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

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

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

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

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

23 WHEREAS, a major study from the economic research and
24 consulting firm, The Brattle Group, concluded that policies
25 intended to reduce the use of affiliated reinsurance by
26 companies whose headquarters are located outside the United
27 States would result in a 20 percent reduction in the supply of
28 reinsurance and a significant increase in the price of primary
29 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.