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INSURANCE CODE - INS

DIVISION 1. GENERAL RULES GOVERNING INSURANCE [100 - 1879.8] (*Division 1 enacted by Stats. 1935, Ch. 145.*)

PART 2. THE BUSINESS OF INSURANCE [680 - 1879.8] (*Part 2 enacted by Stats. 1935, Ch. 145.*)

CHAPTER 3. Reciprocal Insurers [1280 - 1560.19] (*Chapter 3 enacted by Stats. 1935, Ch. 145.*)

ARTICLE 14. Tax Provisions [1530 - 1531] (*Article 14 enacted by Stats. 1935, Ch. 145.*)

1530. In lieu of all other taxes, licenses or fees whatever, state or local, each exchange and its corporate attorney in fact considered as a single unit shall together pay annually on account of the transaction of such business in this state, the same fees as are paid by mutual insurers transacting the same kind of business, and the annual tax imposed by Section 28 of Article XIII of the Constitution of the State of California and by the applicable provisions of the Revenue and Taxation Code, except that each corporate attorney in fact of a reciprocal or interinsurance exchange shall be subject to all taxes imposed upon other corporations doing business in the state, other than taxes directly attributable to property used exclusively in or on income derived from its principal business as corporate attorney in fact. In any event, such corporate attorney in fact shall file an annual return and pay the minimum tax provided for by Section 23151 of the Bank and Corporation Tax Law. For the purposes of Section 12221 of the Revenue and Taxation Code, the term gross premiums, as applied to reciprocal or interinsurance exchanges, includes all sums paid by subscribers in this state by reason of the insurance exchange, whether termed premium deposit, membership fee, or otherwise, after deducting therefrom premium deposit returns or cancellations, and all amounts returned to subscribers or credited to their accounts as savings, but does not include such sums received for reinsurance and for ocean marine insurance.

A corporate attorney in fact of each exchange shall annually compute the amount of tax that would be payable by it under the provisions of the Bank and Corporation Tax Law (Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code) except for the provisions of this section, and any management fee due from each exchange to its corporate attorney in fact shall be reduced pro tanto by a sum equivalent to the amount so computed.

(Amended by Stats. 1980, Ch. 676, Sec. 186.)

1531. (a) On and after January 1, 1994, and before January 1, 1995, every exchange and its corporate attorney in fact that is considered a single unit whose annual taxes exceed fifty thousand dollars (\$50,000) shall make payment by electronic funds transfer. On and after January 1, 1995, every exchange and its corporate attorney in fact that is considered a single unit whose annual taxes exceed twenty thousand dollars (\$20,000) shall make payment by electronic funds transfer. The exchange and its corporate attorney in fact considered as a single unit shall choose one of the acceptable methods described in Section 45 for completing the electronic funds transfer.

(b) Payment is deemed complete on the date the electronic funds transfer is initiated, if settlement to the state's demand account occurs on or before the banking day following the date the transfer is initiated. If settlement to the state's demand account does not occur on or before the banking day following the date the transfer is initiated, payment is deemed to occur on the date settlement occurs.

(c) (1) Any exchange and its corporate attorney in fact considered as a single unit required to remit taxes by electronic funds transfer pursuant to this section who remits those taxes by means other than an appropriate electronic funds transfer, shall be assessed a penalty in an amount equal to 10 percent of the taxes due at the time of the payment.

(2) If the department finds that the failure of an exchange and its corporate attorney in fact, considered as a single unit, to make payment by an appropriate electronic funds transfer in accordance with subdivision (a) is due to reasonable cause or circumstances beyond the exchange's and its corporate attorney in fact's control, and occurred notwithstanding the exercise of ordinary care and in the absence of willful neglect, that exchange and its corporate attorney in fact shall be relieved of the penalty provided in paragraph (1).

(3) Any exchange and its corporate attorney in fact seeking to be relieved of the penalty provided in paragraph (1) shall file with the department a statement under penalty of perjury setting forth the facts upon which the claim for relief is based.

