

GENERAL ASSEMBLY OF NORTH CAROLINA  
1985 SESSION

CHAPTER 719  
SENATE BILL 633

AN ACT TO PROVIDE FOR A UNIFORM PREMIUM TAX STRUCTURE FOR  
INSURANCE COMPANIES.

Whereas, State regulation of the insurance industry engaged in business in North Carolina is essential to the welfare of the citizens of North Carolina; and

Whereas, the solvency and reliability of insurance companies are more ascertainable and the interests of the policyholders of this State are better protected where access to records of insurance companies may be obtained expeditiously and economically; and

Whereas, insurance companies with their corporate headquarters or principal place of business in this State are able to provide better and more responsive services to North Carolina policyholders due to the greater accessibility of records, offices and personnel; and

Whereas, it is in the public interest to broaden the economic base of this State, to encourage investment in this State and to enhance the economic and financial climate of this State; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-228.5 is amended by rewriting the sixth through the 12th paragraphs of that section, which begin with the words "On the basis" and end with the words "each subsequent year", to read:

"The tax rates on gross premiums are as follows:

- (1) At the rate of four percent (4%) on amounts collected on contracts applicable to liabilities under the Workers' Compensation Act;
- (2) At the rate of two and one-half percent (2 1/2%) on amounts collected on annuities and all other insurance contracts issued by insurers; and
- (3) At the rate of one percent (1%), in addition to the tax in subdivision (2), on amounts collected on insurance contracts for fire and lightning coverage, excluding amounts collected on marine or automobile policies.

If an insurance company has its corporate headquarters or principal place of business in this State, then the following credits may be applied to the premium tax imposed by this section:

- (1) A credit of two and four-tenths percent (2.4%) of the gross amount of the premiums collected on contracts applicable to liabilities under the Workers' Compensation Act;

- (2) A credit of one percent (1%) of the gross amount of the premiums collected on annuities and contracts of insurance issued by life insurance companies; and
- (3) A credit of one and one-half percent (1 1/2%) of the gross amount of the premiums collected on all other contracts of insurance."

Sec. 2. G.S. 105-228.5 is further amended by inserting between the words "specified" and "or" in the next to the last paragraph of that section the phrase ", to corporations organized under Chapter 57,".

Sec. 3. The Legislative Research Commission is authorized to study the premium tax rate for all insurance companies doing business in North Carolina. The Legislative Research Commission may make an interim report, including recommendations, to the 1986 Regular Session of the 1985 General Assembly and may make a final report to the 1987 General Assembly.

Sec. 4. This act is effective for taxable years beginning on or after January 1, 1985.

In the General Assembly read three times and ratified, this the 12th day of July, 1985.