



October 9, 1998

Mr. Peter J. Salvatore
Regulatory Coordinator
Office of Special Projects
1326 Strawberry Square
Harrisburg, Pennsylvania 17120

Dear Mr. Salvatore:

The Alliance of American Insurers would like to comment on proposed regulations, 31 PA. Code Chs. 35, 123 and 124, Surplus Lines Insurance, as published in the October 3, 1998, edition of the Pennsylvania Bulletin. The Alliance is a property and casualty insurance trade association representing more than 270 insurance companies, many of which write insurance as admitted and surplus lines insurers in Pennsylvania.

We would like to commend the Pennsylvania Insurance Department for its forward-thinking approach to regulation in the state. The Alliance believes these proposed regulations reflect this less invasive regulatory approach, and we support the proposed surplus lines regulations as published in the Pennsylvania Bulletin.

The Alliance believes these regulations would preserve the intent that surplus lines insurance supplements the admitted market by offering coverage for unique risks or risks that cannot find coverage from admitted insurers while reducing the cost of doing excess and surplus lines business in the Commonwealth. Specifically, the new requirement for a diligent search is a significant improvement over the prior standard of declinations from three admitted market companies. The diligent search standards should expedite the placement process and reduce broker administrative expense. Other record keeping requirements proposed still provide the Insurance Department with an appropriate paper trail to track placement transactions while keeping administrative expenses to a minimum.

The Alliance is pleased to express its support for these proposed regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick V. Musick".

Patrick V. Musick
Assistant Vice President
Property/Casualty

PVM

cc: Neil Malady
James White

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ADMINISTRATIVE OFFICE
INSURANCE DEPARTMENT



**COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT**

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October 14, 1998

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Mr. Robert Nyce
Executive Director
Independent Regulatory Review Comm.
333 Market Street
Harrisburg, PA 17120

Re: Insurance Department Proposed
Regulation No. 11-170, Surplus Lines

Dear Mr. Nyce:

Pursuant to Section 5(c) of the Regulatory Review Act, the Department is required to submit all comments on proposed regulations received during the public comment period to the Independent Regulatory Review Commission and the Legislative Standing Committees within 5 days.

Attached is a comment received from Patrick V. Musick, Assistant Vice President, Alliance of American Insurers, 3025 Highland Parkway, Suite 800, Downers Grove, IL 60515-1289.

If you have any questions regarding this matter, please contact me at (717) 787-4429.

Sincerely yours,

A handwritten signature in cursive script that reads "Peter J. Salvatore".

Peter J. Salvatore
Regulatory Coordinator

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