

By Senator Fasano

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1                   A bill to be entitled  
2           An act relating to surplus lines insurance; amending  
3           s. 626.931, F.S.; requiring a surplus lines agent to  
4           file quarterly on or before a specified time an  
5           affidavit stating that all surplus lines insurance  
6           transacted during the preceding quarter has been  
7           submitted to the Florida Surplus Lines Service Office;  
8           amending s. 626.932, F.S.; requiring the premium tax  
9           due on a surplus lines policy to be computed on the  
10          gross premium under certain circumstances; amending s.  
11          626.9325, F.S.; revising payment dates for the service  
12          fee; requiring the service fee on a surplus lines  
13          policy to be computed on the gross premium under  
14          certain circumstances; creating s. 626.9362, F.S.;  
15          authorizing the Department of Financial Services and  
16          the Office of Insurance Regulation to enter into a  
17          specified type of agreement with other states pursuant  
18          to federal law for the collection and allocation of  
19          certain nonadmitted insurance taxes; providing terms  
20          that may be included in the agreement; requiring the  
21          Florida Surplus Lines Service Office to implement an  
22          agreement entered into by the department and the  
23          Office of Insurance Regulation; providing for  
24          application; amending s. 626.938, F.S.; requiring  
25          certain insureds or insurers engaging in specified  
26          insurance transactions with a foreign or alien insurer  
27          to compute the premium tax and service fees based on  
28          the gross premium under certain circumstances;  
29          requiring such insureds or insurers to pay the

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30 applicable premium tax to the department and the  
31 service fee to the Florida Surplus Lines Service  
32 Office on or before a specified time; providing an  
33 effective date.

34

35 WHEREAS, the 111th Congress passed the Nonadmitted and  
36 Reinsurance Reform Act of 2010 (NRRA), and

37 WHEREAS, the NRRA provides that no state other than the  
38 home state of an insured may require any premium tax payment for  
39 nonadmitted insurance and defines "home state" as the state in  
40 which an insured maintains its principal place of business [15  
41 U.S.C. s. 8206], and

42 WHEREAS, as a result of the NRRA, premium tax payments that  
43 would otherwise be paid to Florida will be paid to other states,  
44 and

45 WHEREAS, the NRRA allows states to enter into a compact or  
46 otherwise establish procedures to allocate among the states the  
47 premium taxes paid to an insured's home state, and

48 WHEREAS, the National Association of Insurance  
49 Commissioners has adopted an agreement for states to use for  
50 that purpose, and

51 WHEREAS, state agreements must be entered into before the  
52 expiration of a 330-day period that began on June 21, 2010, to  
53 prevent the payment of taxes to such other states pursuant to  
54 the NRRA [15 U.S.C. s. 8201], NOW, THEREFORE,

55

56 Be It Enacted by the Legislature of the State of Florida:

57

58 Section 1. Subsection (1) of section 626.931, Florida

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59 Statutes, is amended to read:

60 626.931 Agent affidavit and insurer reporting  
61 requirements.-

62 (1) Each surplus lines agent shall on or before the 45th  
63 day ~~the end of the month next~~ following each calendar quarter  
64 file with the Florida Surplus Lines Service Office an affidavit,  
65 on forms as prescribed and furnished by the Florida Surplus  
66 Lines Service Office, stating that all surplus lines insurance  
67 transacted by him or her during such calendar quarter has been  
68 submitted to the Florida Surplus Lines Service Office as  
69 required.

70 Section 2. Subsection (3) of section 626.932, Florida  
71 Statutes, is amended to read:

72 626.932 Surplus lines tax.-

73 (3) If a surplus lines policy covers risks or exposures  
74 only partially in this state and the state is the home state as  
75 defined in the federal Nonadmitted and Reinsurance Reform Act of  
76 2010 (NRRA), the tax payable shall be computed on the gross  
77 ~~portion of the premium which is properly allocable to the risks~~  
78 ~~or exposures located in this state.~~

79 Section 3. Subsections (2) and (3) of section 626.9325,  
80 Florida Statutes, are amended to read:

81 626.9325 Service fee.-

82 (2) (a) The surplus lines agent shall pay on or before the  
83 45th day following each calendar quarter ~~monthly~~ to the Florida  
84 Surplus Lines Service Office the fees related to all policies  
85 reported during the previous calendar quarter ~~month~~ in  
86 accordance with the plan of operation of the Florida Surplus  
87 Lines Service Office.

