

STATE OF IDAHO
DEPARTMENT OF INSURANCE
700 WEST STATE STREET, 3RD FLOOR
PO BOX 83720
BOISE, ID 83720-0043
PHONE (208) 334-4250
FAX (208) 334-4398

INSTRUCTIONS FOR COMPLETING AND FILING STATEMENT OF PREMIUM TAXES AND FEES LIFE, ACCIDENT AND HEALTH

1. Read these instructions carefully before completing the Statement of Premium Taxes and Fees. If there are any questions regarding this filing, contact the Premium Tax Section at (208) 334-4282 or (208) 334-4281.
2. Each authorized insurance company shall file a Statement of Premium Taxes and Fees regardless of whether any insurance business was transacted in Idaho during the year. Each formerly authorized insurer, with respect to insurance transacted while an authorized insurer, shall file a statement for any renewal premiums received during the calendar year. Enclose a written notice if transferring policies from one insurer to another insurer because it also transfers the tax obligation with respect to those policies. Idaho Code § 41-402.
3. The Tax Statement and remittance are due on or before March 1. The required state documents and Tax Statement can all be submitted in one package either by groups or individual company. When the due date falls on a Saturday, Sunday or a legal holiday, the postmark on the next business day is considered filed on time. However, any postmark after the next business day will be penalized from the original due date. Idaho Code § 41-404 and § 63-217.

Late filing of the statement and remittance will result in a penalty of \$25.00 for each day of delinquency as determined by an official postmark.

Electronic Fund Transfer (EFT) payments that are not in the correct bank account on the due date, will be assessed a late penalty.

Only an official U.S. Postal Service cancellation postmark on the envelope, rather than private postage meter stamp, shall qualify as proof of timely mailing. If a carrier service is used, the mailing date will be determined by the package pick-up date, not the delivery date.

4. To avoid a lost payment, attach the check for balance due to the front of Page 1. If payment is being processed by the Electronic Funds Transfer (EFT) method, indicate so under Line 6-Amount Enclosed. Make sure when transmitting payment by EFT, it is sent to the correct **premium tax type code (07170)** and to the **assigned KEY BANK account (129681000326) and ABA (124101555)** for the Department of Insurance. Late penalties will be assessed if payment is not in the correct bank account on the due date. An EFT authorization approval should have been acquired prior to using this method. If you need an authorization form, contact this office at a telephone number in Item 1 above.

5. Requests for extensions or exemptions beyond the regular due date from filing the annual statement, will not be required providing approval was granted by the domiciliary state and NAIC has been notified. Extensions beyond 30 days will require written request for extension and domiciliary approval. However, the Annual Continuation Fee **MUST** be submitted with the Statement of Premium Taxes and Fees on or before March 1.
6. **Original signed tax forms must be submitted.** If you need additional instructions or forms, contact this office at a telephone number listed in Item 1. Idaho Code § 41-402 (1).
7. **ATTACHED MUST BE** a legible copy of the Annual Statement Page 3 Liabilities, Surplus and Other Funds, Direct Business in the State of Idaho Page, and Schedule T to the Premium Tax Statement regardless of negative premiums or if no business was written.
8. **PAGE 1 - RECAP OF TAXES AND FEES**
 - A. The Idaho Certificate of Authority Number (C/A No.) box located on Page 1 **must be completed**. The C/A NO. is located on your license. Enter your Company NAIC Identification Number in the box provided. The company name, address, and state of domicile must be completed as all tax forms, refunds, and correspondence will be sent to this address.
 - B. Line 1 - Tax Due. Carry forward only the **higher** aggregate retaliatory tax amount calculated on Page 6, Schedule E, Line 6 either Column A or B.
 - C. Line 2 - The amount of quarterly prepayments must agree with **actual** prepayment amounts paid each quarter. **DO NOT ROUND AMOUNTS** unless you did so when paid.
 - D. Line 3 - Total of Line 1 less Line 2. If the estimated quarterly prepayments paid toward your tax obligation exceed the total premium tax amount due for the calendar year end, **you must still submit payment of required continuation fee**. If the amount on Line 3 is negative, this same amount should be carried forward to Line 7 Refund Due for Tax Overpayment. Any refund due for the overpayment of premium taxes will be mailed to the company address indicated above after your company's statement has been completely audited. Tax overpayments cannot be applied toward continuation fee or future quarterly tax prepayment obligations. Idaho Code § 41-402(10).
 - E. Line 4 - Annual Continuation Fee. Idaho Code § 41-324, Idaho Insurance Rule 44 (IDAPA 18.01.44). To determine correct fee amount, use surplus amount reported on **attached** Annual Statement, Page 3, Line 37. Payment of required fee **MUST** be included. If required fee is not being paid you must attach a written explanation.
 - F. Line 5 - Calculate if a penalty will be due based on the official postmark date. A late penalty is assessed if Electronic Fund Transfer (EFT) payment is not in the correct bank account on the due date.
 - G. Line 6 - Amount Enclosed. Add Lines 3 thru 5. **If the tax amount on Line 3 is a negative amount, do not include it with the addition of fee due. Do not apply tax overpayment to payment of fee. Payment of required fee must be enclosed.**

