

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE
THE SURPLUS LINES EXAMINING OFFICE
P.O. Box 325, Trenton, NJ 08625-0325

**INSTRUCTIONS FOR COMPLETING LICENSED NEW JERSEY
SURPLUS LINES PRODUCER QUARTERLY TAX RETURN**

INTRODUCTION

Effective with the adoption of N.J.A.C. 11:19-3 the Surplus Lines Unit automated its operations through the implementation of the Surplus Lines Processing Subsystem (SLPS) of the Department of Insurance's Financial Examinations Monitoring System (FEMS). The system was designed to simplify activities for both the Surplus line Unit and you, the Surplus Lines Producer. However the success of this system is dependent on full compliance and cooperation from you and your agency. Failure to cooperate will diminish the system's effectiveness and result in additional work for both parties. Before any forms can be completed, you must fully understand the basic rules involved in filing a surplus lines producer quarterly tax return. They are listed as follows:

Rule #1 - YOU MUST READ AND FOLLOW THE INSTRUCTIONS EXACTLY AS THEY ARE EXPLAINED!

Rule #2 - YOU MUST COMPLETE EVERY LINE ON THE TAX RETURN AS INSTRUCTED.

Rule #3 - YOU MUST COMPLETE AND INCLUDE EVERY FORM AS INSTRUCTED WITH EACH QUARTERLY FILING!

Rule #4 - YOU MUST PUT THE TAX RETURN FORMS IN THE REQUIRED ORDER!

Failure to comply with any of these rules will result in non-filer status for you and your agency. Your tax return will be sent back to you and the Surplus Lines Unit will have no record of receiving it. If it has to be returned, your resubmission will be subject to the penalties of a late filing. **IF YOU HAVE ANY QUESTIONS, PLEASE CALL ONE OF THE EXAMINERS AT THE SURPLUS LINES EXAMINING OFFICE!** If you need personal assistance, you may also schedule an appointment to meet with an examiner in the Trenton Office. We are here to help you so feel free to call us at (609) 292-5350, Ext. 50106.

COMPLETING THE TAX RETURN

A complete New Jersey Surplus Lines Producer Quarterly Tax Return consists of the following forms:

1. Check Transmittal Form
2. SLPS-1-TAX (Tax Return and Certified Account by Surplus Lines Producer)
3. SLPS-2-FRA (Schedule Showing Fire Premiums and Taxes Payable to New Jersey Firemen's Association)
4. SLPS-3-TRS (Schedule to Support Tax Returns)

THESE FORMS MUST BE STAPLED TOGETHER OR OTHERWISE ATTACHED AND FILED IN THE ORDER LISTED ABOVE! For example, the Check Transmittal Form will **always** be the top form in the tax return filing. SLPS-1-TAX will **always** be second, and so on.

Forms must be completed as necessary to support the Tax Return and Certified Account by the Surplus Lines Producer. For example, if a surplus lines producer does not place any Fire business, then that producer does not need to complete SLPS-2-FRA. It is important to note that no line item should be left blank. If there is an item that is not applicable, you must enter either "0" for a numeric entry, or "N/A" for an alpha entry. Always make sure that you check each form carefully to determine that all lines are completed as required. Additionally, return (negative) premiums should always be shown using parentheses. Also, all monetary figures must be reported to the cent. Rounding is not permitted.

It is suggested that you use these instructions as a checklist until completely familiar with the requirement of each of the three (3) forms.

