

H.R. 3892: Mr. THOMPSON of Mississippi.
H.R. 3898: Mr. MCCOTTER.
H.R. 3903: Mr. COHEN.
H.R. 3911: Mr. KANJORSKI, Mr. PLATTS, and Mr. PITTS.

H.R. 3947: Mr. GINGREY.
H.R. 3950: Mr. BILBRAY.
H.R. 3982: Mr. BILBRAY.
H.R. 3987: Ms. ESHOO.
H.R. 4043: Mr. BACA and Mr. SCOTT of Georgia.

H.R. 4073: Mr. WAMP and Mr. BILBRAY.
H.R. 4074: Mr. MCNERNEY.
H.R. 4096: Mr. ROHRBACHER and Mr. LEWIS of California.

H.J. Res. 51: Mr. MORAN of Virginia.
H.J. Res. 54: Mr. PRICE of Georgia and Mr. McCAUL of Texas.

H. Con. Res. 163: Mr. ENGLISH of Pennsylvania.

H. Con. Res. 223: Mrs. EMERSON and Mr. AKIN.

H. Con. Res. 235: Mr. FOSSELLA.

H. Con. Res. 237: Mr. BISHOP of Georgia and Mr. COHEN.

H. Con. Res. 239: Mr. COOPER and Mr. BURTON of Indiana.

H. Con. Res. 240: Mr. PUTNAM, Mr. SHUSTER, Mr. PITTS, Mr. FORBES, Mr. LEWIS of California, and Mr. TAYLOR.

H. Con. Res. 246: Mr. CAPUANO, Mr. JOHNSON of Georgia, Mr. BRADY of Pennsylvania, Ms. BORDALLO, Mr. CARTER, Mr. AKIN, Mrs. DAVIS of California, Mr. CRENSHAW, Mr. ABERCROMBIE, Mrs. BOYDA of Kansas, Ms. CASTOR, Ms. LORETTA SANCHEZ of California, Mr. JONES of North Carolina, Mr. BILIRAKIS, Mr. MCINTYRE, Mr. FORBES, Mr. WILSON of South Carolina, Mr. CONAWAY, Mr. LAMPSON, Mr. TAYLOR, Ms. GIFFORDS, Mr. UDALL of Colorado, and Mr. ROTHMAN.

H. Res. 111: Mr. GRAVES, Mr. LINCOLN DAVIS of Tennessee, and Mr. BILBRAY.

H. Res. 169: Mr. GOODLATTE.

H. Res. 232: Mrs. MUSGRAVE.

H. Res. 241: Ms. SLAUGHTER.

H. Res. 356: Mr. COURTNEY.

H. Res. 542: Mr. BISHOP of Utah, Mrs. DAVIS of California, Mr. MEKE of Florida, Mrs. MILLER of Michigan, and Mr. ROGERS of Alabama.

H. Res. 556: Mr. CLAY.

H. Res. 578: Mr. RODRIGUEZ, Mr. ORTIZ, Mr. HOLDEN, Ms. GINNY BROWN-WAITE of Florida, Mr. ELLSWORTH, Ms. CORRINE BROWN of Florida, Mr. BERRY, Mr. HILL, Mr. MCCARTHY of California, Mr. GOODE, Mr. SALAZAR, and Mr. YOUNG of Alaska.

H. Res. 610: Mr. STARK.

H. Res. 625: Ms. WOOLSEY and Ms. HIRONO.

H. Res. 626: Ms. WOOLSEY and Ms. HIRONO.

H. Res. 690: Mr. WEINER, Mr. SHERMAN, Mr. CROWLEY, Mr. LINDER, Mr. WEXLER, Mr. EMANUEL, Mrs. MCCARTHY of New York, Mr. MOORE of Kansas, Mr. KLEIN of Florida, Mr. RYAN of Ohio, Mr. GENE GREEN of Texas, and Mr. ANDREWS.

