

CHAPTER 19**FINANCIAL EXAMINATIONS
MONITORING SYSTEM****Authority**

N.J.S.A. 17:1-8.1, 17:1-15(e), 17:22-6.40 et seq., 17:22-6.45, 17:22-6.70, 17:22A-17, 17:23-1 and 2, 17:23B-1, 17:46B-1 et seq., 17B:17-1 et seq., and 17B:21-1 et seq.

Source and Effective Date

R.2008 d.327, effective October 3, 2008.
See: 40 N.J.R. 2400(a), 40 N.J.R. 6466(a).

Chapter Expiration Date

Chapter 19, Financial Examinations Monitoring System, expires on October 3, 2013.

Chapter Historical Note

Chapter 19, Financial Examinations Monitoring System, was adopted as R.1993 d.69, effective February 1, 1993. See: 24 N.J.R. 2999(a), 25 N.J.R. 591(a).

Subchapter 3, Date Submission Requirements for all Licensed Producers with Surplus Lines Authority and Eligible Surplus Lines Insurers, was added as R.1993 d.232, effective May 20, 1993. See: 24 N.J.R. 3003(a), 25 N.J.R. 1972(b).

Subchapter 1, Data Submission Requirements for all Licensed Insurers (The Financial Analysis Subsystem), was added as R.1995 d.665, effective December 18, 1995. See: 27 N.J.R. 3759(a), 27 N.J.R. 5031(b).

Subchapter 4, Data Submission Requirements for all Domestic Life/Health Insurers, was added as R.1995 d.112, effective February 21, 1995. See: 26 N.J.R. 1195(a), 27 N.J.R. 709(a).

Pursuant to Executive Order No. 66(1978), Chapter 19, Financial Examinations Monitoring System, was readopted as R.1998 d.109, effective January 23, 1998. See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

Chapter 19, Financial Examinations Monitoring System, was re-adopted as R.2003 d.303, effective June 30, 2003. See: 35 N.J.R. 500(a), 35 N.J.R. 3360(b).

Chapter 19, Financial Examinations Monitoring System, was re-adopted as R.2008 d.327, effective October 3, 2008. As a part of R.2008 d.327, Subchapter 1, Data Submission Requirements for all Licensed Insurers (The Financial Analysis Subsystem) was repealed. See: Source and Effective Date. See, also, section annotations.

Subchapter 1, Annual and Quarterly Financial Statement Submission Requirements, was adopted as new rules by R.2009 d.332, effective November 2, 2009. See: 41 N.J.R. 2614(a), 41 N.J.R. 4117(a).

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FINANCIAL STATEMENT SUBMISSION
REQUIREMENTS****11:19-1.1 Purpose and scope**

(a) The purpose of this subchapter is to set forth requirements for the filing of annual and quarterly financial statement data with the NAIC and the Department.

(b) This subchapter applies to licensed insurers in this State.

11:19-1.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

“Department” means the New Jersey Department of Banking and Insurance.

“Licensed insurer” means an insurer authorized, admitted or eligible to transact insurance in this State.

“NAIC” means the National Association of Insurance Commissioners.

11:19-1.3 Annual and Quarterly Financial Statement Submission Requirements

(a) All New Jersey licensed insurers shall file their annual and quarterly financial information with the NAIC in accordance with the NAIC Annual Statement Diskette Filing Specifications and the NAIC Diskette Submission Directive in addition to filing this information with the Department in hard copy as set forth in (b) below.

(b) In addition to filing with the NAIC pursuant to (a) above, all domestic insurers regardless of premium volume, as well as any foreign or alien admitted insurer with more than 90 percent of its direct written premiums in New Jersey, shall file required statements in hard copy with the Department. Eligible surplus lines insurers may comply with applicable filing requirements by filing such statements electronically with the NAIC, provided that hard copies of the Juart page, Schedule T and page 3 (Liabilities and Surplus) are filed with the Department.

