

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 727

Short Title: Insurance Regulatory Charge.

(Public)

Sponsors: Senator Miller.

Referred to: Finance.

April 7, 1997

A BILL TO BE ENTITLED

AN ACT TO SET THE INSURANCE REGULATORY CHARGE FOR CALENDAR
YEAR 1997 AND TO CLARIFY THE BASIS OF THE PREMIUM TAX
LIABILITY ON WHICH THE CHARGE IS LEVIED.

The General Assembly of North Carolina enacts:

Section 1. The percentage rate to be used in calculating the insurance
regulatory charge under G.S. 58-6-25 is eight and one-half percent (8.5%) for the 1997
calendar year.

Section 2. G.S. 58-6-25(a) reads as rewritten:

"(a) Charge Levied. – There is levied on each insurance company an annual charge
for the purposes stated in subsection (d) of this section. As used in this section, the term
'insurance company' means a company that pays the gross premiums tax levied in G.S.
105-228.5 and G.S. 105-228.8, ~~except that the term does not include a hospital, medical, or
dental service corporation regulated under Articles 65 and 66 of this Chapter. The term
"insurance company" does not include a company regulated under Article 67 of this Chapter.~~ for
service corporations and health maintenance organizations under Articles 65 and 67 of
this Chapter. The charge levied in this section is in addition to all other fees and taxes.
The charge shall be at a percentage rate of the company's premium tax liability for the
taxable year. In determining an insurance company's premium tax liability for a taxable
year, additional taxes imposed by ~~G.S. 105-228.8 and~~ G.S. 105-228.8, the additional local

1 fire and lightning tax imposed by ~~G.S. 105-228.5(d)(4)~~ G.S. 105-228.5(d)(4), and any tax
2 credits for guaranty or solvency fund assessments under G.S. 105-228.5A or G.S. 97-
3 133(a) shall be disregarded."

4 Section 3. G.S. 97-133(a)(2) reads as rewritten:

5 "(2) Assess each member of the Association as follows:

- 6 a. Each individual member self-insurer shall be annually assessed
7 an amount equal to one-quarter of one percent (0.25%) of the
8 annual standard premium that would have been paid by that
9 member self-insurer for workers' compensation insurance during
10 the prior calendar year; and payment to the Association shall be
11 made no later than September 15 following the close of that
12 calendar year. Where any such assessment is paid based in
13 whole or in part upon estimates of annual standard premium for
14 the prior calendar year, there shall be made in the next year's
15 assessment an adjustment of the assessment of such prior year
16 based on actual audited annual standard premium. Each group
17 member self-insurer shall be annually assessed an amount equal
18 to one-quarter of one percent (0.25%) of the annual premium
19 collected by the group member self-insurer during the prior
20 calendar year; and payment to the Association shall be made no
21 later than September 15 following the close of that calendar year.
22 Regardless of the size of the Fund, during its first 12 months of
23 membership, no member self-insurer may discount or reduce this
24 one-quarter of one percent (0.25%) assessment. Assessments
25 paid by members pursuant to this subdivision shall be credited
26 toward the tax paid by self-insurers under ~~G.S. 105-228.5~~ and ~~G.S.~~
27 ~~97-100.~~ Article 8B of Chapter 105 of the General Statutes.
- 28 b. Each member self-insurer shall be notified of the assessment no
29 later than 30 days before it is due.
- 30 c. If a self-insurer is a member of the Association for less than a full
31 calendar year, the annual standard premium shall be adjusted by
32 that portion of the year the self-insurer is not a member of the
33 Association.
- 34 d. If application of the contribution rates referenced in sub-
35 subdivisions a. and b. of this subdivision would produce an
36 amount in excess of the five million dollar (\$5,000,000) limits of
37 the fund, an equitable proration may be made; provided that
38 every self-insurer that becomes a member of the Association
39 shall pay an initial assessment, in an amount established by the
40 Board, regardless of the size of the fund at the time the member
41 joins the Association."

42 Section 4. G.S. 97-133(a)(4) reads as rewritten:

1 "(4) Be obligated to the extent of covered claims occurring prior to the
2 determination of the member self-insurer's insolvency, or occurring
3 after such determination but prior to the obtaining by the self-insurer of
4 workers' compensation insurance as otherwise required under this
5 Chapter. The Association shall pay claims against a self-insurer that are
6 not or have not been paid as a result of a determination of insolvency or
7 the institution of bankruptcy or receivership proceedings that occurred
8 prior to the effective date of this Article; ~~provided that any assessments~~
9 ~~made to pay such claims may be credited towards the tax paid by the self-~~
10 ~~insurers under G.S. 97-100; Article. Any assessments made to those~~
11 claims described in this subdivision may be credited toward the tax paid
12 by self-insurers under Article 8B of Chapter 105 of the General
13 Statutes."

14 Section 5. This act is effective when it becomes law.