

# THE SURPLUS LINE ASSOCIATION

OF CALIFORNIA

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NO. 325

BULLETIN TO ALL MEMBERS

RE: Annual Statement and Tax Payment to State  
on Surplus Line Premiums

Our Questions and Answers Pamphlet has been revised to show the new due date for declaring state tax, and the amended page is attached.

This will also be a reminder that you should have received the Annual Statement and Tax Payment Form from the Insurance Department. The form should be sent with your payment to the Insurance Department. Penalty applies after May 1.



A.L. Lathrop  
Manager

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stamping fee due. Sign and return the original with your check to the Surplus Line Association.

**State:** State will furnish forms for completion and remittance direct to the State annually. Remittance due May 1\* each year — See Insurance Code Sec. 1775.5.

**Federal:** Make filing with Treasury Department.

1. Make quarterly filing of Form 720 with Treasury Department if monthly tax liability is \$100.00 or less.

2. If tax liability is more than \$100, file monthly using Federal Depository Receipt Form 537. (For details, see Bulletin No. 247 of Surplus Line Association.)

## QUESTIONS AND ANSWERS — GENERAL

**Q. WHAT TYPES OF COVERAGE MAY BE CONSIDERED SURPLUS?**

**A.** In a general way, any class for which there is no majority (or substantial) admitted market. If in doubt, the risk or class in question should be discussed with the Stamping Office staff.

**Q. OTHER THAN THE ABOVE CLASSES, MAY INDIVIDUAL RISKS BE TREATED AS SURPLUS.**

**A.** Yes. If the individual risk is unacceptable to the admitted market, as evidenced by completion by the producing broker of form SLA-101.

**Q. WHAT CONTROL, IF ANY, EXISTS ON RATES?**

**A.** On any classes of insurance where there are admitted market rates you must use not less than the lowest rate which will be accepted by any admitted insurer. See SLA Manual page 15 and Insurance Code Sec. 1763.

When a specific risk is exported out of a class that is not generally surplus, one test of good faith is that it will not be at lower rates than the Board or Bureau rates of the majority of admitted insurers.

*\*Designates change in statements starting with remittance due May 1, 1972.*

*\*First Reprint 3-30-72.*