11:19-1.4 Penalties

Failure to comply with the provisions of this subchapter may result in the imposition of penalties as authorized by law, including, but not limited to, penalties authorized by N.J.S.A. 17:23-2 and 17B:21-2.

SUBCHAPTER 2. DATA SUBMISSION REQUIREMENTS FOR ALL DOMESTIC INSURERS

11:19-2.1 Purpose and Scope

(a) The purpose of this subchapter is to set forth the filing requirements and procedures for the submission of financial data under various Financial Examinations Monitoring System (FEMS) subsystems, for all domestic insurers to the Department.

(b) These rules apply to all domestic insurers regulated under the laws of New Jersey unless specifically stated otherwise.

11:19-2.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

“ADAS” means the Actuarial Data and Analysis Subsystem, which provides tools to help the Department’s actuaries to value the reserves of domestic life insurance companies.

“ASCII” means the American Standard Code for Information Interchange. It is a byte-oriented coding system based on an eight bit code and used primarily to format information for transfer in a data communications environment.

“BASS” means the Billing and Scheduling Subsystem, which facilitates the examination activities of the Department. This system provides for automated time and expense entry, produces examination schedules and generates company bills.

“Certificate of Verification or statement of assets held” means a certified listing from the custodian of the securities held as of a specified date (for example, year end) for a specified insurance company.

“CINS” means CUSIP International Numbering Standard.

“Commissioner” means the Commissioner of the New Jersey Department of Banking and Insurance.

“CUSIP” means the American Banking Association’s (ABA) Committee on Uniform Security Identification Procedures, a uniform security identification system for securities which are obtained, selected, arranged and published by Standard and Poors.

“Custodian” means an entity that is in custody of securities on behalf of an insurer or the insurer itself.

“DDS” means the Descriptive Data Subsystem, which provides online access to demographic information and a financial snapshot of all insurance and other risk assuming entities regulated by the Department. A tracking system for admissions and extensions of authority is also provided.

“Department” means the Department of Banking and Insurance.

“Domestic insurer” means an insurer formed under the laws of this State pursuant to N.J.S.A. 17:17-1 et seq., 17:46A-1 et seq., 17:46B-1 et seq., and 17B:18-1 et seq.

“DTC” means Depository Trust Corporation.

“Due date” means a date prior to or on which a submission must be received by the Department.

New Rule, R.1994 d.104, effective February 22, 1994.
 See: 25 N.J.R. 2820(b), 26 N.J.R. 1100(b).
 Amended by R.1998 d.109, effective February 17, 1998.
 See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

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Exhibit 3

Adjusting Entry Detail Record Layout

Field Number	Field Name	Start Pos	Field Type and Length	Comments
1	General Ledger Account Number	1	X (12)	General ledger account number to be adjusted.
2	Adjustment Number	13	9 (5)	The adjustment number.
3	Adjustment Description	18	X (45)	Description of the adjustment.
4	Annual Statement Page Number	63	X (2)	The page number of the annual statement where the adjustment is reported. Pages less than 10 must have a leading zero.
5	Annual Statement Line Number	65	X (6)	The line number on the page where the adjustment is reported. Line numbers less than 10 must have leading zeros and alpha characters must be upper case.
6	Annual Statement Column Number	71	X (1)	The column number on the page where the adjustment is reported.
7	Amount	72	9 (16)	The year-end closing adjustment amount.
				87

Note: X = denotes alphanumeric
 9 = denotes numeric

New Rule, R.1994 d.104, effective February 22, 1994.
 See: 25 N.J.R. 2820(b), 26 N.J.R. 1100(b).
 Amended by R.1998 d.109, effective February 17, 1998.
 See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

