

HR 5637

Nonadmitted and Reinsurance Reform Act of 2006

Congress: 109 (2005–2007, Ended)

Chamber: House

Policy Area: Finance and Financial Sector

Introduced: Jun 19, 2006

Current Status: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

Latest Action: Read twice and referred to the Committee on Banking, Housing, and Urban Affairs. (Nov 13, 2006)

Official Text: <https://www.congress.gov/bill/109th-congress/house-bill/5637>

Sponsor

Name: Rep. Brown-Waite, Ginny [R-FL-5]

Party: Republican • **State:** FL • **Chamber:** House

Cosponsors (20 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Bachus, Spencer [R-AL-6]	R · AL		Jun 19, 2006
Rep. Baker, Richard H. [R-LA-6]	R · LA		Jun 19, 2006
Rep. Bean, Melissa L. [D-IL-8]	D · IL		Jun 19, 2006
Rep. Biggert, Judy [R-IL-13]	R · IL		Jun 19, 2006
Rep. Crowley, Joseph [D-NY-7]	D · NY		Jun 19, 2006
Rep. Feeney, Tom [R-FL-24]	R · FL		Jun 19, 2006
Rep. Fitzpatrick, Michael G. [R-PA-8]	R · PA		Jun 19, 2006
Rep. Fossella, Vito [R-NY-13]	R · NY		Jun 19, 2006
Rep. Holden, Tim [D-PA-17]	D · PA		Jun 19, 2006
Rep. Hooley, Darlene [D-OR-5]	D · OR		Jun 19, 2006
Rep. Israel, Steve [D-NY-2]	D · NY		Jun 19, 2006
Rep. Moore, Dennis [D-KS-3]	D · KS		Jun 19, 2006
Rep. Renzi, Rick [R-AZ-1]	R · AZ		Jun 19, 2006
Rep. Scott, David [D-GA-13]	D · GA		Jun 19, 2006
Rep. Sessions, Pete [R-TX-32]	R · TX		Jun 19, 2006
Rep. Wasserman Schultz, Debbie [D-FL-20]	D · FL		Jun 19, 2006
Rep. Gillmor, Paul E. [R-OH-5]	R · OH		Jun 21, 2006
Rep. McHenry, Patrick T. [R-NC-10]	R · NC		Jun 26, 2006
Rep. Campbell, John [R-CA-48]	R · CA		Jul 17, 2006
Rep. Manzullo, Donald A. [R-IL-16]	R · IL		Jul 18, 2006

Committee Activity

Committee	Chamber	Activity	Date
Banking, Housing, and Urban Affairs Committee	Senate	Referred To	Nov 13, 2006
Financial Services Committee	House	Reported by	Jul 19, 2006
Judiciary Committee	House	Hearings By (subcommittee)	Sep 19, 2006

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

No related bills are listed.

Nonadmitted and Reinsurance Reform Act of 2006 - **Title I: Nonadmitted Insurance** - (Sec. 101) Prohibits any state other than the home state of an insured from requiring a premium tax payment for nonadmitted insurance (property and casualty insurance, usually for unique or hard-to-place risks, permitted to be placed directly or through a surplus lines broker with an eligible nonadmitted insurer, that is, an insurer not licensed to engage in the insurance business in a state).

Authorizes states to enter into a compact or otherwise establish procedures to allocate among them the premium taxes paid to an insured's home state.

Declares that Congress intends that each state adopt a nationwide or uniform procedure, such as an interstate compact, that provides for the reporting, payment, collection, and allocation of premium taxes for nonadmitted insurance.

Allows an insured's home state to require surplus lines brokers (licensed in a state to sell, solicit, or negotiate insurance with nonadmitted insurers) and insureds who have independently procured insurance to file tax allocation reports annually with the insured's home state detailing the portion of the nonadmitted insurance policy premium or premiums attributable to properties, risks or exposures located in each state.

(Sec. 102) Subjects nonadmitted insurance solely to the regulatory requirements of the insured's home state.

Declares that only an insured's home state may: (1) require a surplus lines broker to be licensed to sell, solicit, or negotiate nonadmitted insurance with respect to such insured; or (2) enforce regulations governing nonadmitted insurance. Exempts workers' compensation insurance from the home state preemption.

(Sec. 103) Prohibits a state from collecting fees relating to licensure of a surplus lines broker in the state unless it has a regulatory mechanism in effect for participation in the national insurance producer database of the National Association of Insurance Commissioners (NAIC).

(Sec. 104) Prohibits a state from: (1) establishing eligibility criteria for nonadmitted insurers domiciled in a U.S. jurisdiction except in conformance with the Non-Admitted Insurance Model Act; or (2) prohibiting a surplus lines broker from placing nonadmitted insurance with, or procuring nonadmitted insurance from, a nonadmitted insurer domiciled outside the United States and listed on the NAIC International Insurers Department Quarterly Listing of Alien Insurers.

