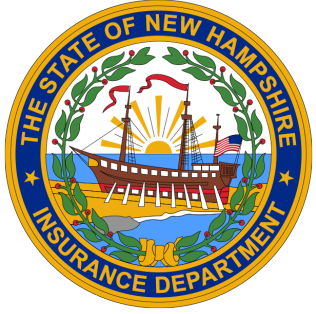


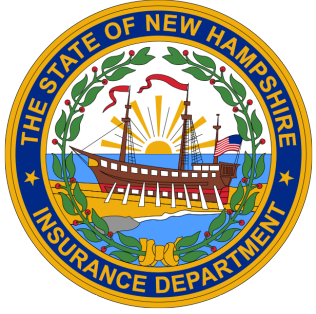


**New Hampshire  
Insurance Department  
Unrestricted Revenue Overview  
January 27, 2025**



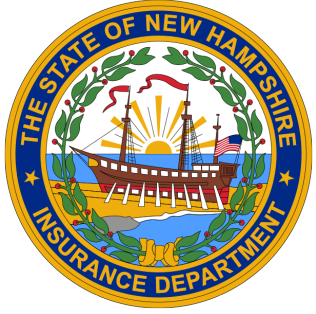
# NH Insurance Department Mission

- ▶ The mission of the New Hampshire Insurance Department is to promote the public good by ensuring the existence of a safe and competitive insurance marketplace through the development and enforcement of NH's insurance laws.
- ▶ We are committed to doing so in an honest, effective and timely manner.
- ▶ The NHID is a self-funded agency.
  - ▶ Insurers licensed to do business in the state are assessed.



# NH Insurance Department Overview

- ▶ The New Hampshire Insurance Department was established in 1851.
  - ▶ It is the first insurance regulatory agency in the United States.
- ▶ The laws that govern the responsibilities of the Insurance Department are set forth in Title XXXVII, codified at RSA 400 through RSA 420-Q.
- ▶ The Insurance Commissioner is charged with the enforcement of insurance laws of the State of New Hampshire.
  - ▶ This includes the collection of premium taxes and fees, and the regulation of all insurance companies, producers, and adjusters.



# What We Do in NH

## ▶ License

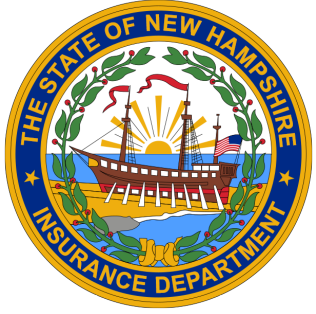
- Insurance Companies authorized to do business in NH.
- Producers (agents) and Agencies doing business in NH.
- Adjusters doing business in NH.
- Other Insurance entities, including TPAs doing business in NH.

## ▶ Review Forms and Rates

- Approve/disapprove policy rates and forms, much of which is based on the what is happening in the insurance market.

## ▶ Provide Oversight

- Financial analysis and examination of companies to ensure financial solvency.
- Market Conduct analysis and examination of companies to ensure compliance with NH laws and regulations.
- Investigate and prosecute insurance fraud.
- Enforcement investigations and hearings against possible licensee violators of NH laws.
- Public Hearings, including WC premium rates and cost drivers in NH health care.



# What We Do in NH

## ▶ **Protect Consumers**

- Address consumer complaints and inquiries.
- Provide consumer outreach and education through brochures, in person presentations and webinars.
- Prosecute those who violate insurance laws.

## ▶ **Provide Expertise & Support**

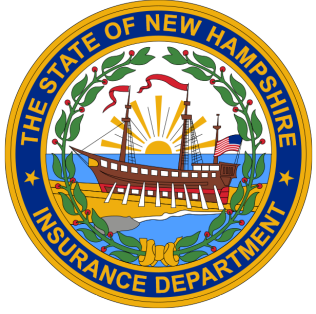
- Data & statistical analyses of health care costs and premiums.
- Analyze and administer the ACA as appropriate.
- Enforce laws and rules that promote financially sound principles and provide consumer protection.

