

BILL SUMMARY
1st Session of the 54th Legislature

Bill No.:	HB 1108
Version:	CS
Request Number:	7469
Author:	Mulready
Date:	3/8/2013
Impact:	\$5,000 minimum premium tax per captive insurance company; application and licensing fees per captive company

Research Analysis

The Committee Substitute for HB1108 brings the Oklahoma into compliance with the National Association of Insurance Commissioner (NAIC) Model Act governing captive insurance companies and modifies various provisions of the Oklahoma Captive Insurance Company Act. The measure requires captive insurance companies to obtain approval from the Insurance Commissioner before taking certain actions related to the financial status of the company. A captive insurance company will maintain the records in an organized manner and may not destroy records until authorized by the Commissioner. Furthermore, the Commissioner may review records at any time to verify the company's compliance with state law. The measure establishes criteria for businesses written by a sponsored captive insurance company and allows a sponsored captive insurance company to invest and combine the assets of two or more protected cells. The measure lifts certain exclusions that prohibited a captive insurance company from providing workers' compensation insurance and allows the Commissioner to issue provisional licenses to applicants. The measure increases certain capital requirements and establishes flat premium tax rates based on the different types of captive insurance company. The measure requires captive companies employing more the 25 individuals are required to pay \$50,000.00 and eliminates the \$5,000 captive reinsurance tax. Lastly, the measure repeals several sections of Title 36 related to captive insurance companies, modifies various definitions and amends the procedures for forming a captive insurance company.

Prepared By: Quyen Do

Fiscal Analysis

CS for HB 1108 deals with captive insurance companies. The measure brings Oklahoma into closer compliance with the NAIC Model Act regarding captive companies. According to officials at the Insurance Department, current law provides for a \$5,000 minimum premium tax on captive companies, therefore, the measure would have a positive fiscal impact, dependent upon the number of new captives started as a result of the legislation. Insurance officials state that currently there are two such companies in Oklahoma and so the impact would be dependent upon the number of new captive companies started in the state.

Prepared By: Mark Nichols

Other Considerations

None.

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