



115th MAINE LEGISLATURE

SECOND REGULAR SESSION-1992

Legislative Document

No. 2085

H.P. 1473

House of Representatives, January 7, 1992

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Reference to the Committee on Banking and Insurance suggested and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative MANNING of Portland. Cosponsored by Representative MITCHELL of Vassalboro, Representative JOSEPH of Waterville and Senator KANY of Kennebec.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND NINETY-TWO

An Act to Amend the Laws Governing Placement of Insurance in the Surplus Lines Market.

(EMERGENCY)

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Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

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Whereas, current law requires that brokers of surplus lines insurance remit a surplus tax once a year; and

8 Whereas, changing the law so that brokers must remit the tax on a monthly basis will help revenues by making that money available immediately; and 10

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Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately 14 necessary for the preservation of the public peace, health and safety; now, therefore, 16

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Be it enacted by the People of the State of Maine as follows:

Sec. 1. 24-A MRSA §2016, as amended by PL 1973, c. 585, §12, is further amended to read:

§2016. Monthly report and tax

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Each broker shall file on or before the 15th day of each month a menthly report with the superintendent showing the amount of insurance placed for any person or organization, the location

of each risk, the gross premium charged, the names of each 28 insurer in which the insurance was placed, the date and term of each insurance contract issued during the preceding month and any 30 other pertinent information required by the superintendent. The 32 report shall must show in the same detail each contract cancelled during the month covered by the report and the return premium on it. At the time the report is filed, the broker shall pay to the 34 Treasurer of State 3% of the difference between the gross 36 premiums and the return premiums reported for the business transacted during the month covered by the report. If a surplus lines policy covers risks or exposures in this State, as well as 38 other states, the tax must be computed on the proportion of the premium that is properly allocable to the risks or exposures 40 located in this State.

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Sec. 2. 24-A MRSA §2017, as amended by PL 1973, c. 585, §12, is repealed. 44

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Sec. 3. 24-A MRSA §2018, as amended by PL 1991, c. 298, §5, is further amended to read:

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§2018. Failure to file statement or remit tax; penalty

If any broker fails to file an-annual the monthly statement, or fails to remit the tax provided by section 2017,-prior-to-the first-day-of-March 2016 within 30 days after the tax is due, the superintendent may, following an adjudicatory hearing, assess a penalty of not less than \$25 for each day of delinquency commencing-with-the-first-day-of-March. Any fine collected by the superintendent must be paid to the Treasurer of State and credited to the Insurance Regulatory Fund.

Emergency clause. In view of the emergency cited in the preamble, this Act takes effect when approved.

STATEMENT OF FACT

Current law requires brokers of surplus lines insurance to file monthly reports with the Bureau of Insurance and to remit a surplus lines tax once a year. This bill would require the tax to be remitted with the monthly reports. This bill also changes the date that the report must be filed to the 15th day of each month. The bill also repeals the section of law that requires a broker to file an annual report. The information requested on the annual report and the tax remitted with the report will be done on a monthly basis so the annual report is no longer necessary.