

I have long been a supporter of credit unions, especially federal credit unions. There was a period of time when the major banks and other financial institutions abandoned many Los Angeles communities, including those within my district. Federal credit unions did the opposite and decided to invest in the people of communities such as Inglewood, Hawthorne, Gardena and Manhattan Beach. Credit unions have made a strong commitment to serve the communities where their members reside and have created a model more financial institutions should follow.

I am proud to recognize the improvements credit unions have made in Los Angeles and across our country. I urge other members to join me in supporting H. Res. 556.

Mr. GARRETT of New Jersey. I yield back the balance of my time.

Mr. HIMES. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Connecticut (Mr. HIMES) that the House suspend the rules and agree to the resolution, H. Res. 556.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the resolution was agreed to.

A motion to reconsider was laid on the table.

PROMOTING TRANSPARENCY IN FINANCIAL REPORTING ACT OF 2009

Mr. MOORE of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2664) to require annual oral testimony before the Financial Services Committee of the Chairperson or a designee of the Chairperson of the Securities and Exchange Commission, the Financial Accounting Standards Board, and the Public Company Accounting Oversight Board, relating to their efforts to promote transparency in financial reporting.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2664

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Promoting Transparency in Financial Reporting Act of 2009".

SEC. 2. FINDINGS.

Congress finds the following:

(1) Transparent and clear financial reporting is integral to the continued growth and strength of our capital markets and the confidence of investors.

(2) The increasing detail and volume of accounting, auditing, and reporting guidance pose a major challenge.

(3) The complexity of accounting and auditing standards in the United States has added to the costs and effort involved in financial reporting.

SEC. 3. ANNUAL TESTIMONY ON REDUCING COMPLEXITY IN FINANCIAL REPORTING.

The Securities and Exchange Commission, the Financial Accounting Standards Board, and the Public Company Accounting Oversight Board shall annually provide oral testi-

mony by their respective Chairpersons or a designee of the Chairperson, beginning in 2009, and for 5 years thereafter, to the Committee on Financial Services of the House of Representatives on their efforts to reduce the complexity in financial reporting to provide more accurate and clear financial information to investors, including—

(1) reassessing complex and outdated accounting standards;

(2) improving the understandability, consistency, and overall usability of the existing accounting and auditing literature;

(3) developing principles-based accounting standards;

(4) encouraging the use and acceptance of interactive data; and

(5) promoting disclosures in "plain English".

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kansas (Mr. MOORE) and the gentleman from New York (Mr. LEE) each will control 20 minutes.

The Chair recognizes the gentleman from Kansas.

GENERAL LEAVE

Mr. MOORE of Kansas. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MOORE of Kansas. I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 2664, the Promoting Transparency in Financial Reporting Act, drafted by the gentleman from New York, Congressman CHRIS LEE.

I commend his work on this bill, H.R. 2664. It is a bipartisan bill that is also sponsored by Congressmen DAVID SCOTT, GEOFF DAVIS, MIKE CASTLE, and ADAM PUTNAM.

Following the financial crisis our country faced last year, it is clear that we need to improve the oversight and transparency of the financial services industry. This bill would require the Securities and Exchange Commission, the Financial Accounting Standards Board and the Public Company Accounting Oversight Board to provide annual testimony to Congress for 5 years. Their testimony will help us to understand and support their efforts to reduce the complexity in financial reporting and to provide more accurate and clear financial information to investors.

Again, Mr. Speaker, I commend Congressman LEE for his work on this legislation, and I urge my colleagues to support it.

I reserve the balance of my time.

Mr. LEE of New York. I yield myself such time as I may consume.

Mr. Speaker, I rise today in support of H.R. 2664, the Promoting Transparency in Financial Reporting Act.

I would like to thank the cosponsors of this bipartisan measure, including Mr. DAVIS of Kentucky, who championed this proposal in earlier Congresses, Mr. PUTNAM, Mr. CASTLE, and Mr. SCOTT of Georgia.

Every day, I hear from constituents who are experiencing a great amount of anxiety over what is happening to their portfolios—from younger families who are trying to save for their first homes or older workers who have had to put off long-planned retirements. While they certainly understand most of these losses can be attributed to the turmoil of our economy, we now know the role that faulty financial reporting, be it intentional or otherwise, played in affecting investors' decisions.

