

**SB**

**15**

<TARGET><BILL>SB 15</BILL><SUBJECT>SB  
15</SUBJECT><COMM>SFIN29</COMM></TARGET>

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# SENATE FINANCE COMMITTEE REPORT

DATE: 3/4/15

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

**Finance Committee** considered SPONSOR SUBSTITUTE FOR SENATE BILL NO. 15

## SB 15 LIFE INSURANCE POLICY PREMIUM TAX

"An Act relating to the tax on policy year premiums for life insurance policies."

and recommends:

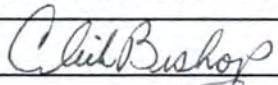
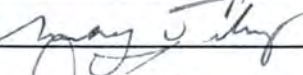

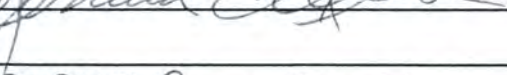
- be replaced with CS \_\_\_\_\_ ( \_\_\_\_\_ )  Same Title  New Title
- adopt previous CS \_\_\_\_\_ ( \_\_\_\_\_ )  Same Title  New Title
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
AJS	MVA
EED	DNR
DEC	DPS
DFG	REV
GOV	DOT
DHS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
CED			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Bishop	✓			
	Duane Avey	✓			
	HOFFMAN	✓			
	OLSON			✓	
CO-CHAIR: Anna MacKinnon	MacKinnon			✓	
CO-CHAIR:					

# Alaska State Legislature

Senate Majority Leader

Joint Armed Services Committee  
Co-Chairman  
Judiciary Committee  
Vice-Chairman  
Resources Committee  
State Affairs Committee  
Legislative Council  
Rules Committee



Senator John Coghill

Session Address:  
State Capitol, Room 119  
Juneau, AK 99801-1182  
(907) 465-3719  
Fax (907) 465-3258

Interim Address:  
1292 Sadler Way, Suite 340  
Fairbanks, AK 99701  
(907) 451-2997  
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[www.aksenate.org](http://www.aksenate.org)

## Sponsor Statement

**SB 15 "An Act relating to the tax on policy year premiums for life insurance policies."**

SB 15 requires that taxes for single or group life insurance policies shall be set at 0.08% exceeding \$100,000.

In 2014, taxes on insurance premiums constituted 8.6% of non-petroleum unrestricted revenues, approximately 55 million dollars. In 2015 the forecast for life insurance revenue is projected to rise to 9.5%, approximately 57 million dollars, and in 2016 it is expected to remain at the same level but rise to approximately 59 million dollars.

Back in 1998 because of virtually no collection of taxes on policies of over \$100,000 AS 21.09.210(m) was subsequently changed to cut taxes from 2.7% to 0.1% for life insurance policies exceeding \$100,000. Yet already by 2006 the state of South Dakota had matched the state of Alaska and then some, dropping down to 0.08% over \$100,000, thereby undercutting revenue for Alaska. This has resulted in a sizable reduction of the number of life insurance policies over \$100,000 sold in this state.

In order to remain competitive Alaska then must match South Dakota now, and a cut in the premium from 0.1% to 0.08% is the appropriate response to South Dakota's success and a good solution for Alaska.

# Alaska State Legislature

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## SECTIONAL ANALYSIS

**SB 15** *"An Act relating to the tax on policy premiums for life insurance policies; relating to single and group life insurance policies; and relating to other types of insurance policies that insure the life of one or more individuals."*

**Section 1.** The legislature proposes to cut taxes on life insurance premiums to 0.08% exceeding \$100,000.

**Section 2.** The legislature shall determine the times of implementation regarding the changes to AS 21.09.210, with Sec. 1 of the bill taking into effect after December 31, 2015.

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version:	SSSB 15
Fiscal Note Number:	1
(S) Publish Date:	3/4/2015

Identifier: SB015-DCCED-DOI-02-20-15  
 Title: LIFE INSURANCE POLICY PREMIUM TAX  
 Sponsor: COGHILL  
 Requester: (S) Labor and Commerce

Department: Department of Commerce, Community and  
 Economic Development  
 Appropriation: Insurance Operations  
 Allocation: Insurance Operations  
 OMB Component Number: 354

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: Lori Wing-Heier, Director  
 Division: Division of Insurance  
 Approved By: Catherine Reardon, Director  
 Agency: Division of Administrative Services

Phone: (907)465-2560  
 Date: 02/20/2015 09:00 AM  
 Date: 02/20/15

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

## Analysis

SB15 would reduce the premium taxes collected by the Division on individual insurance policies with a written premium exceeding \$100,000.00 from 0.1% to 0.08%. The reduction in tax is expected to increase competition, potentially resulting in additional policies issued in the state.

The reduction in tax is expected to have a negligible fiscal impact on the Division, as the amount of premium that is subject to this tax is very small. The potential increase as a result of additional premium sales is expected to negate any reduction in revenues, if not increase the tax revenues beyond what they previously.



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of Commerce, Community,  
and Economic Development

DIVISION OF INSURANCE

P.O. Box 110805  
Juneau, Alaska 99811-0805  
Main: 907.465.2515  
Fax: 907.465.3422

March 26, 2015

The Honorable Anna MacKinnon, Co-Chair  
Senate Finance Committee  
Alaska State Capitol  
Juneau, Alaska 99801-1182

Dear Senator MacKinnon,

Please see the Division's response to your questions from our conversation on March 20, 2015 and the Committee's questions during the March 23, 2015 SB 15 hearing.

- 1. What are "paid up" additions dividends?**  
Paid up additions dividends are used to pay for premiums, but the insurance companies do not include those amounts in the premium amount on the annual statement. This is because the insured do not pay for policy maintenance. In order to allow for the dividend deduction in statute (21.09.210(b)), they are required to add back the paid up additions dividends in the premium.
- 2. Why are dividend deductions included?**  
The dividend deductions section of the spreadsheet is intended to increase the accuracy of tax figures. The state does not receive tax on gross premiums, and so without deduction calculations, any tax figures would be bloated and inaccurate.
- 3. Can we provide an expanded spread sheet showing additional years and the premiums collected and taxes associated with those years?**  
Yes. The enclosure for this response is a revised spread sheet that includes 2005-2013 and calculates the difference in premium tax collected if SB15 were to be enacted.
- 4. Do we know of any national trends with regards to life insurance policies written with a premium amount over \$100,000.00?**  
Not at this time, however division research into this question is ongoing.

Sincerely,

A handwritten signature in black ink, appearing to be "Marty Hester".

