

## Insurance Premiums Tax

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**RCW** 48.14.020 and 48.14.0201

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**Tax Base** The net premiums collected or received by authorized insurers, except title insurers and fraternal benefit societies. This includes:

- Private insurers
- Health maintenance organizations
- Health care service contractors
- Self-funded multiple employer welfare arrangements, if not preempted by the Employee Retirement Income Act of 1974

Ocean marine and foreign trade insurers are subject to tax on their net underwriting profit, which equals net premiums received less net losses paid.

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**Tax Rate** 2 percent, for all taxable premiums except for ocean marine and foreign trade who pay 0.95 percent.

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**Recent Collections (\$000)**

Fiscal Year	Collections	% Change	% of All State Taxes
2018	\$635,497	8.1%	3.0%
2017	\$588,038	10.0%	3.1%
2016	\$534,663	-3.8%	3.0%
2015	\$555,976	19.0%	3.3%
2014	\$467,351	7.2%	2.9%
2013	\$436,118	1.4%	2.8%
2012	\$430,052	4.1%	3.0%
2011	\$413,097	1.8%	2.9%
2010	\$405,923	-0.6%	3.0%
2009	\$408,464	-1.6%	2.7%

Source: Washington State Office of the Insurance Commissioner

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**Levied by** State

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## Distribution of Receipts

Receipts from this tax are distributed as follows:

<b>Premium taxes paid on fire insurance:</b>	<b>Percent</b>
• Volunteer Fire Fighters' Relief and Pension Fund (RCW 41.24.030)	40%
• Cities with full-time fire departments (RCW 41.16.050)	25%
• Fire service training account (RCW 43.43.944)	20%
• State General Fund	15%
<b>Premium taxes paid by health care organizations (RCW 48.14.0201):</b>	<b>Percent</b>
• State General Fund	Varies
• Fund 17T (Health Care Exchange)	Proportional to premiums
<b>All other premium taxes:</b>	<b>Percent</b>
• State General Fund	Varies
• Fund 17T (Health Care Exchange)	Proportional to premiums

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## Administration

Office of the Insurance Commissioner.

Insurance companies file tax returns by March 1, reporting premiums received during the previous calendar year.

**Health care taxpayers and insurers owing \$400 or more for a given calendar year must prepay their premium tax for the following year, as follows:**

- 45 percent of the prior year's tax due by June 15;
- 25 percent due by September 15; and
- 25 percent due by December 15.
- Reconciliation and payment of the remaining tax is due when the tax return is filed on March 1.

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## History

- 2014 Creation of the Health Care Exchange tax account.
- 2009 The legislature eliminated earmarking of the tax on health care insurance.
- 2000 Local government jurisdictions are not allowed to impose a tax similar to the premiums tax on premiums of HMOs, HCSCs, or self-funded multiple employer welfare arrangements.
- 1997 The tax credit for assessments to guaranty associations that was eliminated in 1993 is re-enacted.
- 1994 Tax on health care insurance deposited into the health services account.
- 1993 Legislation shifts health care companies (e.g. health maintenance organizations (HMOs) and health care service contractors (HCSCs)) from the B&O tax to the insurance premiums tax by imposing the two percent premiums tax on their premiums and prepayments, effective January 1, 1994. The revenues are to be devoted to the health services account.
- Also, the legislature eliminates the tax credit for assessments to guaranty associations which pay the claims of policyholders of companies that become insolvent.
- 1986 The foreign and domestic rates are merged into a single rate of two percent. The ocean marine rate remains at 0.95 percent.
- 1982 The foreign, domestic and ocean marine tax rates are increased by 0.16 percent. A surtax of four percent is also added.
- 1949 The foreign rate lowered to two percent, and a lower rate of 0.75 percent for ocean marine insurance is established.
- 1937 The tax rate is reduced to one percent for domestic companies and increased to 2.25 percent for foreign companies.
- 1891 The insurance premiums tax is established. The rate is 2 percent. This is the first state tax imposed in Washington.
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