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Guidance Pertaining to Nevada's Withdrawal from NIMA and Exclusive Home-State Taxation of Multi-State Policies of Nonadmitted Insurance

On June 29, 2012, Nevada submitted its notice of withdrawal from the Nonadmitted Insurance Multistate Agreement (NIMA). Nevada's membership in NIMA officially terminates on August 29, 2012, or 60 days from the date of the notice. However, because Nevada withdrew from NIMA prior to the July 1, 2012, effective date of the NIMA multi-state premium-tax allocation implementation, Nevada will not be required to participate in such allocation.

Instead, the requirement of exclusive home-state taxation, pursuant to the Nonadmitted and Reinsurance Reform Act (NRRA) of 2010 will apply. As is currently the case, if the Home State of the insured risk, as defined in the NRRA and in Nevada Revised Statute (NRS) 685A.034, is Nevada, then Nevada shall collect 100% of the nonadmitted-insurance premium tax pertaining to that risk, irrespective of whether that risk is a Nevada-only risk or a multi-state risk. Where Nevada is not the Home State of the insured risk, no premium-tax filing in Nevada is required. For such a risk, brokers should submit filings in the Home State, according to the laws of that state.

Surplus-lines brokers should continue to submit all premium-tax filings to the Nevada Surplus Lines Association (NSLA). Insureds who independently procure insurance should continue to submit all premium-tax filings to the Nevada Department of Taxation. The Division reminds brokers and insureds that any nonadmitted insurance that involves a broker in its procurement is considered surplus lines insurance, and taxes for such insurance should be filed with the NSLA.

SCOTT J. KIPPER,
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