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**MIA BULLETIN 17-18**

TO: All Surplus Lines Brokers  
SUBJECT: Taxation of Surplus Lines Broker Fees  
DATE: December 19, 2017

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The purpose of this Bulletin is to clarify that premium tax is not owed on certain fees associated with the placement of surplus lines coverage.

Fees that are charged and retained by a surplus lines broker for the placement of surplus lines coverage are not considered part of the premium amount paid to the insurer in consideration of the insurance contract. Rather, these fees are additional compensation for the placement of surplus lines coverage.

Therefore, broker fees that are charged, collected, and retained by the surplus lines broker are not subject to the 3% premium tax but are, instead, considered income for the broker.

Please direct questions regarding this Bulletin to Victoria Claros, Director Company Licensing at (410) 468-2134 or by email to: victoria.claros@maryland.gov.

AL REDMER, JR.  
Commissioner

signature on original

By: Vincent P. O'Grady  
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Examination & Audit