

SENATE BILL 890

C4, Q7

6lr2782
CF 6lr2199

By: Senator Gile

Introduced and read first time: February 6, 2026

Assigned to: Finance

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;

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 (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.

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

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.

3 (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.

6 4-211.

7 (a) This section does not apply to:

(1) PREMIUMS ON LAWFULLY PROCURED CAPTIVE INSURANCE BY:

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.

(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.

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.

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.