H. Res. 695: Mr. WELCH of Vermont and Mrs. CAPPS.

H. Res. 709: Mr. BOSWELL, Mr. YOUNG of Alaska, Mr. TOWNS, Mr. BARTLETT of Maryland, and Mr. MATHESON.

H. Res. 713: Mr. WEINER and Mr. GALLEGLY.

H. Res. 754: Ms. SUTTON and Mr. BLUMENAUER.

H. Res. 783: Mr. BACHUS, Mr. MURPHY of Connecticut, Mr. PEARCE, Mr. LAMBORN, and Mr. LEWIS of California.

H. Res. 786: Mr. SENSENBRENNER and Mr. FORTUÑO.

H. Res. 795: Mr. ELLISON and Mr. HINCHEY.

H. Res. 800: Ms. FOXX, Mr. DENT, Mr. DANIEL E. LUNGREN of California, Mr. SESSIONS, Mr. BACHUS, Mr. SAM JOHNSON of Texas, Mr. BURGESS, Mr. CAMPBELL of California, and Mr. PETERSON of Pennsylvania.

H. Res. 805: Mr. LAMBORN.

AMENDMENTS

Under clause 8 of rule XVIII, proposed amendments were submitted as follows:

H.R. 3355

OFFERED BY: MR. MURPHY OF CONNECTICUT

AMENDMENT NO. 14: Page 21, strike lines 21 through 25 and insert the following new subparagraph:

(B) require that an appropriate public body within State shall have adopted adequate mitigation measures (with effective enforcement provisions) which the Secretary finds are consistent with the criteria for construction described in the International Code Council building codes.

Page 22, line 12, insert:

(7) to the extent possible, seeks to encourage appropriate state and local government units to develop comprehensive land use and zoning plans that include natural hazard mitigation.

Page 22, after line 21, insert the following new paragraph:

(8) has been certified by the Secretary, for such year, in accordance with an annual certification process established by the Secretary for such purpose, as being in compliance with the requirements under paragraphs (1) through (7).

H.R. 3355

OFFERED BY: MR. PUTNAM

AMENDMENT NO. 15: Page 14, line 9, strike “and”.

Page 14, line 14, after the semicolon insert “; and”.

Page 14, after line 14, insert the following new subparagraph:

(C) the State or regional reinsurance program enters into an agreement with the Secretary, as the Secretary shall require, that the State will not use Federal funds of any kind or from any Federal source (including any disaster or other financial assistance, loan proceeds, and any other assistance or subsidy) to repay the loan;

Page 20, line 12, after the period insert the following: “The Secretary may not accept any repayment of any loan made under this title that does not comply with the agreement for such loan entered into in accordance with section 202(b)(1)(C).”.

H.R. 3355

OFFERED BY: MR. KLEIN OF FLORIDA

AMENDMENT NO. 16: Page 2, after line 7, in the item in the table of contents relating to section 202, strike “STATE AND REGIONAL” and insert “QUALIFIED”.

Page 4, line 6, strike “(known as timing risk)”.

Page 4, line 15, strike “existing”.

Page 6, strike lines 3 through 12, and insert the following new paragraph:

(16) State catastrophe reinsurance programs, if appropriately structured and regulated, assume catastrophic risk borne by private insurers without incurring many of the additional costs imposed on private insurers, and thus enable all insurers within the State to underwrite and price coverage at rates designed to encourage property owners to acquire levels of insurance appropriate to their individual risks.

Page 6, line 14, strike “a Federal backstop” and insert “Federal support”.

Page 7, line 18, after “entity” insert “, or State-sponsored provider of natural catastrophe insurance,”.

Page 8, line 1, strike “and” and insert a comma.

Page 8, line 2, before the semicolon insert “, and State-sponsored providers of natural catastrophe insurance”.

Page 13, line 19, strike “STATE AND REGIONAL” and insert “QUALIFIED”.

Page 14, line 5, strike “State or regional” and insert “qualified”.

Page 14, line 16, before the comma insert “at a commercially reasonable rate”.

Page 14, line 21, before the semicolon insert “at a commercially reasonable rate”.

Page 15, line 2, strike “and” the first place such term appears.

