

110TH CONGRESS
2D SESSION

H. R. 6213

To establish the Reinsurance International Solvency Standards Evaluation Board.

IN THE HOUSE OF REPRESENTATIVES

JUNE 9, 2008

Mr. FEENEY introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To establish the Reinsurance International Solvency Standards Evaluation Board.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Reinsurance Inter-
5 national Solvency Standards Evaluation Board Act of
6 2008”.

7 **SEC. 2. ESTABLISHMENT.**

8 There is established the Reinsurance International
9 Solvency Standards Evaluation Board, to evaluate the re-
10 insurance supervisory systems of the States of the United

1 States and jurisdictions outside the United States to de-
2 termine, on a uniform basis, whether such systems provide
3 adequate capital and risk management standards and an
4 acceptable level of prudential supervision over their domi-
5 ciled reinsurers.

6 **SEC. 3. CORPORATE STATUS.**

7 (a) IN GENERAL.—The Board shall—

8 (1) be a nonprofit corporation;

9 (2) have succession until dissolved by an Act of
10 Congress;

11 (3) not be an agency or establishment of the
12 United States Government; and

13 (4) except as otherwise provided in this Act, be
14 subject to, and have all the powers conferred upon
15 a nonprofit corporation by, the District of Columbia
16 Nonprofit Corporation Act.

17 (b) NONGOVERNMENTAL EMPLOYEES.—No member
18 or person employed by, or who is an agent for, the Board
19 shall be considered to be an officer or employee of or agent
20 for the Federal Government by reason of such service.

21 **SEC. 4. MEMBERSHIP AND OVERSIGHT.**

22 (a) APPOINTMENT.—The Board shall have seven
23 members as follows:

24 (1) All members shall be appointed by the
25 President from among individuals who have dem-

1 onstrated expertise in reinsurance matters and shall
2 serve at the pleasure of the President.

3 (2) A majority of the members of the Board
4 shall be selected from among the lists of individuals
5 having reinsurance regulatory expertise that may be
6 submitted to the President by any State insurance
7 regulatory authority or any association representing
8 such authorities, subject only to the submission of
9 multiple such lists and the inclusion in each list sub-
10 mitted of a reasonable number of names of individ-
11 uals.

12 (b) TERMS.—

13 (1) IN GENERAL.—Except as provided in para-
14 graph (2), each member of the Board shall be ap-
15 pointed for a term of seven years.

16 (2) TERMS OF INITIAL APPOINTEES.—As des-
17 ignated by the President at the time of appointment,
18 of the members of the Board first appointed, one
19 each shall be appointed for a term of one year, for
20 a term of two years, for a term of three years, for
21 a term of four years, for a term of five years, and
22 for a term of six years.

23 (c) OVERSIGHT.—The President, or the President's
24 designee, may prohibit or suspend the effectiveness of any
25 action of the Board that the President or such designee

1 determines, after advance public notice and comment
2 where appropriate, is significantly contrary to the public
3 interest.

4 **SEC. 5. DUTIES.**

5 The duties of the Board shall be—

6 (1) to establish standards and procedures to
7 evaluate the reinsurance supervisory systems of the
8 States and foreign jurisdictions in accordance with
9 section 6;

10 (2) to conduct such evaluations;

11 (3) to certify, pursuant to section 6(c), reinsur-
12 ance supervisory systems that comply with such
13 standards;

14 (4) to facilitate the development of uniform
15 standards for regulation of reinsurance;

16 (5) to perform such other duties or functions as
17 the Board determines are necessary or appropriate
18 to carry out this Act; and

19 (6) to establish the budget and manage the op-
20 erations of the Board and the staff of the Board.

21 **SEC. 6. EVALUATION AND CERTIFICATION OF REINSUR-**
22 **ANCE SUPERVISORY SYSTEMS.**

23 (a) STANDARDS.—The Board shall establish uniform
24 standards for reinsurance supervisory systems of States
25 and foreign jurisdictions that ensure that any such system

1 that complies with such standards provides adequate cap-
2 ital and risk management standards and an acceptable
3 level of prudential supervision over reinsurers domiciled in
4 such State or jurisdiction.