## ▶ **Collect**

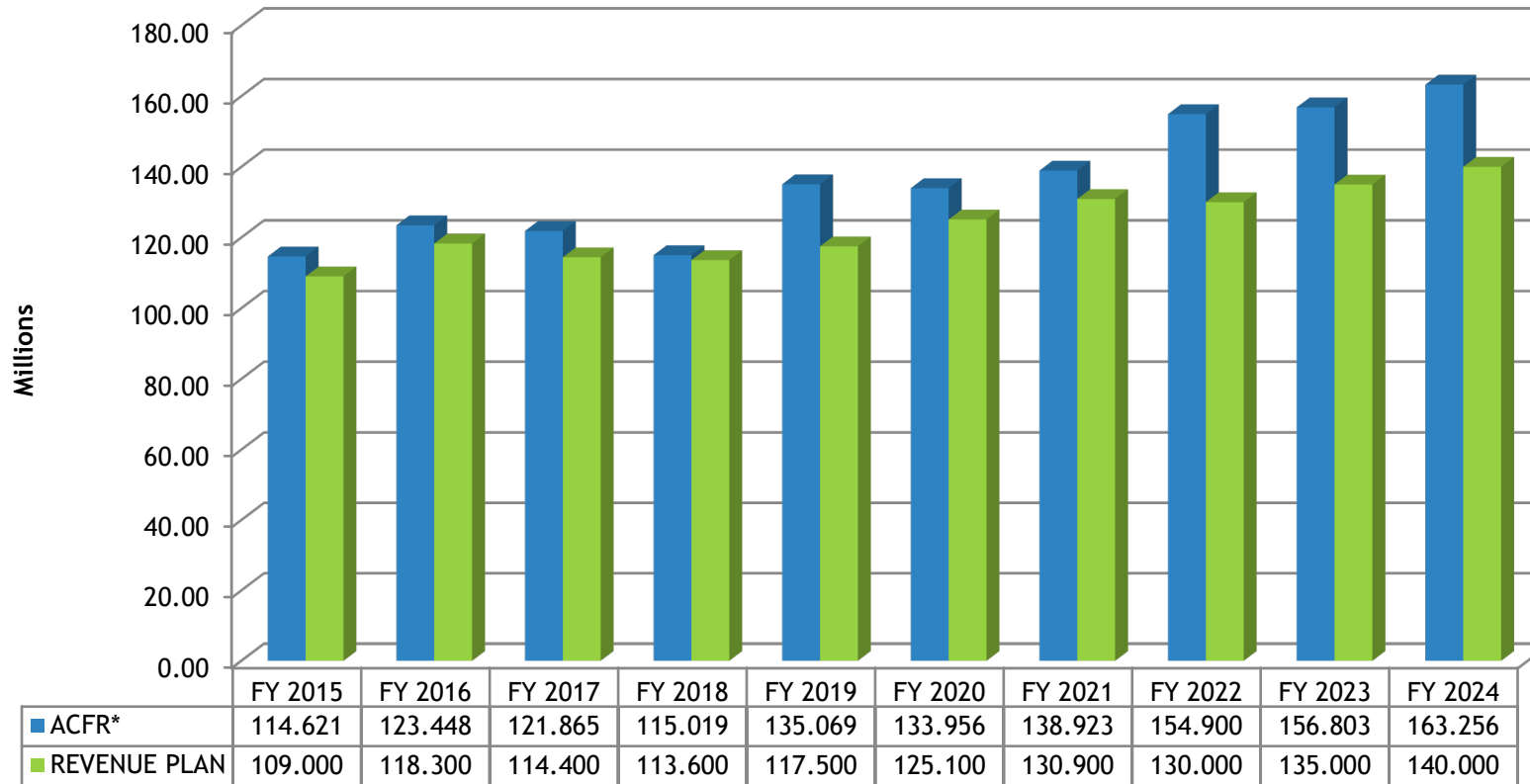
- Premium taxes, fees, and enforcement penalties for the General Fund.

## ▶ **Participate**

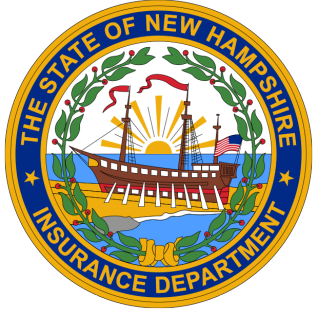
- State legislative process.
- National Association of Insurance Commissioners (NAIC).



