

CHAPTER 21  
REQUIREMENTS FOR SURPLUS LINES,  
RISK RETENTION GROUPS AND PURCHASING GROUPS

[Prior to 10/22/86, Insurance Department[510]]

**191—21.1(515E,515I) Definitions.** In addition to the definitions provided in Iowa Code chapters 515E and 515I, the following definitions shall apply to this chapter, unless the context clearly requires otherwise:

“*Division*” means the Iowa insurance division, supervised by the commissioner pursuant to Iowa Code section 505.8, in the division’s performance of the duties of the commissioner under Iowa Code chapters 515E and 515I.

“*Division’s Web site*” means the Web site of the Iowa insurance division, [www.iid.iowa.gov](http://www.iid.iowa.gov).

“*Place*” or “*places*” means obtaining insurance for an insured with a specific insurer.  
[ARC 7663B, IAB 3/25/09, effective 4/29/09; ARC 2727C, IAB 9/28/16, effective 11/2/16]

**191—21.2(515I) Eligible surplus lines insurer’s duties.**

**21.2(1) *Insurer liable.*** Where, pursuant to Iowa Code chapter 515I, coverage is placed with an eligible surplus lines insurer, but the surplus lines insurance producer fails to pay to the state of Iowa the premium tax required by Iowa Code section 515I.3(2) and rule 191—21.3(515), the eligible surplus lines insurer shall be liable for the premium tax required by Iowa Code chapter 515I and this chapter.

**21.2(2) *How premium tax quoted.*** An eligible surplus lines insurer or a broker for an eligible surplus lines insurer is authorized to quote a premium which includes tax as is required by Iowa Code chapter 515I, and thereafter no additional tax amount may be charged or collected. Premium tax may be stated in the contract of insurance as a separate component of the total premium only when the premium is not based upon rates or premiums which included a premium tax component when promulgated. Any fees collected from residents of this state are considered part of the premium and thus are subject to taxation.  
[ARC 7663B, IAB 3/25/09, effective 4/29/09; ARC 2727C, IAB 9/28/16, effective 11/2/16]

**191—21.3(515I) Surplus lines insurance producer’s duties.**

**21.3(1) *Surplus lines insurance producer’s collection of tax.*** A surplus lines insurance producer who places insurance with an eligible surplus lines insurer shall collect premium tax from the eligible surplus lines insurer by withholding 1 percent of the premiums for such tax.

**21.3(2) *Electronic reporting of premium tax.*** A surplus lines insurance producer who places insurance with an eligible surplus lines insurer shall file electronically the premium tax information with the division on or before March 1 for policies issued during the preceding calendar year.

**21.3(3) *Annual report.*** On or before March 1 of each year, every surplus lines insurance producer who has placed insurance with an eligible surplus lines insurer when the policies have been issued during the preceding calendar year shall file electronically with the division or as otherwise directed by the division a sworn report of all such business written during the preceding calendar year and shall submit the amount to cover the taxes due on all such business. If no business was written during the preceding calendar year, no report is required. Failure to file an annual report or pay the taxes imposed by Iowa Code chapter 515I will be deemed grounds for the revocation of a surplus lines insurance producer’s license by the division, and failure to file an annual report or pay taxes within the time requirements of this rule will subject the surplus lines insurance producer to the penalties of Iowa Code section 515I.12.  
[ARC 7663B, IAB 3/25/09, effective 4/29/09; ARC 2727C, IAB 9/28/16, effective 11/2/16]

**191—21.4(515I) Surplus lines insurance producer’s duty to insured.** A surplus lines insurance producer who places coverage with an eligible surplus lines insurer as defined in Iowa Code section 515I.2 shall deliver to the insured, within 30 days of the date the policy is issued, a notice that states the following: “This policy is issued, pursuant to Iowa Code chapter 515I, by a nonadmitted company in Iowa and as such is not covered by the Iowa Insurance Guaranty Association.” A surplus lines insurance producer may comply with this rule by verifying disclosure of this language in a clear and conspicuous position on the policy or by electronic delivery authorized by Iowa Code chapter 505B, if the method

of delivery of the notice allows the division, the surplus lines insurance producer and the intended recipient to verify receipt of the specific notice.

