Application of the Provisions of SB 1816 on Multi-State Filings

Note: In all the examples below, it is assumed that Florida is deemed to be the Home State. References to the application of SB 1816 refer to where the business will be filed and how it is taxed.

Basic: A policy is effective 6/23/11 =SB does not apply; the policy renews on 6/23/12 = SB does apply.

1. A policy is effective on 6/23/2011. An endorsement comes in with an effective date of 7/30/11. As the original new business was effective prior to the 7/1/11 implementation date, neither the new business nor the endorsement is subject to SB 1816.

2. A policy is effective on 7/23/11. An endorsement comes in effective 9/22/11. Because the policy was effective after 7/1/11, SB applies to both the new business and the endorsement.

3. A policy is effective 6/28/11; it is cancelled effective 7/22/11 and then reinstated on 7/23/11. SB 1816 applies to the reinstatement as it reflects the new effective date of the policy.

4. A three-year (3) contract effective on 12/20/10 and premium is being paid in scheduled installments. On the annual anniversary of the policy (12/20/11), a renewal transaction would be filed in Florida if (and only if), Florida is the Home State of the insured. In this scenario, the new business effective on 12/20/2010 is not applicable to SB 1816, but the renewal transaction effective 12/20/2011 is applicable to SB 1816.

5. A policy is effective on 6/23/11. The policy is extended 365 days effective 6/23/12. Because the new business was placed and effective prior to 7/1/11, SB 1816 does not apply, however, as the expiration date extension exceeds 364 days from the original policy expiration date, the extension is treated as a separate placement (a renewal). SB 1816 will apply to the renewal.

6. A three-year (3) contract effective on 12/20/10 and the entire premium was paid in full at the policy inception. SB 1816 would not apply to the policy or any subsequent endorsements during the policy term.

7. New business with an effective date of 6/23/11 is filed with FSLSO as a single state transaction. During the policy period, an endorsement is added bearing GA exposure effective 7/23/11. In this scenario, because the new business was effective prior to 7/1/11, neither the new business nor endorsement would be applicable to the provisions of SB 1816. Thus you would only file the Florida allocated premium with FSLSO and the Georgia endorsement would be filed in accordance with Georgia's laws.

8. New business with an effective date of 7/2/11 is filed with FSLSO as a single state transaction. During the policy period, an endorsement is added bearing Georgia exposure effective 7/23. In this scenario, the new business would be filed with FSLSO and taxed at Florida's rates. The endorsement would ALSO be filed with FSLSO and would be taxed at Georgia's rates. Additionally, the Georgia premium would be feeable under FSLSO's service fee rate.

9. You have a multi-state policy effective 7/23/2011. The policy contains exposure in Florida and Georgia. Neither state houses the principle of place of business or residence of the insured. Florida is determined to be the home state because it holds the majority of the risk. An endorsement is added during the policy term which adds Alabama to the risk; Alabama is also where the company headquarters exists. In this scenario, the Alabama exposure would be filed with Florida as Florida was determined to be the home state at the inception of the policy. If at the time of renewal of the policy Alabama is determined to be the home state, the agent would file that policy with Alabama.

10. You have a multi-state policy effective 7/23/2011. The policy contains exposure in Florida and Georgia. Neither state houses the principle of place of business or residence of the insured. Florida is determined to be the home state because it holds 55% of the risk and Georgia has 45%. During the policy term, an endorsement is added with additional Georgia exposure. The additional exposure changes the allocation percentage to 65% in GA and 35% in Florida. In this scenario, the Georgia exposure would be filed with Florida as Florida was determined to be the home state at the inception of the policy. If at the time of renewal of the policy Georgia is determined to be the home state, the agent would file that policy with Georgia.