



**Division of Insurance**

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**ORDER NUMBER R 03-01**

**January 31, 2003**

**ORDER REQUIRING PAYMENT OF LATE PAYMENT FEE  
UNDER AS 21.09.210 AGAINST THE MEDICAL PROTECTIVE  
COMPANY FOR LATE PAYMENT OF THE SEPTEMBER 3, 2002  
ESTIMATED TAX**

**BACKGROUND:**

1. On October 10, 2002, the division mailed a notice of assessment for a late payment fee of \$2,848 to The Medical Protective Company (Medical). Medical failed to timely pay its second quarter estimated tax as required by 3 AAC 21.560, but paid it 28 days after the due date. The assessment notice was not returned by the U.S. Postal Service as undeliverable.

2. On October 18, 2002, the division received an email from the Senior Accountant at Medical asking for an abatement of the fee because Medical made an error in recording the second quarter due date in its premium tax database and because 2002 is the first year Medical had to make estimated tax payments to Alaska.

3. On October 21, 2002, the division denied Medical's request for an abatement because on May 6, 2002 the division sent Medical a reminder of their obligation to make quarterly estimated tax payments.

**FINDINGS:**

The Director finds that:

A. It has been 112 days since the notice of assessment was mailed. The company failed to pay the October 10, 2002 assessment within 15 days from the date of its receipt of written notice of the assessment.

B. AS 21.09.210(g) states:

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.

**ORDER:**

The Director orders The Medical Protective Company to pay the late payment fee of \$2,848 by February 20, 2003. Failure to comply with this order may be grounds to suspend or the company's certificate of authority under AS 21.09.150(a).

This order takes effect January 31, 2003.

A handwritten signature in black ink, appearing to read "Robert A. Lohr". The signature is written in a cursive style with a horizontal line extending from the end of the name.

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Robert A. Lohr  
Director