

1977 BILL 25

Third Session, 18th Legislature, 26 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 25

THE INSURANCE CORPORATIONS TAX
AMENDMENT ACT, 1977

THE MINISTER OF CONSUMER AND
CORPORATE AFFAIRS

First Reading

Second Reading

Third Reading

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THE INSURANCE CORPORATIONS TAX AMENDMENT ACT, 1977

(Assented to _____, 1977)

HER MAJESTY, by and with the advice and consent of the
Legislative Assembly of Alberta, enacts as follows:

1. *The Insurance Corporations Tax Act is hereby amended.*
2. *Section 2 is amended by adding after clause (c.1) the following:*
 - (c.2) “risk distribution plan” means a plan, agreement, scheme or arrangement entered into or established by insurance companies for the purpose of pooling, assigning or transferring risks among insurance companies and which the Minister by order recognizes as a risk distribution plan for the purposes of this Act;
3. *Section 3 is amended*
 - (a) *as to subsection (3) by adding after clause (b) the following:*
 - (b.1) in respect of premiums or portion thereof that an insurance company does not retain under a risk distribution plan, or
 - (b) *by adding after subsection (3) the following:*
 - (4) For the purpose of this Act, any premium or portion thereof that an insurance company, directly or indirectly, receives under a risk distribution plan is deemed not to be a reinsurance premium.

Explanatory Notes

1. This Bill will amend chapter 188 of the Revised Statutes of Alberta 1970.

2. Defines “risk distribution plan”.

3. Section 3 presently reads:

3. (1) Every insurance company shall pay to the Minister for the use of the Province a tax equal to two per cent of the gross premiums receivable by it during the taxation year in respect of business transacted in the Province by the company, after deducting from the gross premiums

(a) an amount equal to the cash value of dividends paid or credited to its policy-holders in that taxation year, and

(b) an amount equal to the premiums returned in that taxation year.

(2) For the purposes of subsection (1) “business transacted in the Province” means

(a) in the case of property insurance, all contracts on which premiums are receivable from, or in respect of, persons whose property was situated in the Province at the time their premiums became payable, and

(b) in the case of other insurance all contracts on which premiums are receivable from, or in respect of, persons who were resident in the Province at the time their premiums became payable.

4. This Act comes into force on the day upon which it is assented to.

- (3) The tax imposed under this section is not payable,*
- (a) by a company transacting life insurance, on amounts receivable as consideration for an annuity contract, or*
 - (b) in respect of premiums receivable under a contract of marine insurance, or*
 - (c) by a reinsurer in respect of reinsurance premiums paid or credited to it by an insurer.*