



## **SURPLUS LINES BULLETIN NO. 10**

**TO:** All licensed Surplus Lines Brokers, all Insurers eligible to write Nonadmitted Insurance in Delaware, and all Insureds independently procuring Nonadmitted Insurance

**RE:** **NEW SURPLUS LINES REPORTING FORMS TO COLLECT FISCAL ANALYSIS DATA**

**DATE:** September 30, 2011

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As explained in SL Bulletin No. 9, the federal Nonadmitted and Reinsurance Reform Act of 2010 (“NRRA”), became effective on July 21, 2011. The NRRA subjects the placement of nonadmitted insurance solely to the statutory and regulatory requirements of the insured’s Home State, and provides that only the insured’s Home State may require the payment of premium tax for nonadmitted insurance.

In response to the NRRA, the Delaware State Legislature passed the new “Delaware Nonadmitted Insurance Act,” which revises Delaware Code Title 18, Chapter 19 in its entirety.

One important stipulation in the new law calls for the Insurance Commissioner to perform a fiscal analysis of the affect of NRRA-related changes to Delaware’s revenues. The findings must be reported to the Legislature in January 2012, at which time a decision will be made as to whether Delaware will enter into a tax sharing arrangement with other states.

To help accomplish the tasks of the fiscal analysis, the Delaware Department of Insurance developed the attached forms that will provide important information from surplus lines brokers, eligible insurers, and insureds that independently procure insurance from nonadmitted insurers.

**THESE NEW FORMS TEMPORILY REPLACE THE FOLLOWING FORMS CURRENTLY IN USE:**

- New Form SL-1903-MS replaces current Form SL-1905 – Notice of Insurance Transaction
- New Form SL-1925-M replaces current Form SL-1917 – Quarterly Tax Summary Report

Please note that the numbering for surplus lines forms is generally taken from the section of Title 18 Chapter 19 with which the form complies. These new forms have been renumbered to correspond to the applicable sections of the revised Chapter 19. Both of these new forms are interim forms that contain information the Department needs to collect for the fiscal analysis. They are intended to be used temporarily while the Department conducts this study.

Although these paper forms increase the administrative burden on brokers, insurers, and insureds, it should be a temporary burden limited to the duration of the fiscal analysis. The Department staff and I appreciate your full cooperation as the requirements of the NRRA and the new Delaware Nonadmitted Insurance Act are put into action.

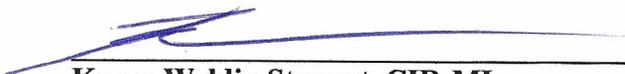
**PLEASE REVIEW THE FOLLOWING INFORMATION CAREFULLY:**

1. Only new and renewal policies with an effective date on or after July 21, 2011, and any modifications thereto, should be reported on these forms. Do not include new policies, renewals, or endorsements to policies with an effective date before July 21, 2011.
2. If you have already submitted the old SL-1905 form in Excel format for business you have written since July 21, 2011, and those submissions did not include any multi-state business, you do not have to go back and submit the SL-1903-MS form for what you have already reported. *However*, if you have written any multi-state business since July 21, 2011, you must go back and submit the SL-1903 for those multi-state policies only—even if they were reported on the SL-1905 Excel form. The Department needs the data from the SL-1903-MS for the fiscal analysis.
3. Item #2 above refers to old SL-1905 Excel form submissions made before the date of this Bulletin only. From this date forward, new Form SL-1903-MS is to be used to report every surplus lines insurance transaction for which Delaware is the home state of the insured. One form should be filled out for each new policy or policy change. The form(s) should be printed and submitted monthly as attachment(s) to the SL-1925-Monthly report. This form should be used for both single- and multi-state policies.
4. Form SL-1925-M is a monthly tax report that summarizes all business that was transacted during the calendar month. It is due by the 15<sup>th</sup> day of the month following the reporting period. For example, the SL-1925-M form reporting business transacted during the month of September 2011 would be due by October 15, 2011. A copy of the SL-1903-MS form must be attached to the report for each transaction being reported. Premium tax is paid with this report. (**Please note:** The October 15 due-date for the September business report will be pushed to October 30 due to the timing of this Bulletin.)
5. If no business is written during the calendar month, no report is required.
6. These forms should be filed by, or on behalf of, individual surplus lines brokers only. Agencies cannot transact business, only individuals; therefore, agencies do not make tax reports to the Department.

In summary, each monthly report submission should include the SL-1925-Monthly form, a copy of the SL-1903-MS form for each transaction, and a check for payment of premium tax based on 100% of the policy premium.