Page 15, lines 3 and 4, strike “the loan is afforded the full faith and credit of the State and”.

Page 15, strike lines 21 through 23 and insert the following new subparagraph:

(B) cannot access capital in the private markets at a commercially reasonable rate. Page 17, line 4, strike “privately issued”.

Page 18, lines 9 and 10, strike “real property or homeowners’” and insert “residential”.

Page 19, strike “section 301(c)” each place such term appears in lines 3 and 11 and insert “section 401(d)”.

Page 20, line 9, after “not” insert “be”.

Page 20, after line 12, insert the following new title:

TITLE III—REINSURANCE COVERAGE FOR QUALIFIED REINSURANCE PROGRAMS

SEC. 301. PROGRAM AUTHORITY.

Subject to section 304(c), the Secretary of the Treasury, shall make available for purchase, only by qualified reinsurance programs (as such term is defined in section 401), contracts for reinsurance coverage under this title.

SEC. 302. CONTRACT PRINCIPLES.

Contracts for reinsurance coverage made available under this title—

(1) shall not displace or compete with the private insurance or reinsurance markets or the capital market;

(2) shall minimize the administrative costs of the Federal Government; and

(3) shall provide coverage based solely on insured losses covered by the qualified reinsurance program purchasing the contract.

SEC. 303. TERMS OF REINSURANCE CONTRACTS.

(a) MINIMUM ATTACHMENT POINT.—Notwithstanding any other provision of this title, a contract for reinsurance coverage under this title for a qualified reinsurance program may not be made available or sold unless the contract requires that the qualified reinsurance program sustain an amount of retained losses from events in an amount, as determined by the Secretary, that is equal to the amount of losses projected to be incurred from a single event of such magnitude that it has a 0.5 percent chance of being equaled or exceeded in any year.

(b) 90 PERCENT COVERAGE OF INSURED LOSSES IN EXCESS OF RETAINED LOSSES.—Each contract for reinsurance coverage under this title shall provide that the amount paid out under the contract shall, subject to section 304, be equal to 90 percent of the amount of insured losses of the qualified reinsurance program in excess of the amount of retained losses that the contract requires, pursuant to subsection (a), to be incurred by such program.

(c) MATURITY.—The term of each contract for reinsurance coverage under this title shall not exceed 1 year or such other term as the Secretary may determine.

(d) PAYMENT CONDITION.—Each contract for reinsurance coverage under this title shall authorize claims payments to the qualified reinsurance program purchasing the coverage only for insured losses provided under the contract.

(e) MULTIPLE EVENTS.—The contract shall cover any insured losses from one or more events that may occur during the term of the contract and shall provide that if multiple events occur, the retained losses requirement under subsection (a) shall apply on a calendar year basis, in the aggregate and not separately to each individual event.

(f) **TIMING OF CLAIMS.**—Claims under a contract for reinsurance coverage under this title shall include only insurance claims that are reported to the qualified reinsurance program within the 3-year period beginning upon the event or events for which payment under the contract is provided.

(g) **ACTUARIAL PRICING.**—The price of coverage under a reinsurance contract under this title shall be an amount, established by the Secretary at a level that annually produces expected premiums that shall be sufficient to pay the reasonably anticipated cost of all claims, loss adjustment expenses, all administrative costs of reinsurance coverage offered under this title, and any such outwards reinsurance, as described in section 305(c)(3), as the Secretary considers prudent taking into consideration the demand for reinsurance coverage under this title and the limits specified in section 304.

(h) **INFORMATION.**—Each contract for reinsurance coverage under this title shall contain a condition providing that the Secretary may require the qualified reinsurance program that is covered under the contract to submit to the Secretary all information on the qualified reinsurance program relevant to the duties of the Secretary under this title.

(i) **OTHERS.**—Contracts for reinsurance coverage under this title shall contain such other terms as the Secretary considers necessary to carry out this title and to ensure the long-term financial integrity of the program under this title.

SEC. 304. MAXIMUM FEDERAL LIABILITY.