Marty Hester  
Deputy Director

Enclosure

## Life Insurance Companies licensed in the State of Alaska

Difference Taxed at .08%

		2005 (earliest year data available)		Premiums	Tax 2.7% or .1%	
		Total Life Premium written	\$	287,975,708		Gross premiums
		Plus: paid up additions dividends	\$	17,389,841		
		Less: Dividends deduction claimed	\$	23,488,664		
		Less: Exempt premiums	\$	3,465,334		
\$	20,924	\$	83,694	Less: taxed at .1%	\$ 104,617,676	\$ 104,617.68 112 policies
		Net Premiums taxed at 2.7%	\$	173,793,875	\$ 4,692,434.63	
					\$ 4,797,052	
		Education Premium Tax Claimed by life company			none	
					<u>\$ 4,797,052</u>	
		2006		Premiums	Tax 2.7% or .1%	
		Total Life Premium written	\$	277,224,989		Gross premiums
		Plus: paid up additions dividends	\$	17,542,006		
		Less: Dividends deduction claimed	\$	23,578,554		
		Less: Exempt premiums	\$	3,454,693		
\$	18,595	\$	74,379	Less: taxed at .1%	\$ 92,974,329	\$ 92,974.33 90 policies
		Net Premiums taxed at 2.7%	\$	174,759,419	\$ 4,718,504.31	
					\$ 4,811,479	
		Education Premium Tax Claimed by life company			none	
					<u>\$ 4,811,479</u>	
		2007		Premiums	Tax 2.7% or .1%	
		Total Life Premium written	\$	290,092,696		Gross premiums
		Plus: paid up additions dividends	\$	18,336,138		
		Less: Dividends deduction claimed	\$	24,525,509		
		Less: Exempt premiums	\$	3,777,986		
\$	13,497	\$	53,989	Less: taxed at .1%	\$ 67,486,308	\$ 67,486.31 88 policies
		Net Premiums taxed at 2.7%	\$	212,639,031	\$ 5,741,253.84	
					\$ 5,808,740	
		Education Premium Tax Claimed by life company			\$ 125,000	This reduced the amount of actual tax paid to the State of Alaska.
					<u>\$ 5,683,740</u>	
		2008		Premiums	Tax 2.7% or .1%	
		Total Life Premium written	\$	329,649,943		Gross premiums
		Plus: paid up additions dividends	\$	19,291,871		
		Less: Dividends deduction claimed	\$	25,987,529		
		Less: Exempt premiums	\$	2,922,640		
\$	25,224	\$	100,896	Less: taxed at .1%	\$ 126,119,424	\$ 126,119.42 92 policies
		Net Premiums taxed at 2.7%	\$	193,912,221	\$ 5,235,629.97	
					\$ 5,361,749	
		Education Premium Tax Claimed by life company			\$ 150,000	This reduced the amount of actual tax paid to the State of Alaska.
					<u>\$ 5,211,749</u>	
		2009		Premiums	Tax 2.7% or .1%	
		Total Life Premium written	\$	299,414,875		Gross premiums
		Plus: paid up additions dividends	\$	17,124,810		
		Less: Dividends deduction claimed	\$	23,474,602		
		Less: Exempt premiums	\$	1,943,583		
\$	17,292	\$	69,168	Less: taxed at .1%	\$ 86,459,625	\$ 86,459.63 96 policies
		Net Premiums taxed at 2.7%	\$	204,661,875	\$ 5,525,870.63	
					\$ 5,612,330	
		Education Premium Tax Claimed by life company			\$ 150,000	This reduced the amount of actual tax paid to the State of Alaska.

\$ 5,462,330

**As of 1/21/15**

**2010**

			<b>Premiums</b>	<b>Tax 2.7% or .1%</b>	
					Gross premiums
			\$ 423,856,580		
			\$ 16,478,816		
			\$ 22,334,443		
			\$ 2,700,170		
\$ 41,724	\$ 166,896		\$ 208,620,304	\$ 208,620	121 policies
			\$ 206,680,479	\$ 5,580,373	
				\$ 5,788,993	
					This reduced the amount of actual tax paid to the State of Alaska.
				\$ 150,000	
				\$ 5,638,993	

**2011**

			<b>Premiums</b>	<b>Tax 2.7% or .1%</b>	
					Gross premiums
			\$ 687,043,543		
			\$ 16,440,620		
			\$ 22,007,857		
			\$ 3,254,653		
\$ 88,656	\$ 354,624		\$ 443,279,519	\$ 443,280	105 policies
			\$ 234,942,134	\$ 6,343,438	
				\$ 6,786,717	
					This reduced the amount of actual tax paid to the State of Alaska.
				\$ 250,000	
				\$ 6,536,717	

**2012**

			<b>Premiums</b>	<b>Tax 2.7% or .1%</b>	
					Gross premiums
			\$ 352,786,601		
			\$ 16,049,341		
			\$ 21,541,551		
			\$ 3,266,296		
\$ 22,507	\$ 90,029		\$ 112,536,499	\$ 112,536.50	105 policies
			\$ 231,491,596	\$ 6,250,273.09	
				\$ 6,362,810	
					This reduced the amount of actual tax paid to the State of Alaska.
				\$ 250,000	
				\$ 6,112,810	

**2013**

			<b>Premiums</b>	<b>Tax 2.7% or .1%</b>	
					Gross premiums
			\$ 335,691,438		
			\$ 16,869,781		
			\$ 23,558,985		
			\$ 4,344,271		
\$ 15,961	\$ 63,846		\$ 79,807,219	\$ 79,807.22	95 policies
			\$ 244,850,744	\$ 6,610,970.09	
				\$ 6,690,777	
					This reduced the amount of actual tax paid to the State of Alaska.
				\$ 250,000	
				\$ 6,440,777	

**2014**

			<b>Premiums</b>	<b>Tax 2.7% or .1%</b>	
					Gross premiums
			\$ 908,589,426	accurate	
			\$ 17,809,924	accurate	
			\$ 23,459,757	accurate	
			\$ (7,287,187)		Due to cancelled policies then re-written with another company
\$ 135,594	\$ 542,378		\$ 677,972,022	\$ 677,972.02	?? Policies - missing information from companies.

**THE 2014 FIGURES HAVE NOT BEEN VERIFIED AND SOME DATA STILL MISSING**

Net Premiums taxed at 2.7%	\$ 232,254,758	<u>\$ 6,270,878.47</u>	
		\$ 6,948,850	
Education Premium Tax Claimed by life company		<u>unknown</u>	This reduced the amount of actual tax paid to the State of Alaska.
		<u><u>\$ 6,948,850</u></u>	



# ALASKA TRUST COMPANY

Complete Trust & Investment Solutions™

February 13, 2015

Senator John Coghill  
State Senate  
State Capitol Room 119  
Juneau AK, 99801

Dear Senator Coghill,

On behalf of Alaska Trust Company, we would like to emphasize the importance of SB 15.

This bill provides a meaningful update to Alaska Statutes and provides increased value to using Alaska as a trust jurisdiction. Since the passage of the Alaska Trust Act in 1997, Alaska has become a premier jurisdiction for trust planning and administration. Our distinctive statutes have made Alaska a top destination for trust business and have provided Alaska with increased revenue, job creation and great benefits for our residents. Unfortunately, other states have seen the success of Alaska in this regard and have thus looked to mirror Alaska's laws. This increased competition requires a constant review, appraisal and change to Alaska Statutes in order to maintain our distinction.

Due to Alaska's favorable life insurance premium tax structure and the benefits of holding life insurance inside of a trust, the State has received millions of dollars in insurance premium tax revenue. Without the passage of the earlier statutes, Alaska would likely not have received this revenue. Over the past number of years, Alaska has been receiving a decreasing amount of this business, and thus revenue. A large part of this decline can be attributable to the lower premium tax that is charged by South Dakota. As you know, Americans are very tax sensitive and, even though the difference is minimal, many elect to do business in the jurisdiction with the lowest tax. We firmly believe that lowering the premium tax, on those premiums over \$100,000, from ten (10) basis points to eight (08) will actually increase revenue to the State of Alaska due to increased business.

