

**STATE OF NEW MEXICO
OFFICE OF SUPERINTENDENT OF INSURANCE**

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NEW MEXICO

BULLETIN NO. 2015-027

TO: EVERY INSURER, NONPROFIT HEALTH CARE PLAN, HEALTH MAINTENANCE ORGANIZATION, PREPAID DENTAL PLAN OR PREARRANGED FUNERAL PLAN TRANSACTING BUSINESS IN NEW MEXICO

FROM: JOHN G. FRANCHINI, SUPERINTENDENT OF INSURANCE

DATE: OCTOBER 9, 2015

RE: APPLICATION OF MEDICAL INSURANCE POOL (MIP) CREDITS TO PREMIUM TAX LIABILITY, NMSA 1978, Section 59A-54-10 – AMENDED

THIS BULLETIN SUPERSEDES NO. 2015-014

This Bulletin is issued pursuant to NMSA 1978, Section 59A-54-10 of the New Mexico Insurance Code and 13.1.2 *et seq.* NMAC. This Bulletin is effective immediately, and is issued to clarify the application of MIP credits to premium tax liability.

The MIP issues “Final Assessments” to participating insurance companies for the previous calendar year in May or June of each year. Insurance companies participating in MIP are eligible to apply MIP credits on their premium tax returns as provided for in Section 59A-54-10 NMSA 1978. The Office of the Superintendent of Insurance (OSI) will accept application of MIP credits to final premium tax returns using the following guidelines:

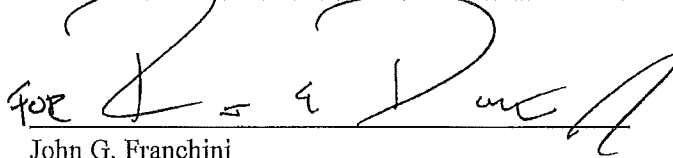
- 1) MIP amounts recorded on the company’s MIP “Final Assessment” received the previous year and generating premium tax credits will be applied to the final premium tax return due the subsequent April. For instance, the credit for the

amount recorded on MIP "Final Assessment" issued in May or June of 2014 will be applied to the 2014 final premium tax return due on April 15th, 2015.

- 2) OSI will not apply partial credits to the final premium tax return based on amounts recorded on the company's MIP "Interim Assessments"; those amounts are included and recorded on the company's MIP "Final Assessments" and will only be applied in the manner described in bullet number "1" of this Bulletin.
- 3) OSI will not issue refunds or apply credits to the following year's tax liability if the company's MIP credit is an amount greater than the tax liability listed on the corresponding premium tax final described above. If a company's MIP credit is greater than their tax liability, OSI will reduce the premium tax liability to zero for the applicable year and will not carry over a credit into the next year unless the company has made an overpayment on their previous years' premium taxes or quarterly estimated premium taxes. We will only carry over the funds that were accrued due to premium tax overpayments for three (3) years pursuant to Section 59A-6-5 NMSA 1978.
- 4) If a participating company receives a corrected MIP "Final Assessment" from MIP, the corresponding final premium tax return described above must be amended to reflect the change.
- 5) OSI requires companies to submit copies of all cancelled checks that were issued to MIP for the applicable year in order to receive a premium tax credit for participation in MIP. The cancelled check copies must display the front and back of the check(s) and exhibit that MIP has deposited the check(s).
- 6) OSI will be conducting audits on MIP credits taken during prior years and may contact your company if it failed to apply MIP credits in accordance with this Bulletin or if OSI requires additional documentation throughout the audit process.

ISSUED at Santa Fe, New Mexico on October 9th, 2015.

OFFICE OF NEW MEXICO SUPERINTENDENT OF INSURANCE



John G. Franchini
Superintendent of Insurance