



**September 14, 1994**

**BULLETIN #662**

**RE: AB 3058 - SURPLUS LINE TAXES**

AB 3058 has been signed by the Governor and will become effective January 1, 1995. This bill does the following:

- Requires the due date for surplus line taxes to be calculated from the surplus line broker's 'invoice date' rather than policy 'effective date'.
- Specifies that the invoice date may not be more than 60 days following the policy effective date, except when premium is due in installments the invoice date may not be more than 60 days following the due date of each installment.
- Requires monthly instead of quarterly tax payments from surplus line brokers whose annual tax exceeds \$5,000. Payments will be due up to 60 days after the end of the month in which the business was transacted.
- Defines "business done" or "business transacted" by a surplus line broker as "all insurance regarding which that surplus line broker is required to file a confidential written report (Form SL-1) with the commissioner or the commissioner's designee". This definition is for purposes of the entire surplus line law, including but not limited to the tax provisions.
- Provides that, when multiple surplus line brokers are involved in a transaction, the responsibility for paying the tax falls on the surplus line broker who negotiates and effects the placement with the nonadmitted insurer, remits the premium and files the confidential report of placement (Form SL-1).

James S. Pugh

Assistant Manager