

ASSEMBLY, No. 790

STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel

PRE-FILED FOR INTRODUCTION IN THE 1996 SESSION

By Assemblywoman FARRAGHER and Assemblyman PASCRELL

1 AN ACT providing for reciprocal nonretaliatory treatment of certain
2 foreign insurance companies and amending P.L.1950, c.231.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

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7 1. Section 1 of P.L.1950, c.231 (C.17:32-15) is amended to read
8 as follows:

9 1. When by the laws of any other state or foreign country any
10 premium or income or other taxes, or any fees, fines, penalties,
11 licenses, deposit requirements or other obligations, prohibitions or
12 restrictions are imposed upon New Jersey insurance companies, or
13 reciprocal or interinsurance exchanges, doing business in such other
14 state or foreign country, or upon their agents therein, which are in
15 excess of such taxes, fees, fines, penalties, licenses, deposit
16 requirements or other obligations, prohibitions or restrictions imposed
17 upon insurance companies, or reciprocal or interinsurance exchanges
18 of such other state or foreign country doing business in New Jersey,
19 or upon their agents therein, so long as such laws continue in force the
20 same premium or income or other taxes, or fees, fines, penalties,
21 licenses, deposit requirements or other obligations, prohibitions and
22 restrictions of whatever kind shall be imposed upon insurance
23 companies, or reciprocal or interinsurance exchanges of such other
24 state or foreign country doing business in New Jersey, or upon their
25 agents therein. Any tax obligation imposed by any city, county, school
26 district or other political subdivision of any other state or foreign
27 country on New Jersey insurance companies, or reciprocal or
28 interinsurance exchanges, shall be deemed to be imposed by such state
29 or foreign country within the meaning of this section, and the
30 Commissioner of Insurance for the purpose of this section may
31 compute the burden of any such tax obligation on an aggregate
32 statewide or foreign countrywide basis as an addition to the rate of tax

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 payable by similar New Jersey companies, or reciprocal or
2 interinsurance exchanges, in such state or foreign country. The
3 addition to the rate of tax payable by similar New Jersey companies,
4 or reciprocal or interinsurance exchanges, shall be calculated by
5 dividing (i) the aggregate of their tax obligations paid to any such city,
6 county, school district or other political subdivision of such state or
7 foreign country by (ii) the aggregate of the taxable premiums under the
8 premium taxing statute of such state or foreign country. The
9 commissioner may issue regulations to carry out the purpose of this
10 act.

11 a. The provisions of this section shall not apply to ad valorem taxes
12 on real or personal property or to personal income taxes or to special
13 purpose assessments imposed in connection with particular kinds of
14 insurance.

15 b. The provisions of this section shall not apply from January 1,
16 1991 through December 31, 1997, to insurance companies, or
17 reciprocal or interinsurance exchanges, other than the life and health
18 insurance business of such insurance companies, organized or existing
19 under the laws of another state or foreign country, the laws of which
20 state or foreign country do not impose retaliatory premium or income
21 or other taxes, or fees, fines, penalties, licenses, deposit requirements
22 or other obligations, prohibitions or restrictions or which grant, on a
23 reciprocal basis, exemptions from retaliatory premium or income or
24 other taxes, or fees, fines, penalties, licenses, deposit requirements or
25 other obligations, prohibitions or restrictions to New Jersey insurance
26 companies, or reciprocal or interinsurance exchanges, doing business
27 in such other state or foreign country, or to their agents therein.

28 (cf: P.L.1985, c.88, s.1)

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30 2. This act shall take effect immediately and shall be retroactive to
31 January 1, 1991 and apply to premiums written on and after that date.

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STATEMENT

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36 This bill provides that New Jersey will not impose retaliatory tax
37 provisions on property and casualty foreign insurance companies,
38 other than on their life and health insurance business, which are
39 domiciled in states which either (a) do not themselves impose
40 retaliatory taxes, or (b) provide reciprocal nonretaliation for New
41 Jersey property and casualty insurance companies doing business in
42 those states. The provisions of the bill will apply to premiums written
43 by insurers on and after January 1, 1991 and will expire on December
44 31, 1997.

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3 Provides for reciprocal nonretaliatory treatment of certain foreign
4 insurers under insurance premiums tax and other provisions.