

1 *Senate* BILL NO. 220
 2 INTRODUCED BY *Turnage*
 3 BY REQUEST OF THE INSURANCE COMMISSIONER

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT TO AMEND SECTION
 6 40-3427, R.C.M. 1947, TO INCREASE THE PREMIUM TAX ON
 7 INDEPENDENTLY PROCURED COVERAGES."

8
 9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 10 Section 1. Section 40-3427, R.C.M. 1947, is amended to
 11 read as follows:

12 "40-3427. Report and tax of independently procured
 13 coverages. (1) Every insured who in this state procures or
 14 causes to be procured or continues or renews insurance in an
 15 unauthorized foreign insurer, or any selfinsurer who in this
 16 state so procures or continues excess loss, catastrophe or
 17 other insurance, upon a subject of insurance resident,
 18 located or to be performed within this state, other than
 19 insurance procured through a surplus line agent pursuant to
 20 the surplus line insurance law of this state or exempted
 21 from such law under section 40-3426, shall within thirty
 22 (30) days after the date such insurance was so procured,
 23 continued, or renewed, file a written report of the same
 24 with the commissioner on forms designated by the
 25 commissioner and furnished to such an insured upon request.

1 The report shall show the name and address of the insured or
 2 insureds, name and address of the insurer, the subject of
 3 the insurance, a general description of the coverage, the
 4 amount of premium currently charged therefor, and such
 5 additional pertinent information as is reasonably requested
 6 by the commissioner. If any such insurance covers also
 7 subject of insurance resident, located or to be performed
 8 outside this state a proper pro rata portion of the entire
 9 premium payable for all such insurance shall be allocated as
 10 to the subjects of insurance resident, located or to be
 11 performed in this state, for the purposes of this section.

12 (2) Any insurance in an unauthorized insurer procured
 13 through negotiations or an application in whole or in part
 14 occurring or made within or from within this state, or for
 15 which premiums in whole or in part are remitted directly or
 16 indirectly from within this state, shall be deemed to be
 17 insurance procured, or continued or renewed in this state
 18 within the intent of subsection (1) above.

19 (3) For the general support of the government of this
 20 state there is levied upon the obligation, chose in action,
 21 or right represented by the premium charged or payable for
 22 such insurance, a tax at the rate of ~~two-per-cent (2%)~~ 2
 23 3 1/4% of the gross amount of such premium. The insured shall
 24 withhold the amount of the tax from the amount of premium
 25 charged by and otherwise payable to the insurer for such

1 insurance, and within thirty (30) days after the insurance
2 was so procured, continued or renewed, and coincidentally
3 with the filing with the commissioner of the report provided
4 for in subsection (1) above, the insured shall pay the
5 amount of the tax to the state treasurer through the
6 commissioner.

7 (4) If the insured fails to withhold from the premium
8 the amount of tax herein levied, the insured shall be liable
9 for the amount thereof and shall pay the same to the
10 commissioner within the time stated in subsection (3) above.

11 (5) The tax imposed hereunder if delinquent shall bear
12 interest at the rate of six per cent (6%) per annum,
13 compounded annually.

14 (6) The tax shall be collectible from the insured by
15 civil action brought by the commissioner.

16 (7) This section does not abrogate or modify, and
17 shall not be construed or deemed to abrogate or modify, any
18 provision of section 40-3401 (representing or aiding
19 unauthorized insurers prohibited) or 40-3402 (suits by
20 unauthorized insurers prohibited), or any other provision of
21 this code.

22 (8) This section does not apply as to life or
23 disability insurances."

-End-

STATE OF MONTANA

REQUEST NO. 172-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 24, 19 77, there is hereby submitted a Fiscal Note for Senate Bill 220 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

An act to increase the premium tax on independently procured coverages.

ASSUMPTIONS:

1. The number of independently procured coverages will remain the same.
2. The State Auditor is currently charging a 2%% premium tax as specified in Section 40--2821, R.C.M. 1947.

FISCAL IMPACT:

None, since the State Auditor is already assessing a 2%% premium tax.

Richard L. Davy for
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 1-26-77

Approved by Committee
on Business and Industry

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20 the surplus line insurance law of this state or exempted
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17 insurance procured, or continued or renewed in this state
18 within the intent of subsection (1) above.

19 (3) For the general support of the government of this
20 state there is levied upon the obligation, chose in action,
21 or right represented by the premium charged or payable for
22 such insurance, a tax at the rate of ~~two-per-cent-(2%)~~ 2
23 ~~3/4%~~ of the gross amount of such premium. The insured shall
24 withhold the amount of the tax from the amount of premium
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