



Offices of the West Virginia Insurance Commissioner

Due Diligence Form (Form DDF – Revised 8/09)

New Renewal Rewrite Customer ID #

This form must be forwarded to the licensed surplus lines licensee placing the risk in the surplus lines market and **must be retained** in his or her office and may be examined at any time by the commissioner pursuant to W.Va. C.S. R. §114-20-4.2(a) and §114-20-4.5.

1. _____ hereby submits that he/she is a duly licensed individual insurance producer under West
Producer Name (Type or Print)

Virginia Offices of the Insurance Commissioner license number _____

2. Risk Description

(A) Insured Name _____
Type or Print

(B) Address of Insured _____
Street and Number, City, State, Zip

(C) Description of Risk _____
e.g. Laundromat, Liquor Store. (Do Not List Type of Coverage)

(D) Location of Risk _____
Street and Number, City, State, Zip

(E) Type of Coverage _____

3. Is the type of coverage described on lines 2(C) and 2(E) on the current West Virginia Export List for both the type of insurance and the location in the State? YES NO

If you answered NO, continue to Number 4 below.

4. I declare under penalty of perjury, that I have made a diligent search to procure the insurance coverage described above for licensed insurers in West Virginia which are authorized to transact the kind of insurance involved and which provide, in the course of business, coverage comparable to the coverage being sought. I have contacted the insurers that I represent customarily writing the kind of insurance requested by the insured and have been unable to procure said insurance. The licensed insurers declining to insure this risk are as follows:

Full Name of Admitted Company	NAIC #	Name of Company Representative and Telephone Number	Date of Declination	Declination Code*

*Declination Codes: 1=Company's Capacity Reached; 2=Underwriting Reason; 3=Refused to State; 4=Other

If Other was used as a Declination Code, explain below:

NOTICE TO INSURED

I, _____, have been expressly advised prior to the placement of the insurance that:
Insured (Print or Type)

- 1) The surplus lines insurer with which the insurance is placed is not an admitted authorized insurer in this State and is not subject to the Insurance Commissioner's supervision; and
- 2) In the event the surplus lines insurer becomes insolvent, claims will not be paid nor will unearned premiums be returned by any West Virginia guaranty fund.

Signature of Insured

Date

The undersigned licensed individual insurance producer who performed or supervised the diligent search hereby certifies that this report is true and correct, and that this risk is not being placed with a non-admitted insurer for the sole purpose of securing a rate or premium lower than the lowest rate or premium available from an admitted insurer.

Licensed Individual Insurance Producer (Print or Type)

Signature of Licensed Individual Insurance Producer

Date

West Virginia Surplus Lines Export List

Pursuant to Section 7, Series 20, Title 114 of the West Virginia Code of State Rules, the Insurance Commissioner declares the following insurance coverages to be generally unavailable in the authorized market at the present, and thus exportable, and adopts the following export list. Accordingly, for those insurance coverages which are included on the export list, a diligent search among insurers admitted to do business in this State is not required before placement of the coverages in the surplus lines market.

The export list is not exclusionary. It does not affect what may or may not be placed through surplus lines insurers. It is a procedural tool. For those items on the list some of the procedures for surplus lines placements are eliminated - simplifying the process. If a coverage or class is included on this list the diligent search of admitted insurers is not required. If a coverage or class is not included on the list, the normal diligent search will still be necessary.

It is not the purpose of the export list to include every possible surplus lines exposure. The purpose is to list obvious coverages and classes that in almost every case will only be written by a surplus lines company. If a coverage or exposure is not on the list it may still be written through surplus lines if the procedures of Section 4, Series 20, Title 114 of the West Virginia Code of State Rules are followed.

