

of each daily report, if any, and of each binder or cover note delivered by him. The records shall be available for examination by the Commissioner at any reasonable time within three (3) years after the issuance of the coverage to which it relates.

(b) Within sixty days following December 31st and June 30th of each year the broker shall file with the Commissioner a semi-annual statement which shall be open to public inspection and which reports:

(1) The gross amount of each kind of insurance business transacted and the aggregate gross premiums charged;

(2) The aggregate of returned premiums and taxes paid to insureds;

(3) The aggregate of net premiums; and

(4) Such additional information as the Commissioner may reasonably require.

#### **194. Surplus Lines Tax.**

(a) The premiums charged for surplus lines coverages are subject to a premium receipts tax of 3% on all gross premiums less any returned premiums charged for such insurance. The surplus lines broker shall charge the insured the amount of the tax at the time of delivery of the cover note, certificate of insurance, policy or other initial confirmation of insurance, in addition to the full amount of the gross premium charged by the insurer for the insurance, provided, however, that the tax on any unearned portion of the premium shall be returned to the policyholder by the surplus lines broker. The surplus lines broker is prohibited from absorbing such tax, or, as an inducement for insurance or for any other reason, rebating all or any part of such tax or of his commission.

(b) The surplus lines broker shall pay the taxes under subsection (a) to the Commissioner on a monthly basis; and shall on or before the 15th day of each month forward to the Commissioner the amount of premium receipts taxes due upon business done during the preceding month.

(c) If the surplus lines policy covers risks or exposures only partially in this State, the tax payable shall be computed on the portions of the premium which is properly allocable to the risks or exposures located in this State.

(d) This section does not apply to reinsurance or insurance of risks referred to in section 199, nor to insurance of risks of the State Government.

#### **195. Penalty for Failure to File Statement or Pay Tax.**

Every surplus line broker who fails to make and file the semi-annual statement as required under section 193 or to pay the taxes as required under section 194, shall be liable to a penalty of twenty-five dollars (\$25) for each seven days of delinquency. The tax and penalty may be recovered in an action instituted by the Commissioner in the name of the State in any court of competent jurisdiction, the Attorney General representing him. The surplus line broker's license shall also be subject to revocation as provided in section 196.