

WES MOORE  
Governor

ARUNA MILLER  
Lt. Governor



**Maryland**  
INSURANCE ADMINISTRATION

MARIE GRANT  
Commissioner

JOY Y. HATCHETTE  
Deputy Commissioner

LYNN BECKNER  
Associate Commissioner  
Financial Regulation

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202

Direct Dial: 410-468-2113

1-800-492-6116 TTY: 1-800-735-2258

[www.insurance.maryland.gov](http://www.insurance.maryland.gov)

**Date:** April 8, 2026

**Bill # / Title:** Senate Bill 890 - Insurance - Captive Insurance - Premium Receipts Tax Moratorium and Study

**Committee:** House Ways and Means Committee

**Position:** Letter of Information

The Maryland Insurance Administration (MIA) appreciates the opportunity to share this Letter of Information relating to Senate Bill 890.

Senate Bill 890, as amended, tasks the MIA, in consultation with relevant stakeholders, to study the use, regulation and taxation of captive insurance companies by entities in the State, and report its findings and recommendations to the Governor, the Senate Finance Committee, and House Health Committee, by December 1, 2027. Senate Bill 890 also applies a two-year moratorium on the MIA charging or collecting any retroactive, existing, or future premium tax liabilities from captive insurance procured from non-profit entities under §§ 4-209 or 4-211 of the Insurance Article.

Title 4, Subtitle 2 of the Insurance Article, addresses general requirements for unauthorized insurers. An “unauthorized insurer” is an insurer that operates in the State and does not have a certificate of authority from the MIA. A captive insurer is a type of insurer that is usually a wholly owned subsidiary of a parent organization created for the purpose of insuring risks of the parent organization or its affiliates. Captive insurers are usually also unauthorized insurers as they do not have a certificate of authority from the MIA, though they are often licensed in other jurisdictions. Captive insurance allows organizations to reduce costs, gain coverage tailored to their needs, and access reinsurance markets. There are usually also tax advantages associated with use of a captive insurer, as opposed to a traditional insurance provider.

Both authorized insurers and unauthorized insurers pay a premium receipts tax in lieu of State corporate income taxes. The MIA collects premium receipts taxes from insurers and deposits that tax revenue into the State General Fund. Section 4-209 of the Insurance Article requires that an unauthorized insurer (including a captive insurer) that effects, continues, or renews insurance on a subject located in the State pay a premium receipts tax of 3% of gross premiums charged for the

insurance. Section 4-211 provides that if an unauthorized insurer fails to pay premium receipts tax due under § 4-209, the insured is responsible for paying it.

In its current posture, Senate Bill 890 would enact a two-year moratorium on the collection of the premium receipts tax, otherwise payable under §§ 4-209 or 4-211 of the Insurance Article, from captive insurance procured by non-profit entities. The MIA estimates, based on known information which may not encompass all non-profit entities with captives subject to premium tax in Maryland, that the 3% premium tax from nonprofit entities is at least \$2.3 million, annually. Resulting premium tax revenues are deposited by the MIA to the State General Fund each year.

As currently amended, there is some ambiguity on whether uncodified Section 2 of the bill would require the State to refund nonprofit entities utilizing a captive that have already paid their premium receipt taxes in previous years. Should the State have to refund these nonprofit entities, a refund of at least \$620,000 would be required to be paid from the General Fund.

Should the Committee wish to clarify that the State would not be required to issue refunds to nonprofit entities for premium receipts taxes collected prior to the enactment of Section 2 of SB 890, the MIA recommends the following amendment:

On page 5 of the bill, in line 14, strike “Article” and substitute “Article, except for any premium receipts tax collected prior to the enactment of this section.”

(c) The Maryland Insurance Administration may charge or collect the premium receipts tax described in section 2 (a) from captive insurance lawfully procured by a nonprofit entity upon the abrogation of Section 2 pursuant to Section 3’.

The MIA thanks the Committee for the opportunity to share this information concerning Senate Bill 890.