Disparate income tax rate equivalents of life insurers and non-insurers: A 50-state comparison

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Executive summary

Most states tax life insurance companies on their gross premiums (i.e., they impose a tax based on premiums received from risks resident in the state). By contrast, states tax other financial institutions and non-financial corporations generally based on corporation net income apportioned to the state. Because premium taxes apply to a tax base much larger than net income, even low premium tax rates result in comparatively high income tax equivalent burdens.

Policymakers need to better understand the disparity in the taxation of life insurance companies and other corporations. The average top marginal state corporate income tax rate has declined in recent years, while the average state premium tax rate across the country remained steady. This trend has intensified the disparity between the taxation of life insurance companies and general corporations. The high state tax burden on life insurers can adversely affect the industry's contribution to economic development in a state and to the financial security of a state's citizens.

To measure the relative burden of the premium tax compared to the general corporate income tax, EY has calculated the income tax rate equivalent of the premium tax for each of the 50 states and the District of Columbia. This analysis updates a study conducted by EY in 2002 entitled, "Excessive Taxation of Life Insurance Companies in the 50 States" ("2002 EY Study").

This analysis shows the following:

- The average state tax burden of life insurance companies from 2006 through 2012 from premium taxation was approximately triple the tax burden of other industries subject to the states' general corporate income tax. The weighted-average corporate income tax rate equivalent of the premium tax during this seven-year period was 22.1% during the past seven years, as compared to a weighted-average top marginal state corporate income tax rate of 6.5%.

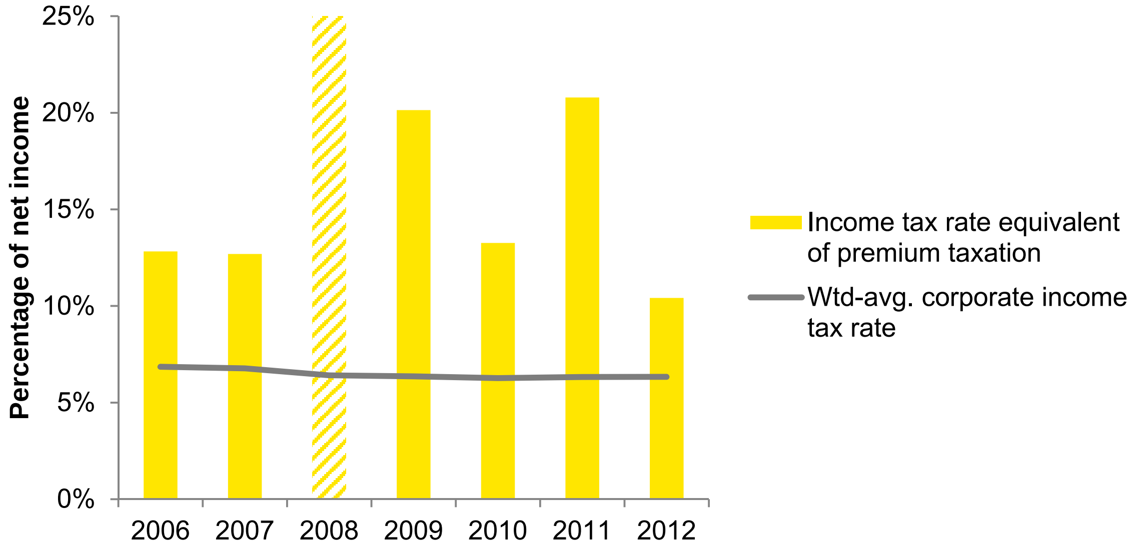
- The national weighted-average top marginal state corporate income tax rate was at least 65% higher than the weighted-average income tax rate equivalent of premium taxation in each year from 2006 through 2012, as shown in Figure ES-1.

- Forty-three states and the District of Columbia imposed an income tax rate equivalent of the premium tax greater than 15% during this seven-year period. By contrast, the 2002 EY Study found that 25 states and the District of Columbia had income tax rate equivalents greater than 15% in 2000. For example, life insurers in Alabama paid an average income tax rate equivalent of premium taxation of nearly 24% from 2006 through 2012. This rate is greater than 360% of the state's corporate income tax rate of 6.5% during the period.

- The national weighted-average top marginal state corporate income tax rate declined from 6.85% in 2006 to 6.33% in 2012, while the national weighted-average life insurance premium tax rate essentially remained the same (1.83% in 2006 and 1.82% in 2012). Since most states impose premium tax on life insurers "in lieu of" income taxation, the

divergence in trends is contributing to an increase in the excess taxation of the life insurance industry from premium taxation. For example, the 2002 EY Study found that the average “excess” rate of taxation of life insurers from 1996 through 2000 was 4.8 percentage points, as compared to 14.3 percentage points from 2006 through 2012.

Figure ES-1. Income tax rate equivalent of average premium rate compared to average top marginal state corporate income tax rate, 2006-2012



Note: The life insurance industry experienced an aggregate net statutory loss in 2008. Despite having negative income, life insurance companies still paid significant premium taxes on their gross premiums. With a positive tax liability but no net income, the income tax rate equivalent in 2008 was infinite. The income tax rate equivalent for 2008 is shaded above and truncated at 25%. Across the seven-year period, the weighted-average income tax rate equivalent was 22.1%.
Source: Thomson Checkpoint, ACLI, EY analysis.

The excess premium taxation of life insurance companies, compared to the taxation of general corporate income, has adverse economic effects on the provision of life insurance (as well as accident and health insurance provided by life insurance companies) in each of the states. In addition, states with high taxation of life insurance companies are reducing the relative attractiveness of the state to major providers of high-paying, white-collar, environmentally friendly jobs.

Contents

Disparate income tax rate equivalents of life insurers and non-insurers: A 50-state comparison

Most states tax life insurance companies on their gross premiums (i.e., they impose a tax based on premiums received from risks resident in the state). Many states tax premiums in lieu of net income, while some impose both premium and income taxes on life insurance companies. By contrast, most states tax other financial institutions and general corporations based on corporate net income apportioned to the state. Because premium taxes apply to a tax base much larger than life insurers' net income, even low premium tax rates result in comparatively high tax burdens.

