



Office of the Director

Arizona Department of Insurance

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Douglas A. Ducey, Governor
Leslie R. Hess, Interim Director

REGULATORY BULLETIN 2016-04¹

To: All Surplus Lines Brokers

From: Leslie R. Hess
Interim Director

Date: October 25, 2016

Re: Service Fees Charged by Surplus Lines Brokers

This Regulatory Bulletin clarifies that HB 2149 (Laws 2016, Chapter 38), effective August 6, 2016, did not change the requirements for surplus lines brokers (“SLB’s”) to report and pay taxes and stamping fees for service fees that SLB’s charge insureds. The Bill did not alter or eliminate the provision in ARS § 20-410(C) that permits a SLB to charge and receive a fee from an insured when the fee is disclosed to and agreed by the insured and the SLB pays the surplus lines tax on the fee.

Instead, HB 2149, in part, modified ARS § 20-415 to clarify that a surplus lines broker is not responsible for paying taxes and stamping fees for fees *an insurance producer* imposes on an insured, as may be allowable under ARS §§ 20-407(C) and 20-465.

Please direct any questions related to this Regulatory Bulletin to:

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¹ This Substantive Policy Statement is advisory only. A Substantive Policy Statement does not include internal procedural documents that only affect the internal procedures of the Agency, and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this Substantive Policy Statement does impose additional requirements or penalties on regulated parties, you may petition the agency under Arizona Revised Statutes Section 41-1033 for a review of the Statement.