[ARC 7663B, IAB 3/25/09, effective 4/29/09; ARC 2727C, IAB 9/28/16, effective 11/2/16]

**191—21.5(515I) Procedures for qualification and renewal of a nonadmitted insurer as an eligible surplus lines insurer.**

**21.5(1)** *Application and procedures for initial qualification of a nonadmitted insurer as an eligible surplus lines insurer.*

*a.* Any nonadmitted insurer who wishes to qualify under Iowa Code chapter 515I as an eligible surplus lines insurer shall make an application.

*b.* The nonadmitted insurer's application shall contain the following information, which also is listed on the division's Web site:

(1) A completed National Association of Insurance Commissioners Uniform Certificate of Authority Application (NAIC UCAA) Expansion Application, available through the division's Web site or through the NAIC Web site, [www.naic.org/industry](http://www.naic.org/industry).

(2) The name of an Iowa-licensed resident insurance producer qualified in Iowa to write surplus lines insurance, whom the nonadmitted insurer is designating as the person to accept inquiries and notices on behalf of the nonadmitted insurer.

(3) Remittance of the greater of a \$100 filing fee or a retaliatory fee, and a \$500 examination fee for all new applicants.

*c.* In addition to the above requirements, the insurer shall:

(1) Maintain the greater of either minimum capital and surplus of \$5 million or risk-based capital pursuant to Iowa Code chapter 521E, and

(2) Have been actively in operation for at least three years without significant changes in ownership or management during the three-year period.

These financial and management requirements may be waived by the division upon a finding that the insurer will be offering coverage in a line of insurance for which there is an unavailability of capacity and an extraordinary need for coverage in this state. The division may require other information as deemed necessary.

**21.5(2)** *Procedures for renewal of a nonadmitted insurer as an eligible surplus lines insurer.* A nonadmitted insurer that is not an alien insurer as defined in Iowa Code section 515.70 and that was approved by the division as an eligible surplus lines insurer shall, by March 1 of each year following the year of approval:

*a.* Continue to comply with paragraph 21.5(1) "c";

*b.* Pay a \$100 renewal fee; and

*c.* Submit to the division the documents and materials listed on the division's Web site.

**21.5(3)** *Failure to comply.* Failure of a nonadmitted insurer to timely submit the materials required in this rule or to otherwise fail to comply with this rule shall result in the termination of the nonadmitted insurer's status as an eligible surplus lines insurer.

[ARC 7663B, IAB 3/25/09, effective 4/29/09; ARC 2727C, IAB 9/28/16, effective 11/2/16]

**191—21.6(515E) Procedures for qualification as a risk retention group.**

**21.6(1)** Any insurer who wishes to register under Iowa Code chapter 515E as a risk retention group shall file with the division an application that contains:

*a.* The information required by Iowa Code section 515E.4, which also is listed on the division's Web site; and

*b.* Remittance of a \$100 filing fee plus any additional retaliatory fees.

**21.6(2)** A risk retention group shall pay a \$100 renewal fee by March 1 of each year following the year of registration. The risk retention group shall annually provide information requested by the division for determination of continued registration.

[ARC 7663B, IAB 3/25/09, effective 4/29/09; ARC 2727C, IAB 9/28/16, effective 11/2/16]

**191—21.7(515E) Risk retention groups.** A risk retention group as defined in Iowa Code chapter 515E may utilize its producers to report and pay premium taxes or may pay the taxes directly. If producers are utilized, the producers shall file the premium tax information electronically with the division through the division's Web site on or before March 1 for policies issued during the preceding calendar year.

[ARC 2727C, IAB 9/28/16, effective 11/2/16]

**191—21.8(515E) Procedures for qualification as a purchasing group.**

**21.8(1)** Prior to doing business in this state, a purchasing group shall furnish to the division notice that shall include:

*a.* The information set forth in Iowa Code section 515E.8, which also is listed on the division's Web site; and

*b.* Remittance of a \$100 filing fee.

**21.8(2)** A registered purchasing group shall pay a \$100 renewal fee by March 1 of each year following the year of registration. The purchasing group must provide information requested by the division for determination of continued registration.

[ARC 2727C, IAB 9/28/16, effective 11/2/16]

**191—21.9(515E,515I) Failure to comply; penalties.** Failure of a producer, surplus lines insurance producer, insurer, risk retention group or purchasing group to comply with this chapter or with Iowa Code chapters 515E and 515I may subject the producer, surplus lines insurance producer, insurer, risk retention group or purchasing group to penalties set forth in Iowa Code chapter 507B, 515E or 515I.

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These rules are intended to implement Iowa Code sections 515.120 to 515.122.

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