(a) **IN GENERAL.**—Subject to subsection (b) and notwithstanding any other provision of law, the aggregate potential liability for payment of claims under all contracts for reinsurance coverage under this title sold in any single year by the Secretary shall not exceed \$200,000,000,000 or such lesser amount as is determined by the Secretary based on review of the market for reinsurance coverage under this title.

(b) **LIMITATION.**—The authority of the Secretary to enter into contracts for reinsurance coverage under this title shall be effective for any fiscal year only to such extent or in such amounts as are or have been provided in appropriation Acts for such fiscal year for the aggregate potential liability for payment of claims under all contracts for reinsurance coverage under this title.

SEC. 305. FEDERAL NATURAL CATASTROPHE REINSURANCE FUND.

(a) **ESTABLISHMENT.**—There is established within the Treasury of the United States a fund to be known as the Federal Natural Catastrophe Reinsurance Fund (in this section referred to as the “Fund”).

(b) **CREDITS.**—The Fund shall be credited with—

(1) amounts received annually from the sale of contracts for reinsurance coverage under this title;

(2) any amounts appropriated under section 304; and

(3) any amounts earned on investments of the Fund pursuant to subsection (d).

(c) **USES.**—Amounts in the Fund shall be available to the Secretary only for the following purposes:

(1) **CONTRACT PAYMENTS.**—For payments to purchasers covered under contracts for reinsurance coverage for eligible losses under such contracts.

(2) **ADMINISTRATIVE EXPENSES.**—To pay for the administrative expenses incurred by the Secretary in carrying out the reinsurance program under this title.

(3) **OUTWARDS REINSURANCE.**—To obtain retrocessional or other reinsurance coverage of any kind to cover risk reinsured under contracts for reinsurance coverage made available under this title.

(d) **INVESTMENT.**—If the Secretary determines that the amounts in the Fund are in excess of current needs, the Secretary may invest such amounts as the Secretary considers advisable in obligations issued or guaranteed by the United States.

(e) **PROHIBITION OF FEDERAL FUNDS.**—No Federal funds shall be authorized or appropriated for the Fund or for carrying out the reinsurance program under this title.

SEC. 306. REGULATIONS.

The Secretary shall issue any regulations necessary to carry out the program for reinsurance coverage under this title.

Page 20, line 13, strike “**TITLE III**” and insert “**TITLE IV**”.

Page 20, line 15, strike “**SEC. 301.**” and insert “**SEC. 401.**”.

Page 21, strike lines 21 through 25 and insert the following new subparagraph:

(B) require that an appropriate public body within the State shall have adopted adequate mitigation measures (with effective enforcement provisions) which the Secretary finds are consistent with the criteria for construction described in the International Code Council building codes.

Page 22, line 4, after the semicolon insert “and”.

Page 22, line 17, strike “and”.

Page 22, strike lines 9 through 11 and insert the following: “the reasonably anticipated cost of all claims, loss adjustment expenses, and all administrative costs of the insurance or reinsurance coverage offered by such entities, and any such outwards reinsurance as the program administrator deems prudent;”.

Page 22, strike lines 12 through 17 and insert the following new paragraphs:

(7) to the extent possible, seeks to avoid cross-subsidization between any separate property and casualty lines covered under the State authorized insurance or reinsurance entity;

(8) complies with the risk-based capital requirements under subsection (b); and

Page 22, line 18, strike “(7)” and insert “(9)”.

Page 22, after line 21, insert the following new subsection:

(b) **RISK-BASED CAPITAL REQUIREMENTS.**—

(1) **IN GENERAL.**—Except for programs deemed to be qualified reinsurance programs pursuant to section 401(c), each qualified reinsurance program shall maintain risk-based capital in accordance with requirements established by the Secretary, in consultation with the National Association of Insurance Commissioners and consistent with the Risk-Based Capital Model Act of the National Association of Insurance Commissioners, and take into consideration asset risk, credit risk, underwriting risk, and such other relevant risk as determined by the Secretary.

