



North Carolina Department of Revenue

Pat McCrory
Governor

Jeffrey M. Epstein
Secretary

February 5, 2016

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Re: Request for Private Letter Ruling for North Carolina Self-Insurance Security Association

Dear [REDACTED]:

This letter is in response to your email dated [REDACTED], and the letter dated [REDACTED] signed by [REDACTED] wherein he requested that the North Carolina Department of Revenue ("Department") issue a ruling regarding whether North Carolina Self-Insurance Security Association is exempt from gross premiums tax.

The statement of facts submitted for the Department's consideration is summarized as follows:

The North Carolina Self-Insurance Security Association (the "Association") was created by the North Carolina General Assembly and is exempt from federal income tax under Internal Revenue Code § 501(c)(6) and from state taxes and fees under North Carolina General Statute § 97-138. Association members are individual companies and groups of companies that have been approved to self-insure their worker's compensation claim liabilities by the North Carolina Department of Insurance. The Association is responsible for ensuring adequate resources are available to pay claims against insolvent members and has the authority to assess its members and to secure insurance to provide needed funds to pay obligations.

The Association has purchased a one-year insurance policy from an insurer not admitted to do business in North Carolina for the purpose of indemnifying the Association for covered claims incurred against an insolvent member self-insurer. Premiums were paid by the Association.

REQUESTED RULINGS:

What if any tax consequences, liabilities, or other reporting requirements would be required by the Association under N.C. Gen. Stat. § 105-228.90 *et seq.* as a result of the above referenced purchase of the policy? Please confirm the Association is exempt from any potential taxes under N.C. Gen. Stat. § 97-138.

[REDACTED]

[REDACTED]

February 4, 2016

Page 2

Department's Response:

The Association is exempt from filing a gross premiums tax return with the Department of Revenue. This response does not address North Carolina Department of Insurance requirements.

This ruling is based solely on the facts submitted to the Department of Revenue for consideration of the transactions described. If the facts and circumstances given are not accurate, or if there are other facts that were not disclosed that might cause the Department to reach a different conclusion, then the taxpayer requesting this ruling may not rely on it. A letter ruling is not equivalent to a Technical Advice Directive that generally affects a large number of taxpayers. If a taxpayer relies on this ruling and the Department discovers, upon examination, that the fact situation of the taxpayer is different in any material aspect from the facts and circumstances given in this ruling, then the ruling will not afford the taxpayer any protection. It should be noted that this document is not to be cited as precedent and that a change in statute, a regulation, or case law could void this ruling.

Sincerely,

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]