

## **State Surplus Lines Premium Allocation Statutes**

Pre - NRRA

### **Alabama**

Statute: AL ST s 27-10-31 [Section 27-10-31](#)

(b) If a surplus lines policy covers risks or exposures only partially in this state, the tax so payable shall be computed on the portion of the premium which is property allocable to the risks or exposures located in this state. Property Only only.

### **Alaska**

Statute: AK ST s 21.34.180 [21.34.180](#)

(c) If a surplus lines policy procured through a surplus lines broker covers risks or exposures only partially located or to be performed in this state, the tax payable shall be computed on the portions of the premium properly attributable to the risks or exposures located or to be performed in this state as follows:

(1) if the risk insured is real or personal property, the percentage of the entire tax that is due to this state is the same as the percentage of the entire risk that is located in this state, computed on the same basis as was employed to calculate the insurable value of the risk;

(2) if the risk insured is business operations, general liability, or employee benefits, the percentage of the entire tax that is due to this state is the same as the percentage of the insured business operations or employees that are located in this state.

### **Arizona**

Statute: AZ ST s 20-416 [20-416](#)

C. Except as provided in subsection D of this section, for the purpose of determining the surplus lines tax, the total premium charged for surplus lines insurance placed in a single transaction with one underwriter or group of underwriters, whether in one or more policies, shall be allocated to this state in the proportion as the total premium on the insured properties or operations in this state, computed on the exposure in this state on the basis of any single standard rating method in use in all states or countries where the insurance applies, bears to the total premium so computed in all the states or countries.

D. The surplus lines tax on insurance on motor transit operations conducted between this and other states is payable on the total premium charged on all surplus lines insurance less the portion of the premium determined as provided in subsection C of this section charged for operations in other states taxing the premium of an insured maintaining its headquarters office in this state or the premium for operations outside of this state of an insured maintaining its headquarters office outside of this state and a branch office in this state.

### **Arkansas**

Statute: AR ST s 23-65-315 [23-65-315](#)

(b) If a surplus lines policy covers risks or exposures only partially in this state, the tax so payable shall be computed on the portion of the premium which is properly allocable to the risks or exposures located in this state.

## **California**

Statute: CA INS s 1775.5 [California Insurance Code 1760-1780](#)

For the purpose of determining such tax, the total premium charged shall be allocated to this state in such proportion as the total premium on the insured properties or operations in this state, as computed on the exposure in this state on the basis of any single standard rating method in use in all states or countries where such insurance applies, bears to the total premium so computed in all states or countries in which such non-admitted insurance may apply.

## **Colorado**

Statute: CO ST s 10-5-111 [10-5-111](#)

(2) If a surplus lines policy covers risks or exposures only partially in this state, the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this state.

## **Connecticut**

Statute: CT ST s 38a-277 [38a-277](#)

(d) If a policy covers risks or exposures only partially in this state, the tax payable shall be computed on the portions of the premium which are properly allocable to the risks or exposures located in this state.

## **Delaware**

Statute: DE ST TI 18 s 1917 [18 s 1917](#)

(b) If a surplus lines policy covers risks or exposures only partially in this State, the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this State. Property Only

## **District of Columbia**

Statute: DC ST s 31-2502.40 [31-2502.40](#)

(a) Each agent or broker so licensed shall pay to the Collector of Taxes, through the commissioner, on February 1st and August 1st of each year, a sum equal to 2 per centum of the amount of the gross premiums upon all kinds of policies procured by him during the immediately preceding 6 months' period ending December 31 31st and June 30th, respectively.

## **Florida**

Statute: FL ST s 626.932 [626.932](#)

If a surplus lines policy covers risks or exposures only partially in this state, the tax payable shall be computed on the portion of the premium which is properly allocable to the risks or exposures located in this state.

## **Georgia**

Statute: GA ST 33-5-31 [33-5-31](#)

(b) If a surplus lines policy covers risks or exposures only partially in this state, the tax payable shall be computed on the portion of the premium which is properly allocable to the risks or exposures located in this state.