REMEMBER: Unless additional bulletins are issued by the Delaware Department of Insurance stating otherwise, if Delaware is the insured's Home State, the entire tax amount should be paid to Delaware at the Delaware tax rate of 2% on 100% of the premium for new and renewal policies with an effective date on or after July 21, 2011.

Continue to watch the Department's website [www.delawareinsurance.gov](http://www.delawareinsurance.gov)  
for future bulletins and updates.



Karen Weldin Stewart, CIR-ML  
Insurance Commissioner



**STATE OF DELAWARE DEPARTMENT OF INSURANCE  
SURPLUS LINES BROKER  
REPORT OF SURPLUS LINES TRANSACTION**

Original Report

Amended Report

**Form SL-1903-MS**

Per 18 Del. C. §§ 1903 and 1903.1

**THIS FORM IS TO BE FILED BY, OR ON BEHALF OF, INDIVIDUAL SURPLUS LINES BROKERS ONLY.  
AGENCIES CANNOT TRANSACT BUSINESS AND SHOULD NOT SUBMIT THIS FORM.**

**GENERAL INSTRUCTIONS:** Use this form to report each surplus lines policy transaction for which Delaware is the home state of the insured. This form should be attached to the SL-1925 Monthly Report and submitted by the 15<sup>th</sup> of the month following the month of the report.

**PART 1 – POLICY INFORMATION:** All fields are required. Enter the reporting surplus lines broker individual name and DE license #. For endorsements enter the effective date of the change in the Inception Date field.

SL Broker Name: \_\_\_\_\_ DE License #: \_\_\_\_\_

Name of Insured: \_\_\_\_\_  New/Renewal Policy

Insured Address: \_\_\_\_\_  Endorsement

Policy Number: \_\_\_\_\_ Inception Date: \_\_\_\_\_ Total Premium: \_\_\_\_\_

Description and Location of Risk: \_\_\_\_\_

Name of Insurer: \_\_\_\_\_ NAIC #: \_\_\_\_\_

**PART 2 – PREMIUM ALLOCATION INFORMATION:** Complete this portion if this policy is a multi-state policy. Check the box for each state with exposure in this policy. Enter the amount of premium allocable to each state and the percent (%) of the total premium allocable to each state on the appropriate lines. This information will aid the Department in its analysis of the impact of the NRRRA on the surplus lines market and the effect on premium tax revenue. Thank you for your cooperation.

**Property:** If the risk is real or personal property, allocate premium based on the location of the risk, computed on the basis that was used to calculate the insurable value of the risk.

**Casualty:** Allocate all casualty premiums to the home state of the insured.

State	Allocated Premium \$	%	State	Allocated Premium \$	%	State	Allocated Premium \$	%
AL	<input type="checkbox"/>		ME	<input type="checkbox"/>		PA	<input type="checkbox"/>	
AK	<input type="checkbox"/>		MD	<input type="checkbox"/>		RI	<input type="checkbox"/>	
AZ	<input type="checkbox"/>		MA	<input type="checkbox"/>		SC	<input type="checkbox"/>	
AR	<input type="checkbox"/>		MI	<input type="checkbox"/>		SD	<input type="checkbox"/>	
CA	<input type="checkbox"/>		MN	<input type="checkbox"/>		TN	<input type="checkbox"/>	
CO	<input type="checkbox"/>		MS	<input type="checkbox"/>		TX	<input type="checkbox"/>	
CT	<input type="checkbox"/>		MO	<input type="checkbox"/>		UT	<input type="checkbox"/>	
DE	<input type="checkbox"/>		MT	<input type="checkbox"/>		VT	<input type="checkbox"/>	
DC	<input type="checkbox"/>		NE	<input type="checkbox"/>		VA	<input type="checkbox"/>	
FL	<input type="checkbox"/>		NV	<input type="checkbox"/>		WA	<input type="checkbox"/>	
GA	<input type="checkbox"/>		NH	<input type="checkbox"/>		WV	<input type="checkbox"/>	
HI	<input type="checkbox"/>		NJ	<input type="checkbox"/>		WI	<input type="checkbox"/>	
ID	<input type="checkbox"/>		NM	<input type="checkbox"/>		WY	<input type="checkbox"/>	
IL	<input type="checkbox"/>		NY	<input type="checkbox"/>		AS	<input type="checkbox"/>	
IN	<input type="checkbox"/>		NC	<input type="checkbox"/>		GU	<input type="checkbox"/>	
IA	<input type="checkbox"/>		ND	<input type="checkbox"/>		PR	<input type="checkbox"/>	
KS	<input type="checkbox"/>		OH	<input type="checkbox"/>		VI	<input type="checkbox"/>	
KY	<input type="checkbox"/>		OK	<input type="checkbox"/>		CN	<input type="checkbox"/>	
LA	<input type="checkbox"/>		OR	<input type="checkbox"/>		OT	<input type="checkbox"/>	

