

Revised Information Regarding Surplus Lines Producers and Louisiana's Implementation of the Non-Admitted and Reinsurance Reform Act (NRRA)

October 24, 2011

Effective July 21, 2011 producers should collect and remit surplus lines taxes according to these instructions on multi-state surplus lines policies where Louisiana is the home state as defined in the NRRA.

The producer must collect and remit surplus lines taxes for Louisiana at the 5% rate for the portion of the risk that is allocable to Louisiana. The original instruction for multistate policies for which Louisiana is the home state was to also charge and collect surplus lines taxes at the rates for the portion of premium allocable to other states that are participating states of the Non-Admitted Insurance Multistate Agreement (NIMA). A recent vote of the NIMA states will delay this procedure until the 1st Quarter of 2012.

As of October 24, 20, 2011, the following states and U. S. territories have joined NIMA: Alaska, Connecticut, Florida, Hawaii, Louisiana, Mississippi, Nebraska, Nevada, Puerto Rico, South Dakota, Utah and Wyoming.

The NIMA states will establish a clearinghouse to collect multi-state surplus lines taxes for policies with two or more NIMA participating states. It is the intent of the Louisiana Department of Insurance that producers collect the multi-state taxes and remit them to the NIMA clearinghouse using the forms provided by the clearinghouse. **However, the clearinghouse will not be operational until early 2012. Therefore, for surplus lines policies with effective dates from July 21, 2011 through December 31, 2011, where Louisiana is the home state, do not charge or collect taxes on the portion of the premiums allocable to any state other than Louisiana. This is a change from our previous instructions. You should remit the Louisiana tax on the Quarterly Form 1265 as usual. It is expected that the clearinghouse will be set up in time to process multistate policies beginning in the first quarter of 2012. If you have already charged and collected tax for other NIMA states, you should refund the tax to the insured. For policies with effective dates beginning January 1, 2012, we anticipate that you will remit multistate taxes for policies with two or more NIMA participating states using the clearinghouse's forms and instructions.**

For single state surplus lines policies, where all of the risk is in Louisiana, the Form 1265 and Form 1265B should be used in the usual manner.

It is expected that additional instructions will be issued once the clearinghouse is up and running. If you need more information about Louisiana's implementation of the NRRA, please contact Tommy Coco, Director of the Tax Division of the Louisiana Department of Insurance at tcoco@ldi.state.la.us or (225) 342-1012.