

COMMONWEALTH OF VIRGINIA

ALFRED W. GROSS
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE



P.O. BOX 1157
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STATE CORPORATION COMMISSION BUREAU OF INSURANCE

July 28, 2010

Administrative Letter 2010-08

To: All Surplus Lines Brokers Licensed in Virginia

Re: Premium Tax and Assessment Practices and Procedures

The State Corporation Commission Bureau of Insurance has modified its quarterly and annual filings requirements pursuant to §§ 38.2-4806 and 38.2-4807 of the Code of Virginia. The new process will streamline the requirements for the brokers while providing the Bureau of Insurance flexibility to implement an audit program to verify policy and tax information as required by the Code of Virginia. Therefore, effective with the third quarter tax report due October 30th, 2010, the Quarterly Surplus Lines Tax Report will be comprised of only the SLB-7. The annual tax report due March 1 will remain the same with the exception of a few modifications to the report. Beginning with the 2010 third quarter tax report, surplus lines brokers will no longer have to submit detailed policy information on a quarterly basis; however, the broker must maintain that detailed policy information. The Bureau of Insurance will provide instructions regarding the new process of filing the detailed policy information at a later date. This does not constitute the full array of changes that will be implemented by the Bureau of Insurance in its effort to transition brokers to a more streamlined and ultimately to an electronic filing and payment process. Finally, federal legislation was recently passed which could necessitate additional changes; therefore, you will periodically receive updated filing procedures which will be governed by this administrative letter.

Questions regarding this letter may be directed to:

Keith D. Kelley
Administrative Tax Supervisor
State Corporation Commission
P.O. Box 1157
Richmond, VA 23218
(804) 371-9333

Cordially,

Alfred W. Gross
Commissioner of Insurance

Attachments

SURPLUS LINES BROKERS NEW TAX FILING REQUIREMENTS:

Quarterly Tax Form Requirements:

- Brokers must complete the revised SLB-7 only (copy attached). Individualized quarterly forms for the remainder of 2010 will be mailed to you by October 1, 2010. Instructions to download future forms will be mailed to you at a later date.
- The SLB-7 must reflect all insurance transactions for the specified quarter.
- If no business was written, quarterly reports are not required.
- Make check payable to Treasurer of Virginia and send it with the SLB-7.
- Check total must equal the amount due on the form.
- Broker must send one check with each SLB-7. Multiple checks with one form cannot be processed.
- THE NEW MAILING ADDRESS FOR TAX FORMS AND PAYMENTS WILL BE SENT WITH THE FORMS.

Annual Tax Form Requirements:

- Brokers must complete the revised SLB-8 only (copy attached). Individualized annual forms will be mailed to you in January 2011. Instructions to download future forms will be mailed to you at a later date.
- Annual tax forms are required by all brokers even if no business was transacted.
- Make check payable to Treasurer of Virginia and send it with the SLB-8.
- Brokers must send one check with each SLB-8. Multiple checks with one form cannot be processed.
- Check total must equal the amount due on the form.
- Reports are still required to be filed by March 1, of every year.
- THE NEW MAILING ADDRESS FOR TAX FORMS AND PAYMENTS WILL BE SENT WITH THE FORM.

Policy Detail Report Requirements:

- While you are no longer required to file the detailed policy information quarterly, you must continue to maintain that data pursuant to § 38.2-4807 of the Code of Virginia. The broker can maintain the data in a manner of their choosing; however, the data must be available for examination by the Bureau upon request. While you may continue to use the SLB Quarterly Filing Program to maintain your data, the Bureau will no longer service this program.
- The Bureau will provide instructions regarding the new process of filing the detailed policy information at a later date.

FORM ID:

S71101

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE
SURPLUS LINES BROKER'S
QUARTERLY GROSS PREMIUMS TAX REPORT

Quarter Ended: March 31, 2010

(Surplus Lines Broker Name)

(Broker License Number)

(Address)

TO: STATE CORPORATION COMMISSION, BUREAU OF INSURANCE, Richmond, Virginia

In compliance with §38.2-4809 of the Code of Virginia, following is a report of ALL GROSS PREMIUMS, ASSESSMENTS, DUES AND FEES charged on contracts of insurance effected in unlicensed insurers on Virginia risks by the undersigned. This report also includes details of all additional and return premiums on such business.

