

1 IN THE HOUSE

BY THE LABOR AND  
COMMERCE COMMITTEE

2

HOUSE BILL NO. 355

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to imposition of a uniform insurance  
7 premium tax; and providing for an effective date."

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

9 \* Section 1. AS 21.09.210(b) is repealed and reenacted to read:

10 (b) By April 1 of each calendar year, an authorized insurer  
11 shall pay to the director a tax equal to 2.7 percent of the total  
12 direct premium income received during the preceding calendar year for  
13 insuring property or risks located in the state. In computing the tax  
14 due under this subsection, an insurer may deduct from total direct  
15 premium income applicable cancellations, returned premiums, the unab-  
16 sorbed portion of any deposit premium, all policy dividends, unab-  
17 sorbed premiums refunded to policyholders, refunds, savings, savings  
18 coupons, and other similar returns paid or credited to a policyholder.  
19 A deduction from direct premium income may not be made for the cash  
20 surrender value of a policy. Consideration received for an annuity  
21 contract may not be considered direct premium income and is not sub-  
22 ject to tax.

23 \* Sec. 2. AS 21.09.210(d) is repealed and reenacted to read:

24 (d) An authorized insurer who issues a wet marine or transporta-  
25 tion contract in this state shall pay the tax imposed under (b) of  
26 this section on the insurer's gross underwriting profit in the preced-  
27 ing calendar year. The gross underwriting profit is computed by  
28 deducting from net premiums the net losses paid during the preceding  
29 calendar year. In the case of an insurer issuing participating

1 contracts, the gross underwriting profit may not include an amount re-  
2 funded or paid as a participation dividend by the insurer to the  
3 holder of the contract.

4 \* Sec. 3. AS 21.09.210 is amended by adding a new subsection to read:

5 (j) The commissioner of administration shall separately account  
6 for premium taxes collected by the division of insurance that the  
7 division deposits in the general fund. The annual estimated balance  
8 in the account may be appropriated by the legislature to the Alaska  
9 medical malpractice matching loan fund under AS 21.88.310.

10 \* Sec. 4. AS 21.33.061(c) is repealed and reenacted to read:

11 (c) A premium, membership fee, assessment, or other considera-  
12 tion received for insurance issued by a nonadmitted insurer, is sub-  
13 ject to the tax imposed under AS 21.09.210(b).

14 \* Sec. 5. AS 21.33.061(e) is amended to read:

15 (e) If the insured fails to withhold from the premium the amount  
16 of tax levied, the insured is liable for the amount and shall pay the  
17 tax to the director as required under AS 21.09.210(b) [WITHIN THE TIME  
18 STATED IN (c) OF THIS SECTION]. If the tax prescribed under AS 21.-  
19 09.210(b) [BY THIS SECTION] is not paid by April 1 of each year [WITH-  
20 IN THE TIME STATED IN (c) OF THIS SECTION], the tax shall be increased  
21 by a penalty of 25 percent and by [THE AMOUNT OF] an additional pen-  
22 alty not to exceed \$100 per day from the date the payment was due to  
23 the date paid.

24 \* Sec. 6. AS 21.66.110 is repealed and reenacted to read:

25 Sec. 21.66.110. ANNUAL TAX ON TITLE INSURANCE PREMIUMS. A title  
26 insurance company shall pay the tax imposed under AS 21.09.210(b) on  
27 gross title insurance premiums received during the calendar year.

28 \* Sec. 7. AS 21.88.060 is repealed and reenacted to read:

29 Sec. 21.88.060. PREMIUM TAX. The corporation shall pay the

1 premium tax imposed under AS 21.09.210(b) on the total direct premium  
2 income received by the corporation during the preceding calendar year.

3 \* Sec. 8. AS 21.09.210(h) is repealed.

4 \* Sec. 9. APPLICABILITY. This Act applies to insurance policies that  
5 are issued or renewed after the effective date of this section.

6 \* Sec. 10. Section 3 of this Act takes effect on the effective date of  
7 an Act establishing the Alaska medical malpractice matching loan fund.

8 \* Sec. 11. Except for sec. 3 of this Act, this Act takes effect July 1,  
9 1990.