**STATE OF DELAWARE DEPARTMENT OF INSURANCE**

# WET MARINE AND TRANSPORTATION NET UNDERWRITING PROFITS TAX RETURN

**Based On Premiums Earned For the Calendar Year 2010**
**Due On or Before June 1, 2011**

*Original Report* ☐

*Amended Report* ☐

**10 WET MARINE**

## TAX DEPARTMENT MAILING ADDRESS AND COMPANY INFORMATION

Company Name: _____

Tax Contact: _____

Tax Address: _____

_____

Contact E-mail: _____

Telephone: _____

| Federal EIN #: | NAIC #: | NAIC Group #: | Company Type: |
|---|---|---|---|
| | | | |

*All questions should be directed to:*
**Ann Fletcher**
**Tax and Fees Coordinator**
**Email: ann.fletcher@state.de.us**

NAIC Group Name (if filing Consolidated Return) _____

**MAIL TO THE ADDRESS BELOW**

DO NOT send any tax reports to either of the bank lockbox address that have been in effect for the past several years.

**Delaware Insurance Department**
**Attn: PREMIUM TAX SECTION**
**841 Silver Lake Blvd.**
**Dover, DE 19904-2465**

**QUESTIONS** should be directed to: Ann Fletcher, Tax and Fees Coordinator, via email at: Ann.Fletcher@state.de.us

**IMPORTANT: ONLY THOSE COMPANIES THAT HAVE ACTUALLY WRITTEN WET MARINE AND TRANSPORTATION INSURANCE IN THE UNITED STATES DURING ANY OF THE PAST THREE YEARS ARE REQUIRED TO SUBMIT THIS FORM.** If this company has not written Wet Marine and Transportation Insurance (as defined in Title 18, Delaware Code, Section 702 and Section 907) in any of the United States, in any of the past three years, the company is NOT required to file this tax form. **ZERO REPORTS ARE NOT REQUIRED.**

## CALCULATION OF PREMIUM RATIO

| WET MARINE PREMIUM EARNED: | | U.S. * | Delaware |
|---|---|---|---|
| 1. Current Year (from Line 4, pg. 2) | **2010** | | |
| 2. Previous Year | **2009** | | |
| 3. Previous Year | **2008** | | |
| 4. Three (3) Year total | | | |
| 5. 1/3 Average | | | |
| Ratio – Delaware Average to U.S. Average (5 place decimal) | | | % |

* U.S. Premiums Earned listed must agree with Net Premiums Earned listed on Line 4, page 2.

## CALCULATION OF PREMIUM TAX

| UNDERWRITING PROFIT OR (LOSS) | | |
|---|---|---|
| 7. Current Year (from Line 13, pg. 2) | 2010 | |
| 8. Previous Year | 2009 | |
| 9. Previous Year | 2008 | |
| 10. 1/3 Average | | |
| 11. Ratio (from Line 6 above) | | % |
| 12. Profit / (Loss) on Earned Premiums Taxable | | |
| 13. Wet Marine Underwriting Profit Tax Rate (5% per 18 Del. C., § 702 (e)(1)) | | **x .05** |
| 14. TAX AMOUNT DUE **If zero or less than zero, enter zero** | Pay this amount | |

COMPANY NAME _____ EIN # _____ NAIC # _____

# DELAWARE WET MARINE AND TRANSPORTATION PROFITS TAX RETURN BASED ON PREMIUMS EARNED FOR CALENDAR YEAR 2010

## CALCULATION OF CURRENT YEAR UNDERWRITING PROFIT OR (LOSS)

PREMIUMS EARNED

1. Gross Premiums Written On Wet Marine Insurance During The Calendar Year, Less Return Premiums, Premiums On Policies Not Taken, And All Premiums Paid For Reinsurance. _____
2. Add Unearned Premiums On Outstanding Wet Marine Insurance On December 31 Of Previous Year (Net as to all reinsurance). _____
3. Deduct Unearned Premiums On Outstanding Wet Marine Insurance On December 31 Of Current Year (Net as to all reinsurance) _____
4. Net Premiums Earned For Current Year (Must equal U.S. premiums earned on pg. 1, col. 1*) _____

LOSSES INCURRED

5. Deduct Net Dividends Paid or Credited to Policyholders _____
6. List Losses Paid During the Calendar Year, Less Reinsurance and Salvage Collected Thereon _____
7. Add Reinsurance and Salvage Recoverable in Previous Year on Paid Losses _____
8. Deduct Reinsurance and Salvage Recoverable in Current Year on Paid Losses _____
9. Add Amount Unpaid in Current Year on Wet Marine Losses Unpaid _____
10. Deduct Amount Unpaid in Previous Year on Wet Marine Losses Unpaid _____
11. Total Losses For Current Year _____

