

HB 2787 A -4 STAFF MEASURE SUMMARY

House Committee On Revenue

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Meeting Dates: 5/1, 5/28

WHAT THE MEASURE DOES:

Adjusts language to clarify that only authorized insurers of wet marine and transportation insurance pay a tax on the underwriting profit earned from issuing insurance policies on wet marine and transportation. Changes tax on wet marine and transportation insurance provided by unauthorized insurers from a tax on underwriting profit to a tax equal to 0.75% of gross receipts from the sale of wet marine and transportation insurance.

ISSUES DISCUSSED:

- Tax treatment of unauthorized wet marine and transportation insurance in other states

EFFECT OF AMENDMENT:

-4 Adds to statute record keeping requirements for producers of unauthorized (non-admitted) wet marine and transportation insurance. Places responsibility of collecting tax on the producer of the insurance. Requires producers of non-admitted wet marine and transportation insurance to file a report with the Department of Consumer and Business Services (DCBS) detailing any wet marine and transportation insurance transactions that occurred in the previous 90 days, on an ongoing basis. Requires payment of taxes within 30 days of an insurance producer's license termination or non-renewal. Provides DCBS rule-making authority for report filing for transactions of wet marine and transportation insurance occurring outside of Oregon but tied to risk within Oregon. Provides DCBS director authority to take action to recover taxes not paid within the prescribed period. Applies to insurance issued on or after the effective date of this Act.

BACKGROUND:

The bill seeks to distinguish between taxation schemes for admitted and non-admitted (unauthorized) wet marine and transportation insurers operating within Oregon. Admitted insurers have a certificate of authority granted by the Oregon Department of Financial Regulation and are allowed to advertise insurance coverage within the state. Non-admitted insurers of wet marine and transportation insurance provide policy coverage for items not covered by admitted insurers. Non-admitted insurers are not allowed to advertise within the state and a licensed broker must be involved in the transaction of non-admitted insurance coverage. HB 2787 A distinguishes between admitted and non-admitted insurer taxation policies and rates.