Following is the published West Virginia Surplus Lines Export List of coverages and classes eligible for export to non-admitted insurers participating in the surplus lines market:

Effective June 7, 2009

AEROSPACE

AIRCRAFT:

CHARTERED

ANTIQU

EXCESS PASSENGER LIABILITY

FIXED BASE OPERATIONS

APPLICATORS LIABILITY

AIRPORT REPAIR OPERATIONS (UMBRELLA)

BALLOON HOT AIR

HELICOPTERS

GENERAL LIABILITY

ADULT DAY CARE

AIR SHOWS — Spectator Liability

ALARMS / SYSTEMS / FIRE SUPPRESSION — Installation, Service & Repair

ALCOHOL / DRUG REHABILITATION CENTERS & PROGRAMS

ALCOHOL SALES

AMUSEMENT DEVICES & RIDES

AMUSEMENT PARKS & CARNIVALS

ANIMAL RIDES / ANIMAL RACING & TRACKS

APPLICATORS - CHEMICAL: FERTILIZER, HERBICIDE, PESTICIDE

ARTISAN CONTRACTORS - Residential

ASBESTOS / LEAD PAINT REMEDIATION

ATHLETIC CAMPS

AUTOMOBILE DISMANTLING, WRECKING SALVAGE YARDS

BARS / TAVERNS / FRATERNAL or SOCIAL CLUBS with Alcohol Sales

BLASTING CONTRACTORS

BUILDING DEMOLITION

BUILDING MOVING OR RAISING

CARRIAGE RIDES

CHILD DAY CARE CENTERS

CONCERTS / SPECIAL EVENTS

COURIER SERVICES

CRANE RENTAL & RIGGING

DANCE STUDIO / GYMNASTICS

DEMOLITION OF BUILDINGS OR STRUCTURES

DETECTIVE / INVESTIGATIVE AGENCIES

DEVELOPMENTALLY DISABLED, SERVICES FOR

DRUG / ALCOHOL REHABILITATION CENTERS & PROGRAMS

EMPLOYMENT AGENCIES
EMPLOYMENT PRACTICES LIABILITY (EPLI)
ENVIRONMENTAL IMPAIRMENT / POLLUTION LIABILITY
ENVIRONMENTAL REMEDIATION
EXCAVATION CONTRACTORS
EXCESS LIABILITY / UMBRELLA LIABILITY (Commercial)
EXHIBITIONS / CONCERTS / SPECIAL EVENTS
EXPLOSIVE MANUFACTURING/STORAGE OR SALES
FAIRGROUNDS / FAIRS
FIRE SUPPRESSION / ALARM SYSTEMS — Installation, Service & Repair
FIREARMS - SALES, DISTRIBUTION & REPAIR
FIREWORKS
FRATERNITIES / SORORITIES
FUEL TANK INSTALLATION SERVICE & REPAIR
GENERAL CONTRACTORS
GO KART TRACKS / MOTORCROSS TRACKS
GROUP HOMES
GUIDES & OUTFITTERS
HABITATIONAL (Apartments, Condominiums, Multiple Dwellings — Residential)
HEALTH / EXERCISE / SPAS / FITNESS CLUBS & CENTERS
INVESTIGATIVE / DETECTIVE AGENCIES
KARATE & GYMNAS TIC SCHOOLS
LEAD PAINT / ASBESTOS REMEDIATION
LIQUOR LIABILITY
LOGGERS
MINING
MOBILE HOME PARKS
MOTORCROSS / GO KART TRACKS
NEW VENTURES - NO PRIOR INSURANCE
NURSING HOMES
OUTFITTERS / GUIDES
PAWN SHOPS
PERSONAL CARE HOMES
PLASTIC MANUFACTURING AND SALES

