

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023

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SENATE BILL DRS35127-NE-83

Short Title: Captive Insurance Revisions. (Public)

Sponsors: Senators Johnson, Perry, and Sawrey (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REVISE STATUTES RELATED TO CAPTIVE INSURANCE.

3 The General Assembly of North Carolina enacts:

4 **SECTION 1.** G.S. 58-22-15 is amended by adding a new subsection to read:

5 "(c1) Examination Regarding Financial Condition. – The Commissioner may examine any
6 risk retention group whenever the Commissioner deems it prudent and reasonable. The
7 examination shall be (i) coordinated with other examining bodies in a manner that avoids
8 unnecessarily repetitious examinations, (ii) conducted in an expeditious manner, and (iii)
9 conducted in accordance with the Examiner Handbook of the NAIC. The costs associated with
10 an examination pursuant to this subsection shall be the responsibility of the examined risk
11 retention group."

12 **SECTION 2.** G.S. 58-22-20 reads as rewritten:

13 "**§ 58-22-20. Risk retention groups not chartered in this State.**

14 Risk retention groups that have been chartered in states other than this State and that seek to
15 do business as risk retention groups in this state must observe and abide by the laws of this State
16 as follows:

17 ...
18 (3) Taxation. –

19 a. All premiums paid for coverages within this State to risk retention
20 groups shall be subject to taxation at the ~~same~~ rate of one and
21 eighty-five hundredths percent (1.85%) and subject to the same
22 payment procedures and to the same interest, fines, and penalties for
23 nonpayment as those applicable to surplus lines insurance under
24 Article 21 of this Chapter. Premiums paid by purchasing groups are,
25 however, taxed as provided in G.S. 58-22-35(b).

26"

27 **SECTION 3.(a)** G.S. 105-228.4A(g) reads as rewritten:

28 "(g) A captive insurance company formed and licensed under the laws of a jurisdiction
29 other than North Carolina that (i) obtains the approval of the North Carolina Commissioner of
30 Insurance to redomesticate to North Carolina pursuant to G.S. 58-10-380(g) to operate as a North
31 Carolina-domiciled captive insurance company and (ii) redomesticates to North Carolina ~~on or~~
32 ~~before December 31, 2022,~~ is exempted from premium taxes imposed by this section for the year
33 in which the redomestication occurs and the premium taxes imposed by this section for the
34 calendar year following the redomestication. This subsection expires for taxable years beginning
35 on or after January 1, ~~2024-2025.~~"

36 **SECTION 3.(b)** This section is effective when it becomes law.



1 **SECTION 4.** Except as otherwise provided, this act becomes effective October 1,
2 2023, and applies to contracts issued, renewed, or amended on or after that date.