

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 600 Session of
1999

INTRODUCED BY NICKOL, ROONEY, SCHRODER, SATHER, BUXTON,
ZIMMERMAN, WILT, CLYMER, ARMSTRONG, ROSS, FARGO, MAITLAND,
S. H. SMITH, GORDNER, HENNESSEY, LYNCH, YEWIC, RUBLEY,
STERN, PLATTS, CLARK, SAYLOR, MASLAND, SNYDER, SEMMEL, MUNDY,
SEYFERT, STEELMAN, TIGUE, DeLUCA, HUTCHINSON, McCALL, BROWNE
AND BAKER, FEBRUARY 17, 1999

REFERRED TO COMMITTEE ON INSURANCE, FEBRUARY 17, 1999

AN ACT

1 Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An
2 act relating to insurance; amending, revising, and
3 consolidating the law providing for the incorporation of
4 insurance companies, and the regulation, supervision, and
5 protection of home and foreign insurance companies, Lloyds
6 associations, reciprocal and inter-insurance exchanges, and
7 fire insurance rating bureaus, and the regulation and
8 supervision of insurance carried by such companies,
9 associations, and exchanges, including insurance carried by
10 the State Workmen's Insurance Fund; providing penalties; and
11 repealing existing laws," further providing for assessments
12 by the Pennsylvania Property and Casualty Insurance Guaranty
13 Association; providing credits for assessments paid; and
14 further providing for nature of assessments.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. Section 1808 of the act of May 17, 1921 (P.L.682,
18 No.284), known as The Insurance Company Law of 1921, is amended
19 by adding a subsection to read:

20 Section 1808. Assessments.--* * *

21 (g) If at the time an assessment is levied on the all other
22 insurance account, the association finds that at least fifty per

1 centum (50%) of the total net direct written premiums of a
2 member insurer, for the year on which such assessment is based,
3 were from policies issued or delivered in this Commonwealth, on
4 risks located in this Commonwealth, the member insurer shall be
5 assessed only on that portion of the insurer's net direct
6 written premium, if any, that exceeds two million dollars
7 (\$2,000,000). If a member insurer received net direct written
8 premiums attributable to the same kind of insurance that gave
9 rise to covered claims to which an assessment applies, no
10 portion of such premiums shall be exempt from assessment under
11 this subsection.

12 Section 2. The act is amended by adding a section to read:

13 Section 1810.1. Credits for Assessments Paid.--(a) Subject
14 to the limitations provided in subsection (d) and section
15 1811(b), for premium taxes payable in 1999 and thereafter, a
16 member insurer shall be entitled to an offset against its
17 premium tax liability to the Commonwealth, not to exceed twenty
18 per centum (20%) of the assessment paid by the member in the
19 prior year, as calculated under subsection (b).

20 (b) The proportionate part of an assessment subject to the
21 twenty per centum (20%) offset against a member insurer's
22 premium tax liability to the Commonwealth shall be determined
23 according to a fraction, the denominator of which is the total
24 Pennsylvania premiums received by the company during the prior
25 calendar year and the numerator of which is that portion of the
26 premiums received during such year on account of policies
27 included within the all other insurance account identified in
28 section 1808(a).

29 (c) Any sums which are acquired by refund under section 1809
30 from the association by member insurers and which have

1 theretofore been offset against premium taxes as provided in
2 this section and are not then needed for the purposes of this
3 act, shall be paid by such insurers to this Commonwealth in such
4 manner as the tax authorities may require. The association shall
5 notify the commissioner that such refunds have been made.

6 (d) No offset against premium tax liability shall be
7 permitted to the extent that a member insurer's rates and
8 premiums have been adjusted as permitted in section 1810.

9 (e) The offset against premium tax liability authorized by
10 this section shall not reduce the payments to municipalities
11 from the Fire Insurance Tax Fund and the Municipal Pension Aid
12 Fund under the act of December 18, 1984 (P.L.1005, No.205),
13 known as the "Municipal Pension Plan Funding Standard and
14 Recovery Act." The General Assembly shall annually appropriate
15 from the General Fund an amount equal to the credits taken under
16 this section by foreign fire and casualty insurance companies
17 into the Fire Insurance Tax Fund and the Municipal Pension Aid
18 Fund.

19 Section 3. Section 1811 of the act, added December 12, 1994
20 (P.L.1005, No.137), is amended to read:

21 Section 1811. Nature of Assessments.--(a) Assessments made
22 by an insurance guaranty association or similar entities
23 pursuant to the laws of any other state shall not be considered
24 "burdens or prohibitions" under section 212 of the act of May
25 17, 1921 (P.L.789, No.285), known as "The Insurance Department
26 Act of 1921."

27 (b) A member insurer domiciled in a state, the laws of which
28 do not provide for an offset or credit of property and casualty
29 insurance guaranty fund assessments against the premium tax
30 payable by Pennsylvania-domiciled insurers in an amount at least

equivalent in effect to the offset against premium tax liability authorized by section 1810.1, shall not be eligible for a credit against foreign premium taxes payable by such member insurer to the Commonwealth. The commissioner shall determine whether an offset or credit provided by the laws of another state is at least equivalent in effect to the offset against premium tax liability authorized in section 1810.1.

Section 4. This act shall apply as follows:

(1) The amendment of section 1808 of the act shall be applicable to assessments made on or after January 1, 1999.

(2) The amendment or addition of sections 1810.1 and 1811 of the act shall be applicable to premium taxes payable on or after January 1, 1999.

Section 5. This act shall take effect as follows:

(1) The amendment of section 1808 of the act shall take effect immediately.

(2) This section shall take effect immediately.

(3) The amendment or addition of sections 1810.1 and 1811 of the act shall take effect July 1, 1999, or immediately, whichever occurs later.