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MIA BULLETIN 16-01

DATE: January 11, 2016

TO: Property and Casualty Insurance Companies writing Ocean Marine insurance

RE: Premium Taxation of Ocean Marine coverage and retaliatory tax calculation

Ocean marine premiums are taxed the same as other P&C premiums

In Maryland, ocean marine insurance premiums are taxed at the same rate (2%) as other property and casualty premiums for authorized insurers. Regardless of the taxing policy of a company's home state, ocean marine premiums (which are allocable to Maryland and written during the preceding calendar year) should be included in the total taxable written premiums. Maryland does not separately tax ocean marine premiums.

Retaliatory calculation for ocean marine premiums

If a company's domestic state taxes ocean marine premiums at a rate (or in a manner) that differs from Maryland's 2% rate, a retaliatory calculation is necessary. Pursuant to §6-303 of the Insurance Article, Annotated of Code, a retaliatory tax may be due to Maryland where the domestic state of the filing company would tax a Maryland company based on percentage of ocean marine profits. The company is required to report the retaliatory tax amount in the **Retaliatory Summary Sheet** in its **Annual Premium Tax Statement**. This would include the ocean marine profits tax in the calculation of aggregate taxes of the company's domestic state to determine if a retaliatory tax is due.

Supporting documentation for the company's retaliatory tax calculation may be provided on the domestic state's ocean marine form(s) or on Maryland's **Basis for Computing Ocean Marine Profits Tax** form.

Questions should be directed to Phil Ermer, Manager, Special Projects, at 410-468-2153.

Alfred W. Redmer, Jr.
Insurance Commissioner

signature on original

By
Nancy Grodin
Deputy Commissioner