West Virginia Surplus Lines Export List 2

POLYURETHANE INSULATED BUILDINGS
POLLUTION LIABILITY & REMEDIATION CONTRACTORS
POWER PRESSURE WASHING
PRIVATE SCHOOLS
QUARRIES
RAILROAD PROTECTIVE LIABILITY
REAL ESTATE DEVELOPMENT
RECREATIONAL VEHICLE RENTAL - ATV / Jet Ski / Snowmobile
RECYCLING CENTERS
RESIDENTIAL CARE FACILITIES / RETIREMENT HOMES
ROOFERS
SAWMILLS
SECURITY GUARDS
SKATING RINKS — Roller / Ice / Skateboard / Roller Blade
SKI LIFTS AND TOWS
SNOW REMOVAL CONTRACTORS
SPECIAL EVENTS
SPECTATOR LIABILITY
TANNING SALONS
TAVERN / BAR / PRIVATE CLUBS / FRATERNAL OR SOCIAL CLUBS WITH
TREE TRIMMING
TRUCKERS
UMBRELLA LIABILITY / EXCESS LIABILITY (Commercial)

VACANT BUILDINGS
WELDING
WHITE WATER RAFTING
WINDOW WASHERS
WOOD WORKING OPERATIONS
CRIME
KIDNAP/RANSOM
PRODUCTS / COMPLETED OPERATIONS DRIVEN ACCOUNTS
AIRCRAFT & AIRCRAFT PARTS
ALCOHOLIC BEVERAGES MFR
AIVIIVIUNITION
AMUSEMENT DEVICES - MFR / INSTALLATION / REPAIR
DISCONTINUED PRODUCTS
EXPLOSIVES
FIREARMS
HEAVY EQUIPMENT MFR & REPAIR / REBUILD
INFANT FURNITURE
MEDICAL EQUIPMENT & PRODUCTS
MINING EQUIPMENT - MFR / INSTALLATION / SERVICE / REPAIR
PHARMACEUTICALS MFR & DISTRIBUTION
PLAYGROUINI) EQUIPMENT MFR & INSTALLATION
PRODUCTS RECALL
ROOFING
TANKS (FUEL)
TIRE RECAPPING
TOY MANUFACTURING

West Virginia Surplus Lines Export List 3

VITAMIN MFR & DISTRIBUTION
PROFESSIONAL LIABILITY AND ERRORS & OMISSIONS
AMBULANCE PERSONNEL & EMT's
COUNSELING PROGRAMS & INDIVIDUAL COUNSELORS
CYBER LIABILITY / INTERNET LIABILITY
DRUG TESTING
EMPLOYMENT PRACTICES LIABILITY
ENVIRONMENTAL CONSULTANTS
FOSTER CARE AGENCIES
HEALING ARTS
INVESTMENT ADVISORS
MEDICAL LABS
MIDWIVES
MORTGAGE BROKERS / BANKERS
NURSING HOMES
POLICE PROFESSIONAL
PROPERTY MANAGERS
PSYCHOLOGISTS / SOCIOLOGISTS / COUNSELORS
REAL ESTATE AGENTS & APPRAISAL
RESIDENTIAL HOME INSPECTORS
SOCIAL SERVICE AGENCIES & SHELTERS
X-RAY SPECIALISTS & TECHNICIANS
FIRE & ALLIED LINES
AMUSEMENT DEVICES / RIDES
AMUSEMENT PARKS / CARNIVALS
ASSISTED LIVING HOMES
DIFFERENCE IN CONDITIONS
EARTHQUAKE
EXCESS FLOOD
EXPLOSIVES MFR & DISTRIBUTION
FRATERNITIES & SORORITIES

FURNITURE MANUFACTURING
GREENHOUSES - WIND AND HAIL
HABITATIONAL (Apartments, Condominiums, Multiple Dwellings — Residential)
NUCLEAR ENERGY PROPERTY
OLDER BUILDINGS (BUILT PRIOR TO 1975)
REMOTELY LOCATED PROPERTIES (Protection Class 8, 9, 10)
RIOT AND CIVIL COMMOTION
SAWMILLS / PLANING MILLS
TAVERN / BAR / PRIVATE CLUBS / FRATERNAL OR SOCIAL CLUBS
VACANT BUILDINGS
WOOD WORKING OPERATIONS
INLAND / OCEAN MARINE
BRIDGES / TOWERS
COMMUNICATION TOWERS & EQUIPMENT
JEWELERS BLOCK
LANDING DOCK LIABILITY
LOGGING EQUIPMENT

