



BULLETIN: 2016-CH-02

TO: SURPLUS LINES AGENTS/BROKERS AND INDEPENDENTLY PROCURED COVERAGE (IPC) FILERS

FROM: TIFFANY MARUNIAK, PRODUCT AND BUSINESS DEVELOPMENT MANAGER

DATE: AUGUST 16, 2016 (UPDATED AUGUST 25, 2016)

SUBJECT: TENNESSEE FILING AND PAYMENT GUIDELINES

The Tennessee Department of Commerce and Insurance has executed an agreement with the Florida Surplus Lines Service Office (FSLSO) to be the technology vendor for all surplus lines filings and premium tax payments. The Tennessee Department of Commerce and Insurance currently uses the Clearinghouse SLIP platform as an Associate Member of the Non-Admitted Insurance Multistate Agreement (NIMA). Beginning October 1, 2016, the Tennessee Department of Commerce and Insurance will use the Clearinghouse SLIP platform for the **reporting and payment** of all premium taxes for Tennessee surplus lines policies.

Policies Effective on or after October 1, 2016

All Tennessee new and renewal policies *effective* on or after October 1, 2016, should be filed using the Clearinghouse SLIP platform. All transactions for policies effective on or after October 1, 2016 will be subject to a 0.175% (0.00175) transaction fee in addition to the 5% Tennessee surplus lines premium tax. The 5% premium tax and 0.175% transaction fee is calculated based on the gross premium amount (premium plus any taxable fees). The transaction fee is not taxable and should not be included as part of the gross premium. The transaction fee is charged on all new, renewal and additional premium taxable and non-taxable transactions reported to the Clearinghouse. Likewise, the transaction fee is refundable pro-rata based on the returned premium for all return premium endorsements and cancellations.

Surplus lines premium taxes for Tennessee policies effective on or after October 1, 2016 will now be paid **quarterly** using the following invoicing and payment schedule:

<i>Filings Received</i>	<i>Invoices Issued</i>	<i>Payments Due</i>
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

The first quarterly surplus lines premium tax and transaction fee invoices for Tennessee will be issued on **Tuesday, January 3, 2017** (first business day following the end of the 4th quarter 2016). Surplus lines tax and transaction fee invoices, as well as the billing report listing the transactions included in the invoices, will be available in the SLIP inbox on Tuesday, January 3, 2017.



Surplus lines tax and transaction fee payments for Tennessee policies *effective* on or after October 1, 2016 will be paid electronically in SLIP via ACH transaction. Taxes will be paid through SLIP directly to the Tennessee Department of Commerce and Insurance, and transactions fees will be paid to the Florida Surplus Lines Service Office. Clearinghouse staff will provide additional payment information to customers as it becomes available prior to the first invoicing on January 3, 2017.

Policies Effective October 1, 2014 – September 30, 2016

Endorsements on Tennessee policies *effective* October 1, 2014 – September 30, 2016 (Tennessee's associate membership period) may continue to be filed in the Clearinghouse SLIP platform and will not be subject to the 0.175% transaction fee. Premium taxes for policies and endorsements on policies effective October 1, 2014 – September 30, 2016 should be paid directly to the Tennessee Department of Commerce and Insurance using the SURPLUS LINES STATEMENT OF PREMIUMS AND TAX PAYMENT form (SL-3) located on the Tennessee Department of Commerce and Insurance website at <http://www.tn.gov/commerce/article/ins-surplus-lines>.

The FSLSO Clearinghouse staff will be hosting webinars to assist customers with filing and payment questions for Tennessee surplus lines policies. For more information, please contact the Clearinghouse staff at 877.267.9855 or by email at info@slclearinghouse.com.