



# Fiscal Note

## Fiscal Services Division



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[SF 2499](#) – Captive Insurance Companies (LSB5452SZ)

Staff Contact: Xavier Leonard (515.725.0509) [xavier.leonard@legis.iowa.gov](mailto:xavier.leonard@legis.iowa.gov)

Fiscal Note Version – New

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### Description

[Senate File 2499](#) relates to captive insurance companies and life captive reinsurance companies, includes civil penalties, and does the following:

- Creates new criminal offenses for any present or former officer or employee of the State to willfully or recklessly publish a tax return filed pursuant to Iowa Code sections [432.1](#) (Tax on Gross Premiums — Exclusions) and [432.1A](#) (Tax on Premiums — Captive Companies). The penalty for this offense is a serious misdemeanor and, in addition to any other penalty, the person is to be dismissed from State office or discharged from State employment.
- Removes the initial registration fee of \$300 for each captive insurance company, individual series of members of a limited liability company, and each protected cell.
- Establishes a temporary premium tax waiver that non-life captive reinsurance companies may claim if they redomesticate to the State. The premium tax waiver does not apply to tax years 2030 and beyond. Includes payback provisions if a company receives the tax waiver and surrenders its license or redomesticates to another jurisdiction within five years from the date of redomestication into Iowa.
- Establishes regulatory framework for life captive reinsurance companies, including licensure requirements. Includes a \$2,500 nonrefundable fee alongside a certificate of authority application by a life captive reinsurance company. Permits the Iowa Insurance Division (IID) Commissioner to retain legal, financial, and examination services from outside experts as necessary for review of the application, the reasonable cost of which may be charged to the applicant.
- Establishes a \$2,500 annual renewal registration fee for a life captive reinsurance company's certificate of authority.
- Requires the IID Commissioner to examine the affairs, transactions, accounts, records, and assets of each life captive reinsurance company every five years, at minimum. Requires the life captive reinsurance company to pay for the costs incurred by the Commissioner in the examination.
- Authorizes life captive reinsurance companies domiciled in the State to apply for a certificate of dormancy. Includes requirements the company must meet for the Commissioner to authorize the certification, including the payment of an annual \$1,000 dormancy tax.
- Authorizes the IID to adopt administrative rules to implement and administer subchapter II (Life Captive Reinsurance Companies) of Iowa Code chapter [521J](#).

### Background

A serious misdemeanor is punishable by confinement of no more than one year and a fine of at least \$430 but not to exceed \$2,560.

According to the IID, there are three captive insurance companies currently domesticated in Iowa.

Registration fees, as well as other fees, assessments, fines, and administrative penalties collected under Iowa Code chapter 521J and all premium tax receipts collected from captive

companies, are paid into the Captive Insurance Regulatory and Supervision Fund (CIRSF). Created pursuant to Iowa Code section [521J.12](#), the CIRSF was established by 2023 Iowa Acts, chapter [107](#) (Taxation of Insurance Premiums and Captive Insurance Companies Act). The CIRSF has received a \$450,000 appropriation from the General Fund in fiscal years 2024, 2025, and 2026 in the annual Administration and Regulation Appropriations Act to examine and ensure compliance matters related to captive insurance. As of April 10, 2026, the balance of the CIRSF was \$723,000.

### Assumptions

- The following will not change over the projection period: charge, conviction, and sentencing patterns and trends; prisoner length of stay (LOS); revocation rates; plea bargaining; and other criminal justice system policies and practices.
- County jail data is unavailable. For purposes of this analysis, the marginal cost for county jails is assumed to be \$50 per day.
- Conviction data reflects the total number of convictions in adult court, which may include multiple convictions per individual. Not all convictions lead to incarceration, and there may be a delay between conviction and prison admission, which can contribute to differences in totals.
- A six-month delay is assumed from the effective date of the Bill to the date the first offender will enter the correctional system.
- Offender-based convictions are a count of individuals convicted of the same offense. Each offender is counted only once per Iowa Code section, regardless of the number of individual convictions.
- Admissions are a count of individuals newly admitted to the Department of Corrections (DOC) for supervision during a selected time period, based on the most serious offense committed.
- Work associated with the licensing and approval processes can be completed with the use of current staff.
- The number of captive companies that will domicile or redomesticate is unknown.
- No captive companies will apply for a certificate of dormancy.

### Correctional Impact

Senate File 2499 creates new offenses. The correctional impact cannot be determined because the number of new convictions under the Bill is unknown. **Figure 1** shows estimates for sentencing to State prison, parole, probation, or Community-Based Corrections (CBC) residential facilities; LOS in months under those supervisions; and supervision marginal costs per day for a serious misdemeanor.

**Figure 1 — Sentencing Estimates and Length of Stay (LOS) in Months**

Conviction Offense Class	Percent Ordered to State Prison	FY 2025 Avg LOS in Prison (All Releases)	Marginal Cost Per Day Prison	Percent Ordered to Probation	FY 2025 Field Avg LOS on Probation	Avg Cost Per Day Probation	Marginal Cost Per Day CBC	Marginal Cost Per Day Jail	FY 2025 Field Avg LOS on Parole	Marginal Cost Per Day Parole
Serious Misdemeanor	2.3%	7.3	\$23.07	44.8%	21.0	\$8.00	\$16.35	\$50.00	N/A	\$8.00

Refer to the Legislative Services Agency (LSA) memo addressed to the General Assembly, [Cost Estimates Used for Correctional Impact Statements](#), dated January 12, 2026, for information related to the correctional system.

### Minority Impact

Senate File 2499 creates new offenses and, as a result, existing data cannot be used to estimate the minority impact of the Bill. Refer to the LSA memo addressed to the General

Assembly, [Minority Impact Statements](#), dated January 12, 2026, for information related to minorities in the criminal justice system.

**Fiscal Impact**

The fiscal impact for Senate File 2499 cannot be determined because the number of companies that will domicile or redomesticate to Iowa is unknown.

The number of convictions under the Bill for willfully or recklessly publishing a tax return by a State officer or employee is unknown. The average State cost per serious misdemeanor is between \$350 and \$6,200. This includes operating costs incurred by the Judicial Branch, the Indigent Defense Fund, and the DOC. The costs would be incurred across multiple fiscal years for prison and parole supervision.

**Sources**

Department of Corrections  
Iowa Insurance Division (IID), Department of Insurance and Financial Services (DIFS)  
Division of Data, Planning, and Improvement (DPI), Department of Management (DOM)

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/s/ Jennifer Acton

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The Fiscal Note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this Fiscal Note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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