5 (b) PROCEDURES.—The Board shall establish proce-
6 dures for any entity to make a request for evaluation of
7 the reinsurance supervisory system of a State or foreign
8 jurisdiction to determine compliance of such system with
9 the standards established by the Board pursuant to sub-
10 section (a). Such procedures shall provide that an evalua-
11 tion shall be conducted only upon payment to the Board
12 of a fee in the amount established pursuant to subsection
13 (c).

14 (c) FEES.—The Board shall establish a fee for con-
15 ducting evaluations under this section in the amount such
16 that the aggregate of fees collected covers all costs of con-
17 ducting evaluations under this section and all other costs
18 of the establishment and operation of the Board.

19 (d) CERTIFICATION.—If, upon conducting of an eval-
20 uation under this section with respect to the reinsurance
21 supervisory system of any State or foreign jurisdiction, the
22 Board determines that the system complies with the
23 standards established pursuant to subsection (a), the
24 Board shall certify such compliance and publish notice and
25 evidence of such certification in an appropriate manner.

1 Such certification shall be effective for a term of 12
2 months from the date of initial certification.

3 (e) PUBLIC NOTICE AND COMMENT.—In developing
4 standards, procedures, and fee levels pursuant to sub-
5 sections (a) through (c) and making determinations pursu-
6 ant to subsection (d), the Board shall provide appropriate
7 advance public notice and opportunity for public comment.

8 **SEC. 7. TREATMENT OF CERTIFIED REINSURANCE SUPER-**
9 **VISORY SYSTEMS.**

10 (a) CREDIT FOR REINSURANCE.—The domiciliary
11 State of a ceding insurer may not treat a reinsurer domi-
12 ciled in any other domestic or foreign jurisdiction dif-
13 ferently from reinsurers domiciled and in good standing
14 in such domiciliary State for the purpose of determining
15 credit for reinsurance for that ceding insurer, if—

16 (1) the domestic or foreign jurisdiction is cer-
17 tified pursuant to section 6(d); and

18 (2) the reinsurer is in good standing in such
19 other jurisdiction.

20 (b) PREEMPTION OF INCONSISTENT STATE LAWS.—
21 All laws, regulations, provisions, or other actions of a
22 State are preempted to the extent that they are incon-
23 sistent with subsection (a).

1 **SEC. 8. FACILITATION OF UNIFORM REINSURANCE STAND-**
2 **ARDS.**

3 (a) DEVELOPMENT OF PROPOSED STANDARDS.—The
4 Board shall periodically develop proposed uniform stand-
5 ards to improve various aspects of reinsurance regulation,
6 particularly where a domestic or international consensus
7 standard or conflict of law has emerged.

8 (b) REPORTING OF PROPOSED STANDARDS.—The
9 Board shall report any standards proposed under sub-
10 section (a) to the appropriate State and Federal entities,
11 including proposed enacting or implementing language, as
12 appropriate.

13 **SEC. 9. POWERS OF BOARD.**

14 In addition to any other authority granted to the
15 Board in this Act, the Board shall have the power—

16 (1) to sue and be sued, complain and defend, in
17 its corporate name and through its own counsel,
18 with the approval of the President, in any Federal,
19 State, or other court;

20 (2) to conduct its operations and maintain of-
21 fices, and to exercise all other rights and powers au-
22 thorized by this Act, in any State, without regard to
23 any qualification, licensing, or other provision of law
24 in effect in such State (or a political subdivision
25 thereof);

1 (3) to lease, purchase, accept gifts or donations
2 of or otherwise acquire, improve, use, sell, exchange,
3 or convey, all of or an interest in any property,
4 wherever situated;

5 (4) to hire employees, professionals, and spe-
6 cialists, and elect or appoint officers, and to fix their
7 compensation, define their duties, determine their
8 qualification, and give them appropriate authority to
9 carry out the purposes of the Act; and to establish
10 the personnel policies and programs for the Board
11 relating to conflicts of interest, rates of compensa-
12 tion, and such other matters as the Board considers
13 appropriate;

14 (5) to allocate, assess, and collect fees estab-
15 lished pursuant to section 6(c); and

16 (6) to enter into agreements, incur liabilities,
17 and do any and all other acts and things necessary,
18 appropriate, or incidental to the conduct of its oper-
19 ations and the exercise of its obligations, rights, and
20 powers imposed or granted by this Act.