Comparing life insurers' premium tax liability and the income tax liability equivalent as a percentage of the same base—statutory net income—enables an evaluation of the extent to which life insurance companies bear a greater tax burden than general corporations.

I. State income tax rate equivalents of life insurance company taxation and the taxation of other companies

Life insurance companies provide important financial security to households through the life insurance, health insurance, disability insurance, retirement annuities, and other products. They also provide significant economic contributions to their states and communities in well-paying environmentally-friendly employment in addition to the jobs and income of their local suppliers and the resulting local jobs from those employees' spending.[1]

Life insurance companies are increasingly competing with companies in other industries that provide retirement and health plans to their employees. Life insurance companies are a major provider of investment and retirement savings products in competition with banks, security firms, and mutual funds. Unlike life insurance companies, these other industries are subject primarily to tax on their net income, rather than on gross receipts.

State premium taxes on life insurance companies are generally imposed "in lieu" of or in addition to state income taxes. Exhibit 1 and Exhibit 2 list the premium tax rates for life insurance and accident and health insurance, respectively, by state for 2006 through 2012. Exhibit 3 shows the top marginal state corporate income tax rates by state for the same years, before adjusting for states that substitute other taxes—such as gross receipts taxes—for some or all corporate income taxes. (See Appendix 1.) The average top marginal state corporate income tax rate, weighted by premiums, fell from 6.9% in 2006 to 6.4% in 2012. While four states increased their top marginal corporate income tax rates, ten states reduced their rates.[2] In 2013, several governors proposed significant reductions or elimination of their state's corporate income tax, without accompanying proposals to lower insurance premium tax rates.

Exhibit 4 shows the income tax rate equivalents of the life and accident and health insurance premium tax rates in the 50 states and the District of Columbia. The average income tax rate equivalent of the premium tax for life insurance companies, weighted by premiums, ranged from 10.4% in 2012 to 20.8% in 2011.

The period analyzed includes 2008 when the life insurance industry experienced an aggregate net statutory loss. Despite having negative income, life insurance companies still paid significant premium taxes on their gross premiums. With a positive tax liability but no net income, the income tax rate equivalent in 2008 was infinite.

One way to evaluate the effect of the life insurance industry's 2008 results is to calculate weighted-average income tax rate equivalents for the entire period of 2006 through 2012—that is, total premium taxes paid during the seven-year period, divided by total statutory net income during the period. Other corporations subject to the net income tax can generally carryback losses against previous years' taxable income and get an immediate refund or carry the loss forward to reduce future taxable income. In this way, a loss in one year offsets positive taxable income in another year, thus applying the statutory rate to both gains and losses. Thus, a multiple year comparison can reflect both positive and negative income years.

The weighted-average income tax rate equivalent of the premium tax for the seven-year period, across all jurisdictions, was 22.1%. Only two states had weighted-average income tax rate equivalents of less than 10% for 2006 through 2012. Nevada's rate was the highest, at nearly 43%. The 2002 EY Study reported that 25 states and the District of Columbia imposed income tax rate equivalents of 15% or more in 2000; from 2006 through 2012, 43 states and the District of Columbia had weighted-average corporate income tax rate equivalents above 15%.

II. Income tax rate equivalent of premium tax compared to general corporate income tax rate

As shown in the previous section, the low single-digit state life insurance premium tax rates—averaging just below 1.9% between 2006 and 2012—are equivalent in most states to double-digit state corporate income tax rates. In this section, the life insurance industry's premium tax rates are compared with general corporate income statutory tax rates in the 50 states and the District of Columbia.

The difference between the income tax rate equivalent of premium taxation and a state's top marginal corporate income tax rate illustrates the additional tax burden to which life insurance companies are subject. Comparison of the premium tax with the general corporate income tax is appropriate since premium taxes are generally in lieu of corporate income taxes.

Use of the top marginal corporate income tax rate understates the disparity between premium and corporate income taxation since many states provide accelerated deductions and/or tax credits against their corporate income tax but not against the premium tax. Several states that substitute other taxes for corporate income taxes for non-life insurance corporations, such as Ohio's Commercial Activity Tax and Washington State's business and occupation tax, are included in the comparison. Comparing the income tax equivalent of the premium tax with the statutory corporate income tax rate provides a closer apples-to-apples evaluation of the relative life insurance industry tax with other industry's taxes. The calculations are described in Appendix 1.

In 47 states and the District of Columbia in 2012, the current premium tax system resulted in higher tax burdens on life insurance companies than if they were subject to the states' general corporate income tax. This difference between the income tax rate equivalent of the premium tax and general corporate income tax rates for the 50 states and the District of Columbia across the period from 2006 through 2012 is summarized in Exhibit 5. This measure shows the degree to which life insurance companies are taxed more heavily than other industries. The difference, as a percentage of net income, has ranged from greater than three percentage points in 2012 to nearly 13 percentage points in 2011. Taking into account conditions in 2008—when life insurance companies paid premium taxes even while sustaining net losses—the weighted-average difference between the burdens of premium taxation and general corporate income taxation was 14.3 percentage points of their net income for the period from 2006 through 2012.

This average "excess" rate of taxation for life insurers from 2006 through 2012 is far greater than the average "excess" rate of 4.8 percentage points from 1996 through 2000 that the 2002 EY Study found.

This difference can also be illustrated by examining the ratio of the income tax rate equivalents of the premium tax to the top marginal state corporate income tax rates. Exhibit 6 shows that, across the period, the weighted-average income tax rate equivalent was almost triple the weighted-average top marginal state corporate income tax rate. This calculation includes effective corporate income tax rates of states that substitute other business taxes for corporate income taxes.

High effective tax rates impact more than just the customers, employees, and owners of the life insurance industry. High effective tax rates also have adverse economic effects on the states that impose them. The high taxation of the life insurance industry discourages the purchase of life insurance by consumers, potentially leaving some families uninsured or under-insured for health, disability, and death of family members. High effective tax rates also discourage providers of life and health insurance from locating in a state due to both retaliatory taxes and reduced market demand which, in turn, hurts the state's economic development of white-collar, environmentally friendly jobs.