# General Fund Revenue Actual to Plan FY 2015 to FY 2024



\*Annual Comprehensive Financial Report



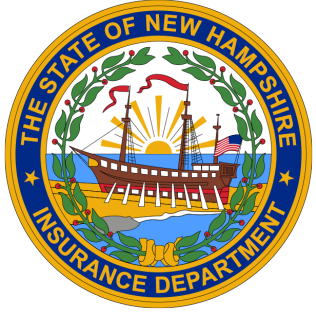
# Factors Impacting the General Fund Revenues

## ► Insurance Market

- Soft or Hard market - The insurance market operates in an insurance business cycle with two phases - a “soft market” and a “hard market.” These cycles do not necessarily coincide with the prevailing economic cycle.
  - During a **soft market cycle**, there is: Excess capacity, underwriting standards are low, price competition is high, and premiums decline or remain relatively flat. The rates for P&C products may be very slow to increase or may even decrease.
  - During a **hard market cycle**, there is: Capacity shortage, underwriting standards are stringent, price competition is weak, and premiums increase.

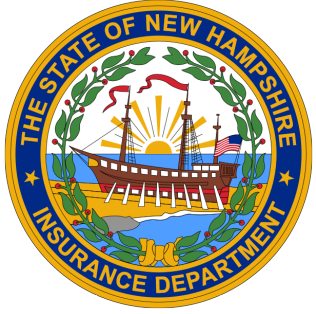
## ► Other Variables

- Taxable premiums written
- Retaliatory premium tax rates
- Retaliatory fees and assessments
- Amended returns
- Re-domestication of licensed companies
- Producers, adjusters, entities licensing volume
- Enforcement Penalties
- Premium tax credits



# Revenue Sources Summary

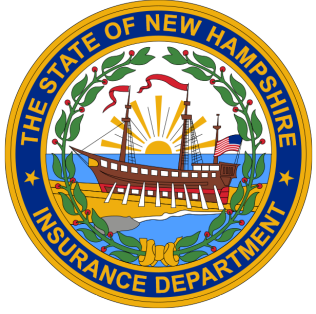
- ▶ **Premium Tax from Admitted and Non-admitted Insurers**
  - ▶ **Licensed Insurers** – NH domiciled and foreign insurers (RSA 400-A:32; 400-A:34-a; 400-A:35)
    - Property & Casualty (P&C)
    - Life
    - Accident & Health (A&H)
    - Health
  - ▶ **Registered Entities**
    - Risk Retention Groups (RSA 405-A:3)
    - Purchasing Groups (RSA 405-A:9)
  - ▶ **Licensed Producers**
    - Licensed with Surplus Lines Authority (RSA 405:29; 405:29-a, 405-B)
  - ▶ **Independently Procured**
    - Policyholders who directly purchase from a non-admitted insurer. (RSA 406-B:16; 406-B:17)
- ▶ **Fees and Penalties**
  - Licensed and registered entities, and insurance producers and adjusters.



# Revenue Sources

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

- ▶ Premium Tax Rates effective January 1, 2010
  - 1.25% for Property & Casualty 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.
- ▶ As of December 31, 2024, there were 1,228 licensed insurance companies and 97 registered risk retention groups that are required to file the New Hampshire 2024 Premium Tax Report on or before March 15th, 2025.
- ▶ In accordance with RSA 400-A:31 and 400-A:32, insurers will pay the premium tax due for calendar year 2024, less the estimated payment made in March 2024, as well as the estimated tax for calendar year 2025 premium tax.



