SURPLUS LINES INSURANCE

If insurance coverage cannot be procured form companies licensed in this state, surplus lines insurance may be procured from a surplus lines insurer that is eligible to write such type(s) of insurance in Tennessee. See **Tenn. Code Ann. § 56-14-105**

Tennessee requires a minimum of three (3) declining carriers prior to placing a policy with an eligible surplus lines insurer. The declination information should be kept in the writing agents files and provided upon request by this department. For record keeping requirements see **Tenn. Code Ann. §56-14-116**

Surplus lines insurance premium tax rate is 5% of gross premiums written. "Premium" includes all premium and fees collected in consideration of the insurance. See **Tenn. Code Ann. §56-14-113**

Tennessee began accepting surplus lines policy submissions through the Surplus Lines Clearinghouse or Surplus Lines Information Portal (SLIP) for policies effective on and after October 1, 2014 as an Associate Member in the Non-Admitted Insurance Multistate Agreement (NIMA). Tennessee will continue to accept policy submissions through SLIP after the dissolution of NIMA, effective October 1, 2016.

Effective October 1, 2016, all new and renewal single and multistate policies will be filed as single state policies with the Surplus Lines Clearinghouse when Tennessee is the home state, with 100% of the premium being reported to and taxed by Tennessee. Policies with an effective date of October 1, 2016 and after will be invoiced by the Clearinghouse.

Premiums Taxes on policies with effective dates prior to October 1, 2016 will continue to be remitted directly to the Tennessee Department of Commerce and Insurance using the STATEMENT OF PREMIUMS AND TAX PAYMENT (Form SL3) located at: **http://www.tn.gov/commerce/article/ins-surplus-lines**

Filing Surplus Lines Policies Effective on or after 10/1/2014:

All new and renewal policies with effective dates on or after October 1, 2014, and any subsequent endorsements to those policies, are REQUIRED to be filed through the Surplus Lines Clearinghouse/Surplus Lines Information Portal (SLIP) at www.slclearinghouse.com.

New and renewal policies are due and should be filed within thirty (30) day of the policy effective date. Endorsement transactions are due as they become available for filing.

On a quarterly basis, the surplus lines agent is required to electronically submit an affidavit (attestation) through SLIP. The affidavit should only be submitted by the surplus lines licensed agent. Only one (1) affidavit per agent is required and will cover all policies filed through SLIP for the quarter.

The quarterly affidavit due dates are as follows:

Affidavit Due Date	Policies Submitted During
May 15th	Quarter 1 - (January 1 – March 31)
August 15th	Quarter 2 - (April 1 – June 30)
November 15th	Quarter 3 - (July 1 – September 30)
February 15th	Quarter 4 - (October 1 – December 31)

Filing Surplus Lines Policies Effective Prior to 10/1/2014:

All new and renewal policies with effective dates prior to October 1, 2014, and any subsequent endorsements to those policies, are required to be filed using the Excel Spreadsheet Affidavit for Placing Surplus Lines Insurance located at: http://www.tn.gov/commerce/article/ins-surplus-lines

Instructions for filing the spreadsheet Affidavit for placing Surplus Lines Insurance:

1. Download and save the spreadsheet to you computer
2. Print Tab1 of the spreadsheet (this is the affidavit (attestation) and must be signed by the surplus lines agent and notarized)
3. Fill in ALL fields on Tab2 (agency info, agent info, tax year, and all policy data elements)
4. Scan the signed and notarized affidavit (Tab1)
5. Attach BOTH the affidavit and the spreadsheet in the same email
6. Put the date of the submission and the agency name in the subjet line of the email (i.e., xx/xx/xxxx – Agency Name)
7. Send the completed Spreadsheet and Affidavit to Surplus.Lines@tn.gov

NOTE: Your submission will not be accepted unless these instructions are followed

Surplus Lines Premium Tax Payments for Policies Effective on or after 10/1/2016:

All policies with effective dates on or after October 1, 2016, and any subsequent endorsements, will be invoiced by the Clearinghouse. Invoices are processed quarterly and delivered to the agent through the Clearinghosue SLIP system. Payments will be made via ACH in SLIP to the Tennessee Department of Commerce and Insurance.

The agent will receive an invoice for the surplus lines premiums taxes due (5% of gross premium) beginning with policies effective on or after October 1, 2016 and an invoice for the Clearinghouse transactions fee (0.175% of gross premium) for all policies beginning with effectives on or after October 1, 2016.

The schedule for the SURPLUS LINES TAX INVOICING and the CLEARINGHOUSE TRANSACTION FEE INVOICEING is as follows:

Filings Received During	*Invoices Issued*	*Payment Due Date*
January 1 – March 31	April	May 15th
April 1 – June 30	July	August 15th
July 1 – September 30	October	November 15th
October 1 – December 31	January	February 15th

Surplus Lines Premium Tax Payments for Policies Effective Prior to 10/1/2016:

All policies with effective dates prior to October 1, 2016, and any subsequent endorsements, will NOT be invoiced and taxes should be remitted directly to the Tennessee Department of Commerce and Insurance using the STATEMENT OF PREMIUMS AND TAX PAYMENT (Form SL3). The taxes should be remitted quarterly and are due by the same payment due date as listed above.

There are two (2) ways to submit surplus lines premium taxes for policies effective prior to October 1, 2016, as outlined on the next page.

- ***OPTins Electronic Filing:***
  Register and set up an account by visiting http://www.optins.org/getting_started.htm

  1. Go to www.optins.org and login to your account
  2. Follow the steps to create a filing
  3. When you reach the State Provided Form(s) step, download and fill out the Statement of Premiums and Tax Payments form (Excel format) and the Signature/Notary page (PDF format)
  4. Upload the following items in OPTins when you are ready to submit payment:
     - ✓ Surplus Lines Statement of Premiums and Tax Payment form (completed)
     - ✓ Signature/Notary page (completed)
     - ✓ SLIP Transactions report (only include transactions filed during the quarter)
     - ✓ Reconciliation (only for transactions filed on policies effective prior to 10/1/2014 that are not located in SLIP-items that do not reflect on the SLIP Transactions report)
  5. Submit filings and payment (Payment processed by EFT or ACH – no checks required)

  ❖ Forms and payment are received by the department immediately upon submission.

- Paper Surplus Lines Statement of Premiums and Tax Payment (Form SL3)
  1. Print Form SL3. http://www.tn.gov/commerce/article/ins-surplus-lines
  2. Put the Calendar Year in the top right corner
  3. Select the box next to the correct quarter
  4. Fill in the REQUIRED agent information
  5. Agent must sign Form SL3 and it must be notarized

  (Must be submitted with original signature and notary)

  6. The following items must be included with Form SL3 and Payment
     - ✓ SLIP Transaction Report (only include transactions filed during the quarter)
     - ✓ Reconciliation of any transactions on policies effective prior to 10/1/2014 that were filed during the quarter (items that do not reflect on the SLIP Transactions report)
     - ✓ Check for the total surplus lines premium tax due made payable to:
       Tennessee Department of Commerce and Insurance
  7. Send all items to: **State of Tennessee**
     Department of Commerce & Insurance
     Surplus Lines Division, 7th Floor
     500 James Robertson Parkway

QUESTIONS: Please email Surplus.Lines@tn.gov or call (615)741-1670