



LOUISIANA DEPARTMENT OF INSURANCE

JAMES J. DONELON  
COMMISSIONER

**BULLETIN NO. 2011-04**

**TO: ALL SURPLUS LINES INSURERS, BROKERS AND PRODUCERS**

**FROM: JAMES J. DONELON, COMMISSIONER OF INSURANCE**

**RE: REVISED INFORMATION REGARDING SURPLUS LINES TAX PAYMENTS TO BE PAID BY SURPLUS LINES BROKERS, PRODUCERS AND THOSE INSUREDS INDEPENDENTLY PROCURING SURPLUS LINES INSURANCE; AND LOUISIANA'S IMPLEMENTATION OF THE NONADMITTED AND REINSURANCE REFORM ACT OF 2010**

**DATE: DECEMBER 29, 2011**

Continuing the instructions set forth in Bulletin No. 2011-01, surplus lines brokers, surplus lines producers and those insureds independently procuring surplus lines insurance should follow these instructions from the Louisiana Department of Insurance (LDI) regarding the collection and remittance of surplus lines taxes on multi-state surplus lines policies where Louisiana is the home state of the insured as defined in the federal Nonadmitted and Reinsurance Reform Act of 2010 (NRRA).

Brokers, producers or insureds independently procuring surplus lines insurance shall collect and remit the Louisiana surplus lines premium tax at the five percent (5%) rate for the portion of the properties, risks, or exposures allocable to Louisiana. The instructions in Bulletin No. 2011-01 for multi-state policies for which Louisiana is the home state of the insured were also to collect and remit surplus lines taxes on the portion of premium allocable to properties, risks, or exposures in participating states of the Nonadmitted Insurance Multi-State Agreement (NIMA) at the rates assessed by those states.

Pursuant to recent amendments to NIMA, the tax allocation arrangement is scheduled to take effect on or after July 1, 2012, when a multi-state clearinghouse for surplus lines taxes begins operation.

Until further notice, for any multi-state surplus lines policy that has an effective date on or after July 21, 2011, and for which Louisiana is the home state of the insured, all brokers, producers or independently procuring insureds shall collect and remit surplus lines premium taxes only on that portion of the premium allocable to Louisiana in accordance with La. R.S. 22:439 and Bulletin No. 2011-01.

This is a change from the previous instructions of the LDI set forth in Bulletin No. 2011-01 regarding the effective date of the NIMA tax allocation arrangement. Brokers, producers, and insureds independently procuring surplus lines insurance shall continue to remit the premium tax on any surplus lines policy for which Louisiana is the home state of the insured on the Quarterly Tax Statement, Form 1265 or 1265B, no later than the dates specified in La. R.S. 22:439(A). The LDI will issue instructions regarding the NIMA clearinghouse and tax allocation procedures before the clearinghouse becomes operational.

There is no authority in La. R.S. 22:439 to collect and remit surplus lines taxes on behalf of a state other than Louisiana until a NIMA tax allocation arrangement is in effect. If you have already charged and collected surplus lines taxes for other NIMA states on surplus lines policies for which Louisiana is the home state, you should refund those taxes to the insured as soon as practicable.

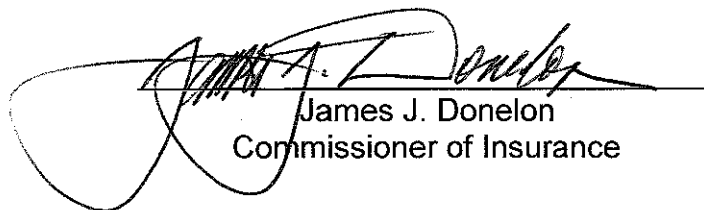
In 2012 the NIMA states plan to establish a clearinghouse to collect multi-state surplus lines premium taxes for policies with properties, risks, or exposures allocable to two or more NIMA participating states. Once the clearinghouse becomes operational, brokers, producers and insureds independently procuring surplus lines insurance will use the forms and procedures provided by the clearinghouse.

As of today, the following states and U. S. territories have joined NIMA: Alaska, Connecticut, Florida, Hawaii, Louisiana, Mississippi, Nebraska, Nevada, Puerto Rico, South Dakota, Utah and Wyoming.

Again, for single-state Louisiana properties, risks, or exposures, all brokers, producers and insureds independently procuring surplus lines insurance will continue to use Form 1265 or Form 1265B in accordance with La. R.S. 22:439(A) and (B).

Please conduct yourselves accordingly. For information about Bulletin No. 2011-04, please contact the LDI, Office of Financial Solvency, Surplus Lines/Insurance Premium Tax Division at [taxdivision@ldi.la.gov](mailto:taxdivision@ldi.la.gov) or (225) 342-1012.

Baton Rouge, Louisiana, this 29<sup>th</sup> day of December 2011.



James J. Donelon  
Commissioner of Insurance