

## **NONADMITTED INSURANCE MULTI-STATE AGREEMENT (NIMA)**

**WHEREAS**, the Nonadmitted Reinsurance and Reform Act of 2010 (“NRRA”), which was incorporated ~~intact~~ into the Dodd-Frank ~~Financial Reform Bill, H.R. 4173~~ Wall Street Reform and Consumer Protection Act, provides that only a insured’s “home state” may require a premium tax payment for nonadmitted insurance; and

~~**WHEREAS** that the placement of all nonadmitted insurance, including surplus lines insurance, shall be subject solely to the statutory and regulatory requirements imposed by the insured’s “home State”; and~~

**WHEREAS**, the NRRA authorizes states to enter into a compact or otherwise establish procedures to allocate among the States the nonadmitted insurance premium taxes; and

**NOW, THEREFORE**, in consideration of the foregoing, the Participating States who are signatories hereto, do freely and voluntarily enter into this Agreement under the following terms and conditions:

### **PART I**

#### **Purpose**

The purposes of this Agreement, through means of joint and cooperative action among the Participating States, are to:

1. ~~Establish procedures concerning the premium tax revenues of the Participating States through~~ Facilitate the payment and allocation of premium taxes on Non-~~A~~admitted Insurance for Multi-State ~~Risks~~ among the Participating States in accordance with the premium tax ~~data~~ allocation method and formula contained in the Annexes attached to this agreement and based on the rates established by each Participating State.
2. Require nationwide uniform requirements, forms and procedures that provide for the reporting, payment, collection and allocation of premium taxes for Nonadmitted Insurance as contemplated by the NRRA.
3. Coordinate reporting of premium tax data and transaction data on Multi-State Risk(s) among Participating States.
4. ~~Establish a Clearinghouse to facilitate the for-receipt and distribution~~ Establish a Clearinghouse ~~semination~~ of premium tax and ~~Clearinghouse~~ transaction data related to Nonadmitted Insurance of Multi-State Risks.
4. ~~Perform these and such other related functions as may be consistent with the purposes of this Nonadmitted Insurance Multi State Agreement and Part I of the Nonadmitted and Reinsurance Reform Act of 2010.~~

## PART II

### Definitions

5. For purposes of this Agreement, the following definitions shall apply:

a. “**Agreement**” means this Nonadmitted Insurance Multi-State Agreement (NIMA)~~nonadmitted premium tax coordination agreement~~, entered into by the Participating States pursuant to Section 521(b)(1) of the NRRA.

b. “**Admitted Insurer**” means, with respect to a State, an insurer that is ~~licensed, or~~ authorized, to transact the business of insurance ~~under the law of the in such home~~ State.

c. “**Allocation Formula**” means the methods of nonadmitted insurance premium tax allocation and the formulas for allocating nonadmitted insurance premium taxes contained in Annex “A” and Annex “B” to this Agreement, respectively.

d. “**Clearinghouse**” means the mechanism established pursuant to this Agreement for receipt and distribution of premium taxes and transaction data related to Nonadmitted Insurance of Multi-State Risks.

ee. “**Home State**” or “**home State**” means,

(1) In General.—Except as provided in subparagraph (B), the term “home State” means, with respect to an insured—

(A) the State in which an insured maintains its principal place of business or, in the case of an individual, the individual’s principal residence; or

(B) if 100 percent of the insured risk is located out of the State referred to in subparagraph (A), the State to which the greatest percentage of the insured’s taxable premium for that insurance contract is allocated.

(2) “Principal place of business” ~~means—means,~~ with respect to determining the home State of the insured, ~~the principal place of business is the s~~State where (i) the insured maintains its headquarters and where the insured’s high-level officers direct, control and coordinate the business activities; or (ii) if the insured’s high-level officers direct, control and coordinate the business activities in more than one State, the State in which the insurer delivered the policy; or (iii). if the insured’s principal place of business is located outside any State, the State to which the greatest percentage of the insured’s taxable premium for that insurance contract is allocated.

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(3) “Principal residence” means, with respect to determining the home State of the individual, the State (i) where the individual resides for the greatest number of days during a calendar year; or (ii) if the insured’s principal residence is located outside any State, the State to which the greatest percentage of the insured’s taxable premium for that insurance contract is allocated.

