

115TH CONGRESS
2D SESSION

H. R. 6292

To amend the Liability Risk Retention Act of 1986 to expand the types of commercial insurance authorized for risk retention groups serving nonprofit organizations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 2018

Mr. ROSS (for himself, Mr. POSEY, Mr. MACARTHUR, and Mrs. LOVE) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Liability Risk Retention Act of 1986 to expand the types of commercial insurance authorized for risk retention groups serving nonprofit organizations, and for other purposes.

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 “Nonprofit Property
5 Protection Act”.

6 **SEC. 2. COMMERCIAL INSURANCE.**

7 The Liability Risk Retention Act of 1986 is amend-
8 ed—

1 (1) in section 2(a) (15 U.S.C. 3901(a))—

2 (A) in paragraph (6), by striking “and” at
3 the end;

4 (B) in paragraph (7)(B), by striking the
5 period at the end and inserting “; and”; and

6 (C) by adding at the end the following new
7 paragraph:

8 “(8) ‘commercial insurance’ includes all forms
9 of commercial insurance, except that such term does
10 not include health, life, or disability insurance or
11 workers compensation insurance.”;

12 (2) in section 3(b) (15 U.S.C. 3902(b))—

13 (A) in paragraph (2), by striking “and” at
14 the end;

15 (B) in paragraph (3), by striking the pe-
16 riod at the end and inserting “; and”; and

17 (C) by adding at the end the following new
18 paragraph:

19 “(4) subject to subsection (i) of this section, the
20 provision of other lines of commercial insurance by
21 a risk retention group to an organization organized
22 and operated exclusively for purposes identified
23 under section 501(c)(3) of the Internal Revenue
24 Code of 1986 (26 U.S.C. 501(c)(3)), provided
25 that—

1 “(A) the risk retention group serves non-
2 profit organizations with tax-exempt status
3 under section 501(c)(3) of the Internal Revenue
4 Code of 1986 (26 U.S.C. 501(c)(3));

5 “(B) the risk retention group has been
6 chartered or licensed as an insurance company
7 under the laws of a State and authorized to en-
8 gage in the business of insurance under the
9 laws of such State;

10 “(C) the risk retention group has engaged
11 in the business of insurance pursuant to the
12 charter or license and authority described in
13 subparagraph (B) for a period not less than ten
14 consecutive years;

15 “(D) the risk retention group maintains
16 capital and surplus of at least \$10,000,000, as
17 calculated in accordance with accounting prin-
18 ciples generally accepted in the United States;
19 and

20 “(E) the total insured value of the risks
21 covered by the initial policy for other forms of
22 commercial insurance provided by a risk reten-
23 tion group to any one member of the risk reten-
24 tion group does not exceed \$50,000,000, pro-
25 vided further that—

1 “(i) the amount specified in this para-
 2 graph shall, beginning one year after the
 3 date of the enactment of the Nonprofit
 4 Property Protection Act and on an annual
 5 basis thereafter, be adjusted by a percent-
 6 age equal to the estimated percentage in-
 7 crease, if any, in the Consumer Price
 8 Index, which adjustment shall be subject to
 9 approval by the risk retention group’s
 10 domicile state regulator; and

11 “(ii) for purposes of this paragraph,
 12 any computation of total insured value
 13 shall exclude liability insurance coverage
 14 provided by a risk retention group to any
 15 member as authorized pursuant to this
 16 Act.”; and

17 (3) in section 3 (15 U.S.C. 3902), by adding at
 18 the end the following new subsection:

19 “(i) STATE AUTHORITY TO RESTRICT FORMS OF
 20 COMMERCIAL INSURANCE OTHER THAN LIABILITY.—

21 “(1) REQUIREMENTS FOR RESTRICTION.—Sub-
 22 ject to paragraph (2), a risk retention group may
 23 not commence offering forms of commercial insur-
 24 ance other than liability in a State if the insurance
 25 regulatory authority for such State makes publicly

1 available on a website of such authority the identi-
2 ties of three or more licensed admitted carriers in
3 such State that—

4 “(A) have filed forms, rates, and rules for
5 monoline property coverage written on the prop-
6 erty portion of a businessowners policy and
7 monoline automobile physical damage coverage;

8 “(B) have active in-force policies of
9 monoline property and monoline automobile
10 physical damage coverage issued to nonprofit
11 organizations in such State at the time the in-
12 formation required under this paragraph is ini-
13 tially made publicly available; and

14 “(C) the monoline property and monoline
15 automobile physical damage coverages offered
16 by each such carrier are easily accessible in
17 such State to nonprofit organizations through
18 the independent broker marketplace.

19 “(2) TREATMENT OF RISK RETENTION GROUPS
20 WITH IN-FORCE POLICIES.—Any risk retention
21 group having an active, in-force commercial insur-
22 ance policy authorized in subsection (b)(4) in a
23 State at the time that the information required
24 under paragraph (1) for such State is initially made
25 publicly available, shall remain authorized to con-

1 tinue to write commercial insurance pursuant to
2 subsection (b)(4).

3 “(3) DEFINITION.—For purposes of this sub-
4 section, the term ‘nonprofit organization’ means an
5 organization with tax-exempt status under section
6 501(c)(3) of the Internal Revenue Code of 1986 (26
7 U.S.C. 501(c)(3)).”.

8 **SEC. 3. CONFORMING AND CLARIFYING AMENDMENTS.**

9 The Liability Risk Retention Act of 1986 is further
10 amended—

11 (1) in section 2(a)(4) (15 U.S.C. 3901(a)(4))—

12 (A) in subparagraph (C)(i), by striking “a
13 liability” and inserting “an”; and

14 (B) in subparagraph (G)—

15 (i) in clause (i), by inserting “or other
16 commercial” after “liability” each place
17 such term appears; and

18 (ii) in clause (ii), by inserting “or
19 other commercial” after “liability”;

20 (2) in section 3 (15 U.S.C. 3902)—

21 (A) in subsection (a)(1)(C), by inserting
22 “or other commercial” after “liability”; and

23 (B) in subsection (d)(1)(B), by inserting
24 “or other commercial” after “liability”; and

1 (3) in section 6(b) (15 U.S.C. 3905(b)), by in-
2 serting “or other forms of commercial” before “in-
3 surance by a risk retention group”.

4 **SEC. 4. AMENDMENT TO SHORT TITLE.**

5 Section 1 of the Liability Risk Retention Act of 1986
6 (15 U.S.C. 3901 note) is amended by striking “Liability
7 Risk Retention Act of 1986” and inserting “Risk Reten-
8 tion Act of 1986”.

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