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SECOND ENGROSSED SUBSTITUTE HOUSE BILL 1592

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State of Washington

54th Legislature

1996 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives L. Thomas, Dellwo, Mielke and G. Fisher)

Read first time 02/23/95. Referred to Committee on .

1 AN ACT Relating to credit against the premium tax for guaranty  
2 association assessments paid by insurers; and amending RCW 48.32.145  
3 and 48.32A.090.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 48.32.145 and 1993 sp.s. c 25 s 901 are each amended  
6 to read as follows:

7 Every member insurer that prior to April 1, 1993, or after the  
8 effective date of this act, shall have paid one or more assessments  
9 levied pursuant to RCW 48.32.060(1)(c) shall be entitled to take, as a  
10 credit against any premium tax falling due under RCW 48.14.020, (~~one-~~  
11 ~~fifth~~) fifteen percent of the aggregate amount of such aggregate  
12 assessments during such calendar year for each of the five consecutive  
13 calendar years beginning with the calendar year following the calendar  
14 year in which such assessments are paid. Whenever an assessment or  
15 uncredited portion of an assessment is or becomes less than one  
16 thousand dollars, seventy-five percent of the entire amount may be  
17 credited against the premium tax at the next time the premium tax is  
18 paid.

19 (~~This section shall expire January 1, 1999.~~)

1       **Sec. 2.** RCW 48.32A.090 and 1993 sp.s. c 25 s 902 are each amended  
2 to read as follows:

3       (1) The association shall issue to each insurer paying an  
4 assessment under this chapter certificates of contribution, in  
5 appropriate form and terms as prescribed or approved by the  
6 commissioner, for the amounts so paid into the respective funds. All  
7 outstanding certificates against a particular fund shall be of equal  
8 dignity and priority without reference to amounts or dates of issue.

9       (2) An outstanding certificate of contribution issued prior to  
10 April 1, 1993, or after the effective date of this act, shall be shown  
11 by the insurer in its financial statements as an admitted asset for  
12 such amount and period of time as the commissioner may approve. Unless  
13 a longer period has been allowed by the commissioner the insurer shall  
14 in any event at its option have the right to so show a certificate of  
15 contribution as an admitted asset at percentages of original face  
16 amount for calendar years as follows:

17       100% for the calendar year of issuance;  
18       80% for the first calendar year after the year of issuance;  
19       60% for the second calendar year after the year of issuance;  
20       40% for the third calendar year after the year of issuance;  
21       20% for the fourth calendar year after the year of issuance; and  
22       0% for the fifth and subsequent calendar years after the year of  
23 issuance.

24       Notwithstanding the foregoing, if the value of a certificate of  
25 contribution is or becomes less than one thousand dollars, the entire  
26 amount may be written off by the insurer in that year.

27       (3) The insurer shall offset seventy-five percent of the amount  
28 written off by it in a calendar year under subsection (2) of this  
29 section against its premium tax liability to this state accrued with  
30 respect to business transacted in such year.

31       (4) Any sums recovered by the association representing sums which  
32 have theretofore been written off by contributing insurers and offset  
33 against premium taxes as provided in subsection (3) of this section,  
34 shall be paid by the association to the commissioner and then deposited  
35 with the state treasurer for credit to the general fund of the state of  
36 Washington.

37       (5) No distribution to stockholders, if any, of a liquidating  
38 insurer shall be made unless and until the total amount of assessments

1 levied by the association with respect to such insurer have been fully  
2 recovered by the association.

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