



### 3. DILIGENT EFFORT STATEMENTS

Each surplus lines agent shall maintain, as part of each insured's file, a copy of the producing agent's documentation of diligent effort. This documentation shall be made available for inspection upon request by the Service Office. **It is the responsibility of the surplus lines agent to verify that the producing agent has made a diligent effort to place the coverage with an authorized insurer. Verification should include more than acceptance of the diligent effort statement by the surplus lines agent from the producing agent.** The diligent effort statement or exemptions must meet the requirements of §626.916(1), 626.916 (3)(a) & (b), 627.715 and the Office of Insurance Regulation Rule 69P-5.003 as referenced, 69P-5.003 Statement of Diligent Effort. (1) When placing coverage with an eligible surplus lines insurer, the surplus lines agent must verify that a diligent effort has been made by requiring from the retail or producing agent a properly documented statement of diligent effort on form DI4-1153 (7/94), "Statement of Diligent Effort", which is hereby adopted and incorporated by reference. Copies of form DI-1153 may be obtained from the Florida Surplus Lines Service Office website at the following address: <http://www.fslso.com/publications/forms/Diligent.Effort.pdf> (2) Declinations must be documented on a risk-by-risk basis. *Specific Authority 624.308, 626.916(2) FS. Law Implemented 624.307(1), 626.913(2), 626.916(1)(a), 626.930(1) FS. History–New 10-1-91, Formerly 4-11.005, Amended 8-28-94, Formerly 4j-5.003.*

Certain lines of coverages may be exempt from the diligent effort search requirement as specified in the above referenced statutes. Additional guidance regarding compliance with the diligent effort and the disclosure requirements are included in the "Surplus Lines Rules of Practice" section of this manual.

**Failure to maintain proper documentation is grounds for administrative action by the Department of Financial Services. Penalties for violating this section include disciplinary action up to and including administrative penalty, supervision or revocation of all licenses by the Department of Financial Services.**

### 4. EXEMPT COMMERCIAL PURCHASER

The Non-Admitted and Reinsurance Reform Act of 2010 (NRRA) created a new type of insurance purchaser which is referred in the act as "exempt commercial purchaser." The NRRA now provides a nationwide standard for the automatic export of risks for these "qualified" insureds. As defined by the NRRA, an "exempt commercial purchaser" is a person purchasing commercial insurance that, at the time of placement, meets all of the following requirements:

1. The person employs or retains a qualified risk manager to negotiate insurance coverage
2. The person has paid aggregate nationwide commercial property and casualty insurance premiums in excess of \$100,000 in the immediately preceding twelve (12) months
3. The person meets at least one (1) of the following criteria
  - a. The person possesses a net worth in excess of \$20,000,000
  - b. The person generates annual revenues in excess of \$50,000,000
4. The person employs more than 500 full-time or full-time equivalent employees per individual insured or is a member of an affiliated group employing more than 1,000 employees in the aggregate