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Exhibit 4

Adjusting Entry Detail Record Layout Description

Field Number	Field Name	Comments
1	General Ledger Account Number	General ledger account number to be adjusted (alphanumeric, left justified, up to 12 positions). If there is no account number Surplus (page 03, line 25B for P&C companies and page 03, line 34 for L/H companies), account number 999 is to be used.
2	Adjustment Number	The same adjustment number should be used for all off-setting entries. All adjustment numbers shall be less than 90,000.
3	Adjustment Description	Description of the adjustment (The first 45 positions, left justified).
4	Annual Statement Page Number	The page number of the annual statement for P/C companies which corresponds to Assets, Liabilities Surplus and Other Funds and Underwriting and Investment Exhibit. The page number of the Annual Statement for L/H companies which corresponds to Assets, Liabilities Surplus and Other Funds and Underwriting and Investment Exhibit. (for 1997 data this must be 02, 03 and 04 for P/C and L/H companies). Pages less than 10 must have a leading zero.
5	Annual Statement Line Number	The line number on the page where the adjustment is reported (left justified, with a leading zero for numbers less than 10).
6	Annual Statement Column Number	The column number on the page where the adjustment is reported (1 for pages 03 and 04; 1, 2 or 3 for page 02) and alpha characters must be upper case, that is 02.2 or 04A.
7	Amount	The amount field will be the year-end closing adjustment amount (positive for debit balance and negative for credit balance). The decimal point is to be contained in the field. A leading minus ("-"), placed directly before the first number, is used to indicate negative numbers. Leading zeros are not to be used, but trailing zeros are to be used for the decimal places. The total field width (16) includes all numbers, the minus sign and the decimal point. For example, a negative \$304,020 and 20 cents would appear

Field Number Field Name Comments
 as _____304020.20, where the underscore represents spaces.

New Rule, R.1994 d.104, effective February 22, 1994.
 See: 25 N.J.R. 2820(b), 26 N.J.R. 1100(b).
 Amended by R.1998 d.109, effective February 17, 1998.
 See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

SUBCHAPTER 3. DATA SUBMISSION
 REQUIREMENTS FOR ALL LICENSED
 PRODUCERS WITH SURPLUS LINES
 AUTHORITY AND ELIGIBLE SURPLUS
 LINES INSURERS

11:19-3.1 Purpose and scope

(a) The purpose of this subchapter is to set forth the filing and reporting requirements and procedures for the submission/maintaining of:

1. All eligible surplus lines insurers' quarterly net written premiums for the State of New Jersey; and
2. Tax and surcharge filings for all licensed surplus lines producers.

(b) These rules apply to all licensed producers with surplus lines authority and all insurers eligible to transact surplus lines insurance business in New Jersey in accordance with N.J.S.A. 17:22-6.40 et seq. and 17:22-6.70 et seq.

Amended by R.2001 d.132, effective May 7, 2001.
 See: 33 N.J.R. 14(a), 33 N.J.R. 1392(a).

In the introductory paragraph of (a), inserted "/maintaining" following "submission".

11:19-3.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Alien insurer" means an insurer formed under the laws of any country other than the United States of America, its states, districts, territories, commonwealths or possessions.

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance.

"Department" means the Department of Banking and Insurance.

"Due date" means a date prior to or on which a submission shall be received by the Department.

"Foreign insurer" means an insurer formed under the laws of a jurisdiction of the United States of America, other than the State of New Jersey.

“Insurer” or “insurance company” means an entity authorized or eligible to transact the business of insurance in New Jersey.

“ISI Number” means the nine digit identifying number issued by the NAIC to uniquely identify an “alien insurer.”

“NAIC” means the National Association of Insurance Commissioners.

“NAIC number” means the five digit number assigned by the NAIC to uniquely identify a foreign or admitted insurer.

“Net written premiums” means direct gross premiums on insurance policies written by a surplus lines insurer less return premiums thereon. If a policy issued by a surplus lines insurer covers risks or exposures only partially located in this State, the “net written premiums” do not include premiums on the risks or exposures outside of the State.

