



Record Retention - Pennsylvania¹

Record retention guidelines are sometimes difficult to pin down. You need to take into account different factors in order to determine the best record retention policy for your agency. This will be based upon the existence of statutory requirements in your home state, the agent's common law duty (based on the type of record) and your agency agreements.

Factors influencing your record retention policy:

Pennsylvania does not address all agency records in one specific **statute**. From an insurance record standpoint, we can rely mainly on the guidelines issued by the Pennsylvania Insurance Department in Notice 2000-07. These guidelines have been developed to provide insurers with guidance on minimum periods for retention of records for purposes of financial and market conduct examinations. While this notice does not address directly record retention requirements for agents, it is advisable to presume the reach is present through market conduct examinations and the general investigatory powers of the Commissioner.

Another important statutory consideration is **statutes of limitations**. For our primary purpose, we will address the Commonwealth's laws. The statute of limitations is the time set by a statute for an injured party to initiate a legal action in court. In Pennsylvania, the statute of limitations on a claim for negligence is two years. The statute of limitations on a claim for breach of contract is four years. Finally, there is a six-year statute of limitations for actions other than actions for negligence or breach of contract.

But statutes of limitations are not necessarily black and white when interpreted. For example, laws, and the courts, generally review the statute of limitations as tolling when the event giving rise to the claim was first discovered or should have been known. For more difficult tort actions, such as for occupational disease, products-liability or environmental pollution, manifestation and/or discovery may take years, even decades. Agents are very familiar with asbestosis litigation and the reach back to occurrence policies written decades ago.

There are statutory requirements imposed by the IRS on your financial records. Maintaining proper records is essential not only for good management purposes, but also when audited.

The final consideration, which must be addressed individually, is any duty imposed upon you by your

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carriers. Each agency or brokerage agreement could very well spell out specific **contractual obligations** imposed that you must incorporate when establishing your record retention policy. With the increase of upload of applications, many agency agreements now require the agent to keep all original applications, some for as long as the agency agreement is in effect, as an example.

Sample record retention schedules

You will find attached two sample charts providing generalized information to help you define your own record retention policy:

Appendix A: How Long to Keep Your Business Records

Appendix B: How Long to Keep your Client Records

These schedules are not intended to be comprehensive lists but rather a starting point for record retention. Bear in mind that they indicate MINIMUM retention periods, and they are to be adjusted according to the nature of the document, contractual obligations and agency management decisions. As always, we would suggest you consult with your own professional advisors regarding your record retention policy.

Electronic record retention

If you are considering going paperless, you may want to consult IA&B's Q&A on Electronic record retention.



Appendix A: HOW LONG TO RETAIN YOUR BUSINESS RECORDS

This schedule is not intended to be a comprehensive list nor represent final authority. It provides MINIMUM retention periods, and is to be adjusted according to the nature of the document, contractual obligations and agency management decisions. As always, we would suggest you consult with your own professional advisors regarding your record retention policy.

TYPE OF RECORD	RETENTION PERIOD
ACCOUNTING & CORPORATE RECORDS	
Monthly Financial Statement/Trial Balance	6 Years
End of Year Financial Statement	Permanent
Audit Reports	Permanent
Deposit Slips and Cash Receipts Detail	3 Years
Bank Statements with Cancelled Checks	8 Years
Bank Statements with no checks	3 Years
Bank Reconciliations	1 Year
Payroll Records, incl. taxes, timesheets, and earnings records	8 Years
Accounts Payable Invoices/Expense Reports	7 Years
General Ledger	Permanent
Subsidiary Ledgers (Accounts Receivable/Payable)	6 Years
Income/ Commission records	3-5 Years
Journal Entry back-up	3 Years
Vouchers (for payments to vendors, employees, et. al)	8 years
Tax Returns (1040, 1120, 5500)& supporting documents	Permanent
Forms 1099	4 Years
Budgets	5 Years
Fixed Asset Records/Depreciation Schedules	Permanent
Mortgage, Notes, Leases	8 Years after expired
Bylaws, charter & minute books	Permanent
Capital stock & bond records	Permanent
Checks (taxes, property & fulfillment of important contracts)	Permanent
Contracts & agreements	Permanent
Copyrights & trademark registrations	Permanent
Deeds & easements	Permanent
Labor contracts	Permanent
Patents	Permanent
Retirement & pension records	Permanent
AGENCY'S INSURANCE DOCUMENTS	
Policies (expired)	4 years
Accident reports	6 years
Fire inspection reports	6 years
Group disability records	8 years
Safety reports	8 years
Claims (after settlement)	10 years