West Virginia Surplus Lines Export List 4

MINING EQUIPMENT
RAILROAD
RIGGERS LIABILITY / ON HOOK
UNDERGROUND EQUIPMENT (OIL & GAS, TUNNELING, DRILLING)
WATERCRAFT - COMMERCIAL
MISCELLANEOUS SPECIAL LINES
ASBESTOS EXPOSURES & CONTRACTORS
EMPLOYMENT RELATED PRACTICES LIABILITY (EPLI)
INTERNATIONAL EXPOSURES
KIDNAP / RANSOM
OIL & GAS - ALL COVERAGES
PATENT INFRINGEMENT
PRIZE INDEMNIFICATION (i.e. Hole-in-One Insurance)
PRODUCTS RECALL
RAIN / WEATHER INSURANCE
SHORT TERM / SPECIAL EVENTS
TENANT DISCRIMINATION LIABILITY
UMBRELLA / EXCESS LIABILITY (Commercial)
AUTO PHYSICAL DAMAGE
AUTOMOBILE RENTAL
COAL HAULING TRUCKS
EXPLOSIVES HAULING
GASOLINE / PROPANE / BUTANE HAULING
LOGGING TRUCKS
LONG HAUL TRUCKS
TAXI SERVICES
TOW TRUCK OPERATIONS
USED AUTOMOBILE DEALERS
AGRICULTURE
HAY IN OPEN OR BARN
DROUGHT
ANIMAL MORTALITY
POULTRY

West Virginia Surplus Lines Export List 5

The Surplus Lines Market

The surplus lines market, hereafter referred to as surplus lines, is a supplemental market of insurance companies that do not have a certificate of authority to write insurance in West Virginia. Laws and regulations provide a mechanism to control the surplus lines brokers' "export" of business to recognized non-admitted insurers. Though specifics may differ, there is a consistency in the basic framework of surplus lines laws throughout the various states. The prohibition against soliciting business on behalf of nonadmitted insurers is universal, as well as the requirement that there be a diligent, good faith effort to place the insurance with an admitted insurer. Documentation and justification of the surplus lines placement is always required. Restrictions on using surplus lines for the purpose of price advantage and restrictions on exporting different layers or segments of a risk are common. Several states use an export list of insurance coverages and classes. Some states have exemptions for larger insureds. West Virginia surplus lines rules and procedures are consistent with most other states in these areas.

Frequently Asked Questions

What is your surplus lines tax rate?

- 4% of gross premiums less return premiums due to cancellations or premium reductions. Gross premiums include all policy fees.

What is the 1% policyholder surcharge?

- W. Va. Code §33-3-33 imposes a policyholder surcharge on the policyholder of any fire insurance policy or casualty insurance policy equal to 1% of taxable premium. "Taxable premium" means the amount of gross direct premiums, annuity considerations or dividends on participating policies applied in reduction of premiums less premiums returned to policyholders due to cancellation of policies. The policyholder surcharge is not imposed upon qualified surplus lines policy fees.

Effective January 1, 2006 — the policyholder surcharge was reduced to 0.55%

Is there a stamping fee?

- No. West Virginia does not have a stamping office.

Can non-residents obtain a surplus lines brokers license?

- Yes. West Virginia has a non-resident surplus lines licensee's license. Contact our Licensing Division.

West Virginia Surplus Lines Export List 6

Statutes and Regulatory Rules Applicable to Surplus Lines

Current statutes and regulations are as follows:

Statutory Provisions

Article 12C Chapter 33, West Virginia Code

Article 43 Chapter 33, West Virginia Code

Regulatory Rules

Procedures for Surplus Lines Placement:

W.Va. Code of State Rules, Title 114, Series 20, Section 4

Surplus Lines Premium Tax Procedures:

W.Va. Code of State Rules, Title 114, Series 20, Sections 5 & 6

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