I. SLPS-1-TAX (Tax Return and Certified Account by Surplus Lines Producer)

- **THIS FORM IS NOT REQUIRED IF NO BUSINESS IS PRODUCED!**

- () Print your assigned SLA number in the five boxes provided in the upper left corner of the form. Lead zeros **must** be printed in the boxes not used, *i.e.*, *SLA #003 would now be shown as 00003, SLA #125A would not be shown as 0125A*. EVERY BOX MUST CONTAIN A CHARACTER!
- () Indicate the quarter and year of the tax return by circling the appropriate number to designate the calendar quarter and inserting the last two (2) digits of the year as shown at the top of the form.
- () Provide the name under which you do business on **Line 1** of the form. This should be **agency name** for an organization's tax return; **your name** (as it appears on your license) for an individual tax return.
- () Provide the location of your principal place of business on **Line 2** of the form. The Surplus Lines Examining Office should be able to contact you by phone and by mail at this address.
- () Provide the phone number for the organization or a number where you may be contacted during the day on **Line 3** of the form. For organizations, this phone number should be the number listed for the address given on **Line 2**.
- () Provide the total taxable Fire premiums written for the quarter on **Line 5** of the form. On property policies, only the portion of the premium allocable to Fire should be included on this line. If no Fire premiums are written, then enter a "0" on this line.
- () Multiply the total taxable Fire premiums entered on **Line 5** by three percent (3%), and enter this amount on **Line 6** of the form. Again, if no Fire premiums are written, enter a "0" on **Line 6**.
- () Provide the amount of credit applicable (if any) to the 3% FRA Tax on **Line 7** of the form. If none, enter a "0" on **Line 7** of the form.
- () Subtract the amount shown on **Line 7** from the amount shown on **Line 6** and enter the result on **Line 8** of the form.

- () Provide the total **taxable** “All Other” premiums written for the quarter on **Line 9** of the form. Simply stated, “All Other” premiums include any premiums that are not Fire premiums (*e.g. Allied Lines and Casualty premiums are “All Other”*). If no other “All Other”. If no other “All Other” premiums are produced, then enter a “0” on **Line 9**.
- () Multiply the total taxable “All Other” premiums entered on **Line 9** by three percent (3%), and enter this amount on **Line 10** of the form. Again, if no “All Other” premiums are written, enter a “0” on **Line 10**.
- () Provide the amount of credit applicable (if any) to the 3% State Tax on **Line 11** of the form.
- () Subtract the amount shown on **Line 11** from the amount shown on **Line 10** and enter the result on **Line 12** of the form.
- () Provide the total **non-taxable** Fire premiums written on **Line 13** of the form. If no non-taxable Fire Premiums are written, then enter a “0” on **Line 13**.
- () Provide the total **non-taxable** “All Other” premiums written on **Line 14** of the form. If no non-taxable “All Other” premiums are written, then enter a “0” on **Line 14**.
- () Add the total non-taxable Fire premiums entered on **Line 13** to the total non-taxable “All Other” premiums entered on **Line 14** and insert this amount on **Line 15** of the form.
- () Type or print your name and title, and sign and date the form on the lines provided at the bottom.
- () Draw a check, made payable to the “**New Jersey Firemen’s Association**” for the amount shown on **Line 8** of the form. **This check should be forwarded to the New Jersey Firemen’s Association** (see section II – SLPA-2-FRA). Attach a **Copy** of this check to your completed tax return that will be sent to the Surplus Lines Examining Office as detailed under the “Introduction” section.
- () Draw a second check, made payable to the “**State of New Jersey**,” for the amount shown on **Line 12** of the form. This check will be attached to your completed tax return and sent to the Surplus Lines Examining Office as detailed in the “Introduction” section.

II. SLPS-2-FRA (Schedule Showing Fire Premiums and Taxes Payable to New Jersey Firemen’s Association)

- **THIS FORM IS NOT REQUIRED IF FIRE PREMIUMS ARE WRITTEN AND/OR NO BUSINESS IS PRODUCED!**
 - Print your assigned SLA number in the five boxes provided in the upper left corner of the form. Remember, lead zeroes must be used, and all boxes must contain a digit or character.
 - Indicate the quarter and year of the tax return by circling the appropriate number to designate the calendar quarter and inserting the last two (2) digits of the year as shown under the SLA number.

