

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p style="text-align: right;">DATE: <u>7/12/2019</u></p> <p>CONTACT PERSON: <u>Andy Daleo/Bob Schump – NAIC staff</u></p> <p>TELEPHONE: <u>(816)783-8141/(816) 783-8437</u></p> <p>EMAIL ADDRESS: <u>adaleo@naic.org/rschump@naic.org</u></p> <p>ON BEHALF OF: <u>Surplus Lines (C) Working Group</u></p> <p>NAME: <u>Stewart Guerin</u></p> <p>TITLE: <u>Chair of Surplus Lines (C) Working Group</u></p> <p>AFFILIATION: <u>Louisiana Department of Insurance</u></p> <p>ADDRESS: _____</p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # _____</p> <p>Year <u>2020</u></p> <p>Changes to Existing Reporting [<input type="checkbox"/>]</p> <p>New Reporting Requirement [<input checked="" type="checkbox"/>]</p> <hr/> <p style="text-align: center;">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [<input checked="" type="checkbox"/>]</p> <p>Modifies Required Disclosure [<input type="checkbox"/>]</p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>[<input type="checkbox"/>] Rejected For Public Comment</p> <p>[<input type="checkbox"/>] Referred To Another NAIC Group</p> <p>[<input type="checkbox"/>] Received For Public Comment</p> <p>[<input type="checkbox"/>] Adopted Date _____</p> <p>[<input type="checkbox"/>] Rejected Date _____</p> <p>[<input type="checkbox"/>] Deferred Date _____</p> <p>[<input type="checkbox"/>] Other (Specify) _____</p>
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BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> INSTRUCTIONS | <input checked="" type="checkbox"/> CROSSCHECKS |
| <input type="checkbox"/> QUARTERLY STATEMENT | <input checked="" type="checkbox"/> BLANK | |
| <input type="checkbox"/> Life, Accident & Health/Fraternal | <input type="checkbox"/> Separate Accounts | <input type="checkbox"/> Title |
| <input checked="" type="checkbox"/> Property/Casualty | <input type="checkbox"/> Protected Cell | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Health | <input type="checkbox"/> Health (Life Supplement) | |

Anticipated Effective Date: 2020 Annual

IDENTIFICATION OF ITEM(S) TO CHANGE

Add a new Schedule T – Part 3 to the Property/Casualty blank for the purpose of collecting direct premiums written data allocated by “home State.”

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The intent is to provide a basis for state regulators to reconcile broker reported surplus lines premium with company provided information to better ensure that states are receiving the proper amount of surplus lines premium taxes. Premium taxes on surplus lines premiums are based on the total policy premium and paid by surplus lines brokers solely to the “home State” of the insured as defined in Section 527 of the Nonadmitted and Reinsurance Reform Act of 2010 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Currently, the only resource available to the state for tax reconciliation is Schedule T – Exhibit of Premiums Written, which allocates premium by geographic concentration of risk. Collecting premium information within the annual blank for “Home State Direct Premiums Written” provides the state a starting point for surplus lines premium tax reconciliation. Throughout the year NAIC staff receives frequent inquiries regarding assistance with surplus lines premium tax reconciliation and cannot provide a resource to the state. This blanks proposal will provide significant value to the states/territories regarding surplus lines tax reconciliation.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

Revised 7/18/2018

ANNUAL STATEMENT INSTRUCTIONS – PROPERTY

SCHEDULE T – PART 3
EXHIBIT OF PREMIUMS WRITTEN

ALLOCATED BY HOME STATES AND TERRITORIES

This schedule is intended to report surplus lines premiums written to a state or territory of the insured that conforms to the definition of “home State” as provided in the Dodd-Frank Wall Street Reform and Consumer Protection Act. Allocation of surplus lines premiums reported on this schedule should be based on the “home State” of the insured, regardless of jurisdiction where the risks are located

All U.S. surplus lines business must be allocated to the “home State” of the insured, regardless of license status or concentration of risk.

Column 1 – Active Status

Use the following codes to identify the reporting entity’s status for each state or territory in which surplus lines premium is to be reported in the schedule as of the end of the reporting period. Enter the code that applies to the reporting entity’s status in the state or territory.

- | | |
|---------------------------|---|
| L – Licensed or Chartered | (Licensed Insurance Carrier and Domiciled Risk Retention Groups referred to in some states as admitted.) |
| R – Registered | (Non-domiciled Risk Retention Groups) |
| E – Eligible | (Reporting Entities eligible or approved to write Surplus Lines in the state (other than their state of domicile – see DSLI). In some states referred to as nonadmitted.) |
| Q – Qualified | (Qualified or Accredited Reinsurer) |
| D – DSLI | (Domestic Surplus Lines Insurer (DSLI) – Reporting Entities authorized to write Surplus Lines in the state of domicile) |
| N – None of the above | (Not allowed to write business in the state or none of the above codes apply) |

Column 2 – Home State Direct Premiums Written

The following is provided to illustrate appropriate allocation bases for surplus lines of business:

- All surplus lines policy premiums are to be allocated to the appropriate state that conforms to the “home State” definition as provided in Section 527 of the Nonadmitted and Reinsurance Reform Act within the Dodd-Frank Wall Street Reform and Consumer Protection Act:

Definition:

(6)HOME STATE.

