

As Amended by House Committee

HOUSE BILL No. 2334

By Committee on Insurance

Requested by Representative Tarwater

2-7

1 AN ACT concerning insurance; relating to captive insurance companies;
2 providing for incorporated cell captive insurance companies and
3 protected cell captive insurance companies; enacting the Kansas
4 protected cell captive insurance company act; providing for a
5 provisional certificate of authority; expanding the types of insurance
6 that a captive insurance company may provide; extending the period of
7 time in-between financial examinations conducted by the
8 commissioner; amending K.S.A. 40-4304, 40-4312 and 40-4314 and
9 K.S.A. 2024 Supp. 40-4302 and 40-4308 and repealing the existing
10 sections.
11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 New Section 1. Sections 1 through 10, and amendments thereto, shall
14 be known and may be cited as the Kansas protected cell captive insurance
15 company act.

16 New Sec. 2. (a) One or more sponsors may form a protected cell
17 captive insurance company under this act. This act shall apply to protected
18 cell captive insurance companies.

19 (b) A protected cell captive insurance company shall be incorporated
20 as a stock insurer with its capital divided into shares and held by the
21 stockholders as a mutual corporation, as a nonprofit corporation with one
22 or more members or as a limited liability company.

23 New Sec. 3. As used in this act, unless the context requires otherwise:

24 (a) "Act" means the Kansas protected cell captive insurance company
25 act;

26 (b) "general account" means all assets and liabilities of a protected
27 cell captive insurance company not attributable to a protected cell;

28 (c) "participant" means a person or an entity, authorized to be a
29 participant by section 5, and amendments thereto, or any affiliate of a
30 participant, that is insured by a protected cell captive insurance company if
31 the losses of the participant are limited through a participant contract;

32 (d) "participant contract" means a contract by which a protected cell
33 captive insurance company insures the risks of a participant and limits the
34 losses of each such participant to its pro rata share of the assets of one or
35 more protected cells identified in such participant contract;

Proposed Amendment to HB 2334
For Senate Committee on Financial Institutions and Insurance
By Eileen Ma
Office of Revisor of Statutes

1 later than March 1 of each year a tax at the rate of $\frac{1}{10}$ of 1% on each dollar
2 assumed reinsurance premiums collected or contracted for, during the year
3 end December 31 next preceding, on policies or contracts of insurance
4 written by the captive insurance company, up to a maximum tax for such
5 year of \$300,000. However, no such tax applies to premiums for risks or
6 portion of risks that are subject to taxation on a direct basis pursuant to
7 subsection (b), and no such tax shall be payable in connection with the
8 receipt of assets in exchange for the assumption of loss reserves and other
9 liabilities of another insurer under common ownership and control if such
10 transaction is part of a plan to discontinue the operations of such other
11 insurer and if the intent of the company by the state or any county, city or
12 municipality within Kansas, except ad valorem taxes on real and personal
13 property used in the production of income.

14 (d) The tax provided in this section shall be calculated on an annual
15 basis, notwithstanding that policies or contracts of insurance or contracts
16 of reinsurance are issued on a multi-year basis. In the case of multi-year
17 policies or contracts, the premium shall be prorated for purposes of
18 determining the tax under this section.

19 (e) *The tax provided for in this section shall constitute all taxes*
20 *collectible under the laws of the state of Kansas from any captive*
21 *insurance company, and no other occupation tax or any other tax shall be*
22 *levied or collected from any captive insurance company by the state or*
23 *any political subdivision thereof.*

24 Sec. 16. K.S.A. 40-4304, 40-4312 and 40-4314 and K.S.A. 2024
25 Supp. 40-4302 and 40-4308 are hereby repealed.

26 Sec. 17. This act shall take effect and be in force from and after its
27 publication in the ~~statute book~~.

Kansas register