

Bulletin No. 2019-25

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RE: EXCESS LINE PREMIUM TAX ON MULTI-YEAR POLICIES

In response to recent inquiries and confusion about how taxes are calculated on multi-year excess line policies, please be advised that the NY Department of Financial Services (DFS) has consistently interpreted Section 2118(d) (1) to mean that excess line brokers are to pay premium taxes on 100% of gross premiums for the **FULL** term of the insurance policy coverage period **in the tax year the policy is written** based on the policy's effective date.

The "Instruction Section" of the NY Premium Tax Statement informs excess line brokers of the following with regard to taxes paid on multi-year excess line policies:

"All premiums must be reported on a WRITTEN BASIS and not on a cash received basis. If a policy is written for a term which exceeds one year, the premium for the FULL term, i.e., two, three or more years, must be reported in the year the policy is written."

Any other interpretation or understanding of this requirement is contrary to the position of the DFS.

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