21 **SEC. 10. RULES AND BYLAWS.**

22 The Board shall establish such rules and bylaws as
23 the Board determines necessary—

24 (1) to provide for the operation and administra-
25 tion of the Board, the exercise of its authority, and

1 the performance of its responsibilities under this
2 Act;

3 (2) to permit, as the Board determines nec-
4 essary or appropriate, delegation by the Board of
5 any of its functions to an individual member or em-
6 ployee of the Board, or to a division of the Board,
7 including functions with respect to hearing, deter-
8 mining, ordering, certifying, reporting, or otherwise
9 acting as to any matter; and

10 (3) to otherwise carry out this Act.

11 **SEC. 11. CONSULTATION WITH FEDERAL AGENCIES.**

12 The Board shall coordinate with other Federal and
13 State agencies as necessary to assist and advise the Board
14 in performing its duties under this Act.

15 **SEC. 12. DEFINITIONS.**

16 For purposes of this Act, the following definitions
17 shall apply:

18 (1) BOARD.—The term “Board” means the Re-
19 insurance International Solvency Standards Evalua-
20 tion Board established by section 2.

21 (2) CEDING INSURER.—The term “ceding in-
22 surer” means an insurer that purchases reinsurance.

23 (3) DOMICILED.—The term “domiciled” means,
24 with respect to an insurer or reinsurer, to be incor-
25 porated or entered through, and licensed.

1 (4) DOMICILIARY STATE.—The term “domiciliary State” means, with respect to an insurer or
2 reinsurer, the State in which the insurer or reinsurer
3 is domiciled.

5 (5) INSURANCE.—The term “insurance” means
6 any product, other than title insurance, defined or
7 regulated as insurance by the appropriate State insurance regulatory authority.

9 (6) REINSURANCE.—The term “reinsurance”
10 means the assumption by an insurer of all or part
11 of a risk undertaken by another insurer.

12 (7) REINSURANCE SUPERVISORY SYSTEM.—The
13 term “reinsurance supervisory system” means, with
14 respect to a State or foreign jurisdiction, the agency,
15 board, commission, or other entity that has primary
16 regulatory authority over the business of reinsurance
17 for the State or jurisdiction.

18 (8) STATE.—The term “State” means the
19 States of the United States, the District of Columbia,
20 the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam,
21 the Virgin Islands, American Samoa, any other territory or possession of the United States.

24 (9) STATE INSURANCE REGULATORY AUTHORITY.—The term “State insurance regulatory author-
25 ity.”

1 ity’’ means, with respect to a State, the officer,
2 agency, board, commission, or other entity of a State
3 that has primary regulatory authority over the busi-
4 ness of insurance for the State.

5 **SEC. 13. LOAN FOR INITIAL FUNDING.**

6 (a) **IN GENERAL.**—Upon the initial appointment of
7 all of the members of the Board, the Secretary of the
8 Treasury shall make a direct loan to the Board of
9 \$10,000,000, which shall be available only for use for
10 operational and administrative costs of the Board in car-
11 rying out its duties under this Act.

12 (b) **TERMS.**—The loan under this section shall—

13 (1) be repaid not later than the expiration of
14 the 5-year period beginning upon the making of the
15 loan; and

16 (2) bear interest at the annual rate of interest
17 paid under marketable obligations of the United
18 States having comparable maturities and most re-
19 cently issued by the Secretary of the Treasury before
20 the making of the loan under this section.

21 (c) **AUTHORIZATION OF APPROPRIATIONS FOR**
22 **COSTS.**—There is authorized to be appropriated such
23 sums as may be necessary for the costs (as such term is

1 defined in section 502 of the Federal Credit Reform Act
2 of 1990 (2 U.S.C. 661a)) of the loan under this section.

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