EXPENSES INCURRED

12. Expenses Incurred (Must not exceed 40% of Net Premiums Earned listed above on Line 4) _____

UNDERWRITING PROFIT OR (LOSS) FOR CURRENT YEAR

13. Underwriting Profit Or (Loss) (Line 4 minus Line 11 minus Line 12) Enter this amount on Line 7, Page 1 _____

| **AFFIDAVIT** | All Premium Tax and Fees Reports shall be verified by the oath or affirmation of the President and Secretary or other responsible officer of the insurer, duly administered by a person authorized to administer oaths. |
|---|---|

In the State of _____ County of _____ on this date _____ (Enter date (MMDDYYYY)), before me, the subscriber, personally appeared _____ President, and _____ Secretary (or other responsible officers) of the Insurer named above, who, being duly sworn (or affirmed), deposes and says that this report and all schedules are true, correct, and complete.

**Company Officer Signature** _____ **Print Name and Title** _____

**Company Officer Signature** _____ **Print Name and Title** _____

SWORN TO (OR AFFIRMED) AND SUBSCRIBED BEFORE ME THE DATE AFORESAID.

**Signature (Notary Public)** _____ Date Commission Expires _____ **(Notary Seal)**

SAVE PRINT

**WET MARINE AND TRANSPORTATION INSURANCE**
**NET UNDERWRITING PROFITS TAX**
**STATUTORY DEFINITIONS AND INSTRUCTIONS**

***Title 18, Delaware Code, Section 702(e):***

**(e) Tax on wet marine and transportation insurance underwriting profits:**

(1) Each authorized insurer and formerly authorized insurer shall, with respect to all wet marine and transportation insurance written within this State, pay a tax of 5% upon its taxable underwriting profit, ascertained as, hereinafter provided, from such insurance written within this State;

(2) The underwriting profit on such insurance written within this State shall be that proportion of the total underwriting profit of such insurer from such insurance written within the United States which the amount of net premiums of such insurer from such insurance written within this State bears to the amount of net premiums of such insurer from such insurance written within the United States;

(3) The underwriting profit of such insurer on such insurance written within the United States shall be determined by deducting from the net earned premiums on such wet marine and transportation insurance written the United States during the taxable year, meaning thereby the calendar year next preceding the date on which such tax is due, the following items:

a. Net losses incurred, meaning gross losses incurred during such calendar year under such wet marine and transportation insurance contracts written within the United States, less reinsurance claims collect or collectible and less net salvages or recoveries collected or collectible from any source applicable to the corresponding losses under such contracts;

b. Net expenses incurred in connection with such wet marine and transportation insurance contracts, including all state and federal taxes in connection therewith, but in no event shall the aggregate amount of such net expenses deducted exceed 40% of the pet premiums on such wet marine and transportation insurance contracts, ascertained as hereinafter provided; and

c. Net dividends paid or credited to policyholders on such wet marine and transportation insurance contracts;

(4) In determining the amount of such tax, net earned premiums on such wet marine and transportation insurance contracts written within the United States during the taxable year shall be arrived at as follows:
From gross premiums written on such contracts during the taxable year deduct any and all return premiums, premiums on policies not taken, premiums paid for reinsurance of such contracts and net unearned premiums on all such outstanding contracts at the end of the taxable year and add to such amount net unearned premiums on such outstanding wet marine and transportation insurance contracts at the end of the calendar year next preceding the taxable year;

(5) In determining the amount of such tax, net expenses incurred shall be determined as the sum of the following:

a. Specific expenses incurred on such wet marine and transportation insurance business, consisting of all commissions, agency expenses, taxes, licenses, fees, loss adjustment expenses and all other expenses incurred directly and specifically in connection with such business, less recoveries or reimbursements on account of or in connection with such commissions or other expenses collected or collectible because of reinsurance or from any other source;

b. General expenses incurred on such wet marine and transportation insurance business, consisting of that proportion of general or overhead expenses incurred in connection with such business which the net premiums on such wet marine and transportation insurance written during the taxable year bear to the total net premiums written by such insurer from all classes of insurance written by it during the taxable year. Within the meaning of this paragraph, general or overhead expenses shall include salaries of officers and employees, printing and stationery, all taxes of this State and of the United States, except as included in paragraph a. above, after deducting expenses specifically chargeable to any or all other classes of insurance business;