- Provide the name under which you do business on the line provided. This should be the same as the name listed on Line 1 of SLPS-1-TAX.
 - Enter the page number and the total number of SLPS-2-FRA pages in the appropriate lines at the upper right corner of the form.
 - Provide a three digit ISO code number for the municipality that corresponds with the location of the risk and enter it in the column marked "ISO Code". The ISO code can be found by using the list included with these instructions.
- () Enter the municipality or appropriate fire district in the column marked "Location and Risk".
- () Enter the zip code of the location in the column marked "Zip Code".
- () Provide the Fire premium amount for the policy and enter it in the column marked "Premium". For property policies, include in this column **only** the portion of the premium allocable to Fire. **YOU MUST USE PARENTHESES AROUND A NUMBER TO INDICATE A RETURN PREMIUM! Do NOT use a minus (-) sign! e.g. use (\$123.00) instead of -\$123.00.**
- () Multiply the amount in the Premium column by three percent (3%) and enter this amount in the column marked "FRA Tax".
- () Repeat the above steps each individual placement where Fire premiums are written. If you need additional space, use extra SLPS-2-FRA sheets and number them consecutively as necessary. Keep a cumulative total in the total boxes at the bottom right corner of the form.
- () After verifying all entries, mail the completed form(s), along with a check made payable to the **"New Jersey Firemen's Association"** for the amount of three percent (3%) of the total Fire premiums (as shown on Line 6 of SLPS-1-TAX), to the New Jersey Firemen's Association, 1700 Galloping Hill Road, Kenilworth, NJ 07033-1303. Attach a **copy** of the form(s), Together with a **photocopy** of your check, to the tax return that will be sent to the Surplus Lines Examining Office as detailed under the "Introduction" section.

III. SLPS-3-TRS (Schedule to Support Tax Returns)

- **THIS FORM IS NOT REQUIRED IF NO BUSINESS IS PRODUCED!**
- Print our assigned SLA number in the five boxes provided in the upper left corner of the form. Remember, lead zeros must be used, and all boxes must contain a digit or character.
- Indicate the quarter and year of the tax return by circling the appropriate number to designate the calendar quarter, and inserting the last two (2) digits of the year.
- Provide the name under which you do business on the Line provided. This should be the same as the name listed on Line 1 of SLPS-1-TAX.
- Enter the page number and the total number of SLPS-3-TRS pages in the appropriate lines at the upper right corner of the form.
- Enter the transaction number assigned to the individual placement in the seven (7) boxes provided in Column 1 of the form. The first **two digits** of the transaction number indicate **the year** in which the placement occurred, *i.e., if the placement occurred in the year 1998, then the first two digits of the transaction number would be "98"*. The remaining five digits of the transaction number represent a sequential number, assigned by you, indicating the order in which the placement occurred during the calendar year. *For example, the first placement of the year would be numbered 00001, the second placement would be 00002, and so on up to 99,999.* **EVERY BOX MUST CONTAIN A DIGIT!** Remember to always use lead zeros when the sequential number is *less than five (5) digits*. **The system will NOT accept alpha suffixes to transaction numbers.**

