

# **Surplus Lines Association of Colorado**

## **Disposition of surplus funds**

As you are aware the functions of the Surplus Lines Association changed effective January 1<sup>st</sup> 2007. Effective then the Colorado Division of Insurance elected to have all monthly reports submitted directly rather than through the intermediary of our offices. As a consequence the statutory functions of the Association have been reduced.

Colorado statutes require that stamping fees collected on surplus lines transactions are to be used “for the purposes of relieving the Commissioner of their responsibilities”. The Board of the Association has consistently interpreted that to mean their responsibilities under Article V, Non Admitted Insurance.

Over the years, particularly the last three, the Association has accumulated a surplus, despite reducing the fee to the lowest rate charged by Stamping offices. The Division of Insurance has claimed authority over those funds. In order to avoid a protracted and costly legal dispute with the DOI the Board has agreed to refund a portion of the surplus.

The Board has entered into a Stipulation Order with the Division of Insurance that will accomplish this while allowing the Association to continue its primary function of assisting Colorado consumers, retail producers and the direct participants in the transaction of surplus lines insurance in Colorado. Consequently the Association will distribute the surplus stamping fees received during the calendar years 2003, 2004 and 2005 to the insured’s that paid them on a pro rata basis. In order to expedite this matter the Association has agreed with the DOI that it will only distribute amounts exceeding \$20. A single deposit will be made to the Colorado Unclaimed Property Fund for those entities that do not qualify for direct payment and who may claim their refund from that source.

In order to minimize the expense to our members, the Association will distribute the checks directly to the insured. As we did not collect address information for these entities you may shortly be receiving an email that provides a list of affected insured’s with a request for their address.

If you have any questions or comments regarding this action or the proscribed procedure please contact us.