

## **NAPSLO Joins With Industry Groups to Urge SLIMPACT States to Adopt Kentucky's Allocation Proposal to Allocate Surplus Lines Taxes**

August 9, 2011 - NAPSLO joined five other industry trade groups in writing representatives of the Surplus Lines Multistate Compliance Compact Commission to recommend that they adopt an allocation methodology proposed by the Kentucky Department of Insurance.

NAPSLO joined the American Association of Managing General Agents, the American Bankers Insurance Association, the American Insurance Association, the Council of Insurance Agents & Brokers, and the Independent Insurance Agents & Brokers of America in writing the letter urging adoption of the Kentucky proposal.

Kentucky has proposed a tax allocation formula that would allocate surplus lines taxes based on exposures. However, brokers would not allocate most casualty, an approach similar to what has been in use. Following the July 28 hearing before House Financial Subcommittee on Insurance, Housing and Community Opportunity industry groups have voiced support for a unified tax allocation methodology.

"We believe the Kentucky proposal would allow brokers to continue to operate under a basically unchanged allocation system. That consistency is important to the industry and the insureds that we serve," said NAPSLO Legislative Co-Chair Hank Haldeman. "We hope that the states in the NIMA agreement will also adopt the Kentucky proposal as a way to handle tax allocation."

The joint industry letter said Kentucky's proposal possesses considerable merit and meets the needs of state officials without unnecessarily burdening companies, brokers and insureds with unreasonable data reporting requirements. It added that the Kentucky proposal is the option best suited and most likely to bring the various parties and interests together to produce much-needed uniformity.

Nine states have passed SLIMPACT legislation and a tenth state is needed to create a clearinghouse. Because of the timing established in the SLIMPACT legislation, the earliest possible date a SLIMPACT clearinghouse could begin to process taxes is January 1, 2013.