SSHB259 2991 4462

HOUSE SUMMARY OF SENATE AMENDMENTS

HB 259 **2015 Regular Session** **Thierry**

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

Synopsis of Senate Amendments

1. Adds provision that excepts the purchase of insurance by political subdivisions having a population not less that 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. Changes 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.

3. Makes technical changes.

Digest of Bill as Finally Passed by Senate

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 for coverage of owned automobiles or other immovable property, liability for premises or operations, or other exposures of the political subdivision 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.

Provisions of proposed law that except educational programs provided for in present law from the tax on gross premiums for surplus lines of insurance becomes effective July 1, 2015.

With respect to the remainder of proposed law, effective October 1, 2015.

(Amends R.S. 22:439(A), (B), and (H) and 443(A); Repeals R.S. 22:439(C), (D), (E), (F), and (G) and §2 of Act No. 361 of 2011 R.S.)