

# HOUSE BILL 1228

C4, Q7

6lr2199  
CF SB 890

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By: **Delegate Qi**

Introduced and read first time: February 11, 2026

Assigned to: Judiciary and Health

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Premium Receipts Tax – Exemption for Captive Insurance**  
3 **Procured by Nonprofit Hospitals and Health Care Systems**

4 FOR the purpose of exempting premiums on lawfully procured captive insurance by  
5 nonprofit hospitals and health care systems located in the State from the State  
6 insurance premium receipts tax imposed on unauthorized insurers and persons  
7 insured by unauthorized insurers; prohibiting the Maryland Insurance  
8 Administration from charging or collecting a certain tax otherwise payable before  
9 the effective date of this Act and certain fees, penalties, or interest accrued for failure  
10 to pay a certain tax before the effective date of this Act from certain unauthorized  
11 insurers and certain insureds; and generally relating to the State insurance  
12 premium receipts tax.

13 BY repealing and reenacting, with amendments,  
14 Article – Insurance  
15 Section 4–209 and 4–211  
16 Annotated Code of Maryland  
17 (2017 Replacement Volume and 2025 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
19 That the Laws of Maryland read as follows:

20 **Article – Insurance**

21 4–209.

22 (a) This section does not apply to:

23 (1) premiums on lawfully procured surplus lines insurance;

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) premiums on independently procured insurance on which a tax has  
2 been paid under § 4-211 of this subtitle; [or]

3 (3) **PREMIUMS ON LAWFULLY PROCURED CAPTIVE INSURANCE BY:**

4 (I) **A NONPROFIT HEALTH CARE SYSTEM LOCATED IN THE**  
5 **STATE, INCLUDING PREMIUMS PAID BY THE SYSTEM'S PARENT ENTITY, ANY**  
6 **SUBSIDIARY ENTITY, OR ANY CONSTITUENT HEALTH CARE PROVIDER; OR**

7 (II) **A NONPROFIT HOSPITAL LOCATED IN THE STATE; OR**

8 (4) wet marine and transportation insurance.

9 (b) (1) If an unauthorized insurer effects, continues, or renews insurance on a  
10 subject resident, located, or to be performed in the State, the unauthorized insurer shall  
11 pay to the Commissioner, before March 1 of the next calendar year, a premium receipts tax  
12 of 3% of gross premiums charged for the insurance.

13 (2) For policies effective before July 21, 2011:

14 (i) if the policy covers property, risks, or exposures located or to be  
15 performed entirely in the State, the premium receipts tax shall be computed on the entire  
16 premium at the rate specified in paragraph (1) of this subsection; and

17 (ii) if the policy covers property, risks, or exposures located or to be  
18 performed both in and outside the State, the premium receipts tax shall be computed at the  
19 rate specified in paragraph (1) of this subsection only on that portion of the premium that  
20 is properly allocable to the risks located in the State.

21 (3) For policies effective on or after July 21, 2011, if the State is the  
22 insured's home state, the premium receipts tax shall be computed on the entire premium  
23 at the rate specified in paragraph (1) of this subsection.

24 (4) Insurance that an unauthorized insurer effects, continues, or renews on  
25 a subject resident, located, or to be performed in the State that is procured through  
26 negotiations or an application wholly or partly occurring or made in or from within or  
27 outside of the State, or for which premiums wholly or partly are remitted directly or  
28 indirectly from in or outside of the State, is deemed to be insurance procured, continued, or  
29 renewed in the State.

30 (c) The premium receipts tax under this section is instead of all other State taxes.

31 (d) If an unauthorized insurer defaults on the payment of the tax under this  
32 section, the insured shall pay the tax.

1 (e) If the tax is not timely paid under subsection (b) of this section, the amount of  
2 the tax due shall be increased by a penalty of:

3 (1) 25% of the tax due; and

4 (2) an amount computed at the rate of 1% per month or any part of a month  
5 after the date the payment was due to the date the payment is made.

6 4-211.

7 (a) This section does not apply to:

8 (1) **PREMIUMS ON LAWFULLY PROCURED CAPTIVE INSURANCE BY:**

9 (I) **A NONPROFIT HEALTH CARE SYSTEM LOCATED IN THE**  
10 **STATE, INCLUDING PREMIUMS PAID BY THE SYSTEM'S PARENT ENTITY, ANY**  
11 **SUBSIDIARY ENTITY, OR ANY CONSTITUENT HEALTH CARE PROVIDER; OR**

12 (II) **A NONPROFIT HOSPITAL LOCATED IN THE STATE; OR**

13 (2) wet marine and transportation insurance.

14 (b) (1) If an insured procures, continues, or renews insurance from an  
15 unauthorized insurer that is subject to a report under § 4-210 of this subtitle, a premium  
16 receipts tax of 3% of the gross premiums charged for the insurance is levied on the  
17 obligation, chose in action, or right represented by the premium charged for the insurance.

18 (2) If an insurance contract subject to the tax is canceled and rewritten, the  
19 additional premium, for purposes of the premium receipts tax, is the premium in excess of  
20 the unearned premium of the canceled insurance contract.

21 (c) If the insured fails to withhold from the premium the amount of the tax levied  
22 under this section, the insured is liable for the amount of the tax imposed under subsection  
23 (b) of this section and shall pay the tax to the Commissioner.

24 (d) If the tax imposed under subsection (b) of this section is not timely paid, the  
25 amount of the tax due shall be increased by a penalty of:

26 (1) 25% of the tax due; and

27 (2) an amount computed at the rate of 1% per month or part of a month  
28 after the date the payment is due until the date the payment is made.

29 (e) If the tax is not timely paid under this section, on request of the Commissioner,  
30 the Attorney General shall proceed in a court of this State or another state or in a federal  
31 court or agency to recover the tax.

1           SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance  
2 Administration may not charge or collect the premium receipts tax under § 4–209 or §  
3 4–211 of the Insurance Article otherwise payable before the effective date of this Act or a  
4 fee, penalty, or interest accrued for failure to pay that tax before the effective date of this  
5 Act from an unauthorized insurer exempt from the tax under § 4–209(a)(3) of the Insurance  
6 Article, as enacted by Section 1 of this Act, or an insured exempt from the tax under §  
7 4–211(a)(1) of the Insurance Article, as enacted by Section 1 of this Act.

8           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
9 1, 2026.