(A) IN GENERAL.—Except as provided in subparagraph (B), the term “home State” means, with respect to an insured—

- (i) the State in which an insured maintains its principal place of business or, in the case of an individual, the individual’s principal residence; or
- (ii) if 100 percent of the insured risk is located out the State referred to in clause (i), the State to which the greatest percentage of the insured’s taxable premium for that insurance contract is allocated.

(B) **AFFILIATED GROUPS.**—If more than 1 insured from an affiliated group are named insureds on a single nonadmitted insurance contract, the term “home State” means the home State, as determined pursuant to subparagraph (A), of the member of the affiliated group that has the largest percentage of premium attributed to it under such insurance contract.

Column 3 – Percentage of Total Home State Direct Premiums Written

Amount represents the percentage of the individual line items in Column 2 to the Total Home State Direct Premiums Written amount presented in Column 2, Line 59.

Line 59 should equal 100%.

The allocation method established by the reporting entity in compliance with these instructions and the instructions of the domiciliary state should be consistently applied to all policies and reporting periods.

The data reported in Schedule T – Part 3 of the annual statement may or may not be used for the calculation of the amount of premium tax due to a state/jurisdiction. Individual states/jurisdictions may require a separate schedule to support premium tax calculations.

NOTE: Existing state laws and regulations need to be considered when applying these instructions.

Footnote (a):

Provide the total of each active status code in Column 1. The sum of all the counts of all active status codes should equal 57.

ANNUAL STATEMENT BLANK – PROPERTY

SCHEDULE T – PART 3

EXHIBIT OF SURPLUS LINES PREMIUMS WRITTEN
Allocated by Home States and Territories

States, Etc.	1 Active Status (a)	2 Home State Direct Premiums Written	3 Percentage of Total Home State Direct Premiums Written
1. Alabama.....AL			
2. Alaska.....AK			
3. Arizona.....AZ			
4. Arkansas.....AR			
5. California.....CA			
6. Colorado.....CO			
7. Connecticut.....CT			
8. Delaware.....DE			
9. Dist. Columbia.....DC			
10. Florida.....FL			
11. Georgia.....GA			
12. Hawaii.....HI			
13. Idaho.....ID			
14. Illinois.....IL			
15. Indiana.....IN			
16. Iowa.....IA			
17. Kansas.....KS			
18. Kentucky.....KY			
19. Louisiana.....LA			
20. Maine.....ME			
21. Maryland.....MD			
22. Massachusetts.....MA			
23. Michigan.....MI			
24. Minnesota.....MN			
25. Mississippi.....MS			
26. Missouri.....MO			
27. Montana.....MT			
28. Nebraska.....NE			
29. Nevada.....NV			
30. New Hampshire.....NH			
31. New Jersey.....NJ			
32. New Mexico.....NM			
33. New York.....NY			
34. No. Carolina.....NC			
35. No. Dakota.....ND			
36. Ohio.....OH			
37. Oklahoma.....OK			
38. Oregon.....OR			
39. Pennsylvania.....PA			
40. Rhode Island.....RI			
41. So. Carolina.....SC			
42. So. Dakota.....SD			
43. Tennessee.....TN			
44. Texas.....TX			
45. Utah.....UT			
46. Vermont.....VT			
47. Virginia.....VA			
48. Washington.....WA			
49. West Virginia.....WV			
50. Wisconsin.....WI			
51. Wyoming.....WY			
52. American Samoa.....AS			
53. Guam.....GU			
54. Puerto Rico.....PR			
55. U.S. Virgin Islands.....VI			
56. Northern Mariana Islands.....MP			
57. Canada.....CAN			
58. Aggregate other alien.....OT			
59. Totals	XXX	XXX	XXX

(a) Active Status Counts:

- L – Licensed or Chartered - Licensed insurance carrier or domiciled RRG.....
- R – Registered - Non-domiciled RRGs.....
- E – Eligible - Reporting entities eligible or approved to write surplus lines in the state (other than their state of domicile – See DSLI)
- Q – Qualified - Qualified or accredited reinsurer.....
- D – Domestic Surplus Lines Insurer (DSLII) – Reporting entities authorized to write surplus lines in the state of domicile.....
- N – None of the above – Not allowed to write business in the state.....