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## **BULLETIN**

**DATE:** January 12, 2007  
**TO:** Surplus Lines Brokers in Maryland  
**RE:** Filing Requirements

Chapter 583, Laws of Maryland 2006 (House Bill 581) amended Section 3-305 of the Insurance Article regarding the method by which certain documents can be filed with the Administration relating to the placement of surplus lines insurance by a surplus lines broker. Specifically, Section 3-305 was amended to permit the filing of a report, affidavit or return electronically.

To effectuate this change, the Surplus Lines Affidavits, the related Premium Reports and Semi-Annual Surplus Lines Broker Gross Premiums Receipt Tax Report may be downloaded from the Administration's website at [www.mdinsurance.state.md.us](http://www.mdinsurance.state.md.us), click on "Producer Services", then "Download Forms", and scroll down to "Surplus Lines Affidavits and Tax Report". Surplus lines brokers may submit information in an alternative format to Form SLB-1, which is attached to this Bulletin, as long as the same information is provided. Once completed, the reports can be emailed in either PDF, Word, or Excel format, to the Administration at the following address: [surpluslinefiling@mdinsurance.state.md.us](mailto:surpluslinefiling@mdinsurance.state.md.us). If you elect to use this option for filing the semi-annual tax report, payment must still be mailed to the Administration by the due dates specified in Section 3-325 of the Insurance Article.

If you elect not to file the forms electronically, please mail completed forms and check made payable to the Maryland Insurance Administration to:

Margie Conrad  
Maryland Insurance Administration  
525 St. Paul Place  
Baltimore, MD 21202

Additionally, in order to further streamline the surplus lines filing requirements, the Administration has amended Code of Maryland Regulation 31.03.06.03 – Surplus Lines Affidavits, to eliminate the requirement that a copy of the policy, cover note, certificate of insurance, memorandum of coverage, endorsement, cancellation, binder, or other initial confirmation and documentation of the coverage be filed with the Affidavit. The Affidavit and monthly reporting forms, which are attached to this Bulletin, have been revised. The new Affidavit will require surplus lines brokers to attest that the requirements contained in Section 3-306 of the Insurance Article have been met for all coverages placed with surplus lines carriers during the monthly reporting period. Additionally, a summary report of the coverages placed and the related premiums must be filed with the Affidavit.

The new filing requirements and forms are effective for the month ending January 31, 2007. Any questions regarding this Bulletin or the new filing requirements may be directed to Lester C. Schott, Associate Commissioner, at 410-468-2119.

R. Steven Orr  
Insurance Commissioner

By: Signature on file with original document

Lester C. Schott  
Associate Commissioner  
Exam and Auditing Section

**MONTHLY COMBINED AFFIDAVIT BY SURPLUS LINES BROKER**

I, \_\_\_\_\_ (Authorized Individual), am over the age of eighteen, am of sound mind and body, and am competent to testify under penalties of perjury and upon personal knowledge:

1. THAT I, \_\_\_\_\_ (Surplus Lines Broker), \_\_\_\_\_ (Certificate of Qualification No.) a duly qualified Surplus Lines Broker, certified under Section 3-314 of the Insurance Article of the Maryland Annotated Code, was engaged by the insureds named on the attached monthly report, or by Property and Casualty producers duly licensed in Maryland and acting in behalf of the insureds named on the attached monthly report, to obtain insurance against certain risks during \_\_\_\_\_ (month), \_\_\_\_\_ (year).

2. THAT, subject to the provisions of Section 3-306.1 of the Insurance Article, a diligent search was made among the authorized insurers that are writing the particular kind and class of insurance in Maryland.

3. THAT, except for insurance against liability of persons described in Subsection 24-206(1) of the Insurance Article, the amount of surplus lines insurance procured from an unauthorized insurer was only the excess over the amount that could be procured from authorized insurers.

4. THAT, for insurance against liability of persons described in Subsection 24-206(1) of the Insurance Article, the insurance could not be obtained from three or more authorized insurers that are writing on a broad basis that particular kind and class of insurance.

5. THAT the surplus lines insurance was not procured to replace coverage on residential property which is insured by an authorized insurer and for which a renewal offer has been made on substantially the same terms and conditions as the current coverage.

6. THAT the surplus lines insurance was not procured solely to obtain a lower premium rate than would be accepted by an authorized insurer or solely to obtain more favorable terms of the insurance contract, unless the risk was eligible as surplus lines under Subsections 3-306(a)(2), (a)(3) and (a)(4) of the Insurance Article, or the applicant qualified as a commercial insured who may waive, as authorized by the Commissioner, the diligent search that is otherwise required by Subsection 3-306 of the Insurance Article.

7. THAT the placement of this insurance otherwise complies with Title 3, Subtitle 3 of the Insurance Article.

The undersigned, surplus lines broker

\_\_\_\_\_  
(Name of Broker, Print or Type)

being duly sworn, for himself deposes and says that this affidavit has been examined by him, and is to the best of his knowledge, information and belief, a true and complete report is being made in good faith for the period stated, pursuant to the existing surplus lines insurance laws of the State of Maryland and the regulations thereunder.

