON
3800 LOS BUEANA VISTA DR
OCEANSIDE CA 92028

AGENT NAME AND ADDRESS

ED SMITH
DAVID CHARLES AGENCY
830 HELENA AVENUE
HELENA, MT 59601
AGENT NO: 00002

BROKER NAME AND ADDRESS

DAVID CHARLES AGENCY
830 HELENA AVENUE
HELENA, MT 59601

POLICY PERIOD

FROM: 01/02/2010 **TO:** 01/02/2011

12:01 a.m. Standard Time at the Described Location.

The residence premises covered by this policy is located at the above address unless otherwise stated:
(No., Street, Apt., Town or City, County, State, Zip Code)

Coverage is provided where a premium or limit of liability is shown for the coverage.

LIMIT OF LIABILITY	COVERAGES – SECTION I	PREMIUM
\$ 270,000.	A. DWELLING	\$ 1,077.00
\$ 27,000.	B. UNATTACHED STRUCTURES	
\$ 189,000.	C. PERONAL PROPERTY	
\$ 81,000.	D. LOSS OF USE	
	SECTION I DEDUCTIBLE: \$ 500.00	
	COVERAGES – SECTION II	
\$ 100,000.	E. PERSONAL LIABILITY	
\$ 1,000.	F. MEDICAL PAYMENTS TO OTHERS	
	OPTIONAL COVERAGES	
	PREMIUM	\$ 1,077.00
	INSPECTION FEE	\$ 50.00
	TAX	\$ 52.53
	TOTAL	\$ 1,184.91

Forms and Endorsements (including edition dates) made part of this Policy at time of issue: See Form CGA-DW-121 (04/04)

Rating Information:	OWNER OCCUPIED	100% PROFESSIONALLY BUILT
Year of Construction:	1992	Construction Type: LOG HOME Protection Class: 10
Not more than	1001 feet from hydrant,	5 miles from Fire Department Territory: 70

Mortgage(s)/Lienholder(s) Name and Address:
 CHEVY CHASE BANK, FSB
 USA OA
 P.O. BOX 100500
 FLORENCE, SC 29501

Countersigned:

06/05/2009
DATE

By 
AUTHORIZED REPRESENTATIVE

*Issued in an unauthorized insurer under
The Surplus Lines Insurance Law, under
surplus lines producer license No. 000005
and "NOT covered by the property and
casualty guaranty fund of this state if the
unauthorized insurer becomes insolvent.

THIS DECLARATIONS PAGE, WITH POLICY JACKET, HOMEOWNERS POLICY FORM, AND
ENDORSEMENTS IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETES THE ABOVE
NUMBERED HOMEOWNERS POLICY.

SAMPLE

MONTANA SURPLUS LINES

SAMPLE

ENDORSEMENT / CANCELLATION COVER SHEET

NAME OF INSURED Elaine Johnson

ENDORSEMENT # 1 OR CANCELLATION check if cancellation

COMPANY American Western Home Ins Co. POLICY # PP0005580M

EFFECTIVE DATE 1/02/2010 EXPIRATION DATE 1/02/2011
EX:01/01/08 EX:01/01/09

ENDORSEMENT/CANCELLATION EFFECTIVE DATE 02/08/2010
EX:01/01/08

NOTICE: Under Montana law, inspection fees for the actual cost of inspecting the risk to be covered may be charged. Other fees, such as placement fees or policy fees, are not permitted.

PREMIUM (additional or return*) \$100
 (Mark one)

FIRE PREMIUM (additional or return)** \$60.00
 (Mark one)

INSPECTION FEE \$0.00

PREMIUM TAX 2.75% \$2.75

FIRE TAX 2.5% \$2.50

STAMPING FEE 1.0% \$0.50

(Only returned if flat cancellation prior to the effective date of the policy)

** Fire premium was unknown and agent multiplied \$100 x 60% + \$60

SURPLUS LINES PRODUCER: Everett James
David Charles Agency
830 Helena Avenue
Helena, MT 59601

SL PRODUCER
AGENCY NAME
ADDRESS
CITY/ST/ZIP

SURPLUS LINES LICENSE NUMBER 000005

For Office Use Only:

SAMPLE

**THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ CAREFULLY
ENDORSEMENT #1**

Policy Number	Effective Date of Change	Premium	Agent
PP0005580M	02/08/2010	\$100.00	Everett James

In consideration of additional premium heron the policy is amended as follows:

Add additional unattached structure on behalf of
Elaine Johnson

Tax and fee schedule
Premium \$100.00
Surplus lines tax 5.25
Stamping fee 1.00
Total \$106.25

*Issued in an unauthorized insurer under
The Surplus Lines Insurance Law, under
surplus lines producer license No. 000005
and "NOT covered by the property and
casualty guaranty fund of this state if the
unauthorized insurer becomes insolvent.



Authorized Representative

02/16/2010

Date