

August 4, 2020

Commissioner Jim Donelon
Chair, NAIC Surplus Lines (C) Task Force

Commissioner Larry D. Deiter
Vice Chair, NAIC Surplus Lines (C) Task Force

Sent in care of Andy Daleo, adaleo@naic.org

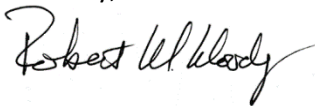
Dear Commissioners Donelon and Deiter,

Thank you for the opportunity to comment on the proposal to revise the manner by which surplus lines carriers report their annual premium in Schedule T. We would like to express our opposition for the proposal and our agreement with WSIA that the proposal will not achieve the goals of the task force for the reasons outlined in the WSIA letter dated March 12, 2020. We would like to reiterate the following points:

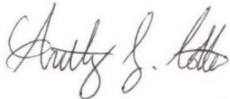
- The differences between carrier Schedule T reporting and surplus lines broker tax filings are too numerous to facilitate an accurate reconciliation of specific surplus lines broker taxes, even after accounting for home state premium.
- WSIA's data analysis conclusively shows that national surplus lines tax revenues are virtually identical to expected revenues based upon carrier reporting.
- The clarity provided by the Nonadmitted and Reinsurance Reform Act of 2010 has facilitated a tremendous increase in surplus lines tax compliance.

The nonadmitted and surplus lines industry stands ready to assist the NAIC and its members where issues of surplus lines tax compliance exist but for these reasons, we urge the committee to oppose the proposed changes to the Schedule T.

Sincerely,



Robert W. Woody
Vice President & Counsel
American Property Casualty Insurance Association (APCIA)



Tony Cotto
Director, Auto and Underwriting Policy
National Association of Mutual Insurance Companies (NAMIC)



LeeAnn Goheen
NAIC/State Legislative & Regulatory Senior Advisor
Council of Insurance Agents and Brokers