
DIGEST

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CONFERENCE COMMITTEE REPORT DIGEST

HB 259

2015 Regular Session

Thierry

Keyword and oneliner of the instrument as it left the House

TAX/INSURANCE PREMIUM: Levies a tax on the annual gross premiums for surplus lines of insurance

Report adopts Senate amendments to:

1. Add provision that excepts the purchase of insurance by political subdivisions having a population of not less than 350,000 persons for coverage of owned automobiles or other immovable property, liability for premises or operations, or other exposures for which the political subdivision is responsible.
2. Change effective date of withdrawal from the Nonadmitted Insurance Multi-state Agreement and the repeal of corresponding statutory authority from July 1, 2015 to October 1, 2015.

Report rejects Senate amendments which would have:

1. Made technical changes.

Report amends the bill to:

1. Provide an effective date of July 1, 2015 for the provisions of proposed law relative to exceptions to the surplus lines tax and an effective date of October 1, 2015, for the remainder of proposed law.
2. Make technical changes.

Digest of the bill as proposed by the Conference Committee

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 certain educational institutions provided for in present law 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.

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.

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

With respect to the remainder of proposed 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.)