\_\_\_\_\_  
Signature of Broker

\_\_\_\_\_  
Daytime Phone Number

MARYLAND FORM SLB-1

SURPLUS LINES MONTHLY REPORT  
 Month Ending \_\_\_\_\_

Broker's Name: \_\_\_\_\_

Page \_\_\_\_ of \_\_\_\_

License Number: \_\_\_\_\_

Policy Number	Name of Insured	Date Policy Procured	Policy Eff. Date	Policy End Date	Unlicensed Company	Line of Insurance	Amount of Coverage	Gross Premium

Part 1 Summary	Page Total	Total Including This Page
Total Gross Premium	\$	\$
Total # of Policies		



RETURN PREMIUMS (by Endorsement, Audits, Cancellations) - SURPLUS LINES POLICIES  
For Month Ending \_\_\_\_\_

Broker's Name: \_\_\_\_\_

Page \_\_\_\_ of \_\_\_\_

License Number: \_\_\_\_\_

(Show RETURN premiums resulting from endorsement to, or audit, or cancellation of **POLICIES PREVIOUSLY REPORTED** for tax purposes.)

Policy Number	Name of Insured	Effective Date of Policy	Unlicensed Company	Endorsement (E), Audit (A), Or Cancellation (C)?	Effective Date of Return Premium	Return Premium

Part 3 Summary	Page Total	Total Including This Page
Total Gross Premium	\$	\$
Total # of Policies		

RECONCILIATION OF PREMIUMS – SURPLUS LINES POLICIES  
For Month Ending \_\_\_\_\_

License Number: \_\_\_\_\_

Page \_\_\_\_\_ of \_\_\_\_\_

Total Gross Premiums (Part 1)	
Add: Additional Premiums (Part 2)	
Subtract: Return Premiums (Part 3)	
Net Premiums for Period	

The undersigned, surplus lines broker

\_\_\_\_\_  
(Name of broker - Print or Type)

being duly sworn, for himself deposes and says that this Report has been examined by him, and is to the best of his knowledge, information and belief, a true and complete return made in good faith for the reporting period stated, pursuant to the existing surplus lines laws of the State of Maryland and the regulations thereunder.

\_\_\_\_\_  
Signature of Broker

\_\_\_\_\_  
Daytime Phone Number

## **Explanation of Items to be Reported on Surplus Lines Broker Form - SLB-1 (Parts 1 through 4)**

Policy Number – Report on number assigned to policy by insurer.

Name of Insured – Report name of person(s) covered by policy.

Date Policy Procured – Report date coverage obtained.

Policy Effective Date - Report date coverage begins for the policy.

Policy End Date – Report date coverage terminates for policy.

Unlicensed Company – Report name of company that is underwriting policy.

Line of Insurance – Report the kind and class of insurance provided by the policy. If abbreviations are used, explain abbreviations in a footnote to the report.

Amount of coverage – Report the policy coverage limits.

Gross Premium – Report total amount of premium received for policy.

Endorsement – Indicates changes to policy requested by policyholder.

Installment – Indicates additional partial payment received for policy.

Audit – Indicates changes made to policy as the result of review of policy.

Cancellation – Indicates termination of policy before termination date.

Additional Premium – Report on other premiums remitted as the result of an endorsement, installment or audit.

Return Premiums – Report on refund of premiums as the result of endorsement, installment or audit.



This Report and taxes due hereon must be filed with the Insurance Commissioner semi-annually, on or before March 15 and on or before September 15. Taxes that are not paid when due are subject to the penalty and interest provisions of Title 6, Subtitle 1 of the Insurance Article.

**REPORT TO  
THE INSURANCE COMMISSIONER OF MARYLAND**

525 ST. PAUL PLACE, BALTIMORE, MARYLAND 21202-2272

FOR THE REPORTING PERIOD (Circle appropriate period below.) <b>March 15</b> <b>September 15</b> <b><u>200X</u></b>
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**Surplus Line Broker No.:** \_\_\_\_\_  
**Surplus Broker Name:** \_\_\_\_\_  
**Mailing Address:** \_\_\_\_\_  
**Email Address:** \_\_\_\_\_

- |  |                            |
|--|----------------------------|
| 1. Gross Premiums subject to tax.....  | \$ _____                   |
| (includes all fees paid in consideration for an Insurance Contract)                      |                            |
| 2. Less exempt premiums (*) .....  | \$ _____                   |
| * (Exempt premiums on risks of the Federal Gov't, State or Political Subdivision of MD.) |                            |
| 3. Less return premiums.....   | \$ _____                   |
| 4. Total Subject to Tax .....  | \$ _____                   |
|  | (Line 1 - Line 2 - Line 3) |
| 5. Rate of Tax.....  | 3.00%                      |
| 6. Taxes for the Reporting Period .....  | \$ _____                   |
| (This should be the amount the SLB charged insured for insurance coverage)               | (Line 4 x Line 5)          |
| 7. Add or Subtract Other Adjustments (provide explanation).....                          | \$ _____                   |
| 8. Balance due.....  | \$ _____                   |
| 9. Amount Paid with this Report (Check number _____) .....                               | \$ _____                   |
- (If emailing report, please indicate "Surplus Lines Tax, period ending xx-xx-xxxx" on check stub.)**

The undersigned, surplus lines broker

\_\_\_\_\_  
(Name of broker - Print or Type)

being duly sworn, for himself deposes and says that this return has been examined by him, and is to the best of his knowledge, information and belief, a true and complete return made in good faith for the taxable period stated, pursuant to the existing surplus lines tax laws of the State of Maryland and the regulations thereunder.

\_\_\_\_\_  
Signature of Broker

\_\_\_\_\_  
Daytime Phone Number