

116TH CONGRESS
1ST SESSION

H. R. 4523

To amend the Liability Risk Retention Act of 1986 to expand the types of commercial insurance authorized for risk retention groups serving nonprofit organizations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 2019

Mr. GREEN of Texas (for himself, Mr. LAWSON of Florida, Mr. PANETTA, Ms. JACKSON LEE, Mr. MEEKS, Mr. GARCÍA of Illinois, and Mr. CLAY) introduced the following bill; which was referred to the Committee on Financial Services

A BILL

To amend the Liability Risk Retention Act of 1986 to expand the types of commercial insurance authorized for risk retention groups serving nonprofit organizations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Nonprofit Property
5 Protection Act”.

1 **SEC. 2. COMMERCIAL INSURANCE.**

2 The Liability Risk Retention Act of 1986 is amend-
3 ed—

4 (1) in section 2(a) (15 U.S.C. 3901(a))—

5 (A) in paragraph (6), by striking “and” at
6 the end;

7 (B) in paragraph (7)(B), by striking the
8 period at the end and inserting “; and”; and

9 (C) by adding at the end the following new
10 paragraph:

11 “(8) ‘commercial insurance’ includes all forms
12 of commercial insurance, except that such term does
13 not include health, life, or disability insurance or
14 workers compensation insurance.”;

15 (2) in section 3(b) (15 U.S.C. 3902(b))—

16 (A) in paragraph (2), by striking “and” at
17 the end;

18 (B) in paragraph (3), by striking the pe-
19 riod at the end and inserting “; and”; and

20 (C) by adding at the end the following new
21 paragraph:

22 “(4) subject to subsection (i) of this section, the
23 provision of other lines of commercial insurance by
24 a risk retention group to an organization organized
25 and operated exclusively for purposes identified
26 under section 501(c)(3) of the Internal Revenue

1 Code of 1986 (26 U.S.C. 501(c)(3)), provided
2 that—

3 “(A) the risk retention group serves non-
4 profit organizations with tax-exempt status
5 under section 501(c)(3) of the Internal Revenue
6 Code of 1986 (26 U.S.C. 501(c)(3));

7 “(B) the risk retention group has been
8 chartered or licensed as an insurance company
9 under the laws of a State and authorized to en-
10 gage in the business of insurance under the
11 laws of such State;

12 “(C) the risk retention group has engaged
13 in the business of insurance pursuant to the
14 charter or license and authority described in
15 subparagraph (B) for a period not less than ten
16 consecutive years;

17 “(D) the risk retention group maintains
18 capital and surplus of at least \$10,000,000, as
19 calculated in accordance with accounting prin-
20 ciples generally accepted in the United States;
21 and

22 “(E) the total insured value of the risks
23 covered by the initial policy for other forms of
24 commercial insurance provided by a risk reten-
25 tion group to any one member of the risk reten-

1 tion group does not exceed \$50,000,000, pro-
2 vided further that—

3 “(i) the amount specified in this para-
4 graph shall, beginning one year after the
5 date of the enactment of the Nonprofit
6 Property Protection Act and on an annual
7 basis thereafter, be adjusted by a percent-
8 age equal to the estimated percentage in-
9 crease, if any, in the Consumer Price
10 Index, which adjustment shall be subject to
11 approval by the risk retention group’s
12 domicile state regulator; and

13 “(ii) for purposes of this paragraph,
14 any computation of total insured value
15 shall exclude liability insurance coverage
16 provided by a risk retention group to any
17 member as authorized pursuant to this
18 Act.”; and

19 (3) in section 3 (15 U.S.C. 3902), by adding at
20 the end the following new subsection:

21 “(i) STATE AUTHORITY TO RESTRICT FORMS OF
22 COMMERCIAL INSURANCE OTHER THAN LIABILITY.—

23 “(1) REQUIREMENTS FOR RESTRICTION.—Sub-
24 ject to paragraph (2), a risk retention group may
25 not commence offering forms of commercial insur-

1 ance other than liability in a State if the insurance
2 regulatory authority for such State makes publicly
3 available on a website of such authority the identi-
4 ties of three or more licensed admitted carriers in
5 such State that—

6 “(A) have filed forms, rates, and rules for
7 monoline property coverage written on the prop-
8 erty portion of a businessowners policy and
9 monoline automobile physical damage coverage;

10 “(B) have active in-force policies of
11 monoline property and monoline automobile
12 physical damage coverage issued to nonprofit
13 organizations in such State at the time the in-
14 formation required under this paragraph is ini-
15 tially made publicly available; and

16 “(C) the monoline property and monoline
17 automobile physical damage coverages offered
18 by each such carrier are easily accessible in
19 such State to nonprofit organizations through
20 the independent broker marketplace.

21 “(2) TREATMENT OF RISK RETENTION GROUPS
22 WITH IN-FORCE POLICIES.—Any risk retention
23 group having an active, in-force commercial insur-
24 ance policy authorized in subsection (b)(4) in a
25 State at the time that the information required

1 under paragraph (1) for such State is initially made
2 publicly available, shall remain authorized to con-
3 tinue to write commercial insurance pursuant to
4 subsection (b)(4).

5 “(3) DEFINITION.—For purposes of this sub-
6 section, the term ‘nonprofit organization’ means an
7 organization with tax-exempt status under section
8 501(c)(3) of the Internal Revenue Code of 1986 (26
9 U.S.C. 501(c)(3)).”.

10 **SEC. 3. CONFORMING AND CLARIFYING AMENDMENTS.**

11 The Liability Risk Retention Act of 1986 is further
12 amended—

13 (1) in section 2(a)(4) (15 U.S.C. 3901(a)(4))—

14 (A) in subparagraph (C)(i), by striking “a
15 liability” and inserting “an”; and

16 (B) in subparagraph (G)—

17 (i) in clause (i), by inserting “or other
18 commercial” after “liability” each place
19 such term appears; and

20 (ii) in clause (ii), by inserting “or
21 other commercial” after “liability”;

22 (2) in section 3 (15 U.S.C. 3902)—

23 (A) in subsection (a)(1)(C), by inserting
24 “or other commercial” after “liability”; and

1 (B) in subsection (d)(1)(B), by inserting
2 “or other commercial” after “liability”; and
3 (3) in section 6(b) (15 U.S.C. 3905(b)), by in-
4 serting “or other forms of commercial” before “in-
5 surance by a risk retention group”.

6 **SEC. 4. AMENDMENT TO SHORT TITLE.**

7 Section 1 of the Liability Risk Retention Act of 1986
8 (15 U.S.C. 3901 note) is amended by striking “Liability
9 Risk Retention Act of 1986” and inserting “Risk Reten-
10 tion Act of 1986”.

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