onstrations are funded, the Secretary shall ascertain that plans for such demonstrations take into consideration information and findings included in reports filed on other demonstrations assisted under this chapter.

(d) Duration; recordkeeping requirements

Each demonstration shall have a duration of at least three years during which time records including, but not limited to, fuel efficiency indicators, emissions data, repair statistics, and detailed reports of any accidents, shall be maintained and reports made to the Secretary in accordance with guidelines promulgated by the Secretary prior to issuance of the first loan or grant under this section and amended no more often than twice annually.

(e) Selection of proposed demonstrations; discretionary and mandatory criteria

In selecting proposed demonstrations to be supported under this section, the Secretary shall, to the maximum extent practicable, assure representation of diverse operating conditions and vehicle types including, but not limited to—

(1) altitude and topography,
(2) climatic conditions,
(3) air quality conditions,
(4) industrial, commercial, and agricultural uses,
(5) varying vehicular structures, and
(6) average trip lengths:

Provided, however, That not fewer than two demonstrations initiated in each year shall be located in a county or standard metropolitan statistical area designated by the Secretary upon recommendation of the Administrator of the Environmental Protection Agency based on severity or uniqueness of air quality conditions: *And provided further*, That the fleet or portions of fleets participating in each demonstration with funding under this chapter shall consist of not fewer than fifty vehicles except in the case of one demonstration each year involving methane-fueled off-road agricultural equipment.

(Pub. L. 96–512, § 7, Dec. 12, 1980, 94 Stat. 2830.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 3804, 3807, 3809 of this title.

§ 3807. Use of methane-fueled vehicles by Federal agencies and departments

The Secretary shall consult with the Postmaster General of the United States Postal Service, the Administrator of the General Services Administration, the Secretary of Defense, and the heads of other Federal agencies where appropriate to—

(a) determine the practicability of using methane vehicles in the performance of certain or all of the functions of their agencies based in counties and standard metropolitan statistical areas in which demonstrations under section 3806 of this title are being conducted; and

(b) arrange for appropriate use of methane-fueled vehicles at the earliest practicable date.

(Pub. L. 96–512, § 8, Dec. 12, 1980, 94 Stat. 2832.)

§ 3808. Repealed. Pub. L. 104–66, title I, § 1051(p), Dec. 21, 1995, 109 Stat. 717

Section, Pub. L. 96–512, § 9, Dec. 12, 1980, 94 Stat. 2833, directed Secretary of Energy to submit such reports to Congress as Secretary deemed appropriate, including annual report on all activities under this chapter.

§ 3809. Authorization of appropriations; required funding

There are authorized to be appropriated to the Secretary for purposes of carrying out this chapter, not to exceed $3,000,000 for the fiscal year ending September 30, 1982, not less than one-half of which shall be for the purpose of making loans under section 3806(b) of this title; not to exceed $5,000,000 for the fiscal year ending September 30, 1983, not less than one-half of which shall be for the purpose of making loans under section 3806(b) of this title; not to exceed $5,000,000 for the fiscal year ending September 30, 1984, not less than one-half of which shall be for the purpose of making loans under section 3806(b) of this title; and such sums as may be necessary for the fiscal years ending September 30, 1985, and September 30, 1986. Any amount appropriated pursuant to this section shall remain available until expended.

(Pub. L. 96–512, § 10, Dec. 12, 1980, 94 Stat. 2833.)

§ 3810. Relationship to other laws

(a) Modification or waiver

Nothing in this chapter shall be construed as authorizing the Secretary or any other official with respect to any activity pursuant to this chapter to modify or waive the application of any Federal, State or local laws dealing with the production, transportation, storage, safety, use or pricing of methane.

(b) Promulgation of rules

Nothing in this chapter shall be construed as granting the Secretary or any other Federal official any authority to promulgate rules of general application to regulate the production, transportation, storage, safety, use or pricing of methane as a transportation fuel or vehicles which use methane as a transportation fuel.

(Pub. L. 96–512, § 11, Dec. 12, 1980, 94 Stat. 2833.)

CHAPTER 65—LIABILITY RISK RETENTION

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§ 3901. Definitions

(a) As used in this chapter—

(1) ''insurance'' means primary insurance, excess insurance, reinsurance, surplus lines insurance, and any other arrangement for shifting and distributing risk which is determined to be insurance under applicable State or Federal law;

(2) ''liability''—

(A) means legal liability for damages (including costs of defense, legal costs and fees, and other claims expenses) because of injuries to other persons, damage to their property, or other damage or loss to such other persons resulting from or arising out of—

(i) any business (whether profit or nonprofit), trade, product, services (including professional services), premises, or operations, or

(ii) any activity of any State or local government, or any agency or political subdivision thereof; and

