



## **Co-author of NRRA clarifies Dodd-Frank captive status**

Montpelier

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US Congressman and co-author of the Nonadmitted and Reinsurance Reform Act (NRRA), Scott Garrett, has addressed the speaker of the US House of Representatives to state that the legislation was never intended to apply to captive insurance.

NRRA, a sub-section of the Dodd-Frank legislation, has caused confusion over whether it is applicable to captive insurance, due to the misinterpretation of the current language. To tackle the issue, the captive insurance industry formed the Coalition for Captive Insurance Clarity (CCIC) under the leadership of the Vermont Captive Insurance Association (VCIA) to push for clarification.

Garrett said: “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.”

“At no time was the legislation’s application to the captive industry addressed or suggested. Further, in the bill’s summary, the intent of this legislation was clearly stated to impact only two specific industries—surplus lines and reinsurance.”

Garrett explained that if regulators implement the faulty interpretation then captive insurance companies would be subject to additional taxation and regulation, which is the exact opposite intent of the underlying legislation.

Dan Towle, Vermont’s director of financial services, said: “This should send a clear message to any domicile that any information to the contrary can only be interpreted as a self-servicing tactic that is neither accurate nor in the interest of clients and the industry.”

“Congressman Garrett’s statement is further testimony that we have understood the purpose and the intent of the passage of this law.”

President of the VCIA, Richard Smith, expressed his thanks for the clarification from Representative Garrett. Smith said: “We are grateful for further clarification that captive insurance is not part of the NRRA. It is our intent to work with Congress to craft a technical amendment to eliminate the inaccurate interpretation and the turmoil it is causing in the captive industry.”

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