

Original sponsor: Commerce Committee

Offered: 4/2/80
Referred: Finance

1 IN THE HOUSE

BY THE COMMERCE COMMITTEE

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CS FOR HOUSE BILL NO. 717

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

ELEVENTH LEGISLATURE - SECOND SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the taxation of insurers; and
7 providing for an effective date."

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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* Section 1. AS 21.09.210(b) is amended to read:

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(b) Each insurer, and each formerly authorized insurer with re-
11 spect to premiums received while an authorized insurer in this state,
12 shall pay a tax on the total direct premium income received during the
13 year ending on the preceding December 31 and paid for the insurance of
14 property or risks resident or located in the state other than wet marine
15 and transportation insurance, after deducting from the total direct
16 premium income the applicable cancellations, returned premiums, the
17 unabsorbed portion of any deposit premium, all policy dividends, un-
18 absorbed premiums refunded to policyholders, refunds, savings, savings
19 coupons and other similar returns paid or credited to policyholders with
20 respect to their policies. No deductions may be made of cash surrender
21 value of policies. Considerations received on annuity contracts shall
22 not be included in the direct premium income and shall not be subject to
23 tax. The tax shall be paid to the director annually before April 1,
24 and, except as provided in (i) and (j) of this section and in AS 21.69.-
25 390(c), is computed at the rate of

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(1) one and one-half percent for a domestic company [DOMESTIC
27 COMPANIES, 1-1/2 PER CENT];

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(2) six percent of gross premiums less claims paid for a
29 hospital and medical service corporation [CORPORATIONS, 6 PER CENT OF

1 THEIR GROSS PREMIUMS LESS CLAIMS PAID];

2 (3) three percent for a company other than a domestic cor-
3 poration or hospital and medical service corporation [COMPANIES OTHER
4 THAN DOMESTIC AND HOSPITAL AND MEDICAL SERVICE CORPORATIONS, 3 PER
5 CENT].

6 * Sec. 2. AS 21.09.210 is amended by adding new subsections to read:

7 (i) The levy of a tax under (b)(1) of this section does not apply
8 to a domestic insurer who maintained at least 50 percent of its invest-
9 ments in assets in the state during the year for which the tax is due.
10 To qualify under this subsection, the investments of the domestic
11 insurer must comply with AS 21.21. For purposes of this subsection, if
12 the domestic insurer is an affiliate, subsidiary or associate of an
13 insurer or group of insurers which does not qualify as a domestic
14 insurer, the domestic insurer qualifies under this subsection only if
15 its investments in the state are not less than 50 percent of the amount
16 equal to the proportion of the total investments of the insurer or group
17 of insurers of which it is an affiliate, subsidiary, or associate that
18 the written premium of the domestic insurer bears to the total written
19 premium of the insurer or group of insurers of which it is an affiliate,
20 subsidiary, or associate.

21 (j) The tax rate in (b)(3) of this section is reduced to one and
22 one-half percent if during the year for which the tax is due the insurer
23 maintained, as a percentage of its total investments, investments in
24 assets in the state equal to at least twice the amount that its written
25 premium in the state bears to its total written premium. To qualify for
26 a tax reduction under this subsection, the investments of the insurer
27 must comply with AS 21.21.

28 * Sec. 3. This Act takes effect January 1, 1981.

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