- 1. GROSS PREMIUMS \$ _____
- 2. ADDITIONAL PREMIUMS \$ _____
- 3. Less: RETURN PREMIUMS \$ _____
- 4. **TAXABLE PREMIUM** (Line 1 + Line 2 – Line 3) \$ _____
- 5. Premium Tax (2.25% of TAXABLE PREMIUM, Line 4) \$ _____
- 6. Less: Credits from Prior Periods \$ _____
- 7. TAX AMOUNT DUE \$ _____
Attach check payable to TREASURER OF VIRGINIA
(ONLY ONE CHECK PER FORM CAN BE SUBMITTED)

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
AND

Each of the insureds for which premium has been recorded on this report have been given the notice as required by subsection B of § 38.2-4806 of the Code of Virginia and 14 VAC 5-350-95.

Surplus Lines Broker/Agency Officer Signature

Date

Day Time Phone Number

Preparer's Signature (if different from above)

Date

Day Time Phone Number

FORM ID:

S72101

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE
SURPLUS LINES BROKER'S
QUARTERLY GROSS PREMIUMS TAX REPORT

Quarter Ended: June 30, 2010

(Surplus Lines Broker Name)

(Broker License Number)

(Address)

TO: STATE CORPORATION COMMISSION, BUREAU OF INSURANCE, Richmond, Virginia

In compliance with §38.2-4809 of the Code of Virginia, following is a report of ALL GROSS PREMIUMS, ASSESSMENTS, DUES AND FEES charged on contracts of insurance effected in unlicensed insurers on Virginia risks by the undersigned. This report also includes details of all additional and return premiums on such business.

1. GROSS PREMIUMS

\$ _____

2. ADDITIONAL PREMIUMS

\$ _____

3. Less: RETURN PREMIUMS

\$ _____

4. **TAXABLE PREMIUM** (Line 1 + Line 2 - Line 3)

\$ _____

5. Premium Tax (2.25% of TAXABLE PREMIUM, Line 4)

\$ _____

6. Less: Credits from Prior Periods

\$ _____

7. TAX AMOUNT DUE

**Attach check payable to TREASURER OF VIRGINIA
(ONLY ONE CHECK PER FORM CAN BE SUBMITTED)**

\$ _____

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
AND

Each of the insureds for which premium has been recorded on this report have been given the notice as required by subsection B of § 38.2-4806 of the Code of Virginia and 14 VAC 5-350-95.

Surplus Lines Broker/Agency Officer Signature

Date

Day Time Phone Number

Preparer's Signature (if different from above)

Date

Day Time Phone Number

FORM ID:

S73101

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE
SURPLUS LINES BROKER'S
QUARTERLY GROSS PREMIUMS TAX REPORT

Quarter Ended: September 30, 2010

(Surplus Lines Broker Name)

(Broker License Number)

(Address)

TO: STATE CORPORATION COMMISSION, BUREAU OF INSURANCE, Richmond, Virginia

In compliance with §38.2-4809 of the Code of Virginia, following is a report of ALL GROSS PREMIUMS, ASSESSMENTS, DUES AND FEES charged on contracts of insurance effected in unlicensed insurers on Virginia risks by the undersigned. This report also includes details of all additional and return premiums on such business.

1. GROSS PREMIUMS

\$ _____

2. ADDITIONAL PREMIUMS

\$ _____

3. Less: RETURN PREMIUMS

\$ _____

4. **TAXABLE PREMIUM** (Line 1 + Line 2 - Line 3)

\$ _____

5. Premium Tax (2.25% of TAXABLE PREMIUM, Line 4)

\$ _____

6. Less: Credits from Prior Periods

\$ _____

7. TAX AMOUNT DUE

**Attach check payable to TREASURER OF VIRGINIA
(ONLY ONE CHECK PER FORM CAN BE SUBMITTED)**

\$ _____

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
AND

Each of the insureds for which premium has been recorded on this report have been given the notice as required by subsection B of § 38.2-4806 of the Code of Virginia and 14 VAC 5-350-95.

