
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1097 Session of
2011

INTRODUCED BY D. WHITE, STACK, ERICKSON AND RAFFERTY,
JUNE 6, 2011

REFERRED TO BANKING AND INSURANCE, JUNE 6, 2011

AN ACT

1 Amending the act of July 6, 1917 (P.L.723, No.262), entitled "An
2 act imposing a tax on premiums of insurance and reinsurance
3 in foreign insurance companies and associations not
4 registered in this Commonwealth; providing the method of
5 collection of such tax, and imposing penalties," further
6 providing for tax on contracts with unauthorized companies
7 and deductions.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. Section 1 of the act of July 6, 1917 (P.L.723,
11 No.262), entitled "An act imposing a tax on premiums of
12 insurance and reinsurance in foreign insurance companies and
13 associations not registered in this Commonwealth; providing the
14 method of collection of such tax, and imposing penalties" is
15 amended to read:

16 Section 1. (a) (1) Be it enacted, &c., That whenever any
17 person, corporation, copartnership, or association enters into
18 any contract of insurance or reinsurance of any kind with any
19 insurance company or association of another [State] state or of
20 a foreign country, not registered or entitled to do business in

1 this Commonwealth, such person, corporation, copartnership, or
2 association shall, at the time of making such contracts and at
3 the time of making any periodical payment, deduct from all
4 premiums on such insurance or reinsurance a per centum thereof
5 equal to the per centum tax imposed on the premiums of insurance
6 companies and associations of other [State] state and of foreign
7 countries that are registered and entitled to do business in
8 this Commonwealth, and shall forthwith pay such amount into the
9 State Treasury.

10 (2) For policies placed after the effective date of this
11 provision, the premium taxes provided for in this section shall
12 be levied upon that portion of the premium computed in
13 accordance with section 1621(a) of the act of May 17, 1921
14 (P.L.682, No.284), known as "The Insurance Company Law of 1921."

15 (b) (1) Any person, corporation, copartnership, or
16 association failing to make such deduction and payment into the
17 State Treasury shall be liable for the amount of such tax, with
18 interest at the rate of twelve per centum per annum, to be
19 collected in the same manner as other taxes of the Commonwealth
20 are collected.

21 (2) Within thirty days after the last day of the month in
22 which the insurance was procured, continued or renewed, a report
23 of the transaction shall be filed on forms prescribed by the
24 Department of Revenue. The report shall set forth the
25 information required of surplus lines licensees as required in
26 any report described in section 1621 of "The Insurance Company
27 Law of 1921." The tax shall be paid on the date the report is
28 due as provided in this section. The insured shall file a copy
29 of the report with the Insurance Department upon its request.

30 (c) A penalty shall be imposed for failure to file the

1 report required by this section on or before the due date in
2 accordance with the rules of section 403(d) of the act of March
3 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971."

4 (d) (1) The provisions of this section, insofar as they
5 relate to the collection, reporting and remittance of tax for
6 policies placed after June 30, 2011, shall apply when this
7 Commonwealth is the home state of the insured.

8 (2) The provisions of this section, insofar as they relate
9 to the imposition of tax and penalties for policies placed after
10 June 30, 2011, shall apply when this Commonwealth is the home
11 state of the insured.

12 (3) As used in this subsection, the term "home state" shall
13 mean:

14 (i) Except as provided in subparagraph (ii), with respect to
15 an insured:

16 (A) the state in which an insured maintains its principal
17 place of business or, in the case of an individual, the
18 individual's principal residence; or

19 (B) if one hundred per centum of the insured risk is located
20 out of the state referred to in clause (A), the state to which
21 the greatest percentage of the insured's taxable premium for
22 that insurance contract is allocated.

23 (ii) If more than one insured from an affiliated group are
24 named insureds on a single nonadmitted insurance contract, the
25 term means the home state, as determined under subparagraph (i),
26 of the member of the affiliated group that has the largest
27 percentage of premium attributed to it under the insurance
28 contract.

29 Section 2. This act shall take effect immediately.