RÉSUMÉ DIGEST

ACT 386 (HB 259) **2015 Regular Session** **Thierry**

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

New law reduces the rate of the tax from 5% per year to 4.85%.

Prior law exempted the portion of surplus lines premiums not allocable to this state from the surplus lines tax.

New law repeals the exemption and 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.

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

New 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.

Prior law required 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.

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

New law excepts certain educational institutions from the tax on gross premiums for surplus lines of insurance. Further excepts purchases of insurance by political subdivisions having a population not less than 350,000 persons.

Existing law exempts certain insurance from the requirements of prior law relative to surplus lines insurance from unauthorized insurers.

Prior law authorized the levy of a tax at the rate of 5% per year on the portion of premiums on surplus lines insurance received from ocean marine and foreign trade coverages.

New law reduces the rate of the tax from 5% per year 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.

Provisions of new law that except educational institutions and certain political subdivisions provided for in existing law from the tax on gross premiums for surplus lines of insurance become effective July 1, 2015.

Remaining provisions of new law, effective October 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.)