



Educational Conference & Business Show  
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## Premium Taxes – Clearing the Fog

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- **Doug is a tax partner in Plante Moran's insurance practice who oversees all aspects of the firm's insurance tax practice. He started his accounting career as an auditor; he has a unique hands-on style that incorporates his knowledge and experience as a CPA as well as an attorney. He has written articles on subjects ranging from offshore captive reinsurance to how a P & C company can convert its capital losses into ordinary losses. He has spoken on numerous occasions including at the Federal Bar Associations Insurance Tax Seminar as well as at the Farm Bureau Insurance Accounting conference.**

- Every insurer is required to pay premium tax equal to the percentage of premiums received by the insurer for business done in Alabama.
- Exemptions:
  - Fraternal or other organizations
  - Nonprofit corporations for establishment of hospitalization plan
  - Insurance department of a brotherhood or labor union subject to Railway Labor Act
  - Hospital or dental trusts
- Premiums means all amounts received in cash or otherwise on risks in Alabama as consideration for contracts of insurance

# Alabama, Cont'd



- Tax Rates:
  - Life, domestic or foreign: 2.3% of premium on policies with face amount greater than \$25,000; 1% on policies less than \$25,000
  - Health: 0.5% of premiums on group plans with less than 50 participants; 1.6% on all other health premiums
  - Other Insurance: 3.6% per year
  - Property and Multi-peril insurance and mobile homes related insurance premium on policies with face amount \$40,000 or less 1%
  - Medical Liability Insurance: 1.6% per year
- Premium Tax is in lieu of all other additional taxes
- Due dates: May 15, August 15, November 15, March 15

# Alabama, Cont'd



- Retaliatory tax is imposed on non-domestic insurance companies doing business in Alabama
- When taxes, licenses, and other fees charged Alabama insurers would exceed those imposed by Alabama on similar insurers a retaliatory tax will be imposed.
- Due quarterly: May 15, August 15, November 15, March 15

- Each insurer must pay a tax on the direct premium income received and paid for the insurance of property or risks residents or located in the state
- Exemptions:
  - Licensed fraternal benefit societies
  - Premiums paid by the state
  - Considerations received on annuity contracts
- Premiums means the consideration for insurance made in consideration of an insurance contract
- Deductions allowed:
  - Returned premiums, cancellations, unabsorbed portion of deposit premium, policy dividends, unabsorbed premiums refunded to policyholders, refunds, etc.
  - No deduction for cash surrender value of policies

- Tax Rates
  - 2.7% for domestic and foreign insurers on the total direct premiums received
  - 6.0% of the gross premiums for hospital and medical service corporations
  - 0.75% on the gross underwriting profit of an authorized insurer
  - 2.7% of individual life policies up to \$100,000; .1% for policies exceeding \$100,000
- Premium tax is in lieu of all other taxes imposed by the state
- Due date: March 1

# Alaska, Cont'd



- Retaliatory tax is imposed on nondomestic insurance companies doing business in Alaska
- When taxes, licenses, and other fees charged Alaska insurers would exceed those imposed by Alabama on similar insurers a retaliatory tax will be imposed.
- Due March 1

- Each authorized insurer is required to pay the tax on net premiums
- Exemptions:
  - Fraternal benefit societies
  - Accountable health plans for net premiums received for health benefit plans issued to small employers
  - Employee benefit trust or voluntary employees beneficiary association providing health or welfare benefits
- Net premiums means total direct premiums income, less cancellations, returned premiums, refunds, or other similar returns paid or credited to policyholders
  - No deduction allowed for cash surrender value of policies or contracts

## ■ Tax Rates

- 2% of net premiums, except fire insurance premiums
- .66% of fire insurance premiums on property located in an incorporated city or town
- 2.2% on all other fire insurance premiums
- 2% on health care service and disability insurance premiums
- Additional 0.4312% on insurance carried for or on vehicles

## ■ Due dates: March 1

- Retaliatory tax imposed on foreign insurers doing business in Arizona
- When taxes imposed by the other state on insurers of Arizona doing business in that state are in excess of the taxes imposed by Arizona on insurers of the other states doing business in Arizona, retaliatory tax is charged
- Due March 1

- All domestic, foreign and alien insurers are liable for the insurance premiums tax
- Exceptions:
  - Domestic stipulated premium insurers
  - Assessment life, health and accident insurers
  - Farmers' mutual aid associations and companies
  - Fraternal benefit societies
  - Nonprofit vision service plan corporations composed of at least 50 participating optometrists or ophthalmologists licensed by Arkansas to provide vision care services
- Premiums tax is based on total direct premium income written on policies covering property subjects or risks located, resident or to be performed in Arkansas.

