



South Carolina Department of Insurance

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December 12, 2025

TRANSMITTED BY ELECTRONIC MAIL

The Honorable John R. McCravy, III
Representative
State of South Carolina House of Representatives
420B Blatt Bldg.,
Columbia, SC 29201

RE: Responses to Questions from Letter Dated November 21, 2025

Dear Representative McCravy:

This letter responds to the follow-up questions set forth in your letter dated November 21, 2025. The Department's response to each of the questions is as follows.

- 1. The fee amounts in Section 38-7-10 have not been substantively amended in decades. Does the Department believe the \$800 biennial license fee and the \$400 per-line fee still reflect the cost of regulating insurers in South Carolina? If not, what updates-if any-would the Department recommend?**

Response: Insurance licensing fees range from \$500 to \$ 1,700 in the southeastern United States.

State	Certificate of Authority Fee	State Code
Alabama	\$500	AL Code 27-4-2
Florida	\$1,500	FL Code 624.501
Georgia	\$600	GA Code 33-8-1
Kentucky	\$500	KY Code Title 806 Chapter 004 Regulation 010
Maryland	\$1,000	MD Code Insurance 2-112
Mississippi	Filing article of incorporation : \$200	MS Code 83-5-15
North Carolina	Insurer license Application fee : \$1,000	NC Code 58-6-5

Tennessee	Application: \$675 Certificate of Authority: \$440	Tenn Code 56-4-101
Virginia	Fee for stock corporation: 5,000 shares or fewer \$100 More than 5,000 shares, 100 plus 30 per each additional 5,000 shares (not to exceed \$1,700)	VA Code 13.1-775.1
West Virginia	Filing Fee: \$100 Annual Fee: \$200	WV Code 33-3-13

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The Department does not recommend increasing the license fee at this time. Insurers pay other fees related to the licensure for other professionals such as producer appointment fees.

The Department is also able to recoup some of the costs associated with solvency and market regulation of insurers and other licensees. Some code provisions also require the insurer to pay the costs of examinations, expert or consultant services related to the Department's regulation of the industry's solvency and market practices. *See, e.g.*, S.C. Code Ann. §§ 38-9-365, 38-13-20, 38-13-50, etc. From a regulatory perspective, it is more effective to have the authority to recoup the actual costs for specialized services than to increase a license fee. Failure to pay the cost constitutes a violation of South Carolina law for which an insurer or other licensee can be disciplined. *See, e.g.*, S.C. Code Ann. §38-5-120.

2. **Given the current flat licensing fee structure in Section 38-7-10, does the Department believe South Carolina should consider adopting a tiered license fee system in which insurers' fees are based on the amount of premiums they collect in the state, and what advantages or drawbacks would the Department foresee with such an approach?**

Response: The Department does not recommend a tiered license fee system at this time based on the reasons stated above.

3. **Given that the premium tax rates in Section 38-7-20(A)(1) have remained unchanged for decades, does the Department believe these rates still appropriately reflect the costs of regulating the insurance market and supporting the programs funded through the allocations in Section 38-7-20(8)?**

Response: The Department does not recommend a change in the premium tax at this time. When municipal tax on gross premiums is added to the premium tax rate in South Carolina, the tax rate

¹ Retrieved from [publication-ret-zu-retaliation-volume-one.pdf](#) on December 12, 2025

for this state is 1.5% for life insurers, 3.75% to 4.5% for property and casualty insurers. In other words, the premium tax rate is higher than the 1.25% reflected in the statute.

Attached as an exhibit to this letter is a chart of the premium taxes charged by states. The premium taxes for states in the southeast are reflected in the table below:

State	Tax Rate	
Alabama	Insurers Generally	#
	A/H	1.6%; Note
	Life	2.3%; Note
	Annuity	0%
	P/C	3.6%
	Fire	3.6%
		Low value dwelling classes 9 & 10: 1%
	RRG	3.6%
	BC/BS	1.6%
		0.5% small employer group
	Title	3.6%
	Independent/Direct	4%
	Procurement	
	Surplus Lines	6%
	Marine	3.6%
	Notes:	Tax rates for P&C, Fire, Marine and Title may be reduced based on Alabama office facilities credit; Some small life premiums are taxed at 1% & 0.5%; Health premiums for small employer groups are taxed at 0.5%.
Florida:	Insurers Generally	1.75%
	A/H	#
	Life	#
	Annuity	1%, with exceptions
	P/C	#
	Fire	# + 1% assessment and up to 0.1% surcharge
	RRG	Foreign: 4.94% Domestic: 1.75%
	BC/BS	#
	Title	0%
	Independent/Direct	5% + 0.3% service fee
	Procurement	
	Surplus Lines	4.94% + 0.3% service fee
	Marine	0.75% of gross underwriting profit.
	Notes	Commercial Self Insurance Fund, Group Self Insurance Fund, Med. Mal. Self-Insurance Fund, Public Housing

