





# Government of the District of Columbia Department of Insurance, Securities and Banking

Stephen C. Taylor Commissioner

# 2017 District of Columbia Insurance Premium Tax Filing Instructions

# What's New for 2017:

- **District of Columbia ("DC") has a new physical mailing address** for 2017 insurance premium tax filing and thereafter. Express mail from UPS and FedEx is acceptable from now on. (See detailed mailing address and instructions in the Section of "When and Where to File" below).
- 2017 DC insurance premium tax return has a few changes as follows:
  - a. A new fillable box after "Name of the Company" for filling in FEIN.
  - **b.** Part I, line 2, "Qualified Premiums" defined as premiums from policies or contracts issued in connection with a pension, annuity, profit-sharing plan or individual retirement annuity qualified or exempt under IRS code described in the DC Official Code, Section 47-2608 (2)(c) and Section 31-205 (b) (1)(B).
  - c. Part I, line 4b has combined Medicare and Medicare Part D premiums together.
  - **d.** Part I, line 9, "Total Premium Tax" is a new line which has been designed to sum of Part I, line 8 and eliminate any negative premium tax appearing here.
  - **e. Part II, line 1, "Total Gross Premiums"** has changed the formulas to eliminate negative number appearing here.
  - **f. Part II, line 6c** has been specifically designed for entering Minimum Premium Tax amount required by domicile state.

#### **Filing Requirements:**

- All DC licensed insurance companies, including reinsurance companies, registered risk retention groups, and risk purchasing groups must file 2017 DC insurance premium tax return; (Foreign and Alien insurers must also complete PART II of the 2017 DC insurance tax return);
- Except those companies with zero (\$0) direct written premiums in DC during 2017. If a company has zero (\$0) DC written premium during 2017 and meets all the following conditions, this company is not required to file 2017 DC insurance premium tax return:
  - 1. The company does not owe retaliatory tax to DC
  - 2. The company does not claim CAPCO credit

- 3. The company does not claim a premium tax credit or refund due to prior years' overpayment or amendment of prior years' premium tax returns
- 4. The company does not have an overpayment from prior years or current year's installment payment to be carried over to next tax year

# When and Where to File?

- 2017 DC insurance premium tax return is due on March 1, 2018. If you do not file the return and pay the tax liability by the due date, a penalty of eight percent (8%) per month will be imposed until the appropriate tax is paid.
- Using NAIC OPTins to file and pay DC insurance premium tax is optional and encouraged. If OPTins
  is not used:
  - All premium tax returns with tax payment should be mailed together with the check made payable to the DC Treasurer, to the following address through United States Postal Service or UPS and FedEx, EXPRESS MAILS ARE ACCEPTED:

# Wells Fargo Bank 7175 Columbia Gateway Drive DC Department of Insurance, Securities & Banking Attn: Lockbox # 92180, Insurance Bureau Columbia, MD 21046

- o If a company is required to file 2017 DC insurance premium tax return, but has no tax payment due after taking credits to offset against tax liabilities, the tax return must be emailed to the Department of Insurance, Securities and Banking at email address: disb.premiumtax@dc.gov, or filed through OPTins. No tax return without a tax payment should be mailed to Wells Fargo Bank address above.
- If you have questions regarding use of the premium tax forms and any other matters concerning DC insurance premium taxes, please contact DISB Insurance Tax Unit at telephone (202) 442-8568 or (202) 727-8000 or Email: <a href="mailto:disb.premiumtax@dc.gov">disb.premiumtax@dc.gov</a>.

#### **Line Instructions for 2017 DC Insurance Premium Tax Form**

Part I – Premium Tax:

**Line 1 - Premiums**: the premiums reported here should agree with the premium amount reported in Schedule T of Annual Statement filed with NAIC. Refer to the table below:

| Type of Annual Statement Filed | Premiums should be matched with the column of Schedule T               |
|--------------------------------|--|
| Property & Casualty            | Column 2 - Direct Premiums Written                                     |
| Life & Health                  | Sum of column 2 - Life Insurance Premiums and column 4 - A&H Insurance |
|                                | Premiums   |
| Health                         | Column 8 – Total Columns 2 Through 7                                   |
| Title                          | Sum of column 3, 4, 5 – Direct Premiums Written                        |
| Fraternal                      | Sum of column 2 - Life Insurance Premiums and column 4 - A&H Insurance |
|                                | Premiums   |

If the premium amount reported in Line 1 does not agree with Schedule T, the difference must be explained separately. Schedule T and state page are not required to be submitted with the tax return.