- Tax Rates:
  - 2.5% of net premiums, except wet marine and foreign trade insurance
  - .75% of gross underwriting profit of wet marine and foreign trade insurance
  - Each authorized insurer must pay to the Fire Protection Premium Tax Fund at a rate of .5% on net direct written premiums for coverages upon real and personal property
- Tax must be paid quarterly estimate basis and reconciled on annual report, due March 1

# Arkansas, Cont'd



- A retaliatory tax is imposed on non-domestic insurance companies doing business in Arkansas
- The same taxes, license and other fees that are imposed upon an Arkansas insurer by another state will be imposed as a retaliatory tax upon insurers of that state
- Tax must be paid quarterly estimate basis and reconciled on annual report, due March 1

- All insurance companies are subject to a tax on gross premiums, less return premiums, received in the year by the insurer upon its business done in the state
  - Does not include premiums received for reinsurance and for ocean marine insurance
- Tax rate is 2.35%
- The tax is imposed on insurers in place of all other taxes
- Due April 1
  - Ocean Marine Insurance taxes are due June 15

- Insurers from another state doing business in California are liable for payment of retaliatory taxes
- Retaliatory tax owed when an insurance company domiciled in another state imposes higher taxes and fees on a California domiciled insurer for the same business
- Due April 1
  - Ocean Marine Insurance taxes are due June 15

- All insurance companies writing business in Colorado are liable for the Insurance Premium tax
- Exemptions
  - Fraternal and benevolent associations
  - Mutual protective associations writing crop hail insurance and operating on an advance premium basis (exempt on the portion of premium designated to the loss fund)
- Premiums means gross premiums collected on policies covering property in Colorado, less amounts received as reinsurance, amounts refunded, and amounts paid to policy holders as return premiums

# Colorado, Cont'd



- Tax Rates
  - 2% generally
  - 1% for companies maintaining a home or regional office in Colorado
- Premium tax is in lieu of all other taxes
- Due March 1

# Colorado, Cont'd



- Retaliatory tax imposed on non-domestic insurance companies doing business in Colorado
- If any taxes and fees imposed on Colorado insurers exceed those Colorado imposes on similar insurer organized under the laws of another state, a retaliatory tax will result
- Due March 1

- Each domestic and foreign insurance company doing business in Connecticut is required to pay a tax on the total net direct premiums received by the company during the previous calendar year from policies written on property or risks located in Connecticut
- Net direct premiums means gross premiums less:
  - Returned premiums (including cancellations)
  - Dividends paid to policy holders on direct business, not including any dividends paid on account of the ownership of stock
  - Excludes considerations and premiums received for reinsurances assumed
- Tax Rates
  - 1.75% of net direct premiums
- Premiums tax in lieu of all other taxes
- Due March 1

# Connecticut, Cont'd



- Non-domestic insurers doing business in Connecticut are subject to a retaliatory tax
- When by the laws of any other state or foreign country any premium or income or other taxes are imposed upon Connecticut insurance companies doing business in the other state or foreign country, which are in excess of such taxes directly imposed on insurance companies of such other state or foreign country doing business in Connecticut, will be imposed on insurance companies thereof of the other state or foreign country doing business in Connecticut
- Due March 1

- Each authorized insurer is subject to a tax on gross direct premium income
- Exemptions:
  - Workers compensation
  - Employers liability
  - Wet marine and transportation insurance companies
  - Domestic mutual assessment property insurers
  - Domestic mutual benefit associations
  - Fraternal benefit societies
- Gross direct premiums less returned premiums on cancelled policies, and the unabsorbed portion of any deposit premium and amount returned to policy holders as dividends

## ■ Tax Rate

- 1.75% paid on graduated basis on net premiums per 'case' for employer owned life insurance policies
- .25% on gross premiums received from insurance on real or personal property
- Domestic Insurers have a privilege tax based on annual gross receipts:
  - \$1,000,000 - Exempt
  - \$1,000,000 to \$5,000,000 - \$10,000
  - \$5,000,001 to \$10,000,000 - \$25,000
  - \$10,000,001 to \$20,000,000 - \$45,000
  - \$20,000,001 to \$30,000,000 - \$65,000
  - \$30,000,001 to \$40,000,000 - \$85,000
  - Over \$40,000,000 - \$95,000
- Credit of \$1,500 for each \$100,000 of wages paid for services performed in Delaware
- If more than 50% of total premiums on persons or property located in Delaware, exempt from privilege tax

# Delaware, Cont'd



- Premiums tax is in lieu of all other taxes
- Quarterly estimates required (April 15, June 15, September 15, December 15)
- Annual report due March 1
- A retaliatory tax is imposed on non-domestic insurance companies doing business in Delaware
- If any taxes and other fees imposed on Delaware insurers are in excess of those Delaware imposes on similar insurers, a retaliatory tax will be imposed
- Quarterly estimates required (April 15, June 15, September 15, December 15)
- Annual report due March 1

- Each authorized insurer that uses insurance agents in Florida is liable for the state and county insurance premiums taxes
- Exemptions:
  - Fraternal benefit societies
  - Motor vehicle services and certain motor vehicle agreements
  - Mutual aid associations
  - Nonprofit religious organizations
  - Political subdivisions offering prepaid ambulance service plans
- Premiums means gross amounts of receipts on account of policies covering property, subjects or risks located, resident or to be performed in Florida, less premiums on reinsurance and return premiums, but not deducting reinsurance ceded to others, moneys paid upon surrender of policies for cash surrender value, discounts for direct or prompt payment of premiums

- Tax Rate
  - 1% of gross receipts on annuity policies paid by holders in Florida
  - 1.75% on all other policies
- Quarterly installment payments required (April 15, June 15, October 15)
  - Annual report due March 1, final payment due with annual report
- Premium tax is NOT in lieu of corporate income tax
  - Insurers are required to file a corporate income tax, and use direct written premiums to apportion income

