

Article - Insurance

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§6–102.

(a) A tax is imposed on all new and renewal gross direct premiums of each person subject to taxation under this subtitle that are:

- (1) allocable to the State; and
- (2) written during the preceding calendar year.

(b) Premiums to be taxed include:

(1) the consideration for a surety contract, guaranty contract, or annuity contract;

(2) gross receipts received as a result of capitation payments, supplemental payments, and bonus payments, made to a managed care organization for provider services to an individual who is enrolled in a managed care organization;

(3) subscription charges or other amounts paid to a for-profit health maintenance organization on a predetermined periodic rate basis by a person other than a person subject to the tax under this subtitle as compensation for providing health care services to members;

(4) dividends on life insurance policies that have been applied to buy additional insurance or to shorten the period during which a premium is payable; and

(5) the part of the gross receipts of a title insurer that is derived from insurance business or guaranty business.

(c) Premiums not to be taxed include:

(1) premiums on policies covering weekly disability benefits on which premiums are payable weekly; or

(2) credits allowed on premiums under policies of industrial insurance because of payment being made to the home office or a branch office of the insurer.

(d) (1) Gross direct premiums or parts of gross direct premiums that are derived from or reasonably attributable to insurance business in the State shall be allocated to the State.

(2) By regulation, the Commissioner may require or allow a method of allocating gross direct premiums written by a person subject to taxation under this subtitle that justly and fairly determines the part of the gross direct premiums that is derived from or reasonably attributable to the person's insurance business in the State.

(e) (1) Funds accepted by a life insurer under a group contract that provides for an accumulation of funds to buy annuities at future dates may be considered as “gross premiums written”:

(i) on receipt of the funds; or

(ii) on the actual application of the funds to buy annuities.

(2) Any funds taxed on receipt and any interest later credited to those funds are not subject to taxation on the purchase of annuities.

(3) Any interest credited to funds that are not taxed on receipt also shall be included in “gross premiums written”.

(4) Each life insurer shall elect between alternatives in paragraph (1) of this subsection.

(5) A life insurer may not change an election between alternatives in paragraph (1) of this subsection without the consent of the Commissioner.

(6) If funds that have been taxed as gross premiums are withdrawn before actually applied to buy annuities, the funds are eligible to be included as returned premiums if otherwise eligible under § 6-104(a)(1) of this subtitle.

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