We understand that State revenue is always an important issue, particularly in this Legislative session, and we do not take this issue lightly. It is our genuine belief that the State will only continue to lose a greater share of this business without a change. However, with a change the State could receive increased revenue. The trust laws of Alaska have brought us all great benefits and have cost the State nothing. We are looking to continue this fortune for years to come and ask for your support in helping us to achieve this goal.

With this, we would like to voice our strong support for the ratification of Senate Bill 15.

1029 W. Third Ave., Suite 400 Anchorage, Alaska 99501-1968  
907-278-6775 Fax: 907-258-1649 1-888-544-6775  
E-mail: aktrust@alaskatrust.com www.ALASKATRUST.com

Sincerely,

*Matthew Blattmachr*

Matthew D. Blattmachr

Vice President and Trust Officer



# ALASKA TRUST COMPANY

Complete Trust & Investment Solutions™

April 2, 2015

Senators Anna MacKinnon and Pete Kelly  
State Senate  
Co-Chairs Senate Finance Committee

Dear Senators MacKinnon and Kelly,

On behalf of Alaska Trust Company, we would like to emphasize the importance of Senate Bill 15, which is currently before your Committee.

We understand that this Legislative session has been dominated by State revenues, budgetary moves and marijuana regulations. These are critical issues which require a great deal of your time and attention. However, we must reiterate the urgency of progression and passing Legislature to sustain other industries in Alaska. We respectfully request a brief moment of your time to discuss SB 15 and its importance to the State.

When the Alaska Trust Act was passed in 1997, Alaska became the premier jurisdiction for trust, estate and financial planning, nationwide. We have provided Alaska with free revenues, employees with well-paying jobs and families with substantial benefits from our unique estate planning laws. Unfortunately, states such as South Dakota, Nevada and Delaware have passed legislation which mirror and improve upon our laws in efforts to directly compete with Alaska's success and funnel our business into their states. This increased competition requires a constant review, appraisal and change to Alaska Statutes in order to maintain our distinction and to remain competitive. Without constant efforts by our Legislature, this business will simply leave Alaska and transition to states whose statutes are more favorable.

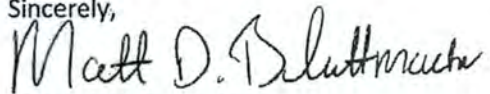
The Alaska Trust Act and related laws have resulted in millions of dollars in free revenues to the State of Alaska, without any State contribution. These statutes have built a robust industry that needs the Legislature's immediate help in remaining viable. Each year, those of us in this industry continue to champion for the advancement of our laws but this work cannot be done alone. It requires the assistance of elected officials to pass Legislature that will ensure Alaska maintains its pioneering spirit and prospers beyond 2015 in an industry unaffected by oil prices.

We ask for your support in helping us to achieve this goal. With this, we voice our strong support for the ratification of Senate Bill 15.

Please let me know if we can answer any questions or if you would like additional information.

1029 W. Third Ave., Suite 400 Anchorage, Alaska 99501-1968  
907-278-6775 Fax: 907-258-1649 1-888-544-6775  
E-mail: aktrust@alaskatrust.com www.ALASKATRUST.com

Sincerely,

A handwritten signature in black ink that reads "Matt D. Blattmachr". The signature is written in a cursive style with a large, prominent "M" and "B".

Matthew D. Blattmachr

Vice President and Trust Officer

cc via email: Senate President, Kevin Meyer  
Senator Lesil McGuire  
Senator John Coghil

## **Testifiers**

Matt Blattmachr, Alaska Trust  
mblattmachr@alaskatrust.com  
Work: (907) 278-6775  
Mobile: (907) 317-8376

Martin Hester, Deputy Director of Division of Insurance  
Work: 465-2597

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# 2015 FACTS: LIFE INSURERS in ALASKA

paid \$735 MILLION  
in life benefits  
to Alaskans  
in 2013<sup>1</sup>



paid \$109 MILLION  
in annuity benefits  
to Alaskans  
in 2013



Alaskans have \$60 BILLION in total life insurance coverage



Individual life insurance coverage purchased in 2013 by Alaskans:  
\$3 BILLION



Alaskans own 172,000 individual life insurance policies (average coverage: \$216,000 per policyholder)



Life insurers invest \$17 BILLION in Alaska's economy

Life insurers provide financial and retirement security through life insurance, annuities, long-term care and disability income insurance, and retirement plans.

Group life insurance coverage:

\$23 BILLION



\$15 BILLION of life insurers' investment is in stocks & bonds that help finance business development, job creation, and services in AK



Life insurers provide \$221 MILLION in mortgage loans<sup>2</sup> and own \$25 MILLION in real estate



The life insurance industry generates 1,400 jobs in AK<sup>3</sup>



## ACL I IN ALASKA

217 ACLI member companies provide protection for Alaskans

94% of all life and annuity payments are from ACLI members

93% of total life insurance coverage provided by ACLI members

<sup>1</sup> in the form of death benefits, matured endowments, policy dividends, surrender values, & other payments  
<sup>2</sup> include commercial, farm, and residential properties  
<sup>3</sup> 700 direct jobs + 700 non-insurance jobs

Sources: ACLI calculations based on National Association of Insurance Commissioners (NAIC), 2013 annual statement data; U.S. Bureau of Economic Analysis, 2013 data; U.S. Census Bureau, 2013 data; U.S. Bureau of Labor Statistics, 2013 data; and U.S. Treasury Department, 2013 data.

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DIRK KEMPTHORNE, President & CEO  
101 Constitution Ave NW, suite 700  
Washington DC 20001

[www.acli.com](http://www.acli.com)

**ACL I**  
Financial Security...for Life.

362 life insurers are licensed to do business in Alaska.

**Life Insurance Companies licensed in the State of Alaska**

	<u>As of 1/21/15</u>			<u>As of 11/13/12</u>	
	Premiums	Tax 2.7% or .1%		Premiums	Tax 2.7% or .1%
<b>2010</b>					
Total Life Premium written	\$ 423,856,580		Gross premiums. Does not include deductions allowed	\$ 423,856,580	
Taxed at 2.7%	\$ 215,236,276	\$ 5,811,379		\$ 216,117,056	\$ 5,835,161
Taxed at .1%	\$ 208,620,304	\$ 208,620	121 policies updated due to amended reports filed 12/24/12	\$ 207,739,524	\$ 207,740
		\$ 6,020,000			\$ 6,042,900
Education Premium Tax Claimed by life company		\$ 150,000	This reduced the amount of actual tax paid to the State of Alaska.		\$ 150,000
		<u>\$ 5,870,000</u>			<u>\$ 5,892,900</u>

	Premiums	Tax 2.7% or .1%		Premiums	Tax 2.7% or .1%
<b>2011</b>					
Total Life Premium written	\$ 687,043,543		Gross premiums. Does not include deductions allowed	\$ 687,043,543	
Taxed at 2.7%	\$ 243,764,026	\$ 6,581,629		\$ 244,614,329	\$ 6,604,587
Taxed at .1%	\$ 443,279,517	\$ 443,280	105 policies updated due to amended reports filed 12/24/12	\$ 442,429,214	\$ 442,429
		\$ 7,024,908			\$ 7,047,016
Education Premium Tax Claimed by life company		\$ 250,000	This reduced the amount of actual tax paid to the State of Alaska.		\$ 250,000
		<u>\$ 6,774,908</u>			<u>\$ 6,797,016</u>