(4) **Affiliated Groups.**—If more than one insured from an affiliated group are named insureds on a single nonadmitted insurance contract, the term “home State” means the home State, as determined pursuant to subparagraph (A) of paragraph (1) of this subsection, of the member of the affiliated group that has the largest percentage of premium attributed to it under such insurance contract.

(5) **Group Insurance.** When the group policyholder pays 100% of the premium from its own funds, the term “home State” means the home State, as determined pursuant to subparagraph (A) of paragraph (1) of this subsection, of the group policyholder. When the group policyholder does not pay 100% of the premium from its own funds, the term “home State” means the home State, as determined pursuant to subparagraph (A) of paragraph (1) of this subsection, of the group member.

~~df.~~ **"Independently Procured Insurance"** means insurance procured by an insured directly ~~by an insured~~ from a Non-Admitted Insurer as permitted by the laws of the Home State.

~~g.~~ **"Licensed"** means, with respect to an insurer, authorization to transact the business of insurance by a license, certificate of authority, charter, or otherwise.

~~he.~~ **"Multi-State Risk"** means a risk covered by a nonadmitted insurer with insured exposures in more than one State.

~~if.~~ **"Non-Admitted Insurance"** means any property and casualty insurance permitted in a State to be placed directly or through a surplus lines broker with a nonadmitted insurer eligible to accept such insurance. For purposes of this Agreement, Nonadmitted Insurance includes Independently Procured Insurance and Surplus Lines Insurance. This Agreement shall not require a State to treat any property and casualty insurance as Non-Admitted Insurance where the laws of the State do not provide such treatment.

~~j.~~ **"Nonadmitted Insurer"** means, with respect to a State, an insurer not licensed to engage in the business of insurance in such State, but shall not include a risk retention group, as that term is defined in section (2)(a)(4) of the Liability Risk Retention Act of 1986 (15 U.S.C. 3901(a)(4)).

~~gk.~~ **"Non-Participating State"** means any State ~~which-that~~ has not executed this Agreement.

~~hl.~~ **"Participating State"** means any State ~~which-that~~ has executed this Agreement and ~~whichthat~~ has not withdrawn or ~~been terminated/defaulted~~ pursuant to Part VII.

~~m.~~ **"Property and Casualty Insurance"** means any kind of insurance on property, fidelity and surety insurance, or liability insurance, but does not mean title insurance, workers' compensation insurance, or any insurance on the life of a person, including life insurance, annuities, accident and health insurance, or disability insurance.

~~nl.~~ **"Single-State Risk"** means a risk with insured exposures in only one State.

j. "Surplus Lines Insurance" means insurance procured by a Surplus Lines Licensee from a Surplus Lines Insurer or other Non-Admitted Insurer as permitted under the law of the Home State; for purposes of this Agreement, "Surplus Lines Insurance" shall also mean excess lines insurance as may be defined by applicable State law.

k. "Surplus Lines Insurer" means a Non-Admitted Insurer permitted under the law of the Home State to accept business from a Surplus Lines Licensee.

l. "Surplus Lines Licensee" means an individual, firm or corporation ~~that which~~ is licensed in a State to sell, solicit or negotiate insurance, including the agent of record on a Non-Admitted Insurance policy, on properties, risks or exposures located or to be performed in a State with Non-Admitted Insurers.

6. In this Agreement, unless otherwise specified, words or expressions used in this Agreement have the same meaning as in the Nonadmitted Reinsurance and Reform Act of 2010.

7. The following are the Annexes that are attached to, and that form an integral part of, this Agreement: **Annex "A"** - Nonadmitted Insurance Premium Tax Allocation; **Annex "B"** – Allocation Formula; and **Exhibit 1** – Information Required to be Submitted by the Broker via the Clearinghouse Web Portal.

### PART III

#### Implementation

8. The Participating State, as signatory herein, represents that it has the legal authority necessary to enter into this agreement for the purposes stated in the agreement, including the allocation among the other Participating States of applicable ~~Nonadmitted~~ Insurance premium taxes and the use of the designated Clearinghouse for the facilitation of the payment and distribution of such premium taxes~~such purposes~~.

