

Surplus Line Tax Exempt Classes

The following class of business are exempt from the tax on surplus line policies procured for Arizona risks. Pursuant to ARS 20-420, "Exemptions from surplus lines provisions", 1) Ocean Marine and foreign trade insurance, 2) Insurance on subjects located, resident or to be performed wholly outside Arizona, or on vehicles or aircraft owned and principally garaged outside Arizona, 3) Insurance on property or operations of railroads engaged in interstate commerce.

Surplus line tax exempt risks also include: Mexican insurance as described in ARS 20-422, State of Arizona property and liability insurance, and surplus line insurance purchased by federally recognized Indian tribes and tribal members to cover risks on its own reservation.

All "exempt class" policies must be reported and filed using the "X" code.