

DATE: March 23, 2005

TO: All Surplus Lines Agencies (corporations, partnerships or proprietorships)

FROM: Kenneth A. Rudert – Executive Director

SUBJECT: **Surplus Lines Agent Gross Premium Tax Report – RCT-123
As of December 31, 2004**

Each year at approximately this time we send reminders to all surplus lines agencies who have not yet filed a COPY of the original tax form as captioned above with the Pennsylvania Surplus Lines Association Stamping Office. A quick review of Section 1621(c) of our Surplus Lines Law indicates that a copy of the original tax form sent to the Pennsylvania Department of Revenue is to be filed with the Insurance Commissioner. Since PSLA, on behalf of the Insurance Department, collects these copies of the RCT-123 you may send said copies directly to us. In turn PSLA compiles these totals by licensee and this report is submitted to the Insurance Department for their file.

The copy that comes to PSLA must consist of all pages of the RCT-123 you submitted to the Department of Revenue. The fact that we have not received a copy of the RCT-123 from all surplus lines agencies is probably attributed to a variety of reasons:

- You were not aware of this requirement or you simply forgot.
- You may not have renewed your surplus lines license as of February 28, 2004, however; in this case you do owe a final surplus lines tax report to both the Department of Revenue and a copy to PSLA with respect to January and February 2004.
- Licenses may have changed due to a merger or acquisition event, but, a report should be made to both the Department of Revenue and a copy to PSLA with respect to the portion of the year 2004 with regard to the former entity. This should be accomplished even if all of the production is included with the new entity tax report.
- Some licensees feel that if no business was written during calendar year 2004 that no report is necessary. Our understanding is that a report should be filed with the Department of Revenue and a copy to PSLA indicating "No Business Written" if such is the case.

Please respond to this request within 15 days by forwarding a copy of your RCT-123 for 2004 to our office to the attention of Maureen Thomas. The Pennsylvania Insurance Department has requested that PSLA provide them with a list of those surplus lines licensees who fail to timely respond to this notice.

We trust that this reminder will be helpful to you for both calendar year 2004 as well as subsequent years. However, should you have any questions with regard to this reminder, please do not hesitate to contact us.

KAR/rls