- Insurers of another state or country doing business in Florida are subject to a retaliatory tax if the laws of the other state or foreign country impose taxes on Florida insurers which are in excess of such taxes directly imposed on those other state or foreign country by Florida.
- Quarterly installment payments required (April 15, June 15, October 15)
  - Annual report due March 1, final payment due with annual report

- Premiums tax is imposed upon gross premiums received from direct writings without deduction allowed for premiums abatements of any kind or for reinsurance or cash surrender values paid or for losses or expenses
- Exemptions:
  - An insurance company exempt from federal income under IRC § 501(c)(3) or (4), and which only insure the risks of places of worship
  - Annuity considerations received by a nonprofit corporation, issuing annuities to fund retirement benefits for teachers and staff personnel of private secondary schools and colleges and universities are not considered taxable gross premiums
  - Premiums paid by Georgia residents on high deductible health plans are excluded
  - Farmers mutual fire insurance companies
- Deductions allowed for premiums returned

- Tax Rate
  - 2.25% for admitted companies
  - 4.0% for risk retention groups
- Due March 1
- Beginning Jan 1, 2014, Department of Insurance will only accept electronically filed quarterly and annual premium tax returns
- Premiums tax is in lieu of all other taxes

# Georgia, Cont'd



- Each alien insurer from another state or foreign country who does business in Georgia is subject to a tax imposed by Georgia if the other state or foreign country imposes taxes in excess of the taxes imposed by Georgia
- Alien insurer means an insurer formed under the laws of a country other than the US
- Due March 1

- Each insurer is required to pay the tax on gross premiums written from all risks or property resident, situated, or located in Hawaii
- Tax Rates:
  - 1.75% Life
  - 4.265% Auto and Health
  - 4.265% Property and Casualty
  - 4.265% Title
  - 0.08775% Ocean Marine
- Due March 1
  - Monthly tax statements required by the 20<sup>th</sup> day of the following month
- Premium tax is in lieu of all other taxes

# Hawaii, Cont'd



- Hawaii does not impose a retaliatory tax
- However, if an insurer organized in Hawaii will be required to pay taxes for the privilege of doing business in another state in an amount that is greater than those taxes required of insurers domiciled in that states, the Hawaii domiciled insurance company may claim a credit against the premium tax

- Authorized insurers are required to pay the premium tax
- Tax base is gross direct premiums written on policies covered subjects resident, located or performed in Idaho
- Tax Rate: 1.5%
- Insurers with tax obligations of \$400 or more must make prepayments, based on the preceding calendar year's business:
  - 60% paid by June 15
  - 20% paid by September 15
  - 20% paid by December 15
- Annual report and balance due March 1
- Premium tax is in lieu of all other taxes

# Idaho, Cont'd



- Idaho imposes a retaliatory tax on non-domestic insurance companies doing business in the state
- When any taxes assessed against Idaho insurers are greater than Idaho would assess against similar insurers, retaliation will occur
- Insurers with tax obligations of \$400 or more must make prepayments, based on the preceding calendar year's business:
  - 60% paid by June 15
  - 20% paid by September 15
  - 20% paid by December 15
- Annual report and balance due March 1

- Every company doing any form of insurance premium business in Illinois must pay a tax for the privilege of doing business in Illinois
- Exemptions
  - Fraternal benefit societies
  - All farm mutual companies
  - All religious charitable risk pooling trusts
  - Statutory residual market
  - Special purpose entities
- Tax base is gross amount of premiums received on direct business on contracts covering risks in Illinois **except**:
  - Premiums on annuities
  - Premiums paid by Illinois for health care coverage for Medicaid eligible insureds
  - Premiums paid for health care services included as an element of tuition charges at any university or college owned and operated by the state of Illinois
  - Premiums on group insurance contracts under the state employees group insurance act of 1971
  - Premiums for deferred compensation plans for employees of the state, units of local government, or school districts

- Deductions allowed:
  - Amount of premiums returned
  - Cash dividends on direct business that were applied to reduce premiums for policyholders
- Tax Rate
  - 0.4% for accident and health, or any insurance business written by any company operating as an HMO, voluntary health service plan, dental service plan or limited health service organization
  - 0.5% for all other types of insurance
- Due March 15
  - Quarterly installments required if prior year tax was more than \$5,000
    - Due April 15, June 15, September 15, December 15

- Premiums tax is NOT in lieu of corporate income tax
  - Must use direct written premiums to apportion income
- Every foreign or alien company doing insurance business in Illinois is liable for the retaliatory tax
- Imposed if the laws of the foreign state or country require companies incorporated in Illinois to pay any fees or taxes greater than the fees or taxes Illinois imposes on companies doing business in Illinois
- Report due March 1
- Return due March 15
  - Quarterly installments required if prior year tax was more than \$5,000
    - Due April 15, June 15, September 15, December 15

- Every foreign and alien insurance company in Indiana is taxed on the gross amount of all premiums it has received on policies of insurance covering risks, or in the case of marine or transportation risks, on policies made, written, or renewed during the 12-month period, ending on December 31 of the previous calendar year.
- Tax Rate: 1.3%
- Quarterly estimated payments due April 15, June 15, September 15, December 15
- Report Due March 1
- Domestic insurers can elect to be taxed on either premiums or corporate income
  - For foreign insurers, premiums tax is in lieu of income tax

