

August 15, 1967

SUBJECT: INSURANCE

Circular Letter No. 6 (1967)

TO ALL FIRE & CASUALTY INSURANCE COMPANIES

The Office of General Counsel has recently been asked if premium payment service charges attributable to New York risks are properly includible in taxable premiums pursuant to Section 187 of the Tax Law and Article XVII of the Insurance Law. For your information and guidance the reply is quoted in part below:

"It is my opinion that all additional charges for service, except such as are derived from direct financing of premiums by the company upon a premium finance agreement as defined in Section 554 of the Banking Law, made by an insurer to an insured in connection with the voluntary extension of credit to the latter in payment of any insurance premium, is deemed part of the premium collected and, therefore, taxable under Article XVII of the Insurance Law pursuant to the provisions of Section 187 of the Tax Law."

This opinion will be effective with reference to charges (including interest) written or received on or after January 1, 1967. Companies taxable under Section 187 of the Tax Law should include such charges received or written between January 1, 1967 and June 30, 1967 in their quarterly report due in August of 1967, and quarterly thereafter. Companies taxable under Article XVII of the Insurance Law should include such charges in the report due on April 1, 1968.

[SIGNATURE]

Superintendent of Insurance