



DEPARTMENT OF INSURANCE
STATE OF ARIZONA

Financial Affairs Division- Tax Unit
2910 North 44th Street, Suite 210
Phoenix, Arizona 85018-7269
Phone: (602) 364-3998
Fax: (602) 364-3989

**NONRESIDENT SURPLUS LINES BROKER
WITHOUT ARIZONA SURPLUS LINES LICENSE**

**FORM E-159MS INSTRUCTIONS
FOR THE ARIZONA PORTION
OF A MULTI-STATE SURPLUS LINES TRANSACTION**
ARS §§ 20-411.02(C) and 20-416(C)

- A) **WHO MUST FILE:** You must file the form E-159MS if:
- You are licensed as a surplus lines broker license in another state, and
 - **You do not hold an Arizona Surplus Lines license, and**
 - You procured surplus lines insurance in another state, for which **50% or less of the exposure is allocated to Arizona**
- B) **HOW TO COMPLETE FORM E-159MS:** You must include the information below to comply with the reporting and tax remittance requirement:
- 1) **Complete the top portion** of Form E-159MS, including state of residence, state of residence license number, name as shown on resident license, mailing address, telephone & fax numbers and e-mail address. Please also provide your Arizona Non-Resident Producer License number, if applicable.
 - 2) **Enter the Reporting Period** in the space provided. **Semi-annual reporting periods** are January 1 through June 30 and July 1 through December 31. Enter the last day of the applicable reporting period **INCLUDING** the calendar year based upon the policy effective date or cancellation effective date of the transaction(s) being reported. **For example, for a policy with an effective date in July of 2007, please enter 12/31/07 as the Reporting Period.**
 - 3) **Fill in all spaces in the statement.** DO NOT round numbers. Enter "0" or "NONE" in all spaces where applicable. DO NOT file a BLANK Statement, as it will not fulfill the reporting requirement. **Taxable premiums include all fees paid by the insured in addition to the premium.**
 - 4) The **FIRE PORTION OF NET PREMIUMS must be provided** to enable us to allocate fire premium tax revenues to the Fire Fighters Relief and Pension Fund. **It is your responsibility to determine the fire portion of the premium.** If necessary, please consult the underwriting manager(s) or insurer(s) for their recommendation for a reasonable percentage or amount which represents the fire portion of the total premium.
 - 5) **Attachments**, such as a copy of the policy declarations page, a copy of the invoice of premium and all fees, or a schedule prepared by the broker presenting the total premium, fees, etc. charged to the insured **and a schedule presenting the allocation of premium and tax amounts to all states involved**, are requested. **Enter the number of pages for all attachments in the box provided** at the bottom of the form.
 - 6) The **TAX PAYMENT** must be **payable to the Arizona Department of Insurance and must accompany the report** Form E-159MS. **DO NOT SEND REPORTS AND CHECKS SEPARATELY.**
- C) **DUE DATES: BE SURE TO ENTER THE REPORTING PERIOD AS INSTRUCTED in B.2. ABOVE**

The due dates for the Form E159MS and tax payment are:

September 1st for the Reporting Period of January 1 through June 30

March 1st for the Reporting Period of July 1 through December 31

PENALTY FOR DELINQUENT REPORT - LICENSE SUSPENSION OR REVOCATION: We may deny, suspend, revoke or refuse to renew your Arizona license or levy a civil penalty, if you fail to file complete and acceptable Semi-Annual Statement and Premium Tax Reports or pay all taxes when due. ARS § 20-418.

CIVIL PENALTY FOR LATE TAX PAYMENT: You are liable for civil penalty up to \$25 per day for each day of delinquency for tax paid late. ARS § 20-417.

ADDITIONAL CIVIL PENALTIES: We may impose an **ADDITIONAL civil penalty up to \$250 for each violation** of Arizona Insurance Laws, not to exceed an aggregate civil penalty of \$2,500. We may **also impose a civil penalty up to \$2,500 for each intentional failure or violation** of Arizona Insurance Laws, not to exceed an aggregate civil penalty of \$15,000. ARS § 20-295(F)(2).