(B) does not include personal risk liability and an employer's liability with respect to its employees other than legal liability under the Federal Employers' Liability Act (45 U.S.C. 51 et seq.);

(3) ''personal risk liability'' means liability for damages because of injury to any person, damage to property, or other loss or damage resulting from any personal, familial, or household responsibilities or activities, rather than from responsibilities or activities referred to in paragraphs (2)(A) and (2)(B);

(4) ''risk retention group'' means any corporation or other limited liability association—

(A) whose primary activity consists of assuming, and spreading all, or any portion, of the liability exposure of its group members;

(B) which is organized for the primary purpose of conducting the activity described under subparagraph (A);

(C) which—

(i) is chartered or licensed as a liability insurance company under the laws of a State and authorized to engage in the business of insurance under the laws of such State; or

(ii) before January 1, 1985, was chartered or licensed and authorized to engage in the business of insurance under the laws of Bermuda or the Cayman Islands and, before such date, had certified to the insurance commissioner of at least one State that it satisfied the capitalization requirements of such State, except that any such group shall be considered to be a risk retention group only if it has been engaged in business continuously since such date and only for the purpose of continuing to provide insurance to cover product liability or completed operations liability (as such terms were defined in this section before October 27, 1986);

(D) which does not exclude any person from membership in the group solely to provide for members of such a group a competitive advantage over such a person;

(E) which—

(i) has as its owners only persons who comprise the membership of the risk retention group and who are provided insurance by such group; or

(ii) has as its sole owner an organization which has as—

(I) its members only persons who comprise the membership of the risk retention group; and

(II) its owners only persons who comprise the membership of the risk retention group and who are provided insurance by such group;

(F) whose members are engaged in businesses or activities similar or related with respect to the liability to which such members are exposed by virtue of any related, similar, or common business, trade, product, services, premises, or operations;

(G) whose activities do not include the provision of insurance other than—

(i) liability insurance for assuming and spreading all or any portion of the similar or related liability exposure of its group members; and

(ii) reinsurance with respect to the similar or related liability exposure of any other risk retention group (or any member of such other group) which is engaged in businesses or activities so that such group (or member) meets the requirement described in subparagraph (F) for membership in the risk retention group which provides such reinsurance; and

(H) the name of which includes the phrase ''Risk Retention Group''.[1]

(5) ''purchasing group'' means any group which—

(A) has as one of its purposes the purchase of liability insurance on a group basis;

(B) purchases such insurance only for its group members and only to cover their similar or related liability exposure, as described in subparagraph (C);

[1] So in original. The period probably should be a semicolon.

(C) is composed of members whose businesses or activities are similar or related with respect to the liability to which members are exposed by virtue of any related, similar, or common business, trade, product, services, premises, or operations; and

(D) is domiciled in any State;

(6) ''State'' means any State of the United States or the District of Columbia; and

(7) ''hazardous financial condition'' means that, based on its present or reasonably anticipated financial condition, a risk retention group is unlikely to be able—

(A) to meet obligations to policyholders with respect to known claims and reasonably anticipated claims; or

(B) to pay other obligations in the normal course of business.

(b) Nothing in this chapter shall be construed to affect either the tort law or the law governing the interpretation of insurance contracts of any State, and the definitions of liability, personal risk liability, and insurance under any State law shall not be applied for the purposes of this chapter, including recognition or qualification of risk retention groups or purchasing groups.

(Pub. L. 97–45, § 2, Sept. 25, 1981, 95 Stat. 949; Pub. L. 98–193, Dec. 1, 1983, 97 Stat. 1344; Pub. L. 99–563, §§ 3, 4, 12(b), Oct. 27, 1986, 100 Stat. 3170, 3171, 3177.)

REFERENCES IN TEXT

The Federal Employers' Liability Act (45 U.S.C. 51 et seq.), referred to in subsec. (a)(2)(B), is act Apr. 22, 1908, ch. 149, 35 Stat. 65, as amended, which is classified generally to chapter 2 (§ 51 et seq.) of Title 45, Railroads. For complete classification of this Act to the Code, see Short Title note set out under section 51 of Title 45 and Tables.

CODIFICATION

October 27, 1986, referred to in subsec. (a)(4)(C)(ii), was in the original ''the date of the enactment of the Risk Retention Act of 1986'', which was translated as meaning the date of enactment of the Risk Retention Amendments of 1986 to reflect the probable intent of Congress.

AMENDMENTS

1986—Subsec. (a)(1) to (3). Pub. L. 99–563, § 3(a), redesignated par. (2) as (1), added pars. (2) and (3), and struck out former par. (1) defining completed operations liability, and former par. (3) defining product liability.

Subsec. (a)(4). Pub. L. 99–563, § 4(a)(1), struck out ''taxable as a corporation, or as an insurance company, formed under the laws of any State, Bermuda, or the Cayman Islands'' after ''association'' in introductory provisions.

