

Title 210 - NEBRASKA DEPARTMENT OF INSURANCE

Chapter 25 - TAXATION; FOREIGN LIFE OR ACCIDENT INSURANCE COMPANIES; ALLOCATION OF PREMIUMS RECEIVED FROM GROUP POLICIES TO INSURED'S DOMICILIARY STATE; INTERPRETATION OF SECTION 77-908

001. Allocation of premiums received from group policies to insured's domiciliary state. It has come to the attention of this Department that the entire premium collected for the group contracts is considered business done in the state in which the premium is collected, notwithstanding the fact that many of the insureds under the policy are residents of states other than the state of collection.

002. Section 77-908. ~~Section~~ Neb.Rev.Stat. §77-908 ~~R.S. Supp., 1955,~~ provides: "Every ~~foreign or alien~~ insurance company, organized under the stock, mutual assessment, or reciprocal plan ~~which is transacting business in this state,~~ except fraternal ~~beneficiary benefit associations~~ societies, which is transacting business in this state shall, on or before March 1 of each year, ~~in lieu of any other intangible property tax,~~ pay a tax to the director of ~~two,~~ one per cent of the gross amount of direct writing premiums received by it during the preceding calendar year for business done in this state~~;~~, except that (1) for group sickness and accident insurance the rate of such tax shall be five-tenths of one percent and (2) for property and casualty insurance, excluding individual sickness and accident insurance, the rate of such tax shall be one percent. The taxable ~~life insurance~~ premiums shall include premiums paid on the lives of persons residing in this state and premiums paid for risks located in this state whether the insurance was written in this state or not~~;~~, including that portion of a group premium paid which represents the premium for insurance on Nebraska residents or risks located in Nebraska included within the group when the number of lives in the group exceeds five hundred. The tax shall also apply to premiums received by domestic companies for insurance written on individuals residing outside this state or risks located outside this state if no comparable tax is paid by the direct writing domestic company to any other appropriate taxing authority. Companies ~~who~~ whose scheme of operation contemplates the return of a portion of premiums to policyholders, without such policyholders being claimants under the terms of their policies, may deduct such return premiums or dividends from their gross premiums for the purpose of tax calculation. Any such insurance company shall receive a credit on the tax imposed as provided in the Community Development Assistance Act."

003. Interpretation of section 77-908. This Department interprets this section as contemplating the taxation of that part of the total group premium, collected in a foreign state, which represents the charge or premium for insuring the Nebraska residents included in the group.

Therefore, It Is Ruled:

003.01 Every foreign or alien insurance company shall include in "gross amount of direct writing premiums received . . . for business done in this state" that portion of a group premium received which represents the premium for insurance on the Nebraska residents included in the group.

003.02 This rule applies notwithstanding the fact that the group contract is entered into and the group premiums are paid and received in a foreign state.

003.03 In the event the premium tax is not computed as outlined above, this Department will consider the tax unpaid and will proceed as required by law.