- A retaliatory tax is imposed on non-domestic insurance companies doing business in Indiana
- When the taxes, fines, penalties, etc., imposed on Indiana insurers or their agents by other states exceed the amounts imposed by Indiana on similar insurers or agents, retaliation will occur
- Quarterly estimated payments due April 15, June 15, September 15, December 15
- Report Due March 1

- Every insurance company or association of whatever kind is required by law to pay the amount of tax on gross premiums
- Exemptions:
  - Fraternal beneficiary associations and nonprofit hospital and medical service corporations
  - Premiums collected by participating insurers under Hawk-I program
  - Premiums received for benefits acquired on behalf of state employees by the department of administrative services pursuant to state human resource management, and by the state board of regents
- Premium tax is in lieu of all other taxes

- Tax Rates
  - 1.0% for life and other insurance companies
- Due March 1
  - If tax liability for preceding year was more than \$1,000, must prepay half of the balance for the preceding year by June 1

- A retaliatory tax is imposed on non-domestic insurance companies doing business in Iowa
- If the taxes, fees, or other obligations imposed on Iowa insurers are in excess of the taxes, fees, or other obligations that Iowa imposes on insurers of other states, retaliation will occur
- Due March 1
  - If tax liability for preceding year was more than \$1,000, must prepay half of the balance for the preceding year by June 1

- Every insurance company or fraternal benefit society organized under the laws of Kansas or doing business in Kansas is subject to fees and taxes on all gross premiums received on risk located in the state.
- Tax Rate: 2%
  - Plus a fee of \$2 for each agent certified by the company
- Premium tax is in lieu of all other taxes
- Due January 1, or within 60 days thereafter

- A retaliatory tax is imposed on non-domestic insurance companies doing business in Kansas
- When other states charge Kansas insurers taxes, fees, etc, including taxes or fees based on fire premiums, or require deposits in excess of those Kansas charges insurers domiciled in other states, retaliation will occur
  - This does not apply to special purpose assessments or guaranty association assessments under the laws of Kansas or any other state
- Due January 1, or within 60 days thereafter

- Every domestic, foreign, or alien insurer is required to pay premium taxes
- Local government premium tax is imposed on insurance companies for the privilege of engaging in the business of insurance
- Tax Rate
  - \$1.50 for each \$100 of premiums assessment or other charges
  - Local government premium tax: The rate must not be more than 15 percent of the fee or tax collected and remitted to the local government or 2 percent of the premiums subject to the tax, whichever is less
- Premium tax is in lieu of other taxes
- Due the 20<sup>th</sup> day of each month
  - Local government premium tax: due 30 days after the end of each calendar quarter
  - Annual report due March 31

# Kentucky, Cont'd



- A retaliatory tax is imposed on non-domestic insurance companies doing business in Kentucky
- When any other state charges Kentucky insurers or their representatives taxes, licenses or other fees, which are in excess of those Kentucky charges similar insurers, retaliation will occur
- Due the 20<sup>th</sup> day of each month

- Tax is levied on each insurer engaged in the business of issuing insurance policies in consideration of the payment of a premium, whether the insurer is operating in Louisiana through an agent, other representative, or otherwise
- Tax Rate: 0.25% of the amount of premiums received in Louisiana
- Must be reported and paid on a quarterly basis
- Premium tax is NOT in lieu of other taxes
  - Must still file a corporate income tax return

# Louisiana, Cont'd



- A retaliatory tax is imposed on non-domestic insurance companies doing business in Louisiana
- When any taxes, fines, penalties, etc, in the aggregate are imposed by another state on Louisiana insurers, the same taxes, fines, penalties etc. will be imposed by Louisiana on such other states' insurers or agents.
  - Assessments by insurance guaranty funds are not considered in determining retaliatory taxation
- Must be reported and paid on a quarterly basis

- Every insurance company or association that does business or collects premiums or assessments including annuity considerations in Maine, including surety companies and companies engaged in the business of credit insurance or title insurance must pay the tax for the privilege of doing business in Maine
- Tax basis is gross direct premiums including annuity considerations, whether paid in cash or not, on contracts written on risks located or resident in Maine
- Tax Rate: 2% for fire, casualty and other risks
- Premiums tax is in lieu of all other taxes
- Due April 30, June 25, October 31

## Maine, Cont'd



- A retaliatory tax is imposed on non-domestic insurance companies doing business in Maine
- An insurance company incorporated by another state or province of Canada whose laws impose on insurance companies chartered in Maine a greater tax than is provided for insurance companies in Maine must pay the same tax on business done by it in Maine, in place of the tax provided in any other insurance tax provision
- Due April 30, June 25, October 31

- Maryland imposes a tax on all new and renewal gross direct premiums
- Exemptions:
  - a fraternal benefit society
  - a surplus lines broker, who is subject to taxation
  - an unauthorized insurer, who is subject to taxation
  - the Maryland Health Insurance Plan
  - the Senior Prescription Drug Assistance Program
  - a nonprofit health maintenance organization exempt under I.R.C. § 501(c)(3)
- Tax rates:
  - 0% for premiums for annuities
  - 2.0% for all other premiums
- Premium tax is in lieu of all other taxes
- Due March 15

# Maryland, Cont'd



- The retaliatory tax is imposed on non-domestic insurance companies doing business in Maryland
- When any taxes, licenses or other fees, imposed on Maryland insurers or their agents exceed the taxes, licenses or other fees, which Maryland would impose upon insurers or agents of such other state, retaliation will occur
- Due March 15