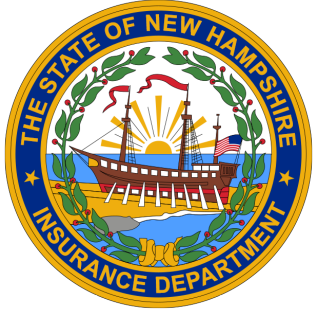
# Revenue Sources

## ▶ Licensed Surplus Lines Producers (Non-admitted Market)

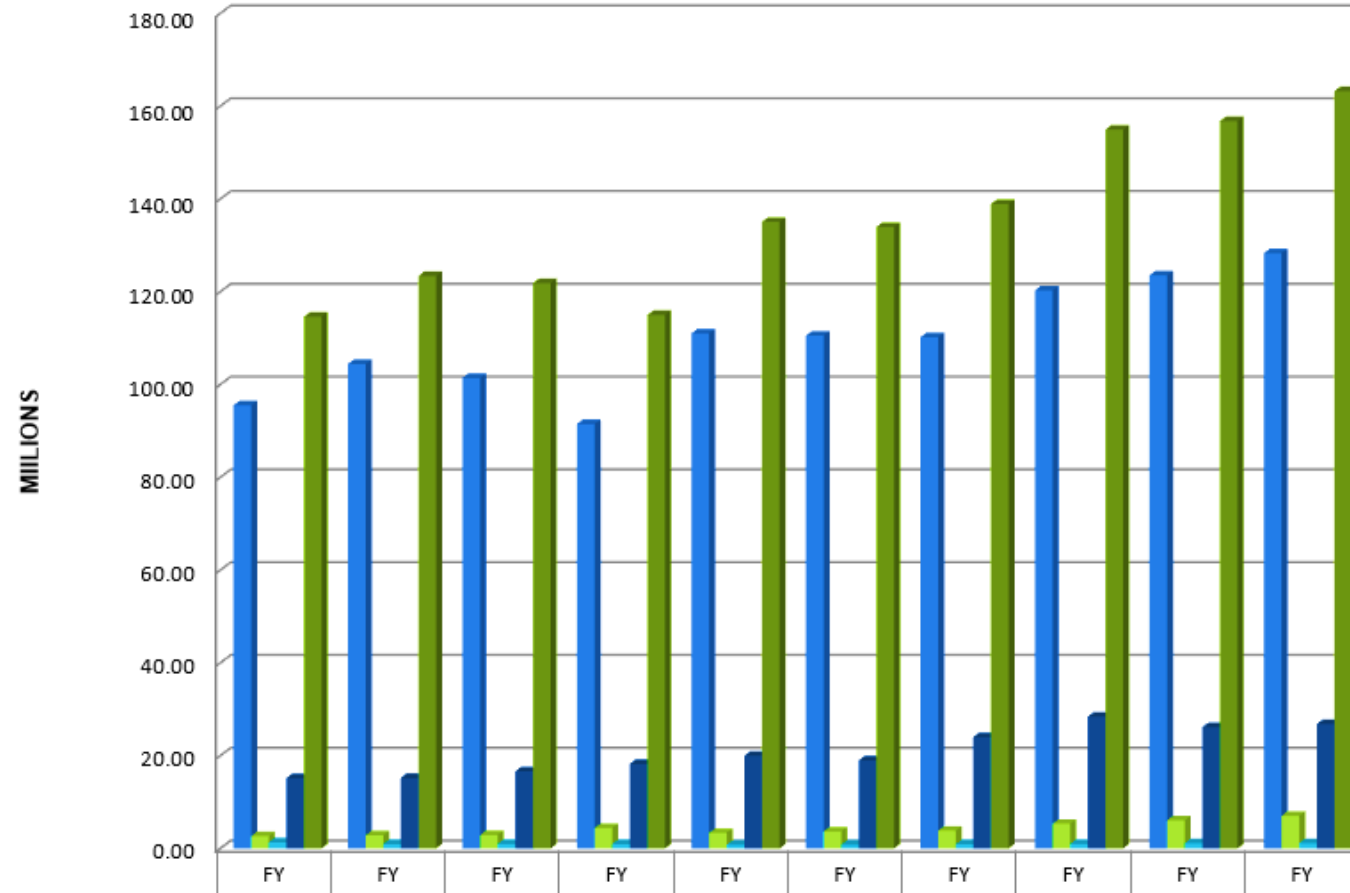
- ▶ Premium Tax Rate effective July 1, 2010
  - 3.0% on premium written for policies covering risks located in NH.
- ▶ As of December 31, 2024, 340 producers reported premium written for calendar year 2024. The Surplus Lines Annual Premium Tax Report and premium tax is due on or before January 31<sup>st</sup>, 2025.

## ▶ Independently Procured (Non-admitted Market)

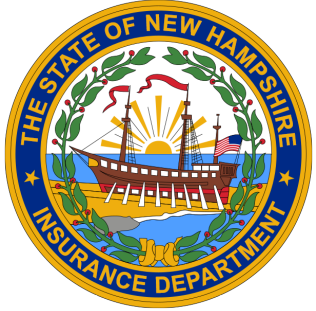
- ▶ Premium Tax Rate
  - 4.0% on premium written for policies covering risks located in NH
- ▶ The Premium Tax Report and premium tax is due on or before March 1st, 2025.