Study limitations

This analysis of the relative state taxation of the life insurance industry is at a high level, keying off the statutory premium and corporate income tax rates. Although providing policy makers with important information, the state tax systems have additional features that could be factored into a more detailed comparison. Readers should be aware of several limitations to this analysis.

- Many states levy "retaliatory" taxes on insurers writing premiums in their state but domiciled in other states. For instance, an insurer headquartered in State A with a 2% premium tax rate on premiums written in State A would be taxed on 2% of premiums. In contrast, an insurer headquartered in State B with a 3% premium tax rate would be required by State A to pay not only the 2% premium tax rate on premiums written in State A, but an additional 1% retaliatory tax (i.e., the excess of the insurer's domicile's tax burden relative to the market state's tax burden). Retaliatory taxes are not included in the calculation of the premium tax liability in each state in this analysis. Including retaliatory taxes would increase the effective premium tax rate in a state, increase the life insurance industry's premium tax liability, increase the income tax rate equivalent, and increase the excess taxation of life insurance companies compared to other industries. For example, Oregon does not have a premium tax, so for purposes of this study, the effective premium tax rate is 0%. Yet in 2011, Oregon collected nearly $37 million in retaliatory taxes on all insurance lines.[3]
- Net income or losses attributable to life insurance company affiliates may not appear on the National Association of Insurance Commissioners' (NAIC) Annual Report in the year earned, but would be reflected as affiliates pay dividends to their parents. Due to this timing difference, some income or losses flowing to life insurance parent companies may reflect prior-period affiliate operations. In general, excluding current-year income would reduce the income tax rate equivalent of the premium tax, but excluding current-year losses would increase the equivalent rate.
- The methodology employed does not account for every aspect of state premium and income taxation. For instance, the use of life insurance company premium tax rates does not address retaliatory taxation, offsets for guaranty fund assessments, small company or domestic preferences, insurance-specific tax credits, "in lieu" provisions beyond income tax, differences between taxable and statutory income, and other regulatory fees. Similarly, the use of the highest marginal statutory corporate income tax rate in the calculation of the income tax liability equivalent does not account for income tax credits, accelerated depreciation and deductions, exempt income from US securities, special industry tax rules, and other differences between taxable and statutory income.
- The analysis does not attempt to measure the economic incidence of the insurance premium tax or the corporate income tax, both of which are borne by customers, employees or owners depending on the economic circumstances facing the company and the industry.

Appendix 1: Methodology

The income tax rate equivalent of the life insurance premium tax was calculated as the premium tax liability of the industry in a state as a percentage of the industry's statutory net income, as apportioned to the state by the state's share of total premiums. Components of the calculation include:

1. **Premium tax liability.** The premium tax liability of life insurance companies was calculated for each state by multiplying the direct premiums for each line of business in the state by the premium tax rate for each line of business in the state. Premiums by line of business by state were obtained from the National Association of Insurance Commissioners' (NAIC's) Annual Report, Schedule T. In states where dividend deductions are allowed, premiums were adjusted for policyholder dividends (dividends left on deposit, dividends paid in cash or dividends applied to pay renewal premiums). The dividend deductions and exempt federal employee health benefit program premiums were obtained from the NAIC's Annual Report, State Page. Life insurance tax rates are presented in Exhibit 1, and accident and health insurance tax rates are presented in Exhibit 2. Annuity tax rates were applied in the two states (Maine and South Dakota) that tax annuities when premiums are received. Tax credits, retaliatory taxes and other features of state insurance taxation are not incorporated.

2. **Income tax liability.** The income tax liability equivalent of life insurance companies was calculated for each state by multiplying the highest marginal statutory corporate income tax rate in the state by the industry's statutory net income apportioned to the state based on the state's share of total U.S. premiums (excluding deposit type funds).

   This analysis accounts for states that for non-life insurance companies substitute other taxes—such as gross receipts taxes—for some or all corporate income taxes. For example, a total effective corporate income tax rate was estimated for Ohio across the period. During this time, Ohio phased out corporate income taxation in favor of gross receipts taxation. Adjustments were also made for Michigan, Texas, and Washington State. No adjustments were made for non-income business taxes in Nevada, South Dakota, and Wyoming—see Appendix 2 for further details. Exhibit 3 includes only the corporate income tax portion of states' general taxes on business.

   Research into state tax rates on premiums and corporate income was conducted using the Thomson Reuters Checkpoint research platform. Tax credits, accelerated depreciation and other features of state general corporate income taxation are not incorporated.

3. **Statutory net income.** The statutory net income of life insurance companies was measured as the NAIC's Annual Report, Summary of Operations, net gain from operations after dividends to policyholders and before federal income taxes (line 29) minus Amortization of the Interest Maintenance Reserve (line 4A), plus realized capital gains/losses (NAIC Annual Report Exhibit 3, line 9, column 4). This calculation, using national totals for the period from 2006 through 2012, is shown in Table A-1.

Table A-1. Calculation of the aggregate statutory net income of life insurance companies, 2006-2012 (billions of US$)

	2006	2007	2008	2009	2010	2011	2012	Total
Net gain from operations, before federal income taxes	$42	$45	-$1	$61	$53	$28	$61	$287
Less: Dividends to policyholders	-4	-4	-4	-4	-4	-4	-3	-25
Less: Amortization of the Interest Maintenance Reserve	-2	-1	0	0	-1	-2	-3	-9
Add: Realized capital gains (losses)	n/a	-1	-56	-32	-8	4	1	-92
Statutory net income	**$36**	**$39**	**-$61**	**$25**	**$41**	**$26**	**$55**	**$161**

Source: National Association of Insurance Commissioners' (NAIC's) Annual Reports, 2006-2012.

4. **Income tax rate equivalent.** The income tax rate equivalent of a state's current premium tax was calculated by taking the estimated premium tax liability (described above) as a percentage of the industry's statutory net income as apportioned to the state by the state's share of total premiums.

The methodology assumes that life insurance company net income is apportioned among states in proportion to premiums (similar to what is used by most states imposing an income tax on life insurance companies), while other corporations generally apportion income by some combination of factors: sales, payroll, and property, with many states moving to a greater weighting on sales. As a high-level analysis, this methodology provides a conservative indicator of the nature and general magnitude of the excessive taxation of life insurance companies.