“SLPS” means the Surplus Lines Processing Subsystem, which assists the Department in monitoring the activities of licensees which sell surplus lines insurance to New Jersey residents and matches quarterly agent tax data to quarterly company policy data.

“Surplus lines insurer” means an unauthorized insurer eligible to transact surplus lines insurance business in this State, in which an insurance coverage is placed or may be placed pursuant to N.J.S.A. 17:22-6.40 et seq.

“Transaction number” means the 14-character number made up of the producer’s surplus line agent number (assigned by the Department), the year of the placements, and a sequential number (maintained by the agent).

Amended by R.1998 d.109, effective February 17, 1998.
See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

In “Commissioner” and “Department” definitions, changed the “Department of Insurance” to the “Department of Banking and Insurance”.

Amended by R.2001 d.132, effective May 7, 2001.
See: 33 N.J.R. 14(a), 33 N.J.R. 1392(a).

Deleted “EBCDIC”.

11:19-3.3 General requirements

(a) All eligible surplus lines insurers qualified to transact business in New Jersey shall maintain quarterly reports of the information required by this subchapter for inspection by the Department upon request beginning May 15, 2001. Each report on an insurer’s net written premiums for the State of New Jersey shall be available for inspection 45 days after the end of the calendar quarter.

(b) All licensed surplus lines producers shall, on or before the end of the month following each calendar quarter, remit premium taxes and surcharges in accordance with the Appendix to this subchapter. The due dates for these filings are as follows: May 15, August 14, November 14 and February 14.

Amended by R.2001 d.132, effective May 7, 2001.

See: 33 N.J.R. 14(a), 33 N.J.R. 1392(a).

Rewrote (a); in (b), substituted “Appendix” for “Appendices” and substituted “May 15, August 14, November 14 and February 14” for “April 30; July 31; October 31; and January 31”.

11:19-3.4 SLPS subsystem requirements for all surplus lines insurers

(a) All eligible surplus lines insurers shall prepare and maintain a report listing net written premiums for all insurance covering a subject of insurance which is resident, located, or to be performed in New Jersey. Surplus lines insurers which write no business during a calendar quarter shall prepare and maintain a signed affidavit attesting that no business was written for the quarter.

(b) An insurer’s quarterly report shall list for each policy, the named insured, the transaction number, the producer’s name and address, the policy number, the total net written premium amount, and the effective and expiration dates. Insurers shall combine all activity on the policy during the quarter and report only the policy’s net written premiums for that quarter in conjunction with the transaction number assigned by the New Jersey surplus lines agent. If the policy is a non-New Jersey multi-state risk with incidental exposures in New Jersey, the insurer should use the default number, 99999-99-99999.

Amended by R.1998 d.109, effective February 17, 1998.

See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

In (b), added the second and last sentences; in (c)2, changed the address; deleted (c)2i; and added a new 6ii and recodified the existing language of 6 into 6i and 6iii.

Amended by R.2001 d.132, effective May 7, 2001.

See: 33 N.J.R. 14(a), 33 N.J.R. 1392(a).

Rewrote (a) and (b); deleted (c).

11:19-3.5 SLPS subchapter filing requirements for all licensed producers with surplus lines authority

(a) All licensed producers with surplus lines authority shall assign a transaction number to each new or renewal policy he or she places. All subsequent endorsements shall be identified by the same transaction number. All surplus lines producers shall provide surplus lines insurers with the appropriate transaction number for each new, renewal, additional or return premium policy or endorsement, including adjustments for policies prior to July 1, 1993.

(b) All licensed surplus lines producers shall file with the Department or other authority as required a quarterly tax return in the form set forth in Appendix B to this subchapter.

(c) A complete New Jersey surplus lines producer quarterly tax returns consists of the following forms.

1. SLPS-1-TAX (Tax Return and Certified Account by Surplus Lines Producer);
2. SLPS-2-FRA, if applicable (Schedule showing Fire Premiums and Taxes Payable to New Jersey Firemen’s Relief Association); and

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

Amended by R.1998 d.109, effective February 17, 1998.
See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).
Deleted former (c)4.