This issue, of course, features prominently in ongoing discussions of regulatory reform frameworks, and rightly so. We won't be able to fully restore investor and consumer confidence unless we have a system that allows for the clearest and most accurate financial reporting. That's why we need transparency.

It's not enough, however, just to pursue and to promote transparency for its own sake. Having run a business, I know that, if you want to have a healthy corporate environment, you have to have sound financial reporting. I also understand how time-consuming and costly these accounting processes can be. So it is critical, in bringing information to light, that we also take care to identify the complexities that trip up everyone from small businesses to large corporations and then pursue reforms that may simplify and improve the process.

That's why, with this simple bipartisan measure, we would require annual congressional testimony by the Securities and Exchange Commission, by the Financial Accounting Standards Board and by the Public Company Accounting Oversight Board on efforts being undertaken to reduce the complexity and costs of financial reporting and to increase transparency for investors.

Specifically, H.R. 2664 helps Congress exercise legitimate oversight authority to hold these institutions accountable for protecting taxpayers and for making progress on the following critical issues: First, reassessing complex and outdated accounting standards; second, increasing the usability of the existing accounting and auditing literature; third, developing principle-based accounting standards; fourth, encouraging the use and acceptance of interactive data; and fifth, promoting disclosure in plain English.

This bipartisan Promoting Transparency in Financial Reporting Act represents a critical step towards protecting taxpayers by creating a process for simplifying and for improving our financial reporting framework. I urge the immediate passage of this important bipartisan legislation.

I yield back the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, the Promoting Transparency in Financial Reporting Act will help provide greater transparency and clarity for investors. I urge my colleagues to support this bill.

I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Kansas (Mr. MOORE) that the House suspend the rules and pass the bill, H.R. 2664.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

NONADMITTED AND REINSURANCE REFORM ACT OF 2009

Mr. MOORE of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2571) to streamline the regulation of nonadmitted insurance and reinsurance, and for other purposes.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2571

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Nonadmitted and Reinsurance Reform Act of 2009”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title and table of contents.
Sec. 2. Effective date.

TITLE I—NONADMITTED INSURANCE

Sec. 101. Reporting, payment, and allocation of premium taxes.
Sec. 102. Regulation of nonadmitted insurance by insured’s home State.
Sec. 103. Participation in national producer database.
Sec. 104. Uniform standards for surplus lines eligibility.
Sec. 105. Streamlined application for commercial purchasers.
Sec. 106. GAO study of nonadmitted insurance market.
Sec. 107. Definitions.

TITLE II—REINSURANCE

Sec. 201. Regulation of credit for reinsurance and reinsurance agreements.
Sec. 202. Regulation of reinsurer solvency.
Sec. 203. Definitions.

TITLE III—RULE OF CONSTRUCTION

Sec. 301. Rule of construction.
Sec. 302. Severability.

SEC. 2. EFFECTIVE DATE.

Except as otherwise specifically provided in this Act, this Act shall take effect upon the expiration of the 12-month period beginning on the date of the enactment of this Act.

TITLE I—NONADMITTED INSURANCE

SEC. 101. REPORTING, PAYMENT, AND ALLOCATION OF PREMIUM TAXES.

(a) HOME STATE’S EXCLUSIVE AUTHORITY.—No State other than the home State of an insured may require any premium tax payment for nonadmitted insurance.

(b) ALLOCATION OF NONADMITTED PREMIUM TAXES.—

(1) IN GENERAL.—The States may enter into a compact or otherwise establish procedures to allocate among the States the premium taxes paid to an insured’s home State described in subsection (a).

(2) EFFECTIVE DATE.—Except as expressly otherwise provided in such compact or other

procedures, any such compact or other procedures—

(A) if adopted on or before the expiration of the 330-day period that begins on the date of the enactment of this Act, shall apply to any premium taxes that, on or after such date of enactment, are required to be paid to any State that is subject to such compact or procedures; and

(B) if adopted after the expiration of such 330-day period, shall apply to any premium taxes that, on or after January 1 of the first calendar year that begins after the expiration of such 330-day period, are required to be paid to any State that is subject to such compact or procedures.

(3) REPORT.—Upon the expiration of the 330-day period referred to in paragraph (2), the NAIC may submit a report to the Committee on Financial Services and Committee on the Judiciary of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate identifying and describing any compact or other procedures for allocation among the States of premium taxes that have been adopted during such period by any States.

