



**STATE OF HAWAII  
INSURANCE DIVISION**

**DEPARTMENT OF COMMERCE & CONSUMER AFFAIRS**

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December 30, 2003

**MEMORANDUM 2003 – 10E**

**TO: All Surplus Lines Brokers & Persons Independently  
Procuring Surplus Lines Insurance**

**FR: J. P. Schmidt, Insurance Commissioner**

**RE: Definition of “Gross Premiums” for Surplus Lines Tax**

This memorandum is sent as an advisory opinion in response to various inquiries as to the interpretation of “gross premiums” under Hawaii Revised Statutes (“HRS”) sections 431:8-205 and 431:8-315 as it applies to independently procured surplus lines insurance and surplus lines brokers who hold a Hawaii license, respectively.

HRS section 431:8-205 (c) states:

“Gross premiums charged for the insurance, less any return premiums, are subject to a tax at a rate of 4.68 per cent. At the time of filing the report required in subsection (b), the insured shall pay the tax to the commissioner.”

HRS section 431:8-315 (a) states in relevant part:

“Each surplus lines broker shall pay to the director of finance, through the commissioner, a premium tax on surplus lines insurance transacted by such broker during the preceding calendar year. The tax shall be in the amount of 4.68 per cent of gross premiums, less return premiums, on taxable surplus lines insurance.”

Effective January 1, 2004, “gross premiums” means the amount of the policy or coverage premium charged by the insurer in consideration for the insurance contract. Any charges for policy, survey, inspection, service, or similar fees or other charges added by the broker are not considered part of gross premium.

If you should have any questions regarding the above, please contact Roderick Uyehara at (808) 586-3874 or Gale Miyazaki at (808) 586-8151, or write to the Commissioner at the address above.