And yet today another day has passed, and we in this body have failed again to honor that foundational commitment. We have failed our sworn oath and our God-given responsibility as we broke faith with nearly 4,000 more innocent American babies who died today without the protection we should have given them.

So Madam Speaker, let me conclude this Sunset Memorial in the hope that perhaps someone new who heard it tonight will finally embrace the truth that abortion really does kill little babies; that it hurts mothers in ways that we can never express; and that 13,023 days spent killing nearly 50 million unborn children in America is enough; and that it is time that we stood up together again, and remembered that we are the same America that rejected human slavery and marched into Europe to arrest the Nazi Holocaust; and we are still courageous and compassionate enough to find a better way for mothers and their unborn babies than abortion on demand.

Madam Speaker, as we consider the plight of unborn America tonight, may we each remind ourselves that our own days in this sunshine of life are also numbered and that all too soon each one of us will walk from these Chambers for the very last time.

And if it should be that this Congress is allowed to convene on yet another day to come, may that be the day when we finally hear the cries of innocent unborn children. May that be the day when we find the humanity, the courage, and the will to embrace together our human and our constitutional duty to protect these, the least of our tiny, little American brothers and sisters from this murderous scourge upon our Nation called abortion on demand.

It is September 18, 2008, 13,023 days since Roe versus Wade first stained the foundation of this Nation with the blood of its own children; this in the land of the free and the home of the brave.

INTRODUCTION OF REINSURANCE TAX LEGISLATION

HON. RICHARD E. NEAL

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 18, 2008

Mr. NEAL of Massachusetts. Madam Speaker, today I am pleased to come before the House to introduce legislation ending the advantage of offshore reinsurance entities over American companies. In the past, I have offered a number of bills to limit offshore tax avoidance and have even previously offered bipartisan legislation on the issue of foreign reinsurance specifically. I am here today to try a different approach to tackle the problem of excessive reinsurance to related foreign entities and I hope my colleagues will join me in this timely effort.

Now, some may question why it would be timely to offer this legislation considering that one of the largest U.S. insurance companies was just bailed out by the Fed. I think it is precisely the time to shore up the U.S. market. Already, the speculation has begun as to what parts of AIG will be sold off. A leading insurance industry research entity, Dowling & Partners, posed the question yesterday: ''Will the offshore tax issue be highlighted once again, with much of AIG's business potentially moving to competitors offshore?'' With the advantage of a no- or low-tax jurisdiction from which to operate, you can bet that foreign competitors are already eyeing purchases of the AIG business.

There is no doubt that there is a legitimate role for reinsurance. It is a fundamental business technique for risk management and is to be fostered. But just as Congress and Treasury have attempted to measure what is legitimate in sharing debt and earnings between affiliates, there have been attempts to appropriately characterize reinsurance between related entities. Unfortunately, as recent data shows, those attempts have been unsuccessful.

Since 1996, the amount of reinsurance sent to offshore affiliates has grown dramatically, from a total of $4 billion ceded in 1996 to $34 billion in 2007, including $19 billion alone to Bermuda affiliates. These insurance profits are shuttled out of the U.S. and then the investment income on those profits is also sheltered from U.S. taxes. It is easy to see why foreign reinsurers, with such a tax benefit, enjoy a significant market advantage.

Now we are beginning to see a new problem: the offshore affiliates are writing direct insurance here in the U.S. We have seen in the last decade a doubling in the growth of market share of direct premiums written by groups domiciled outside the U.S., from 5.1 percent to 10.9 percent, representing $54 billion in direct premiums written in 2006. Again, Bermuda-based companies represent the bulk of this growth, rising from 0.1 percent to 4 percent. And it should be noted that during this time, the percentage of premiums ceded to affiliates of non-U.S. based companies has grown from 13 percent to 67 percent. Bermuda is not the only jurisdiction favorable for reinsurance, and in fact earlier this year, one company moved from the Cayman Islands to Switzerland citing ''the security of a network of tax treaties,'' among other benefits.

Congress first recognized the problem of excessive reinsurance in 1984 and provided specific authority to Treasury under Section 845 of the tax code to reallocate items and make adjustments in reinsurance transactions in order to prevent tax avoidance or evasion. In 2003, the Treasury Department testified before Congress that the existing mechanisms were not sufficient. In 2004, Congress amended this provision to expand the authority of Treasury to not only reallocate among the parties to a reinsurance agreement but also to recharacterize items within or related to the agreement. Congress specifically cited the concern that these reinsurance transactions were being used inappropriately among U.S. and foreign related parties for tax evasion. Despite this grant of expanded authority, Treasury has still been unable to stem the tide moving offshore.

Recently, a coalition of U.S.-based insurance and reinsurance companies has been formed to express their concerns to Congress. With more than 150,000 employees and a trillion dollars in assets here in the U.S., I believe it is a message of concern that we should heed.

That is why I am filing legislation today to disallow deductions for excess reinsurance premiums with respect to U.S. risks paid to affiliated insurance companies that are not subject to U.S. tax. The excess amount will be determined by reference to an industry fraction, by line of business, which will measure the average amount of reinsurance sent to unrelated parties. The legislation provides Treasury the authority to carry out or prevent the avoidance of the provisions of this bill.

My colleagues may be thinking that this sounds similar to another provision in the code, and they would be right. The tax code currently tries to limit the amount of earnings stripping—that is, sending U.S. profits offshore through inflated interest deductions—by disallowing the interest deduction over a certain threshold. In the reinsurance context, U.S. affiliates of foreign based reinsurance entities may be sending offshore excessive amounts of reinsurance to strip those premiums out of the purview of the U.S. tax system. My bill limits the deduction for those premiums to the extent the reinsurance to a related party exceeds the industry average.

I hope that in the coming weeks, my colleagues and experts in the industry will carefully review this new proposal and provide constructive commentary on it. A fuller technical explanation of the bill will be posted on my website, which will provide some background on the industry as well as a technical description of the bill. Madame Speaker, I appreciate the opportunity to address the House on this important matter and I assure my colleagues that I will continue my efforts to combat offshore tax avoidance, regardless of what industry is impacted.

HONORING DOUGLAS KAPNICK

HON. TIMOTHY WALBERG

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 18, 2008

Mr. WALBERG. Madam Speaker, I rise today to honor Douglas Kapnick of Adrian, MI on the celebration of his retirement from Kapnick Insurance Group. For 43 years he has successfully operated the company and has contributed to various organizations within the area in an effort to give back to the community.

Upon graduating from the University of Michigan in 1965 with a Business Administration degree, Douglas Kapnick joined his father's insurance business, Kapnick and Company. From the beginning, he focused on expanding the agency beyond home and auto insurance and worked to extend its reach into Adrian's neighboring areas. In 1974 he bought the 15-person operation from his father, Elmer Kapnick, and in 1975, he was elected to serve as its president. As chairperson and chief executive officer, he succeeded in growing the business into one of the most respected insurance agencies in the Midwest.

In July 2001, the company doubled its benefits operation through the purchase of Harbors Benefits Services located in Ann Arbor, MI, and in 2005, it changed its name to Kapnick Insurance Group. The company has gained recognition as an innovative, well managed company with a reputation for providing quality service and creative solutions to its clients. The company's success can be traced to Douglas' inspiring leadership and ability to bring out the best in each employee. Carrying on the family tradition, Douglas Kapnick's two sons, Jim and Mike Kapnick, bought the company from him in 2006. On September 5, 2008, Douglas spent his last official day in the office.