

THE SURPLUS LINE ASSOCIATION

OF CALIFORNIA

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A. L. LATHROP
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February 14, 1969

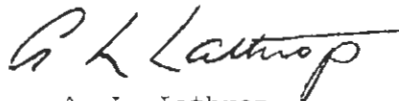
NO. 297

BULLETIN TO ALL MEMBERS:

RE: FEDERAL TAX

The attached letter from our Chairman to the Lloyd's Brokers Association is for your information. You will undoubtedly wish to communicate with your London Correspondent.

Very truly yours



A. L. Lathrop
Manager

ALL:dd

Encs.

February 13, 1969

To the Secretary
Lloyd's Insurance Brokers Association
Lloyd's
Leadenhall Street
London, E. C. 3, England

Attention: American Department

United States Federal Tax

Dear Sir:

At a recent meeting I was asked to write to your Association regarding the above subject. Attached is a copy of a bulletin recently sent to all members of our Association. The agreement referred to which was set out on Page 34B of the Surplus Line Manual, was an agreement entered into by Lloyd's Underwriters Fire and Non-Marine Association and the Surplus Line Association of California regarding Federal Tax, as a result of which certain rules became effective July 15, 1943.

Under these rules, on surplus line business declared through the Surplus Line Association of California Federal Tax was to be charged to the assured, with certain exceptions. While there was never any agreement between nonadmitted companies and the Surplus Line Association of California, the same procedure with respect to Federal Excise Tax was applied to them as to Lloyd's Underwriters.

As Federal Excise Tax is no longer payable as respects Lloyd's Underwriters the agreement is no longer enforceable and on transactions involving non-admitted companies it will be necessary to follow the practices in the application of Federal Tax that have been used in other parts of the United States, i.e. the companies themselves will have to absorb any tax payable and it can no longer be charged to the assured.

To the Secretary
Lloyd's Insurance Brokers Association
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I assume individual members of our Association will be writing to their
London correspondents.

Sincerely yours,

S. R. Farley, Chairman

SRF:leg

Enclosure

CC: Lloyd's Underwriters Fire and
Non-Marine Association