

SENATE RESOLUTION NO. 183

BY SENATOR LAFLEUR

A RESOLUTION

To urge and request all the members of the Louisiana Congressional Delegation to oppose a tax on foreign reinsurance.

WHEREAS, the great state of Louisiana has been devastated by powerful and destructive hurricanes over the past decade; and

WHEREAS, these storms have produced tremendous challenges to the property and casualty insurance markets in our state; and

WHEREAS, the state of Louisiana, the Louisiana Legislature, and the Department of Insurance continue to work on programs and solutions to provide more affordable and better access to property and casualty insurance for the families and businesses of our state; and

WHEREAS, the accessibility and affordability of property and casualty insurance is directly impacted by the costs and availability of reinsurance; and

WHEREAS, reinsurance is a contract under which an originating insurer procures insurance for itself under another insurer, the reinsurer, with respect to part or all of the risk of the originating insurer; and

WHEREAS, the president of the United States and some members of Congress have proposed taxing some foreign reinsurance companies; and

WHEREAS, legislation has been introduced to prohibit the deduction for excess non-taxed reinsurance premiums with respect to United States risks paid to affiliates; and

WHEREAS, the reinsurance tax will benefit large United States insurers that do not have overseas affiliates while harming those United States insurers that do have international operations; and

WHEREAS, our state and nation's economy are directly impacted by the world economy, and thus we all operate in a global economic environment; and

WHEREAS, through a global network of foreign and domestic reinsurers, the United States pools the risks of floods in Louisiana with disasters around the world thereby spreading the risk of financial loss; and

WHEREAS, a tax on foreign reinsurance is a threat to insurance capacity throughout the United States as it has the potential to decrease the supply of reinsurance; and

WHEREAS, in a post-Katrina environment, we must have all reinsurance options available to property and casualty insurance companies operating in the state; and

WHEREAS, a tax on some foreign reinsurance companies will limit those options and thus potentially increase the costs and decrease the availability of property and casualty insurance for the businesses and families of the great state of Louisiana; and

WHEREAS, such a tax would further impair the good work of the Louisiana Legislature and the Department of Insurance in their efforts to increase insurance options and decrease costs for the people and businesses of our state.

THEREFORE, BE IT RESOLVED that the Senate of the Legislature of Louisiana does hereby urge and request that all members of the Louisiana Congressional Delegation oppose a tax on foreign reinsurance.

BE IT FURTHER RESOLVED that a copy of this resolution be transmitted to the Louisiana Congressional Delegation.

---

PRESIDENT OF THE SENATE