

to do. Unfortunately, this trend is very apparent in our housing policies.

#### CONGRESSIONAL POLICIES

So far in this Congress, I am pleased that we have continued our important work of promoting responsible homeownership policies for our country.

Last month, the House passed the Federal Housing Finance Reform Act to reform Government Sponsored Enterprises (GSEs) that have been at the forefront of creating affordable housing opportunities for American families. A new, credible, independent regulator with appropriate supervisory powers would reaffirm that the GSEs are adequately governed and will continue to provide reasonably-priced funds for housing finance. This bill ensures adequate regulation of GSEs while not adversely affecting the ability of the GSEs to fulfill their housing finance mission.

Another important needed reform to improve homeownership opportunities across our country is to the Federal Housing Administration (FHA). As the private sector mortgage market has become more efficient, the FHA program's inflexible rules and requirements have left it virtually irrelevant as a financing option. Not only can FHA reform provide a viable alternative for families seeking to purchase a home, but it can also help those facing uncertainty about being able to keep their current home.

To make the FHA program a viable mortgage option, we must ensure that the program's products are available across the country and that they meet the needs of borrowers. This includes not only eliminating the geographic barriers to utilization of the program in high cost areas, but also facilitating the purchase of entry-level homes, including condos and manufactured housing. The Committee on Financial Services passed an important FHA reform bill in May and I am optimistic we may consider it on the floor soon.

#### CONCLUSION

With June designated as National Homeownership Month, there is no better time to discuss these issues. Now more than ever Congress must continue to cultivate an environment in which more Americans may turn the dream of homeownership into a reality.

I am very pleased today that the President has made it a priority to promote affordable housing and homeownership, even while our Nation faces many other challenges at home and abroad. Along with Secretary Jackson and his team at HUD, the President has taken a leading role in finding new and innovative ways to expand homeownership in all areas of this country.

Fortunately, here in Congress, we have leaders from both sides of the aisle who are deeply committed to increasing housing opportunities for more Americans. I want to commend Chairman FRANK, Ranking Member BACHUS, Housing Subcommittee Chairwoman WATERS, and Ranking Member BIGGERT for their work in pursuing policies to address affordable housing in the United States.

I look forward to continuing this relationship in the 110th Congress so that we will have success in the months and years to come in increasing homeownership nationwide.

In closing, it is clear that increased homeownership fosters stronger communities and a better America. National Homeownership Month is a reminder of the significance of housing issues in America. I urge all of my

colleagues to support this resolution and recognize the importance of homeownership in the United States.

Ms. LEE. Mr. Speaker, I rise today in strong support of H. Res. 477, recognizing the goals and ideals of National Home Ownership Month. I'd like to thank my colleague from California Congressman GARY MILLER for introducing this resolution.

Mr. Speaker, home ownership has long been acknowledged as a vehicle to build personal wealth, a source of pride and motivation, provided a sense of security to its owners, helped stabilize our neighborhoods and families and a tool that drives the Nation's economic engine.

Unfortunately, in recent years the goals of home ownership have proven elusive for many Americans. According to a recent report by the Center on American Progress, nearly one in three Americans is low-income, with an income below twice the poverty line. A further 1 in 20 Americans lives in extreme poverty, with an income below half of the poverty line.

That's why I have often joined with my colleagues in the House to call for the provision of adequate and affordable housing and a strong, safe and stable community for all Americans particularly those of low- and moderate income individuals and families and members of minority populations.

Furthermore, in the 110th Congress, I am sponsoring three housing bills: H.R. 172—Community Partners Next Door Act; H.R. 173—One Strike and You're Out Bill; and H.R. 174—Public Housing Drug Elimination Program. These bills take steps to address housing affordability, neighborhood safety and fairness in the enforcement of local and Federal statutes.

Mr. Speaker, we have a responsibility to ensure that the gap between the rich and the poor is narrowed and that all Americans have the opportunity to pursue the American dream.

Mr. DONNELLY. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Indiana (Mr. DONNELLY) that the House suspend the rules and agree to the resolution, H. Res. 477.

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.

#### NONADMITTED AND REINSURANCE REFORM ACT OF 2007

Mr. MOORE of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1065) 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. 1065

*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 2007”.

(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. 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 a nationwide or uniform procedure, 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.**—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 section 5A(2) and 5C(2)(a) of the Non-Admitted Insurance Model Act; 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.