- Every domestic or foreign insurance company is liable for the full amount of all taxes assessed upon it or its agents
- Exemptions
  - Life insurance companies with respect to amounts received as consideration for annuity contracts; and
  - Marine, or fire and marine, insurance companies with respect to business taxable on underwriting profit
- Tax Rates:
  - 2.0% for life insurance companies
  - 2.28% for domestic and foreign insurance companies, excluding life, marine, or fire and marine
  - 1% of gross investment income for domestic insurance companies, other than life insurance companies
  - 14% of net investment income for domestic life insurance companies not subject to the 1% excise tax on gross investment income
  - 5.7% for marine, or fire and marine, insurance company on its taxable underwriting profit from such insurance written within Massachusetts

# Massachusetts, Cont'd



- Premium tax is in lieu of all other taxes
- Due March 15
- Every foreign life insurance company is subject to tax in the amount of the excess over the excise tax which would be imposed in the same year by the laws of the state or country under which the company is organized, upon a life insurance company incorporated in Massachusetts, or its agents, if doing business to the same extent in the state or country
- Due March 15

- Each insurance company is responsible for payment of a tax on gross direct premiums written on property or risk located or residing in Michigan
- Exemptions
  - Captive insurance companies and special purpose financial captives
  - premiums not taken
  - returned premiums on canceled policies
  - receipts from the sale of annuities
  - receipts on reinsurance premiums if the tax has been paid on the original premiums
  - the first \$190 million of disability income insurance premiums of each insurance company subject to the tax on premiums

# Michigan, Cont'd



- Tax Rate: 1.25% of direct premiums
- Due March 2
- Premiums tax is in lieu of all other taxes
- Each alien or foreign insurer is subject to a retaliatory tax in Michigan if, as a condition precedent to its transacting business in the state, a domestic insurer or agent of a domestic insurer is required to make a deposit of securities for the protection of policyholders or otherwise, or to make payment for taxes or other burdens, in the alien or foreign state that is greater in the aggregate than is required by the laws of Michigan
- Due March 2

- Premium tax calculated on Direct Business:
  - Defined as all insurance provided by an insurance company or its agents;
  - Includes stop-loss insurance purchased in connection with a self insurance plan for employee health benefits;
  - The definition specifically excludes:
    - Reinsurance in which an insurance company assumes liability of another insurance company;
    - Self insurance;
    - “insurance company” includes a non profit health service corporation, HMO and community integrated service network.
- Gross Premiums include:
  - Consideration paid to bail bond agents for bail bonds;
  - Premiums paid for non-admitted insurance

- Premiums tax is imposed on any insurance company, association or surplus lines broker;
- The following exemptions apply:
  - Minnesota comprehensive health insurance plan;
  - Amounts rec'd related to the federal govt for Medicare related coverage;
  - MN employees insurance self insurance group;
  - Premiums paid to health insurer by the state;
  - MN Insurance guarantee assoc., MN Life & guarantee association, MN Comp health association;
- Rates of tax (2% generally)
  - 1% town and farmers mutual insurance; Mutual property & Casualty comp with assets less than \$5,000,000 1 %; HMOs 1%; Life Insurance 1.5%.

- Retaliatory taxes are assessed on all non domestic companies domiciled in states where a retaliatory tax is imposed;
- The retaliatory tax is imposed to the extent that other states charge taxes fines, penalties, deposits or fees on a MN insurer in the aggregate in excess of what MN would impose on similar insurers;
- Due by March 1<sup>st</sup>.

- “Insurer” for purposes of MS premium taxes means every person engaged as indemnitor, surety or contractor in the business of entering into contracts of insurance or annuities;
- Every insurer whether foreign and domestic is subject to the premiums tax on gross premiums collected on insurance policies and contracts written in, or covering risks located in MS;
- Foreign and domestic companies that furnish service to the state of MS under the state employees life and health insurance plan are exempt as well as annuities unless taxed by state of domicile;
- The rate of tax is 3% plus a 1% addition for premiums covering the risk of fire;
- Domestic insurers get a deduction against income tax for retaliatory taxes paid to another state;
- Non domestic insurers must also pay a license tax to be admitted to do business in MS.

# Mississippi, Cont'd



- Income taxes paid to the state of MS are a credit against the premiums tax;
- Due dates are as follows:
  - January through March – due April 20<sup>th</sup>
  - April through June – due July 20<sup>th</sup>
  - July through Sept – due Oct 20<sup>th</sup>
  - Oct through Dec – due March 1<sup>st</sup>
- Retaliatory tax is charged on foreign insurers
  - To the extent of any taxes, licenses or fees in the aggregate if fines penalties and deposit requirements which exceed those MS charges similar insurers;
  - Any tax or fee charged by a political subdivision will be deemed imposed by a state;
  - Retaliatory tax returns due on the same dates as premiums tax

- Missouri - return due March 1 estimates due 3/1, 6/1, 9/1 and 12/1.
  - Premium tax is imposed on policies issues by all insurers which means all insurance companies, reciprocals or interinsurance exchanges transacting insurance business in MO;
  - Policy refers to a contract of insurance and direct premiums received are reduced by return premiums and dividends;
  - Annuities are not taxed nor are premiums from policies issued in connection with qualified retirement plans;
  - The tax rate is generally 2%, the workers comp rate varies from year to year;

- Retaliatory tax is charged on foreign insurers
  - To the extent of any taxes, licenses or fees in the aggregate if fines penalties and deposit requirements which exceed those MO charges similar insurers;
  - Retaliatory tax must be paid on the same dates as the premium tax.