Appendix 2: Exhibits

Endnotes to the exhibits

All exhibits. For purposes of consistency, weighted averages for the 50 states and the District of Columbia are calculated in all exhibits based on total taxable life insurance company premiums.

Exhibit 3. Top marginal state corporate income tax rates are shown in Exhibit 3. In calculating the income tax liability equivalent of life insurance companies, the analysis adjusted the rates shown in Exhibit 3 to reflect a more accurate representation of the income tax burden that life insurance companies would be subject to in states that substitute, for example, a gross receipts tax on businesses for some or all corporate income taxation. These adjustments were made for Michigan, Ohio, Texas, and Washington.

From 2008 through 2011, Michigan levied a tax on corporate income at a rate of 4.95%. General corporations were also subject to a gross receipts tax of 0.80% during this time. Under this combination of taxes, life insurance companies would have been subject to effective income tax rates ranging from approximately 10.5% to nearly 14% from 2009 through 2011. Ohio gradually phased out its corporate income tax rate of 8.5% in favor of a 0.26% “Commercial Activities Tax” on gross receipts from 2006 through 2009. Beginning in 2010, corporations were subject only to the gross receipts tax. The total effective income tax rate that life insurance companies would have been subject to during this time ranged from over 7% in 2006 to less than 1.5% in 2012.

Washington State’s business and occupation (B&O) tax is levied on businesses’ gross receipts. Insurers subject to the state’s premium tax are exempt. If subject to the B&O tax, life insurance companies would have had effective income tax rates ranging from as low as 8% to as high as 17% during the period from 2006 through 2012. The Washington B&O tax is included in the calculation of life insurance companies’ income tax liability equivalent during the period.

The Texas Margin Tax consisted of a hybrid tax on net income and net assets through 2007. Beginning in 2008, it was reformed as a 1% tax on the least of three alternative margin calculations. Insurers subject to the state’s premium tax are exempt from the margin tax. To calculate life insurers’ Texas income tax liability equivalent for this study, the analysis assumes that they would pay the Texas Margin Tax at the rate of 1% of 70% of total receipts, including investment income. During the period from 2006 through 2012, the effective tax rate that life insurers, absent premium taxation, would have paid due to the Texas Margin Tax varied from as high as 12% in 2011 to as low as 5% in 2007. The tax is included in the calculation of life insurance companies’ income tax liability equivalent during the period.

Several other states substitute broad-based taxes on businesses for corporate income taxes. Nevada’s “Modified Business Tax” imposes a top marginal excise tax on employers of 1.17% of gross wages, net of certain benefits. Because life insurers are not presently exempt from this tax, it is excluded from this analysis.

South Dakota has business license taxes that are generally small in amount—less than $1,000 per business. Insurance companies are exempt. South Dakota also has a bank franchise tax of as much as 6% of bank income. While life insurers are generally exempt, they can be liable for the bank franchise tax if they engage in mortgage lending. Wyoming has a franchise tax on business assets. Due to data availability and the small magnitude of these non-income business taxes in South Dakota and Wyoming, they have been excluded from this analysis.

Exhibit 4. Annuity premium tax liabilities for Maine and South Dakota were included in the calculation of income tax rate equivalents. These states tax annuity premiums on a "front-end" basis, when received by the insurance company. Florida also taxes annuity premiums on a "front-end" basis but insurers can exempt themselves from the tax if they prove that the savings from doing so are passed on to consumers.

Florida has both a premium tax and an income tax. The income tax is creditable against the premium tax, but the income tax credit plus a salary credit are limited to 65% of the premium tax. For purposes of the calculation, the Florida income tax is assumed to be fully credited against the premium tax, leaving only the premium tax liability. There may be some individual companies whose income tax credit is limited in which case the excess premium tax would be greater.

Illinois currently has both a premium tax and an income tax. The state allows a credit for the income tax against the premium tax to the extent the income tax exceeds 1.5% of premiums. The average Illinois income tax did not exceed 1.5% of premiums in 2006 through 2011. However, the estimated income tax liability at the statutory tax rate of life insurance companies in Illinois was greater than 1.5% of premiums in 2012. The income tax rate equivalent for Illinois in 2012 has been adjusted downward reflecting the credit. There may be some individual companies whose income tax is creditable against the premium tax, in which case the income tax rate equivalent for Illinois would, in general, be lower.

Nebraska's premium tax is creditable against its income tax. For some years in the study, the average effective premium tax rate is less than Nebraska's top marginal corporate income tax rate. Accordingly, the premium tax would be fully offset against the income tax and the excess premium tax, as a result of the credit, is zero. There may be some individual companies in those years whose premium tax exceeds the income tax, in which case the excess premium tax would be positive.[4]

New York has a 0.7% premium tax rate plus an industry-specific income tax. Combined, these taxes must be at least 1.5% of premiums but cannot exceed 2.0% of premiums.[5] Based on the aggregate calculations, the combined rate is not close to the 2.0% cap. This study conservatively assumes that New York's premium tax rate is the minimum rate of 1.5%. The difference between premium taxation and general corporate income taxation in New York would be greater if the actual effective premium tax rate of life insurers in New York is over 1.5%.

Oregon replaced its premium tax with an excise tax on net income in 1997. Foreign (non-Oregon domiciled) insurers are still required to calculate and pay retaliatory taxes as a percentage of premiums. The retaliatory tax rate would be the premium tax rate in their domicile state. Retaliatory taxes were not calculated for purposes of this study, thus understating the excess premium tax rate in Oregon.

Although not an income tax state, Wisconsin has a zero premium tax rate on health premiums, but has a reciprocal tax equal to a company's home state premium tax rate on health premiums. Although somewhat similar to a retaliatory tax, for purposes of the calculation of the excess tax burden (which does not include retaliatory tax), the weighted average health premium tax rate in all states was used in the Wisconsin calculation.