(c) **CONSULTATION WITH NAIC.**—In conducting the study under this section, the Comptroller General shall consult with the NAIC.

(d) **REPORT.**—The Comptroller General shall complete the study under this section and submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate regarding the findings of the study not later than 30 months after the effective date of this Act.

**SEC. 107. DEFINITIONS.**

For purposes of this title, the following definitions shall apply:

(1) **ADMITTED INSURER.**—The term "admitted insurer" means, with respect to a State, an insurer licensed to engage in the business of insurance in such State.

(2) **EXEMPT COMMERCIAL PURCHASER.**—The term "exempt commercial purchaser" means any person purchasing commercial insurance that, at the time of placement, meets the following requirements:

(A) The person employs or retains a qualified risk manager to negotiate insurance coverage.

(B) The person has paid aggregate nationwide commercial property and casualty insurance premiums in excess of \$100,000 in the immediately preceding 12 months.

(C)(i) The person meets at least one of the following criteria:

(I) The person possesses a net worth in excess of \$20,000,000, as such amount is adjusted pursuant to clause (ii).

(II) The person generates annual revenues in excess of \$50,000,000, as such amount is adjusted pursuant to clause (ii).

(III) The person employs more than 500 full time or full time equivalent employees per individual insured or is a member of affiliated group employing more than 1,000 employees in the aggregate.

(IV) The person is a not-for-profit organization or public entity generating annual budgeted expenditures of at least \$30,000,000, as such amount is adjusted pursuant to clause (ii).

(V) The person is a municipality with a population in excess of 50,000 persons.

(ii) Effective on the fifth January 1 occurring after the date of the enactment of this Act and each fifth January 1 occurring thereafter, the amounts in subclauses (I), (II), and (IV) of clause (i) shall be adjusted to reflect the percentage change for such five-year period in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor.

(3) **HOME STATE.**—The term "home State" means the State in which an insured maintains its principal place of business or, in the case of an individual, the individual's principal residence.

(4) **INDEPENDENTLY PROCURED INSURANCE.**—The term "independently procured insurance" means insurance procured directly by an insured from a nonadmitted insurer.

(5) **NAIC.**—The term "NAIC" means the National Association of Insurance Commissioners or any successor entity.

(6) **NONADMITTED INSURANCE.**—The term "nonadmitted insurance" means any property and casualty insurance permitted to be placed directly or through a surplus lines broker with a nonadmitted insurer eligible to accept such insurance.

(7) **NON-ADMITTED INSURANCE MODEL ACT.**—The term "Non-Admitted Insurance Model Act" means the provisions of the Non-Admitted Insurance Model Act, as adopted by the NAIC on August 3, 1994, and amended on September 30, 1996, December 6, 1997, October 2, 1999, and June 8, 2002.

(8) **NONADMITTED INSURER.**—The term "nonadmitted insurer" means, with respect to a State, an insurer not licensed to engage in the business of insurance in such State.

(9) **QUALIFIED RISK MANAGER.**—The term "qualified risk manager" means, with respect to a policyholder of commercial insurance, a person who meets all of the following requirements:

(A) The person is an employee of, or third party consultant retained by, the commercial policyholder.

(B) The person provides skilled services in loss prevention, loss reduction, or risk and insurance coverage analysis, and purchase of insurance.

(C) The person—

(i) has a bachelor's degree or higher from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by a State insurance commissioner or other State regulatory official or entity to demonstrate minimum competence in risk management; and

(II)(aa) has three years of experience in risk financing, claims administration, loss prevention, risk and insurance analysis, or purchasing commercial lines of insurance; or

(bb) has one of the following designations:

(AA) a designation as a Chartered Property and Casualty Underwriter (in this subparagraph referred to as "CPCU") issued by the American Institute for CPCU/Insurance Institute of America;

(BB) a designation as an Associate in Risk Management (ARM) issued by the American Institute for CPCU/Insurance Institute of America;

(CC) a designation as Certified Risk Manager (CRM) issued by the National Alliance for Insurance Education & Research;

(DD) a designation as a RIMS Fellow (RF) issued by the Global Risk Management Institute; or

(EE) any other designation, certification, or license determined by a State insurance commissioner or other State insurance regulatory official or entity to demonstrate minimum competency in risk management;

(ii)(I) has at least seven years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance; and

(II) has any one of the designations specified in subitems (AA) through (EE) of clause (i)(II)(bb);

(iii) has at least 10 years of experience in risk financing, claims administration, loss prevention, risk and insurance coverage analysis, or purchasing commercial lines of insurance; or

(iv) has a graduate degree from an accredited college or university in risk management, business administration, finance, economics, or any other field determined by a State insurance commissioner or other State regulatory official or entity to demonstrate minimum competence in risk management.