**SEND TO:** Delaware Department of Insurance  
Attn: SURPLUS LINES SECTION  
841 Silver Lake Blvd.  
Dover, DE 19904-2465

**IMPORTANT: ATTACH THIS FORM TO THE SL-1925 MONTHLY REPORT**



**STATE OF DELAWARE DEPARTMENT OF INSURANCE  
SURPLUS LINES BROKER  
MONTHLY PREMIUM TAX SUMMARY REPORT**

Original Report   
Amended Report

FOR THE MONTH OF \_\_\_\_\_, 2011

**Form SL-1925-M**

**THIS FORM IS TO BE FILED BY, OR ON BEHALF OF, INDIVIDUAL SURPLUS LINES BROKERS ONLY.  
AGENCIES CANNOT TRANSACT BUSINESS AND SHOULD NOT SUBMIT THIS FORM.**

**GENERAL INSTRUCTIONS – This form is due on or before the 15<sup>th</sup> day of the month following the reporting period.**

- Line 1: Include all premium from policies for which DE is the home state of the insured.
- Line 2: Include any premium that was returned to the policyholder.
- Line 3: Subtract Line 2 from Line 1.
- Line 4: Premium Tax Rate per § 1925 – Remember: Delaware tax is due on 100% of policy premium when DE is the home state of the insured.
- Line 5: Multiply Line 3 by Line 4. Pay this amount. Make checks payable to "Delaware Insurance Department"

**IMPORTANT: A COPY OF THE SL-1903-MS FORM MUST BE ATTACHED TO THIS REPORT FOR EACH POLICY**

**PART 1 – SURPLUS LINES (SL) BROKER INFORMATION AND MAILING ADDRESS**

Individual SL Broker Name: _____	Individual Broker ID #: (DE Lic. #) _____
Agency Name: _____	Individual Broker NPN: _____
Agency Address: _____	Agency ID #: (DE Lic. #) _____
City – State – Zip + 4: _____	
Tax Contact Name: _____	
Tax Contact E-mail: _____	
Phone #: _____ Fax #: _____	

*Questions should be directed to:*  
**Ann Fletcher, Tax and Fees Coordinator**  
E-mail: [Ann.Fletcher@state.de.us](mailto:Ann.Fletcher@state.de.us)

**PART 2 – GROSS PREMIUMS TAX SUMMARY**

**Please note: Zero reports are not required. Do not submit this report if no business was written during the month.**

1. Total Surplus Lines Premiums Written	_____	
2. LESS: Premiums returned	_____	
3. Net Surplus Lines Premiums Written (Line 1 – Line 2):	_____	
4. Premium Tax Rate (2%)	_____	X _____ .02
5. Tax Amount Due (Line 3 X Line 4):	_____	Pay this amount → _____

**PART 3 – AFFIDAVIT**

NOTE: All Premium Tax and Fees Reports shall be verified by the oath or affirmation of the reporting Surplus Lines Broker, duly administered by a person authorized to administer oaths.

I, as a licensed Surplus Lines Broker, being duly sworn, depose and declare that the contracts for insurance reported by me to the Delaware Insurance Department during the period indicated above represent all such business transacted by me for this period and were issued pursuant to Chapter 19, Title 18, Delaware Code, and are subject to the following conditions for export:

- (a) That as a surplus lines broker, duly licensed in the state of Delaware, I procured all policies referred to herein from eligible surplus lines insurers;
- (b) That the full amount of insurance required was not procurable, after diligent effort was made to do so, from among the insurers authorized to transact and actually writing that kind and class of insurance in this State, and the amount of insurance exported was only the excess over or other than the amount procurable from authorized insurers;
- (c) That the insurance was not exported for the purpose of obtaining a lower premium rate than would be accepted by an authorized insurer; and
- (d) That the insurance was not exported to obtain terms of the insurance contract(s) that are more favorable than would be accepted by an authorized insurer.

*Sworn to and subscribed before me this date.* \_\_\_\_\_

_____ <small>Printed Name of SL Broker (as listed above)</small>	_____ <small>Sign Here</small>	_____ <small>Signature of Reporting SL Broker</small>	_____ <small>Notary Public (seal)</small>
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**SEND TO: Delaware Department of Insurance  
Attn: SURPLUS LINES SECTION  
841 Silver Lake Blvd.  
Dover, DE 19904-2465**

**IMPORTANT: ATTACH PAYMENT AND COPY OF FORM SL-1903-MS FOR EACH POLICY**