9. Pursuant to the terms of this agreement, each Participating State agrees to:

(a) allocate among the applicable Participating States the ~~Nonadmitted~~ Insurance premium taxes required by an insured's home State as described herein;

(b) work collaboratively and in a timely manner towards the imposition of NRRA's Nonadmitted Insurance premium tax reforms by July 21, 2011;

(c) establish and utilize a Clearinghouse use a computer software system, agreed to by a majority of the Participating States, for the purpose of a single location for facilitating, allocating and auditing the payment of Nonadmitted Insurance premium taxes to the Participating States; and which will allow for efficient allocation, accounting, and auditing of premium taxes; and

(d) establish and utilize bylaws for the operations of the create a Clearinghouse, to be agreed by a majority of Participating States, to ensure the Clearinghouse and its computer software system are capable of meeting the requirements of this Agreement. for the purpose of a single point for allocating and auditing, nonadmitted insurance premium taxes to the Participating States.

## PART IV

### Collection and Allocation Procedures

10. ~~Each Participating State agrees to use a single Clearinghouse to allocate to the applicable Participating States, at the rate of taxation of the Participating State, a portion of the premium based on the Surplus Lines Premium Tax Allocation Formula listed in Annex "B". The allocation of premium tax dollars will be based upon the amount collected. The~~Each Participating State agrees to use the Clearinghouse for all Multi-State Risks for which that state is the Home State. Except as otherwise provided, each Participating State agrees to require Surplus Lines Licensees and insureds who independently procure insurance to utilize the Clearinghouse for the reporting and payment of Nonadmitted Insurance premium taxes for all Multi-State Risks for which that state is the home State. This Agreement shall not require a State to treat any property and casualty insurance as Non-Admitted Insurance where the laws of the State do not provide such treatment. Further, ~~and~~ each Participating State may, at its discretion, agree to use the Clearinghouse for any Single-State Risks or non-Property and Casualty Insurance risks for which that state is the Home State.

11. Each Participating States agrees to contract with the Clearinghouse to provide the services that are the subject of this Agreement. There shall be no material variations in the terms of ~~the each Participating State's~~ contract with the Clearinghouse and each such contract shall include, but not be limited to, terms prohibiting the Clearinghouse from: lobbying; accepting gifts or donations; political activity of any kind; or conflicts of interest, and shall include terms requiring confidentiality of information received by or provided to the Clearinghouse.

12. Each Participating State agrees to require the payment of taxes and fees when the Participating State is the Home State: (a) determined by the Home State on the portion of the premium allocated to the Home State based on the applicable Allocation Formula; (b) specified by each Participating State with respect to a Nonadmitted Insurer in that State, on the portion of the premium allocated to that State based on the applicable Allocation Formula; and (c) determined by the Home State on any portion of the premium not allocated under subsections (a) and (b) of this section. Each Participating State agrees to establish one tax rate, encompassing any applicable taxes and fees, that applies to Nonadmitted Insurance; provided, however, that nothing shall require a Participating State to impose a tax on any kind of insurance for which the State presently does not have an obligation to tax or has allowed an exemption; and further provided that, where a Home State utilizes a surplus lines stamping office, the stamping office may, in accordance with the laws of that State, impose stamping fees in addition to the tax. ~~Each Participating State agrees to establish a single statewide nonadmitted premium tax rate that will apply to all lines of Non-Admitted Insurance subject to this Agreement. That rate shall include any applicable tax rates and fees for Non-Admitted Insurance.~~

13. Each Participating State shall give notice to the Clearinghouse of any changes to its statewide nonadmitted premium tax rate and any statewide assessments at least 90 days prior to the effective date of such changes. The Clearinghouse will send notice of any changes to all of the Participating States via electronic mail to the designated contact of each Participating State.

