

HAWAII SURPLUS LINES TAX – EFFECTIVE 2011

FREQUENTLY ASKED QUESTIONS (FAQs)

Frequently Asked Questions

- 1) Where do I mail the 2011 Tax Statements and payments? Who should the check be made payable to?
- 2) How do I determine what forms to file? Who placed this policy - a Hawaii Licensed Surplus Lines Broker or was it Independently Procured?
- 3) If reporting an endorsement / return premium / or audit, which tax forms should be used? You would need to know the effective date of the original policy.
- 4) What is the Hawaii tax formula for multi-state policies?
- 5) Who are the 12 Nonadmitted Insurance Multi-State Act (NIMA) Members?
- 6) What is the Hawaii Surplus Lines tax rate?
- 7) When are the Surplus Lines taxes and reports due?
- 8) Where can I find the Nonadmitted and Reinsurance Reform Act (NRRA)?
- 9) Where can I find changes to the Hawaii's Surplus Lines law?
- 10) Where do I file 2012 Quarterly returns?
- 11) Do I need to file a zero tax statement?
- 12) For more questions, who to contact?

Frequently Asked Questions

- 1) Where do I mail the 2011 Tax Statements and payments? Who should the check be made payable to?

State of Hawaii Insurance Division
Dept of Commerce & Consumer Affairs
335 Merchant Street – Room # 213
Honolulu, HI 96813

The check should be made payable to:

“Department of Commerce & Consumer Affairs.”

2) How do I determine what forms to file? Who placed this policy - a Hawaii Licensed Surplus Lines Broker or was it Independently Procured?

- a) If the **effective date of the policy is before 7/21/11**, Pre-NRRA rules apply. (based on the location of the risk).

Only Hawaii risks should be reported and submitted for the period – 7/1/11 – 7/20/11.

- 1) If it was placed by a Hawaii Licensed Surplus Lines Broker, complete Form 104 (Pre NRRA 10/11) and attachments. Due within 45 days after the end of the calendar quarter.
 - 2) If it was an Independently Procured (by an Individual/Company), complete Form SL2 (Pre NRRA 10/11), due within 45 days after the end of the calendar quarter.
- b) If the **effective date is on or after 7/21/11**, NRRA rules apply. Surplus Lines Brokers and Independently Procured placements must complete Forms 104-NRRA, Form 104A-NRRA, and Form 104B-NRRA.

Note: If the original policy is a **multi-state policy, please check the “home state” definition of the NRRA (See FAQ #8) or Hawaii – Act 068 for 2011 (See FAQ #9)**.

3) If reporting an endorsement / return premium / or audit, which tax forms should be used? It would be based on the effective date of the original policy.

- a) If the **effective date of the original policy is before 7/21/11**, Pre-NRRA rules apply.

- 1) For Surplus Lines Broker,
 - use a) Form 104 (PreNRRA – 10/11),
 - b) Form 104 Attachment (10/11) and
 - c) Form 104 Recap (10/11).

- 2) For Independently Procured,
 - use a) Form SL2 (PreNRRA – 10/11)

- b) If the **effective date of the original policy is on or after 7/21/11**, complete the following forms:

- a) Form 104-NRRA
- b) Form 104A-NRRA
- c) Form 104B-NRRA

4) What is the Hawaii tax formula for multi-state policies?

For Pre 7/21/11 and (Hawaii is the Single State Risk Policies – effective on or after 7/21/11) – the Formula is:

$$(\text{Hawaii Gross Premium} - \text{Hawaii Return Premium}) \times 4.68\% = \text{Hawaii Surplus Lines Tax}$$

For Multi-State Policies effective on or after 7/21/11 (where HI is the home state),
Hawaii's tax formula is:

$$\begin{aligned} & \text{Hawaii (Gross Premium} - \text{Return Premium)} \times 4.68\% \\ & + \text{Nonparticipating States (Gross Prem} - \text{Return Prem)} \times \text{Nonparticipating States' Tax Rate} \\ & + \text{Participating States (Gross Prem} - \text{Return Prem)} \times \text{Participating States' Tax Rate} \\ & = \text{Hawaii Multi-State Taxes Due to Hawaii} \end{aligned}$$

See HRS §431:8-315 – Tax on surplus lines for Surplus Lines Brokers and HRS §431:8-205 for Independently Procured Placement.

5) Who are the 12 Nonadmitted Insurance Multi-State Act (NIMA) Members?

They are as follows: (11 states and 1 territory)

Alaska	Nebraska (withdrawing effective 3/5/2012)
Connecticut	Nevada
Florida	Puerto Rico
Hawaii	South Dakota
Louisiana	Utah
Mississippi	Wyoming

6) What is the Hawaii Surplus Lines tax rate? 4.68%

7) When are the Surplus Lines taxes and reports due?

<u>Period</u>	<u>Due Date</u>
Jan 1 - March 31	May 15
Apr 1 – June 30	August 15
July 1 – Sept 30	November 15
Oct 1 – Dec 31	February 15

8) Where can I find the Nonadmitted and Reinsurance Reform Act (NRRA)?

You can find the NRRA on our website at:

www.hawaii.gov/dcca/ins

1/31/12

Click on "Surplus Lines Tax"
Scroll down to [For policies effective on or after July 21, 2011](#)

Click on "Nonadmitted and Reinsurance Reform Act of 2010 (NRRA)

9) Where can I find the changes to Hawaii's Surplus Lines law?

You can review the changes to the HRS for 2011 relating to surplus lines (Act 068) at:

http://www.capitol.hawaii.gov/session2011/bills/GM1171_.PDF

10) Where do I file 2012 Quarterly returns?

Currently, the Florida Surplus Lines Service Office (FSLSO) is assisting the NIMA members to establish a clearinghouse. More information will be posted on this website as it become available.

11) Do I need to file a zero tax statement?

No, a tax statement is not required to be filed if no surplus lines business was transacted in the calendar quarter.

12) For more questions, who to contact?

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