	Premiums	Tax 2.7% or .1%	
<b>2012</b>			
Total Life Premium written	\$ 352,786,601		Gross premiums
Plus: paid up additions dividends	\$ 16,049,341		
Less: Dividends deduction claimed	\$ 21,541,551		
Less: Exempt premiums	\$ 259,053		
Less: taxed at .1%	\$ 112,536,499	\$ 112,536.50	105 policies
Net Premiums taxed at 2.7%	\$ 234,498,839	\$ 6,331,468.65	
		\$ 6,444,005	
Education Premium Tax Claimed by life company		\$ 250,000	This reduced the amount of actual tax paid to the State of Alaska.
		<u>\$ 6,194,005</u>	

	Premiums	Tax 2.7% or .1%	
<b>2013</b>			
Total Life Premium written	\$ 335,691,438		Gross premiums
Plus: paid up additions dividends	\$ 16,869,781		
Less: Dividends deduction claimed	\$ 22,016,388		
Less: Exempt premiums	\$ 257,320		
Less: taxed at .1%	\$ 79,807,219	\$ 79,807.22	95 policies
Net Premiums taxed at 2.7%	\$ 250,480,292	\$ 6,762,967.88	
		\$ 6,842,775	
Education Premium Tax Claimed by life company		\$ 250,000	This reduced the amount of actual tax paid to the State of Alaska.
		<u>\$ 6,592,775</u>	

## ALASKA

### Jobs

- The life insurance industry generates approximately 1,400 jobs in Alaska, including 700 direct employees and 700 non-insurance jobs.
- 362 life insurers are licensed to do business in Alaska and none are domiciled in the state.

### Protection

- Alaska residents have \$60 billion in total life insurance coverage.
- State residents own 172,000 individual life insurance policies, with coverage averaging \$216,000 per policyholder.
- Group life insurance coverage amounts to \$23 billion.
- Individual life insurance coverage purchased in 2013 in Alaska totaled \$3 billion.
- \$735 million was paid to Alaska residents in the form of death benefits, matured endowments, policy dividends, surrender values, and other payments in 2013.
- Annuity benefits paid in the state in 2013 totaled \$109 million.

### Investments

- Life insurance companies invest approximately \$17 billion in Alaska's economy.
- About \$15 billion of this investment is in stocks and bonds that help finance business development, job creation, and services in the state.
- Life insurers provide \$221 million in mortgage loans on farm, residential, and commercial properties, and own \$25 million in real estate in Alaska.

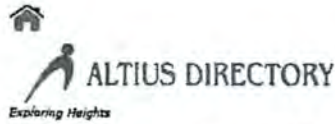
### Across America

- 75 million American families depend on life insurers' products to protect their financial and retirement security.
- More than 1 out of every 6 dollars of Americans' long-term savings is in permanent life insurance and retirement annuities.
- Life insurers pay out \$1.5 billion to families and businesses every day.
- Nearly 80 percent of full-time workers have access to a workplace retirement plan, and more than 80 percent of workers with access participate.<sup>1</sup>
- IRAs and individual annuities are available for all workers without access to employer-sponsored plans as well as to supplement retirement savings:
- The life insurance industry generates approximately 2.5 million jobs in the U.S.
- Life insurers invest \$5.6 trillion in the U.S. economy—90 percent of the industry's total assets.
- Life insurers are the largest institutional source of bond financing for American businesses, holding 20 percent of all U.S. corporate bonds.

### ACLI in Alaska

- 217 ACLI member companies provide financial and retirement security to families through life insurance, annuities, long-term care and disability income insurance, and retirement plans.
- 94 percent of all life and annuity payments are from ACLI member companies.
- 93 percent of total life insurance coverage is provided by ACLI members.

<sup>1</sup>Bureau of Labor Statistics, U.S. Department of Labor, National Compensation Survey, March 2014.  
Sources: ACLI calculations based on National Association of Insurance Commissioners (NAIC) 2013 annual statement data; U.S. Bureau of Economic Analysis, 2013 data; U.S. Census Bureau, 2013 data; U.S. Bureau of Labor Statistics, 2013 data; and U.S. Treasury Department, 2013 data.



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## Life Insurance Companies in Alaska

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- » Unicare Insurance Company
- » Union Bankers Life Insurance Company
- » Union Central Life Insurance Company
- » United American Insurance Company
- » United Fire & Casual Insurance Company
- » United Services Automobile Association Insurance Company
- » Unitrin Direct Insurance Company
- » Unity Mutual Insurance Company
- » Universal American Financial Corp
- » Unum Insurance Company
- » West Coast Life Insurance Company
- » Western Reserve Life Insurance Company
- » William Penn Life Insurance Company
- » Woodmen of the World Insurance Company
- » Zurich North America Insurance Company

Korean woman dies in a car crash appears to be very suspicious as her husband took 26 life insurance policies on her name. Pregnant woman was not wearing seatbelt and was killed while her husband was safely strapped and escaped with minor injuries.

54 year old woman of Simsbury, Connecticut, a mother and senior vice president with MassMutual Insurance Company has been found dead. Police investigating untimely death of insurance executive.

Experts are of the opinion that we can use the terms "[mortgage insurance](#)" and "Life Insurance" interchangeably as they seem to be serving the same intended purpose such as covering the debts of the person in his expiry/Death.

MetLife, [Prudential](#) and Principal are the three major [life insurance companies](#) in USA and sustain the markets with huge targets in an underperforming market.

After the financial crisis [life insurance companies](#) especially US private equity firms performed well and that bull run may come to an end due to scrutiny by state insurance regulators and dried high value opportunities. State insurance regulatory authority worried that the equity firms shall focus more on short term profits rather than focusing on long term benefits of life insurance company and its policyholders.

Daniel Powell from San Diego ran a life insurance scam resulting in \$4 million cost for the victims, has been convicted by federal charges. Powell's company promised the victims that his company will buy [reverse life insurance policies](#) and invested into gold mines.

Life Insurance is essential for the four groups Breadwinners, stay at home parents, Older Couples and single mom due to the change in the family needs.

