

Tony Knowles, Governor



Division of Insurance

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BULLETIN B 02-13

**TO: ALL ADMITTED INSURERS, RESIDENT AND NONRESIDENT
SURPLUS LINES BROKERS, AND RISK RETENTION GROUPS
AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ALASKA
AND OTHER INTERESTED PARTIES**

**RE: FEES FOR LATE AND IMPROPER PAYMENT OF PREMIUM
TAXES ENACTED IN HOUSE BILL 246**

On June 7, 2002, Governor Knowles signed House Bill 246 into law with an effective date of July 1, 2002. Among the many changes to the Alaska Insurance Code, sections of this bill provide for **mandatory fees** to be paid if the required tax payments are not made **on time and in the required manner**. As of July 1, 2002, the following provisions will be in effect.

AS 21.09.210(g):

An insurer shall pay to the division a late payment fee of \$100 a day or 25 percent of the tax due, whichever is greater, from the date the payment was due to the date paid, and interest at the rate of one percent a month or part of a month from the date the payment was originally due to the date paid for the period the insurer fails to pay the premium tax in this section or in AS 21.09.270 in the form required and within the time established. The director may suspend or revoke the certificate of authority of an insurer that fails to pay its taxes as required under this section.

AS 21.34.180(f):

A surplus lines broker shall pay to the division a late payment fee of \$100 a day or 25 percent of the tax due, whichever is greater, from the date the payment was due to the date paid and interest at the rate of one percent a month or part of a month from the date the payment was originally due to the date paid for each day the insurer fails to pay the tax in the form required and within the time established.

AS 21.66.110(c):

A title insurance company shall pay to the division a late payment fee of \$100 a day or 25 percent of the tax due, whichever is greater, from the date the payment was due to the date paid and interest at the rate of one percent a month or part of a month from the date the payment was originally due to the date paid for each day the insurer fails to pay the premium tax in the form required and within the time

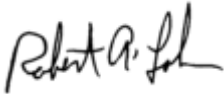
established.

As stated in 3 AAC 21.550, annual premium tax payments must be paid on or before March 1 of the following tax year. Under 3 AAC 21.560, an authorized insurer or a surplus lines broker who pays \$10,000 or more in premium taxes during the previous year must pay estimated quarterly tax payments on or before May 31, August 31, and November 30 of the current year, with the final payment due on or before March 1 of the following year. **All premium tax payments must be paid by the automated clearinghouse (ACH) debit or credit payment system.** 3 AAC 21.570. If a payment is not made in the required manner, it may be returned, and such delay could subject the payer to the mandatory late payment fees.

Compliance with the required due dates for payments is determined by the date the ACH transfer is received in the State of Alaska's bank account. It is imperative that all your banking information is current with the state at the time of the transaction. Instructions and forms for setting up a new ACH account or authorization forms to update your bank information are available at: <http://www.commerce.state.ak.us/insurance/eft.htm>

If you have questions regarding this bulletin, please contact Rebecca Nesheim at (907) 465-2584 or email at rebecca_nesheim@commerce.state.ak.us

Dated this 14th day of June, 2002, at Anchorage, Alaska.

A handwritten signature in black ink, appearing to read "Robert A. Lohr". The signature is fluid and cursive, with the first name being the most prominent.

Robert A. Lohr
Director