134. Each Participating State agrees to authorize t~~The~~ Clearinghouse, when the Participating State is the Home State, is authorized ~~to collect a reasonable fee, to be established by contract between the Participating State and the Clearinghouse,~~ payable by the insured directly or through a Surplus Lines Licensee on each transaction processed through the Clearinghouse to cover the cost of the operations and activities of the Clearinghouse. If the Participating-Home State has a stamping office, this fee shall be in addition to the service fee that is received by the stamping offices. ~~Those Participating States that have~~

~~existing stamping offices may continue to process surplus lines policies~~No Participating State, other than the Home State, may require a Surplus Lines Licensee to submit insuring documentation to a stamping office of that State. A Home State with a stamping office may require the initial submission of transaction data, premium taxes and fees with the stamping office of that State provided the State agrees by contract with the Clearinghouse to forward relevant transaction data, premium taxes and fees to the Clearinghouse for distribution to other Participating States.

145. ~~Except as otherwise provided, Each~~ Participating State agrees to require, by statute or rule, for those policies of Non-Admitted Insurance where that State is the Home State, that the Surplus Lines Licensee on a policy, or insured who independently procures insurance, for which the payment of nonadmitted insurance premium taxes are due, shall forward such payments and related information based on Annex "A" and Annex "B" to the ~~depository~~ Clearinghouse ~~account~~. ~~Each~~ Participating State agrees to require that the payment of nonadmitted insurance premium taxes will be accompanied by transaction data consistent with Exhibit 1. After the Clearinghouse has collected and reconciled the payments, the appropriate amount will then be deposited into each Participating State's depository account at the banking institution selected to provide depository services to the Participating States and the Clearinghouse as contemplated by this Agreement. With respect to the depository accounts, the Clearinghouse shall only have the authority to transfer premium taxes collected and on deposit in the Clearinghouse account to the depository accounts of the other Participating States.

165. For those policies of Non-Admitted Insurance where transaction data consistent with Exhibit 1 is submitted prior to the payment of nonadmitted insurance premium taxes, ~~the each~~ Participating States agrees that the accounting of taxes due will be tracked by ~~the computer software management system managed by~~ the Clearinghouse, and the issuance of an invoice and its payment will be handled by the Clearinghouse. Each Participating State agrees to require ~~the~~ Surplus Lines Licensee or insured who independently procures insurance, as applicable, to submit information based on Annex "A" and Annex "B." ~~will be responsible for how the premium is allocated based upon the exposure in each state and will enter these amounts or percentages for each risk reported.~~ ~~The computer software system~~ Clearinghouse will assess the allocated premium based upon each Participating State's statewide ~~surplus lines~~ nonadmitted insurance tax rate and statewide assessments for each Participating State with exposure. At the end of the reporting period, the ~~system~~ Clearinghouse will invoice the Surplus Lines Licensee or insured who independently procures insurance for amounts owed and ~~will not~~ allocate the amount collected on behalf of the Home ~~s~~State to all other Participating States and net out the amounts owed to or from each of the ~~s~~States. The netting of taxes will be based on the actual amount collected.

167. ~~The~~ Clearinghouse will report to the Participating States, Surplus Lines licensees and insureds who independently procure insurance within 15 days of the quarterly premium tax filing and payment dates set forth in section 18 of this Part, ~~all P~~premium ~~T~~taxes owed to each of the Participating States; the dates upon which payment of such ~~P~~premium ~~T~~taxes are due and a method to pay them through the Clearinghouse.

187. Each Participating State agrees that, when it is the Home State, it shall require tax filings and payments quarterly utilizing the following dates only:  
February 15 for the quarter ending the preceding December 31, May 15 for the quarter ending the preceding March 31, August 15 for the quarter ending the preceding June 30, and November 15 for the quarter ending the preceding September 30.

198. The Home State agrees to enforce, if necessary and to the extent allowed by the laws of the Home State, any of the following: unpaid tax, ~~;~~ interest due, ~~;~~ and applicable penalties. The Home State ~~and~~



will follow the [calculation of these amounts and the](#) methods of collection governed by the laws of the Home State and any administrative procedures of [the](#) Agreement.

## PART V

### Dispute Resolution

[2019](#). Best efforts will be exercised by the Participating States to reach consensus in respect to disputed issues arising on matters governed by this Agreement.