# Revenue by Source FY 2015 to FY 2024



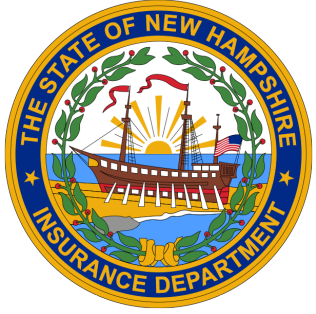
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
■ Premium Tax - Admitted Market	95.51	104.42	101.41	91.47	111.02	110.53	110.20	120.29	123.51	128.31
■ Premium Tax Non-Admitted-Surplus Lines	2.64	2.83	2.88	4.39	3.34	3.65	3.83	5.30	6.05	7.02
■ Premium Tax Non-Admitted-Independently Procured	1.30	0.93	0.97	0.92	0.75	0.79	0.89	0.94	1.11	1.11
■ Insurance Fees	15.17	15.21	16.61	18.23	19.97	18.99	24.00	28.41	26.13	26.82
■ TOTAL REVENUE	114.62	123.40	121.86	115.02	135.07	133.96	138.92	154.93	156.80	163.26



# Factors Impacting the General Fund Revenues

## ► Premium Tax Credits

- **400-A:34-a Credit for Business Enterprise Tax.** – The tax imposed under RSA 77-E shall be allowed as a credit against the taxes due under this chapter and shall be deemed to be taxes paid pursuant to this chapter for the purposes of RSA 77-A:5, III. Any insurer subject to taxation under this chapter shall first apply such credits as provided in this section, and then pursuant to RSA 77-A:5, X. The taxes paid pursuant to RSA 77-E by an individual member of a unitary business within the meaning of RSA 77-A:1, XIV shall be allowed as a credit against any other individual member's liability under this chapter, provided that such other member is also subject to the tax imposed by this chapter. To the extent the credit for taxes paid pursuant to RSA 77-E exceeds the taxes imposed under this chapter, such excess shall be deemed to be taxes imposed under RSA 77-E and shall be allowed as a credit against the taxes due under RSA 77-A as provided by RSA 77-A:5, X. **Source.** 1993, 350:31. 2007, 255:9, eff. Jan. 1, 2008.
  
- **162-L:10 New Investment Tax Credit. – Community Development Finance Authority**
  - I. An investment tax credit equal to 75 percent of the contribution made to the authority during the contributor's tax year shall be allowed against any of the following individually or in combination:
    - (a) Taxes imposed by RSA 77-A.
    - (b) Taxes imposed by RSA 400-A.
    - (c) Taxes imposed by RSA 77-E.
  - II. Credits provided by this section applied against the liabilities imposed by RSA 400-A and RSA 77-E shall be deemed to be taxes paid for the purpose of RSA 77-A:5, III and X, respectively.
  - III. The credit or any unused portion thereof may be carried forward for no more than 5 succeeding years, but shall not exceed \$1,000,000 in any given tax year.
  - IV. (a) The credit provided by this section shall be available to contributors on or after contributions for which credit is to be taken are actually received by the authority.  
(b) Contributions received by the authority for which credit is to be taken shall not exceed \$5,000,000 in any state fiscal year. Contributions received by the authority in excess of \$5,000,000 in any state fiscal year shall not be eligible for credit in such fiscal year but may be carried forward to the next succeeding fiscal year or years and shall be given priority in determining the total contributions eligible for credit in such fiscal year.
  - V. Estimated tax payments under RSA 400-A:32 due and payable after the date of contribution to the authority may be reduced by the credit allowable under this section. **Source.** 1998, 338:3, eff. July 1, 1999.



# Factors Impacting the General Fund Revenues

## ▶ Premium Tax Credits, Continued.

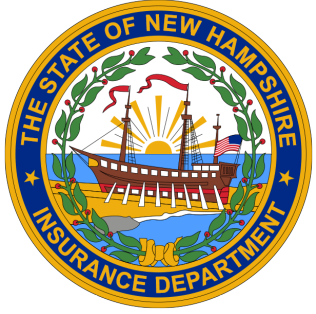
### ▶ LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OF 1996