(Sec. 105) Prescribes conditions under which a surplus lines broker seeking to procure or place nonadmitted insurance in a state for an exempt commercial purchaser shall not be required to satisfy any state requirement to make a due diligence search to determine whether the full amount or type of insurance sought by the exempt commercial purchaser can be obtained from admitted insurers.

Defines exempt commercial purchaser as any person purchasing commercial insurance that: (1) employs or retains a qualified risk manager to negotiate insurance coverage; (2) has paid aggregate nationwide commercial property and casualty insurance premiums in excess of \$100,000 in the immediately preceding 12 months; and (3) meets at least one of certain net worth, revenue, employee, or annual expenditure criteria, or is a municipality with a population of over 50,000.

(Sec. 106) Directs the Comptroller General to study and report to certain congressional committees regarding the nonadmitted insurance market to determine effect of this Act upon the size and market share of the nonadmitted

insurance market for providing coverage typically provided by the admitted insurance market.

Title II: Reinsurance - (Sec. 201) Prohibits a state from denying credit for reinsurance if the state of domicile of an insurer purchasing reinsurance (ceding insurer): (1) is either an NAIC-accredited state; or (2) has financial solvency requirements substantially similar to NAIC accreditation requirements and recognizes credit for reinsurance for the insurer's ceded risk.

Preempts the extraterritorial application of the law of a state other than the ceding insurer's state of domicile to the extent that such law prescribes certain restrictions or requirements.

(Sec. 202) Reserves to the state of domicile of a reinsurer sole responsibility for regulating the reinsurer's financial solvency if the state is NAIC-accredited, or has financial solvency requirements substantially similar to NAIC accreditation requirements.

Prohibits a state from requiring a reinsurer to provide any additional financial information other than that required to file with its NAIC-compliant domiciliary state.

Title III: Rule of Construction - Declares that this Act shall not be construed to modify, impair, or supersede the application of the antitrust laws.

Requires any implied or actual conflict between this Act and any amendments to this Act and the antitrust laws to be resolved in favor of the operation of the antitrust laws.

Actions Timeline

- **Nov 13, 2006:** Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.
- **Sep 28, 2006:** Received in the Senate.
- **Sep 27, 2006:** Mr. Oxley moved to suspend the rules and pass the bill, as amended.
- **Sep 27, 2006:** Considered under suspension of the rules. (consideration: CR H7561-7565)
- **Sep 27, 2006:** DEBATE - The House proceeded with forty minutes of debate on H.R. 5637.
- **Sep 27, 2006:** At the conclusion of debate, the Yeas and Nays were demanded and ordered. Pursuant to the provisions of clause 8, rule XX, the Chair announced that further proceedings on the motion would be postponed.
- **Sep 27, 2006:** Considered as unfinished business. (consideration: CR H7592)
- **Sep 27, 2006:** Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended Agreed to by the Yeas and Nays: (2/3 required): 417 - 0 (Roll no. 492).(text: CR H7561-7563)
- **Sep 27, 2006:** On motion to suspend the rules and pass the bill, as amended Agreed to by the Yeas and Nays: (2/3 required): 417 - 0 (Roll no. 492). (text: CR H7561-7563)
- **Sep 27, 2006:** Motion to reconsider laid on the table Agreed to without objection.
- **Sep 22, 2006:** Committee on Judiciary discharged.
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- **Sep 22, 2006:** Placed on the Union Calendar, Calendar No. 404.
- **Sep 19, 2006:** Subcommittee Hearings Held.
- **Sep 18, 2006:** Referred to the Subcommittee on Commercial and Administrative Law.
- **Sep 12, 2006:** Reported (Amended) by the Committee on Financial Services. H. Rept. 109-649, Part I.
- **Sep 12, 2006:** Reported (Amended) by the Committee on Financial Services. H. Rept. 109-649, Part I.
- **Sep 12, 2006:** House Committee on Judiciary Granted an extension for further consideration ending not later than Sept. 22, 2006.
- **Jul 26, 2006:** Committee Consideration and Mark-up Session Held.
- **Jul 26, 2006:** Ordered to be Reported (Amended) by Voice Vote.
- **Jul 26, 2006:** Mr. Price (GA) asked unanimous consent that the Committee on Financial Services have until 5:00 p.m. on Aug. 11 to file a report on H.R. 5637. Agreed to without objection.
- **Jul 19, 2006:** Subcommittee Consideration and Mark-up Session Held.
- **Jul 19, 2006:** Forwarded by Subcommittee to Full Committee (Amended) by Voice Vote .
- **Jul 18, 2006:** Referred to the Subcommittee on Capital Markets, Insurance and Government Sponsored Enterprises.
- **Jun 19, 2006:** Introduced in House
- **Jun 19, 2006:** Introduced in House
- **Jun 19, 2006:** Referred to the Committee on Financial Services, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.
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