

1 (0.2%) on the direct premiums collected or contracted for on
2 policies or contracts of insurance written by the captive insurance
3 company during the year ending December 31 next preceding, after
4 deducting from the direct premiums subject to the tax the amounts
5 paid to policyholders as return premiums which shall include
6 dividends on unabsorbed premiums or premium deposits returned or
7 credited to policyholders up to a maximum tax for such year of One
8 Hundred Thousand Dollars (\$100,000.00); provided however, that no
9 tax shall be due or payable as to consideration received for annuity
10 contracts.

11 B. A captive insurance company, other than a sponsored captive
12 insurance company, and each protected cell of a sponsored captive
13 insurance company, shall pay to the Department, by March 1 of each
14 year, a tax at the rate of one-tenth of one percent (0.1%) of
15 assumed reinsurance premium. However, no reinsurance tax applies to
16 premiums for risks or portions of risks which are subject to
17 taxation on a direct basis pursuant to subsection A of this section.
18 A premium tax is not payable in connection with the receipt of
19 assets in exchange for the assumption of loss reserves and other
20 liabilities of another insurer under common ownership and control if
21 the transaction is part of a plan to discontinue the operations of
22 the other insurer and if the intent of the parties to the
23 transaction is to renew or maintain business with the captive
24 insurance company.

1 C. A sponsored captive insurance company shall pay to the
2 Department, by March 1 of each year, a tax on direct and assumed
3 premiums equal, in the aggregate, to the minimum tax provided in
4 subsection D of this section.

5 D. If the aggregate taxes to be paid by a captive insurance
6 company or a protected cell of a sponsored captive insurance company
7 calculated under subsections A and B of this section amount to less
8 than Five Thousand Dollars (\$5,000.00) in any year, the captive
9 insurance company or protected cell shall pay a minimum tax of Five
10 Thousand Dollars (\$5,000.00) for that year. However, in the
11 calendar year in which a captive is first licensed, or the protected
12 cell is approved by the Commissioner, the minimum tax will be
13 prorated on a quarterly basis. For those licensed in the first
14 quarter, the prorated minimum tax is Five Thousand Dollars
15 (\$5,000.00). For those licensed in the second quarter, the prorated
16 minimum tax is Three Thousand Seven Hundred Fifty Dollars
17 (\$3,750.00). For those licensed in the third quarter, the prorated
18 minimum tax is Two Thousand Five Hundred Dollars (\$2,500.00). For
19 those licensed in the fourth quarter, the prorated minimum tax is
20 One Thousand Two Hundred Fifty Dollars (\$1,250.00). In the calendar
21 year in which a captive is first licensed or the protected cell is
22 first approved by the Commissioner, if the aggregate taxes to be
23 paid calculated under subsections A and B of this section amount to
24 less than the minimum tax prorated on a quarterly basis, the captive

1 or protected cell shall pay the prorated minimum tax for that
2 calendar year.

3 E. Subject to subsections F, G and H of this section, if the
4 aggregate taxes on direct and assumed premiums to be paid by a
5 captive insurance company or a protected cell of a sponsored captive
6 insurance company calculated under subsections A and B of this
7 section amount to more than One Hundred Thousand Dollars
8 (\$100,000.00) in any year, the captive insurance company shall pay a
9 maximum tax of One Hundred Thousand Dollars (\$100,000.00) for that
10 year.

11 F. Two or more captive insurance companies under common
12 ownership and control must be taxed as though they were a single
13 captive insurance company. Two or more protected cells of a
14 sponsored captive insurance company that are related by common
15 ownership and control must be taxed as though they were a single
16 protected cell.

17 G. As used in this section, "common ownership and control"
18 means the direct or indirect ownership of eighty percent (80%) or
19 more of the outstanding voting stock or other voting interests of
20 two or more captive insurance companies or protected cells of a
21 sponsored captive insurance company by the same person or persons.

22 H. A captive insurance company that has employed twenty-five or
23 more separate qualified individuals throughout a given tax year and
24 that otherwise would be liable under this section for tax for such

1 year in an amount exceeding Fifty Thousand Dollars (\$50,000.00)
2 shall pay to the Commissioner under this section a tax for such year
3 in the amount of Fifty Thousand Dollars (\$50,000.00). For purposes
4 of this subsection, "qualified individual" means a natural person
5 employed in this state on a regular basis of thirty-five (35) or
6 more hours per week either by such captive insurance company, or by
7 a wholly-owned subsidiary of such captive insurance company that
8 provides captive insurance company management, operating, investment
9 or related services exclusively to such captive insurance company.

10 I. The tax provided for in this section constitutes all taxes
11 collectible under the laws of this state from a captive insurance
12 company or a protected cell of a sponsored captive insurance
13 company, and no other occupation tax or other taxes may be levied or
14 collected from a captive insurance company by the state or a county,
15 city, or municipality within this state, except ad valorem taxes on
16 real and personal property used in the production of income.

17 J. For the fiscal year beginning July 1, 2020, and for each
18 fiscal year thereafter, the Insurance Commissioner shall report and
19 disburse all fees and taxes collected pursuant to this section as
20 follows:

21 1. Of the first Five Hundred Thousand Dollars (\$500,000.00):

22 a. thirty-six percent (36%) to the Oklahoma Firefighters
23 Pension and Retirement Fund,

24

1 administering the Oklahoma Captive Insurance Company
2 Act and any accompanying regulations.

3 SECTION 2. This act shall become effective July 1, 2020.

4 SECTION 3. It being immediately necessary for the preservation
5 of the public peace, health or safety, an emergency is hereby
6 declared to exist, by reason whereof this act shall take effect and
7 be in full force from and after its passage and approval.

8
9 COMMITTEE REPORT BY: COMMITTEE ON APPROPRIATIONS AND BUDGET, dated
10 02/20/2020 - DO PASS.