

STATEMENT OF PURPOSE

RS25114C1

This legislation is intended to clarify the term "realized capital gains" as used in the calculation under Idaho Code 41-3812(1)(b) in determining whether a dividend or distribution is extraordinary or non-extraordinary. The notice and approval requirements vary depending on whether a dividend or distribution is deemed extraordinary or non-extraordinary. While the current statute is silent as to how capital losses are factored into the calculation, the language in Idaho Code 41-3812(1)(b) has been interpreted by the Department of Insurance to mean net realized capital gains or losses. Insurance companies strategically manage their investment portfolios on a net basis as a sound business practice. This legislation will clarify the language to ensure that the calculation appropriately takes into account realized capital gains or losses and uses the net amount in the calculation to determine whether a dividend or distribution is extraordinary or non-extraordinary.

FISCAL NOTE

There is no fiscal impact to the general fund or any other state fund or expenditure. This legislation merely clarifies the calculation of a formula which has no fiscal impact.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).