## **Hawaii**

Statute: HI ST s 431:8-315 [431: 8-315](#)

If a surplus lines policy covers risks or exposures only partially in this state the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this state.

## **Idaho**

Statute: ID ST 41-1229 [41-1229](#)

If a surplus lines policy covers risks or exposures only partially in this state, the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this state.

## **Illinois**

Statute: 215 IL CS 5/445 [215 ILCS 5/ Illinois Insurance Code.](#)

A surplus line producer shall file with the Director on or before February 1 and August 1 of each year a report in the form prescribed by the Director on all surplus line insurance procured from unauthorized insurers during the preceding 6 month period ending December 31 or June 30 respectively, and on the filing of such report shall pay to the Director for the use and benefit of the State a sum equal to 3.5% of the gross premiums less returned premiums upon all surplus line insurance procured or cancelled during the preceding 6 months.

Property only. Liability must be allocated if another state involved in the transaction requires allocation.

See FAQ on SLAI website [http://www.slai.org/faq/prod\\_03.html](http://www.slai.org/faq/prod_03.html)

## **Indiana**

Statute: IN ST 27-1-15.8-4 [27-1-15.8-4](#)

Every surplus lines insurance agent so licensed under this section shall, on or before February 1 and August 1 of each year, collect from the insured and remit to the department for the use and benefit of the state of Indiana an amount equal to two and one-half percent (2 ½%) of all gross premiums upon all policies and contracts of any kind or kinds procured by such agent or broker under the provisions of this section during the preceding six (6) months period pending December 31 and June 30, respectively.

100% allocation to state if insured's principal place of business is in our state (regardless of other state exposure)

## **Iowa**

Statute: IA ST s 507A.9 [507A.9](#)

2. If the policy covers risks or exposures only partly in the state, the tax payable shall be computed on the portions of the premium which are properly allocable to the risks or exposures located in the state. In determining the amount of premiums taxable in this state, all premiums written, procured, or received in this state and all premiums on policies negotiated in this state shall be deemed written on property or risks located or resident in this state, except such premiums as are properly allocated or appointed and reported as taxable premiums of any other state or states. Property Only

## **Kansas**

Statute: KS ST s 40-246c [40-246c](#)

Any individual placing a policy with an insurer not authorized to do business in this state on a risk domiciled in a state other than this state, but also covering a risk or location in Kansas, shall file with the commissioner a statement in the form prescribed by the commissioner, describing the risk and shall pay to the commissioner a sum equal to 6% of the portion of the premium applicable to the risk located in Kansas within 120 days after writing the risk.

## **Kentucky**

Statute: KY ST s 304.10-180 [304.10-180](#)

If a surplus lines policy covers risks or exposures only partially in this state the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this state.

## **Louisiana**

Statute: LA R.S. 22:1265 [22: 1265](#)

If a surplus line policy covers risks or exposures only partially in this state the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this state. (To be renumbered as LA ST s 22:438 effective 1/1/09)

## **Maine**

Statute: ME ST T. 24-A s 2016 [24-A s 2016](#)

If a surplus lines policy covers risks or exposures only partially in this State the tax so payable must be computed upon the proportion of the premium that is properly allocable to the risks or exposures located in this State.

## **Maryland**

Statute: MD INSURANCE s 3-324 [3-324](#)

If a surplus lines policy covers risks only partly in the State, the tax payable shall be computed on the part of the premium that is properly allocable to the risks located in the state.

## **Massachusetts**

Statute: MA ST 175 s 168 [Chapter 175, Section 168](#)

The Broker must, in January, file with the state treasurer a sworn statement of the gross premiums charged for insurance procured or placed and the gross return premiums on such insurance cancelled under such license during the year ending on December thirty-first last preceding, and at the time of filing such statement will pay to the commonwealth an amount equal to four percent of such gross premiums, less such return premiums so reported.

## **Michigan**

Statute: MI ST 500.451 [500.451](#)

Any unauthorized insurer transacting insurance in this state shall be subject to a tax of 2% of premiums written in this state and to an additional regulatory fee of 0.5% on premiums written in this state. The tax required by this section shall be considered delinquent if not paid within 30 days after a copy of the computation of the tax by the commissioner is delivered to the insurer in the manner prescribed by law for the service or process.

