

MEMO TO: ALL SURPLUS LINES BROKERS

FROM: SANDRA W FRASER, LICENSE SUPERVISOR

DATE: EFFECTIVE JULY 1, 2010

SUBJECT: SURPLUS LINES REPORTING FORMS AND INSTRUCTIONS

Enclosed is a copy of the Surplus Lines Reporting forms and instruction sheet to be used by all Surplus Lines Brokers when reporting premiums for surplus lines business. The following is a list of the procedures that require attention:

The ORIGINAL certified report of surplus line business (Form L104B and L104C) and the Summary report form (Form L104D) must be sent to the Department of Banking and Insurance, 89 Main Street, Drawer 20, Montpelier, VT 05620-3101. If NO business has been written, you only need to file the (Form L104B).

A DUPLICATE copy of Form L104B, L104C and L104D with a check for the Tax, payable to the Department of Taxes, must be sent to the Department of Taxes, Miscellaneous Tax Division, 133 State Street, PO Box 547, Montpelier, VT 05601-0547.

1. The addition of Commercial Auto as a separate line for report purposes.
2. Elimination of the distinction between Auto Primary and Excess liability. This well now is reported either as private passenger or Commercial Auto Premium.
3. Addition of Public Official, E&O as a line.
4. Burglary, Crime, DIC and Glass premiums should now be reported under the "other" column.
5. Professional Liability has now been divided into 3 columns; one for Medical Malpractice, one for Public Officials E&O and the third for other Professional Liability -- see instruction sheet.
6. Worker's Compensation column has been added.
7. Addition of a "Policy Count" line for each company. Line A is for recording Premiums; Line B is for reporting policy count.

Please note the all columns across and down must be totaled.

We urge you to make several copies of the enclosed forms for your use. We do not normally send forms except by request.

Also, enclosed is a copy of the latest listing of Eligible Surplus line companies. Business may be written in only those companies on the listing.

REPORTING INSTRUCTIONS FOR SURPLUS LINES BROKERS

LINES OF INSURANCE

Surplus Lines business is to be segregated according to the following lines of insurance. You may use the numbers below instead of the word description in the appropriate blank on the report forms (e.g. if you write an Architect and Engineers E & O Policy as under #13 you would write “#13” rather than “Error and Omissions”).

- 1 . Fire, extended coverage and allied lines.
- 2 . SMP and other package policies.
- 3 . Inland Marine.
- 4 . Auto – private passenger.
- 5 . Auto – commercial liability.
- 6 . Auto – commercial physical damage.
- 7 . General Liability – NOTE: includes all policies except those listed under #8 - #13.
- 8 . Products Liability.
- 9 . Liquor Law Liability.
- 10 . Umbrella and Excess Liability.
- 11 . Medical Malpractice – NOTE: include physicians, surgeons, dentists, nurses, veterinarians, druggists, and hospital policies.
- 12 . Public Officials and Directors & Officers Policies.
- 13 . Other Professional Liability and Error and Omissions – NOTE: include attorneys, actuaries, real estate, insurance, architect and engineers, consultants etc., policies.
- 14 . *Workers Compensation.
- 15 . Fidelity.
- 16 . Surety.
- 17 . **Other – miscellaneous not covered above.

* Include only miscellaneous type Workers’ Compensation policies. Vermont has an Assigned Risk Plan.

**Include A & H Excess, Burglary, Crime, DIC, Glass, Earthquake, etc.

NON-ADMITTED COMPANIES

A LIST OF THE ELIGIBLE surplus Lines Companies (non-admitted) can be obtained on our website at by using the link below:

<http://www.bishca.state.vt.us/insurance/company-licensing/company-licensing>

On the right top corner of that page, you can perform an Insurance Company Search (Magnifier Glass) to create a list of Surplus Lines Companies that are active.

WHO REPORTS AND PAYS THE SURPLUS LINES TAX

Gross premiums charged, less any return premiums, for surplus lines coverage's placed with nonadmitted insurers are subject to a premium receipts tax of three percent, which shall be collected from the insured by the surplus lines broker at the time of delivery of policy or other confirmation of insurance, in addition to the full amount of the gross premium charged by the insurer for the insurance. The surplus lines broker shall return the tax on any portion of the premium unearned at termination of insurance to the policyholder. At the time of filing his or her quarterly report with the commissioner, each surplus lines broker shall file a duplicate report and remit the premium tax due thereon to the commissioner of taxes. For additional information on Surplus Lines, please review Vermont Statutes Annotated Title 8, Chapter 138.