



EXCESS LINE ASSOCIATION
OF NEW YORK

BULLETIN

One Exchange Plaza / 55 Broadway, 29th Floor
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January 6, 2015

RE: EXEMPT COMMERCIAL PURCHASER - MINIMUM QUALIFYING STANDARDS ADJUSTMENT

According to a provision contained in the "Nonadmitted and Reinsurance Reform Act of 2010" (NRRRA) and in Section 2101(x)(2) of the New York Insurance Law (NYIL), the minimum qualifying standards for an "Exempt Commercial Purchaser" (ECP) are to increase on **January 1, 2015** and every five years thereafter. The standards noted below are adjusted to reflect the percentage change for such five-year period in the Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the U.S. Department of Labor.

Therefore, beginning on January 1, 2015, all new and renewed insurance policies for qualified ECP insureds must meet the following CPI-U* adjusted minimum amounts for the affected categories noted below:

<u>Sub-clause Category</u>	<u>Previous Minimum</u>	<u>CPI-U* Adjusted Minimum as of 1/1/2015</u>
(I) Net worth	\$20,000,000	\$22,040,000
(II) Annual revenues	\$50,000,000	\$55,100,000
(IV) Annual budgeted expenditures	\$30,000,000	\$33,060,000

In light of these adjustments, an excess line broker should obtain an updated written disclosure form from insureds who qualify as an ECP pursuant to the requirements of Section 2118(b)(3)(F) of the NYIL.

For a more comprehensive understanding of the "Exempt Commercial Purchaser" provision, please see ELANY's April, 2011 Compliance Advisor titled "NEW YORK STATE'S IMPLEMENTATION OF THE NONADMITTED AND REINSURANCE REFORM ACT (NRRRA)," which can be found on our website, www.elany.org and refer to the "Hot News" navigation bar, click on ELANY Compliance Advisor, then click on the April 2011 issue.

**Source: CPI Detailed Report, October 2014, Table 24: Consumer Price Index for All Urban Consumers.*

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