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## DIGEST

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HB 259 Engrossed

2015 Regular Session

Thierry

**Abstract:** Reduces the tax rate on the gross premium of surplus lines of insurance. Expands the surplus lines tax base to include non-Louisiana premiums; excepts certain educational entities from the tax on the gross premium of surplus lines of insurance; and repeals requirement that the commissioner of insurance enter into the Nonadmitted Insurance Multi-State Agreement.

Present law authorizes the levy of a tax at the rate of 5% per annum on the premiums on surplus lines insurance reported quarterly in the surplus lines tax report. Further requires the tax to be collected by the commissioner of insurance and remitted to the state treasurer for deposit into the state general fund.

Proposed law reduces the rate of the tax from 5% per annum on the premiums on surplus lines of insurance to 4.85% on the gross premiums on surplus lines of insurance for which La. is the home state of the policyholder.

Present law provides for the manner and format of the quarterly surplus lines tax report required to be submitted to the commissioner of insurance.

Proposed law requires that surplus lines brokers only file surplus lines tax reports for those quarters in which they place single-state surplus lines business. Requires all surplus lines brokers to file an annual report certifying the reporting of all business placed during the calendar year on or before March 1 of the following year.

Present law requires the commissioner of insurance to join the Nonadmitted Insurance Multi-State Agreement or other cooperative compacts or agreements with other states for the purpose of allocating surplus lines premiums on multistate policies and tax revenues.

Proposed law repeals the requirement of the commissioner to enter the Nonadmitted Insurance Multi-State Agreement.

Present law provides that a portion of surplus lines premiums not allocable to this state shall be exempt from the surplus lines tax.

Proposed law provides that the entire surplus lines premium of a surplus lines policy of which La. is the home state of the policyholder shall be subject to the surplus lines tax.

Proposed law excepts educational programs provided for in present law from the tax on gross premiums for surplus lines of insurance.

Present law exempts certain insurance from the requirements of present law relative to surplus lines insurance from unauthorized insurers.

Proposed law retains present law but reduces the rate of the tax from 5% per annum on the premiums on surplus lines of insurance to 4.85% and eliminates the exemption for insurance on subjects located, resident, or to be performed wholly outside of this state, or on vehicles or aircraft owned and principally garaged outside of this state.

Effective July 1, 2015.

(Amends R.S. 22:439 and 443(A)(intro. para.) and (2)-(4); Repeals §2 of Act No. 361 of 2011 R.S.)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Except certain educational programs and entities provided for in present law from the tax on gross premiums for surplus lines of insurance.
2. Eliminate the exemption provided for in present law, relative to surplus lines insurance from unauthorized insurers, for insurance on subjects located, resident, or to be performed wholly outside of this state, or on vehicles or aircraft owned and principally garaged outside.
3. Change effective date from upon signature of the governor to July 1, 2015.