

## ACT 206

S.B. NO. 2582

A Bill for an Act Relating to Captive Insurance.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 431:19-101.8, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) All premium taxes collected from captive insurance companies licensed in this State under this article, all captive insurance company application fees, annual license fees, and examination fees collected pursuant to this article shall be credited to the captive insurance administrative fund. Each fiscal year, the commissioner shall transfer out of the fund and deposit into the insurance regulation fund a total of forty per cent of the total moneys credited to the fund in the prior fiscal year or ~~[\$250,000,]~~ \$1,500,000, whichever is greater, to pay for the expenditures contemplated by this section. In addition, each fiscal year, the commissioner shall transfer out of the fund and deposit into the insurance regulation fund up to ten per cent of the total moneys credited to the fund in the prior fiscal year for purposes of promoting Hawaii as a captive insurance domicile. Disbursements for promotional activities from the insurance regulation fund shall be subject to the approval of the director of commerce and consumer affairs. Subject to the foregoing expenditure limits, all moneys remaining in the fund shall revert to the general fund.”

SECTION 2. Section 431:19-116, Hawaii Revised Statutes, is amended to read as follows:

“**§431:19-116 Taxation.** (a) Each ~~[pure]~~ captive insurance company licensed to do business in this State shall pay to the director of finance through the commissioner a tax ~~[of .25 per cent]~~ on gross premiums ~~[for insurance written on all risks or property resident, situated, or located within this State, and on risks and property situated elsewhere upon which no premium tax is otherwise paid during the year ending on the preceding December 31, less return premiums and less any reinsurance accepted. The tax shall be due and payable]~~ on or before March 1 of each year~~[-~~.

~~(b) Each captive insurance company chartered in this State as other than a pure captive insurance company shall pay a tax of one per cent on gross premiums for insurance written on all risks or property resident, situated, or located within this State, and on risks and property situated elsewhere upon which no premium tax is otherwise paid during the year ending on the preceding December 31, less return premiums and less any reinsurance accepted. The tax shall be due and payable on March 1 of each year[-], as follows:~~

- (1) .25 per cent on \$0 to \$25,000,000 of gross premiums for insurance written on all risks or property resident, situated, or located within this State, and on risks and property situated elsewhere upon which no premium tax is otherwise paid during the year ending on the preceding December 31, less return premiums and less any reinsurance accepted;
- (2) .15 per cent on more than \$25,000,000, to \$50,000,000 of gross premiums for insurance written on all risks or property resident, situated, or located within this State, and on risks and property situated elsewhere upon which no premium tax is otherwise paid during the year ending on the preceding December 31, less return premiums and less any reinsurance accepted; and
- (3) .05 per cent on more than \$50,000,000 of gross premiums for insurance written on all risks or property resident, situated, or located within this

State, and on risks and property situated elsewhere upon which no premium tax is otherwise paid during the year ending on the preceding December 31, less return premiums and less any reinsurance accepted.

[(e)] (b) The tax imposed by this section [~~when paid~~] shall be in settlement of and in lieu of all demands for taxes of every character imposed by the laws of this State, the ordinances or other laws, or rules of any county of this State, except taxes on real property and taxes on the purchase, use, or ownership of tangible personal property.”

SECTION 3. Statutory material to be repealed is bracketed and ~~stricken~~. New statutory material is underscored.

SECTION 4. This Act, upon its approval, shall take effect on January 1, 2003.

(Approved June 25, 2002.)