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## GENERAL FUND UNRESTRICTED REVENUES NON-PETROLEUM

(\$ millions)	Actual		Forecast			
	2014	Percent	2015	Percent	2016	Percent
<b>Taxes</b>						
Non-petroleum Corporate Income	\$104	16.3%	\$114	15.4%	\$125	21.3%
Mining License Tax	\$24	3.8%	\$33	7.9%	\$35	7.0%
Insurance Premium	\$55	8.6%	\$57	9.5%	\$59	9.4%
Tobacco	\$43	6.7%	\$44	7.7%	\$42	7.2%
Motor Fuel	\$39	6.1%	\$40	7.2%	\$40	6.8%
Other Taxes	<u>\$70</u>	11.0%	<u>\$66</u>	11.5%	<u>\$64</u>	11.2%
<b>Subtotal Taxes</b>	<b>\$335</b>	<b>52.4%</b>	<b>\$355</b>	<b>59.3%</b>	<b>\$365</b>	<b>62.9%</b>
<b>Investments</b>	<b>\$130</b>	<b>20.3%</b>	<b>\$30</b>	<b>15.1%</b>	<b>\$32</b>	<b>14.2%</b>
<b>Other</b>	<b>\$174</b>	<b>27.2%</b>	<b>\$147</b>	<b>25.6%</b>	<b>\$164</b>	<b>22.9%</b>
<b>Total Non-petroleum</b>	<b>\$639</b>	<b>100.0%</b>	<b>\$532</b>	<b>100.0%</b>	<b>\$561</b>	<b>100.0%</b>

Source: Department of Revenue - Revenue Sources Book Fall 2014

Add Notes

**State of South Dakota**EIGHTY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2006

400M0352

SENATE BILL NO. 46

Introduced by: The Committee on Commerce at the request of the Department of Revenue and Regulation

FOR AN ACT ENTITLED, An Act to clarify the taxes for certain life insurance premiums and annuity considerations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

Section 1. That § 10-44-2 be amended to read as follows:

10-44-2. Any company doing insurance business in this state shall pay a tax at the rates specified in this section. The tax shall be paid to the Division of Insurance at the time the company files its annual statement, or, if no annual statement is required, then before March first of each year.

If, during the previous year, a company paid more than five thousand dollars in premium taxes in this state, the company shall submit payments equal to one-quarter of the previous year's premium taxes to the Division of Insurance on April thirtieth, July thirty-first, October thirty-first, and January thirty-first. The quarterly payments shall be credited against the amount due from the company at the time the company files its annual statement, or if no annual statement is required, then on March first of each year. The director of the Division of Insurance may waive the requirement in writing for quarterly payments or reduce the amount of deposit if the director finds the requirement would impose an undue premium tax on a company because of a significant decline in sales within the state. If the sum of the quarterly payments exceeds the total taxes due, the director shall credit the overpayment against subsequent amounts due or, if requested in writing at the time the company files its annual statement, refund the overpayment to the company. If the overpayment cannot be credited, there is excess remaining after the credit is taken on the annual statement, or the refund is not requested, the division may refund the amount overpaid by May first of the following year. The rates are:

(1) On each domestic company, two and one-half percent of premiums, except for life insurance policies, other than credit life as defined in chapter 58-19, of a face amount of seven thousand dollars or less, for which the rate is one and one-fourth percent of premiums; and one and one-fourth percent of the consideration for annuity contracts. However, the rate for life insurance and annuities shall be computed as follows:

(a) Two and one-half percent of premiums for a life policy on the first one hundred thousand dollars of annual premium, and eight one-hundredths of a percent for that portion of ~~the a~~ policy's annual life premiums exceeding one hundred thousand dollars; and

(b) One and one-fourth percent of the consideration for an annuity contracts-contract on the first five hundred thousand dollars of consideration ~~for annuity contracts~~, and eight one-

hundredths of a percent for that portion of the consideration on an annuity contracts-contract exceeding five hundred thousand dollars.

The tax also applies to premiums for insurance written on individuals residing outside this state or property located outside this state if no comparable tax is paid by the direct writing company to any other appropriate taxing authority. However, the tax applies only to premiums for insurance written after July 1, 1980, on individuals residing outside of the United States;

(2) On each foreign company the rate shall be computed as follows:

(a) Two and one-half percent of premiums, except for life insurance policies, other than credit life as defined in chapter 58-19, of a face amount of seven thousand dollars or less, for which the rate is one and one-fourth percent of premiums ~~However, for that portion of the life insurance premiums exceeding one hundred thousand dollars annually, the rate shall be eight one-hundredths of a percent; and;~~

~~(b) One and one-fourth percent of the consideration for annuity contracts on the first five hundred thousand dollars of consideration for annuity contracts, and eight one-hundredths of a percent for that portion of the consideration on annuity contracts exceeding five hundred thousand dollars~~ Two and one-half percent of premiums for a life policy on the first one hundred thousand dollars of annual premium, and eight one-hundredths of a percent for the portion of a policy's annual life premiums exceeding one hundred thousand dollars; and

~~(c) One and one-fourth percent of the consideration for an annuity contract on the first five hundred thousand dollars of consideration, and eight one-hundredths of a percent for that portion of the consideration on an annuity contract exceeding five hundred thousand dollars ;~~

(3) On each insurer not licensed or not authorized to do business in this state the rate shall be computed as follows:

(a) Two and one-half percent of premiums, except for life insurance policies, other than credit life as defined in chapter 58-19, of a face amount of seven thousand dollars or less, for which the rate is one and one-fourth percent of premiums ~~However, for that portion of the life insurance premiums exceeding one hundred thousand dollars annually, the rate shall be eight one-hundredths of a percent; and;~~

~~(b) One and one-fourth percent of the consideration for annuity contracts on the first five hundred thousand dollars of consideration for annuity, and eight one-hundredths of a percent for that portion of the consideration on annuity contracts exceeding five hundred thousand dollars~~ Two and one-half percent of premiums for a life policy on the first one hundred thousand dollars of annual premium, and eight one-hundredths of a percent for that portion of a policy's annual life premiums exceeding one hundred thousand dollars; and

~~(c) One and one-fourth percent of the consideration for an annuity contract on the first five hundred thousand dollars of consideration, and eight one-hundredths of a percent for that portion of the consideration on an annuity contract exceeding five hundred thousand dollars ;~~

(4) Fourteen dollars for each insurance policy issued or renewed for workers' compensation coverage.

Revenue from subdivision (4) of this section shall be deposited in the insurance operating fund of the state treasury and is dedicated to the Department of Labor for purposes of automating the administration of the workers' compensation law and supporting the Workers' Compensation Advisory Council.

Section 2. That chapter 10-44 be amended by adding thereto a NEW SECTION to read as follows:

The provisions of this Act shall be retroactive to July 1, 2001, and shall apply to any premium tax for any life insurance policy with an annual premium exceeding one hundred thousand dollars and to any annuity with an annual consideration exceeding five hundred thousand dollars.

## **AS 21.09.210 Tax on Insurers**

(m) The tax imposed under this section for an individual life insurance policy shall be computed at the rate of

- (1) 2.7 percent of policy year premium up to \$100,000; and
- (2) one-tenth of one percent of policy year premium exceeding \$100,000.

**PREMIUM TAX RATE BY LINE**

The rate in the first box is the rate generally charged insurers. The following boxes are used to indicate specific rates by type of insurance. A # sign in the box indicates the generally charged rate is in effect. A zero indicates that type of insurance premium is not taxed. A blank indicates that information is not available. These figures do not indicate in any way credits or other effects on premium tax rates, nor are additional assessments indicated.

**The date following each state indicates the last time information for the state was reviewed/changed.**

	ALABAMA (12/13)	ALASKA (12/13)
Insurers Generally		2.7%
A/H	1.6% Note	#
Life	2.3% Note	# Note
Annuity	0%	0%
P/C	3.6%	#
Fire	3.6% Low value dwelling classes 9 & 10: 1%	#
RRG	3.6%	#
BC/BS	1.6% .5% small employer group	6% Note
Title	3.6%	1%
Independent/Direct Procurement	4%	3%
Surplus Lines	6%	# + .75% on gross underwriting profit for wet marine & transportation.
Marine	3.6%	.75% gross underwriting profit
Notes	Tax rates for P&C, Fire, Marine and Title may be reduced based on AL office facilities credit. Note: Some small life premiums are taxed at 1% & .5%. Health premiums for small employer groups are taxed at .5%.	BC/BS & other hospital/medical service corps gross premium less claims paid. Life: if yearly premium for individual policy exceeds \$100,000, rate is .1% on the excess over \$100,000. The first \$100,000 is taxed at generally charged rate.

