## Administrative Rule 610.93-6A

## **Apportionment for Domestic Insurers**

If the income of a domestic insurer is derived from business activity both within and without the City of Portland and/or Multnomah County, the determination of City or County apportionment is arrived at by using an "insurance sales factor" consistent with ORS 317.660:

- (a) dividing the direct premiums (excluding reinsurance accepted and without deduction of reinsurance ceded) received by the insurer during the taxable year on policies and contracts which are located within the City or County by
- (b) the total of such premiums received by the insurer during the taxable year on policies and contracts which have been sold everywhere.

Example 1: Joe's Dental Plan, Inc. (JDPI) is a domestic insurance provider. All of JDPI's insurance contracts are with individuals and families. JDPI's only income is from premiums and insurance contracts. To compute the business taxes due to the City or County, JDPI will apportion its net income by multiplying it by a fraction, the numerator of which is the total direct premiums received from insurance contracts with individuals and families located within the City or County during the tax year, and the denominator of which is the direct premiums of individuals and families located everywhere during the tax year.

Example 2: Contracts, Ltd (CL) is a domestic insurance provider with offices throughout Oregon, and is headquartered in Portland. CL provides insurance to businesses and, in some cases, their employees. To compute the business taxes due, CL will apportion its net income by multiplying it by a fraction, the numerator of which is the total direct premiums that CL received from insurance contracts with businesses located within the City or County (regardless of the home address of employees obtaining insurance), and the denominator of which is the direct premiums earned everywhere during the tax year.

Adopted: 11/23/93

Amended: 8/10/09 (housekeeping changes)

1/24/11 (housekeeping changes

(PCC 7.02.610 C / MCC 12.610 C)

Other References: ORS 731.840 & 317.660