

AGENTS E&S 101

Submitting business through Surplus Lines markets can be confusing. Below are some useful tips, to help make the process a little smoother:

Get to know your chosen Wholesale Brokers:

Some, but not all, may also operate as a Managing General Agent (MGA), which means they have the authority to underwrite and bind business on behalf of certain carriers, notably Lloyds (in-house). Others may specialize in certain classes of business or manage exclusive programs.

Submitting Applications:

Completed in full including risk specific details, contact name/phone number and website if applicable. Provide target premiums up front and minimum of three years currently valued Loss Runs.

Quotes:

Review in DETAIL (Forms List, Minimum Earned Premium, Taxes and/or Fees, Subjectivities). Ask questions pertaining to any areas of uncertainty.

Binding Request:

Must be made in writing to the Broker and should submit all required Subjectivities noted in the quote terms, at the time of binding (ex: signed applications, completed affidavit, Terrorism forms, etc.). Retail agents do not have binding authority so you must receive written confirmation back from the Broker. Premium Payment is often due upon binding (in full or financed).

Affidavits:

Required on Non-Admitted business and vary by state. Must be completed and signed by insured/agent as applicable and submitted with a bind request. These are time sensitive (filed with applicable State).



Billing:

Most surplus lines policies are Agency Bill (payment due in full at time of binding). Alternate option is Financing which can be set up through the Retail Agent or Wholesaler directly if available.

Minimum Earned Premium:

This applies to cancellation of a policy. The MEP percentage stipulated in the policy is the percentage retained by the carrier calculating any cancellation return premium. Usually 25% but it can be anything up to 100% (Fully Earned – meaning NO return premium).

Minimum and Deposit:

NO return premium at audit if exposures (Sales, Payroll, Cost, etc) are less than estimated on policy term

Inspections:

Insurance companies often inspect a risk. Any risk improvement requirements developed from the inspection need to be completed by the Insured within the stipulated timescale. Let your Broker know of any problems or requests for time extensions to avoid possible cancellation.



DECOTIS
SPECIALTY INSURANCE

BOSTON

781.794.1400

PROVIDENCE

401.351.0066

BALTIMORE

443.846.0400



ADDITIONAL TIPS FOR DEVELOPING A STRONG RELATIONSHIP BETWEEN THE RETAIL AGENT AND SURPLUS LINES WHOLESALER:

BE SELECTIVE when sending submissions to Wholesalers. If using multiple Wholesalers, have dialogue about market availability for best options. Advise of any specific terms needed (coverages/endorsements, carrier rating etc) so they can further determine market selection.

GET FAMILIAR with your account contacts (producer, underwriter, account manager, customer service rep). Teams vary depending on the type of business being worked on.

Accounts can have varying turn-around times so **COMMUNICATE** with your producer on any specific needs at the start of the submission process.

If unsure on any aspect of your submission **CALL YOUR WHOLESALER** for guidance. They are there to assist so the result is successful placement of your business.



BOSTON

781.794.1400

PROVIDENCE

401.351.0066

BALTIMORE

443.846.0400