As described above, the excess tax calculation for these states includes a more complete measure of the tax burden on life insurance companies than is reflected simply by the premium tax rates (for instance, by including the income tax in states that impose both premium and income taxes on insurance companies). Consequently, the excess tax calculation for the above states is not based solely on the premium tax rates shown in Exhibit 1 and Exhibit 2.

Exhibits 5 and 6. Because the life insurance industry experienced net statutory losses in 2008 while still paying premium taxes, a measure of effective tax rate for that year would not be meaningful and is not presented as an infinite tax rate. Instead, an average of the seven years' premium tax liability as a percentage of the seven years' net statutory income is presented. The ratios displayed in Exhibit 6 are not calculated for Oregon, which has no premium tax rate.

Exhibit 1. Life insurance premium tax rates by state, 2006-2012 (in percent)

State	2006	2007	2008	2009	2010	2011	2012
Alabama	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Alaska	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Arizona	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Arkansas	2.50	2.50	2.50	2.50	2.50	2.50	2.50
California	2.35	2.35	2.35	2.35	2.35	2.35	2.35
Colorado	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Connecticut	1.75	1.75	1.75	1.75	1.75	1.75	1.75
D.C.	1.70	1.70	1.70	1.70	1.70	2.00	2.00
Delaware	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Florida	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Georgia	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Hawaii	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Idaho	2.30	2.10	1.90	1.70	1.50	1.50	1.50
Illinois	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Indiana	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Iowa	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Kansas	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Kentucky	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Louisiana	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Maine	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Maryland	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Massachusetts	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Michigan	1.07	1.07	1.25	1.25	1.25	1.25	1.25
Minnesota	1.88	1.75	1.63	1.50	1.50	1.50	1.50
Mississippi	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Missouri	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Montana	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Nebraska	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Nevada	3.50	3.50	3.50	3.50	3.50	3.50	3.50
New Hampshire	2.00	1.75	1.75	1.50	1.25	1.25	1.25
New Jersey	2.10	2.10	2.10	2.10	2.10	2.10	2.10
New Mexico	3.00	3.00	3.00	3.00	3.00	3.00	3.00
New York	1.50	1.50	1.50	1.50	1.50	1.50	1.50
North Carolina	1.90	1.90	1.90	1.90	1.90	1.90	1.90
North Dakota	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Ohio	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Oklahoma	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Oregon	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pennsylvania	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Rhode Island	2.00	2.00	2.00	2.00	2.00	2.00	2.00
South Carolina	0.75	0.75	0.75	0.75	0.75	0.75	0.75
South Dakota	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Tennessee	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Texas	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Utah	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Vermont	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Virginia	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Washington	2.00	2.00	2.00	2.00	2.00	2.00	2.00
West Virginia	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Wisconsin	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wyoming	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Wtd. avg.	**1.83**	**1.83**	**1.83**	**1.82**	**1.82**	**1.82**	**1.82**

See Appendix 2 for notes.

Exhibit 2. Accident & health insurance premium tax rates by state, 2006-2012 (in percent)

State	2006	2007	2008	2009	2010	2011	2012
Alabama	1.60	1.60	1.60	1.60	1.60	1.60	1.60
Alaska	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Arizona	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Arkansas	2.50	2.50	2.50	2.50	2.50	2.50	2.50
California	2.35	2.35	2.35	2.35	2.35	2.35	2.35
Colorado	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Connecticut	1.75	1.75	1.75	1.75	1.75	1.75	1.75
D.C.	1.70	1.70	1.70	2.00	2.00	2.00	2.00
Delaware	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Florida	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Georgia	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Hawaii	4.27	4.27	4.27	4.27	4.27	4.27	4.27
Idaho	2.30	2.10	1.90	1.70	1.50	1.50	1.50
Illinois	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Indiana	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Iowa	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Kansas	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Kentucky	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Louisiana	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Maine	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Maryland	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Massachusetts	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Michigan	1.07	1.07	1.25	1.25	1.25	1.25	1.25
Minnesota	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Mississippi	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Missouri	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Montana	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Nebraska	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Nevada	3.50	3.50	3.50	3.50	3.50	3.50	3.50
New Hampshire	2.00	2.00	2.00	2.00	2.00	2.00	2.00
New Jersey	2.10	2.10	2.10	2.10	2.10	2.10	2.10
New Mexico	3.00	3.00	3.00	3.00	3.00	3.00	3.00
New York	1.50	1.50	1.50	1.50	1.50	1.50	1.50
North Carolina	1.90	1.90	1.90	1.90	1.90	1.90	1.90
North Dakota	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Ohio	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Oklahoma	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Oregon	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pennsylvania	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Rhode Island	2.00	2.00	2.00	2.00	2.00	2.00	2.00
South Carolina	1.25	1.25	1.25	1.25	1.25	1.25	1.25
South Dakota	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Tennessee	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Texas	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Utah	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Vermont	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Virginia	2.25	2.25	2.25	2.25	2.25	2.25	2.25
Washington	2.00	2.00	2.00	2.00	2.00	2.00	2.00
West Virginia	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Wisconsin	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wyoming	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Wtd. avg.	**1.81**	**1.82**	**1.82**	**1.83**	**1.84**	**1.84**	**1.84**

See Appendix 2 for notes.

Exhibit 3. Top marginal state corporate income tax rates by state, 2006-2012 (in percent)