## **Minnesota**

Statute: MN ST s 2971.05 [2971.05](#)

Subd. 7(b) If the insurance covers a subject of insurance residing, located, or to be performed outside this state, for the purposes of this section, a proper pro rata portion of the entire premium payable for all of that insurance shall be allocated according to the subjects of insurance residing, located, or to be performed in this state.

## **Mississippi**

Statute: MS ST s 83-5-61 [83-5-61](#)

Corporations not authorized to transact business in this state, shall file with the insurance commissioner of the state a sworn statement or declaration, setting forth the name of the company, number of policy, amount of insurance rate, premium, and description, shall be required to pay to the insurance commissioner a tax thereon of three percent (3%) of the premiums paid on said policies, and shall further pay to said commissioner a fee of \$1.00 on each policy for filing a record of the said statement or declaration, which record shall be kept for the private information of the insurance department and shall not be a public record.

## **Missouri**

Statute: MO ST 384.059 [384.059](#)

There is hereby imposed on surplus brokers for the privilege of doing the business of a surplus lines broker in this state a tax of five percent of the net premium received with respect to surplus lines insurance on risks located in this state.

## **Montana**

Statute: MT ST s 33-2-311 [33-2-311](#)

If a surplus lines insurance policy covers risks or exposures only partially in this state, the tax payable must be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this state.

## **Nebraska**

Statute: NE ST s 44-5506 [44-5506](#)

Every surplus lines licensee transacting business under the Surplus Lines Insurance Act shall annually, on or before February 15 in each year, make and file with the department a verified statement upon a form prescribed by the department which shall exhibit the true amount of all such business transacted during the year ending on December 31 next preceding the filing thereof. The licensee shall, at the time such statement is filed, pay to the department a tax of three percent on the total gross amount of direct writing premiums received by the licensee on such business and the fire insurance tax prescribed in section 81-523.

## **Nevada**

Statute: NV ST 685A.180 [685A.180](#)

If a contract for surplus lines insurance covers risks or exposures only partially in this state, the tax so payable must be computed on that portion of the premium properly allocable to the risks or exposures located in this state.

## **New Hampshire**

Statute: NH ST s 406-B:11 [Section 406-B:11](#)

II. If a policy covers risks or exposures only partially in this state, the tax payable shall be computed on the portions of the premium which are properly allocable to the risks or exposures located in this state. In determining the amount of premiums taxable in this state, all premiums written, procured, or received in this state and all premiums on policies negotiated in this state shall be deemed written on property or risks located or resident in this state, except such premiums as are properly allocated or apportioned and reported as taxable premiums of any other state or states.

## **New Jersey**

Statute: NJ ST s 17:22-6.59 [17:22-6.59](#)

If a surplus lines policy covers risks or exposures only partially in this state, the tax payable shall be computed on the portion of the premium which is properly allocable to the risks or exposures located in this state.

## **New Mexico**

Statute: NM ST s 59A-14-12 [59A-14-12](#)

If a surplus lines policy covers risks or exposures only partially in this state the tax payable shall be computed upon the proportion of the premium properly allocable to risks or exposures located in this state.

## **New York**

Statute: NY INS s 9102 [9102](#)

In determining the amount of direct premiums taxable in this state, all such premiums written, procured, or received in this state shall be deemed written on property or risks located or resident in this state except such premiums properly allocated and reported as taxable premiums of any other state or states.

## **North Carolina**

Statute: NC ST s 58-21-85 [58-21-85](#)

Gross premiums charged, less any return premiums, for surplus lines insurance are subject to a premium receipts tax of five percent (5%), which shall be collected by the surplus lines licensee as specified by the Commissioner, in addition to the full amount of the gross premium charged by the insurer for the insurance.

## **North Dakota**

Statute: ND ST 26.1-44-06 [1-44-06](#)

If a surplus lines policy covers risks or exposures only partially in this state, the tax so payable must be computed upon the portion of the premium which is properly allocable to the risks or exposures located in this state.

