
SENATE BILL 5196

State of Washington

53rd Legislature

1993 Regular Session

By Senator Moore

Read first time 01/15/93. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to insurance premium taxes; amending RCW 48.14.020;
2 providing an effective date; and declaring an emergency.

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

4 **Sec. 1.** RCW 48.14.020 and 1986 c 296 s 1 are each amended to read
5 as follows:

6 (1) Subject to other provisions of this chapter, each authorized
7 insurer except title insurers shall on or before the first day of March
8 of each year pay to the state treasurer through the commissioner's
9 office a tax on premiums. Except as provided in subsection (2) of this
10 section, such tax shall be in the amount of two and thirty one-
11 hundredths percent of all premiums, excluding amounts returned to or
12 the amount of reductions in premiums allowed to holders of industrial
13 life policies for payment of premiums directly to an office of the
14 insurer, collected or received by the insurer during the preceding
15 calendar year other than ocean marine and foreign trade insurances,
16 after deducting premiums paid to policyholders as returned premiums,
17 upon risks or property resident, situated, or to be performed in this
18 state. For the purposes of this section the consideration received by

1 an insurer for the granting of an annuity shall not be deemed to be a
2 premium.

3 (2) In the case of insurers which require the payment by their
4 policyholders at the inception of their policies of the entire premium
5 thereon in the form of premiums or premium deposits which are the same
6 in amount, based on the character of the risks, regardless of the
7 length of term for which such policies are written, such tax shall be
8 in the amount of two and thirty one-hundredths percent of the gross
9 amount of such premiums and premium deposits upon policies on risks
10 resident, located, or to be performed in this state, in force as of the
11 thirty-first day of December next preceding, less the unused or
12 unabsorbed portion of such premiums and premium deposits computed at
13 the average rate thereof actually paid or credited to policyholders or
14 applied in part payment of any renewal premiums or premium deposits on
15 one-year policies expiring during such year.

16 (3) Each authorized insurer shall with respect to all ocean marine
17 and foreign trade insurance contracts written within this state during
18 the preceding calendar year, on or before the first day of March of
19 each year pay to the state treasurer through the commissioner's office
20 a tax of ninety-five one-hundredths of one percent on its gross
21 underwriting profit. Such gross underwriting profit shall be
22 ascertained by deducting from the net premiums (i.e., gross premiums
23 less all return premiums and premiums for reinsurance) on such ocean
24 marine and foreign trade insurance contracts the net losses paid (i.e.,
25 gross losses paid less salvage and recoveries on reinsurance ceded)
26 during such calendar year under such contracts. In the case of
27 insurers issuing participating contracts, such gross underwriting
28 profit shall not include, for computation of the tax prescribed by this
29 subsection, the amounts refunded, or paid as participation dividends,
30 by such insurers to the holders of such contracts.

31 (4) The state does hereby preempt the field of imposing excise or
32 privilege taxes upon insurers or their agents, other than title
33 insurers, and no county, city, town or other municipal subdivision
34 shall have the right to impose any such taxes upon such insurers or
35 their agents.

36 (5) If an authorized insurer collects or receives any such premiums
37 on account of policies in force in this state which were originally
38 issued by another insurer and which other insurer is not authorized to

1 transact insurance in this state on its own account, such collecting
2 insurer shall be liable for and shall pay the tax on such premiums.

3 NEW SECTION. **Sec. 2.** This act is necessary for the immediate
4 preservation of the public peace, health, or safety, or support of the
5 state government and its existing public institutions, and applies to
6 the payment of taxes due beginning July 1, 1993, and thereafter.

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