State	2006	2007	2008	2009	2010	2011	2012
Alabama	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Alaska	9.40	9.40	9.40	9.40	9.40	9.40	9.40
Arizona	6.97	6.97	6.97	6.97	6.97	6.97	6.97
Arkansas	6.50	6.50	6.50	6.50	6.50	6.50	6.50
California	8.84	8.84	8.84	8.84	8.84	8.84	8.84
Colorado	4.63	4.63	4.63	4.63	4.63	4.63	4.63
Connecticut	7.50	7.50	7.50	7.50	7.50	7.50	7.50
D.C.	9.98	9.98	9.98	9.98	9.98	9.98	9.98
Delaware	8.70	8.70	8.70	8.70	8.70	8.70	8.70
Florida	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Georgia	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Hawaii	6.40	6.40	6.40	6.40	6.40	6.40	6.40
Idaho	7.60	7.60	7.60	7.60	7.60	7.60	7.40
Illinois	7.30	7.30	7.30	7.30	7.30	9.50	9.50
Indiana	8.50	8.50	8.50	8.50	8.50	8.50	8.50
Iowa	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Kansas	7.35	7.35	7.10	7.05	7.05	7.00	7.00
Kentucky	7.00	6.00	6.00	6.00	6.00	6.00	6.00
Louisiana	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Maine	8.93	8.93	8.93	8.93	8.93	8.93	8.93
Maryland	7.00	7.00	8.25	8.25	8.25	8.25	8.25
Massachusetts	9.50	9.50	9.50	9.50	8.75	8.25	8.00
Michigan	1.07	1.07	4.95	4.95	4.95	4.95	6.00
Minnesota	9.80	9.80	9.80	9.80	9.80	9.80	9.80
Mississippi	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Missouri	6.25	6.25	6.25	6.25	6.25	6.25	6.25
Montana	6.75	6.75	6.75	6.75	6.75	6.75	6.75
Nebraska	7.81	7.81	7.81	7.81	7.81	7.81	7.81
Nevada	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Hampshire	8.50	8.50	8.50	8.50	8.50	8.50	8.50
New Jersey	9.00	9.00	9.00	9.00	9.00	9.00	9.00
New Mexico	7.60	7.60	7.60	7.60	7.60	7.60	7.60
New York	7.50	7.10	7.10	7.10	7.10	7.10	7.10
North Carolina	6.90	6.90	6.90	6.90	6.90	6.90	6.90
North Dakota	7.00	6.50	6.50	6.40	6.40	5.15	5.15
Ohio	6.80	5.10	3.40	1.70	0.00	0.00	0.00
Oklahoma	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Oregon	6.60	6.60	6.60	7.90	7.90	7.60	7.60
Pennsylvania	9.99	9.99	9.99	9.99	9.99	9.99	9.99
Rhode Island	9.00	9.00	9.00	9.00	9.00	9.00	9.00
South Carolina	5.00	5.00	5.00	5.00	5.00	5.00	5.00
South Dakota	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tennessee	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Texas	4.50	4.50	0.00	0.00	0.00	0.00	0.00
Utah	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Vermont	8.90	8.50	8.50	8.50	8.50	8.50	8.50
Virginia	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Washington	0.00	0.00	0.00	0.00	0.00	0.00	0.00
West Virginia	9.00	8.75	8.75	8.50	8.50	8.50	7.75
Wisconsin	7.90	7.90	7.90	7.90	7.90	7.90	7.90
Wyoming	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Wtd. avg.	**6.85**	**6.77**	**6.41**	**6.35**	**6.26**	**6.32**	**6.33**

See Appendix 2 for notes.

Exhibit 4. Income tax rate equivalent of premium taxation on life insurance companies, 2006-2012 (in percent)

State	2006	2007	2008	2009	2010	2011	2012	'06-'12 avg.
Alabama	13.9	13.9	*	21.5	14.0	22.5	10.9	23.8
Alaska	18.6	18.5	*	29.2	19.0	30.5	14.7	32.1
Arizona	13.8	13.7	*	21.6	14.1	22.6	10.9	24.6
Arkansas	17.2	17.1	*	27.0	17.6	28.3	13.6	31.0
California	16.2	16.1	*	25.4	16.6	26.6	12.8	28.4
Colorado	13.8	13.7	*	21.6	14.1	22.6	10.9	24.3
Connecticut	12.1	12.0	*	18.9	12.3	19.8	9.5	20.7
D.C.	11.7	11.6	*	20.3	13.3	22.6	10.9	22.6
Delaware	13.8	13.7	*	21.6	14.1	22.6	10.9	20.4
Florida	12.1	12.0	*	18.9	12.3	19.8	9.5	21.1
Georgia	15.5	15.4	*	24.3	15.9	25.4	12.3	26.4
Hawaii	22.4	22.4	*	38.1	25.4	41.0	19.8	39.0
Idaho	15.9	14.4	*	18.4	10.6	17.0	8.2	21.1
Illinois	10.4	10.4	*	12.2	10.5	14.6	11.9	13.8
Indiana	9.0	8.9	*	14.1	9.2	14.7	7.1	16.1
Iowa	6.9	6.8	*	10.8	7.0	11.3	5.5	12.1
Kansas	13.8	13.7	*	21.6	14.1	22.6	10.9	24.1
Kentucky	10.3	10.3	*	16.2	10.6	17.0	8.2	17.8
Louisiana	15.5	15.4	*	24.3	15.9	25.4	12.3	27.4
Maine	13.8	13.7	*	21.6	14.1	22.6	10.9	25.0
Maryland	13.8	13.7	*	21.6	14.1	22.6	10.9	24.2
Massachusetts	13.8	13.7	*	21.6	14.0	22.2	10.8	23.0
Michigan	1.1	1.1	*	13.5	8.8	14.1	6.8	11.6
Minnesota	13.3	12.6	*	18.4	11.9	19.0	9.1	21.3
Mississippi	20.7	20.5	*	32.4	21.1	33.9	16.4	35.9
Missouri	13.8	13.7	*	21.6	14.1	22.6	10.9	24.8
Montana	19.0	18.8	*	29.7	19.4	31.1	15.0	33.9
Nebraska	7.8	7.8	*	10.8	7.8	11.3	7.8	13.7
Nevada	24.1	24.0	*	37.9	24.7	39.6	19.1	42.7
New Hampshire	13.8	12.8	*	19.2	11.7	18.7	8.9	21.6
New Jersey	14.5	14.4	*	22.7	14.8	23.7	11.4	24.4
New Mexico	20.7	20.6	*	32.5	21.2	34.0	16.4	35.5
New York	10.3	10.3	*	16.2	10.6	17.0	8.2	18.0
North Carolina	13.1	13.0	*	20.5	13.4	21.5	10.4	23.5
North Dakota	12.9	12.8	*	20.2	13.2	21.2	10.2	22.3
Ohio	9.7	9.6	*	15.1	9.9	15.8	7.6	16.8
Oklahoma	15.5	15.4	*	24.3	15.9	25.4	12.3	27.2
Oregon	0.0	0.0	*	0.0	0.0	0.0	0.0	0.0
Pennsylvania	13.8	13.7	*	21.6	14.1	22.6	10.9	24.5
Rhode Island	13.8	13.7	*	21.6	14.1	22.6	10.9	22.4
South Carolina	7.0	6.9	*	11.1	7.2	11.6	5.6	12.5
South Dakota	13.7	13.6	*	22.2	14.5	23.2	11.2	24.6
Tennessee	12.1	12.0	*	18.9	12.3	19.8	9.5	21.6
Texas	12.1	12.0	*	18.9	12.3	19.8	9.5	21.2
Utah	15.5	15.4	*	24.3	15.9	25.4	12.3	27.6
Vermont	13.8	13.7	*	21.6	14.1	22.6	10.9	25.3
Virginia	15.5	15.4	*	24.3	15.9	25.4	12.3	27.1
Washington	13.8	13.7	*	21.6	14.1	22.6	10.9	23.8
West Virginia	20.7	20.5	*	32.4	21.1	33.9	16.4	34.1
Wisconsin	13.8	13.7	*	21.6	14.1	22.6	10.9	24.9
Wyoming	5.2	5.1	*	8.1	5.3	8.5	4.1	8.8
Wtd. avg.	**12.8**	**12.7**	*****	**20.1**	**13.3**	**20.8**	**10.4**	**22.1**

