



**National Association of Professional Surplus Lines Offices, Ltd.**

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Executive Director

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John W. Bauer  
Chief Counsel, Regulatory Affairs  
National Association of Insurance Commissioners  
2301 McGee Street, Suite 800  
Kansas City, Missouri 64108

**RE: New Mexico NARAB Questionnaire**

Dear John:

NAPSLO would like to briefly comment about the New Mexico responses. The survey responses indicate that an underlying P&C license is required as a precondition for obtaining a non-resident surplus lines broker's license. The survey response regarding the diligent search indicates that either the producing broker or the surplus lines broker may conduct the diligent search. The response that does not appear to address the question in 4.d. which asks if New Mexico will waive the underlying P&C license if the state does not mandate that the surplus lines broker perform the diligent search. The response simply states "diligent search is required." Although New Mexico is like nearly all states in requiring the diligent search, the response does not answer the question that would allow the NAIC to certify New Mexico as having reciprocal licensing requirements under GLBA. Please note that New Mexico's "producing broker affidavit" specifically allows the producing broker to conduct the diligent search. As you know, our view is that the underlying P&C requirement should only be imposed if the surplus lines wholesaler is actually conducting a diligent search. NAPSLO members all operate as wholesalers and do not conduct a diligent search.

If New Mexico statutes will continue to require the underlying P&C license for a wholesaler, then the options would appear to be as follows:

- A. New Mexico waives the requirement for surplus lines wholesalers who do not perform the diligent search.
- B. New Mexico is not certified as reciprocal under GLB.

As between these options, we would rather see New Mexico become reciprocal as that term is defined in GLB. Great strides have been made in the area of reciprocal licensing and in this would be one more step in the direction of reciprocal licensing.

If there is anything NAPSLO can do to further this overall objective, please let me know.

Yours truly,

Steven P. Stephan, J.D., CPCU, ARe  
Director of Government Relations