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Vicki Schmidt, Commissioner

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FOR IMMEDIATE RELEASE  
December 8, 2023

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## **Insurance Department issues guidance on surplus lines tax reduction**

Topeka, Kan. – Kansas Commissioner Vicki Schmidt, today, released guidance to insurance companies on how the reduced surplus lines tax rate will be implemented after the 2023 legislature passed a law lowering the surplus lines tax rate from 6% to 3% for tax years 2024 and after.

The new rate of 3% will apply to policies effective on or after January 1, 2024, and to any endorsements to those policies. All new and renewal policies effective **prior** to January 1, 2024, and any subsequent endorsements on those policies will still be taxed at the original rate of 6%.

Examples include:

- **Example One:** The tax rate for a policy with an effective date of 10/01/2023 is 6% of the total gross premium. An additional premium endorsement to this policy with an endorsement effective date of 06/01/2024 is also 6%. If a cancellation takes place with an effective date of 08/01/2024, the credit is 6% of the returned premium.
- **Example Two:** The tax for a policy with an effective date of 01/01/2024 is 3% of the total gross premium. An additional premium endorsement to the policy with an endorsement effective date of 06/01/2024 is also 3%. If a cancellation takes place with an effective date of 08/01/2024, the credit is 3%.

For questions regarding the surplus lines tax, visit the Department's website at [insurance.kansas.gov/surplus-excess-lines/](http://insurance.kansas.gov/surplus-excess-lines/) or contact us at 785-296-3071 or by email at [kid.comissioner@ks.gov](mailto:kid.comissioner@ks.gov).

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*The Kansas Legislature established the Kansas Insurance Department in 1871, currently led by Commissioner Vicki Schmidt. The mission of the Department is to **regulate** companies that sell policies in Kansas to ensure solvency and compliance with state law, **educate** consumers about all things insurance and securities, and **advocate** for a strong and competitive market to give Kansans choices when shopping for products that meet their needs.*