

HM 617

2011

## 1 House Memorial

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

7  
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

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29 | insurance for consumers and businesses, and

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,

37 |  
 38 | Be It Resolved by the Legislature of the State of Florida:

39 |  
 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.