## **Ohio**

Statute: OH ST s 3905.36 [3905.36](#)

Surplus lines insurer shall annually, on or before the thirty-first day of January, pay to the treasurer of state a tax of five per cent of such premium, fee, assessment, dues, or other consideration, as calculated on a form prescribed by the treasurer of state. This section does not apply to: Transactions in this state involving a policy solicited, written, and delivered outside this state covering only subjects of insurance not resident, located, or to be performed in this state at the time of issuance, provided such transactions are subsequent to the issuance of the policy.

## **Oklahoma**

Statute: OK ST T. 36 s 1115 [36 s 1115](#)

The total premium charged for surplus line insurance placed in a single transaction with one underwriter or group of underwriters, whether in one or more policies, shall be allocated to this state in such proportion as the total premium on the insured properties or operations in this state, computed on the exposure in this state on the basis of any single standard rating method in use in all states or countries where such insurance applies, bears to the total premium so computed in all such states or countries.

## **Oregon**

Statute: OR ST s 735.470 [735.470](#)

(1) The surplus lines licensee shall pay the Director of the Department of Consumer and Business Services an amount equal to the tax which would have been imposed under RS 731.816(1993 Edition) if that section were in effect and operative and the tax which is imposed by ORS 731.820, on authorized insurers for the premiums shown in the report required by ORS 735.465. The tax shall be collected by the surplus lines licensee as specified by the director, in addition to the full amount of the gross premium charged by the insurer for the insurance. The tax on any portion of the premium unearned at termination of insurance having been credited by the state to the licensee shall be returned to the policyholder directly by the surplus lines licensee or through the producing insurance producer, if any. The surplus lines licensee is prohibited from absorbing such tax and from rebating for any reason, any part of such tax.

(5) The director by rule shall establish procedures for payment of taxes on the Oregon portion of risks covered by surplus lines insurance policies transacted outside this state that cover risks with exposures both in this state and outside this state.

## **Pennsylvania**

Statute: PA ST Ti. 40 P.S. s 991.1621 [40 P.S. s 991.1621](#)

In the event that a placement of insurance involves subjects of insurance resident, located or to be performed in one or more states other than this Commonwealth, than the premium taxes provided for in this section shall be levied only on that portion of the premium reasonably ascribable to that portion of the risk situated in this Commonwealth.

## **Rhode Island**

Statute: RI ST s 27-3-38.1 [27-3-38.1](#)

(a)(2) For the purposes of this subsection, properties, risks or exposures only partially located or to be performed in this state, which are covered under a multi-state policy placed by a surplus lines licensee in another state, shall be deemed to be insurance independently procured unless the insurer is licensed to do business in this state.

(c) If an independently procured policy covers properties, risks or exposures only partially located or to be performed in this state, the tax payable by the insured shall be computed on the portion of the premium properly attributable to the properties, risks or exposures located or to be performed in this state.

## **South Carolina**

Statute: SC ST s 38-45-30 [38-45-30](#)

A nonresident may be licensed as an insurance broker by the director or his designee if the following requirement, among others, is met: he must pay to the department, within thirty days after March thirty-first, June thirtieth, September thirtieth, and December thirty-first each year, a broker's premium tax of four percent upon the premiums approved for policies or insurers not licensed in this state.

## **South Dakota**

Statute: SD ST 58-32-45 [58-32-45](#)

If a surplus lines policy covers risks or exposures only partially in this state, the tax payable shall be computed upon the proportion of the premium, which is properly allocable to the risks or exposures located in this state.

## **Tennessee**

Statute: TN ST s 56-14-113 [56-14-113](#)

If a surplus lines policy covers risks or exposures only partially in this state, the tax payable shall be computed on the portions of the premium which are properly allocable to the risks or exposures located in this state. In determining the amount of premiums taxable in this state, all premiums written, procured or received in this state and all premiums on policies negotiated in this state shall be deemed written on property or risks located or resident in this state, except such premiums as are properly allocated or apportioned and reported as taxable premiums of any other state or states.