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88 (b) The agent shall pay interest on the amount of any  
89 delinquent fees due, at the rate of 9 percent per year,  
90 compounded annually, beginning the day the amount becomes  
91 delinquent.

92 (3) If a surplus lines policy covers risks or exposures  
93 only partially in this state and the state is the home state as  
94 defined in the federal Nonadmitted and Reinsurance Reform Act of  
95 2010 (NRRA), the fee payable shall be computed on the gross  
96 ~~portion of the premium which is properly allocable to the risks~~  
97 ~~or exposures located in this state.~~

98 Section 4. Section 626.9362, Florida Statutes, is created  
99 to read:

100 626.9362 Cooperative reciprocal agreement authorized for  
101 collection and allocation of certain nonadmitted insurance  
102 taxes.-

103 (1) The Department of Financial Services and the Office of  
104 Insurance Regulation may enter into a cooperative reciprocal  
105 agreement with another state or group of states for the purpose  
106 of, but not limited to, the collection and allocation of  
107 nonadmitted insurance taxes for multistate risks pursuant to the  
108 federal Nonadmitted and Reinsurance Reform Act of 2010 (NRRA)  
109 which was incorporated into the Dodd-Frank Wall Street Reform  
110 and Consumer Protection Act, Pub. L. No. 111-203, July 21, 2010.

111 (2) The terms of the agreement may include, but are not  
112 limited to, the following:

113 (a) Creating a clearinghouse for the purpose of  
114 facilitating the receipt and disbursement of nonadmitted  
115 insurance taxes.

116 (b) Specifying requirements and time periods for reporting.

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117       (c) Determining methods for the collection and forwarding  
118 of nonadmitted insurance taxes to another state.

119       (d) Specifying a premium tax allocation formula for multi-  
120 state risk nonadmitted insurance.

121       (e) Providing for audits and the exchange of information.

122       (f) Facilitating the administration of the cooperative  
123 reciprocal agreement in a reasonable manner.

124       (3) The Florida Surplus Lines Service Office must implement  
125 any cooperative reciprocal agreement entered into by the  
126 Department Of Financial Services and the Office of Insurance  
127 Regulation under this section and has the authority to collect  
128 the total tax imposed on a multi-state risk nonadmitted  
129 insurance premium.

130       (4) The department and the Office of Insurance Regulation  
131 may adopt rules for the administration and enforcement of a  
132 cooperative reciprocal agreement entered into with another state  
133 or group of states under this section.

134       (5) Notwithstanding any other provision of law to the  
135 contrary, this section and any cooperative reciprocal agreement  
136 entered into with another state or group of states under this  
137 section control the collection and allocation of nonadmitted  
138 insurance taxes for multistate risks.

139       Section 5. Subsection (3) of section 626.938, Florida  
140 Statutes, is amended to read:

141       626.938 Report and tax of independently procured  
142 coverages.—

143       (3) For the general support of the government of this  
144 state, there is levied upon the obligation, chose in action, or  
145 right represented by the premium charged for such insurance a

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146 tax at the rate of 5 percent of the gross amount of such premium  
147 and a 0.3 percent service fee pursuant to s. 626.9325. If the  
148 policy covers risks or exposures only partially in this state  
149 and this state is the home state as defined by the federal  
150 Nonadmitted and Reinsurance Reform Act of 2010 (NRRA), the tax  
151 and service fee payable shall be computed on the gross premium.  
152 The insured shall withhold the amount of the tax and service fee  
153 from the amount of premium charged by and otherwise payable to  
154 the insurer for such insurance. On or before the 45th day  
155 following each calendar quarter ~~Within 30 days after the~~  
156 ~~insurance is procured, continued, or renewed, and simultaneously~~  
157 ~~with the filing of the report provided for in subsection (1)~~  
158 ~~with the Florida Surplus Lines Service Office,~~ the insured shall  
159 make payable to the department the amount of the tax and make  
160 payable to the Florida Surplus Lines Service Office the amount  
161 of the service fee. The insured shall remit the tax and the  
162 service fee to the Florida Surplus Lines Service Office. The  
163 Florida Surplus Lines Service Office shall forward to the  
164 department the taxes, and any interest collected pursuant to  
165 subsection (5), within 10 days after receipt.

166 Section 6. This act shall take effect upon becoming a law.