11:19-3.6 (Reserved)**11:19-3.7 Penalties**

(a) Failure to comply with the provisions of this subchapter shall subject an eligible surplus lines insurer to penalties as provided in N.J.S.A. 17:22-6.61.

(b) Failure to comply with the provisions of this subchapter shall subject a licensed producer with surplus lines authority to penalties as provided in N.J.S.A. 17:22-6.61 and 17:22A-17.

APPENDIX

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 Lines 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 EX-**

AMINING 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 Relief 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 the 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 requirements of each of the three 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, that is SLA #003 would now be shown as 00003, SLA #125A would now 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 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 the 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, 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 percent 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" premiums are produced, then enter a "0" on Line 9.

Multiply the total taxable "All Other" premiums entered on Line 9 by three percent, 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—SLPS-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 NO 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 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 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 the 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 of 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! for example use (\$123.00) instead of -\$123.00.

Multiply the amount in the Premium column by three percent 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 of the total Fire premiums (as shown on Line 6 of SLPS-1-TAX), to the New Jersey Firemen's Association, 50 Evergreen Place, East Orange, NJ 07018. 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 your 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 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, that is, 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 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 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, for example, 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 the 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* pages 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 SLPS-3-TRS sheets and number them as necessary. Again, as with taxable business, keep an cumulative total for non-taxable business in the total boxes at the bottom right corner of the form, for example, 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 15, August 14, November 14 and February 14 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.

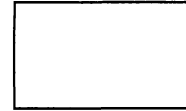
SLPS CHECK TRANSMITTAL

Attach Original Surplus Lines
Tax Transmittal Check in
This Space

Photocopy Your Check Payable
To N.J. Firemen's Association (if any)
in This Space

STATE OF NEW JERSEY
 DEPARTMENT OF BANKING AND INSURANCE
 THE SURPLUS LINES EXAMINING OFFICE
 PO BOX 325, TRENTON, NJ 08625-0325

For Official Use Only



FOR OVERNIGHT DELIVERY SEND TO 20 WEST STATE STREET,
 TRENTON, NJ 08625-0325

TAX RETURN AND CERTIFIED ACCOUNT BY SURPLUS LINES PRODUCER

SLA # For the 1 2 3 4 Quarter, 20_____
 (circle one)

To the Commissioner of Banking and Insurance of New Jersey:

1. Name of Surplus Lines Producer _____

2. I have an office in which is kept a record of contracts of insurance countersigned or issued by me located at:

 (Street Address) (City or Town) (State) (Zip Code)

3. Telephone # (_____) _____ - _____
 (area code)

4. Pursuant to *N.J.S.A. 17:22-6.58*, there is submitted on the accompanying pages a verified report, in duplicate, of the surplus liens insurance transacted during the quarter circled above, a summary of which follows:

TAXABLE NET PREMIUMS:		
5.	Total Taxable Fire Premiums	\$ _____
6.	Tax @ 3% (3% of Line 5)	\$ _____
7.	Prior Period Credit Applied (If Any)	\$(_____)
8.	Amount Payable to the "New Jersey Firemen's Association" (Line 6) - (Line 7)	\$ _____
9.	Total Taxable All Other Premiums	\$ _____
10.	Tax @ 3% (3% of Line 9)	\$ _____
11.	Prior Period Credit Applied (If Any)	\$ _____
12.	Amount Payable to the "State of New Jersey" (Line 10) - (Line 11)	\$ _____

NON-TAXABLE NET PREMIUMS: (Insurance of risks of state, county, or municipal government or agency thereof)		
13.	Total Non-Taxable Fire Premiums	\$ _____
14.	Total Non-Taxable All Other Premiums	\$ _____
15.	Total Non-Taxable Net Premiums (Line 13) + (Line 14)	\$ _____

I declare under penalties of perjury that I have examined this statement, including the schedules and statements attached thereto, if any, and to the best of my knowledge and belief the matters and information set forth therein are true, correct, and complete. I further certify that I am authorized to sign for the producer identified on Line 1 above.

