

By Senator Hays

20-00438-11

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Senate Memorial

A memorial to the Congress of the United States,
urging Congress to oppose any effort to impose new
discriminatory taxes that would significantly limit
the use of reinsurance provided by companies located
outside the United States.

WHEREAS, reinsurance plays a vital role in managing and
spreading risk for companies in nearly all segments of the
insurance business, and

WHEREAS, as a means of managing capital, all large insurers
make use of "affiliated" reinsurance purchased from companies
within the same group, and

WHEREAS, such affiliated reinsurance serves a valid and
important risk-transfer purpose that provides significant
additional primary insurance capacity, particularly in areas
such as crop, windstorm, general, liability, products liability,
and aircraft insurance, and

WHEREAS, insurance groups that are not based in the United
States currently pay taxes on reinsurance transactions which are
functionally equivalent to the taxes paid by United States-based
insurance groups, and

WHEREAS, a major study from the economic research and
consulting firm, The Brattle Group, concluded that policies
intended to reduce the use of affiliated reinsurance by
companies whose headquarters are located outside the United
States would result in a 20 percent reduction in the supply of
reinsurance and a significant increase in the price of primary
insurance for consumers and businesses, and

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30 WHEREAS, such taxation would significantly limit the
31 ability of many insurers to manage their capital and, thus,
32 undermine the international risk-management practices at the
33 heart of international reinsurance markets, and

34 WHEREAS, a broad coalition of industry, consumer, and free-
35 market groups have spoken out against discriminatory taxation of
36 offshore affiliated reinsurance, NOW, THEREFORE,

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38 Be It Resolved by the Legislature of the State of Florida:

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40 That the Congress of the United States Congress is urged to
41 oppose any effort to impose new discriminatory taxes that would
42 significantly limit the use of reinsurance provided by companies
43 located outside the United States.

44 BE IT FURTHER RESOLVED that copies of this memorial be
45 dispatched to the President of the United States, to the
46 President of the United States Senate, to the Speaker of the
47 United States House of Representatives, and to each member of
48 the Florida delegation to the United States Congress.