

114TH CONGRESS
1ST SESSION

H. R. 3794

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 educational institutions, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 21, 2015

Mr. ROSS (for himself and Mr. PERLMUTTER) 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 educational institutions, 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”.

6 **SEC. 2. COMMERCIAL INSURANCE.**

7 The Liability Risk Retention Act of 1986 is amend-
8 ed—

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

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

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

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

8 “(8) ‘commercial insurance’ includes all forms
9 of commercial insurance but does not include health,
10 life, or disability insurance or workers compensation
11 insurance or express contractual obligations owed to
12 a consumer as a result of a personal, family, or
13 household transaction, where a separate consider-
14 ation is paid by the consumer for the express con-
15 tractual obligation.”; and

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

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

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

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

23 “(4) the provision of other lines of commercial
24 insurance by a risk retention group to an organiza-
25 tion organized and operated exclusively for purposes

1 identified under section 501(c)(3) of the Internal
2 Revenue Code of 1986 (26 U.S.C. 501(c)(3)), pro-
3 vided that—

4 “(A) the risk retention group serves non-
5 profit organizations with tax-exempt status
6 under section 501(c)(3) of the Internal Revenue
7 Code of 1986 (26 U.S.C. 501(c)(3)) or edu-
8 cational institutions and education-related insti-
9 tutions that are nonprofit organizations or gov-
10 ernmental entities;

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

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

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

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

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

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

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

24 The Liability Risk Retention Act of 1986 is further
25 amended—

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

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

4 (B) in subparagraph (G)—

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

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

10 (2) in section 3 (15 U.S.C. 3902)—

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

13 (B) in subsection (d)(1)(B), by inserting
14 “or other commercial” after “liability”; and

15 (3) in section 6(b) (15 U.S.C. 3905(b)), by in-
16 serting “or other forms of commercial” before “in-
17 surance by a risk retention group”.

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

19 Section 1 of the Liability Risk Retention Act of 1986
20 (15 U.S.C. 3901 note) is amended by striking “Liability
21 Risk Retention Act of 1986” and inserting “Risk Reten-
22 tion Act of 1986”.

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