#### 408-B:13 Credits for Assessments Paid. –

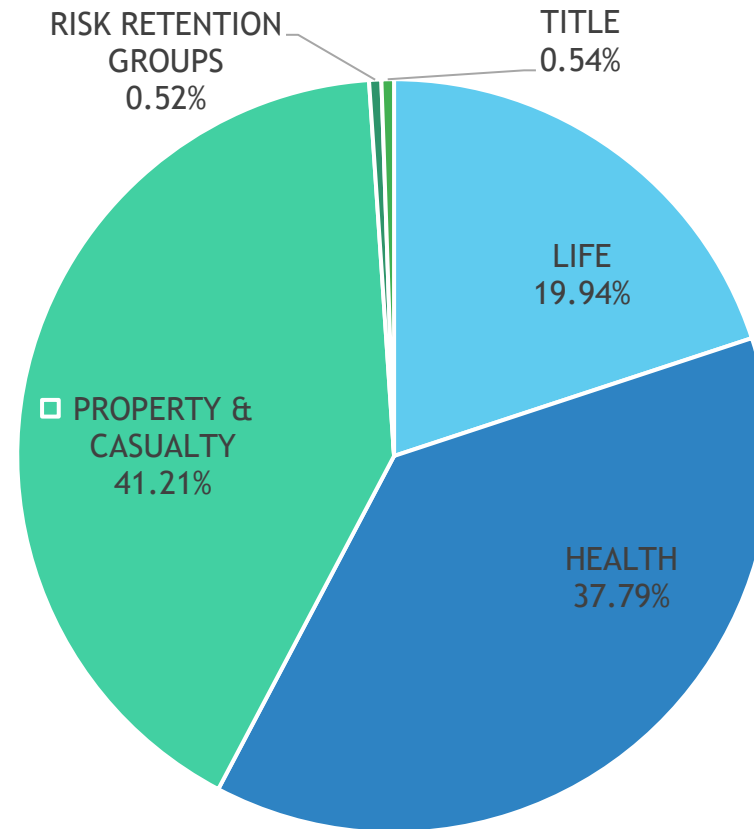
I. A member insurer may offset against its tax liability under RSA 400-A any assessment described in RSA 408-B:9, II(b) for the life insurance and annuity account, and for the health account for guaranteeing the performance of contractual obligations of an impaired or insolvent insurer in regard to disability income coverages only, to the extent of 20 percent of the amount of the assessment for each of the 5 calendar years following the year in which the assessment was paid. If a member insurer ceases doing business, all uncredited assessments described above may be credited against its tax liability under RSA 400-A for the year it ceases doing business.

II. Any sums acquired by refund from the association by member insurers, as stated in RSA 408-B:9, VI, and which were previously offset against taxes as described in paragraph I, shall be paid by these insurers to the state of New Hampshire in the manner required by the commissioner. The association shall notify the commissioner that refunds have been made. **Source.** 1995, 305:1. 1996, 188:20, eff. Jan. 1, 1997.

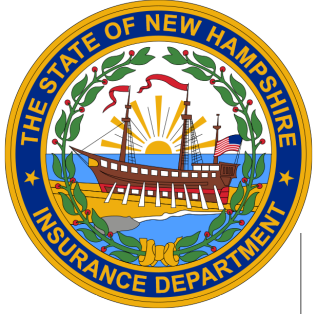
- ▶ Prior to 2024, Class B assessments have only been issued one other time. In 2013 assessments were issued totaling \$2,225,000. The impact of this credit was approximately \$400,000 each year for five years
- ▶ During CY2024, Colorado Banker Life Insurance Company went insolvent, and Class B assessments were issued totaling \$35,000,000.
  - ▶ Potential impact to revenue each year for five years is 20% or \$7,000,000.
  - ▶ The impact during the first year of the credit is doubled because of carriers projected tax is prepaid and collected in advance, resulting the potential of \$14,000,000 due to the permitted credit and the prepayment of the tax liability.
  - ▶ Since the insurer's tax liability cannot be reduced below zero, we do not anticipate all carriers will be able to use the full amount of the credit.



