

CHAPTER 128

AN ACT modifying the insurance premiums tax treatment of health service corporations, amending P.L.1945, c.132.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 6 of P.L.1945, c.132 (C.54:18A-6) is amended to read as follows:

C.54:18A-6 Maximum amount of taxable premiums.

6. a. In the event that the taxable premiums collected by any company, as specified in sections 2 and 3 of this act, and all of its affiliates as defined in the chapter entitled "Insurance Holding Company Systems," P.L.1970, c.22 (C.17:27A-1 et seq.), during any year ending December 31, exceed twelve and one-half percentum (12 1/2%) of the total premiums collected by the company and all of its affiliates during the same year on all policies and contracts of insurance, whenever and wherever issued, the taxable premiums of such company shall not exceed a sum equal to twelve and one-half percentum (12 1/2%) of such company's total premiums collected during the same year on all policies and contracts of insurance, whenever and wherever issued, calculated as specified in sections 4 and 5 of this act; provided, however, a company to which section 2 of this act (C.54:18A-2) applies shall in no event be deemed to be an affiliate of a company to which section 3 of this act (C. 54:18A-3) applies and provided, further, that as to any company licensed in this State prior to June 30, 1984, the taxable premiums of that company shall be calculated without regard to the premiums collected by any affiliate.

b. On and after January 1, 2005 the provisions of subsection a. of this section shall not apply to a health service corporation established pursuant to the provisions of P.L.1985, c.236 (C.17:48E-1 et seq.).

2. Section 16 of P.L.1945, c.132 (C.54:18A-9) is amended to read as follows:

C.54:18A-9 Inapplicability to fraternal beneficiary society, insurance company.

16. a. This act shall not apply to any fraternal beneficiary society. For the purposes of this act, "insurance company" shall include a corporation, and any person, partnership or unincorporated association required as an insurer to procure from the Commissioner of Banking and Insurance the certificate prescribed by section 1 of an act entitled "An act to regulate the transaction of the business of insurance by individuals, partnerships and unincorporated associations in this State" approved July 11, 1939 (P.L.1939, c.188; C.17:49-1), or under any other statute now in force or hereafter enacted, engaging in any kind or kinds of business specified in R.S.17:17-1, subject to the insurance laws of this State; provided, however, that no company or society, which by its act or certificate of incorporation has for its object the assistance of sick, needy or disabled members, the defraying of funeral expenses of deceased members and the provision for the wants of the surviving spouses and families of members after death, shall be deemed an insurance company within the purview of this act.

b. (1) For the purposes of P.L.1945, c.132 (C.54:18A-1 et seq.), "insurance company" shall include, beginning January 1, 1992, a health service corporation established pursuant to the provisions of P.L.1985, c.236 (C.17:48E-1 et seq.), with respect to its experience rated health insurance. An "insurance company" shall also include any life, accident, or health insurance company in which a health service corporation owns stock, controls, or otherwise becomes affiliated with, as provided in subsection e. of section 3 of P.L.1985, c.236 (C.17:48E-3).

(2) For the purposes of P.L.1945, c.132 (C.54:18A-1 et seq.), "insurance company" shall include, beginning January 1, 2005, a health service corporation established pursuant to the provisions of P.L.1985, c.236 (C.17:48E-1 et seq.), with respect to its experience rated and community rated health insurance. An "insurance company" shall also include any life, accident, or health insurance company in which a health service corporation owns stock, controls, or otherwise becomes affiliated with, as provided in subsection e. of section 3 of P.L.1985, c.236 (C.17:48E-3).

3. This act shall take effect immediately.

Approved July 2, 2005.