

New Hampshire Insurance Department



May 10, 2022

New Hampshire Insurance Department

Licensed Insurance Companies & Risk Retention Groups (Admitted Market)

Premium Tax Rates effective January 1, 2010 (NH RSA 400-A:32)

- 1.25 percent for Property & Casualty lines of business
- 2 percent for Accident & Health lines of business



As of December 31, 2021, there are 1,171 insurance companies licensed and 88 risk retention groups registered that were required to file the New Hampshire 2021 Premium Tax Report on or before March 15, 2022. In accordance with RSA 400-A:31 and 400-A:32, the companies will pay the premium tax due for calendar year 2021, less the estimated payment made in March 2021, as well as the estimated tax for calendar year 2022 premium tax.

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FY 2022 and FY 2023 GENERAL FUND REVENUE PROJECTIONS

Based upon the premium tax base, tax credits, and fee data, the Insurance Department's Agency Submission was as follows:

<u>Description</u>	<u>FY2022</u>	<u>FY 2023</u>
PREMIUM TAX LIABILITY	\$116,200,000	\$118,600,000
PREPAYMENT APPLIED	(117,400,000)	(116,200,000)
PREPAYMENT FOR FOLLOWING YEAR	116,200,000	118,600,000
NON-ADMITTED MARKET PREMIUM TAX	<u>4,600,000</u>	<u>4,600,000</u>
PREMIUM TAX REVENUE	\$119,600,000	\$125,600,000
LICENSE FEES AND PENALTIES	19,000,000	18,000,000
RSA 400-A:32 III (b) FUNDING GRANITE HEALTH TRUST FUND	<u>(8,600,000)</u>	<u>(8,600,000)</u>
TOTAL CASH BASIS	\$130,000,000	\$135,000,000



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FISCAL YEAR 2022 GENERAL FUND REVENUE UPDATE

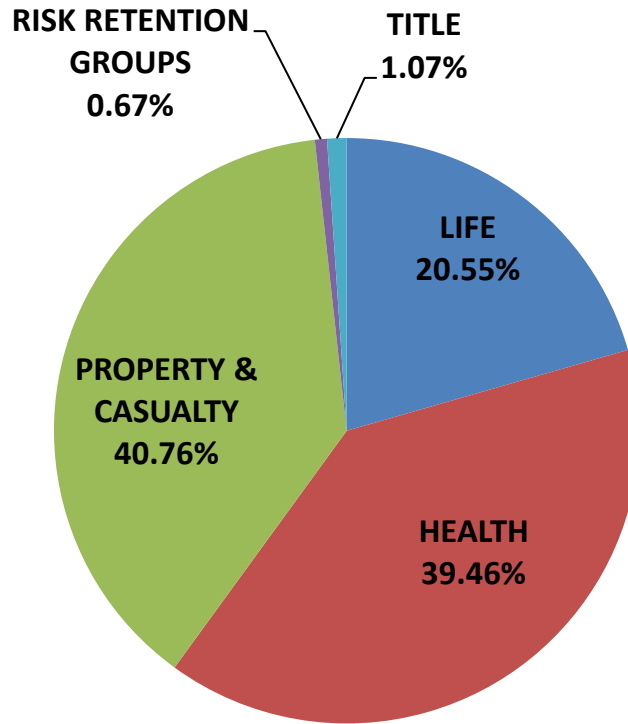
The New Hampshire Insurance Department (NHID) current revenue projections are as follows:

<u>Description</u>	<u>FY 2022 Authorized budget</u>	<u>FY 2022 Revenue Projected as of 4/30/2022</u>
PREMIUM TAX LIABILITY	\$116,200,000	\$126,200,000
PREPAYMENT APPLIED	(117,400,000)	(117,500,000)
PREPAYMENT FOR FOLLOWING YEAR	116,200,000	126,200,000
NON-ADMITTED MARKET PREMIUM TAX	<u>4,600,000</u>	<u>5,900,000</u>
PREMIUM TAX REVENUE	\$119,600,000	\$140,800,000
LICENSE FEES AND PENALTIES	19,000,000	26,200,000
RSA 400-A:32 III (b) FUNDING GRANITE HEALTH TRUST FUND	<u>(8,600,000)</u>	<u>(10,200,000)</u>
TOTAL CASH BASIS	\$130,000,000	\$156,800,000



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CALENDAR YEAR 2021 NET TAXABLE PREMIUM WRITTEN



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- As of April 30th, the fiscal year-to-date favorable variance is comprised of \$18.0 million in Premium Tax revenue and \$8.2 million in Fee revenue.
- The favorable variance in revenue is attributed to a significant increase in the tax base, as well as fees. CY 2021 NH taxable premiums written were over \$7.2 billion, an increase of over 8% from CY 2020.