(6) In determining the amount of such tax, the taxable underwriting profit of such insurer on such wet marine and transportation insurance business written within this State shall be ascertained as follows:

a. In the case of every such insurer which has written any such business within this State during 3 calendar years immediately preceding the year in which such taxes were payable, the taxable underwriting profit shall be determined by adding or subtracting, as the case may be, the underwriting profit or loss on all such insurance written within the United States, ascertained as hereinbefore provided, for each of such 3 years, and dividing by 3;

b. In the case of every such insurer other than as specified in paragraph a., such taxable underwriting profit, if any, shall be the underwriting profit, if any, on such wet marine and transportation insurance business written within this State during the taxable year ascertained as hereinbefore provided; but after such insurer has written such wet marine and transportation insurance business within this State during 3 calendar years, an adjustment shall be made on the 3-year average basis by ascertaining the amount of tax payable in accordance with paragraph a. above, but no refunds of all or any part of such payment shall be made, except as provided in § 707;

(7) The tax hereinbefore provided shall be paid annually, on or before the 1st day of June, by every insurer authorized to do in this State the business of wet marine and transportation insurance during any one or more of the next preceding 3 calendar years, and the calendar year next preceding such June 1st shall be deemed the taxable year within the meaning of this section;

(8) Every insurer liable to pay the tax hereinbefore provided under this subsection (d) shall, on or before the 1st of June of each year, file with the Commissioner a tax return in form prescribed by the Commissioner;

(9) the tax provided for in this subsection (d) shall apply to the business of the year ending December 31, 1968, and to subsequent years, and for such purpose the underwriting profits or losses of prior years shall be taken into account, as hereinbefore provided. Section 2702 of this title and in force immediately prior to November 1, 1968, shall continue to be effective with respect to all taxes due under such section, but this provision shall not be construed as imposing any duplication of taxes for any of such years.

***Title 18, Delaware Code, Section 907:***

**(a) "Marine and transportation insurance" includes:**

(1) Insurance against any kinds of loss or damage to:

a. Vessels, craft, aircraft, cars, automobiles and vehicles of every kind, as well as all goods, freights, cargoes, merchandise, effects, disbursements, profits, moneys, bullion, precious stones, securities, choses in action, evidences of debt, valuable papers, bottomry and respondentia interests and all other kinds of property and interests therein, in respect to, appertaining to, or in connection with any and all risks or perils of navigation, transit or transportation, including war risks, on or under any seas or other waters, on land or in the air, or while being assembled, packed, crated, baled, compressed or similarly prepared for shipment or while awaiting the same or during any delays, storage, transshipment or reshipment incident thereto, including marine builder's risks and all personal property floater risks; and

b. Person or to property in connection with or appertaining to a marine, inland marine, transit or transportation insurance, including liability for loss of or damage to either, arising out of or in connection with the construction, repair, operation, maintenance or use of the subject matter of such insurance (but not including life insurance or surety bonds nor insurance against loss by reason of bodily injury to the person arising out of the ownership, maintenance or use of automobiles); and

c. Precious stones, jewels, jewelry, gold, silver and other precious metals, whether used in business or trade or otherwise and whether the same be in course of transportation or otherwise; and

d. Bridges, tunnels and other instrumentalities of transportation and communication (excluding buildings, their furniture and furnishings, fixed contents and supplies held in storage) unless fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion are the only hazards to be covered; piers, wharves, docks and slips, excluding the risks of fire, tornado, sprinkler leakage, hail, explosion, earthquake, riot and/or civil commotion; other aids to navigation and transportation, including dry docks and marine railways, against all risks.

(2) "Marine protection and indemnity insurance," meaning insurance against, or against legal liability of the insured for, loss, damage or expense arising out of or incident to the ownership, operation, chartering, maintenance, use, repair or construction of any vessel, craft or instrumentality in use in ocean or inland waterways, including liability of the insured for personal injury, illness or death or for loss of or damage to the property of another person.

(b) For the purposes of this title "wet marine and transportation" insurance is that part of "marine and transportation" insurance which includes only:

(1) Insurance upon vessels, crafts, hulls and of interests therein or with relation thereto;

(2) Insurance of marine builders' risks, marine war risks and contracts of marine protection and indemnity insurance;

(3) Insurance of freights and disbursements pertaining to a subject of insurance coming within this definition; and

(4) Insurance of personal property and interests therein, in course of exportation from or importation into any country, or in course of transportation coastwise or on inland waters, including transportation by land, water or air from point of origin to final destination in respect to, appertaining to or in connection with any and all risks or perils of navigation, transit or transportation, and while being prepared for and while awaiting shipment, and during any delays, storage, transshipment or reshipment incident thereto.

**See also Regulation 2101 Marine and Transportation Insurance, Amplified Definition [Formerly Regulation 32]**