



**STATE OF HAWAII
INSURANCE DIVISION**

DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS
P. O. BOX 3614
HONOLULU, HAWAII 96811-3614
335 MERCHANT ST., 2ND FLOOR
HONOLULU, HAWAII 96813

SURPLUS LINES BROKERS

INFORMATION & INSTRUCTIONS

HRS § 431 ARTICLE 8 - UNAUTHORIZED INSURERS & SURPLUS LINES

The Hawaii Revised Statutes (HRS) §431:8-102, states "Surplus lines insurance means any insurance on risks resident, located or to be performed in this State, procured from or placed with an unauthorized insurer in accordance with part III of this article."

1. Pursuant to the HRS §431:8-313 & §431:8-315, each surplus lines broker shall, **on or before March 15** of each year:

- a) File with the Insurance Commissioner a verified statement of all surplus lines insurance transacted in the preceding calendar year. This statement must be filed whether or not any transaction occurred during the year.
- b) Pay a premium tax on surplus lines insurance of 4.68 percent on (gross premiums less return premiums) taxable surplus lines insurance transacted by such broker during the preceding calendar year.

2. HRS §431:8-300 "Exemptions from Surplus Lines law", provides that the following transactions shall be exempted from the licensing, reporting and taxation provisions pertaining to surplus lines insurance:

- a) Reinsurance
- b) Ocean Marine
- c) Insurance on subjects located, resident, or to be performed wholly outside this State, or on vehicles or aircraft owned and principally garaged outside this State.
- d) Insurance of aircraft or cargo of such aircraft, or against liability, other than worker's compensation and employer's liability, arising out of the ownership, maintenance, or use of such aircraft.

3. Enclosed are Forms 104 and the attachments. File the Form 104 along with the attachments, "Account of Surplus Lines Business Transacted During the Year" ("Account") and the "Recapitulation by Insurance Companies". The Line of Business Report has been excluded until further notice.

a) NOTE: The "Account" form requires the **complete surplus lines carrier's name and address** be reported in alphabetical order. **NO ABBREVIATIONS AND NO BROKERAGE FIRMS OR SUBSTITUTE NAMES.**

Examples:

Wrong

Chubb
Great American
Lloyds

Correct

Chubb Custom Insurance Co.
Great American Protection Insurance Co
Lloyds of London

IMPORTANT: Recapitulation by Insurance Companies: A sample report is attached for your reference. Please verify that all the totals correspond with the other reports.

b) The "Account" as well as the "Recapitulation by Insurance Companies" reports can be submitted to us on diskettes or compact disks (CD) in Excel or CSV formats.

4. Pursuant to HRS §431:8-316, a penalty for failure to file an annual statement (Form 104) or remit the tax will result in \$25.00 for each day of delinquency. **To avoid a penalty, the Annual Statement (Form 104) must be filed by the due date whether or not any business was transacted.**

Effective January 1, 2007, if you should have any questions, please call Albert Yamane (808) 586-8150 or [Backup: Gale Miyazaki at (808) 586-8151] or send an e-mail to AYamane@dcca.hawaii.gov .