**PREMIUM TAX RATE BY LINE**

	ARIZONA (12/13)	ARKANSAS (12/13)
Insurers Generally	2%	2.5%
A/H	#	#
Life	#	#
Annuity	0%	0%
P/C	# Note 1	# + .5% on real & personal property.
Fire	2.2% or .66% if use private fire co.	# + .5% on real & personal property.
RRG	#	4%
BC/BS	#	#
Title	Income tax	#
Independent/Direct Procurement	No provision	2%
Surplus Lines	3%	4%
Marine	#	.75% gross underwriting profit
Notes	1. Additional .4312% on premiums covering vehicles.  2. Contact the Industrial Commission of Arizona for workers' compensation.	Foreign Trade: .75%  Workers' compensation set by Arizona Workers' Compensation Commission – not to exceed 3%.

**PREMIUM TAX RATE BY LINE**

	<b>CALIFORNIA (12/13)</b>	<b>COLORADO (12/13)</b>
Insurers Generally	2.35%	2% 1% with CO home or regional office.
A/H	#	#
Life	#	# Note
Annuity	# .5% for qualified pension and profit sharing plans.	0%
P/C	#	#
Fire	#	#
RRG	#	#
BC/BS	#	5 cents per enrollee after first 10,000.
Title	#	#
Independent/Direct Procurement	3%	2.25%
Surplus Lines	3%	3%
Marine	5% net underwriting profit	#
Notes		Premiums for qualified retirement plans not taxed.

**PREMIUM TAX RATE BY LINE**

	CONNECTICUT (12/13)	DELAWARE (12/13)
Insurers Generally	1.75%	1.75% additional .25%
A/H	#	#
Life	#	# COLI, TOLI & BOLI graduated rates based on net premiums per case.
Annuity	0%	0%
P/C	#	#
Fire	#	#
RRG	4%	#
BC/BS	2% service corporations 1.75% domestic insurers	No provision
Title	#	#
Independent/Direct Procurement	4%	No provision
Surplus Lines	4%	#
Marine	0% foreign co.	5% gross profit
Notes		Captives pay at a rate that varies.  Corporate owned life insurance taxed at rates that vary between 1% and 2%.

**PREMIUM TAX RATE BY LINE**

	<b>DISTRICT OF COLUMBIA (12/13)</b>	<b>FLORIDA (12/13)</b>
Insurers Generally	2%	1.75%
A/H	#	#
Life	#	#
Annuity	0%	1% with exceptions
P/C	#	#
Fire	#	# + 1% assessment and up to .1% surcharge.
RRG	#	Foreign: 5% Domestic: 1.75%
BC/BS	#	#
Title	#	#
Independent/Direct Procurement	No provision	5% + .3% service fee
Surplus Lines	2%	5% + .3% service fee
Marine	#	.75% gross profit
Notes	Captive insurers graduated rates.	Commercial Self Insurance Fund, Group Self Insurance Fund, Med. Mal. Self-Ins. Fund, Public Housing Authorities Self-Insurance Fund, and Assessable Mutual Insurers: 1.6%  HMOs assessed up to .1%

**PREMIUM TAX RATE BY LINE**

	<b>GEORGIA (12/13)</b>	<b>HAWAII (12/13)</b>
Insurers Generally	2.25%	4.265%
A/H	#	#
Life	#	2.75%
Annuity	0%	0%
P/C	#	#
Fire	# + additional 1%	#
RRG	4%	Rate varies from 0.00% to .25%.
BC/BS	#	0%
Title	#	#
Independent/Direct Procurement	4%	4.68%
Surplus Lines	4%	4.68%
Marine	#	0.8775% gross profit
Notes	Georgia Firefighter's Pension Fund collects its own tax.	Captives: graduated rates between 0.00% and .25% depending on premium volume; maximum tax is \$200,000; does not apply to premiums previously taxed or taxed elsewhere.

**PREMIUM TAX RATE BY LINE**

	<b>IDAHO (12/13)</b>	<b>ILLINOIS (12/13)</b>
Insurers Generally	1.5%. Dental insurance taxed \$.04 per contract per month.	Insurers subject to income tax, privilege tax and retaliatory tax; Note.
A/H	# Note	.4%
Life	# Note	.5%
Annuity	0%	0%
P/C	#	.5%
Fire	#	.5 + additional 1% (2% foreign)
RRGs	#	.5%
BC/BS	# (mutuals)	.4% of net taxable premium
Title	#	.5%
Independent/Direct Procurement	1.5%	No provision
Surplus Lines	1.5%	3.5%
Marine	#	.5%
Notes	Life insurance used to fund qualified retirement plan not taxed. Dental insurance taxed .04 per contract per month.	Privilege (premium) tax is .5% of net taxable premium, except A/H is taxed at .4%.

**PREMIUM TAX RATE BY LINE**

	<b>INDIANA (12/13)</b>	<b>IOWA (12/13)</b>
Insurers Generally	1.3%	1%
A/H	#	#
Life	#	# Note
Annuity	0%	0%
P/C	#	#
Fire	#	#
RRG	#	#
BC/BS	0% Note	#
Title	#	#
Independent/Direct Procurement	No provision	No provision
Surplus Lines	2.5%	#
Marine	#	6.5% average profit 3 yrs
Notes	HMO and BC/BS - No provision, department policy not to tax.	HMO - 1-5 years tax exempt, then 1%.  Life insurance used to fund qualified retirement program not taxed.

**PREMIUM TAX RATE BY LINE**

	<b>KANSAS (12/13)</b>	<b>KENTUCKY (12/13)</b>
Insurers Generally	2%	2%
A/H	#	# Note
Life	#	Foreign: 1.5% Domestic: 1.5%
Annuity	0%	0%
P/C	#	#
Fire	# Additional 1.25% and 2%	# + additional .75%
RRG	Foreign: 6% Domestic: 2%	#
BC/BS	#	Note
Title	#	#
Independent/Direct Procurement	6%	No provision
Surplus Lines	6%	3%
Marine	#	#
Notes	Small employees health benefit - 0%.  HMO - Privilege fee of 1% all premiums.	Health care provider tax varies by facility. Hospital, medical, dental service corporations exempt.