 Date

 Signature of Surplus Lines Producer

SLPS-1-Tax

 Name and Title
 (Print or Type)

STATE OF NEW JERSEY
 DEPARTMENT OF BANKING AND INSURANCE
 THE SURPLUS LINES EXAMINING OFFICE

SCHEDULE SHOWING FIRE PREMIUMS AND TAXES PAYABLE

MAIL TO:
 NEW JERSEY FIREMEN'S ASSOCIATION
 50 Evergreen Place, East Orange, NJ 07018

SLA #

1 2 3 4 Quarter, 20 _____
 (circle one)

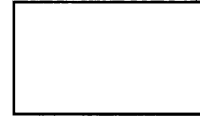
Producer Name _____

Page _____ of _____

ISO Code	Location of Risk (Municipality or Fire District)	Zip Code	Premium	FRA Tax
			\$	\$
Totals			\$	\$

SLPS-2-FRA

For Official Use Only



STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE
THE SURPLUS LINES EXAMINING OFFICE
P.O. BOX 325, TRENTON, NJ 08625-0325
FOR OVERNIGHT DELIVERY SEND TO 20 WEST STATE STREET, TRENTON, NJ 08625-0325

SLA # □□□□

QUARTERLY SURCHARGE STATEMENT

For the 1 2 3 4 Quarter, 20 _____

- 1. Name of Surplus Lines Producer: _____
- 2. Street Address: _____
- 3. City, State: _____
- 4. Telephone #: () - _____
(area code)
- 5. New Jersey new premiums written during quarter \$ _____
- 6. New Jersey additional premiums written during quarter (+) \$ _____
- 7. New Jersey return premiums written during quarter (-) \$ _____
- 8. Total New Jersey Net Premiums (Line 5) + (Line 6) - (Line 7) \$ _____
- 9. Surcharge amount due (4% of Line 8) \$ _____
- 10. Interest received on deposits* \$ _____
- 11. Total surcharges and interest due (Line 9) + (Line 10) \$ _____

- Remit amount on Line 11 payable to "NJ Surplus Lines Insurance Guaranty Fund"
- Send check with copy of this statement to the Association at P.O. Box 1303, Cranford, NJ 07016-1303
- An additional copy of this statement, together with a photocopy of your check, should be attached to your Quarterly Premium Tax Return that is mailed to the Surplus Lines Examining Office

*Trust Account # _____ is established at the following financial institution:

Name _____

Address _____

CERTIFICATION

I declare under penalties of perjury that I have examined this statement including the schedules and statements attached thereto, if any, and to the best of knowledge and belief the matters and information set forth therein are true, correct, and complete. I further certify that I am authorized to sign for the producer identified on Line 1 above.

Signature of Surplus Lines Producer

Date

Name and Title
(Print or Type)

SLPS-4-GFS

Amended by R.1998 d.109, effective February 17, 1998.

See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

Amended by R.2001 d.132, effective May 7, 2001.

See: 33 N.J.R. 14(a), 33 N.J.R. 1392(a).

Material contained in this Appendix was originally adopted as 11:19-3 Appendix B. Appendix A was repealed by R.2001 d.132 and designation "B" deleted from this Appendix.

Amended by R.2003 d.303, effective July 21, 2003.

See: 35 N.J.R. 500(a), 35 N.J.R. 3360(b).

Rewrote the section.

Amended by R.2008 d.327, effective November 3, 2008.

See: 40 N.J.R. 2400(a), 40 N.J.R. 6466(a).

Revised the instructions for heading II to provide that the SLPS-2-FRA form is not required to be filed if no fire premiums are written and/or no business is produced; and revised forms SLPS-1-Tax and SLPS-4-GFS.

