



Premium Taxes and Fees



Workers' Compensation and Employers' Liability Insurance

IMPORTANT: The 2% premium tax required in 18 Del. C., § 704 (a) is the only tax that is paid on workers' compensation and employers' liability premiums. This is in accordance with Delaware Code, Title 19, Chapter 23, Section 2394, which states:

§ 2394: Any insurance carrier liable to pay a tax upon premiums under this subchapter shall not be liable to pay any other or further tax upon such premiums or on account thereof under any other law of this State.

Payments made to the Workers' Compensation Fund in accordance with 19 Del. C. § 2395 are not a tax, but a special assessment that does not become a part of the state's general fund as tax does. The assessment funds a special account set up for the purpose of making payments under § 2327, § 2334, or § 2347 of Title 19.

STATUTORY REFERENCES

Delaware Code, Title 19, Chapter 23, Section 2391 (a) addresses taxes that an insurance carrier is required to pay on workers' compensation and employers' liability premiums. It states:

§ 2391 (a): For the privilege of carrying on the business of workers' compensation insurance in this State, every insurance carrier shall pay the taxes imposed under the Insurance Code, and every employer carrying the employer's own risk and thereby insuring the employer's own self under this chapter shall pay the taxes imposed by this section.

The Insurance Code, Title 18, Chapter 7 specifically addresses the tax on workers' compensation and employers' liability premiums as follows:

§ 704 (a): Every insurance carrier shall pay a tax upon all workers' compensation or employers' liability premiums received in this State or on account of business done in this State at the rate of 2% of the amount of such premiums, which tax shall be in lieu of all other taxes on such premiums.