(10) PREMIUM TAX.—The term “premium tax” means, with respect to surplus lines or independently procured insurance coverage, any tax, fee, assessment, or other charge imposed by a State on an insured based on any payment made as consideration for an insurance contract for such insurance, including premium deposits, assessments, registration fees, and any other compensation given in consideration for a contract of insurance.

(11) SURPLUS LINES BROKER.—The term “surplus lines broker” means an individual, firm, or corporation which is licensed in a State to sell, solicit, or negotiate insurance on properties, risks, or exposures located or to be performed in a State with nonadmitted insurers.

(12) STATE.—The term “State” includes any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.

## TITLE II—REINSURANCE

### SEC. 201. REGULATION OF CREDIT FOR REINSURANCE AND REINSURANCE AGREEMENTS.

(a) CREDIT FOR REINSURANCE.—If the State of domicile of a ceding insurer is an NAIC-accredited State, or has financial solvency requirements substantially similar to the requirements necessary for NAIC accreditation, and recognizes credit for reinsurance for the insurer’s ceded risk, then no other State may deny such credit for reinsurance.

(b) ADDITIONAL PREEMPTION OF EXTRATERRITORIAL APPLICATION OF STATE LAW.—In addition to the application of subsection (a), all laws, regulations, provisions, or other actions of a State that is not the domiciliary State of the ceding insurer, except those with respect to taxes and assessments on insurance companies or insurance income, are preempted to the extent that they—

(1) restrict or eliminate the rights of the ceding insurer or the assuming insurer to resolve disputes pursuant to contractual arbitration to the extent such contractual provision is not inconsistent with the provisions of title 9, United States Code;

(2) require that a certain State’s law shall govern the reinsurance contract, disputes arising from the reinsurance contract, or requirements of the reinsurance contract;

(3) attempt to enforce a reinsurance contract on terms different than those set forth in the reinsurance contract, to the extent that the terms are not inconsistent with this title; or

(4) otherwise apply the laws of the State to reinsurance agreements of ceding insurers not domiciled in that State.

### SEC. 202. REGULATION OF REINSURER SOLVENCY.

(a) DOMICILIARY STATE REGULATION.—If the State of domicile of a reinsurer is an NAIC-accredited State or has financial solvency requirements substantially similar to the requirements necessary for NAIC accreditation, such State shall be solely responsible for regulating the financial solvency of the reinsurer.

#### (b) NONDOMICILIARY STATES.—

(1) LIMITATION ON FINANCIAL INFORMATION REQUIREMENTS.—If the State of domicile of a reinsurer is an NAIC-accredited State or has financial solvency requirements substantially similar to the requirements necessary for NAIC accreditation, no other State may require the reinsurer to provide any additional financial information other than the information the reinsurer is required to file with its domiciliary State.

(2) RECEIPT OF INFORMATION.—No provision of this section shall be construed as preventing or prohibiting a State that is not the State of domicile of a reinsurer from receiving a copy of any financial statement filed with its domiciliary State.

### SEC. 203. DEFINITIONS.

For purposes of this title, the following definitions shall apply:

(1) CEDING INSURER.—The term “ceding insurer” means an insurer that purchases reinsurance.

(2) DOMICILIARY STATE.—The terms “State of domicile” and “domiciliary State” means, with respect to an insurer or reinsurer, the State in which the insurer or reinsurer is incorporated or entered through, and licensed.

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

#### (4) REINSURER.—

(A) IN GENERAL.—The term “reinsurer” means an insurer to the extent that the insurer—

(i) is principally engaged in the business of reinsurance;

(ii) does not conduct significant amounts of direct insurance as a percentage of its net premiums; and

(iii) is not engaged in an ongoing basis in the business of soliciting direct insurance.

(B) DETERMINATION.—A determination of whether an insurer is a reinsurer shall be made under the laws of the State of domicile in accordance with this paragraph.

(5) STATE.—The term “State” includes any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa.

