



FORM INS-5

2006

MAINE REVENUE SERVICES
FIRE INVESTIGATION AND PREVENTION TAX
ANNUAL / RECONCILIATION RETURN



\*0631100\*

MRS Insurance Account Number

NAIC Company Code

Period Covered

Due Date

January 1- December 31, 2006

March 15, 2007

Name/Address:

CHECK ALL THAT APPLY:

Form fields for Name/Address: Business Name (Line 1), Business Name (Line 2), Street Address and/or Post Office Box, City, State, ZIP Code.

Form fields for CHECK ALL THAT APPLY: Initial return, Amended return, Final return, Enter closing date, Made estimated payments during the year, Change of name/address.

COMPUTATION OF TAX ON FIRE PREMIUMS

1. Amount of premiums allocated to fire (See instructions)

Table with 6 columns: A (Line of Business), B (Gross Premiums), C (Dividends Paid), D (Total Net Taxable Premiums), E (% of Premiums Allocated to Fire), F (Amount of Premiums Allocated to Fire). Rows include 1a. Fire, 1b. Inland Marine, 1c. Aircraft Physical Damage, Auto Physical Damage: Comprehensive - Full Coverage (1d, 1e), Comprehensive - All Deductibles (1f, 1g), Fire and Theft (1h, 1i), Fire, Theft and Miscellaneous (1j, 1k), 1l. Home Owners Policies, 1m. Commercial Multiple Peril, 1n. Any Other Fire related, 1o. Total amount of premiums allocated to fire.

\* Line 1c only: Enter in column F the premiums actually received on fire risks located in Maine



MRS Insurance Account Number: \_\_\_\_\_

2.	Total amount of premiums allocated to fire (Enter amount from line 1o).....	2.	\$ _____ , _____ , _____	.00
3.	Tax liability (line 2 Multiplied by 1.4% (0.014)).....	3.	\$ _____ , _____ , _____	.00
4.	Less Estimated Payments .....	4.	\$ _____ , _____ , _____	.00
5.	Balance Due (If line 3 is greater than line 4, line 3 minus line 4) .....	5.	\$ _____ , _____ , _____	.00
6.	Overpayment to be refunded (If line 4 is greater than line 3, line 4 minus line 3) .....	6.	\$ _____ , _____ , _____	.00

**AFFIDAVIT AND SIGNATURE**

This return is made in compliance with the provisions of 25 M.R.S.A. § 2399. The amount of all GROSS DIRECT PREMIUMS or assessments for fire risks written by this insurer on risks located in, or received from risks resident of, the State of Maine during the year ending December 31, 2006 has been reported. Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Date \_\_\_\_\_ Signature \_\_\_\_\_ Telephone # \_\_\_\_\_  
 Must be signed by the President, Treasurer, Secretary, Chief Accounting Officer, or Attorney-in-fact of a Reciprocal Insurer.  
 Preparer's  
 Date \_\_\_\_\_ Signature \_\_\_\_\_ ID Number \_\_\_\_\_

**INSTRUCTIONS**

**Premium amounts to be reported:** A premium is an amount paid or payable for an insurance policy, including all fees, such as membership, policy, survey, inspection, service and finance fees, that are assessed by and paid to an insurance company in consideration for an insurance policy. The instructions below provide guidance to assist in the preparation of this return. However, accurate and full reporting of premium amounts, including any applicable fees, is the responsibility of each taxpayer.

**Note:** The Fire Investigation and Prevention Tax applies in addition to the Insurance Premiums Tax.

**Line 1. Amount of Premiums Allocated to Fire.** Calculate the total amount of premiums allocated to fire by following Steps 1 and 2 below.

**Step 1:** Calculate the amount of premiums allocated to fire for each line of business identified in column A.

**Column B.** Enter the gross direct premiums written, less return premiums and premiums on policies not taken. Generally, gross direct premiums are reported on the Maine State Page of the NAIC Annual Statement, column 1 and related finance and service charges are reported on Schedule T, column 8 (Finance and Service Charges not Included in Premiums).

**Column C.** Enter dividends paid or credited to policyholders on direct premiums. Amounts entered must agree with column 3 of the Maine portion of your NAIC annual statement.

**Column D.** Subtract the column C amount from the column B amount and enter the result.

**Column E.** The percentages listed represent the ratio of fire losses to total losses based on historical data. An insurer wanting to deviate from these percentages must clearly establish alternative ratios based on its own fire loss experience. The following procedures must be used to establish alternative fire ratios:

1. The alternative ratios must be based on the prior five-year average fire losses.
2. Complete the following steps to calculate the ratio for each product line listed in column A:

- a. Calculate the five-year average of loss due to fire from claims associated with risks located in Maine
  - b. Calculate the five-year average of loss from all claims associated with risks located in Maine.
  - c. Divide a by b; this is the ratio to be used in Column E for this particular product line.
  - d. A separate calculation must be made for each product line.
  - e. In the case of affiliated insurance companies, a separate calculation must be made for each insurer.
3. Attach a computation to your return identifying loss due to fire and total loss by year for each of the five years used to calculate the five-year average.

**Column F.** Multiply the column D amount by the column E percentage and enter the result.

**Step 2:** Add column F amounts for each line of business and enter the sum on line 1o and line 2 (Total amount of premiums allocated to fire).

**Line 3. Tax Liability.** Every fire insurance company or association that does business or collects premiums or assessments in Maine is required by statute to pay 1.4% of the gross direct premiums for fire risks written in Maine, less the amount of all direct return premiums and all dividends paid to policyholders on direct fire premiums.

**Line 4. Less Estimated Payments.** Enter the total amount of monthly estimated payments already made in 2006.

**Line 5. Balance Due.** Payment must be submitted with this return. Late payments are subject to interest and penalties. Beginning January 1, 2007, the interest rate is 12% per annum, compounded monthly. The penalty for failure to file a return is the greater of \$25 or 10% of the tax due. If the return is not filed within 30 days after the receipt of a demand notice to file, the penalty is 100% of the tax due. The penalty for failure to pay a tax liability on time is 1%, up to a maximum of 25%, of the outstanding liability.

**Line 6. Overpayment.** All overpayments will be refunded.



Make check payable to : Treasurer, State of Maine  
 Send return with check to: Maine Revenue Services, P.O.Box 9120, Augusta, ME 04332-9120

Office use only \_\_\_\_\_