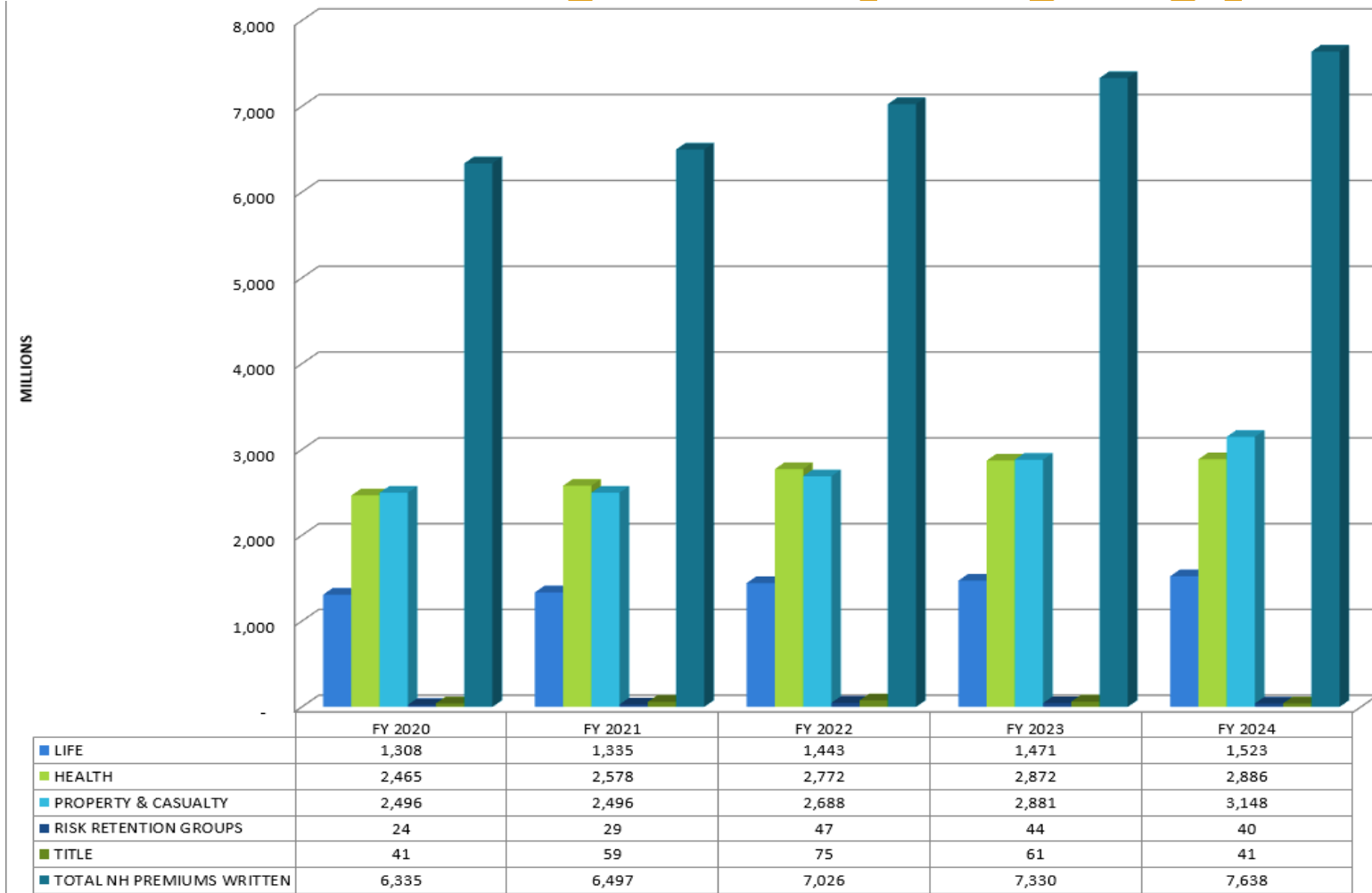
# Net Taxable Premium Written Calendar Year 2023



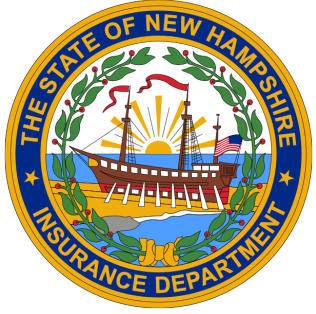
■ LIFE ■ HEALTH ■ PROPERTY & CASUALTY ■ RISK RETENTION GROUPS ■ TITLE



# Net Taxable Premium Written By Company Type

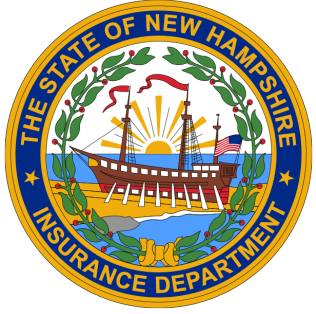


(In millions of dollars)



# General Fund Revenue Projections

- ▶ NHID projections are derived from two methodologies:
  - ▶ The Tax unit reviews annual statement information and revenue trends from an accounting and historical perspective. Projections are then developed for the various major product lines.
  - ▶ Next, our actuaries who receive company rate filings, are able to monitor developments in requested ratemaking changes that will ultimately become part of the premiums charged for the various lines of insurance business. In addition, they factor in current general economic trends that will ultimately affect the amount of premium written.