For many states, the weighted-average income tax rate equivalent for the period from 2006 through 2012 is greater than the rate calculated for any single year. This is due to the net statutory losses the life insurance industry experienced in 2008. The income tax rate equivalent for 2008 was infinite, indicated here by asterisks. See Appendix 2 for further details.

Exhibit 5. Difference between taxation of life insurance companies and general corporate income taxation, as a percent of net income by state, 2006-2012

State	2006	2007	2008	2009	2010	2011	2012	'06-'12 avg.
Alabama	7.4	7.4	*	15.0	7.5	16.0	4.4	17.3
Alaska	9.2	9.1	*	19.8	9.6	21.1	5.3	22.7
Arizona	6.8	6.7	*	14.7	7.1	15.6	3.9	17.6
Arkansas	10.7	10.6	*	20.5	11.1	21.8	7.1	24.5
California	7.4	7.2	*	16.6	7.7	17.7	4.0	19.5
Colorado	9.2	9.1	*	17.0	9.5	18.0	6.3	19.6
Connecticut	4.6	4.5	*	11.4	4.8	12.3	2.0	13.2
D.C.	1.7	1.7	*	10.4	3.3	12.6	0.9	12.6
Delaware	5.1	5.0	*	12.9	5.4	13.9	2.2	11.7
Florida	6.6	6.5	*	13.4	6.8	14.3	4.0	15.6
Georgia	9.5	9.4	*	18.3	9.9	19.4	6.3	20.4
Hawaii	16.0	16.0	*	31.7	19.0	34.6	13.4	32.6
Idaho	8.3	6.8	*	10.8	3.0	9.4	0.8	13.6
Illinois	3.1	3.1	*	4.9	3.2	5.1	2.4	5.4
Indiana	0.5	0.4	*	5.6	0.7	6.2	-1.4	7.6
Iowa	-5.1	-5.2	*	-1.2	-5.0	-0.7	-6.5	0.1
Kansas	6.4	6.3	*	14.6	7.0	15.6	3.9	17.0
Kentucky	3.3	4.3	*	10.2	4.6	11.0	2.2	11.6
Louisiana	7.5	7.4	*	16.3	7.9	17.4	4.3	19.4
Maine	4.9	4.8	*	12.7	5.2	13.7	2.0	16.1
Maryland	6.8	6.7	*	13.4	5.8	14.4	2.7	16.5
Massachusetts	4.3	4.2	*	12.1	5.3	13.9	2.8	14.4
Michigan	0.0	0.0	*	-0.1	-1.8	0.1	0.8	2.6
Minnesota	3.5	2.8	*	8.6	2.1	9.2	-0.7	11.5
Mississippi	15.7	15.5	*	27.4	16.1	28.9	11.4	30.9
Missouri	7.5	7.4	*	15.4	7.8	16.4	4.7	18.5
Montana	12.2	12.1	*	23.0	12.6	24.3	8.2	27.1
Nebraska	0.0	0.0	*	3.0	0.0	3.5	0.0	5.8
Nevada	24.1	24.0	*	37.9	24.7	39.6	19.1	42.7
New Hampshire	5.3	4.3	*	10.7	3.2	10.2	0.4	13.1
New Jersey	5.5	5.4	*	13.7	5.8	14.7	2.4	15.4
New Mexico	13.1	13.0	*	24.9	13.6	26.4	8.8	27.9
New York	2.8	3.2	*	9.1	3.5	9.9	1.1	10.8
North Carolina	6.2	6.1	*	13.6	6.5	14.6	3.5	16.6
North Dakota	5.9	6.3	*	13.8	6.8	16.1	5.1	16.5
Ohio	2.2	3.5	*	10.8	8.0	12.9	6.2	12.7
Oklahoma	9.5	9.4	*	18.3	9.9	19.4	6.3	21.2
Oregon	0.0	0.0	*	0.0	0.0	0.0	0.0	0.0
Pennsylvania	3.8	3.7	*	11.6	4.1	12.6	0.9	14.5
Rhode Island	4.8	4.7	*	12.6	5.1	13.6	1.9	13.4
South Carolina	2.0	1.9	*	6.1	2.2	6.6	0.6	7.5
South Dakota	13.7	13.6	*	22.2	14.5	23.2	11.2	24.6
Tennessee	5.6	5.5	*	12.4	5.8	13.3	3.0	15.1
Texas	7.4	7.2	*	7.0	4.5	7.2	3.6	9.1
Utah	10.5	10.4	*	19.3	10.9	20.4	7.3	22.6
Vermont	4.9	5.2	*	13.1	5.6	14.1	2.4	16.8
Virginia	9.5	9.4	*	18.3	9.9	19.4	6.3	21.1
Washington	3.4	3.4	*	5.4	3.5	5.7	2.7	6.0
West Virginia	11.7	11.8	*	23.9	12.6	25.4	8.6	25.8
Wisconsin	5.9	5.8	*	13.7	6.2	14.7	3.0	17.0
Wyoming	5.2	5.1	*	8.1	5.3	8.5	4.1	8.8
Wtd. avg.	**5.8**	**5.7**	*****	**12.2**	**6.0**	**12.9**	**3.4**	**14.3**

For many states, the weighted-average income tax rate equivalent for the period from 2006 through 2012 is greater than the rate calculated for any single year. This is due to the net statutory losses the life insurance industry experienced in 2008. The income tax rate equivalent for 2008 was infinite, indicated here by asterisks. See Appendix 2 for further details.

