

HAWAII SURPLUS LINES TAX – EFFECTIVE 2011

FREQUENTLY ASKED QUESTIONS (FAQs)

Frequently Asked Questions

- 1) Where do I mail the 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 single state and multi-state policies?
- 5) What is the Hawaii Surplus Lines tax rate?
- 6) When are the Surplus Lines taxes and reports due?
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- 8) Where can I find changes to Hawaii's Surplus Lines law?
- 9) Where do I file Quarterly tax statements?
- 10) Do I need to file a zero tax statement?
- 11) For more questions, who to contact?

Frequently Asked Questions

- 1) Where do I mail the 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 original policy is before 7/21/11**, Pre-NRRA rules apply (based on the location of the risk). Only Hawaii risks should be reported if not previously reported.

1) If it was placed by a Hawaii Licensed Surplus Lines Broker, complete Form 104 (Pre NRRA 4/12) and attachments.

2) If it was an Independently Procured (by an Individual/Company) policy, complete Form SL2 (Pre NRRA 10/11).

b) If the **effective date of the original policy 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, Form 104B-NRRA and Form 104C-NRRA. (Complete Form 104C-NRRA first, and then complete Form 104-NRRA.)

Note: If the original policy is a **multi-state policy, please refer to the definition of "home state" in 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 – 4/12),
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
- d) Form 104C-NRRA

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

For policies effective prior to 7/21/11 and single state policies (100% of risk in Hawaii) 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:

$$\text{Hawaii (Gross Premium} - \text{Return Premium)} \times 4.68\% + \text{Other States (Gross Prem} - \text{Return Prem)} \times \text{Other States' Tax Rate} = \text{Hawaii Multi-State Taxes Due to Hawaii}$$

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

- 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

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 Quarterly tax statements?

The quarterly tax statements should be filed with the State of Hawaii Insurance Division.

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?

Albert Yamane Ph # 808-586-8150

Andrew Chow Ph # 808-586-8151