- A premium tax is imposed on each authorized insurer within Montana
- The tax is based on “net premiums” received by the insurer
- The rate of tax is 2  $\frac{3}{4}$  percent of the net premiums received
- Returns are due March 1<sup>st</sup> of each year
- Retaliatory tax is charged on foreign insurers
  - To the extent of any taxes, licenses or fees in the aggregate if fines penalties and deposit requirements which exceed those Montana charges similar insurers;
  - Any tax or fee charged by a political subdivision will be deemed imposed by a state;
  - Retaliatory tax must be paid on the same dates as the premium tax.

- A premium tax is imposed on domestic, foreign and alien insurers;
- Premiums in which the tax is imposed means the consideration paid to insurance companies for insurance and includes policy fees assessments except that premiums on all annuity and pension profit sharing individually sponsored retirement plans and other pension plan contracts are exempt from taxation;
- The premium tax rates are as follows:
  - 1% generally; ½% group sickness and accident insurance
- The due date for the premium tax return is March 1<sup>st</sup>;

# Nebraska, Cont'd



- Any insurer who paid more than \$4,000 in premium tax in the prior year must pay estimated taxes on 4/15, 6/15 and 9/15 of the current year;
- Estimates are to be based on  $\frac{1}{4}$  of prior year tax or  $\frac{1}{4}$  of 80% of current year tax
- Retaliatory tax is charged on foreign insurers
  - To the extent of any taxes, licenses or fees in the aggregate if fines penalties and deposit requirements which exceed those Nebraska charges similar insurers;
  - Any tax or fee charged by a political subdivision will be deemed imposed by a state;
  - Retaliatory tax must be paid by March 1<sup>st</sup>.

- A premium tax is imposed on each insurer who enters into contracts of insurance within the state;
- Direct premiums that the premiums tax is based on does not include:
  - Life insurance or annuity contracts issued in connection with the funding of a pension, annuity or profit sharing plan qualified for exemption under the IRC.
- Reinsurers are exempt from the tax;
- Generally the tax rate is 3.5%; Risk retention groups pay 2%
- The premium tax return is due by March 15<sup>th</sup>;
- Credits are allowed: Home office credit, life/health guarantee association offset, P & C Guarantee association credit

- Retaliatory tax is charged on foreign insurers
  - To the extent of any taxes, licenses or fees in the aggregate if fines penalties and deposit requirements which exceed those Nevada charges similar insurers; Any tax or fee charged by a political subdivision will be deemed imposed by a state;
  - Retaliatory tax must be paid by March 15th.

- A premium tax is imposed on each insurer for lines of business written on risks or on policies to be performed within the state;
- Gross direct premiums written exclude return premiums and dividends;
- The tax rate is 1.25% on P & C premiums and 2% on accident and health
- The premium tax return is due by March 15<sup>th</sup>.
- Retaliatory tax is charged on foreign insurers
  - To the extent of any taxes, licenses or fees in the aggregate if fines penalties and deposit requirements which exceed those NH charges similar insurers; Any tax or fee charged by a political subdivision will be deemed imposed by a state;
  - Retaliatory tax must be paid by March 15<sup>th</sup>.

- A premium tax is imposed on each insurer for lines of business written on risks or on policies to be performed within the state;
- Exemptions for Fraternal benefit societies or entities that are incorporated to assist the sick needy or disabled;
- Gross direct premiums written exclude reinsurance, return premiums and dividends;
- Generally the tax rate is 2.1%; Tax on Group accident and health ins of residents 1.05%;
- The premium tax return is due by March 1st. However ½ of prior year tax is due on June 1<sup>st</sup> of each year as an estimate;
- Retaliatory tax is charged on foreign insurers
  - To the extent of any taxes, licenses or fees in the aggregate if fines penalties and deposit requirements which exceed those NJ charges similar insurers; Any tax or fee charged by a political subdivision will be deemed imposed by a state; Due date same as premium tax.

- A premium tax is imposed on each insurer for policies remaining in force in New Mexico;
- Exemptions for premiums related to state or political subdivision;
- Gross direct premiums as shown in schedule T reduced by return premiums dividends, certain reinsurance. & federally exempt premiums
- Generally the tax rate is 3.003%
- The premium tax must be paid quarterly on 4/15, 7/15. 10/15 and 1/15 and must equal 1/4<sup>th</sup> of prior year tax or 80% of what's due for the current quarter;
- Retaliatory tax is charged on foreign insurers
  - To the extent of any taxes, licenses or fees in the aggregate if fines penalties and deposit requirements which exceed those NM charges similar insurers; Any tax or fee charged by a political subdivision will be deemed imposed by a state;
  - Rules for due dates of payments and estimates mirror the premium tax.

