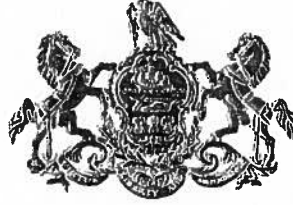


State Senator
Don White
41st Senatorial District **MAY 26 2011**



Senate of Pennsylvania

May 26, 2011

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TO: All Senators

FR: Senator Don White *DCW*

RE: Co-sponsorship Memo – preservation of the Commonwealth’s surplus line insurance tax revenue

I plan to introduce two bills which amend the Insurance Company Law and Title 72, Taxation and Fiscal Affairs. This legislation is necessary to implement changes required by federal law to protect the revenues of this Commonwealth generated by taxation of independently procured insurance and surplus lines insureds whose home state is the Commonwealth of Pennsylvania.*

Pursuant to the Non-Admitted and Reinsurance Reform Act (NRRA), passed in 2010 by Congress as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act, PA is required to enact legislation to reform its surplus lines code to meet the requirements of the NRRA which becomes effective July 21, 2011. The PA Insurance Department, along with the PA Department of Revenue, worked together to address the impact of the NRRA on the Commonwealth’s ability to continue to collect its 3 percent premium tax on all policies in the surplus lines market, estimated at approximately \$30 million. The legislation is critical in order to preserve this particular revenue stream. The Department of Revenue projects we will lose approximately \$1.9 million annually if this legislation is not enacted before July 21, 2011.

If you would like to cosponsor these bills, please contact Anne Achenbach at 7-4404 or by email at aachenbach@pasen.gov.

DCW/ama

*The surplus lines insurance market is intended to provide coverage for nonstandard or unique risks that do not fit the underwriting guidelines of insurers licensed to transact business in the market for standard or traditional insurance coverage (admitted insurers), such as traveling amusement parks. Independently procured insurance is when an insured directly negotiates with and purchases insurance from a nonadmitted insurer without securing the services of an insurance producer or surplus lines licensee.