

SB0890/523529/1

BY: Senator Gile

AMENDMENTS TO SENATE BILL 890, AS AMENDED
(First Reading File Bill)

AMENDMENT NO. 1

Strike in their entirety the Finance Committee Amendments (SB0890/133420/1).

On page 1, strike beginning with “**Premium**” in line 2 down through “**Systems**” in line 3 and substitute “**Captive Insurers – Premium Receipts Tax Moratorium and Study**”; in line 4, strike “exempting premiums” and substitute “suspending for a certain period of time the charge and collection of a certain premium receipts tax and related fees, penalties, and interest”; in line 5, strike “hospitals and health care systems” and substitute “entities”; strike beginning with “from” in line 5 down through “insureds” in line 11 and substitute “; requiring the Maryland Insurance Administration to conduct a study on the use, regulation, and taxation of captive insurance companies by entities in the State”; in lines 11 and 12, strike “the State insurance premium receipts tax” and substitute “captive insurers”; and strike in their entirety lines 13 through 17, inclusive.

AMENDMENT NO. 2

On pages 1 through 3, strike beginning with “the” in line 19 on page 1 down through “tax” in line 31 on page 3 and substitute “:

(a) The Maryland Insurance Administration, in consultation with relevant stakeholders, shall study the use, regulation, and taxation of captive insurance companies by entities in the State.

(b) The study conducted under subsection (a) of this section shall examine:

(1) utilization of captive insurance by nonprofit and for-profit entities;

(2) existing federal and state regulatory and taxation frameworks that apply to captive insurance, including states with and without established captive insurance frameworks, focusing on:

(i) mechanisms used for funding regulatory oversight; and

(ii) how other states tax capital contributions and internal reserves, including whether different tax treatments are applied based on the nonprofit or for-profit status of the captive owner;

(3) 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 as an alternative to a premium tax framework; and

(4) the aggregate results of any completed investigations regarding the use of captive insurance by nonprofit and for-profit entities in the State.

(c) Any data, documents, or other information provided by a nonprofit health system or hospital to the Administration for the purpose of the evaluation and assessment required under this section:

(1) shall be considered confidential commercial and financial information;

(2) may not be disclosed by the Administration to any third party; and

(3) is not a public record and is not subject to inspection under the Public Information Act.

(d) On or before December 1, 2027, the Administration shall report its findings and recommendations to the Governor and, in accordance with § 2–1257 of the State Government Article, the Senate Finance Committee and the House Health Committee”.

On page 4, in line 1, strike “the” and substitute “:

(a) The”;

in line 3, strike “before the effective date of this Act”; strike beginning with “before” in line 4 down through “Act” in line 7 and substitute “from captive insurance lawfully procured by a nonprofit entity”; after line 7, insert:

“(b) The prohibition established under subsection (a) of this section shall apply to any existing and retroactive tax liabilities under § 4–209 or § 4–211 of the Insurance Article.”.

and in line 9, after “2026” insert “. Section 2 of this Act shall remain effective for a period of 2 years and, at the end of June 30, 2028, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect”.