(2) **TREATMENT OF ACCESS TO LIQUIDITY LOANS.**—

(A) **IN GENERAL.**—To the extent that a qualified reinsurance program is deficient in complying with any aspect of the risk-based capital requirements established pursuant to this subsection, the Secretary shall recognize and give credit for the ability of such qualified reinsurance program to access capital through the liquidity loan program established under section 202(d).

(B) **ANNUAL DIMINUTION.**—The extent of credit recognized and given for a qualified reinsurance program pursuant to subparagraph (A) shall diminish annually in a proportion equal to the earned premium for the program for the prior calendar year.

(C) **RESET UPON OCCURRENCE OF CATASTROPHE.**—To the extent that a qualified reinsurance program is obligated to pay losses as a result of the occurrence of a catastrophe, the Secretary shall increase the credit recognized and given for the program pursuant to

subparagraph (A) by an amount equal to the losses paid by the program as a result of the catastrophe.

(D) **RESUMPTION AFTER CATASTROPHE.**—After a reset occurs pursuant to subparagraph (C) for a qualified reinsurance program, the diminution described in subparagraph (B) shall resume and continue until the program has accumulated capital sufficient to satisfy the risk-based capital requirement determined by the Secretary to be appropriate given the ceiling coverage level of that particular qualified reinsurance program.

(3) **REPORT.**—For each calendar year, each qualified reinsurance program shall prepare and submit to the Secretary a report identifying its risk based capital, at such time after the conclusion of such year, and containing such information and in such form, as the Secretary shall require.

Page 22, line 22, strike “(b)” and insert “(c)”.

Page 23, line 1, after “entity” insert “, or State-sponsored provider of natural catastrophe insurance.”.

Page 23, line 3, after “entity” insert “, or State-sponsored provider of natural catastrophe insurance.”.

Page 23, line 5, strike “(c)” and insert “(d)”.

Page 23, line 11, strike “(d)” and insert “(e)”.

Page 23, after line 16, insert the following new section:

SEC. 402. STUDY AND CONDITIONAL COVERAGE OF COMMERCIAL RESIDENTIAL LINES OF INSURANCE.

(a) **STUDY.**—The Secretary shall study, on an expedited basis, the need for and impact of expanding the programs established by this Act to apply to insured losses of qualified reinsurance programs for losses arising from all commercial insurance policies which provide coverage for properties that are composed predominantly of residential rental units. The Secretary shall consider the catastrophic insurance and reinsurance market for commercial residential properties, and specifically the availability of adequate private insurance coverage when an insured event occurs, the impact any such capacity restrictions has on housing affordability for renters, and the likelihood that such an expansion of the program would increase insurance capacity for this market segment.

(b) **CONDITIONAL COVERAGE.**—To the extent that the Secretary determines that there is such a need to expand such programs and such expansion will be effective in increasing insurance capacity for the commercial residential insurance market, the Secretary shall, in consultation with the National Association of Insurance Commissioners—

(1) apply the provisions of this Act, as appropriate, to insured losses of a qualified reinsurance program for losses arising from commercial insurance policies which provide coverage for properties that are composed predominantly of residential rental units, as described in paragraph (a); and

(2) provide such restrictions, limitations, or conditions with respect to the programs under this Act that the Secretary deems appropriate, based on the study under subsection (a).

Page 23, line 17, strike “**SEC. 302.**” and insert “**SEC. 403.**”.

Page 23, lines 22 and 23, strike “, under law.”.

Page 24, line 7, strike “section 301” and insert “section 401”.

Page 24, line 15, strike “**SEC. 303.**” and insert “**SEC. 404.**”.

H.R. 3355

OFFERED BY: MR. KLEIN OF FLORIDA

AMENDMENT No. 17: Page 2, after line 7, in the item in the table of contents relating to

section 202, strike "STATE AND REGIONAL" and insert "QUALIFIED".

Page 4, line 6, strike "(known as timing risk)".

Page 4, line 15, strike "existing".

