

State of Arkansas
89th General Assembly
Regular Session, 2013

A Bill

SENATE BILL 1056

By: Senator Hester

For An Act To Be Entitled

AN ACT TO PROVIDE A PREMIUM TAX CREDIT FOR INSURANCE COMPANIES THAT INVEST IN ARKANSAS SECURITIES; AND FOR OTHER PURPOSES.

Subtitle

TO PROVIDE A PREMIUM TAX CREDIT FOR INSURANCE COMPANIES THAT INVEST IN ARKANSAS SECURITIES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 26-57-615(b)(1), concerning the date to apply for a premium tax credit for certain fees, is amended to read as follows:

(b)(1) Credits permitted in ~~subsection (a) of~~ this section shall be reported annually on March 1.

SECTION 2. Arkansas Code § 26-57-615, concerning premium tax credits for certain fees, is amended to add an additional subsection to read as follows:

(c)(1) An insurer, except life insurance companies, fraternal benefit associations, orders or societies, health and accident insurance companies, life and accident insurance companies, and nonprofit group hospital service plans, that meets the conditions in this section, is entitled to a reduction of or credit on its gross premium tax liability based on the amount of its investment in securities of this state if the insurer:

(A) Has invested in securities of this state an amount



that is equal to at least twenty-five percent (25%) of its total admitted assets extended at annual statement value; and

(B) Submits a report to the commissioner that shows the investments as of December 31 of the year preceding.

(2) If the amount the insurer had invested in securities of this state was:

(A) An amount not less than seventy percent (70%) nor more than eighty percent (80%) of the amount it had invested in securities of the other state in which it then had the highest percentage of its admitted assets invested, then the insurer's tax on its gross premiums is reduced by an amount equal to twenty-five percent (25%) of the tax but not more than two hundred thousand dollars (\$200,000);

(B) An amount in excess of eighty percent (80%) but not more than ninety percent (90%) of the amount it had invested in securities of the other state in which it then had the highest percentage of its admitted assets invested, then the insurer's tax on its gross premiums is reduced by an amount equal to fifty percent (50%) of the tax but not more than two hundred fifty thousand dollars (\$250,000); or

(C) An amount in excess of ninety percent (90%) of the amount it had invested in securities of the other state in which it then had the highest percentage of its admitted assets invested, then the insurer's tax on its gross premiums is reduced by an amount equal to seventy-five percent (75%) of the tax but not more than three hundred thousand dollars (\$300,000).

(3) The reduction or credit provided by subdivision (c)(2) of this section does not apply to the gross premium tax on premiums paid under policies of insurance directly or indirectly reinsured with a related insurer that is the direct writer of the policies unless the related insurer that bears the risk of loss under the reinsurance arrangement, if considered on a consolidated basis, would qualify for the reduction or credit directly.

(4) As used in this section, "securities" means:

(A) Real estate located in this state that is owned by the insurer;

(B) Bonds of the State of Arkansas or other state;

(C) Bonds or interest-bearing warrants of any county, city, town, school district, municipality, or subdivision that is or may be

authorized to issue bonds or warrants;

(D) Notes or bonds secured by a mortgage or trust deed on property, including those insured by the Federal Housing Administration, the Farmers Home Administration, or the federal government or any branch agency, department, or bureau thereof;

(E) The cash deposits in national or state banks or trust companies on the basis of average daily balances throughout the preceding calendar year; and

(F) Any other property or security issued by a corporation in which the insurer may invest its funds.