Surplus Lines Broker/Agency Officer Signature

Date

Day Time Phone Number

Preparer's Signature (if different from above)

Date

Day Time Phone Number

FORM ID:

S74101

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE
SURPLUS LINES BROKER'S
QUARTERLY GROSS PREMIUMS TAX REPORT

Quarter Ended: December 31, 2010

(Surplus Lines Broker Name)

(Broker License Number)

(Address)

TO: STATE CORPORATION COMMISSION, BUREAU OF INSURANCE, Richmond, Virginia

In compliance with §38.2-4809 of the Code of Virginia, following is a report of ALL GROSS PREMIUMS, ASSESSMENTS, DUES AND FEES charged on contracts of insurance effected in unlicensed insurers on Virginia risks by the undersigned. This report also includes details of all additional and return premiums on such business.

1. GROSS PREMIUMS

\$ _____

2. ADDITIONAL PREMIUMS

\$ _____

3. Less: RETURN PREMIUMS

\$ _____

4. **TAXABLE PREMIUM** (Line 1 + Line 2 – Line 3)

\$ _____

5. Premium Tax (2.25% of TAXABLE PREMIUM, Line 4)

\$ _____

6. Less: Credits from Prior Periods

\$ _____

7. TAX AMOUNT DUE

**Attach check payable to TREASURER OF VIRGINIA
(ONLY ONE CHECK PER FORM CAN BE SUBMITTED)**

\$ _____

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.
AND

Each of the insureds for which premium has been recorded on this report have been given the notice as required by subsection B of § 38.2-4806 of the Code of Virginia and 14 VAC 5-350-95.

Surplus Lines Broker/Agency Officer Signature

Date

Day Time Phone Number

Preparer's Signature (if different from above)

Date

Day Time Phone Number

FORM ID:

S85101

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE
SURPLUS LINES BROKER'S
ANNUAL GROSS PREMIUMS TAX REPORT

Postmark _____

Year ended December 31, 2010 (Due March 1, 2011)

(Surplus Lines Broker Name)

(Broker License Number)

(Address)

TO: STATE CORPORATION COMMISSION, BUREAU OF INSURANCE, Richmond, Virginia

In compliance with §§ 38.2-4807 and 38.2-4809 of the Code of Virginia, following is a report of ALL GROSS PREMIUMS, ASSESSMENTS, DUES AND FEES charged on contracts of insurance effected in unlicensed insurers on Virginia risks by the undersigned. This report also includes details of all additional and return premiums on such business.

- | | |
|--|----------|
| 1. GROSS PREMIUMS (from SLB-7, of previously filed quarterly reports) | \$ _____ |
| 2. ADDITIONAL PREMIUMS (from SLB-7, of previously filed quarterly reports) | \$ _____ |
| 3. Less: RETURN PREMIUMS (from SLB-7, of previously filed quarterly reports) | \$ _____ |
| 4. TAXABLE PREMIUM (Line 1 + Line 2 – Line 3) | \$ _____ |
| 5. Premium Tax (2.25% of TAXABLE PREMIUM, Line 4) | \$ _____ |
| 6. Less: QUARTERLY AMOUNT(S) PREVIOUSLY PAID (if any) | \$ _____ |

ADDITIONAL TAX OWED CANNOT BE PAID WITH THIS FORM. You MUST amend the appropriate Quarterly Report and submit payment with the amended Quarterly Report.

OVERPAYMENT OF TAX (If Line 5 minus Line 6 is negative) \$ _____

1. BOI MAINTENANCE ASSESSMENT DUE (Line 4 x .03%)
(subject to a minimum of \$300)
Remit check for this amount only, payable to TREASURER OF VIRGINIA
DO NOT reduce the assessment amount due by the overpayment of tax.
(ONLY ONE CHECK PER FORM CAN BE SUBMITTED)

\$ _____

Under penalties of perjury, I declare that I have examined this return and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Surplus Lines Broker/Agency Officer Signature

Date

Day Time Phone Number

Preparer's Signature (if different from above)

Date

Day Time Phone Number