## **Texas**

Statute: TX INS § 225.004 [225.004](#)

If a surplus lines insurance policy covers risks or exposures only partially located in this state, the tax is computed on the portion of the premium that is properly allocated to a risk or exposure located in this state.

## **Utah**

Statute: UT ST s 31A-3-303 [Utah Code 31A-3-303](#)

If a policy covers risks that are only partially located in this state, for computation of tax under this part of the premium shall be reasonably allocated among the states on the basis of risk locations. However, all premiums with respect to surplus lines insurance received in this state by a surplus lines broker or charged on policies written or negotiated in or from this state are taxable in full under this part, subject to a credit for any tax actually paid in another state to the extent of a reasonable allocation on the basis of risk location.

Note from DOI: No allocation required to our state if insured's principal place of business is not located in our state

## **Vermont**

Statute: VT ST T. 8 s 5036 [8 s 5036](#)

If any such insurance also covers a subject located or to be performed outside this state, a proper pro rata portion of the entire premium shall be allocated to the subjects of insurance located or to be performed in this state.

## **Virginia**

Statute: VA ST s 38.2-4809 [Code of Virginia 38.2-4809](#)

A. 1. Every licensed surplus lines broker or any person required to be licensed as a surplus lines broker shall be subject to the annual assessment, penalties, and other provisions of §§ [38.2-400](#) and [38.2-403](#) and shall also be subject to the annual taxes, license taxes, penalties, and other provisions of Article 1 (§ [58.1-2500](#) et seq.) of Chapter 25 of Title 58.1 on each policy of insurance procured by him during the preceding calendar year with an insurer not licensed to transact insurance business in this Commonwealth.

B. Each person licensed or required to be licensed under this chapter whose annual premium tax liability can reasonably be expected to exceed \$1,500 shall file a quarterly tax report with the Commission. Such report shall be on a form prescribed by the Commission. This report shall be filed no later than thirty days after the end of each calendar quarter. Notwithstanding any provision to the contrary, each such person shall pay the premium tax owed for the direct gross premiums adjusted for additional and returned premiums shown by each quarterly tax report when such report is filed with the Commission.

## **Washington**

Statute: WA ST s 48.15.120 [48.15.120](#)

If a surplus lines policy covers risks or exposures only partially in this state the tax so payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposures located in this state.

## **West Virginia**

Statute: WV ST s 33-12C-7 [33-12C-7](#)

(a) Where the insurance covers properties, risks or exposures located or to be performed both in and out of this state, the sum payable shall be computed on that portion of the gross premiums allocated to this state pursuant to subsection (g) of this section less the amount of gross premiums allocated to this state and returned to the insured due to cancellation of the policy.

## **Wisconsin**

Statute: WI St 618.43 [618.43](#)

Provision: If a policy covers risks that are only partially located in this state, the premium shall be reasonably allocated among the states on the basis of risk locations in computing the tax, except that all premiums received in this state or charged on policies written or negotiated in this state shall be taxable in full under this section, with a credit for any tax actually paid in another state to the extent of a reasonable allocation on the basis of risk locations.

## **Wyoming**

Statute: WY ST s 26-11-118 [Wyoming Statutes 26-11-118](#)

Provision: If a surplus lines policy covers risks or exposures only partially in this state, the tax payable shall be computed upon the proportion of the premium which is properly allocable to the risks or exposure located in this state.

**The NAIC has published a Model Regulation (# 872) called the;**

### **Allocation of Surplus Lines and Independently Procured Insurance Premium Tax on Multi-State Risks**

**This model implements provisions of the NAIC Nonadmitted Insurance Model Act (MDL-870) by requiring surplus lines licensees to allocate premiums where a placement of surplus lines insurance covers properties, risks or exposures located or to be performed in various states (multi-state risks); facilitate payment of surplus lines tax or independently procured insurance tax in this state pursuant to the Nonadmitted Insurance Model Act; and provide a mechanism by which a surplus lines licensee or insured shall allocate premiums and pay premium taxes to each state where placement of surplus lines insurance covers properties, risks or exposures located or to be performed in each state.**

Please contact the NAIC for a copy of this Model. Ask for VI-872-1

**Surplus Lines Associates, LLC**