Other factors impacting growth in Premiums:

- Covid-19 Pandemic
- 2021 Economic Impacts
- Inflation
- Labor Market
- Housing Market



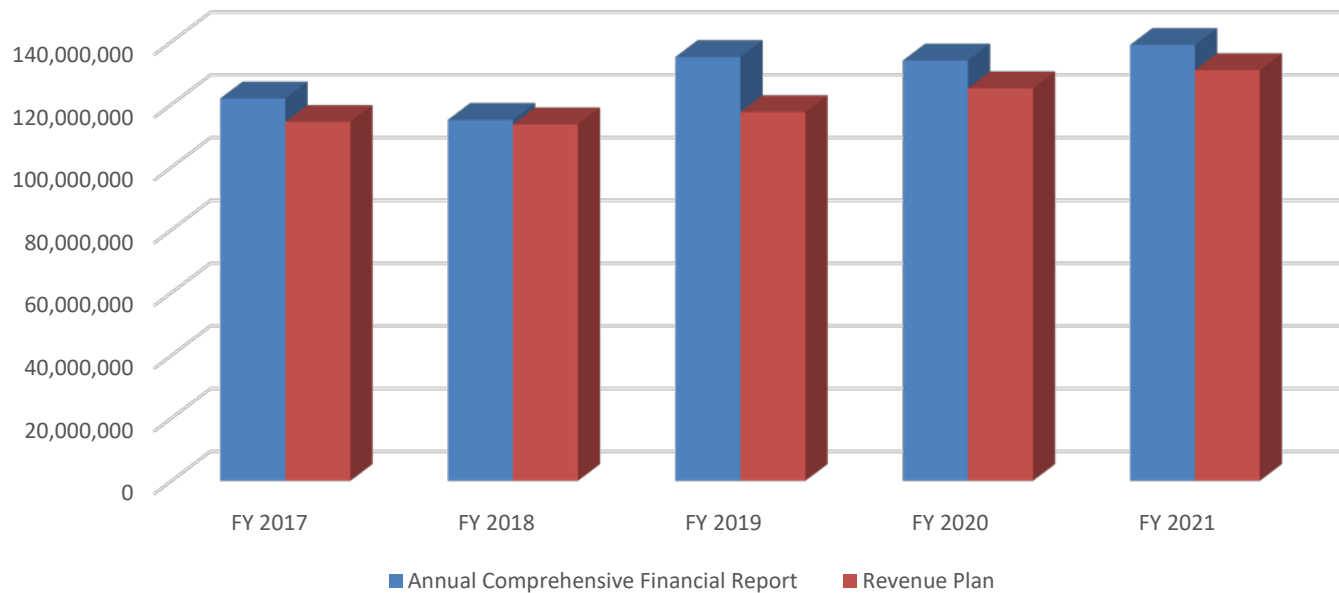
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- The favorable variance in fees is attributed primarily to an increase in producer and adjuster licensing fees, which may not continue.
- Revenue growth will slow during May and June as refunds for premium tax returns with overpayments are processed during this time period.
- It is expected that fiscal year 2022 will have a favorable variance of approximately \$26.8 million on a cash basis. The final fiscal year-end revenue will be reported in the Annual Comprehensive Financial Report on a modified accrual basis, which will reflect a favorable year-end variance of approximately \$22.4 million.



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General Fund Insurance Revenue FY 2017 to FY 2021
Actual to Plan



	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
ACFR	121,865,000	115,019,000	135,069,000	133,956,000	138,923,000
Revenue Plan	114,400,000	113,600,000	117,500,000	125,100,000	130,900,000

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APRIL 2022 RESULTS

- Insurance Tax and Fee revenue reported for April was \$4 million below plan.
Projected Revenue: \$(4.5) million
Actual Revenue: \$(8.5) million
- Pursuant to RSA 126-AA:3, NHID transferred \$10.2 million collected in March to the Granite Advantage Health Care Trust fund.
- NHID collects premium taxes from the 3 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.
- The transfer to DHHS was anticipated to be \$8.6 million, however, the Granite Advantage premiums were higher than planned, which resulted in a \$1.6 million variance. In addition, the remaining variance of \$2.4 million was comprised of refunds due to overpayments, and timing of collections of premium taxes from the non-admitted market, along with fee revenue.



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QUESTIONS?