Subsec. (a)(4)(A). Pub. L. 99–563, § 4(a)(2), substituted ''liability exposure'' for ''product liability or completed operations liability risk exposure''.

Subsec. (a)(4)(C). Pub. L. 99–563, § 4(a)(3), amended subpar. (C) generally. Prior to amendment, subpar. (C) read as follows: ''which is chartered or licensed as an insurance company and authorized to engage in the business of insurance under the laws of any State, or which is so chartered or licensed and authorized before January 1, 1985, under the laws of Bermuda or the Cayman Islands, except that any group so chartered or licensed and authorized under the laws of Bermuda or the Cayman Islands shall be considered to be a risk retention group only after it has certified to the insurance commissioner of at least one State that it satisfies the capitalization requirements of such State;''.

Subsec. (a)(4)(E) to (H). Pub. L. 99–563, § 4(a)(4), added subpars. (E) to (H), and struck out former subpar. (E) which read as follows: ''which is composed of member each of whose principal activity consists of the manufacture, design, importation, distribution, packaging, labeling, lease, or sale of a product or products;''.

Subsec. (a)(5). Pub. L. 99–563, § 4(b), amended par. (5) generally. Prior to amendment, par. (5) read as follows: '' 'purchasing group' means any group of persons which has as one of its purposes the purchase of product liability or completed operations liability insurance on a group basis;''.

Subsec. (a)(7). Pub. L. 99–563, § 3(b), added par. (7).

Subsec. (b). Pub. L. 99–563, § 12(b), substituted ''liability, personal risk liability, and insurance'' for ''product liability and product liability insurance''.

1983—Subsec. (b). Pub. L. 98–193 substituted provision that nothing in this chapter would be construed to affect either the tort law or the law governing the interpretation of insurance contracts of any State, and that the definitions of product liability and product liability insurance under any State law would not be applied for the purposes of this chapter, including recognition or qualification of risk retention groups or purchasing groups for provision that the definition of product liability in this section would not be construed to affect either the tort law or the law governing the interpretation of insurance contracts of any State.

EFFECTIVE DATE OF 1986 AMENDMENT; APPLICABILITY

Section 11(a), (b), and (c)(2) of Pub. L. 99–563 provided that:

''(a) GENERAL RULE.—Subject to subsection (b), this Act [see Short Title of 1986 Amendment note below] shall take effect on the date of its enactment [Oct. 27, 1986].

''(b) SPECIAL RULE REGARDING FEASIBILITY STUDY.—The provisions of section 3(d) of the Liability Risk Retention Act of 1986 (as added by section 5(b) of this Act) [15 U.S.C. 3902(d)], relating to the submission of a feasibility study, shall not apply with respect to any line or classification of liability insurance which—

''(1) was defined in the Product Liability Risk Retention Act of 1981 [Pub. L. 97–45, which enacted this chapter] before the date of the enactment of this Act [Oct. 27, 1986]; and

''(2) was offered before such date of enactment by any risk retention group which has been chartered and operating for not less than 3 years before such date of enactment.

''(c) RULE REGARDING POLLUTION LIABILITY.—

''(2) Nothing in this Act shall be construed, interpreted or applied to diminish the obligations of any person to establish or maintain evidence of financial responsibility or otherwise comply with any of the requirements of Federal environmental laws, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 [42 U.S.C. 9601 et seq.] and the Solid Waste Disposal Act [42 U.S.C. 6901 et seq.].''

SHORT TITLE OF 1986 AMENDMENT

Section 1 of Pub. L. 99–563 provided that: ''This Act [enacting sections 3905 and 3906 of this title, amending this section, sections 3902 and 3903 of this title, and sections 9671 to 9675 of Title 42, The Public Health and Welfare, enacting provisions set out as notes under this section and section 9671 of Title 42, and amending provisions set out as a note under this section] may be cited as the 'Risk Retention Amendments of 1986'.''

SHORT TITLE

Section 1 of Pub. L. 97–45, as amended by Pub. L. 99–563, § 12(a), Oct. 27, 1986, 100 Stat. 3177, provided that: ''This Act [enacting this chapter] may be cited as the 'Liability Risk Retention Act of 1986'.''

OVERSIGHT OF IMPLEMENTATION; REPORT TO CONGRESS

Section 10 of Pub. L. 99–563 provided that:

''(a) IN GENERAL.—(1) Not later than September 1, 1987, and not later than September 1, 1989, the Secretary of Commerce shall submit reports to the Congress concerning implementation of this Act [see Short Title of 1986 Amendment note above].

''(2) Such report shall be based on—

''(A) the Secretary's consultation with State insurance commissioners, risk retention groups, purchasing groups, and other interested parties; and

''(B) the Secretary's analysis of other information available to the Secretary.