- A franchise tax is imposed on each insurer for policies remaining in force in New York on gross premiums;
- Exemptions are provided for government and charitable organizations etc.;
- Gross premiums are reduced by return premiums
- Generally the tax rate is 1.75% on health insurance premiums and 2% other non life insurance premiums;
- The premium tax must be paid quarterly on 4/15, 7/15. 10/15 and 1/15 and must equal 1/4<sup>th</sup> of prior year tax or 80% of what's due for the current quarter;
- Retaliatory tax is charged on foreign insurers
  - To the extent of any taxes fines penalties in another jurisdiction would be in excess of what a non domestic company pays in NY retaliation will occur;
  - Rules for due dates of payments and estimates mirror the premium tax.

- A premium tax is imposed on each insurer on gross premiums from business done in North Carolina;
- Exemptions for farmers mutual assessment fire insurance companies and fraternal orders or societies that do not operate for a profit;
- Generally the tax rate is 1.9%, 2.5% on workers comp;
- The tax rate for property coverage is .74% and is imposed on 10% of premiums from auto physical damage and 100% for all other property coverage's
- The premium tax return is due by March 15th;
- Retaliatory tax is charged on foreign insurers
  - The retaliatory tax is equal to the difference between the premium tax imposed by the non domestic companies home state and the premium tax imposed by NC;
  - Rules for due dates of returns mirror the premium tax.

- A premium tax is imposed on each insurer on gross premiums from business done in North Dakota including premiums assessments membership fees policy fees subscriber fees, etc.;
- Exemptions for fraternal orders or societies that do not operate for a profit;
- Generally the tax rate is 1.75%, life insurance 2%
- The premium tax return is due by March 1st;
- Retaliatory tax is charged on foreign insurers
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for fines, penalties taxes or deposits over what North Dakota would charge.
  - Rules for due dates of returns mirror the premium tax.

- A premium tax is imposed on each insurer on gross premiums from business done in Ohio;
- Exemptions for fraternal orders or societies that do not operate for a profit;
- Generally the tax rate is 1% on health insurers and 1.4% with the exception of premiums related to Medicare programs and medical assistance programs
- The premium tax return is due by March 1st;
- Retaliatory tax is charged on foreign insurers if the foreign jurisdiction charges a retaliatory tax:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for fines, penalties taxes or deposits over what Ohio would charge.
  - Rules for due dates of returns mirror the premium tax.

- A premium tax is imposed on each insurer on direct written premiums less returned premiums;
- Exemptions for fraternal orders non profit optometric, dental and chiropractic corporation, life and health guaranty associations and P & C guarantee associations;
- Generally the tax rate is 2.25%
- The premium tax return is due by March 1st;
- Retaliatory tax is charged on foreign insurers
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses over what Oklahoma would charge.
  - Rules for due dates of returns mirror the premium tax.

- A premium tax is imposed on each insurer on direct written premiums on domestic risks actually called an excise tax;
- Exemptions for bails bondsmen, fraternal benefit society, exempt religious and public bodies and cities
- Generally the tax rate is .09%
- The premium tax payment is due on the 30<sup>th</sup> day after assessment by the department;
- Retaliatory tax is charged on foreign insurers
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what Oregon would charge.
  - Retaliatory tax is due on April 1st.

- A premium tax is imposed on each insurer on gross premiums received from business done within the state;
- Exemptions for purely mutual beneficial associations and for corporations organized as not for profit hospitals or other non profit medical entities;
- Generally the tax rate is 2.0% the surplus lines tax is 3%
- Ocean Marine companies pay 5% tax on underwriting profits instead;
- The premium tax return reporting premiums written within PA is due by 4/15;
- Retaliatory tax is charged on foreign insurers
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what PA would charge.
  - Retaliatory tax due date mirrors the premium tax.

# Rhode island



- A premium tax is imposed on each insurer on gross premiums received from business done within the state;
- Generally the tax rate is 2.0%
- The premium tax return reporting premiums written within Rhode Island is due by 3/1;
- Retaliatory tax is charged on foreign insurers except those from states that don't impose retaliatory taxes
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what Rhode Island would charge.
  - Retaliatory tax due date mirrors the premium tax.

- A premium tax is imposed on each insurer on gross premiums received from business done within the state which excludes return premiums and dividends paid or credited to policyholders;
- The tax rate on life insurance is  $\frac{3}{4}$  of 1%
- Marine insurance companies 1  $\frac{1}{4}$ <sup>th</sup> %
- The premium tax return reporting premiums written within South Carolina is due by 3/1;
- Retaliatory tax is charged on foreign insurers except those from states that don't impose retaliatory taxes
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what South Carolina would charge.
  - Retaliatory tax is due in quarterly installments on 3/1 6/1 9/1 and 12/1.

- A premium tax is imposed on each insurer on gross premiums received from business done within the state;
- Fraternal benefit societies are exempt;
- The general tax rate is 2.5%;
- Quarterly estimated payments are required;
- The premium tax return is due by 3/1;
- Retaliatory tax is charged on foreign insurers except those from states that don't impose retaliatory taxes
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what South Dakota would charge.
  - Retaliatory tax is due dates mirror premium taxes.

- A premium tax is imposed on each insurer on gross premiums paid by or for policyholders residing in Tennessee;
- The tax rate is generally 2.5%;
- The tax rate for life insurers is
- The premium tax is paid on a quarterly basis with payments due on or before 6/1, 8/20, 12/1 and 3/1;
- Retaliatory tax is charged on foreign insurers:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what Tennessee would charge;
  - Retaliatory tax payment due dates mirror premium taxes.

