

---

---

# A BILL FOR AN ACT

RELATING TO INSURANCE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to temporarily  
2 increase insurance premium tax rates.

3           SECTION 2. Section 431:7-202, Hawaii Revised Statutes, is  
4 amended by amending subsections (a), (b), (c), and (d) to read  
5 as follows:

6           "(a) Each authorized insurer, except with respect to all  
7 life insurance contracts, ocean marine insurance contracts, and  
8 real property title insurance contracts, shall pay to the  
9 director of finance through the commissioner a tax of [4-265]  
10 \_\_\_\_\_ per cent on the gross premiums written from all risks or  
11 property resident, situated, or located within this [State,]  
12 state, during the year ending on the preceding December 31, less  
13 return premiums (but not including dividends paid or credited to  
14 policyholders), and less any reinsurance accepted (the tax upon  
15 such business being payable by the direct writing insurer).

16           All premiums written, procured, or received in the [State]  
17 state shall be presumed to have been from risks or property



1 resident, situated, or located within the [~~State.~~] state. This  
2 presumption may be rebutted as to any premium by:

3 (1) [~~By showing~~] Showing that it has been properly  
4 allocated or apportioned and reported as a taxable  
5 premium of another state or other appropriate taxing  
6 authority; or

7 (2) [~~By facts~~] Facts as to the residence, situation, or  
8 location of the risks or property, conclusively  
9 showing the nontaxability of the premium.

10 (b) Each authorized insurer, with respect to life  
11 insurance contracts [~~7~~] entered into before July 1, 2010, shall  
12 pay to the director of finance through the commissioner a tax of  
13 2.75 per cent on the gross premiums received from all risks  
14 resident within this [~~State,7~~] state, during the year ending on  
15 the preceding December 31, less return premiums, dividends paid  
16 or credited to policyholders, and reinsurance accepted (the tax  
17 upon such business being payable by the direct writing insurer).

18 Each authorized insurer, with respect to life insurance  
19 contracts entered into on or after July 1, 2010, shall pay to  
20 the director of finance through the commissioner a tax of  
21 per cent on the gross premiums received from all risks resident  
22 within this state, during the year ending on the preceding



1 December 31, less return premiums, dividends paid or credited to  
2 policyholders, and reinsurance accepted (the tax upon such  
3 business being payable by the direct writing insurer).

4       The tax also shall apply to premiums for insurance written  
5 on individuals residing outside the [~~State~~] state unless the  
6 direct writing insurer shall show the payment of a comparable  
7 tax to another appropriate taxing authority. Such showing may  
8 be required as to any premium written, procured, or received in  
9 the [~~State-~~] state.

10       (c) Each authorized insurer shall, with respect to all  
11 ocean marine insurance contracts written within the [~~State-~~]  
12 state, during the year ending on the preceding December 31, pay  
13 to the director of finance through the commissioner a tax of  
14 [~~8.775~~] \_\_\_\_\_ per cent on its gross underwriting profit. The  
15 gross underwriting profit shall be ascertained by deducting from  
16 the net premiums (i.e., gross premiums less all return premiums  
17 and premiums for reinsurance ceded) on such ocean marine  
18 insurance contracts, the net losses paid (i.e., gross losses  
19 paid less salvage and recoveries on reinsurance ceded) during  
20 such year under such contracts. In the case of an insurer  
21 issuing participating contracts, the gross underwriting profit  
22 shall not include, for computation of the tax prescribed by this



1 subsection, the amount refunded, or paid as participation  
2 dividends, by such insurer to the holders of such contracts.

3 (d) Each authorized insurer, with respect to real property  
4 title insurance contracts written on real property situated  
5 within this [~~State~~] state during the year ending on the  
6 preceding December 31, shall pay to the director of finance  
7 through the commissioner a tax of [~~4.265~~] \_\_\_\_\_ per cent of the  
8 amount of the risk premium actually received by the authorized  
9 insurer for the provision of such insurance. The amount of the  
10 risk premium received by the authorized insurer for the  
11 provision of real property title insurance shall be an amount  
12 equal to the amount actually received by the authorized insurer  
13 solely for the provision of real property title insurance  
14 coverage in accordance with the underwriting agreement or  
15 contract between the authorized insurer and the underwritten  
16 title company."

17 SECTION 3. Section 431:8-205, Hawaii Revised Statutes, is  
18 amended by amending subsection (c) to read as follows:

19 "(c) Gross premiums charged for the insurance, less any  
20 return premiums, are subject to a tax at the rate of [~~4.68~~]  
21 \_\_\_\_\_ per cent. At the time of filing the report required in



1 subsection (b), the insured shall pay the tax to the  
2 commissioner.

3 As used in this subsection, "gross premiums" [~~mean~~] means  
4 the amount of the policy or coverage premium charged by the  
5 insurer in consideration for the insurance contract. Any  
6 charges for policy, survey, inspection, service, or similar fees  
7 or other charges added by the broker shall not be considered  
8 part of gross premiums."

9 SECTION 4. Section 431:8-315, Hawaii Revised Statutes, is  
10 amended by amending subsection (a) to read as follows:

11 "(a) On or before March 15 of each year, each surplus  
12 lines broker shall pay to the director of finance, through the  
13 commissioner, a premium tax on surplus lines insurance  
14 transacted by the broker during the preceding calendar year.  
15 The tax shall be in the amount of [~~4.68~~] \_\_\_\_\_ per cent of gross  
16 premiums, less return premiums, on taxable surplus lines  
17 insurance.

18 As used in this subsection, "gross premiums" [~~mean~~] means  
19 the amount of the policy or coverage premium charged by the  
20 insurer in consideration for the insurance contract. Any  
21 charges for policy, survey, inspection, service, or similar fees



1 or other charges added by the broker shall not be considered  
2 part of gross premiums."

3 SECTION 5. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 6. This Act shall take effect on July 1, 2010, and  
6 shall be repealed on June 30, 2015; provided that sections  
7 431:7-202(a) through (d), 431:8-205(c), and 431:8-315(a), Hawaii  
8 Revised Statutes, as amended by this Act shall be reenacted in  
9 the form in which they existed on the day prior to the effective  
10 date of this Act.



**Report Title:**

Insurance Premium Tax Rates; Increase

**Description:**

Increases certain insurance premium tax rates. Effective July 1, 2010, and sunsets on June 30, 2015. (HB2851 HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