**Line 2 - Qualified Premiums**: defined as premiums from policies or contracts issued in connection with a pension, annuity, profit-sharing plan or individual retirement annuity qualified or exempt under IRS code described in the DC Official Code, Section 47-2608 (2)(c) and Section 31-205 (b) (1)(B).

Qualified premiums reported in this line must include a written explanation regarding the reasons and laws supporting the deduction in the comments box of the tax return.

#### **Line 4 – Deductions:**

- **a. FEHBP & FEDVIP**: FEHBP stands for federal employees' health benefit plans and FEDVIP stands for federal employees' dental and vision plans. Premiums from both FEHBP and FEDVIP are exempted from DC premium tax.
- **g.** Other: Any deductions that do not list in Line 4 (a) to (e) can be taken here; but you should write down a description of deduction in the fillable field on this line.

**Line 8 – Premium Tax**: For non-A&H premium tax, this line is the product of multiplying Line 7 by 1.7%; for A&H premium tax, this line is the product of multiplying Line 7 by 2%.

**Line 9 – Total Premium Tax**: This is a new line which has been designed to sum of Part I, line 8 and eliminate any overall negative premium tax appearing here.

Line 12(e) – Guaranty Fund Tax Credits and Refunds: Pursuant to D.C. Official Code §31-5410, insurance companies are granted premium tax credits or "offsets" for Class B assessments made by the DC Life and Health Insurance Guaranty Association (Guaranty Fund) at the rate of 10% (10 percent) per year for 10 years, following the year in which the assessments were made. In addition, §31-5410(b) states that "Any sums which are acquired by refund, pursuant to §31-5406(f) from the Association by member insurers ... shall be paid by member insurers to the District of Columbia..."

- Please note that Guaranty Fund Tax Credits and Refunds in Line 12(e) are granted only for Class B assessments made by the DC Life and Health Insurance Guaranty Association ("L&H Guaranty Fund"). Class A assessments are for administrative purposes and cannot be recovered through premium tax credit. Accordingly, any premium tax credits taken for Class A assessments will be rejected. The companies with an assessment from the Property & Casualty Guaranty Fund should not take a credit on line 12(e).
- Companies with a Class B assessment from the L&H Guaranty Fund taking a Guaranty Fund tax credit on Line 12(e) of the tax return must file the L&H Guaranty Fund Assessment Invoice or the "Certificate of Contribution," along with the completed "Life and Health Insurance Guaranty Fund Class B Assessment Recovery Form ("Guaranty Fund Form" or "Form"). Failure to do so will result in the company's tax return being rejected. The company may be imposed additional interest and penalty in accordance with DC Official Code §47-2609.
- Instructions for completion of the Guaranty Fund Form:

In order to take the credit, you shall follow the steps below and refer to the Guaranty Fund Form Example to complete the Guaranty Fund Form:

- 1. From the combined L&H Guaranty Fund assessment invoice, pick up only the class B assessment for Life and Health accounts to key in the assessment amount in the related columns in the Guaranty Fund Form as positive number in the year the assessment is made. The form will automatically amortized each year's assessment in 10 years at 10% per year beginning the following year.
- 2. From the combined L&H Guaranty Fund assessment invoice, pick up the class B refund for life and heath accounts to key the refund amount in the related columns in the Form as negative numbers in the year the refund is made. The Form will automatically take the whole refund amount in the following year to offset with the L&H Guaranty Fund assessment amount in the column of "Tax Credit (refund) to Line 12e". (Please note that the L&H Guaranty Fund class B refund may not come with a separate refund check and may be used to offset with class A and annuity assessment. Accordingly, companies are advised that any L&H Guaranty Fund invoice received for less than the amount of the current Class A and annuity assessment means that the company was issued a refund for one or more of the Class B accounts.)
- 3. Transfer L&H Guaranty Fund credit (refund) from the column of "Tax Credit (refund) to Line 12e" in the Form to Line 12(e) in the insurance premium tax return. Remember to transfer the same positive or negative numbers in the Form to the Return. The positive number means tax credit which should be added to Line 12(h) Total credit & payments; the negative number means tax refund which should be subtracted from Total credits & Payments in Line 12(h).

**Line 16 – Overpayment** if the premium tax return indicates an overpayment on Line 16, please note that refund check will not be processed before June 1 installment payment is due. It is recommended that overpayment be applied to the future installment.

### 2018 DC Installment Report

2018 DC premium tax installment report should be filed with the installment payment by June 1, 2018 for all DC licensed insurance companies who have the total tax liability of \$1,000 and more on Line 11 of 2017 DC Insurance Premium Tax Return.