## TITLE III—RULE OF CONSTRUCTION

### SEC. 301. RULE OF CONSTRUCTION.

Nothing in this Act or amendments to this Act shall be construed to modify, impair, or supersede the application of the antitrust laws. Any implied or actual conflict between this Act and any amendments to this Act and the antitrust laws shall be resolved in favor of the operation of the antitrust laws.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Kansas (Mr. MOORE) and the gentlewoman from Florida (Ms. GINNY BROWN-WAITE) 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. Mr. Speaker, I yield myself such time as I may consume.

I would like to thank, Mr. Speaker, Congresswoman GINNY BROWN-WAITE for her help and leadership on H.R. 1065, the Nonadmitted and Reinsurance Reform Act of 2007, as it has moved through the legislative process both in this Congress and in the 109th Congress, when it passed by 417-0. It has been a pleasure working with the gentlewoman and again I appreciate your leadership on this issue.

I also would like to thank the Capital Markets Subcommittee Chair PAUL KANJORSKI and Ranking Member SPENCER BACHUS of the committee for their support of this measure, as well as Chairman BARNEY FRANK for his support in moving this legislation to the House floor.

I reintroduced this bill along with Congresswoman GINNY BROWN-WAITE in February with strong bipartisan support and strong support from the Financial Services Committee. As I previously mentioned, this legislation is virtually identical to legislation that passed the House unanimously by a vote of 417-0 in the 109th Congress. The bipartisan support for this bill is a good example of how both sides can come together to introduce and pass legislation that is not about partisan politics, is not about Republicans or Democrats.

In short, H.R. 1065 would significantly improve the regulation of two specific areas in the commercial insurance marketplace, namely, surplus lines and reinsurance transactions.

Disparate and sometimes directly conflicting State laws in the surplus lines market create unnecessary inefficiencies and make it difficult, if not impossible in some cases, for producers and others to comply with their legal duties.

Testifying in 2005 in front of the Capital Markets Subcommittee on behalf of the National Association of Insurance Commissioners, the Pennsylvania insurance commissioner acknowledged the need for reform of surplus lines regulation, specifically with regard to the way premium tax allocation is handled. According to Commissioner Diane Koken, “Either Federal legislation or another alternative such as an interstate compact may be needed at some point to resolving conflicting State laws regulating multi-state transactions. The area where this will most likely be necessary is surplus lines premium tax allocation. Federal legislation might also be one option to consider to enable multi-state property risks to access surplus lines coverage in their home States under a single policy subject to a single set of requirements.”

This legislation, Mr. Speaker, addresses the area of surplus lines reform

that I just mentioned as well as necessary reforms in the area of reinsurance. Specifically, this legislation would prohibit the extraterritorial application of State laws and allow ceding insurers and reinsurers to resolve disputes pursuant to contractual arbitration clauses. This reform is long overdue and necessary to restore regulatory certainty to the reinsurance market.

Finally, I would like to note that while many legislative attempts to reform the insurance industry encounter some industry opposition, this bill, Mr. Speaker, is supported by the insurers, the reinsurers and the agents and brokers as well as by most of the State regulators.

I look forward to the passage of this legislation today.

Mr. Speaker, I reserve the balance of my time.

Ms. GINNY BROWN-WAITE of Florida. I thank the gentleman from Kansas for his kind words.

Mr. Speaker, I rise today in support of H.R. 1056, the Nonadmitted and Reinsurance Reform Act that my colleague, Congressman DENNIS MOORE, introduced. This bill is almost identical to the bill I introduced last year and the one which he referred to that passed the House by 417-0.

For States like Florida and many others on the gulf coast where commercial insurance has been difficult or impossible to come by, the only recourse is to turn to the surplus lines or nonadmitted market. Certainly streamlining the rules in this market is crucial to the consumer and any State that is facing an insurance crisis. Unfortunately, today, the regulation of the surplus lines market is fragmented and cumbersome. Insurers and brokers who want to provide insurance across State lines are subjected to a myriad of different State tax and licensing requirements. Oftentimes these regulations will conflict, making it impossible for one company to comply with all of them.

This situation leaves policyholders underinsured and with even less of a choice in providers. Moreover, most of the companies that purchase insurance in the nonadmitted market do so frequently. These sophisticated commercial entities are large corporations that employ educated risk advisers with a thorough understanding of the market and their risk exposure. Yet in most States, including my home State of Florida, these companies are required to shop around in the admitted market where they know they will be denied coverage, they know that this has happened before and it will happen again, they know they can't get it.

