

# SENATE BILL 890

C4, Q7

6lr2782  
CF 6lr2199

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By: **Senator Gile**

Introduced and read first time: February 6, 2026

Assigned to: Finance

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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.



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

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

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

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

(4) wet marine and transportation insurance.

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

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

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

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

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

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

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

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

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

(1) 25% of the tax due; and

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

4-211.

(a) This section does not apply to:

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

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

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

**(2) wet marine and transportation insurance.**

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

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

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

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

(1) 25% of the tax due; and

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

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