**PREMIUM TAX RATE BY LINE**

	<b>LOUISIANA (12/13)</b>	<b>MAINE (12/13)</b>
Insurers Generally	Based on volume; see Notes	2%
A/H	#	# Note
Life	#	# Note
Annuity	0%	# Note
P/C	#	#
Fire	Based on vol. + 2% Notes	# + 1.4% Note
RRG	Same as foreign fire or casualty insurer.	#
BC/BS	#	Up to .015% subscription income.
Title	#	#
Independent/Direct Procurement	5%	3%
Surplus Lines	5%	3%
Marine	Based on volume; see Notes	#
Notes	<p>For life, accident &amp; health or service insurance - \$140 for \$7,000 or less in premiums received. Add \$225 for each additional \$10,000 or part.</p> <p>Fire, marine, transportation, casualty, surety, workers' comp.: \$185 for \$6,000 or less in premiums. Add \$300 for each additional \$10,000 or part.</p> <p>Fire: 0.25% fireman training, 1.25% fire damage, 2% premium tax.</p>	<p>Long-Term Care: 1%; Group disability income 1%; Group disability income written by large insurers 2.55%.</p> <p>Life insurance or annuities issued in connection with the funding of a qualified retirement plan are not taxed.</p> <p>Fire: Assessment of 1.4% of gross direct premiums for fire risks in addition to premium tax.</p>

**PREMIUM TAX RATE BY LINE**

	<b>MARYLAND (12/13)</b>	<b>MASSACHUSETTS (12/13)</b>
Insurers Generally	2%	2.28%
A/H	#	#
Life	#	2%
Annuity	0%	0% except retaliatory
P/C	#	#
Fire	#	#
RRG	#	#
BC/BS	0%	Excise tax: 1% of subscription dues.
Title	#	#
Independent/Direct Procurement	3%	No provision
Surplus Lines	3%	4%
Marine	5% underwriting profit (retaliatory)	5.7% net underwriting profit
Notes	For profit HMO taxed as insurer; nonprofit not taxed.	HMO with preferred provider plan 2.28%

**PREMIUM TAX RATE BY LINE**

	<b>MICHIGAN (12/13)</b>	<b>MINNESOTA (12/13)</b>
Insurers Generally	Greater of Single Business Tax or Retaliatory Tax	2%
A/H	#	#
Life	#	1.5%
Annuity	0%	#
P/C	#	#
Fire	#	# + additional .65% on direct business received by the company, or by its agents for it, for homeowner's insurance policies, commercial fire policies, and commercial nonliability insurance policies in this state.  Reduced to .5% effective July 1, 2013.
RRG	2.5% domestic 2% foreign	#
BC/BS	0%	1%
Title	#	#
Independent/Direct Procurement	2% + .5% regulatory fee	2%
Surplus Lines	2% + .5% regulatory fee	3%
Marine	#	#
Notes		1% for town & farmers' mutuals & mutuals not writing life and with assets <\$5 million, 1.26% if assets >\$5 million, 2% surcharge on fire insurance premiums covering risk in Minneapolis, St. Paul and Duluth.  HMO – 1%

**PREMIUM TAX RATE BY LINE**

	<b>MISSISSIPPI (12/13)</b>	<b>MISSOURI (12/13)</b>
Insurers Generally	3%	2%
A/H	# Note	#
Life	# Note	# Note
Annuity	0%	0%
P/C	#	#
Fire	# + 1% additional	#
RRG	#	#
BC/BS	3% except for exempt approved carriers offering basic health insurance.	0%
Title	#	#
Independent/Direct Procurement	4%	5%
Surplus Lines	4% 3% Nonadmitted policy fee	5%
Marine	#	#
Notes	Premiums on tax-qualified life/health plans exempt.	Premiums for qualified retirement plans not taxed.  Workers' compensation administrative surcharge – 1%

**PREMIUM TAX RATE BY LINE**

	MONTANA (12/13)	NEBRASKA (12/13)
Insurers Generally	2.75%	1%
A/H	#	# .5% group
Life	#	# Note
Annuity	0%	0%
P/C	#	#
Fire	# + additional 2.5%	# + additional Domestic: .375% Foreign: .75%
RRG	#	#
BC/BS	0%	# .5% group
Title	#	#
Independent/Direct Procurement	At discretion of commissioner.	3%
Surplus Lines	#	3%, fire taxes apply
Marine	#	#
Notes		Premiums for qualified retirement plans not taxed.  Captive insurers - .25%

**PREMIUM TAX RATE BY LINE**

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	<b>NEVADA (12/13)</b>	<b>NEW HAMPSHIRE (12/13)</b>
Insurers Generally	3.5%	1.25% Note
A/H	#	2%
Life	#	1.25% Note
Annuity	# Note (1)	0%
P/C	#	1.25% Note
Fire	#	1.25% Note
RRG	Foreign: 2% Domestic: 3.5%	1.25%
BC/BS	#	2%
Title	#	1.25% Note
Independent/Direct Procurement	#	4%
Surplus Lines	#	3%
Marine	#	1.25%
Notes	(1) Premiums for qualified retirement plans not taxed.  (2) Rate for captive insurers varies between .025% and .4%.	Minimum payment \$200.

**PREMIUM TAX RATE BY LINE**

	NEW JERSEY (12/13)	NEW MEXICO (12/13)
Insurers Generally	2.1%	3.003%
A/H	# 1.05% group	# + 1% surtax
Life	# Note (1)	#
Annuity	0%	0%
P/C	#	#
Fire	#	#
RRG	# Note (2)	#
BC/BS	2.1% taxable premiums + 2 to 4 cents per subscriber depending on coverage. 1.05% group	# + 1% surtax
Title	#	#
Independent/Direct Procurement	5%	#
Surplus Lines	5%	#
Marine	5.25% average profit for last 3 yrs.	#
Notes	(1) Premiums for qualified retirement plans not taxed.  (2) RRG taxed at same rate as surplus lines (5%) if not chartered in NJ; same rate as foreign admitted insurers (2.1%) if chartered in NJ.  HMO – 2%  .25% additional on workers' compensation and employers liability.	

**PREMIUM TAX RATE BY LINE**

	<b>NEW YORK (12/13)</b>	<b>NORTH CAROLINA (12/13)</b>
Insurers Generally	2%	1.9%
A/H	1.75%	#
Life	.7%	#
Annuity	0%	0%
P/C	#	# + additional .74% on property coverage contracts
Fire	# + additional 2% foreign	# + additional .74% on property coverage contracts
RRG	#	5%
BC/BS	0%	0%
Title	#	#
Independent/Direct Procurement	3.6%	5%
Surplus Lines	3.6%	5%
Marine	#	#
Notes	Also subject to franchise tax or retaliatory tax.	2.5% workers' compensation 1.9% HMO

**PREMIUM TAX RATE BY LINE**

	<b>NORTH DAKOTA (12/13)</b>	<b>OHIO (12/13)</b>
Insurers Generally	1.75% Note	1.4%
A/H	#	1% for HICs; 1.4% for others Note
Life	2%	#
Annuity	0%	0%
P/C	#	#
Fire	#	# + .75% additional
RRG	#	Foreign: 5% Domestic: 1.4%
BC/BS	#	1%, if authorized as a HIC.
Title	#	#
Independent/Direct Procurement	No provision	5%
Surplus Lines	1.75%	5%
Marine	#	#
Notes	Minimum payment \$200.	Minimum tax is \$250.  Non-HIC insurers authorized to write HIC lines of business are taxed at 1% on those HIC lines of business and 1.4% on all other lines of business.  HIC=health insuring corporation

**PREMIUM TAX RATE BY LINE**

	<b>OKLAHOMA (12/13)</b>	<b>OREGON (12/13)</b>
Insurers Generally	2.25%	Corporate Excise Tax and Retaliatory Taxes
A/H	#	# + 1% premium assessment
Life	#	#
Annuity	0%	0%
P/C	#	#
Fire	# + .3125% additional	# + 1% additional
RRG	#	#
BC/BS	#	# + 1% premium assessment
Title	#	#
Independent/Direct Procurement	6%	2% + 1% for fire when applicable
Surplus Lines	6%	2.3%
Marine	#	5% average profit 3 yrs. + retaliatory
Notes	Workers' compensation administration fund – 1%	

**PREMIUM TAX RATE BY LINE**

	<b>PENNSYLVANIA (12/13)</b>	<b>PUERTO RICO (12/13)</b>
Insurers Generally	2%	4%
A/H	#	#
Life	#	#
Annuity	0%	1%
P/C	#	#
Fire	#	#
RRG	#	No provision
BC/BS	0%	#
Title	Domestic: Note Foreign: #	#
Independent/Direct Procurement	3%	15%
Surplus Lines	3%	9%
Marine	5% average profits 3 yrs.	No provision
Notes	Domestic title insurers pay tax based on stock, 1.25%.	Cooperative insurers subject to 5% tax on net income if exceeding \$250,000.