They have to do this before they are permitted to shop in the surplus lines market. This practice is useless and cumbersome and it only adds to the cost for the policyholder. H.R. 1056 solves this quagmire, giving policyholders alternatives to restrictive markets.

The bill also acknowledges another program in the insurance industry, this time on the reinsurance front. Over the years, some State regulators have been taking it upon themselves to throw out arbitration agreements between reinsurance providers and primary carriers. These are contractual agreements decided upon by very sophisticated parties on both sides of the transaction in order to settle disputes without having to go to court. If these agreements are valid in one State, they should be valid in all accredited States. Therefore, H.R. 1056 prohibits States from voiding established, contractual arbitration agreements between reinsurers and primary companies.

Obtaining insurance already has its obstacles. Adding 49 other States' speed bumps of inefficient State rules does not help. And with reinsurance rates rising at crippling numbers, companies should be encouraged to stay out of the courts and follow their own arbitration agreements. Our bill provides commonsense solutions to the nonadmitted and reinsurance market and it enjoys broad support. I thank Mr. MOORE for sponsoring this important insurance reform with me.

I urge the Members of the House to support this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, I yield 3 minutes to the gentleman from Texas (Mr. HINOJOSA) who is a member of the Financial Services Committee as well as chairman of the Subcommittee on Higher Education.

Mr. HINOJOSA. Mr. Speaker, I thank the Congressman from Kansas for yielding time to me. I rise in strong support of H.R. 1065, the Nonadmitted and Reinsurance Reform Act of 2007. Congressman MOORE from Kansas has been a very effective member of the Financial Services Committee and I commend him for his leadership on reinsurance legislation. I thank the gentleman for sponsoring this much-needed legislation and I am proud to be a cosponsor of this bill.

This important bill will harmonize and in some cases reduce regulation and taxation of this insurance by vesting the home State where it is headquartered with the sole authority to regulate and collect the taxes on a surplus lines transaction. Those taxes that will be collected may be distributed according to a future interstate compact. Absent such a compact, their distribution would be up to the home State.

Mr. Speaker, this legislation will implement streamlined Federal standards allowing a sophisticated commercial purchaser to access surplus lines insurance. It will reduce uncertainty in this marketplace. It will also help protect contractual agreements between sophisticated parties entering into a reinsurance contract. For these reasons and more, I encourage my colleagues on both sides of the aisle to support this important bill.

Ms. GINNY BROWN-WAITE of Florida. Mr. Speaker, I don't have any additional speakers on this bill, but I wanted to take a moment to indicate that it is such a pleasure to work with Mr. MOORE, the gentleman from Kansas. He always looks at things in a very bipartisan manner and always with the end goal in mind of helping the consumer. I certainly appreciate that. I know that the policyholders out there do. I would certainly urge passage of this very important bill, H.R. 1056.

With that, I yield back the balance of my time.

Mr. MOORE of Kansas. Mr. Speaker, I would like to return the compliment to Ms. GINNY BROWN-WAITE, the gentlewoman from Florida, and thank her very, very much for her hard work on this legislation and for her leadership. She also works in a bipartisan manner in the times I have seen her in our committee and on the House floor. I very much appreciate it. We need more of that.

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 Kansas (Mr. MOORE) that the House suspend the rules and pass the bill, H.R. 1056.

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.

#### BAIL BOND FAIRNESS ACT OF 2007

Mr. CONYERS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2286) to amend title 18, United States Code, and the Federal Rules of Criminal Procedure with respect to bail bond forfeitures.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2286

*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 "Bail Bond Fairness Act of 2007".

#### SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress makes the following findings:

(1) Historically, the sole purpose of bail in the United States was to ensure the defendant's physical presence before a court. The bail bond would be declared forfeited only when the defendant actually failed to appear as ordered. Violations of other, collateral conditions of release might cause release to be revoked, but would not cause the bond to be forfeited. This historical basis of bail bonds best served the interests of the Federal criminal justice system.

(2) Currently, however, Federal judges have merged the purposes of bail and other conditions of release. These judges now order bonds forfeited in cases in which the defendant actually appears as ordered but he fails to comply with some collateral condition of release. The judges rely on Federal Rule of Criminal Procedure 46(f) as authority to do so.