

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 2143

5 By: Representative Hyde
6 By: Senator Teague
7

For An Act To Be Entitled

9 AN ACT TO AUTHORIZE THE INSURANCE COMMISSIONER TO
10 ENTER INTO AGREEMENTS WITH OTHER JURISDICTIONS TO
11 REGULATE TAXES ON SURPLUS LINES INSURERS; AND FOR
12 OTHER PURPOSES.
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Subtitle

15 TO AUTHORIZE THE INSURANCE COMMISSIONER
16 TO ENTER INTO AGREEMENTS WITH OTHER
17 JURISDICTIONS TO REGULATE TAXES ON
18 SURPLUS LINES INSURERS.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code Title 23, Chapter 65, is amended to add an
25 additional subchapter to read as follows:

26 23-65-401. Definitions.

27 As used in this subchapter:

28 (1) "Affiliated group" means a group consisting of a parent
29 corporation and at least one (1) subsidiary corporation;

30 (2) "Control" means the ability to exert authority over another
31 entity if:

32 (A) The entity, directly or indirectly, acting through one
33 (1) or more other persons, owns, controls, or has the power to vote twenty-
34 five percent (25%) or more of a class of voting securities of the other
35 entity; or

36 (B) The entity controls the election of a majority of the



1 directors or trustees of the other entity;

2 (3) "Independently procured insurance" means any of the lines of
3 authority defined in §§ 23-62-101 – 23-62-108 obtained directly by an insured
4 from a nonadmitted insurer;

5 (4) "Nonadmitted insurance" means property and casualty
6 insurance policies permitted to be placed directly or through a surplus lines
7 broker with a nonadmitted insurer eligible to accept the insurance;

8 (5) "Nonadmitted insurer" means an insurance company that is not
9 licensed to engage in the business of insurance in this state;

10 (6) "State" includes any state of the United States, the
11 District of Columbia, the Commonwealth of Puerto Rico, Guam, the Northern
12 Marianas Islands, the Virgin Islands, and American Samoa.

13 (7) "Surplus lines broker" means an individual, firm, or
14 corporation that is licensed in a state to sell, solicit, or negotiate
15 insurance on properties, risks, or exposures located or to be performed in a
16 state with nonadmitted insurers; and

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18 23-65-402. Agreement authorized – Requirements.

19 (a) The Insurance Commissioner may enter into written multistate
20 agreements with other state jurisdictions of behalf of the State of Arkansas
21 to provide for cooperation and assistance among member jurisdictions in the
22 administration and collection of taxes imposed on multistate surplus lines
23 insurers.

24 (b) An agreement authorized by this subchapter may provide for:

25 (1) Determining the base jurisdiction for surplus lines insurers
26 and surplus lines brokers;

27 (2) Brokers' record requirements;

28 (3) Audit procedures;

29 (4) The exchange of information;

30 (5) Eligibility for licensing;

31 (6) Reporting requirements and reporting periods;

32 (7) Methods for collecting and forwarding surplus lines taxes;

33 (8) Penalties to another jurisdiction; and

34 (9) Rules to facilitate the administration of the agreement.

35 (c) An agreement authorized by this subchapter:

36 (1) Shall not preclude the commissioner from auditing the

1 records of a person subject to this subchapter; and

2 (2) Is not effective until filed with the commissioner.

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4 23-65-403. Applicability of agreement.

5 On and after July 19, 2011, in the event of a conflict the terms of a
6 multistate agreement shall prevail over conflicting state law.

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