



Multiple Agency Ten-Year Analysis Summary

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| Bill Number 5315 2S SB PL | Title Captive insurance |
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This ten-year analysis is limited to the estimated cash receipts associated with the proposed tax or fee increases.

Estimated Cash Receipts

| | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 | Fiscal Year 2030 | Fiscal Year 2031 | 2022-31 TOTAL |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Office of Insurance Commissioner | 31,867,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 52,815,000 |
| University of Washington | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Washington State University | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Eastern Washington University | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Central Washington University | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| The Evergreen State College | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Western Washington University | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community and Technical College System | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 31,867,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 52,815,000 |

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| Prepared By: Gaius Horton | Phone Number: (360) 819-3112 | Date Approved or Published: 06/04/2021 |
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Ten-Year Analysis

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| Bill Number 5315 2S SB PL | Title Captive insurance | Agency 160 Office of Insurance Commissioner |
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

Estimated Cash Receipts

| Name of Tax or Fee | Acct Code | Fiscal Year 2022 | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 | Fiscal Year 2030 | Fiscal Year 2031 | 2022-31 TOTAL |
|--|-----------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Captive Insurer registration fee | 001 | 127,500 | | | | | | | | | | 127,500 |
| Captive Insurer registration renewal fee | 001 | | 127,500 | 127,500 | 127,500 | 127,500 | 127,500 | 127,500 | 127,500 | 127,500 | 127,500 | 1,147,500 |
| Insurance Premium tax | 001 | 31,740,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 2,200,000 | 51,540,000 |
| Total | | 31,867,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 2,327,500 | 52,815,000 |
| Biennial Totals | | 34,195,000 | | 4,655,000 | | 4,655,000 | | 4,655,000 | | 4,655,000 | | 52,815,000 |

Narrative Explanation (Required for Indeterminate Cash Receipts)

Assumptions:

The Office of Insurance Commissioner (OIC) is using data derived from a contracted captive insurance study completed by Milliman in January 2021. The captive insurance study reflects a range of low, medium and high estimated numbers of eligible captive insurers and taxable premium volume. Although a range of low, medium, and high estimates will also be reflected in the narrative below for informational purposes, the fiscal note only reflects the medium range assumptions.

REGISTRATION AND RENEWAL FEES:

Section 3(2) requires the OIC to approve an eligible captive insurer's registration if the eligible captive insurer has sufficiently demonstrated that its assets exceed its liabilities by at least \$1 million, has the ability to pay its debts as they come due, are in good standing in its jurisdiction of domicile, and has paid a fee of \$2,500. Section 3(5) allows a registered captive insurer to renew its certificate of registration for successive periods of 12 months each if the registered captive insurer has sufficiently demonstrated that its assets exceed its liabilities by at least \$1 million, has the ability to pay its debts as they come due, are in good standing in its jurisdiction of domicile, and has paid a renewal fee in an amount set by the OIC, not to exceed \$2,500.

Low Estimates:



Ten-Year Analysis

| Bill Number | Title | Agency |
|---------------|-------------------|--------------------------------------|
| 5315 2S SB PL | Captive insurance | 160 Office of Insurance Commissioner |

This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

FY2022: \$90,000 (36 registrations x \$2,500)

FY2023 and after: \$90,000 (36 registration renewals x \$2,500)

Medium Estimates:

FY2022: \$127,500 (51 registrations x \$2,500)

FY2023 and after: \$127,500 (51 registration renewals x \$2,500)

High Estimates:

FY2022: \$205,000 (82 registrations x \$2,500)

FY2023 and after: \$205,000 (82 registration renewals x \$2,500)

INSURANCE PREMIUM TAXES:

Section 4(1) requires registered eligible captive insurers to pay, on or before March 1st of each year, a 2% tax on premiums for insurance directly procured by and provided to its parent or another affiliate for WA risks during the preceding calendar year. Taxes collected must be deposited to the General Fund.

Low Estimates:

Beginning FY2022: \$2,000,000 (\$100,000,000 premium volume per year x 2% tax)

Medium Estimates:

Beginning FY2022: \$2,200,000 (\$110,000,000 premium volume per year x 2% tax)

High Estimates:

Beginning FY2022: \$2,600,000 (\$130,000,000 premium volume per year x 2% tax)

PENALTIES/INTEREST/FINES:

Sections 4(5) requires registered eligible captive insurers to pay the penalties and interest provided in RCW 48.14.060 if they fail to remit the tax provided by section 4 (1) by the last day of the month in which the tax becomes due. For purposes of this fiscal note, it is assumed that all taxes will be remitted by the due date.