[210](#). If a dispute arises out of or relates to this contract, or the breach thereof, and if the dispute cannot be settled through negotiation, the affected Participating States agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Procedures before resorting to arbitration, litigation, or some other dispute resolution procedure. [A dispute involving one or more Participating States or the Clearinghouse is a dispute arising out of or relating to this contract for purposes of this section.](#)

## PART VI

### Participating States, Effective Date and Amendment

[224](#). Any State is eligible to become a Participating State. This Agreement shall become effective and binding [as of the first day after the conclusion of the calendar quarter in which the Agreement is ~~upon~~ executed](#) by the duly authorized representative of at least two (2) Participating States. Thereafter, it shall become effective and binding as to any other Participating State [as of the first day after the conclusion of the calendar quarter in such State ~~upon~~ execution of ~~the~~ this Agreement.](#)

[232](#). Amendments may be proposed by any of the Participating States for consideration and agreement of all other signatories to this Agreement. The amendment shall become effective after each Participating State agrees in writing to accept the amendment.

## PART VII

### Withdrawal, Default and ~~Termination~~ Dissolution

[234](#). Withdrawal

- a. Once effective, this Agreement shall continue in force and remain binding upon each and every Participating State, provided that a Participating State may withdraw from the Agreement ("Withdrawing State") by providing 60 days' written notice to all Participating States.
- b. The Withdrawing State is responsible for all obligations, duties and liabilities incurred through the effective date of withdrawal, including any obligations, the performance of which extend beyond the effective date of withdrawal.

[2425](#). Default

- a. If any Participating State has at any time defaulted ("Defaulting State") in the performance of any of its obligations or responsibilities under this Agreement, the Defaulting State shall be suspended from the effective date of default. The grounds for default include, but are not limited to, failure of a Participating State to perform its obligations or responsibilities as required by this Agreement.
- b. Reinstatement following termination of any Participating State requires renewed execution of the Agreement.

256. Dissolution of Agreement

- a. The Agreement dissolves effective upon the date of the withdrawal or default of the Participating State which reduces membership in the Agreement to one Participating State.
- b. Upon the dissolution of this Agreement, the Agreement becomes null and void and shall be of no further force or effect.

## **PART VIII**

### **Severability and Construction**

267. The provisions of this Agreement shall be severable and if any phrase, clause, sentence or provision is deemed unenforceable, the remaining provisions of ~~the~~is Agreement shall be enforceable.

278. The provisions of this Agreement shall be liberally construed to effectuate its purposes.

298. Throughout this Agreement the use of the singular shall include the plural and vice-versa. The headings and captions of articles, sections and sub-sections used in this Agreement are for convenience only and shall be ignored in construing the substantive provisions of this Agreement.

## **PART IX**

### **Binding Effect of Agreement and Other Laws**

2930. The terms of this Agreement and the procedures to be established as amendments to this Agreement, are binding upon the Participating States, except as may be provided herein.

301. Each Participating State agrees to abide by the applicable laws, regulations, and statutes concerning confidentiality and nondisclosure of information to the extent allowed by the law.

## **PART X**

### **Miscellaneous**

324. This Agreement may be executed in any number of counterparts, each of which will constitute an original and all of which taken together will constitute one and the same instrument. Counterparts may be executed either in original or faxed form and the Participating States shall accept any signatures received by a receiving fax machine as original signatures of the Participating State; provided, however, that a Participating State providing its signature in such manner will promptly forward to the other Participating States and the Clearinghouse a signed copy of this Agreement which was so faxed.



323. By entering into this Agreement, a Participating State is not deemed to surrender or abandon any of the powers, rights, privileges or authorities vested in it under its State Constitution, statutes, Acts, or otherwise, or to impair any of such powers, rights, privileges or authorities.

343. This Agreement, including all Annexes attached, constitutes the entire agreement between the Participating States with respect to the subject matter of this Agreement and supersedes all prior agreements and understandings between the Participating States with respect to that subject matter.

354. After execution of this Agreement, each Participating State will do, or cause to be done, all acts as the other Participating States may reasonably require from time to time for the purpose of giving effect to this Agreement and each Participating State will use reasonable efforts, and take all steps as may be reasonably within that Participating State's power, to implement to their full extent the provisions of this Agreement.