- H. Line 7 - Refund Due. This is negative tax amount calculated on Line 3.
 - I. The Tax Statement must be signed and dated by an officer of the company. This signature certifies under penalty of perjury that the statement is accurate and complete. Unsigned forms will be considered incomplete.
 - J. All questions concerning this Tax Statement will be directed to the contact person; therefore, include a direct telephone number and extension.
9. PAGE 2 - SCHEDULE A - COMPUTATION OF PREMIUM TAX - LIFE
- A. A complete explanation of any differences between the Tax Statement and ATTACHED Annual Statement schedules must be submitted and signed by the person authorized by the company to prepare this Tax Statement. Report premiums on all Idaho residents, including those who belong to a group or association based in another state. **Idaho law does not permit an exemption based on the Rule of 500 or any other allocation method.**
 - B. Line 2 must be completed only by Idaho domestic insurers. Enter total premiums minus dividends shown on an attached SUPPLEMENT 1 - BUSINESS IN JURISDICTIONS NOT LICENSED.
 - C. On Line 4 itemize premiums exempt from state taxes under federal law, and identify applicable preemption.
 - D. On Line 6 complete, sign and attach Pages 7 and 8 Schedule F, ONLY if you are requesting the reduced tax rate.
10. PAGE 3 - SCHEDULE B - COMPUTATION OF PREMIUM TAX - ACCIDENT AND HEALTH
- A. A complete explanation of any differences between the Tax Statement and ATTACHED Annual Statement schedules must be submitted and signed by the person authorized by the company to prepare this Tax Statement. Report premiums on all Idaho residents, including those who belong to a group or association based in another state. **Idaho law does not permit an exemption based on the Rule of 500 or any other allocation method.**
 - B. Line 2 must be completed only by Idaho domestic insurers. Enter total premiums minus dividends shown on an attached SUPPLEMENT 2 - ACCIDENT AND HEALTH BUSINESS IN JURISDICTIONS NOT LICENSED.
 - C. On Line 4 itemize premiums exempt from state taxes under federal law, and identify applicable preemption.
 - D. On Line 6 complete, sign and attach Pages 7 and 8 Schedule F, ONLY if you are requesting the reduced tax rate.

11. PAGE 4 - SCHEDULE C – SELF-FUNDED PLANS

Each self-funded plan that is not preempted by ERISA and is not exempt from registration under Idaho Code § 41-4003(2) is required to pay a four cent (\$.04) per month per beneficiary tax for all beneficiaries working or residing in this state, per Idaho Code § 41-4012(1).

If the administrator is collecting this tax on behalf of the employer plan, then the administrator should submit a Schedule C form for **each** administered self-funded plan, along with the correct tax payment. If the administrator is not collecting this tax, please forward the Schedule C form to each self-funded plan's Trustee.

Examples of self-funded plans not preempted by ERISA and that are required to pay the tax unless exempted by Idaho Code § 41-4003(2) are:

- A plan for a governmental entity (29 U.S.C. 1003(b)(1)).
- A church plan (29 U.S.C. 1003(b)(2)).
- An unfunded excess benefit plan (29 U.S.C. 1003(b)(5)).
- A self-funded Multiple Employer Welfare Arrangement

Examples of self-funded plans exempt from registration pursuant to Idaho Code § 41-4003(2) and therefore not liable for the tax include:

- Any plan established and maintained for the purpose of complying with any workers' compensation law or unemployment compensation disability law;
- Plans administered by or for the federal government or any agency thereof, or by or for any county in this state.

12. PAGE 5 - SCHEDULE D – DENTAL PLANS

- A. Include all dental premiums on Page 3, Line 1, premium must agree with Annual Statement Schedules. The change in Idaho Code 41-402 (9) effective July 1, 2007, requires dental plan premiums to be taxed at the \$.04 tax rate. Total premiums are to be shown on Page 5 and also deducted from the premium tax base on Page 3, Line 4.C.
- B. Convert dental premiums for July through December to report each individual insured, group certificate holder, or blanket policy participant per month and calculate the \$.04 tax due.

13. PAGE 6 - SCHEDULE E - COMPUTATION OF RETALIATORY TAXES
Idaho Code § 41-340(2) and (3)

- A. This schedule determines the higher aggregate of taxes due. For audit verification, we may be contacting the various state insurance departments, using copies of the domicile state's tax statements or the NAIC Retaliatory Guide.
- B. Taxes should be calculated on the retaliatory basis of what an Idaho company, doing the identical volume of business, would be required to pay to your state of domicile. Attach an explanation of calculations on taxes.

- C. Line 5, Column B - Other Taxes. All other taxes imposed by your state of domicile on foreign insurers must be reported **except**:
 - 1. Ad valorem taxes on real or personal property;
 - 2. Personal income, capital or surplus taxes, and
 - 3. Taxes imposed for a special purpose on a particular kind of insurance.
 - D. An explanation of retaliatory calculations will be requested for any discrepancies.
14. PAGES 7 and 8 - SCHEDULE F - QUALIFICATION FOR REDUCED PREMIUM TAX. Idaho Code § 41-403
- A. You must complete, signed and attached Pages 7 and 8 (Schedule F) if you are requesting the reduced premium tax rate on Pages 2 and 3. The final percentage ratio of qualifying Idaho investments to total company reserves or assets must be 10% or greater before a reduced tax rate of 1.46% may be claimed. Reduced tax rates are subject to audit verification.
 - B. An itemized schedule must be attached reporting each Idaho qualified investment with description, amount, type, inception and maturity date of the appropriate Idaho investment as reported on the Annual Statement, Page 2, Net Admitted Asset, Column 3.
 - C. Page 8 - complete and attach documentation showing that each month the investment balance forward where buying and selling will affect the minimum ratio of 10% or more of reserves or assets to investments. No reduced tax rate is allowable unless the 10% investment requirement was maintained the entire year.