Statement for the Record
Congressman Scott Garrett (R-NJ)
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Mr. Speaker, I rise to address an important issue regarding the implementation of the Nonadmitted and Reinsurance Reform Act (NRRA). The NRRA is legislation that I co-authored and was signed into law as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The NRRA was drafted with the specific intention of addressing burdensome and often conflicting regulatory and tax compliance issues facing only two industries—the surplus lines and reinsurance. This legislation received bi-partisan support and was passed by the U.S. House of Representatives in multiple Congresses. At no point during the bill's multi-year consideration was its application to the captive insurance industry ever discussed.

Unfortunately, several states have indicated that they plan to interpret the NRRA to also apply to the captive insurance industry. This was not the intent of Congress. In drafting this legislation, it was never contemplated to have the captive industry fall under the NRRA. In addition, this legislation has been subject to numerous Congressional hearings and has been approved by this body on multiple occasions. At no time was the legislation's application to the captive industry addressed or suggested. Furthermore, in the bill's summary, the intent of this legislation was clearly stated to impact only two specific industries—surplus lines and reinsurance.

Inaccurate and inconsistent interpretations will cause confusion throughout the captive insurance industry. Should regulators implement this faulty interpretation, captive insurance companies would be subject to additional taxation and regulation—the exact opposite intent of the underlying legislation.

As one of the authors of this legislation, I am committed to ensuring that this title of Dodd-Frank is implemented as Congress intended, and I look forward to working with my colleagues on the Financial Services Committee to address this issue if necessary in the future.