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**ANNEX “A”**  
**Nonadmitted Insurance Premium Tax ~~ALLOCATION~~location**

This Annex to the Agreement sets forth the provisions governing the ~~determination method~~ of tax Allocation for Multi-State Risks, as defined in Part III. If the allocation schedule does not identify a classification appropriate to the property or risk being insured, then the Surplus Lines Licensee, or an insured who independently procures insurance, consistently shall use an alternative method of equitable allocation across similar types of insurance policies and contracts, and shall maintain for at least five years, documented evidence of the bases and other criteria used by the Surplus Lines Licensee in order to substantiate the method.

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**[NEW TABLE INSERTED ON FOLLOWING PAGES AFTER CONSULTATION WITH DIRECTOR HALL]**

**EXPOSURE ALLOCATION METHODOLOGY**

<b>MAJOR COVERAGE</b>	<b>COVERAGE TYPE</b>	<b>INCLUDING</b>	<b>*ALLOCATION BASIS BY STATE</b>
PROPERTY	<p>ALL PROPERTY UNLESS MORE SPECIFICALLY DESCRIBED ELSEWHERE</p> <p>INCLUDES BOTH REAL AND PERSONAL PROPERTY, GLASS, CROP, ANIMALS, RESIDUAL VALUE</p> <p>AVIATION</p> <p>BOILER &amp; MACHINERY</p> <p>INLAND MARINE</p> <p>INLAND MARINE</p> <p>MOTOR VEHICLE PHYSICAL DAMAGE</p>	<p>ALL RISK INCLUDING LEAKAGE OF SPRINKLERS, EXPLOSION, RIOT &amp; CIVIL COMMOTION, EARTHQUAKE, BLANKET FORM, WATER DAMAGE, BUSINESS INTERRUPTION, TIME ELEMENT OR SIMILAR TIME VALUE COVERAGE, FIRE AND EXCESS OF LOSS</p> <p>PHYSICAL DAMAGE, ALL OTHERS</p> <p>DIRECT, CONSEQUENTIAL, ENGINE &amp; MACHINERY, ALL OTHERS</p> <p>FINE ARTS DEALERS, JEWELERS BLOCK, FURRIERS BLOCK, BUSINESS &amp; PERSONAL FLOATER, BUILDERS RISK, ALL OTHER NON APPEARANCE &amp; ABANDONMENT</p> <p>MOTOR TRUCK CARGO</p>	<p>TIV (TIV= PD + BI) TOTAL INSURED VALUE = PHYSICAL DAMAGE + BUSINESS INTERRUPTION</p> <p>TIV</p> <p>TIV</p> <p>TIV</p> <p>GARAGE LOCATION</p> <p>TIV OF MOTOR VEHICLES PRINCIPALLY GARAGED OR PRINCIPALLY USED IN STATES</p>
CASUALTY	<p>GENERAL LIABILITY / UMBRELLA / EXCESS LIABILITY / EXCESS WORKERS COMPENSATION UNLESS MORE SPECIFICALLY DESCRIBED ELSEWHERE</p>	<p>THE COVERAGE TYPE GENERAL LIABILITY INCLUDES, BUT IS NOT LIMITED TO, MANUFACTURERS AND CONTRACTORS, PREMISES OPERATIONS, OWNERS AND CONTRACTORS PROTECTIVE, PRODUCTS COMPLETED OPERATIONS, AMUSEMENT PARK LIABILITY, SPECIAL EVENTS, DAY CARE</p>	<p>REVENUES (RECEIPTS/GROSS SALES), PAYROLL, SQUARE FOOTAGE (AREA), TOTAL COST, UNITS, ADMISSIONS BY STATE, WHICHEVER IS APPLICABLE</p>