Page 6, strike lines 3 through 12, and insert the following new paragraph:

(16) State catastrophe reinsurance programs, if appropriately structured and regulated, assume catastrophic risk borne by private insurers without incurring many of the additional costs imposed on private insurers, and thus enable all insurers within the State to underwrite and price coverage at rates designed to encourage property owners to acquire levels of insurance appropriate to their individual risks.

Page 6, line 14, strike "a Federal backstop" and insert "Federal support".

Page 7, line 18, after "entity" insert ", or State-sponsored provider of natural catastrophe insurance."

Page 8, line 1, strike "and" and insert a comma.

Page 8, line 2, before the semicolon insert ", and State-sponsored providers of natural catastrophe insurance".

Page 13, line 19, strike "STATE AND REGIONAL" and insert "QUALIFIED".

Page 14, line 5, strike "State or regional" and insert "qualified".

Page 14, line 16, before the comma insert "at a commercially reasonable rate".

Page 14, line 21, before the semicolon insert "at a commercially reasonable rate".

Page 15, line 2, strike "and" the first place such term appears.

Page 15, lines 3 and 4, strike "the loan is afforded the full faith and credit of the State and".

Page 15, strike lines 21 through 23 and insert the following new subparagraph:

(B) cannot access capital in the private markets at a commercially reasonable rate.

Page 17, line 4, strike "privately issued".

Page 18, lines 9 and 10, strike "real property or homeowners'" and insert "residential".

Page 19, strike "section 301(c)" each place such term appears in lines 3 and 11 and insert "section 401(d)".

Page 20, line 9, after "not" insert "be".

Page 20, after line 12, insert the following new title:

TITLE III—REINSURANCE COVERAGE FOR QUALIFIED REINSURANCE PROGRAMS

SEC. 301. PROGRAM AUTHORITY.

Subject to section 304(c), the Secretary of the Treasury, shall make available for purchase, only by qualified reinsurance programs (as such term is defined in section 401), contracts for reinsurance coverage under this title.

SEC. 302. CONTRACT PRINCIPLES.

Contracts for reinsurance coverage made available under this title—

(1) shall not displace or compete with the private insurance or reinsurance markets or the capital market;

(2) shall minimize the administrative costs of the Federal Government; and

(3) shall provide coverage based solely on insured losses covered by the qualified reinsurance program purchasing the contract.

SEC. 303. TERMS OF REINSURANCE CONTRACTS.

(a) MINIMUM ATTACHMENT POINT.—Notwithstanding any other provision of this title, a contract for reinsurance coverage under this title for a qualified reinsurance program may not be made available or sold unless the contract requires that the qualified reinsurance program sustain an amount of retained losses from events in an amount, as determined by the Secretary, that is equal to the amount of losses projected to be incurred from a single event of such magnitude that it has a 0.5 percent chance of being equaled or exceeded in any year.

(b) 90 PERCENT COVERAGE OF INSURED LOSSES IN EXCESS OF RETAINED LOSSES.—Each contract for reinsurance coverage under this title shall provide that the amount paid out under the contract shall, subject to section 304, be equal to 90 percent of the amount of insured losses of the qualified reinsurance program in excess of the amount of retained losses that the contract requires, pursuant to subsection (a), to be incurred by such program.

(c) MATURITY.—The term of each contract for reinsurance coverage under this title shall not exceed 1 year or such other term as the Secretary may determine.

(d) PAYMENT CONDITION.—Each contract for reinsurance coverage under this title shall authorize claims payments to the qualified reinsurance program purchasing the coverage only for insured losses provided under the contract.

(e) MULTIPLE EVENTS.—The contract shall cover any insured losses from one or more events that may occur during the term of the contract and shall provide that if multiple events occur, the retained losses requirement under subsection (a) shall apply on a calendar year basis, in the aggregate and not separately to each individual event.

(f) TIMING OF CLAIMS.—Claims under a contract for reinsurance coverage under this title shall include only insurance claims that are reported to the qualified reinsurance program within the 3-year period beginning upon the event or events for which payment under the contract is provided.