Ten-Year Analysis

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| Bill Number 5315 2S SB PL | Title Captive insurance | Agency 160 Office of Insurance Commissioner |
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Narrative Explanation (Required for Indeterminate Cash Receipts)

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| <p>BACK TAXES:</p> <p>Sections 4(6) requires eligible captive insurers to pay taxes on premiums for any period after January 1, 2011, if not previously remitted to the OIC and limits such taxes to an eligible captive insurer's WA risks. Taxes due for periods before July 1, 2021 are not subject to the penalties or interest provided in RCW 48.14.060.</p> <p>FY2022 (a one-time collection of back premium taxes): \$29,540,000 (\$1,477,000,000 premium volume for tax years 2011 - 2020 x 2% tax)</p> |
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|------------------------------------|-----------------------|----------------------------|
| Agency Preparation: Michael Walker | Phone: 360-725-7036 | Date: 5/27/2021 8:31:26 am |
| Agency Approval: Bryon Welch | Phone: 360-725-7037 | Date: 5/27/2021 8:31:26 am |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 7/1/2021 3:59:29 pm |



Ten-Year Analysis

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| Bill Number 5315 2S SB PL | Title Captive insurance | Agency 360 University of Washington |
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts **Partially Indeterminate Cash Receipts** **Indeterminate Cash Receipts**

| | | | | | | | | | | | | | |
|---------------------------|------------------|--|--|--|--|--|--|--|--|--|--|--|--|
| Name of Tax or Fee | Acct Code | | | | | | | | | | | | |
|---------------------------|------------------|--|--|--|--|--|--|--|--|--|--|--|--|

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| Agency Preparation: Lauren Hatchett | Phone: 2066167203 | Date: 5/27/2021 9:30:44 am |
| Agency Approval: Kelsey Rote | Phone: 2065437466 | Date: 5/27/2021 9:30:44 am |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 7/1/2021 3:59:29 pm |



Ten-Year Analysis

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| Bill Number 5315 2S SB PL | Title Captive insurance | Agency 365 Washington State University |
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

| Name of Tax or Fee | Acct Code | | | | | | | | | | | | |
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| Agency Preparation: Emily Green | Phone: 5093359681 | Date: 5/27/2021 12:40:14 pm |
| Agency Approval: Chris Jones | Phone: 509-335-9682 | Date: 5/27/2021 12:40:14 pm |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 7/1/2021 3:59:29 pm |



Ten-Year Analysis

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| Bill Number 5315 2S SB PL | Title Captive insurance | Agency 370 Eastern Washington University |
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

| Name of Tax or Fee | Acct Code | | | | | | | | | | | |
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| Agency Preparation: Alexandra Rosebrook | Phone: (509) 359-7364 | Date: 5/27/2021 2:36:27 pm |
| Agency Approval: Alexandra Rosebrook | Phone: (509) 359-7364 | Date: 5/27/2021 2:36:27 pm |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 7/1/2021 3:59:29 pm |



Ten-Year Analysis

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| Bill Number 5315 2S SB PL | Title Captive insurance | Agency 375 Central Washington University |
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

| Name of Tax or Fee | Acct Code | | | | | | | | | | | |
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| Agency Preparation: Erin Sargent | Phone: 509-963-2395 | Date: 5/27/2021 1:31:59 pm |
| Agency Approval: Lisa Plesha | Phone: (509) 963-1233 | Date: 5/27/2021 1:31:59 pm |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 7/1/2021 3:59:29 pm |



Ten-Year Analysis

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| Bill Number 5315 2S SB PL | Title Captive insurance | Agency 376 The Evergreen State College |
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts **Partially Indeterminate Cash Receipts** **Indeterminate Cash Receipts**

| Name of Tax or Fee | Acct Code | | | | | | | | | | | |
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| Agency Preparation: Holly Joseph | Phone: 360-867-6652 | Date: 6/23/2021 9:53:29 am |
| Agency Approval: Holly Joseph | Phone: 360-867-6652 | Date: 6/23/2021 9:53:29 am |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 7/1/2021 3:59:29 pm |



Ten-Year Analysis

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| Bill Number 5315 2S SB PL | Title Captive insurance | Agency 380 Western Washington University |
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

| Name of Tax or Fee | Acct Code | | | | | | | | | | | |
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| Agency Preparation: Kristen Stouder | Phone: (360) 650-2811 | Date: 5/28/2021 9:37:43 am |
| Agency Approval: Ted Castro | Phone: (360) 650-4694 | Date: 5/28/2021 9:37:43 am |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 7/1/2021 3:59:29 pm |



Ten-Year Analysis

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| Bill Number 5315 2S SB PL | Title Captive insurance | Agency 699 Community and Technical College System |
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This ten-year analysis is limited to agency estimated cash receipts associated with the proposed tax or fee increases. The Office of Financial Management ten-year projection can be found at <http://www.ofm.wa.gov/tax/default.asp>.

Estimates

No Cash Receipts

 Partially Indeterminate Cash Receipts

 Indeterminate Cash Receipts

| Name of Tax or Fee | Acct Code | | | | | | | | | | | |
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| Agency Preparation: Brian Myhre | Phone: 360-704-4413 | Date: 6/1/2021 11:02:45 am |
| Agency Approval: Cherie Berthon | Phone: 360-704-1023 | Date: 6/1/2021 11:02:45 am |
| OFM Review: Gaius Horton | Phone: (360) 819-3112 | Date: 7/1/2021 3:59:29 pm |