



New Hampshire Insurance Department Senate Ways & Means April 20, 2023

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Revenue Sources

▶ Premium Taxes

▶ Licensed Insurance Companies & Risk Retention Groups (Admitted Market)

▶ As of December 31, 2022, there were 1,200 insurance companies licensed and 92 risk retention groups registered that were required to file the New Hampshire 2022 Premium Tax Report on or before March 15th, 2023.

▶ Premium Tax Rates

- 1.25% for Property & Casualty and Life lines of business.
- 2.00% for Accident & Health lines of business.

▶ There is a minimum annual premium tax of no less than \$200.

▶ **Retaliatory Provision** (RSA 400-A:35) provides that if any state taxes NH domiciled insurance companies at a higher rate than the NH premium tax rate, then the State of NH is authorized to tax the insurance companies domiciled in the other state at the higher premium tax rate.

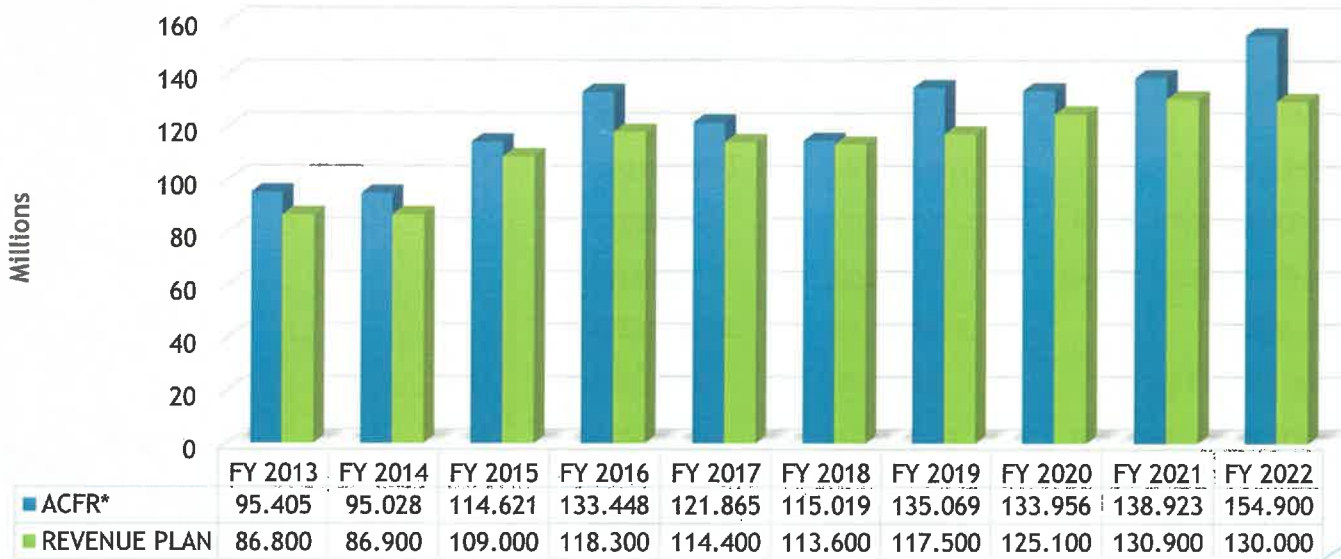
▶ In accordance with RSA 400-A:31 and 400-A:32, insurers paid the premium tax due for calendar year 2022, less the estimated payment made in March 2022, as well as the estimated tax for calendar year 2023 premium tax.

▶ Fees and Penalties

▶ Licensed and registered entities, and insurance producers and adjusters.



General Fund Revenue Plan to Actual Results FY 2013 to FY 2022



*Annual Comprehensive Financial Report



New Hampshire Insurance Department

CURRENT REVENUE PROJECTIONS

The Insurance Department's current revenue projections are as follows:

Unrestricted Revenue:	Revised Budget FY2023	3/31/23 Projection FY2023
PREMIUM TAX LIABILITY	\$124,300,000	\$130,200,000
PREPAYMENT APPLIED	(126,000,000)	(126,550,000)
PREPAYMENT FOR FOLLOWING YEAR	124,300,000	130,200,000
UNLICENSED COMPANY PREMIUM TAX	<u>4,600,000</u>	<u>6,600,000</u>
PREMIUM TAX REVENUE	\$127,200,000	\$140,450,000
LICENSE FEES AND PENALTIES	22,000,000	24,700,000
RSA 400-A:32 III (b) FUNDING GRANITE ADVANTAGE HEALTH TRUST FUND	<u>(10,200,000)</u>	<u>(10,860,000)</u>
TOTAL REVENUE PROJECTED	<u>\$139,000,000</u>	<u>\$154,290,000</u>



New Hampshire Insurance Department

- ▶ It is expected that fiscal year 2023 will have a favorable variance of approximately \$15.3 million.
- ▶ As of March 31st, the fiscal year-to-date favorable variance of \$7.3 million is comprised of \$4.9 million in premium tax revenue, and \$2.4 million in fee revenue.
- ▶ The tax revenue is attributable to the increase in premiums written (tax base), and other retaliatory taxes. The variance in fees is based on the favorable variance in the producer and adjuster licensing fees.
- ▶ Refunds are processed for premium tax returns with overpayments from April to June.
- ▶ Looking ahead, FY2024 and FY2025 revenue is projected to be \$139 million and \$142 million, respectively. While revenue collected this fiscal year will be greater than expected due to the market not reacting as anticipated post-pandemic, we expect a tightening in the insurance market and a moderate decrease in revenue the next two fiscal years.



New Hampshire Insurance Department

REVENUE PROJECTIONS FY2024 & FY2025

Unrestricted Revenue:	FY2024	FY2025
PREMIUM TAX LIABILITY	\$127,800,000	\$127,700,000
PREPAYMENT APPLIED	(130,200,000)	(127,800,000)
PREPAYMENT FOR FOLLOWING YEAR	127,800,000	127,770,000
UNLICENSED COMPANY PREMIUM TAX	<u>4,600,000</u>	<u>4,900,000</u>
PREMIUM TAX REVENUE	\$130,000,000	\$132,500,000
LICENSE FEES AND PENALTIES	19,000,000	19,500,000
RSA 400-A:32 III (b) FUNDING GRANITE ADVANTAGE HEALTH TRUST FUND	<u>(10,000,000)</u>	<u>(10,000,000)</u>
TOTAL REVENUE PROJECTED	<u>\$139,000,000</u>	<u>\$142,000,000</u>

Note: NHID collects premium taxes from the three Managed Care Organizations that DHHS contracts with to place business in the Granite Advantage Health Care program. The revenue collected for this program is then transferred to DHHS by April 15th. If more tax is collected than anticipated, then more revenue is transferred to DHHS, therefore, having a net zero impact on the Department's projections.



We are a resource for you!

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