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.

Be it enacted by the Senate and House of Representa-

tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Nonprofit Property

Protection Act”.


SEC. 2. COMMERCIAL INSURANCE.

The Liability Risk Retention Act of 1986 is amended—

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

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

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

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

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

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

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

(B) in paragraph (3), by striking the period at the end and inserting “; and”; and

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

“(4) subject to subsection (i) of this section, the provision of other lines of commercial insurance by a risk retention group to an organization organized and operated exclusively for purposes identified under section 501(c)(3) of the Internal Revenue
Code of 1986 (26 U.S.C. 501(c)(3)), provided that—

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

“(B) the risk retention group has been chartered or licensed as an insurance company under the laws of a State and authorized to engage in the business of insurance under the laws of such State;

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

“(D) the risk retention group maintains capital and surplus of at least $10,000,000, as calculated in accordance with accounting principles generally accepted in the United States; and

“(E) the total insured value of the risks covered by the initial policy for other forms of commercial insurance provided by a risk retention group to any one member of the risk reten-
tion group does not exceed $50,000,000, pro-
vided further that—

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

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

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

“(i) State Authority To Restrict Forms of
Commercial Insurance Other Than Liability.—

“(1) Requirements for restriction.—Sub-
ject to paragraph (2), a risk retention group may
not commence offering forms of commercial insur-
ance other than liability in a State if the insurance regulatory authority for such State makes publicly available on a website of such authority the identities of three or more licensed admitted carriers in such State that—

“(A) have filed forms, rates, and rules for monoline property coverage written on the property portion of a businessowners policy and monoline automobile physical damage coverage;

“(B) have active in-force policies of monoline property and monoline automobile physical damage coverage issued to nonprofit organizations in such State at the time the information required under this paragraph is initially made publicly available; and

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

“(2) Treatment of Risk Retention Groups with In-Force Policies.—Any risk retention group having an active, in-force commercial insurance policy authorized in subsection (b)(4) in a State at the time that the information required
under paragraph (1) for such State is initially made
publicly available, shall remain authorized to con-
tinue to write commercial insurance pursuant to
subsection (b)(4).

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

SEC. 3. CONFORMING AND CLARIFYING AMENDMENTS.

The Liability Risk Retention Act of 1986 is further
amended—

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

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

(B) in subparagraph (G)—

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

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

(2) in section 3 (15 U.S.C. 3902)—

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

(3) in section 6(b) (15 U.S.C. 3905(b)), by inserting “or other forms of commercial” before “insurance by a risk retention group”.

SEC. 4. AMENDMENT TO SHORT TITLE.