

AMENDMENTS TO LB 70

Introduced by Banking, Commerce and Insurance

1           1. Insert the following new section:

2           Sec. 2. Section 44-5503, Reissue Revised Statutes of  
3 Nebraska, is amended to read:

4           44-5503 The department, in consideration of the payment  
5 of the license fee, may issue a surplus lines license, revocable  
6 at any time, to any individual who currently holds an insurance  
7 producer license or to a foreign or domestic corporation. The  
8 corporate surplus lines license shall list all officers or  
9 employees of the corporation who currently hold an insurance  
10 producer license or meet the requirements for an individual surplus  
11 lines license and who have authority to transact surplus lines  
12 business on behalf of the corporation. Only individuals listed  
13 on the corporate surplus lines license shall transact surplus  
14 lines business on behalf of the corporate licensee. If the  
15 applicant is an individual, the application for the license shall  
16 include the applicant's social security number. The director may  
17 utilize the national insurance producer data base of the National  
18 Association of Insurance Commissioners, or any other equivalent  
19 uniform national data base, for the licensure of an individual or  
20 an entity as a surplus lines producer and for renewal of such  
21 license.

22           2. On page 8, strike beginning with "Every" in line  
23 3 through the period in line 22, show the old matter as

1 stricken, and insert "(1) For the purposes of carrying out the  
2 Nonadmitted and Reinsurance Reform Act of 2010, which is Subtitle  
3 B of the Dodd-Frank Wall Street Reform and Consumer Protection  
4 Act, Public Law 111-203, as such act existed on January 1,  
5 2011, the director may enter the Nonadmitted Insurance Multi-State  
6 Agreement in order to facilitate the collection, allocation, and  
7 disbursement of premium taxes attributable to the placement of  
8 nonadmitted insurance, provide for uniform methods of allocation  
9 and reporting among nonadmitted insurance risk classifications, and  
10 share information among states relating to nonadmitted insurance  
11 premium taxes.

12           (2) The director may participate in the clearinghouse  
13 established through the Nonadmitted Insurance Multi-State Agreement  
14 for the purpose of collecting and disbursing to reciprocal  
15 states any funds collected applicable to properties, risks, or  
16 exposures located or to be performed outside of this state. To  
17 the extent that other states where portions of the properties,  
18 risks, or exposures reside have failed to enter into a compact  
19 or reciprocal allocation procedure with the State of Nebraska,  
20 the net premium tax shall be retained by the State of Nebraska.  
21 If the director chooses to participate in the clearinghouse for  
22 the purpose authorized by this subsection, the director may also  
23 participate in such clearinghouse for purposes of surplus lines  
24 policies applicable to risks located solely within this state.

25           (3) Every surplus lines licensee transacting business  
26 under the Surplus Lines Insurance Act shall, on or before February  
27 15 for the quarter ending the preceding December 31, May 15 for the

1 quarter ending the preceding March 31, August 15 for the quarter  
2 ending the preceding June 30, and November 15 for the quarter  
3 ending the preceding September 30 of each year, make and file with  
4 the department a verified statement upon a form prescribed by the  
5 department or a designee of the director which shall exhibit the  
6 true amount of all such business transacted during that period.

7 (4) (a) Every surplus lines licensee transacting business  
8 under the Surplus Lines Insurance Act shall collect and pay to  
9 the director or the director's designee, at the time the statement  
10 required under subsection (3) of this section is filed, a sum based  
11 on the total gross premiums charged, less any return premiums,  
12 for surplus lines insurance provided by the licensee pursuant to  
13 the license. In no event shall such taxes be determined on a  
14 retaliatory basis pursuant to section 44-150.

15 (b) When the insurance covers properties, risks, or  
16 exposures located or to be performed solely in this state on behalf  
17 of an insured whose home state is the State of Nebraska, the sum  
18 payable shall be computed based on an amount equal to three percent  
19 of the premiums to be remitted to the State Treasurer in accordance  
20 with section 77-912.

21 (c) When the insurance covers properties, risks, or  
22 exposures located or to be performed both in and out of this state,  
23 the sum payable shall be computed based on:

24 (i) For purposes of the portion that is attributable to  
25 instate risks, an amount and rate equal to that set forth in  
26 subdivision (4) (b) of this section; plus

27 (ii) For purposes of the portion that is attributable to

1 out-of-state risks, an amount equal to the portion of the premiums  
2 allocated to each of the other states or territories and at a rate  
3 as established by each state or territory as being applicable to  
4 the properties, risks, or exposures located or performed outside  
5 of this state. The tax on any portion of the premium unearned at  
6 termination of insurance having been credited by the state to the  
7 licensee shall be returned to the policyholder directly by the  
8 surplus lines licensee or through the producing broker, if any. The  
9 surplus lines licensee is prohibited from rebating, for any reason,  
10 any portion of the tax.

11 (5) The director may utilize or adopt the allocation  
12 schedule included in the Nonadmitted Insurance Multi-State  
13 Agreement for the purpose of allocating risk and computing the  
14 tax due on the portion of premium attributable to each risk  
15 classification and to each state in which properties, risks, or  
16 exposures are located."

17 3. On page 13, strike beginning with "No" in line 13  
18 through the comma in line 14, show as stricken, and insert "On or  
19 before February 15 for the quarter ending the preceding December  
20 31, May 15 for the quarter ending the preceding March 31, August 15  
21 for the quarter ending the preceding June 30, and November 15 for  
22 the quarter ending the preceding September 30 of each year,".

23 4. On page 14, strike beginning with "annually" in line  
24 3 through the period in line 8, show the old matter as stricken,  
25 and insert ", on or before February 15 for the quarter ending the  
26 preceding December 31, May 15 for the quarter ending the preceding  
27 March 31, August 15 for the quarter ending the preceding June 30,

1 and November 15 for the quarter ending the preceding September 30  
2 of each year, pay to the department a tax in the amount required by  
3 subdivision (4) (a) of section 44-5506."

4           5. Renumber the remaining sections and correct the  
5 repealer accordingly.