**PREMIUM TAX RATE BY LINE**

	<b>RHODE ISLAND (12/13)</b>	<b>SOUTH CAROLINA (12/13)</b>
Insurers Generally	2%	1.25%
A/H	#	#
Life	#	.75%
Annuity	0%	0%
P/C	#	#
Fire	#	# + additional 2.35%
RRG	#	#
BC/BS	# Minimum assessment \$1,000	#
Title	#	#
Independent/Direct Procurement	4%	No provision
Surplus Lines	4%	6% (includes 2% municipal taxes)
Marine	#	#
Notes		2.5% workers' compensation Captives pay at a rate that varies.

**PREMIUM TAX RATE BY LINE**

	<b>SOUTH DAKOTA (12/13)</b>	<b>TENNESSEE (12/13)</b>
Insurers Generally	2.5% Note	2.5% Note (1)
A/H	#	#
Life	# Note	1.75% Note (2)
Annuity	1.25% Note	0%
P/C	#	#
Fire	# + additional .5%	# + additional .75% on apportioned fire lines
RRG	#	#
BC/BS	#	1.75%
Title	#	#
Independent/Direct Procurement	#	No provision
Surplus Lines	#	5%
Marine	#	#
Notes	<p>Life: 2.5% on first \$100,000 in premiums, .08% on annual premiums exceeding \$100,000 per policy; small face amount policies of less than \$7000 face amount, 1.25%.</p> <p>Annuity: 1.25% for first \$500,000 in annuity consideration and .08% for annual consideration exceeding \$500,000 per annuity contract.</p>	<p>(1) \$150 minimum tax due</p> <p>(2) No tax on life insurance issued in connection with qualified retirement plan.</p> <p>Captives: .4% first \$20 million .3% each dollar thereafter</p> <p>Workers' comp premium is taxed separate from all other premium at 4% with a surcharge of 0.4%; surcharge revenue is earmarked for TOSHA.</p> <p>HMO – 5.5%</p>

**PREMIUM TAX RATE BY LINE**

	TEXAS (12/13)	UTAH (12/13)
Insurers Generally	1.6%	2.25%
A/H	1.75%	0%
Life	1.75% Note	#; For variable life rate is 2.25% of first \$100,000 in premiums and 0.08% for premiums in excess of \$100,000.
Annuity	0%	0%
P/C	#	# plus .01% auto study
Fire	#	#
RRG	#	#
BC/BS	Single nonprofit trust for employees of hospital district exempt.	0%
Title	1.35%	.45%
Independent/Direct Procurement	4.85%	4.25%
Surplus Lines	4.85%	4.25%
Marine	#	0%
Notes	For life, health, HMOs: For first \$450,000 of gross revenues or premiums collected, rate shall be 50% of rate above.  In addition to the above, Texas has maintenance taxes based on premiums.	Workers' comp. – between 1% & 4.25% as determined each year by the state labor commission.

**PREMIUM TAX RATE BY LINE**

	VERMONT (12/13)	VIRGIN ISLANDS (12/13)
Insurers Generally	2%	5%
A/H	#	#
Life	#	#
Annuity	0% Note	0%
P/C	#	#
Fire	#	#
RRG	#	No provision
BC/BS	0%	#
Title	#	#
Independent/Direct Procurement	3%	No provision
Surplus Lines	3%	5%
Marine	#	#
Notes	If annuities taxed by state of incorporation, VT will tax.  Captive rates vary.	

**PREMIUM TAX RATE BY LINE**

	<b>VIRGINIA (12/13)</b>	<b>WASHINGTON (12/13)</b>
Insurers Generally	2.25%	2%
A/H	#	#
Life	#	# Note (1)
Annuity	0%	0%
P/C	#	#
Fire	# + 1% to fund fire program fund	#
RRG	Rates vary	#
BC/BS	.75% of subscription fees 2.25% of subscription fees if no open enrollment	#
Title	#	Note (2)
Independent/Direct Procurement	No provision	No provision
Surplus Lines	2.25% + up to .1% assessment	#
Marine	# + 1% to fund fire program fund	.95% gross underwriting profit
Notes	Domestic nonprofit mutuals and industrial sick benefit companies 1%.  Prepaid Lines - .75% of subscription fees 2.25% of subscription fees if no open enrollment.	(1) Premiums "in connection with a pension, annuity or profit-sharing plan exempt or qualified under §§ 401, 403(b), 404, 408(b) or 501(a) of the U.S. Internal Revenue Code" are exempt.  (2) Title insurers and their property are taxed under the "general laws relating to taxation", but not premium taxes.  Foreign Trade: 0.95%

**PREMIUM TAX RATE BY LINE**

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	<b>WEST VIRGINIA (12/13)</b>	<b>WISCONSIN (12/13)</b>	<b>WYOMING (12/13)</b>
Insurers Generally	3% Note	No provision	.75%
A/H	#	Assessed in proportion to share of business.	#
Life	#	Foreign: 2% Note	# Note
Annuity	1%	0%	1% Note
P/C	# + additional 2% + .55% surcharge + .5% fire marshal	Foreign: 2%	#
Fire	# + additional 2% + .55% surcharge + .5% fire marshal	Foreign: 2.375% + 2% fire dues Domestic: 2%	#
RRG	4% + .55% surcharge	3%	#
BC/BS	0%	Assessed in proportion to share of business.	#
Title	#	No provision	#
Independent/Direct Procurement	No provision	3%	No provision
Surplus Lines	4% + .55% surcharge	3%	3%
Marine	#	Foreign: 0.5%	.75% gross profit
Notes	Premiums received for State Act Workers' Compensation coverage are subject to the debt reduction and regulatory surcharges of W. Va. Code § 23-2C-3(f) and not the taxes and surcharges under Chapter 33 of the W. Va. Code.	Domestic Life: 2% or income tax	Premiums for qualified retirement plans not taxed.  HMO - .75%

## PREMIUM TAX RATE BY LINE

This chart does not constitute a formal legal opinion by the NAIC staff on the provisions of state law and should not be relied upon as such. Every effort has been made to provide correct and accurate summaries to assist the reader in targeting useful information. For further details, the statutes and regulations cited should be consulted. The NAIC attempts to provide current information; however, readers should consult state law for additional adoptions.

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**PREMIUM TAX RATE BY LINE**