

**Department of Legislative Services**  
Maryland General Assembly  
2026 Session

**FISCAL AND POLICY NOTE**  
**Enrolled - Revised**

Senate Bill 890

(Senator Gile)

Finance

Ways and Means and Health

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**Insurance - Captive Insurers - Premium Receipts Tax Study**

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This bill requires the Maryland Insurance Administration (MIA), in consultation with relevant stakeholders, to study the use, regulation, and taxation of captive insurance companies by entities in the State. MIA must submit a final report of its findings and recommendations to the Governor and General Assembly by January 1, 2027. **The bill takes effect July 1, 2026.**

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**Fiscal Summary**

**State Effect:** MIA can complete the required study using existing resources. Revenues are not affected.

**Local Effect:** The bill does not materially affect local government operations or finances.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** In conducting the study MIA must examine:

- utilization of captive insurance by nonprofit and for-profit entities;
- existing federal and state regulatory and taxation frameworks that apply to captive insurance, including states with and without established captive insurance frameworks, focusing on mechanisms used for funding regulatory oversight and how other states tax capital contributions and internal reserves, as specified;

- the feasibility, utility, and potential structure of establishing a State registry for captive insurance companies domiciled in other jurisdictions but used by entities in the State, including an analysis of how a registry framework could provide regulatory transparency and fund oversight operations; and
- the aggregate results of any completed investigations regarding the use of captive insurance by nonprofit and for-profit entities in the State.

The bill specifies that any data, documents, or other information provided by a nonprofit health system or hospital to MIA regarding the evaluation and assessment required (1) are considered confidential commercial and financial information; (2) may not be disclosed by MIA to any third party; and (3) is not a public record and is not subject to inspection under the Public Information Act (PIA).

### **Current Law:**

#### *Maryland Insurance Law, Unauthorized Insurers*

Insurance Law includes various policies and procedures to govern and regulate insurance policies issued by insurers and other persons that are not authorized to do insurance business in the State. These policies and procedures are specified by Title 4 of the Insurance Article, and generally subject these unauthorized insurers, and the policies they issue, to the regulatory authority of MIA.

Directly related to the bill, if an unauthorized insurer effects, continues, or renews insurance on a subject resident, located, or to be performed in the State, the unauthorized insurer must pay a premium receipts tax of 3% of the gross premiums charged for the insurance, and the tax owed must be calculated in a specified manner. Additionally, if an insured procures, continues, or renews insurance from an unauthorized insurer, a premium receipts tax of 3% of the gross premiums charged for the insurance is levied on the obligation under specified circumstances. An authorized insurer or person that fails to pay the tax is subject to a civil penalty of not less than \$100 but not exceeding \$125,000 for each violation.

#### *Public Information Act*

PIA establishes that all persons are entitled to have access to information about the affairs of government and the official acts of public officials and employees. Each governmental unit that maintains public records must identify a representative whom a member of the public may contact to request a public record. The Office of the Attorney General (OAG) must post all such contact information on its website and in any Public Information Act Manual published by OAG.

Generally, a custodian of a public record must permit inspection of any public record at any reasonable time. A custodian must designate types of public records that are to be made available to any applicant immediately on request and maintain a current list of the types of public records that have been so designated. Each custodian must adopt reasonable rules or regulations that, consistent with PIA, govern timely production and inspection of a public record. Chapter 658 of 2021, effective July 1, 2022, requires each official custodian to adopt a policy of proactive disclosure of public records that are available for inspection under PIA, as specified. PIA also establishes when custodians *must* deny inspection of records and when they *are authorized* to deny inspection.

**Additional Comments:** According to the National Association of Insurance Commissioners, [captive insurance](#) is a type of self-insurance where a business or entity creates a wholly owned subsidiary to provide insurance to its non-insurance parent company.

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### Additional Information

**Recent Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** HB 1228 (Delegate Qi) - Ways and Means and Health.

**Information Source(s):** Comptroller's Office; Maryland Insurance Administration; National Association of Insurance Commissioners; Department of Legislative Services

**Fiscal Note History:** First Reader - February 24, 2026  
jg/rld Third Reader - April 6, 2026  
Revised - Amendment(s) - April 6, 2026  
Enrolled - May 4, 2026  
Revised - Amendment(s) - May 4, 2026

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