SUBCHAPTER 4. DATA SUBMISSION REQUIREMENTS FOR ALL DOMESTIC LIFE/HEALTH INSURERS

11:19-4.1 Purpose and scope

(a) The purpose of this subchapter is to set forth the filing and reporting requirements and procedures for the submission of data related to an insurer's valuation of its reserves as part of the Financial Examination Monitoring System (FEMS) for all domestic life/health insurers. Insurers shall submit all the information required by this subchapter.

(b) These rules apply to all domestic life/health insurers regulated under the laws of New Jersey unless specifically stated otherwise.

Amended by R.1998 d.109, effective February 17, 1998.

See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

In (a), rewrote the last sentence.

11:19-4.2 Definitions

The following words and terms, as used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"ADAS" means the Actuarial Data and Analysis Subsystem, which provides tools to help the Department's analysts to value the reserves of domestic life/health insurance companies.

"Amount 1" means the inforce amount or the benefit amount which is directly used in determining the "Reserve Amount." If the "Traditional Indicator" is "T," the amount times the "Factor" is equal to the "Reserve Amount." Otherwise, this relationship need not exist.

"ASCII" means the American Standard Code for Information Interchange. It is a byte-oriented coding system based on an eight bit code and used primarily to format information for transfer in a data communications environment.

"Basis level" means the code or detailed description of the unique actuarial assumptions used in developing valuation premiums and reserves, including, but not limited to, the mor-

tality or morbidity table(s), interest rate(s), reserve method, gender, type of function, age nearest birthday ("ANB") or age last birthday ("ALB"), grading and age setbacks. Any coding system shall be fully documented.

"Certificate Line" means the unique description of the mortality, interest and reserve method used for the total reserve shown on a specific line of the Certificate of Valuation. The text of the description shall not change or vary from year to year.

"Certificate Line Number" means the location of the specific reserve amounts on the Certificate of Valuation. If the "Reinsurance Indicator" is "Y," the "Certificate Line Number" shall be 9999, the last line number in the "Certificate Section" and its description shall be "Reinsurance." If "N" then the relationship need not exist.

"Certificate of Valuation" means certification by the Commissioner with respect to the valuation of an insurer's total reserve liability, pursuant to N.J.S.A. 17B:19-2 and 5.

"Certificate Section" means the appropriate Code described in Appendix A, incorporated herein by reference.

"Certificate Section Description" means the appropriate Category of Insurance as related to the "Certificate Section" of the Certificate of Valuation as described in Appendix A.

"Commissioner" means the Commissioner of the New Jersey Department of Banking and Insurance.

"Department" means the Department of Banking and Insurance.

"Domestic insurer" means an insurer formed under the laws of this State pursuant to N.J.S.A. 17B:18-1 et seq.

"Duration" means, if the Traditional Indicator is "T," the number of years the policy has been in force. If the indicator is "N," this field may contain a number significant to a time period relevant to determining the reserves, such as years to run for extended term or years of disablement for disabled lives. If no time period is relevant to determine the reserve, "999" shall be used to fill the field.

"Factor" means a number with two decimal places equal to the reserve per unit of "Amount 1." This field assumes two decimal places; therefore, the company shall not include the decimal point. This number shall be determined using actuarial principles and methodology and be referred to as the reserve factor. This reserve factor is used in calculating the reserve liability for an insurance contract or policy. If the Traditional Indicator is "T," the result of "Factor" times "Amount 1" is equal to the "Reserve Amount."

"File type" means Duration Level detail submission. The layout is specified in Appendix B.

"NAIC" means the National Association of Insurance Commissioners.

“New indicator” means that if the plan appears for the first time during the current valuation year, the indicator shall be “Y”; otherwise, this field shall contain “N.”

“Number of policies” means the total number of policies/certificates for the duration level.

“Plan ID” means the unique code to identify each plan of insurance.

