



**IMPORTANT NOTICE REGARDING GUARANTY FUND ASSESSMENT  
OFFSETS TO CALENDAR YEAR 2016 PREMIUM TAXES**

**TO:** All Insurers Subject to Guaranty Fund Assessments in Delaware  
**FROM:** Ann Fletcher, Tax and Fees Coordinator  
**DATE:** December, 2016

In 2013, the Delaware Insurance Guaranty Association issued a Class "C" assessment to applicable companies. All assessments were paid during 2013, therefore premium taxes may be offset by 20% of the assessment value beginning in 2014 and continuing through 2018.

The Delaware Insurance Department no longer sends the *Notice of Guaranty Fund Assessment Premium Tax Offset Allowance*. **Companies claiming credit for Class "C" assessments MUST attach a copy of the Class "C" Certificate of Contribution the company received from the guaranty association to the premium tax forms, or the credit will be denied.**

Based on a Deputy Attorney General's memorandum, it is the Delaware Insurance Department's continued position that only payments to the Delaware Insurance Guaranty Association or the Delaware Life and Health Insurance Guaranty Association for **Class "C" assessments** are permitted to be applied as premium tax offsets. Payments for Class "A" and Class "B" assessments may not be applied as premium tax offsets.

**IMPORTANT:** According to Delaware law an insurer may offset Class "C" assessments against its premium tax liability, but only with respect to business transacted in each year. If a company does not have sufficient tax liability in any given year to apply the full 20% credit for that year, the credit, or any portion of the credit, may not be carried over to another year. Credits may not be applied to fees or other taxes. **Premium tax liability may not be reduced to less than zero.**