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**REPORT TO THE JOINT FISCAL COMMITTEE
 BY
 DIVISION OF INSURANCE
 JULY 21, 2011**

IMPLEMENTATION OF S. 36 – An Act relating to the surplus lines multi-state compact

1. Implementation date of the Dodd Frank Wall Street Reform and Consumer Protection Act signed into law July 21, 2010.
2. Non-Admitted and Reinsurance Reform Act of 2010 (NRRA) effective July 21, 2011. Placement of non-admitted insurance subject to jurisdiction of insured's Home State including collection and allocation of premium taxes.
3. NRRA intends that states will enter into a compact or other arrangement to establish procedures to collect and allocate premium taxes among the states for multi-state risks.
4. Vermont adopted the Surplus Lines Insurance Multi-State Compliance Compact (SlimPact), 8 V.S.A. chapter 138A, during the last session to be in compliance with NRRA. The compact is not operational until 10 states become members. Nine states have joined.
5. Until the compact is operational, Vermont will follow a single state tax system by collecting gross amount of surplus lines premium tax as the Home State. No allocation will be made in multi-state risks.
6. Not all states are considering joining the compact. Many states are entering into the NAIC's NIMA scheme and many other states are either undecided or will elect to remain as a single state system.
7. It is not know at this time what the revenue impact will be to Vermont, if any, for circumstances where Vermont would be due a portion of the premium tax from an insured located outside the state.
8. A Bulletin has been issued by the Insurance Division informing the surplus lines industry as to the status of premium taxes due in this interim period.



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