TYPE OF RECORD	RETENTION PERIOD
CORRESPONDENCE	
General	3 years ²
License, traffic & purchase	6 years
Production	8 years
Legal & tax	Permanent
PERSONNEL RECORDS	
Accident reports, Injury claims, Settlements	30 years after settlement
Annuity or Deferred Compensation Plans	Permanent
Applications for Employment Not Acted Upon	1 year
Applications for Employment by Persons Hired	6 years after termination
Attendance records	7 years
Employee Activity File	6 years or until superseded
Employee contracts	6 years after termination
Group insurance records	Permanent
Health and Safety bulletins	Permanent
Job descriptions	Until superseded
OSHA Form 100	6 years
OSHA Form 101 (or equivalent)	6 years
OSHA Form 102	6 years
Terminations	6 years
Time cards	6 years
AGENCY / COMPANY FILES	
Agency contract	Permanent
Contingency agreement	Permanent
Correspondence	Discretionary
Initial letter of appointment	Permanent
Prohibited lists	3 years after superseded
Underwriting guidelines and instructions	3 years after superseded
PURCHASING & SALES DOCUMENTS	
	3 years
RECEIVING & SHIPPING RECORDS	
	4 years

² How long you keep copies of correspondence depends on the nature of such correspondence and your agency's "comfort" level



Appendix B: HOW LONG TO RETAIN YOUR CLIENT INSURANCE RECORDS

This schedule is not intended to be a comprehensive list nor represent final authority. It provides MINIMUM retention periods, and is to be adjusted according to the nature of the document, contractual obligations and agency management decisions. As always, we would suggest you consult with your own professional advisors regarding your record retention policy.

TYPE OF RECORD	RETENTION PERIOD
Agent/Broker of Record Letter	Permanent
Applications for Coverage Personal Lines Commercial Lines	3 years after expiration 6-20 years after expiration ³
Audit Reports, Commercial Lines	Permanent
Audit Worksheets	3 years
Binders	As long as daily reports
Certificates of Insurance	As long as daily reports
Claim Reports	As long as daily reports
Client Data Sheet/Profile Personal Lines Commercial Lines	3 years after loss of account 3 years after loss of account
Daily Reports Personal Lines Commercial Lines	3 years past expiration 5 years past expiration
Evidence of Property Insurance	As long as daily reports
Expiration Slips	3 years
Expiration Slips, Cancelled Expirations on policies	1 year after not taken or not renewed
Fire Rate Make-up	Until superseded
Important Correspondence	Permanent
Loss Drafts	Permanent
Letter of Modification of Coverages, Conditions, Exclusions, etc.	As long as daily reports
Property Appraisals	Until superseded
Recommendations for Changes, Coverages, Exclusions, etc.	3 years after loss of the account
Risk Analysis Questionnaires	As long as daily reports
Survey Reports	3 years after superseded
Transmittal Letters Personal Lines Commercial Lines	3 years past expiration 5 years past expiration

Note: When determining destruction dates, use fiscal year. For example, if it is fiscal year 4/1/97-3/31/98 and the retention period is 3 years, then all records prior to 4/1/94 can be destroyed.

³ The recommended retention period is longer for commercial lines than for personal lines. For example, commercial lines can be structured as occurrence policies, contain tail coverage, or cover difficult areas such as products-liability, pollution, etc.. E&O claims arising out of such coverages generally take longer to surface than claims based on personal lines policies.