(g) ACTUARIAL PRICING.—The price of coverage under a reinsurance contract under this title shall be an amount, established by the Secretary at a level that annually produces expected premiums that shall be sufficient to pay the reasonably anticipated cost of all claims, loss adjustment expenses, all administrative costs of reinsurance coverage offered under this title, and any such outwards reinsurance, as described in section 305(c)(3), as the Secretary considers prudent taking into consideration the demand for reinsurance coverage under this title and the limits specified in section 304.

(h) INFORMATION.—Each contract for reinsurance coverage under this title shall contain a condition providing that the Secretary may require the qualified reinsurance program that is covered under the contract to submit to the Secretary all information on the qualified reinsurance program relevant to the duties of the Secretary under this title.

(i) OTHERS.—Contracts for reinsurance coverage under this title shall contain such other terms as the Secretary considers necessary to carry out this title and to ensure the long-term financial integrity of the program under this title.

SEC. 304. MAXIMUM FEDERAL LIABILITY.

(a) IN GENERAL.—Subject to subsection (b) and notwithstanding any other provision of law, the aggregate potential liability for payment of claims under all contracts for reinsurance coverage under this title sold in any single year by the Secretary shall not exceed \$200,000,000,000 or such lesser amount as is determined by the Secretary based on review of the market for reinsurance coverage under this title.

(b) LIMITATION.—The authority of the Secretary to enter into contracts for reinsurance coverage under this title shall be effective for any fiscal year only to such extent or in such amounts as are or have been provided in appropriation Acts for such fiscal year for the aggregate potential liability for payment of claims under all contracts for reinsurance coverage under this title.

SEC. 305. FEDERAL NATURAL CATASTROPHE REINSURANCE FUND.

(a) ESTABLISHMENT.—There is established within the Treasury of the United States a

fund to be known as the Federal Natural Catastrophe Reinsurance Fund (in this section referred to as the "Fund").

(b) CREDITS.—The Fund shall be credited with—

(1) amounts received annually from the sale of contracts for reinsurance coverage under this title;

(2) any amounts appropriated under section 304; and

(3) any amounts earned on investments of the Fund pursuant to subsection (d).

(c) USES.—Amounts in the Fund shall be available to the Secretary only for the following purposes:

(1) CONTRACT PAYMENTS.—For payments to purchasers covered under contracts for reinsurance coverage for eligible losses under such contracts.

(2) ADMINISTRATIVE EXPENSES.—To pay for the administrative expenses incurred by the Secretary in carrying out the reinsurance program under this title.

(3) OUTWARDS REINSURANCE.—To obtain retrocessional or other reinsurance coverage of any kind to cover risk reinsured under contracts for reinsurance coverage made available under this title.

(d) INVESTMENT.—If the Secretary determines that the amounts in the Fund are in excess of current needs, the Secretary may invest such amounts as the Secretary considers advisable in obligations issued or guaranteed by the United States.

SEC. 306. REGULATIONS.

The Secretary shall issue any regulations necessary to carry out the program for reinsurance coverage under this title.

Page 20, line 13, strike "TITLE III" and insert "TITLE IV".

Page 20, line 15, strike "SEC. 301." and insert "SEC. 401.".

Page 22, line 4, after the semicolon insert "and".

Page 22, line 17, strike "and".

Page 22, strike lines 9 through 11 and insert the following: "the reasonably anticipated cost of all claims, loss adjustment expenses, and all administrative costs of the insurance or reinsurance coverage offered by such entities, and any such outwards reinsurance as the program administrator deems prudent;".

Page 22, strike lines 12 through 17 and insert the following new paragraphs:

(7) to the extent possible, seeks to avoid cross-subsidization between any separate property and casualty lines covered under the State authorized insurance or reinsurance entity;

(8) complies with the risk-based capital requirements under subsection (b); and

Page 22, line 18, strike "(7)" and insert "(9)".

