

GENERAL ASSEMBLY OF NORTH CAROLINA
1985 SESSION

CHAPTER 928
SENATE BILL 879

AN ACT TO MAKE SUBSTANTIVE CHANGES IN LAWS REGARDING
INSURANCE TAXES AND FEES AS RECOMMENDED BY THE INSURANCE
REGULATION STUDY COMMISSION.

The General Assembly of North Carolina enacts:

Section 1. Article 4, Chapter 97 of the General Statutes, is amended as follows:

(a) By adding the following sentence to G.S. 97-133(a)(4):

"The Association shall pay claims against a self-insurer that are not or have not been paid as a result of a determination of insolvency or the institution of bankruptcy or receivership proceedings that occurred prior to the effective date of this Article; provided that any assessments made to pay such claims may be credited towards the tax paid by the self-insurers under G.S. 97-100."

(b) By adding the following section:

"§ 97-138. Tax exemption. – The Association shall be exempt from payment of all fees and all taxes levied by this State or any of its political subdivisions, except taxes levied on real or personal property."

Sec. 2. Effective July 1, 1986, G.S. 58-41.1(d) is amended by inserting between "section;" and "and such" the following: "the Commissioner is authorized to charge a reasonable fee not to exceed thirty-five dollars (\$35.00), in addition to the registration fee charged under G.S. 105-228.7, to offset the cost of the examination contract authorized by this subsection;".

Sec. 3. Effective July 1, 1986, G.S. 58-41.1(e) is amended by inserting "and in subsection (d) of this section" immediately after "G.S. 105-228.7".

Sec. 4. G.S. 57-12 is amended by substituting "ten dollars (\$10.00)" for "two dollars (\$2.00)".

Sec. 5. G.S. 57B-13 is amended by adding the following sentence:

"Licensing and examination fees shall be those for insurance agents under G.S. 105-228.7."

Sec. 6. G.S. 58-433(b)(4) is amended by substituting "ten thousand dollars (\$10,000)" for "fifty thousand dollars (\$50,000)".

Sec. 7. G.S. 58-438 is rewritten to read:

"§ 58-438. Collection of tax. – All provisions of Chapter 105 of the General Statutes, not inconsistent with this Article, relating to administration, auditing and making returns, the imposition and collection of tax and the lien thereon, assessments, refunds, and penalties, shall be applicable to the tax imposed by this Article; and with respect

thereto, the Commissioner has the same power and authority as is given to the Secretary of Revenue under the provisions of Chapter 105 of the General Statutes."

Sec. 8. Article 40 of Chapter 58 of the General Statutes, is amended by adding a new section to read:

"§ 58-511. **Taxes.** – (a) The tax provided by Article 8B of Chapter 105 of the General Statutes is imposed on each risk retention group.

(b) A risk retention group is subject to taxation under and is considered to be an insurer for the purpose of assessing and collecting taxes as provided by Article 8B of Chapter 105 of the General Statutes.

(c) An agent shall report and pay the taxes on the premiums for risks that he has placed with or on behalf of a risk retention group that is not chartered in this State in the same manner for reporting and paying taxes as provided by Article 36 of this Chapter."

Sec. 9. G.S. 105-228.7 is amended by:

(a) Adding to the schedule in the first paragraph the following:

"Surplus lines individual \$50.00 Surplus lines corporate 25.00 Persons licensed under G.S. 58-41.5 25.00

G.S. Chapter 57 agent 10.00

G.S. Chapter 57B agent 10.00"

(b) Rewriting the fourth paragraph to read:

"Any person not registered who is required by law or administrative rule to secure a license shall, upon application for registration, pay to the Commissioner of Insurance a fee of ten dollars (\$10.00). In the event additional licensing for other lines of insurance is requested, a fee of ten dollars (\$10.00) shall be paid to the Commissioner upon application for registration for each additional line of insurance. The requirement for an examination or a registration fee does not apply to agents for domestic farmers' mutual assessment fire insurance companies or associations specified in G.S. 105-228.4."

Sec. 10. Chapter 58 of the General Statutes is amended by adding a new G.S. 58-173.16A to Article 18A and a new G.S. 58-173.29 to Article 18B, which shall each have the following section heading and text:

"Premium taxes to be paid through association to Commissioner.–All premium taxes due on insurance written under this Article shall be remitted by each insurer to the association; and the association, as collecting agent for its member companies, shall forward all such taxes to the Commissioner as provided in Article 8B of Chapter 105 of the General Statutes."

Sec. 11. G.S. 58-437(c) is rewritten to read:

"(c) The section does not apply to insurance on risks of the State government, counties, municipal corporations, or any agency thereof."

Sec. 12. G.S. 105-228.3 is amended by inserting "advisory organization, joint underwriting or joint reinsurance organization," between "ratemaking bureau or association," and "or to serve".

Sec. 13. G.S. 97-100 is amended by adding a new subsection (k) to read as follows:

"(k) Every group of two or more employers who have pooled their liabilities pursuant to G.S. 97-93 shall pay a tax upon premiums received in this State in the same

manner as the tax is calculated and paid by insurance carriers insuring employers in this State and set forth in subsections (c), (d), (e), and (f) above."

Sec. 14. Sections 4 through 9 of this act shall become effective September 1, 1986. Section 1 of this act shall become effective October 1, 1986. The remaining sections of this act are effective upon ratification.

In the General Assembly read three times and ratified, this the 8th day of July, 1986.