

CHAPTER 119

**INSURANCE**

**HOUSE BILL 96-1261**

BY REPRESENTATIVES Schauer, Faatz, Jerke, Lamborn, Owen, Piffner, Schwarz, Sullivan, Swenson, and Young;  
also SENATOR R. Powers.

**AN ACT**

**CONCERNING THE RATE OF TAX PAID ON INSURANCE PREMIUMS COLLECTED OR CONTRACTED FOR  
IN THIS STATE.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** 10-3-209 (1) (a) and (1) (b), Colorado Revised Statutes, 1994 Repl. Vol., as amended, are amended to read:

**10-3-209. Tax on premiums collected - exemptions - penalties.** (1) (a) All insurance companies ~~doing~~ **doing** WRITING business in this state shall pay to the division of insurance a tax on the gross amount of all premiums collected or contracted for on policies or contracts of insurance covering property or risks in this state during the ~~year ending December 31 next preceding~~ **PREVIOUS CALENDAR YEAR**, after deducting from the SUCH gross amount of premiums ~~subject to the tax~~ the amount received as reinsurance premiums on business in this state, and the amount refunded under credit life and credit accident and health insurance policies on account of termination of insurance prior to the maturity date of the indebtedness, and, in the case of companies other than life, the amounts paid to policyholders as return premiums, which shall include dividends or unabsorbed premiums or premium deposits returned or credited to policyholders.

(b) (I) The rate of tax shall be as follows:

~~(A)~~ (A) For companies not exempted or charged a different rate of tax by another provision of this section, ~~or pursuant to section 10-5-111~~, the rate of tax on the gross amount shall be: ~~two and one-fourth percent~~.

PREMIUMS COLLECTED OR CONTRACTED      RATE OF TAX:

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

## FOR DURING:

1996	2.20%
1997	2.15%
1998	2.10%
1999	2.05%
2000 AND THEREAFTER	2.00%

(B) FOR COMPANIES MAINTAINING A HOME OFFICE OR A REGIONAL HOME OFFICE IN THIS STATE, THE RATE OF TAX ON THE GROSS AMOUNT SHALL BE ONE PERCENT.

(II) (A) ~~For companies maintaining a home office or a regional home office in this state, the rate of tax on the gross amount shall be one percent.~~ For purposes of this paragraph (b), any office in this state shall be deemed a company's home or regional home office if such office performs substantially the following functions for the company in each state in which the company is licensed or in three or more of such states: Actuarial, medical, legal, approval or rejection of applications, issuance of policies, information and service, advertising and publications, public relations, hiring, testing, and training of sales and service forces.

(B) Any company desiring to qualify an office in this state as a home or regional home office shall make application for qualification to the commissioner on forms prescribed by the commissioner AND SHALL SUBMIT proof that it is operating a home or a regional home office in this state. Applications for companies ~~which~~ THAT were not approved in the immediate preceding year shall be received by the commissioner by December 31 of the year immediately preceding the year for which the application for qualification is being made. Applications for companies ~~which~~ THAT were approved in the immediate preceding year shall be received by the commissioner by March 1 of the year for which qualification is being made. Applications for companies ~~which~~ THAT were approved in the immediate preceding year received through March 31 shall pay a late charge of one hundred dollars per day for each day after March 1 that any such application is received by the commissioner. Applications received after March 31 shall be denied. The provisions of subsection (2) of this section shall not apply to companies maintaining a home office or regional home office in this state. ~~within the purview of this subparagraph (II).~~

(III) THE COMMISSIONER MAY CONSIDER FOR APPROVAL APPLICATIONS OF COMPANIES THAT MAINTAIN SIGNIFICANT DIRECT INSURANCE OPERATIONS IN COLORADO AND PERFORM OPERATIONAL FUNCTIONS FOR A LINE OR LINES OF BUSINESS WRITTEN, SUBSTANTIALLY EQUIVALENT TO THOSE ENUMERATED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH (b).

**SECTION 2. Applicability.** This act shall apply to premiums collected or contracted for on or after January 1, 1996.

**SECTION 3. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 24, 1996