State	Tax Rate	
	Authorities Self-Insurance Fund, and Assessable Mutual Insurers: 1.6%; HMO: up to 0.1%.	
Georgia (§ 33-8-4)	Insurers Generally	2.25%
	A/H	#
	Life	#
	Annuity	0%
	P/C	#
	Fire	# + additional 1%; Note
	RRG	4%
	BC/BS	#
	Title	#
	Independent/Direct	4%
	Procurement	
	Surplus Lines	4%
Louisiana	Marine	#
	Notes	Georgia Firefighter's Pension Fund collects its own tax
Louisiana	Insurers Generally	Based on volume; Note
	A/H	#
	Life	#
	Annuity	0%
	P/C	#
	Fire	# + 2%; Note
	RRG	#
	BC/BS	#; Note
	Title	#
	Independent/Direct	No provision
	Procurement	
	Surplus Lines	4.85%
Mississippi	Marine	Based on volume; Note
	Notes	Life, accident & health or service insurance: \$140 for \$7,000 or less in premiums received; add \$225 for each additional \$10,000 or part; Fire, marine, transportation, casualty, surety, workers' comp.: \$185 for \$6,000 or less in premiums; add \$300 for each additional \$10,000 or part; Fire: 0.25% fireman training, 1.25% fire damage, 2% premium tax; HMO: \$550 for every \$10,000 in premiums received.
	Insurers Generally	3%
	A/H	#; Note
	Life	#; Note
	Annuity	0%
	P/C	#
	Fire	# + additional 1%

State	Tax Rate	
	RRG	#
	BC/BS	3%, except for exempt approved carriers offering basic health insurance
	Title	#
	Independent/Direct	4%
	Procurement	
	Surplus Lines	4%
		3% Nonadmitted policy fee
	Marine	#
	Notes	Premiums for qualified retirement plans not taxed.
North Carolina	Insurers Generally	1.9%
	A/H	#
	Life	#
	Annuity	0%
	P/C	# + 0.74% on property coverage contracts
	Fire	# + 0.74% on property coverage contracts
	RRG	Foreign: 5%, eff. Jan. 1 2024 through Sept. 20, 2024 1.85% eff. Oct. 1, 2024 through Dec. 31, 2024.
	BC/BS	No provision
	Title	#
	Independent/Direct	5%
	Procurement	
	Surplus Lines	5%
	Marine	#
	Notes	Workers' compensation: 2.5%; HMO: 1.9%.
South Carolina	Insurers Generally	1.25%
	A/H	#
	Life	0.75%
	Annuity	0%
	P/C	#
	Fire	# + additional 1%; Note
	RRG	#
	BC/BS	#
	Title	#
	Independent/Direct	No provision
	Procurement	
	Surplus Lines	6% (comprised of 4% state tax and 2% municipal tax)
	Marine	#
	Notes	Fire: additional 0.35% for fire maintenance tax Workers' compensation: 2.5%; Captives pay at a rate that varies based on amount of premiums.
Tennessee	Insurers Generally	2.5%; Note

State	Tax Rate
	<p>A/H #</p> <p>Life 1.75%; Note</p> <p>Annuity 0%</p> <p>P/C #</p> <p>Fire # + additional 0.75% on apportioned fire lines</p> <p>RRG #</p> <p>BC/BS 2.5%</p> <p>Title #</p> <p>Independent/Direct No provision</p> <p>Procurement</p> <p>Surplus Lines 5%</p> <p>Marine #</p> <p>Notes \$150 minimum tax due; Premiums for qualified retirement plans not taxed; Captives: 0.4% first \$20 million, 0.3% each dollar thereafter; Workers' Comp premium is taxed separate from all other premium at 4% with a surcharge of 0.4% earmarked for TOSHA; HMO: 6%.</p>
Virginia	<p>Insurers Generally 2.25%; Note</p> <p>A/H #</p> <p>Life #</p> <p>Annuity 0%</p> <p>P/C #; Note</p> <p>Fire #; Note</p> <p>RRG #</p> <p>BC/BS 2.7%</p> <p>Title #</p> <p>Independent/Direct No provision</p> <p>Procurement</p> <p>Surplus Lines #; plus up to 0.1% assessment for Bureau Special Fund</p> <p>Marine #; Note</p> <p>Notes Additional assessment for Bureau maintenance (not to exceed 0.1%, \$300 minimum): 0.025%; Fire, misc. property, marine, homeowners, and farm owners: additional 1% assessment for fire programs fund (\$100 minimum); Domestic nonprofit mutuals and industrial sick benefit companies: 1%; Prepaid Lines: 2.25%. Workers compensation insurers pay 2.5% into administrative fund.</p>

4. **Does the Department believe the current distribution allocation of premium tax revenue under Section 38-7-20(8)-which has directed one percent to the Forestry Commission, one percent to the V-SAFE program, one-quarter of one percent to regional EMS councils, and the remainder to the General Fund since July 1, 2013-remains appropriate, or should the General Assembly consider revising these allocations to better reflect present-day needs and priorities?**

Response: We do not have sufficient information to determine whether the allocations are appropriate or suitable for their needs or whether the allocations are being used to meet the intended purposes. We respectfully defer to the data from those agencies as to the appropriateness of the allocations.

