RÉSUMÉ DIGEST

ACT 32 (HB 462) **2021 Regular Session** **Huval**

Existing law imposes a tax of four and eighty-five one hundredths of one percent per annum on the gross premium of surplus lines of insurance for La. home state policyholders.

New law expands the imposition of the tax in existing law to all insurance placed through and directly by La. licensed surplus lines brokers and unauthorized insurers regardless of the covered property, risk, or exposure.

Existing law exempts surplus line brokers who are not in possession of any surplus lines from the quarterly surplus line reporting requirement.

New law retains existing law and provides that to be exempted from the quarterly surplus line reporting requirement, surplus line brokers may not have other unauthorized insurance premiums to report.

Prior law provided that every person placing insurance without a licensed La. producer or surplus lines broker would transmit a report and remit the tax to the commissioner.

New law repeals prior law and provides that each policyholder directly placing insurance shall transmit a direct placement tax report to the commissioner and remit the tax payable within 30 days of the transaction.

New law provides that the commissioner shall prescribe the manner and form of the direct placement tax report.

Prior law provided that failure to make a report or pay the tax in existing law would result in a penalty of 10% of the amount of tax due.

Prior law provided that the penalty could be waived if failure to comply was due to some unforseen or unavoidable reason other than mere neglect. Prior law further provided that if the delinquency was for more than 30 days after the report or tax due date, neglect would be presumed.

New law makes technical changes to prior law and specifies that the commissioner may waive the penalty only if there is satisfactory evidence that the failure was due to an unforseen or unavoidable reason other than mere neglect and the delinquency is for no more than 30 days after the due date.

Existing law provides that after the lapse of 30 days, the commissioner may revoke the license of the delinquent surplus lines broker to do business in this state until the report is filed and the delinquent tax paid.

New law retains existing law and affords the commissioner discretion to suspend or revoke the license of the delinquent broker.

New law makes technical changes.

Effective July 1, 2021.

(Amends R.S. 22:439(A)(1),(2)(intro. para.), and (3) and (B) and 440; Adds R.S. 22:439(E))