(4) NATIONWIDE SYSTEM.—The Congress intends that each State adopt nationwide uniform requirements, forms, and procedures, such as an interstate compact, that provides for the reporting, payment, collection, and allocation of premium taxes for nonadmitted insurance consistent with this section.

(c) ALLOCATION BASED ON TAX ALLOCATION REPORT.—To facilitate the payment of premium taxes among the States, an insured’s home State may require surplus lines brokers and insureds who have independently procured insurance to annually file tax allocation reports 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. The filing of a nonadmitted insurance tax allocation report and the payment of tax may be made by a person authorized by the insured to act as its agent.

SEC. 102. REGULATION OF NONADMITTED INSURANCE BY INSURED’S HOME STATE.

(a) HOME STATE AUTHORITY.—Except as otherwise provided in this section, the placement of nonadmitted insurance shall be subject to the statutory and regulatory requirements solely of the insured’s home State.

(b) BROKER LICENSING.—No State other than an insured’s home State may require a surplus lines broker to be licensed in order to sell, solicit, or negotiate nonadmitted insurance with respect to such insured.

(c) ENFORCEMENT PROVISION.—With respect to section 101 and subsections (a) and (b) of this section, any law, regulation, provision, or action of any State that applies or purports to apply to nonadmitted insurance sold to, solicited by, or negotiated with an insured whose home State is another State shall be preempted with respect to such application.

(d) WORKERS’ COMPENSATION EXCEPTION.—This section may not be construed to preempt any State law, rule, or regulation that restricts the placement of workers’ compensation insurance or excess insurance for self-funded workers’ compensation plans with a nonadmitted insurer.

SEC. 103. PARTICIPATION IN NATIONAL PRODUCER DATABASE.

After the expiration of the 2-year period beginning on the date of the enactment of this Act, a State may not collect any fees relating to licensing of an individual or entity as a surplus lines broker in the State unless the State has in effect at such time laws or regulations that provide for participation by the State in the national insurance producer database of the NAIC, or any other equivalent

uniform national database, for the licensure of surplus lines brokers and the renewal of such licenses.

SEC. 104. UNIFORM STANDARDS FOR SURPLUS LINES ELIGIBILITY.

A State may not—

(1) impose eligibility requirements on, or otherwise establish eligibility criteria for, nonadmitted insurers domiciled in a United States jurisdiction, except in conformance with such requirements and criteria in sections 5A(2) and 5C(2)(a) of the Non-Admitted Insurance Model Act, unless the State has adopted nationwide uniform requirements, forms, and procedures developed in accordance with section 101(b) of this Act that include alternative nationwide uniform eligibility requirements; and

(2) prohibit a surplus lines broker from placing nonadmitted insurance with, or procuring nonadmitted insurance from, a nonadmitted insurer domiciled outside the United States that is listed on the Quarterly Listing of Alien Insurers maintained by the International Insurers Department of the NAIC.

SEC. 105. STREAMLINED APPLICATION FOR COMMERCIAL PURCHASERS.

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 such exempt commercial purchaser can be obtained from admitted insurers if—

(1) the broker procuring or placing the surplus lines insurance has disclosed to the exempt commercial purchaser that such insurance may or may not be available from the admitted market that may provide greater protection with more regulatory oversight; and

(2) the exempt commercial purchaser has subsequently requested in writing the broker to procure or place such insurance from a nonadmitted insurer.

SEC. 106. GAO STUDY OF NONADMITTED INSURANCE MARKET.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the nonadmitted insurance market to determine the effect of the enactment of this title on the size and market share of the nonadmitted insurance market for providing coverage typically provided by the admitted insurance market.

(b) CONTENTS.—The study shall determine and analyze—

(1) the change in the size and market share of the nonadmitted insurance market and in the number of insurance companies and insurance holding companies providing such business in the 18-month period that begins upon the effective date of this Act;

(2) the extent to which insurance coverage typically provided by the admitted insurance market has shifted to the nonadmitted insurance market;

(3) the consequences of any change in the size and market share of the nonadmitted insurance market, including differences in the price and availability of coverage available in both the admitted and nonadmitted insurance markets;

(4) the extent to which insurance companies and insurance holding companies that provide both admitted and nonadmitted insurance have experienced shifts in the volume of business between admitted and nonadmitted insurance; and

(5) the extent to which there has been a change in the number of individuals who have nonadmitted insurance policies, the type of coverage provided under such policies, and whether such coverage is available in the admitted insurance market.