



STATE OF CONNECTICUT
DEPARTMENT OF REVENUE SERVICES

25 Sigourney Street Ste 2
Hartford CT 06106-5032

AN 2012(6)

ANNOUNCEMENT

Connecticut Premiums Tax on Insureds Directly Procuring, Continuing or Renewing Insurance from a Nonadmitted Insurer

Purpose: This Announcement informs insureds whose home State is Connecticut directly procuring, continuing or renewing nonadmitted insurance whose effective date is on or after January 1, 2012 that they must file a newly designed quarterly premium tax return with the Department of Revenue Services (DRS) for the calendar quarter during which the nonadmitted insurance is procured, continued, or renewed.

Effective Date: Effective for insurance coverage directly procured, continued or renewed from a nonadmitted insurer during a calendar quarter beginning on or after January 1, 2012.

Statutory Authority: Conn. Gen. Stat. §38a-277, as amended by 2011 Conn. Pub. Acts 61, §33.

Definitions: For purposes of this Special Notice:

- **Nonadmitted and Reinsurance Reform Act of 2010** or **NRRA** means Sections 511 to 542, inclusive, of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. L. No. 111-203.
- **Home State** means home State, as defined in Section 527 of the NRRA, and means, with respect to an insured,
 - the State in which an insured maintains its principal place of business or, in the case of an individual, the individual's principal residence, **or**
 - if 100 per cent of the insured risk is located out of the home State, the State to which the greatest percentage of the insured's taxable premiums for that insurance contract is allocated.
- **Nonadmitted insurer** is a nonadmitted insurer, as defined in Section 527 of the NRRA and means,

with respect to Connecticut, an insurer not licensed to engage in the business of insurance in Connecticut.

- **State** means State, as defined in Section 527 of the NRRA, and includes any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.

Nonadmitted and Reinsurance Reform Act of 2010: By enacting the NRRA, Congress, effective July 1, 2011, preempted every State *other than the home State of an insured* from requiring any premium tax payment from the insured for nonadmitted insurance.

Congress also authorized States to enter into a compact or otherwise establish procedures to allocate among the States the premiums taxes paid to an insured's home State. The State of Connecticut entered into such a compact, known as the Nonadmitted Insurance Multi-State Agreement or NIMA. The States that entered into NIMA (the NIMA States) agreed to use a clearinghouse for the reporting and payment of premium taxes on nonadmitted insurance. Once the clearinghouse was operational, insureds directly procuring, continuing or renewing nonadmitted insurance would have been required to file their quarterly premium tax returns on nonadmitted insurance with the clearinghouse (not with their home State) and would have been required to pay their taxes on nonadmitted insurance to the clearinghouse (not to their home State).

Because of difficulties that the NIMA States encountered in establishing a clearinghouse, several of them, including the State of Connecticut, withdrew from NIMA. This means that insureds whose home State is Connecticut will continue to file their quarterly premium tax returns with DRS, and to pay their quarterly premium taxes to DRS.

Period Prior to Effective Date of the NRRA: For insurance directly procured, continued or renewed from a nonadmitted insurer during the period beginning January 1, 2011 and ending June 30, 2011, **Special Notice 2011(18)**, *2011 Legislative Changes Affecting the Premium Tax on Insureds Directly Procuring, Continuing, or Renewing Insurance from a Nonadmitted Insurer*, addressed the tax return that insureds were required to file for that period.

Period on or after the Effective Date of the NRRA: For insurance directly procured, continued or renewed from a nonadmitted insurer during any quarterly period beginning on or after July 1, 2011 and ending before January 1, 2012, Special Notice 2011(18) also addressed the tax returns that insureds were required to file for those quarterly periods.

For insurance directly procured, continued or renewed from a nonadmitted insurer during any period beginning on or after January 1, 2012, the insured must file **Form 115NIN**, *Nonadmitted Insurance Premium Tax Return*. An insured is liable for the tax if and only if Connecticut is the insured's home State. The due date of Form 115NIN is the fifteenth day of the second month following the end of the calendar quarter. For example:

- May 15 is the due date for the calendar quarter beginning January 1 and ending March 31;
- August 15 is the due date for the calendar quarter beginning April 1 and ending June 30;
- November 15 is the due date for the calendar quarter beginning July 1 and ending September 30; and
- February 15 is the due date for the calendar quarter beginning October 1 and ending December 31.

Form 115NIN will not be mailed to insureds and is available on the DRS website. Form 115NIN should not be filed if no tax is reported to be due.

Insureds whose home State is Connecticut will report and pay tax on their gross premiums to DRS. Gross premiums include all premiums, membership fees, assessments, dues, and any other consideration for insurance. However, the Connecticut tax is not applicable to premiums on wet marine, transportation, individual life, or individual disability insurances.

- Where a policy covers risks or property located in Connecticut and in another State, 100% of the premium attributable to risks or property, whether located in Connecticut or in another State, is subject to Connecticut tax.
 - However, where a policy covers risks or property located both in the United States and outside the United States, 100% of the premium attributable to risks or property located in the United States is subject to Connecticut tax, but the percentage of the premium attributable to risks or property located outside the United States is not subject to Connecticut tax. Risks or property located in a State are considered to be located in the United States.
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Effect on Other Documents: None affected.

Effect of This Document: Announcements alert taxpayers to new developments (other than newly enacted or amended Connecticut or federal laws or newly released judicial decisions), including new administrative positions, policies, or practices.

For Further Information: Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford calling area only); **or**
- **860-297-5962** (from anywhere).

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

Forms and Publications: Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms and publications.

DRS E-Alerts Service: Get connected to the latest news from DRS. Receive notification by email of changes to legislation, policies, and procedures. **DRS E-Alerts** provide information for employer's withholding tax, News – Press Releases, and Top 100 Delinquency List. Visit the DRS website at www.ct.gov/DRS and select *e-alerts* from the left navigation bar.
