

American Insurance Association

AIA has some suggestions regarding the proposed tax survey of the Multi-state Surplus Lines Premium Tax Working Group. It is an important project, and we hope our thoughts will be helpful as the group continues to refine its survey.

Our first thought pertains to **Question 18** because of its specific reference to the carriers. The question addresses who bears “the ultimate responsibility” for the payment of the surplus lines tax. As the regulators know, the surplus lines tax, unlike the premium tax on admitted business (where the carrier pays the tax), is typically collected and remitted by the surplus lines broker. Consequently, we would prefer that the carrier not be listed as a possible answer to the question. Moreover, the question as written is a little confusing because it seems to call for one answer by its reference to the ultimate responsibility, but requires the responder to check the box for all categories that apply—indicating the possibility of multiple answers. Answering the question is further complicated because the surplus lines broker may be a retailer or wholesaler, depending on the transaction. We respectfully suggest that tying the question more to the statutory authorities of the states may help. In short, we believe asking the responder to indicate which party is liable for the surplus lines tax in its state and then requesting the statutory authority will address some of the points that we have raised.

We also have some thoughts on a few other questions. **Question 8** is seeking information about the filing of policy documents. We presume this question is tracking filings with the stamping office and thus suggest a specific reference to the stamping office in the question. We suggest dividing **Question 10** into two questions - one about declinations and the due diligence process and another about the export list. (Our thought is that this structure will allow you to more readily capture and distinguish the approaches of the states.) Also, to encourage a consistent understanding of the reference to “courtesy/accommodation filing,” a brief definition or explanation may help in **Question 22**. Finally, for **Question 21** we believe a specific reference to producers would clarify that the question is seeking information on the producer memberships rather than the carrier memberships.