Exhibit 6. Ratio of the income tax rate equivalent of life insurers to the top marginal state corporate income tax rate by state, 2006-2012 (in percent)

State	2006	2007	2008	2009	2010	2011	2012	'06-'12 avg.
Alabama	214	215	*	331	216	346	167	366
Alaska	198	197	*	311	202	325	157	341
Arizona	198	196	*	310	202	325	156	353
Arkansas	265	263	*	416	271	435	210	477
California	183	182	*	288	187	301	145	321
Colorado	298	296	*	467	304	488	235	524
Connecticut	161	160	*	252	164	264	127	276
D.C.	118	117	*	204	133	227	109	227
Delaware	159	157	*	249	162	260	125	235
Florida	219	218	*	344	224	360	173	385
Georgia	259	257	*	406	264	424	204	440
Hawaii	351	350	*	595	398	641	309	609
Idaho	209	189	*	242	139	223	110	281
Illinois	143	142	*	166	143	154	126	165
Indiana	105	105	*	165	108	173	83	189
Iowa	57	57	*	90	59	94	45	101
Kansas	188	186	*	307	200	323	156	337
Kentucky	148	171	*	270	176	283	136	288
Louisiana	194	193	*	304	198	318	153	343
Maine	154	153	*	242	158	253	122	280
Maryland	197	196	*	262	171	274	132	314
Massachusetts	146	144	*	228	160	269	135	268
Michigan	100	100	*	99	83	101	114	129
Minnesota	135	129	*	188	121	194	93	217
Mississippi	414	411	*	649	423	678	327	717
Missouri	221	219	*	346	225	362	174	396
Montana	281	279	*	441	287	461	222	502
Nebraska	100	100	*	138	100	145	100	175
Nevada	n/a	n/a	*	n/a	n/a	n/a	n/a	n/a
New Hampshire	162	151	*	226	138	220	105	255
New Jersey	161	160	*	252	164	264	127	272
New Mexico	272	270	*	427	278	447	215	468
New York	138	145	*	228	149	239	115	250
North Carolina	190	188	*	298	194	311	150	341
North Dakota	184	197	*	316	206	412	199	381
Ohio	130	158	*	346	538	538	538	410
Oklahoma	259	257	*	406	264	424	204	453
Oregon	*	*	*	*	*	*	*	*
Pennsylvania	138	137	*	217	141	226	109	245
Rhode Island	153	152	*	240	157	251	121	249
South Carolina	139	139	*	223	145	232	111	250
South Dakota	n/a	n/a	*	n/a	n/a	n/a	n/a	n/a
Tennessee	186	184	*	291	190	304	147	333
Texas	255	252	*	159	159	159	161	176
Utah	310	308	*	487	317	509	245	553
Vermont	155	161	*	254	166	266	128	295
Virginia	259	257	*	406	264	424	204	451
Washington	133	133	*	133	133	133	133	133
West Virginia	230	235	*	382	249	399	211	412
Wisconsin	175	173	*	274	178	286	138	315
Wyoming	n/a	n/a	*	n/a	n/a	n/a	n/a	n/a
Wtd. avg.	**187**	**188**	*****	**317**	**212**	**329**	**165**	**282**

For many states, the weighted-average income tax rate equivalent for the period from 2006 through 2012 is greater than the rate calculated for any single year. This is due to the net statutory losses the life insurance industry experienced in 2008. The income tax rate equivalent for 2008 was infinite, indicated here by asterisks. See Appendix 2 for further details.

Endnotes

[1] An economic contribution study conducted by EY on behalf of the ACLI found that the US life insurance industry employed nearly 800,000 agents and other employees with economic output of over $162 billion in 2009. See "Contributions of the life insurance industry to the U.S. economy: Employment and household income," February 22, 2012. A separate EY study found that the life insurance industry paid $365 billion to life insurance and annuity policyholders in 2010. See "Contributions of the life insurance industry to the U.S. economy: Financial protection of families," December 2012. Both reports can be accessed at www.securefamily.org.

[2] The 2002 EY Study demonstrated a similar trend in top marginal corporate income tax rates, as two states increased their rates from 1996 to 2000 and eight states reduced their rates. Premium tax rates likewise declined during this period—the weighted-average life insurance premium tax rate decreased from 1.93% in 1996 to 1.80% in 2000, and the weighted-average health insurance premium tax rate declined from 1.86% in 1996 to 1.71% in 2000. These complementary reductions in corporate income and premium tax rates for the period from 1996 through 2000 stand in contrast to the period from 2006 through 2012, during which premium tax rates remained steady despite declines in average state corporate income tax rates.

[3] Oregon does not break down the total amount of all retaliatory taxes collected into particular insurance line collections. Lacking this granularity, EY has not calculated Oregon's income tax rate equivalent to account for retaliatory tax collections. See "Oregon Insurance Division Revenue, Transfers and Expenditures for Fiscal Year Ended June 30, 2011," http://www.cbs.state.or.us/external/ins/annual_report/2011_division-annual-report/11_division-fiscal-statement.pdf.

[4] Nebraska adopts a foreign company's home state income tax rate to reduce the potential retaliatory taxes on Nebraska domestic companies. This feature did not affect the calculation of excess premium taxes.

[5] See page 2, "Life Insurance Corporation Franchise Tax Return," Form CT-33, New York State Department of Taxation and Finance, http://www.tax.ny.gov/pdf/2013/corp/ct33_2013.pdf.