



SPONSOR: Rep. B. Short & Sen. Bushweller  
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HOUSE OF REPRESENTATIVES  
148th GENERAL ASSEMBLY

HOUSE BILL NO. 237

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO INSURANCE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend §702(c), Title 18 of the Delaware Code by making deletions as shown by strike through and  
2 insertions as shown by underline as follows:

3 (3) In lieu of paragraphs (1) and (2) of this subsection, the premium tax rate shall be 2% on the first \$100,000 of  
4 net premiums and 0.0% for the net premium exceeding \$100,000 for trust owned life insurance policies covering the life of  
5 an individual that participate in private placement under federal securities laws. Said tax shall be paid on net premiums and  
6 other considerations received on account of insurance contracts issued for delivery in this State, except that no premium tax  
7 shall be paid with respect to persons resident or located outside of this State upon whom premium tax is paid to the State of  
8 residency or location. The premium tax rate shall be calculated on the basis of net premiums (upon which taxes are payable  
9 to this State) received per policy in each calendar year. The tax imposed by this paragraph shall be the only tax imposed by  
10 this chapter on trust owned life insurance policies covering the life of an individual that participate in private placement  
11 under federal securities laws.

12 Section 2. Amend §702(c)(2), Title 18 of the Delaware Code by making deletions as shown by strike through and  
13 insertions as shown by underline as follows:

14 (2) In lieu of paragraph (1) of this subsection, there shall be paid a tax on a graduated basis at the rates set forth in  
15 the following table on net premiums per case for employer owned life insurance policies, as defined in § 2704(e)(3) of this  
16 title, and trust owned life insurance policies, as defined in § 2704(e)(4) of this title, not taxed pursuant to paragraph (3) of  
17 this subsection. For purposes of this ~~section~~ paragraph, a "case" is:

- 18 a. All contracts issued to an employer, or a trust established by an employer, ~~or~~ an individual, as appropriate; or  
19 b. All contracts issued to all employers or trusts that participate in a private placement under federal securities  
20 laws and/or purchase with respect to at least 25 lives policies covered by registrations under such laws.

SYNOPSIS

This bill sets the premium tax rate for trust owned private placement life insurance contracts covering the life of an individual at 2% for the first \$100,000 in premiums collected, with a premium tax rate of 0.0% for all premiums collected in excess of \$100,000.

