



# Oregon

Theodore R. Kulongoski, Governor

## Department of Consumer and Business Services

Insurance Division, Producer Licensing

350 Winter St. NE, Room 440

PO Box 14480

Salem, OR 97309-0405

(503) 947-7981

FAX (503) 378-4351

TTY (503) 947-7280

[www.oregoninsurance.org](http://www.oregoninsurance.org)

June 29, 2010

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

RE: National Association of Professional Surplus Lines Offices, LTD (NAPSLO) letter dated May 10, 2010

Dear Mr. Bauer,

In response to NAPSLO's comments concerning Oregon's reciprocity checklist, a couple of clarification points are necessary.

NAPSLO references ORS 735.450, which provides for an exemption from certain licensing requirements for non-resident surplus lines producers if three conditions are met. These three conditions deal with placement of a risk with exposures both in Oregon and outside of Oregon, and are similar to the multi-state exposure exemption in section 4(B)(6) of the Producer Licensing Model Act. These conditions would exempt a person from obtaining any Oregon license:

- if the insurance contract covers a risk with exposures both in this state and outside this state;
- procurement of the insurance contract did not occur in this state;
- and the licensee or insurance producer is licensed to transact surplus lines insurance in the state in which the insurance contract was procured.

If these three conditions are met, the producer is not required to obtain any Oregon license for a transaction connected to this risk. However, if a producer is not exempt from the licensing requirements under ORS 735.450, the underlying P&C license is required to obtain a surplus lines license. Therefore, Oregon would like to clarify that the answer to Question 4.a. is "Yes" unless the non-resident surplus lines producer is exempt under ORS 735.450(2).

The second question that NAPSLO commented on is "Is the surplus lines producer required to perform the diligent search of the admitted market in your state?" Oregon's answer was "yes." The answer to Question 4.c. could more accurately have been "sometimes." A diligent search is required to be conducted by the producing insurance producer, but this is not always the surplus lines licensee. If the surplus lines licensee is not the producing insurance producer, then the surplus lines licensee is not required to perform the diligent search. If the surplus lines licensee is the producing insurance producer, then the surplus lines licensee must perform the diligent search.



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Thank you for the opportunity to submit this additional clarification.

Sincerely,

Jim Thompson

Manager, Producer Licensing

Oregon Insurance Division

503-947-7247

[James.T.Thompson@state.or.us](mailto:James.T.Thompson@state.or.us)

Cc: Steven P. Stephan, J.D., CPCU, ARe