

Bill Summary

COMMITTEE: Banking and Insurance

DATE: 6/6/11

PRIME SPONSOR: D. White

BILL NO: SB1097

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PRINTER'S NO: 1279

A. Synopsis:

SB1097 amends Title 72 to implement changes required by Federal law relating to surplus lines premium tax.

B. Summary:

In July 2010, Congress enacted the Nonadmitted and Reinsurance Reform Act of 2010 (NRRRA). NRRRA affects surplus lines premium tax, independently procured insurance tax, and unauthorized insurance contracts tax. NRRRA prohibits states from collecting these premium taxes unless the state is the home state of the insured. It also encourages states to adopt uniform rules and multi-state agreements for reporting, payment, collection and allocation of these taxes.

PA must amend Title 72 in SB1097 concerning the imposition of these same taxes on unauthorized insurance contracts, which must be changed to comply with the NRRRA. Specifically, this bill will make an amendment related statute on the subject of premium tax (72 P.S. §2265) to make that statute consistent with amendments made to the surplus lines law.