

1 STATE OF OKLAHOMA

2 2nd Session of the 58th Legislature (2022)

3 HOUSE BILL 3427

By: Kerbs

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5
6 AS INTRODUCED

7 An Act relating to insurance premium tax; amending 36
8 O.S. 2021, Section 624, which relates to payment of
9 fees and taxes; exempting membership fees from tax;
10 and providing an effective date.

11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. AMENDATORY 36 O.S. 2021, Section 624, is
13 amended to read as follows:

14 Section 624. A. Every insurance company, copartnership,
15 insurance association, interinsurance exchange, person, insurer,
16 nonprofit hospital service and medical indemnity corporation, or
17 health maintenance organization doing business in this state in the
18 execution or exchange of contracts of insurance, indemnity or health
19 maintenance services, or as an insurance company of any nature or
20 character whatsoever, hereinafter referred to in this article as an
21 insurance company or company, shall annually, on or before the first
22 day of March, report under oath of the president or secretary or
23 other chief officer of such company to the Insurance Commissioner
24 the total amount of direct written premiums, ~~membership,~~

1 application, policy and/or registration fees charged during the
2 preceding calendar year, or since the last return of such direct
3 written premiums, ~~membership,~~ application, policy and/or
4 registration fees was made by such company, from insurance of every
5 kind upon persons or on the lives of persons resident in this state,
6 or upon real and personal property located within this state, and/or
7 upon any other risks insured within this state, provided, that with
8 respect to the tax payable annually, considerations received for
9 annuity contracts and payments received by a health maintenance
10 organization from the Secretary of Health and Human Services
11 pursuant to a contract issued under the provisions of 42 U.S.C.,
12 Section 1395mm(g) shall no longer be deemed to be premiums for
13 insurance and shall no longer be subject to the tax imposed by this
14 section. Every such company shall, at the same time, pay to the
15 Insurance Commissioner:

16 1. An annual license fee as prescribed by Section 321 of this
17 title; and

18 2. An annual tax on all of the direct written premiums after
19 all returned premiums are deducted, and on all ~~membership,~~
20 application, policy and/or registration fees, installment and/or
21 finance fees or charges collected thereby, for the privileges of
22 having written, continued and/or serviced insurance on lives,
23 property and/or other risks in this state and of having made and
24 serviced investments therein during the then expiring license year

1 except premiums or fees paid by any county, city, town or school
2 district funds or by their duly constituted authorities performing a
3 public service organized pursuant to Sections 1001 through 1008 of
4 Title 74 of the Oklahoma Statutes, or Sections 176 through 180.4 of
5 Title 60 of the Oklahoma Statutes. Provided, no deduction shall be
6 made from premiums for dividends paid to policyholders. Except as
7 set forth in this paragraph, the rate of taxation for all entities
8 subject to the tax shall be two and twenty-five one-hundredths
9 percent (2.25%). If any insurance company or other entity liable
10 for the taxes levied pursuant to the provisions of this section
11 fails to remit such taxes in a timely manner, it shall remain liable
12 therefor together with interest thereon at an annual rate equal to
13 the average United States Treasury Bill rate of the preceding
14 calendar year as certified by the State Treasurer on the first
15 regular business day in January of each year, plus four percentage
16 points.

17 a. The rate of taxation for all life insurance policies
18 insuring the life of an employee or director for the
19 benefit of the employer or a trust sponsored by the
20 employer, which is purchased by the employer or trust
21 sponsored by the employer for the benefit of its
22 employees, shall be computed for each policy at the
23 rate of:

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- 1 (1) two and twenty-five one-hundredths percent
2 (2.25%) of policy year premium up to One Hundred
3 Thousand Dollars (\$100,000.00), and
4 (2) one-tenth of one percent (1/10 of 1%) of policy
5 year premium exceeding One Hundred Thousand
6 Dollars (\$100,000.00).

7 b. Premiums on which taxes are paid under division (2) of
8 subparagraph a of this paragraph are not subject to
9 Section 628 of this title. The Commissioner shall
10 promulgate rules regarding the sale of life insurance
11 policies subject to division (2) of subparagraph a of
12 this paragraph.

13 B. For all insurance companies or other entities taxed pursuant
14 to this section, the annual license fee and tax and all required
15 ~~membership,~~ application, policy, registration, and agent appointment
16 fees shall be in lieu of all other state taxes or fees, except those
17 taxes and fees provided for in the Insurance Code, and the taxes and
18 fees of any subdivision or municipality of the state, except ad
19 valorem taxes and the tax required to be paid pursuant to Section
20 50001 of Title 68 of the Oklahoma Statutes. Provided, such license
21 fee, tax and ~~membership,~~ application, policy, registration, and
22 appointment fees shall be in lieu of any and all ad valorem taxes
23 levied on intangible personal property. Any company, except health
24 maintenance organizations, failing to make such returns and payments

1 promptly and correctly shall forfeit and pay to the Insurance
2 Commissioner, in addition to the amount of the taxes and fees and
3 interest, the sum of Five Hundred Dollars (\$500.00) or an amount
4 equal to one percent (1%) of the unpaid amount, whichever is
5 greater; and the company so failing or neglecting for sixty (60)
6 days shall thereafter be debarred from transacting any business of
7 insurance in this state until the taxes, fees and penalties are
8 fully paid, and the Insurance Commissioner shall revoke the license
9 or certificate of authority granted to the agent or agents of that
10 company to transact business in this state. Provided, that when any
11 such insurance company, copartnership, insurance association,
12 interinsurance exchange, person, insurer, or nonprofit hospital
13 service and indemnity corporation, applies for the first time for a
14 license to do business in Oklahoma, it shall, at the time of making
15 such application, pay a license fee as prescribed by Section ~~1425~~
16 1435.23 of this title, and, on or before the first day of March,
17 following, pay the premium tax, ~~membership~~, application, policy,
18 registration, and agent appointment fees, as hereinbefore provided.
19 Such license fee, tax and ~~membership~~, application, policy,
20 registration, and appointment fees shall be in lieu of all other
21 state taxes or fees, except those taxes and fees provided for in the
22 Insurance Code, and the taxes and fees of any subdivision or
23 municipality of the state, except ad valorem taxes and the tax
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1 required to be paid pursuant to Section 50001 of Title 68 of the
2 Oklahoma Statutes.

3 C. Any health maintenance organization failing to file premium
4 tax returns and payments promptly and correctly shall forfeit and
5 pay to the Insurance Commissioner, in addition to the amount of the
6 taxes, the sum of Five Hundred Dollars (\$500.00) or an amount equal
7 to one percent (1%) of the unpaid amount, whichever is greater. Any
8 health maintenance organization failing or neglecting to pay the tax
9 and penalty shall be debarred from operating in this state and the
10 Insurance Commissioner shall revoke the license of the health
11 maintenance organization, until such taxes and penalties are fully
12 paid.

13 SECTION 2. This act shall become effective November 1, 2022.

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