

Amendment No. 1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	<u> </u>	(Y/N)
ADOPTED AS AMENDED	<u> </u>	(Y/N)
ADOPTED W/O OBJECTION	<u> </u>	(Y/N)
FAILED TO ADOPT	<u> </u>	(Y/N)
WITHDRAWN	<u> </u>	(Y/N)
OTHER	<u> </u>	

Committee/Subcommittee hearing bill: Insurance & Banking
Subcommittee

Representative Broxson offered the following:

Amendment

Remove lines 81-142 and insert:

require the insurer to remit the assessment as premium is
written or may require the insurer to remit the assessment to
the association before collecting the policyholder surcharge. If
the assessment is remitted before the surcharge is collected,
the assessment remitted must be based on an estimate of the
assessment due based on the proportion of each insurer's net
direct written premium in this state for the preceding calendar
year as described in paragraph (a) and adjusted following the
end of the 12-month period during which the assessment is
levied.

1. If the association elects to use the installment

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18 method, the office may, in the order levying the assessment on
19 insurers, specify that the assessment is due and payable
20 quarterly as premium is written throughout the assessment year.
21 Insurers shall collect surcharges at a uniform percentage rate
22 specified by order as described in paragraph (b). Insurers are
23 not required to advance funds if the association and the office
24 elect to use the installment option. Assessments levied under
25 this subparagraph are paid after policy surcharges are
26 collected, and the recognition of assets is based on actual
27 premium written offset by the obligation to the association.

28 2. If the association elects to require insurers to remit
29 the assessment prior to surcharging the policyholder, the
30 following shall apply:

31 a. The levy order shall provide each insurer so assessed
32 at least 30 days written notice of the date the initial
33 assessment payment is due and payable by the insurer.

34 b. Insurers shall collect surcharges at a uniform
35 percentage rate specified by the order, as described in
36 paragraph (b).

37 c. Insurers must submit a reconciliation report to the
38 association within 120 days after the end of the 12-month
39 assessment period. The report must indicate the amount of the
40 initial payment made to the association and the amount of
41 written premium pursuant to paragraph (a) for the assessment
42 year. If the insurer's reconciled assessment obligation is more
43 than the amount initially paid to the association, the insurer

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44 shall pay the excess surcharges collected to the association. If
45 the insurer's reconciled assessment obligation is less than the
46 initial amount paid to the association, the association shall
47 credit the insurer that amount against future assessments.

48 d. Assessments levied under this subparagraph are paid
49 before policy surcharges are billed and result in a receivable
50 for policy surcharges to be billed in the future. The amount of
51 billed surcharges, to the extent it is likely that it will be
52 realized, meets the definition of an admissible asset as
53 specified in the National Association of Insurance
54 Commissioners' Statement of Statutory Accounting Principles No.
55 4. The asset shall be established and recorded separately from
56 the liability. If an insurer is unable to fully recoup the
57 amount of the assessment, the amount recorded as an asset shall
58 be reduced to the amount reasonably expected to be recouped.

59 (2) Assessments levied under this section are not premium
60 and are not subject to any premium tax, fees, or commissions.
61 Insurers shall treat the failure of an insured to pay assessment
62 related surcharges as a failure to pay premium. An insurer is
63 not liable for any uncollectible assessment related surcharges.

64 (3) Assessments levied under this section may only be
65 levied upon insurers. This section does not create a cause of
66 action by a policyholder with respect to the levying of an
67 assessment or a policyholder's duty to pay assessment related
68 surcharges.