5. **Does the Department believe the one-percent rate established in Section 38-7-30 remains adequate to fund the inspections, investigations, and related activities referenced in the statute, or have the costs of these functions outpaced the tax revenue generated?**

Response: Since inflation has impacted the costs of other services, we believe the costs of these services may have increased. However, we respectfully defer to information and data from the South Carolina Department of Labor, Licensing and Regulation. This Department does not have sufficient information on which to base an opinion concerning the appropriateness of the allocations or whether they outpace the tax revenue generated.

6. **Based on the Department's experience administering Section 38-7-30, are there any statutory updates the Department would recommend-such as modifying the tax rate, revising allowable expenditures, updating the SO-percent distribution requirement, or modernizing reporting obligations-to ensure the tax continues to meet its intended purpose?**

Response: We respectfully defer to information and data from the Division of Fire and Life Safety at the South Carolina Department of Labor, Licensing and Regulation. We do not have sufficient information to form an opinion about whether the tax rate is appropriate. We would recommend that LLR be charged with the responsibility of reporting on whether the tax meets its intended purpose if it does not already do so. The South Carolina Department of Insurance is interested in working more collaboratively with LLR because fires impact insurance coverage and its availability in this state. We believe their experience could help inform the regulation of the property and casualty industry in this state.

7. **The \$175,000 transfer amount established in Section 38-7-35(A) has not been updated since its enactment in 1997. Does the Department believe this funding level remains sufficient to support LLR's building code enforcement training program, or should the General Assembly consider revising the statutory amount?**

Response: We respectfully defer to the South Carolina Department of Labor, Licensing and Regulation. We do not have sufficient information to determine whether the \$175,000 transfer amount is appropriate. LLR is better positioned to address this issue.

8. **Section 38-7-30 currently directs fifty percent of the fire insurance tax to the Division of Fire and Life Safety within the Department of Labor, Licensing and Regulation to support its statewide responsibilities for fire prevention, inspections, code enforcement, and public safety training. Given that the SLED Arson Investigations Unit provides essential statewide services related to fire origin-and-cause investigations, supports criminal prosecutions, and delivers specialized training to local agencies in coordination with state academies, should the General Assembly consider amending Section 38-7-30 to include the Arson Investigations Unit as a funded entity?**

Response: We respectfully defer to the South Carolina Department of Labor, Licensing and Regulation and the South Carolina Law Enforcement Division on that issue.

9. **Section 38-7-40 has not been substantively amended in decades. In the Department's view, does the one-percent rate remain aligned with current regulatory, enforcement, and fire-safety system needs, or should the General Assembly consider updating the statute?**

Response: We do not have sufficient information to determine whether the one percent is aligned with the agency's enforcement needs. LLR will be in a better position to address this question based on the data and information it collects.

10. **Does the Department believe that the additional one-percent fire premium tax in Section 38-7-40 overlaps with, complements, or is duplicative of the fire-related tax imposed under Section 38-7-30? Please explain any distinctions in purpose, use, or administration.**

Response: We do not have sufficient information to determine whether the one-percent overlaps with complements or is duplicative of the fire-related tax imposed under Section 38-7-30. This Department distributes the funds, but we do not receive information as to how those funds are used. We do know that wildfire is a significant concern for South Carolina citizens with 3,000 wildfires damaging 20,000 acres annually. Wildfires impact insurance coverage and availability. The Department would like to work collaboratively with the Fire Academy and the State Fire Marshal's office to ensure the safety of South Carolinians especially in areas of the state with

greater risk due to the accelerated growth of vegetation and drought conditions which act as an accelerant or fire fuel.

- 11. In the Department's view, does the current two-and-one-half percent rate established in Section 38-7-50 remain appropriate in today's workers' compensation insurance market, particularly given that this section has not been substantively amended in more than thirty years, or should the General Assembly consider updating the tax rate or structure?**

Response: The 2.5 tax rate appears appropriate. Based on information reported from producers writing in South Carolina, the number of insurers writing workers compensation insurance appears to be increasing.

Please note that this Department is not recommending any changes to the license fee and premium tax structure at this time. As we have discussed over the past several months, increased operating expenses impact a number of issues including decisions to write policies in an insurance market and the cost and availability of insurance in that market. Given current concerns about availability and affordability of certain coverages, the Department would not recommend increasing premium tax rates and licensing fees. However, we respectfully defer to the judgment of the South Carolina General Assembly as to the components of the insurance regulatory framework that best meet the needs of the citizens of the State of South Carolina, the sufficiency of the premium tax rate, and how the premium taxes collected are distributed.

We will work with the South Carolina General Assembly to implement any changes it deems necessary and appropriate to Title 38 for the citizens of the State of South Carolina. Do not hesitate to contact me if you have any questions about this response.

Sincerely,



Michael Wise