Page 22, after line 21, insert the following new subsection:

(b) RISK-BASED CAPITAL REQUIREMENTS.—

(1) IN GENERAL.—Except for programs deemed to be qualified reinsurance programs pursuant to section 401(c), each qualified reinsurance program shall maintain risk-based capital in accordance with requirements established by the Secretary, in consultation with the National Association of Insurance Commissioners and consistent with the Risk-Based Capital Model Act of the National Association of Insurance Commissioners, and take into consideration asset risk, credit risk, underwriting risk, and such other relevant risk as determined by the Secretary.

(2) TREATMENT OF ACCESS TO LIQUIDITY LOANS.—

(A) IN GENERAL.—To the extent that a qualified reinsurance program is deficient in complying with any aspect of the risk-based capital requirements established pursuant to this subsection, the Secretary shall recognize and give credit for the ability of such

qualified reinsurance program to access capital through the liquidity loan program established under section 202(d).

(B) ANNUAL DIMINUTION.—The extent of credit recognized and given for a qualified reinsurance program pursuant to subparagraph (A) shall diminish annually in a proportion equal to the earned premium for the program for the prior calendar year.

(C) RESET UPON OCCURRENCE OF CATASTROPHE.—To the extent that a qualified reinsurance program is obligated to pay losses as a result of the occurrence of a catastrophe, the Secretary shall increase the credit recognized and given for the program pursuant to subparagraph (A) by an amount equal to the losses paid by the program as a result of the catastrophe.

(D) RESUMPTION AFTER CATASTROPHE.—After a reset occurs pursuant to subparagraph (C) for a qualified reinsurance program, the diminution described in subparagraph (B) shall resume and continue until the program has accumulated capital sufficient to satisfy the risk-based capital requirement determined by the Secretary to be appropriate given the ceiling coverage level of that particular qualified reinsurance program.

(3) REPORT.—For each calendar year, each qualified reinsurance program shall prepare and submit to the Secretary a report identifying its risk based capital, at such time after the conclusion of such year, and con-

taining such information and in such form, as the Secretary shall require.

Page 22, line 22, strike “(b)” and insert “(c)”.

Page 23, line 1, after “entity” insert “, or State-sponsored provider of natural catastrophe insurance.”.

Page 23, line 3, after “entity” insert “, or State-sponsored provider of natural catastrophe insurance.”.

Page 23, line 5, strike “(c)” and insert “(d)”.

Page 23, line 11, strike “(d)” and insert “(e)”.

Page 23, after line 16, insert the following new section:

SEC. 402. STUDY AND CONDITIONAL COVERAGE OF COMMERCIAL RESIDENTIAL LINES OF INSURANCE.

(a) STUDY.—The Secretary shall study, on an expedited basis, the need for and impact of expanding the programs established by this Act to apply to insured losses of qualified reinsurance programs for losses arising from all commercial insurance policies which provide coverage for properties that are composed predominantly of residential rental units. The Secretary shall consider the catastrophic insurance and reinsurance market for commercial residential properties, and specifically the availability of adequate private insurance coverage when an insured event occurs, the impact any such capacity restrictions has on housing affordability for renters, and the likelihood that

such an expansion of the program would increase insurance capacity for this market segment.

(b) CONDITIONAL COVERAGE.—To the extent that the Secretary determines that there is such a need to expand such programs and such expansion will be effective in increasing insurance capacity for the commercial residential insurance market, the Secretary shall, in consultation with the National Association of Insurance Commissioners—

(1) apply the provisions of this Act, as appropriate, to insured losses of a qualified reinsurance program for losses arising from commercial insurance policies which provide coverage for properties that are composed predominantly of residential rental units, as described in paragraph (a); and

(2) provide such restrictions, limitations, or conditions with respect to the programs under this Act that the Secretary deems appropriate, based on the study under subsection (a).

Page 23, line 17, strike “SEC. 302.” and insert “SEC. 403.”.

Page 23, lines 22 and 23, strike “, under law.”.

Page 24, line 7, strike “section 301” and insert “section 401”.

Page 24, line 15, strike “SEC. 303.” and insert “SEC. 404.”.

H.R. 3996

OFFERED BY: MR. RYAN OF WISCONSIN
AMENDMENT NO. 1: Strike title VI.