MAJOR COVERAGE	COVERAGE TYPE	INCLUDING	*ALLOCATION BASIS BY STATE
		CENTER LIABILITY, LIQUOR LIABILITY AND OTHER THIRD PARTY LIABILITY POLICIES.	
	ERRORS & OMISSIONS (E&O) / PROFESSIONAL LIABILITY	INCLUDES, BUT IS NOT LIMITED TO ARCHITECTS & ENGINEERS E&O, CONTRACTORS PROFESSIONAL, DATA PROCESSING / SOFTWARE E&O	REVENUES (RECEIPTS) OR NUMBER OF PROFESSIONALS BY STATE
	MEDICAL MALPRACTICE	INCLUDES MEDICAL MALPRACTICE FOR INDIVIDUAL HEALTHCARE PROVIDERS OR FACILITIES, I.E. HOSPITALS, NURSING HOMES, PSYCHIATRIC CENTERS	REVENUES (RECEIPTS), NUMBER OF PROFESSIONALS OR BED COUNT BY STATE
	EMPLOYMENT PRACTICES LIABILITY (EPLI)	EPLI FOR ALL INDUSTRIES	HEADCOUNT BY STATE
	MUNICIPALITIES, PUBLIC AUTHORITIES AND OTHER POLITICAL SUBDIVISIONS		NUMBER OF MUNICIPALITIES, ETC.
	ENVIRONMENTAL IMPAIRMENT		NUMBER OF UNITS OF EXPOSURE
	ASBESTOS ABATEMENT		PAYROLL
	EMPLOYEE/MEMBER BENEFIT PROGRAM		NUMBER OF EMPLOYEES/MEMBERS
	MOTOR VEHICLE	AUTOMOBILE LIABILITY, EXCESS AUTOMOBILE LIABILITY	NUMBER OF MOTOR VEHICLES PRINCIPALLY GARAGED OR PRINCIPALLY USED IN STATES
	RAILROAD PROTECTIVE		MILES OF TRACK IN STATE
MARINE	VESSELS		PRINCIPAL BERTHING LOCATION
	ALL OTHER PROPERTY		TTV

MAJOR COVERAGE	COVERAGE TYPE	INCLUDING	*ALLOCATION BASIS BY STATE	
AUTOMOBILE/AVIATION	AIRCRAFT	NON-OWNED AIRCRAFT, AIRCRAFT LIABILITY	HANGAR LOCATION	
	AUTOMOBILE	AUTOMOBILE LIABILITY, EXCESS AUTOMOBILE LIABILITY, AUTOMOBILE PHYSICAL DAMAGE	GARAGING LOCATION	
FINANCIAL RISK	DIRECTORS AND OFFICERS LIABILITY	GENERAL PARTNERSHIP LIABILITY	REVENUE GENERATED IN STATE	
	SEC LIABILITY	UNAUTHORIZED TRADING	REVENUE GENERATED IN STATE	
	KIDNAP & RANSOM		EMPLOYEES	
	EXCESS SIPC		REVENUE GENERATED IN STATE	
	MORTGAGE IMPAIRMENT		TIV	
	PATENT INFRINGEMENT		CORPORATE HEADQUARTERS	
	SECURITIES	MAIL	TIV	
	MEDIA LIABILITY		TIV	
	REPRESENTATIVE/WARRANTIES		CORPORATE HEADQUARTERS	
	TAX OPINION GUARANTEE		CORPORATE HEADQUARTERS	
	INTELLECTUAL PROPERTY		CORPORATE HEADQUARTERS	
	CRIME	CRIME	BLANKET CRIME, FIDELITY BOND, INDIVIDUAL BOND, EMPLOYEE DISHONESTY, FORGERY, THEFT, ROBBERY, BURGLARY, FRAUD	EMPLOYEE COUNT
	ACCIDENT AND HEALTH	ACCIDENT AND HEALTH	DISEASE, ACCIDENTAL INJURY OR DEATH, MEDICAL SURGICAL EXPENSES AND INCOME	LOCATION OF EMPLOYEES OR CORPORATE HEADQUARTERS

MAJOR COVERAGE	COVERAGE TYPE	INCLUDING	*ALLOCATION BASIS BY STATE
		PAYMENTS	
CREDIT	CREDIT		VALUE OF INSURED DEBT
FIDELITY & SURETY	PERFORMANCE BONDS		TOTAL BOND VALUE OF CONTRACTS IN STATE
	OTHER SURETY BONDS		TOTAL BOND VALUE OF CONTRACTS IN STATE

