

HAWAII SURPLUS LINES TAX

FREQUENTLY ASKED QUESTIONS (FAQs)

Frequently Asked Questions

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Frequently Asked Questions

1). How do I file an electronic filing?

The Hawaii Insurance Division has implemented OPTins (Online Premium Tax for Insurance) for Insurance Companies since 2015, and the OPTins implementation is now being extended to Surplus Lines Licensees, effective August 15, 2019. steps to submit your tax filing are very simple and require no formal training. Easy to follow instructions are available at: <http://www.optins.org>. Once registered and set up, you will be able to log in, upload your filing forms and submit your payment online.

Using Using OPTins allows you to save time and ensure that both the forms and payment are received together and on time. To register, please contact the OPTins Marketing Team at optinsmktg@naic.org or call (816) 783-8787.

2). Who needs to file a Hawaii Surplus Lines Tax?

Each Hawaii Surplus Lines Broker or Independently Procured Insurance who transacted business where Hawaii is the Home State during the reporting period as stated in Sections §431:8-205 and §431:8-315.

3). What is a complete Quarterly Tax Filing?

A complete filing consists of the following four forms, return premium supporting documentation if applicable, and corresponding tax payment:

Form 104	Coversheet with signature of HI -SLB (Individual) or Designated Representative for HI – SLB (Business Entity)
Form 104A	Hawaii tax rates on all surplus lines insurance
Form 104B	Breakdown by Insurance Carriers
Form 104C	Policy Detail Report – Premium Written by Policy and effective date

Return Premium Supporting Documentation must also be included for each of the premium adjustments, including:

- a) Copy of endorsement or invoice given to the insured
- b) Copy of the Form 104C showing original premium written that was reported prior to the return premium, with the affected policies highlighted.
- c) Supporting information for any policy outside the parameter of the reporting period.

4). Any guidelines on endorsement / return premium / or audit?

Refer to the following two documents located on each Form 104 under Instruction #5:

- a) Commissioner's Memorandum 2013-1E – Effective January 1, 2013

- b) January 16, 2014 email regarding Additional Requirements and Clarifications for Surplus Lines Tax Filings – effective January 1, 2014.

Policy effective date is defined in Memo 2013-1E (page 2), which is further clarified through 2 examples as shown below:

Sample # 1

The due date of the tax on surplus lines policies will be based on the effective date of the policy. The effective date of the policy is considered the later of the date bound or when coverage begins.

(For example, for a policy with coverage beginning March 29, 2013 and a bound date of April 5, 2013, the effective date of the policy is considered April 5, 2013 and the due date of the tax is August 15, 2013.)

Any surplus lines tax paid after the due date of the tax will be subject to a fine.

Sample # 2

The due date of the tax on endorsements to surplus lines policies will be based on the effective date of the endorsement. The effective date of the endorsement is considered the later of the date bound or when coverage begins.

(For example, for an endorsement with coverage beginning February 10, 2013 and a bound date of July 8, 2013, the effective date of the endorsement is considered July 8, 2013 and the due date of the tax is November 15, 2013.)

Any surplus lines tax paid after the due date will be subject to a late monetary penalty.

Tax Filings without supporting documentation will be considered incomplete and subject to a late filing penalty if not submitted by the tax due date.

- 5). What is the Hawaii tax formula for single state and multi-state policies?

For both single state policies and multi-State Policies where HI is the home state (pursuant to Act 216 of 2019, effective Oct 1, 2019):

$(\text{Hawaii Gross Premium} - \text{Hawaii Return Premium}) \times 4.68\%$

Gross Premiums means the amount of the policy or coverage premium charged by the insurer in consideration for the insurance contract. Any charges for policy, survey, inspection, service, or similar fees or other charges added by the broker shall not be considered part of gross premiums.

See HRS §431:8-315 – Tax on surplus lines for Surplus Lines Brokers and HRS §431:8-205 for Independently Procured Placement.

For further information on surplus lines, visit the Hawaii website at: www.capitol.hawaii.gov/hrscurrent/vol09_ch0431-0435h/hrs0431, Article 8.

- 6). When are the Surplus Lines taxes and reports due?

Reporting Period

Due Date

(OPTins Submission Date
Or Postmark Date)

Jan 1 - Mar 31

May 15

Apr 1 – June 30

August 15

July 1 – Sept 30

November 15

Oct 1 – Dec 31

February 15

7). Do I need to file a quarterly tax statement?

You need to file if you have any surplus lines insurance transacted during the calendar quarter. However, a tax statement is not required to be filed if no surplus lines business was transacted in the calendar quarter.

For further questions, contact by e-mail at insexamslb@dcca.hawaii.gov,