- A premium tax is imposed on each insurer on gross premiums, membership fees assessments due and any other considerations for the taxable year on insurance written on each and every kind of property or risk located in Texas with no deduction for premiums paid for reinsurance but excluding:
  - Dividends paid to policyholders;
  - Premiums received for reinsurance;
  - Return premiums
  - Premium finance charges
- Exemptions include fraternal benefit societies, group hospital service corporations, mutual assessment associations and cooperative mutual fir insurance companies

# Texas, Cont'd



- The tax rate is generally 1.6%;
- The tax rate for life insurers is 1.75%
- The premium tax return is due on 3/1 and to the extent that a company had over \$1,000 of tax in the prior year then semiannual prepayments are due on 3/1 and 8/1.
- Retaliatory tax is charged on foreign insurers of the foreign insurers home state imposes retaliatory tax and then:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what Texas would charge;
  - Retaliatory tax payment due dates mirror premium taxes.

- A premium tax is imposed on each insurer on gross premiums, membership fees assessments due and any other considerations for the taxable year on insurance written on each and every kind of property or risk located in Utah but excluding:
  - TPA fees
- Exemptions include workers compensation insurance, title insurance, annuity considerations, ocean marine and premiums paid regarding institutions of higher education
- The tax rate is generally 2.25%;

- The premium tax return is due on 3/31;
- Retaliatory tax is charged on foreign insurers:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what Utah would charge;
  - Retaliatory tax payment due dates mirror premium taxes.

- A premium tax is imposed on each insurer on gross premiums in Vermont not including premiums received for reinsurance;
- Exempt are continuing care retirement communities
- The tax rate is generally 2.0%;
- The premium tax is due 5/31, 8/31, 11/30 and 2/28 for each calendar quarter of the year

# Vermont, Cont'd



- Retaliatory tax is charged on foreign insurers:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what Vermont would charge;
  - Retaliatory tax payment due dates mirror premium taxes.

- In Virginia every insurance company issuing policies or contracts for any kind of insurance or very corporation issuing subscription contracts for any kind of plan is liable for the annual tax on premium income and license tax;
- Gross premiums include premiums assessments due and fees collected received or derived or obligations taken for them from business in the state;
- Excluding:
  - Reinsurance assumed
  - Return premiums
- The tax rate is generally 2.25% except for workers comp
- The rate on industrial sick benefit insurance is 1%
- The rate is 1% on mutual companies and also 1% on domestic stock companies with capital stock not exceeding \$25,000.

# Virginia, Cont'd



- The premium/license tax is due on or before 3/1
- Retaliatory tax is charged on foreign insurers:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what Virginia would charge;
  - Retaliatory tax payment due dates mirror premium taxes.

- In Washington each authorized insurer except title insurers must pay to the state treasurer the tax on premiums;
- The premiums tax include all premiums but specifically exclude amounts returned to or the amount of reductions in premiums allowed to holders of industrial life policies of payment of premiums directly to an office of the insurer, collected or received by the insurer during the preceding calendar year other than ocean marine and foreign trade insurances after deducting premiums paid to policyholders as returned premiums upon risks or property resident situated or to be performed in Washington;
- Excluding:
  - Joint self insurance programs, 2 or more hospitals, government entities, affordable housing entities or 2 or more commercial fishing business that jointly form a self insuring mutual entity;

# Washington, Cont'd



- The tax rate is generally 2%
- The premium/license tax is due on or before 3/1
- Retaliatory tax is charged on foreign insurers:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes fees fines penalties licenses deposit requirements or other material obligations over what Washington would charge;
  - Retaliatory tax payment due dates mirror premium taxes.

- In West Virginia a premiums tax is imposed on every insurer transacting insurance in the state the gross amount of direct premiums collected and received by it;
- The tax rate is generally 2% but there is an add on premium tax of 1%;
- The premium/license tax is due on or before 3/1
- Retaliatory tax is charged on foreign insurers:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for tax license or other obligation charged by the state city county or other political subdivision;
  - Retaliatory tax payment due dates mirror premium taxes.

- In Wisconsin a casualty insurance tax is required to be paid by every foreign and domestic insurer insuring risks within the state;
- Life insurers are required to pay an annual license fee with the exception of fraternal
  - Excluding:
    - Joint self insurance programs, 2 or more hospitals, government entities, affordable housing entities or 2 or more commercial fishing business that jointly form a self insuring mutual entity;
    - The tax rate is generally 2%

# Wisconsin, Cont'd



- The fire and marine insurance, casualty insurance and life insurance tax payments are due on or before 4/15, 6/15 9/15 and 12/15 and the annual return is due on 3/1
- Retaliatory tax is charged on foreign insurers:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for deposits fees and taxes;
  - Retaliatory tax return is due by 3/1.

# Wyoming



- In Wyoming for the privilege of operating an insurance business each company must pay a premium tax on premium income membership and other fees including all other consideration for insurance and annuity contracts;
- The tax rate is generally .75%:
- Annuities tax rate is 1%

## ■ Wyoming

- The premium tax return is due on 3/1
- Retaliatory tax is charged on foreign insurers:
  - The retaliatory tax is equal to the difference between what the domicile state of non domestic insurer would charge for taxes licenses and other fees including fines penalties and deposit requirements;
  - Retaliatory tax return is due by 3/1.

# Thank you for attending



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