

Insurance Premiums Tax

RCW Chapter 48.14, 48.15.120, and 48.201.040

Tax Base The net premiums received by authorized insurers, surplus line brokers, and registered eligible captive insurers.

Ocean marine and foreign trade insurers pay taxes on their net underwriting profit. Net underwriting profit means the net premiums received minus any net losses paid.

Tax exemptions may reduce these taxes.
For more information, refer to the [Tax Exemption Study](#).

Tax Rate 2% for authorized insurers, surplus line brokers, and registered eligible captive insurers.

0.95% for ocean marine and foreign trade insurers.

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2021	\$683,639	-1.1%	2.3%
2020	\$691,393	8.0%	2.6%
2019	\$640,136	1.5%	2.5%
2018	\$630,657	4.4%	2.6%
2017	\$603,963	13.0%	2.7%
2016	\$534,663	-3.8%	2.6%
2015	\$555,976	19.0%	3.0%
2014	\$467,351	7.2%	2.6%
2013	\$436,118	1.4%	2.6%
2012	\$430,052	4.1%	2.7%

Source: Washington State Office of the Insurance Commissioner

Levied by State

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Distribution of Receipts The general fund receives all taxes except for:

- A portion of fire insurance premiums.
- Premiums written on qualified health and dental plans offered through the Health Benefit Exchange.

For fire insurance premiums taxes:

- The Volunteer Fire Fighters' Relief and Pension Fund receives 40% of the receipts.
- The firemen's pension funds receive 25% of the receipts.
- The Fire Service Training Account receives 20% of the receipts.

The Health Benefit Exchange Account receives taxes on premiums written on qualified health and dental plans offered through the Health Benefit Exchange.

Administration Office of the Insurance Commissioner

Insurance companies and surplus line brokers report premium revenues annually on March 1, for the prior calendar year.

Insurers owing \$400 or more for a calendar year must prepay premium tax for the following year:

- 45% of tax due by June 15.
- 25% of tax due by September 15.
- 25% of tax due by December 15.

Reconciliation and payment of the remaining tax is due when filed on March 1.

History

2021 Legislation required captive insurers to register and pay premium taxes at the 2% rate.

2014 Directed premium taxes collected on medical and stand-alone dental plans offered through the Health Benefit Exchange to the Health Benefit Exchange Account.

2009 Health care insurance revenue was no longer allocated to the Health Services Account. The revenue instead was allocated to the State General Fund.

2000 Prohibited local governments from imposing a tax similar to the tax on premiums of health maintenance organizations (HMOs), health care service contractors (HCSCs), or self-funded multiple employer welfare arrangements.

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- 1997 Re-enacted the tax credit for guaranty associations, eliminated in 1993.
- 1994 Allocated tax revenues from health care to the Health Services Account.
- 1993 Shifted health care companies, such as HMOs and HCSCs from paying the business and occupation tax to paying the insurance premiums tax by imposing the 2% premiums tax on premiums and prepayments. Allocated the revenues to the Health Services Account.
- Eliminated the credit for the insurance premiums tax when a guaranty association paid the insurance claims of policyholders against insolvent companies.
- 1986 Merged the foreign and domestic rates into a single rate of 2%. The ocean marine rate remained 0.95%.
- 1982 Increased the foreign, domestic and ocean marine tax rates by 0.16%. Added a surtax of 4%.
- 1949 Lowered the foreign rate to 2% and established a lower rate of 0.75% for ocean marine insurance.
- 1937 Reduced the tax rate to 1% for domestic companies and increased the rate for foreign companies to 2.25%.
- 1891 Established the first tax imposed in Washington - the insurance premiums tax - at a rate of 2%.
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