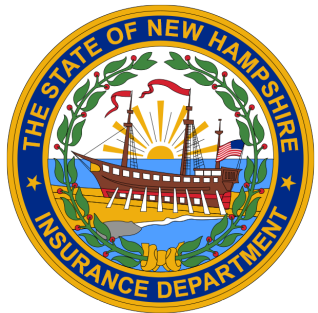
# New Hampshire Insurance Department

## FY 2024 REVENUE and FY 2025 REVENUE PROJECTIONS

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

	ACTUAL AS OF 6/30/2024	AUTHORIZED BUDGET	ANTICIPATED REVENUE AS OF 12/31/2024
	FY 2024	FY 2025	FY 2025
<b>Unrestricted Revenue:</b>			
PREMIUM TAX LIABILITY	\$136,120,000	\$126,250,000	\$133,200,000
PREPAYMENT APPLIED	(131,500,000)	(124,900,000)	(136,700,000)
PREPAYMENT FOR FOLLOWING YEAR*	134,090,000	126,250,000	133,200,000
UNLICENSED COMPANY PREMIUM TAX	8,130,000	4,900,000	7,000,000
<b>PREMIUM TAX REVENUE</b>	<b>\$ 146,840,000</b>	<b>\$ 132,500,000</b>	<b>\$ 136,700,000</b>
LICENSE FEES AND PENALTIES	26,815,000	20,500,000	24,000,000
RSA 400-A:32 III (b) FUNDING GRANITE ADVANTAGE HEALTH TRUST FUND	(10,348,000)	(10,000,000)	(10,350,000)
FMLI PREMIUM STABILIZATION TRUST FUND	(51,000)	-	(75,000)
<b>TOTAL REVENUE</b>	<b>\$ 163,256,000</b>	<b>\$ 143,000,000</b>	<b>\$ 150,275,000</b>

\*FY2024 Prepayment adjusted for deferred revenue entry (modified accrual basis), as will be reflected in the Annual Comprehensive Financial Report.



# New Hampshire Insurance Department

## REVENUE PROJECTIONS FY 2026 & FY 2027

The Insurance Department's revenue projections are as follows:

<b>Unrestricted Revenue:</b>	<b>FY 2026</b>	<b>FY 2027</b>
PREMIUM TAX LIABILITY	\$138,700,000	\$143,400,000
PREPAYMENT APPLIED	(133,200,000)	(138,700,000)
PREPAYMENT FOR FOLLOWING YEAR	138,700,000	143,400,000
UNLICENSED COMPANY PREMIUM TAX	6,115,000	6,600,000
<b>PREMIUM TAX REVENUE</b>	<b>\$ 150,315,000</b>	<b>\$ 154,700,000</b>
LICENSE FEES AND PENALTIES	21,000,000	21,000,000
RSA 400-A:32 III (b) FUNDING GRANITE ADVANTAGE HEALTH TRUST FUND	(12,240,000)	(12,600,000)
FMLI PREMIUM STABILIZATION TRUST FUND	(75,000)	(100,000)
GRANITE STATE HOME MITIGATION AND RESILIENCY PROGRAM	(1,000,000)	(1,000,000)
<b>TOTAL REVENUE PROJECTIONS</b>	<b>\$ 158,000,000</b>	<b>\$ 162,000,000</b>

**Note:** NHID collects premium taxes from the 3 Managed Care Organizations that DHHS contracts with to place business in the Granite Advantage Health Care program. In addition, FY 2024 was the first time we made a transfer regarding the new dental benefit administered by Delta Dental. We also made a transfer to NHES for the Family Medical Leave Insurance Premium Stabilization Trust Fund. The revenue collected for these programs are transferred to DHHS and NHES by April 15th. If more tax is collected than anticipated, then more revenue is transferred to the other agencies, therefore, having a net zero impact on the Department's projections.



# We are a resource for you!

## New Hampshire Insurance Department

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Consumer Hotline: (800) 852-3416

Fax: (603) 271-1406

E-Mail: [requests@ins.nh.gov](mailto:requests@ins.nh.gov)

Web: [nh.gov/insurance/](http://nh.gov/insurance/)