- Indicate the premium type code in Column 2 of the form. The premium type codes are “N” For **new** and **renewal** premiums; “A” for **additional** premiums; and “R” for **return** premiums. “N”, “A” and “R” premiums must be listed on a separate page(s). Do NOT put “N”, “A” and “R” premiums on the same page. **YOU MUST USE A SEPARATE PAGE(S) FOR NEW AND RENEWAL, A SEPARATE PAGE(S) FOR ADDITIONAL, AND A SEPARATE PAGE(S) FOR RETURNS.** “N”, “A” and “R” coded pages must be listed in this order.
- Provide the name of the insured as shown on the policy in Column 3 of the form.
- Enter the policy number of the placement in the boxes provided in Column 4 of the form. Start with the first box on the left and use as many boxes as necessary. The policy number may be alphanumeric. It is important to enter the policy number exactly as it appears on the policy, including spaces. **YOU MUST LEAVE A BLANK BOX ON THE FORM TO INDICATE A SPACE BETWEEN CHARACTERS!** Always be sure to check for any errors.
- Enter the effective dates of the placement in Column 5 of the form, using a slash(/) between month, day, and year, which are two (2) digits each. *For example, April 5, 2003 would be entered as 04/05/03.*
- Indicate the insurance company which issued the policy by entering its corresponding NAIC or ISI number in the boxes provided in Column 6 of the form. The NAIC number is **five** digits in length, and is used only by foreign insurance companies (those licensed in a U.S. jurisdiction). The ISI number (which is distinguished by its prefix, “AA”) is **nine** characters in length, and is used only by alien (overseas) insurance companies. A list of each surplus lines insurer currently eligible in New Jersey and its respective NAIC/ISI number is included with these instructions. **NOTE:** When entering the five digit NAIC number, start at the left and use only the required amount of boxes. That is, enter the five digits in the first five boxes and leave the remaining boxes blank.
- Provide the Fire premium amount, if any, and enter it in the column marked “Fire” under Column 7 of the form.
- Enter the “All Other” premium amount, if any, in the column marked “All Other” under Column 7 of the form.
- Repeat the above steps for each individual placement or transaction. If you need additional space, use extra SLPS-3-TRS sheets and number them as necessary. Keep a cumulative total in the total boxes at the bottom right corner of the form, *e.g., page 2 totals should be the page 1 totals plus page 2 totals; page 3 totals should be the page 1 totals plus page 2 plus page 3, etc.* Carry the cumulative totals to lines #5 and #9 on SLPS-1-TAX form.
- If the premium is non-taxable, then enter a “Y” in the column marked “N/T”. Otherwise, leave this column blank. As with new and renewal, additional, and return premiums, **YOU MUST GROUP ALL NON-TAXABLE PREMIUMS ON A SEPARATE PAGE(S)!** In other words, indicate the premium type code in Column 2 of the form. Remember, the codes are “N” for new and renewal premiums; “A” for additional premiums, and “R” for return premiums. **DO NOT** put “N”, “A” and “R” premiums on the same page. **YOU MUST USE A SEPARATE PAGE(S) FOR NEW AND RENEWAL, A SEPARATE PAGE(S) FOR ADDITIONAL AND A SEPARATE PAGE(S) FOR RETURNS.** “N”, “A” and “R” coded non-taxable page must be listed in this order.
- Repeat the above steps for each individual non-taxable placement of transaction. If you need additional space use extra SLPA-3-TRS sheets and number them as necessary. Again, as with taxable business, keep a cumulative total for non-taxable business in the total boxes at the bottom right corner of the form, *e.g., the second page totals (non-taxable) should be the first page totals plus second page totals; the third page totals should be totals of the first three pages (non-taxable), etc.* Carry the cumulative totals to lines #13 and #14 on the SLPS-TAX form

PROCEDURES FOR FILING THE TAX RETURN

The three (3) forms with required copies, completed and attached together in the correct order, comprise a complete tax return filing. This package should be properly stapled together or secured with a rubber band. A **complete, separate duplicate** copy of this filing **must** also be included. This separate duplicate copy should also be properly stapled together or secured with a rubber band. The tax return is to be filed with the Surplus Lines Examining Office on or before the 45th day after the close of the calendar quarter. Therefore, they must be mailed **on or before** May 15th, August 14th, November 14th and February 14th for the first, second third, and fourth calendar quarters, respectively.

If you have any questions on the Instructions, or any questions pertaining to surplus lines, then you are encouraged to call the Surplus Lines Examining Office and/or any of the examiners at (609) 292-5350 ext 50106.

Thank you for taking the time to read these Instructions and completing the forms accurately.

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