



Year End Tax Statements

Hello All,

It is that time of the year again and we are closing out 2006 and are busily preparing your tax statements for taxes due to the State of Montana. Tax statements will be mailed out only to licensed surplus lines producers before March 1, 2007. *Payments are due to the State of Montana by April 1, 2007 and checks are made payable to: State of Montana.*

If you did not file any submissions with MSLAA in calendar year 2006 then you will not receive a tax statement nor are you required to file anything further. If you have any questions please call 406-443-7324.

All submissions sent in after December 31, 2006 that has an effective date of 2007 to 2008 will not be processed until after April 1, 2007. So keep an eye out for those statements and get them reconciled as soon as possible so that we can make changes as needed. **There will be no changes to your 2006 tax statement after close of day March 31, 2007.**

New Submission Form

There is an updated submission form as of February 8, 2007. Please download it off our website at www.mslaa.org/formsandmaterials.html. This form must be used for any policies that have an April 1st effective date or later. While you are on the forms and materials page please make sure that you also have the most recent Approved Risk List and the Companies Eligible List.

Filling Out Submission Forms

When filling out a submission form, please use our interactive form that can be completed from your computer or you can type the information in with a typewriter. This is not required, but some handwriting can be very difficult to read which may cause a delay in processing of your submission.

Before sending in a submission form to the stamping office please look over the form and verify that all fields are completed. When fields are not completed, they will be sent back to the surplus lines producer to be completed. This quick step can save your agency a lot of time and

money. All of us here at the MSLAA stamping office appreciate your help with this matter.

Calendar of Events:



Registration is now open for the 2007 Western States Surplus Line Conference: *Sun, Sombreros, Salsa & Surplus Lines* taking place June 19-23, 2007 at the Hyatt Regency Scottsdale Resort and Spa at Gainey Ranch. Along with notable keynote and panel speakers, participants will enjoy networking opportunities in the new and exclusive Broker's Lounge and incredible entertainment. This is a must attend event for anyone who works in the surplus lines market.

Register at <http://www.kc-a.com/clients/wslc/register.html>

10% AND \$1500 Exception Confusion

If you are trying to use the **10% AND \$1500 Exception** and the type of risk for your insured is on the Approved Risk List (ARL) you do not need to use the exception. When your risk is on the ARL then it is already approved to be written in the surplus lines market as those risks are very hard or impossible to place in the authorized market.

Also there has been some confusion with interpretation of Montana Code Annotated (MCA) as to the rating that the surplus lines company needs to hold to use this exception. The way Montana code is written, it shows "A-rated or equivalent", this does not mean "A (minus) rated or equivalent".

If you are not 100% positive you are eligible to use this exception, feel free to call our office and we would be glad to help. Information about this can be found at:

[MCA 33-2-302 \(1\) \(d\) \(i\) and \(2\)\)](#) and on our website at www.mslaa.org.

FREQUENTLY ASKED QUESTIONS

Q: Am I allowed to charge a Filing Fee or Broker Fee on a Surplus Lines policy in the state of Montana?

A: No, per the Montana Department of Insurance interpretation of [\(MCA 33-15-102\)](#) you are not allowed to charge any fees other than the inspection fee for the exact amount of the inspection. If it is determined that broker fees, filing fees or policy fees have been charged it can result in loss of licensure. If you have any questions please call the Department of Insurance at 406-444-2040.

Q: Are Reservations in Montana exempt to Premium Taxes and Fire Taxes?

A: Yes, but they are not exempt to the Stamping Fee which is an administrative cost for processing the filing. If you have any questions please call Barb Vander Mars at the Department of Insurance for more detail 406-444-2040.

Q: What is the ARL List and how does it apply to me as a Producer or Customer Service Representative?

A: The Approved Risk List is a list of risks that are very hard or impossible to place in the Authorized Market. The Montana Department of Insurance (DOI) reviews the list with a committee and approves this list every 6 months. The DOI can amend the list at anytime.

If you are writing a risk that falls under one of the categories listed then it is automatically can be placed in the Surplus Lines market unless you are aware of an admitted market that is willing to write and/or renew. This allows you to skip questions #1 through #4 on the submission form.

Q: Can I attach a notarized statement to a submission form to replace the notary stamp on Part 1 or Part 2?

A: The answer is "No". Per the Montana Department of Insurance, the notary stamp must be located on the submission form and not on any accompanying documentation. All submissions not meeting these criteria will be returned the surplus lines producer for correction.

Q: How much time do I have to get my completed submission form to the Surplus Lines Stamping Office?

A: You have 30 days from the effective date of the policy. You may file on a binder if the policy has not yet been received.

Q: When I write the policy through Underwriters at Lloyd's, do I have to list the syndicate number on the submission form?

A: Yes, since only certain syndicates are allowed to write business in Montana the stamping office must know what syndicate you are using. To see a list of eligible syndicates please go to "Forms and Materials to download the surplus lines eligible company list."

Q: Are Courtesy Filings allowed in Montana?

A: No - Montana does not allow Courtesy Filings