County, Florida. The crowd packed in the school's auditorium was evidence of the impact that last month's incident had on citizens across America.

The ordeal that Ensign Bensing endured may have occurred halfway around the world, but it captured the minds and hearts of the entire nation. The flight, and the eleven long days following, reminded us of the great risk that our men and women in uniform take every day to keep our nation free. Our service men and women, wherever they are stationed, represent the best of our country—they are our nation's sons and daughters. We can never take their sacrifice for granted, and in this case, we should be extremely grateful that Richard and the entire crew returned home safely.

I would like to commend Richard Bensing and all of his fellow crew members for the extraordinary dedication and professionalism they demonstrated throughout their ordeal. By your example, you have made us proud to be Americans. We are glad to have you home.

REINSURANCE TAX EQUITY ACT

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 8, 2001

Mr. NEAL of Massachusetts. Mr. Speaker, today I am joining my colleague, Representative NANCY JOHNSON, in introducing legislation to put an end to the Bermuda reinsurance tax loophole.

During the past few years, several Bermuda-based companies have either acquired a U.S. property-casualty insurer, or U.S. reinsurers have relocated to Bermuda. One reason for these actions was to allow insurers to avoid U.S. income tax on investment income by reinsuring their U.S. owned subsidiaries' reserves to a parent located in a tax haven such as Bermuda, which has no income tax. It works like this: the company pays a one-time I percent federal excise tax to reinsure offshore, and in return, the foreign reinsurer earns tax-free investment income on the transferred reserves for as long as they are held offshore. By escaping all U.S. income tax on investment income, these companies can have up to a ten percent pricing advantage over U.S. taxpaying companies in the U.S. in the ''long-tail'' insurance marketplace.

Mr. Speaker, such an advantage for some foreign companies over U.S. owned companies is patently unfair and should be eliminated immediately. Our legislation solves the problem by deferring the deduction for reinsurance premiums until the loss is paid in recognition that the primary insurance covers U.S. business risk. Again, this would only apply when reinsurance to parent companies in tax havens is used. Of course, these companies would have the option of being taxed like a U.S. company and thereby avoid this provision.

This is not a trade issue, as some would like to make it. The purpose of reinsurance is to enable property-casualty companies to spread risk among several companies. The practice of reinsurance allows greater access to insurance for consumers, promotes solvency in the marketplace, and helps ensure claims are paid to customers. But this is not the true purpose of the transactions affected by this bill. In these cases, reinsurance is written between related parties—a U.S. subsidiary cedes U.S. business to its foreign based parent—to obtain a tax benefit. No risk has been spread in this transaction, the company is simply moving money from one pocket to another pocket within the same corporate entity.

Mr. Speaker, this is clearly a very technical issue, but that should not stop Congress from moving quickly to shut down this loophole. If we do not stop this practice, other U.S. companies will be forced to relocate to Bermuda, or be bought by a Bermuda based parent, in order to stay competitive. This, in turn, will result in a significant reduction in U.S. corporate tax payments, and has implications not only for the property casualty business but also for affiliated corporations, especially life insurance companies, who could in theory benefit from this loophole.

Mr. Speaker, this may be simply one issue in a series of issues that may need to be addressed by Congress. For example, there is another, separate issue, emerging involving hedge funds and Bermuda insurance companies. When U.S. taxpayers invest in hedge funds, they pay taxes each year on realized profits, usually at the ordinary income tax rate. However, if they invest in shares of an offshore reinsurance company in a tax haven country like Bermuda, they pay nothing on trading profits until they sell shares of the company and those profits are taxed at the capital gains rate. Congress has taken the position several times over the past few years that investors should not get better tax treatment by investing indirectly than they would have gotten if they had made a direct investment in an asset. To quote one article, ''The Bermuda reinsurance game is a thing of beauty. High-net-worth investors get the double tax advantage of investing in a Bermuda insurance company while literally capitalizing on hedge fund returns. Institutional investors that might be prohibited from investing directly in hedge funds can do so through an insurance company . . . You are effectively taking U.S. assets and moving them offshore. . . .''

Mr. Speaker, I believe we need to look generally at these issues. However, the matter at hand is one specific transaction that has been studied for a year at the Treasury Department, and it is time to either create fair competition for U.S. businesses, or declare that the U.S. government does not care if U.S. tax laws give a competitive advantage to foreign companies doing business in the United States.

BASE-SPONSORED VIOLENCE PREVENTION WEEK

HON. FELIX J. GRUCCI, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 8, 2001

Mr. GRUCCI. Mr. Speaker, I rise today to honor the work and dedication of literally thousands of students, parents, teachers, school districts and officials of government from New York's First Congressional District who come together to promote and participate in the first annual Violence Prevention Week, May 1–7, 2001.

BASE, or Building A Safe Environment, is a grassroots community awareness group founded by Janine Giordano and Tracie Jedlicka.

BASE reached across to 11 school districts and communities to encourage children to be better people, more caring and considerate to one another, and active participants in making their neighborhoods a better place.

As the former Town Supervisor of Brookhaven, I worked with BASE on this worthwhile and important initiative.

Young people and community groups throughout the First District of New York and Suffolk County expressed their support by displaying lavender ribbons, creating banners and signs marking Violence Prevention Week, and held community meetings and student assemblies.

BASE's goal could have only been achieved through the hard work and support of many volunteers, parents, students, schools and government officials. These schools and groups include:

Miller Place, Rocky Point, Shoreham-Wading River, Comsewogue, Sachem, Longwood, Middle Country, Patchogue-Medord, Bellport, Bayport-Bluepoint and Commack, the North Shore Youth Council, Brookhaven Town and Suffolk County.

Mr. Speaker, I want to add my voice and that of the First Congressional District of New York in congratulating the fine work of BASE and all those who participated in making Violence Prevention Week in Suffolk County a success.

ACHIEVING POLITICAL STABILITY AND BALANCE IN HAITI

HON. BARBARA LEE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 8, 2001

Ms. LEE. Mr. Speaker, on the heels of a successful OAS summit in Quebec, Canada, Haiti President Jean Bertrand Aristide has redoubled his personal efforts to include all parties in achieving political stability and balance in Haiti. In an effort to achieve this objective, on his return from the Summit, President Aristide, publicly stated, ''This is the hour of dialogue, this is the hour of consultation, this is the hour of consensus, this is the hour of compromise. Our arms are open to receive all our citizens in mutual respect to continue to find those essential solutions for democratic growth.''

Putting words into action, the President invited all opposition groups, as well as members of the private sector and civil society to meet with him at the National Palace on May 2, 2001 to ''promote transparency and expand the dialogue toward a solution to the crisis resulting from the 2000 election.''

Although 12 opposition groups accepted the invitation to the meeting, one of the opposition groups known as Convergence continues to refuse to meet and talk with the President. President Aristide invited Convergence representatives to meet at the Presidential Palace and work towards solutions in Haiti's remaining political and election issues. Despite this personal invitation and the President's demonstrated intention and willingness to work with all groups to establish the strongest possible democracy in Haiti, Convergence continues to refuse to participate.