\* U.S. PREMIUM ONLY

## DEFINITION

### WET/OCEAN MARINE AND FOREIGN TRADE INSURANCES EXEMPTION

#### COVERAGE TYPE

#### INCLUDING

WET/OCEAN MARINE & FOREIGN TRADE  
INSURANCE

1. INSURANCES UPON VESSELS, CRAFTS, HULLS AND OF INTERESTS THEREIN OR WITH RELATION THERETO
2. INSURANCE OF MARINE BUILDERS' RISKS, MARINE WAR RISKS, AND CONTRACTS OF MARINE PROTECTION AND INDEMNITY INSURANCE
3. INSURANCE OF FREIGHTS AND DISBURSEMENTS PERTAINING TO A SUBJECT OF INSURANCE COMING WITHIN THIS DEFINITION
4. INSURANCE OF PERSONAL PROPERTY AND INTERESTS THEREIN, IN COURSE OF EXPORTATION FROM OR IMPORTATION INTO ANY COUNTRY, OR IN COURSE OF TRANSPORTATION COASTWISE, INCLUDING TRANSPORTATION BY LAND, WATER OR AIR FROM POINT OF ORIGIN TO FINAL DESTINATION, IN RESPECT TO, APPERTAINING TO, OR IN CONNECTION WITH, ANY AND ALL RISKS OR PERILS OF NAVIGATION, TRANSIT OR TRANSPORTATION, AND WHILE BEING PREPARED FOR AND WHILE AWAITING SHIPMENT, AND DURING ANY DELAYS, STORAGE, TRANSSHIPMENT OR RESHIPMENT INCIDENT THERETO.



~~Brokers, or surplus lines agents/agencies, must consistently apply the formula or methodology utilized across similar types of insurance policies and must maintain for a period of five years the worksheet used to determine the premium allocation.~~

**ANNEX “B”**  
**Allocation Formula**

For the purposes of this Annex and subject to Parts III, IV, and VII, the nonadmitted insurance premium tax revenue for a tax entitlement year or for a sub-period of a tax entitlement year, as the case may be, is the amount determined by the formula:

$$\text{Tax Allocation} = (\text{Net Tax Due to Each State} / \text{Net Tax Due to All States}) \times \text{Amount Collected}$$

$$\text{Home State Net Taxes} = (\text{Taxes collected for the Home State} + \text{Taxes Due from Other Participating States}) - \text{Taxes Owed to Other Participating States}$$

$$\text{Total Premium Tax Owed on Multi-State Policies} = (\text{Home State's Tax Rate} \times \text{Premium Allocated to Home State}) + (\text{Home State's Tax Rate} \times \text{Premium Allocated to Non-Participating States}) + (\text{Participating States' Tax Rate} \times \text{Premium Allocated to each Participating State})$$

Tax Allocation

~~The Clearinghouse or home state shall allocate the actual tax payment of each broker to the other Participating States based on the following formula:~~

$$\text{Tax Allocation} = \text{Net Tax Due to Each State} / \text{Net Tax Due All States} \times \text{Tax Collected}$$

Tax Netting

~~The Clearinghouse shall net taxes owed to or due from each home state based on the following formula:~~

$$\text{Home State Net Taxes} = \text{Taxes remitted for the home state} + \text{taxes due from other states} - \text{taxes owed other states}$$

## Exhibit 1

Information ~~r~~Required to be ~~s~~Submitted  
By the Broker or Insured via the Clearinghouse ~~w~~Web ~~p~~Portal

### **Submission Contact**

Name

Address

Phone Number

Email address

### **Agency Data**

State License Number

Name

Address

Phone Number

### **Agent Data**

State License Number

Name

Office Address

Mailing Address

Phone Number

E mail Address

### **Billing Contact**

Name

Address

E mail Address

Phone Number

**Policy Data**

Policy Number

Expiration Date

Insured Name

Home State of Insured

**Transaction Data**

NAIC Insurer Code Number

Insurer Name

Total Policy Premium

Coverage Code

Tax Status

Transaction Type

Effective Date

Allocation States