

1 Public Protection Cabinet

2 Department of Insurance

3 Consumer Protection Division

4 (Amendment)

5 806 KAR 10:030. Surplus lines reporting and tax payment structure.

6 RELATES TO: KRS 304.1-070, 304.10-030, 304.10-040, 304.10-050, 304.10-170,
7 304.10-180, 304.99-085

8 STATUTORY AUTHORITY: KRS 304.2-110, 304.10-050, 304.10-170, 304.10-210,

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 304.2-110 authorizes the
10 Commissioner of Insurance to promulgate administrative regulations necessary for or as an aid to
11 the effectuation of any provision of the Kentucky Insurance Code as defined in KRS 304.1-010.
12 KRS 304.10-050 requires a surplus lines broker to file an affidavit setting forth facts from which
13 it can be determined whether such insurance was eligible for export under KRS 304.10-040.
14 KRS 304.10-170 requires the commissioner to establish [~~established~~] the form of the verified
15 statement of all surplus lines transactions for a preceding calendar quarter. KRS 304.10-210
16 requires the commissioner to promulgate administrative regulations to effectuate the surplus
17 lines law. This administrative regulation provides for the reporting procedures to be used

1 by surplus lines brokers for the reporting and payment of surplus lines tax pursuant to
2 KRS 304.10-170 and 304.10-180.

3 Section 1. Affidavit Reporting.

4 (1) A licensed surplus broker shall file electronically a Kentucky Surplus Lines Affidavit
5 of Insurance Transactions with the department within fifteen (15) days after the [~~invoice date or~~
6 effective date of each premium bearing surplus lines transaction~~], whichever occurs later~~].

7 (2) The affidavit shall be filed electronically through the Department of Insurance's
8 secure Web site at <https://insurance.ky.gov/doieservices/UserRole.aspx>.

9 Section 2. Quarterly Reporting and Payment of Surplus Lines Premium Taxes for
10 Insurance Transactions.

11 (1) The department shall generate a quarterly report of all surplus lines transactions
12 reported in a preceding calendar quarter, for each surplus lines broker based on the affidavits
13 filed in accordance with Section 1 of this administrative regulation.

14 (2) The department shall make the quarterly report available to a licensed surplus lines
15 broker on its secure Web site at <https://insurance.ky.gov/doieservices/UserRole.aspx>

16 (3) Each licensed surplus lines broker shall:

17 (a) Reconcile the surplus lines taxes owed on the quarterly report with the broker's own
18 records;

19 (b) Notify the department of any discrepancy in surplus lines taxes owed; and

20 (c) Pay all surplus lines premium tax and any applicable penalties owed pursuant to KRS

1 304.99-085 within thirty (30) days of the end of the calendar quarter.

2 (4) Surplus lines premium tax shall be:

3 (a) Computed at the rate of three (3) percent on the premiums, assessments, fees, charges,
4 or other consideration deemed part of the premium as shown on the quarterly report;

5 (b) Payable to the Kentucky State Treasurer; and

6 (c) Remitted to the Kentucky Department of Insurance electronically through the
7 department's secure Web site at <https://insurance.ky.gov/doieservices/UserRole.aspx>.

8 (5) Agencies paying a surplus lines premium tax on behalf of a broker shall submit
9 payment electronically through the broker's Eservices account using the department's secure
10 Web site at <https://insurance.ky.gov/doieservices/UserRole.aspx>.

11 (6) The department shall consider the payment of the surplus lines premium tax and any
12 applicable penalty to be the submission of the broker's quarterly report and verified statement
13 of transactions.

14 (7) The quarterly report shall be submitted quarterly by all licensed brokers even if no
15 insurance transactions were completed during the period.

16 Section 3. Effective Date. The administrative regulation shall be effective beginning with
17 the calendar quarter beginning July 1, 2021.