“Policy ID” means the policy/contract or certificate number for the individual item.

“Reinsurance indicator” means that if the reserve amount reported represents reinsurance ceded, the indicator shall be “Y”; otherwise the indicator shall be “N.”

“Reserve amount” means the amounts used to determine the reserves reported in the Annual Statement. If the “Traditional Indicator” is “T,” the reserve amount shown is obtained as a result of the multiplication of “Amount 1” by the corresponding “Factor” associated with it.

“Traditional indicator” means that the field contains a “T” (Traditional) or an “N” (nontraditional). If this field contains a “T”, the plan has a factor driven reserve; otherwise, if the field contains an “N” then it represents a plan that has a non-factor driven reserve.

Amended by R.1998 d.109, effective February 17, 1998.

See: 29 N.J.R. 5260(a), 30 N.J.R. 674(b).

Deleted “Age”, “Amount 2” and “Amount 3”, and “Factor deck”; in “Commissioner” and “Department”, changed the “Department of Insurance” to the “Department of Banking and Insurance”; in “File type” deleted Age Level detail, Policy Level detail, and Factor deck submissions; and in “Number of Policies”, deleted “appropriate level of detail, such as policy/contract level, age level, or”.

Amended by R.2008 d.327, effective November 3, 2008.

See: 40 N.J.R. 2400(a), 40 N.J.R. 6466(a).

Deleted definition “EBCDIC”.

11:19-4.3 ADAS filing requirements

(a) All domestic life/health insurance companies shall provide the Department with a report on the insurer’s year end summary valuation on a CD-ROM in accordance with (b) through (d) below.

(b) All CD-ROM disc submissions shall be Windows compatible.

1. The CD-ROM disc file shall be a non-delimited ASCII text file with a carriage return or line feed as the last character of each record. The data shall not be in compressed format.

2. The filename for CD-ROM discs is to be named using the letter D followed by a letter representative of the company type, that is, L for L/H, F for Fraternal, etc., followed by the year (two digits). All filenames shall end with the ASCII extension (.ASC). The filename shall not exceed eight characters.

(c) All reports on an insurer’s valuation data filed by domestic life/health insurance companies with the Department shall include the information and be submitted in the format set forth in the record layout in Appendices A and B to this subchapter which are incorporated in this rule by reference. Subject to prior approval by the Department, an insurer may submit data in a format which differs from the record layout in Appendix B to the extent that the data provided in some fields differs from that described in Appendix B. There can be no variation in the field length or start position. The report shall include the following information:

1. An external label shall be affixed to all CD-ROM(s) and shall include the following information:

i. The company’s name, NAIC number, and year and quarter relating to the data submitted;

ii. The date when the CD-ROM was mailed; and

iii. The volume label (VOL), created using the DOS, shall consist of the volume sequence number (VQN) of the CD-ROM preceded by the first three characters of the file type; for example, “DUR 2 of 4”.

2. The information on the external label(s) shall be displayed as follows:

NAME:

NAIC #:

DATE MAILED:

VOL:

YEAR:

QUARTER:

VQN:

3. A cover letter indicating the same information on the external labels shall also describe what certificate sections or types of insurance are included on the CD-ROM disc(s). The description shall be in sufficient detail so the Department may determine whether the valuation reports are complete;

4. A signed affidavit by two officers from the insurer which shall accompany all transmissions attesting to the accuracy of the information contained on the CD-ROM disc(s); and

5. The CD-ROM disc(s) must be received by February 15 for year end reports at the address listed below:

New Jersey Department of Banking and Insurance
FEMS—Valuation and Statement Bureau
20 West State Street
PO Box 325
Trenton, New Jersey 08625-0325

i. If mailed, they shall be mailed in standard secure containers with a pre-addressed, prepaid return address label enclosed or attached.

ii. The box or container and any label thereto, shall be clearly and legibly printed or typed in capital letters.