

# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

**BULLETIN NO.: 7-2014**

**TO: ALL LICENSED INSURERS, HEALTH MAINTENANCE ORGANIZATIONS, FRATERNAL BENEFIT SOCIETIES, FARMERS' MUTUAL AID ASSOCIATIONS OR COMPANIES, HOSPITAL MEDICAL SERVICE CORPORATIONS, AND OTHER INTERESTED PARTIES.**

**FROM: ARKANSAS INSURANCE DEPARTMENT**

**SUBJECT: NEW MARKET JOBS ACT OF 2013 EXCLUSION FOR HEALTH INSURANCE PREMIUMS.**

**DATE: MARCH 18, 2014**

This Bulletin is directed to all licensed insurers and other companies paying premium or retaliatory taxes to the Arkansas Insurance Department ("Department"). The Department has received inquiries whether the phrase, "health insurance premium," under Ark. Code Ann. § 15-4-3602 (10) in the New Market Jobs Act of 2013 includes premium collected from the sale of accidental disability or accident policies.

In 2013, the Arkansas State Legislature enacted the New Market Jobs Act of 2013 ("Act 1474"). Under Act 1474, insurers who pay state premium and retaliatory taxes are entitled to a credit or offset to these taxes for investments in "qualified active low-income businesses" as permitted under Act 1474 (hereafter, "New Market Tax Credit"). Given the staggered prospective dates of the "credit allowances" under the Act, the earliest availability for the New Market Tax Credit would be for premium tax returns for the taxable year of 2015, for investments approved by the AEDC in 2013. Please review Act 1474 of 2013 for the full details of this credit and the Arkansas Economic Development Commission ("AEDC") as to the approval and qualifications of these credits, including the AEDC's "New Markets Jobs Act of 2013 Rules and Regulations."

For qualified and approved investments under Act 1474, the Act does not permit offsets to premium taxes collected from "health insurance," under its definition of "state premium tax liability," now codified in Ark. Code Ann. § 15-4-3602 (10). Act 1474 does not itself provide a definition of "health insurance" in the Act. The Department has been asked whether insurers collecting premium from the sale of accident insurance, or accidental disability insurance, are entitled to the New Market Tax Credit.

As the industry is aware from its past reporting and payment of premium taxes to the Department, insurers report collected premium for "health insurance" under a combined category

of “accident and health” insurance in the premium tax reporting forms supplied to the insurers by the Department. This is consistent with Ark. Code Ann. § 23-62-103 which combines “health insurance” with accidental disability insurance under the phrase “accident and health” insurance.

Therefore, an insurer which sells both individual major medical insurance in this State, for example, as well as accidental disability policies, reports premiums collected from both products in the aggregate to the Department. In light of the exemption from Act 1474 and to help administrate the Department’s obligations under this Act, the Department is amending its premium tax reporting forms to require insurers collecting premium for “health insurance,” to separately report what the insurer collected for “health insurance” and what the insurer collected for “accident” insurance or accidental disability insurance, in a subsequent bulletin.

For purposes of the exclusion under Act 1474 for “health insurance premium,” the Department interprets this exclusion to apply to premiums collected from what we understand today to mean “health insurance,” meaning premiums collected from the sale of individual or group major medical insurance or “health benefit plans” or contracts, including premiums collected from the sale of HMO or hospital medical service corporation contracts. Therefore, we interpret the offset to be permitted for the collection of premium from the sale of accident policies, or specifically to disability accident and disability income policies.

If you have questions related to this Bulletin, please contact the Legal Division at 501-371-2820 or e-mail [insurance.legal@arkansas.gov](mailto:insurance.legal@arkansas.gov).

  
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JAY BRADFORD  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

March 18, 2014  
Date