''(b) CONTENTS OF THE REPORT.—The report shall describe the Secretary's views concerning—

''(1) the contribution of this Act [see Short Title of 1986 Amendment note above] toward resolution of problems relating to the unavailability and unaffordability of liability insurance;

''(2) the extent to which the structure of regulation and preemption established by this Act is satisfactory;

''(3) the extent to which, in the implementation of this Act, the public is protected from unsound financial practices and other commercial abuses involving risk retention groups and purchasing groups;

''(4) the causes of any financial difficulties of risk retention groups and purchasing groups;

''(5) the extent to which risk retention groups and purchasing groups have been discriminated against under State laws, practices, and procedures contrary to the provisions and underlying policy of this Act and the Product Liability Risk Retention Act (as amended by this Act) [Pub. L. 97–45, which enacted this chapter]; and

''(6) such other comments and conclusions as the Secretary deems relevant to assessment of the implementation of this Act.''

§ 3902. Risk retention groups

(a) Exemptions from State laws, rules, regulations, or orders

Except as provided in this section, a risk retention group is exempt from any State law, rule, regulation, or order to the extent that such law, rule, regulation, or order would—

(1) make unlawful, or regulate, directly or indirectly, the operation of a risk retention group except that the jurisdiction in which it is chartered may regulate the formation and operation of such a group and any State may require such a group to—

(A) comply with the unfair claim settlement practices law of the State;

(B) pay, on a nondiscriminatory basis, applicable premium and other taxes which are levied on admitted insurers and surplus lines insurers, brokers, or policyholders under the laws of the State;

(C) participate, on a nondiscriminatory basis, in any mechanism established or authorized under the law of the State for the equitable apportionment among insurers of liability insurance losses and expenses incurred on policies written through such mechanism;

(D) register with and designate the State insurance commissioner as its agent solely for the purpose of receiving service of legal documents or process;

(E) submit to an examination by the State insurance commissioners in any State in which the group is doing business to determine the group's financial condition, if—

(i) the commissioner of the jurisdiction in which the group is chartered has not begun or has refused to initiate an examination of the group; and

(ii) any such examination shall be coordinated to avoid unjustified duplication and unjustified repetition;

(F) comply with a lawful order issued—

(i) in a delinquency proceeding commenced by the State insurance commissioner if there has been a finding of financial impairment under subparagraph (E); or

(ii) in a voluntary dissolution proceeding;

(G) comply with any State law regarding deceptive, false, or fraudulent acts or practices, except that if the State seeks an injunction regarding the conduct described in this subparagraph, such injunction must be obtained from a court of competent jurisdiction;

(H) comply with an injunction issued by a court of competent jurisdiction, upon a petition by the State insurance commissioner alleging that the group is in hazardous financial condition or is financially impaired; and

(I) provide the following notice, in 10-point type, in any insurance policy issued by such group:

''NOTICE

''This policy is issued by your risk retention group. Your risk retention group may not be subject to all of the insurance laws and regulations of your State. State insurance insolvency guaranty funds are not available for your risk retention group.''

(2) require or permit a risk retention group to participate in any insurance insolvency guaranty association to which an insurer licensed in the State is required to belong;

(3) require any insurance policy issued to a risk retention group or any member of the group to be countersigned by an insurance agent or broker residing in that State; or

(4) otherwise, discriminate against a risk retention group or any of its members, except that nothing in this section shall be construed to affect the applicability of State laws generally applicable to persons or corporations.

(b) Scope of exemptions

The exemptions specified in subsection (a) of this section apply to laws governing the insurance business pertaining to—

(1) liability insurance coverage provided by a risk retention group for—

(A) such group; or

(B) any person who is a member of such group;

(2) the sale of liability insurance coverage for a risk retention group; and

(3) the provision of—

(A) insurance related services;

(B) management, operations, and investment activities; or

(C) loss control and claims administration (including loss control and claims administration services for uninsured risks retained by any member of such group);

for a risk retention group or any member of such group with respect to liability for which the group provides insurance.

(c) Licensing of agents or brokers for risk retention groups

A State may require that a person acting, or offering to act, as an agent or broker for a risk retention group obtain a license from that State, except that a State may not impose any qualification or requirement which discriminates against a nonresident agent or broker.

(d) Documents for submission to State insurance commissioners

Each risk retention group shall submit—

(1) to the insurance commissioner of the State in which it is chartered—

(A) before it may offer insurance in any State, a plan of operation or a feasibility study which includes the coverages, deductibles, coverage limits, rates, and rating classification systems for each line of insurance the group intends to offer; and

(B) revisions of such plan or study if the group intends to offer any additional lines of liability insurance;

(2) to the insurance commissioner of each State in which it intends to do business, before it may offer insurance in such State—

(A) a copy of such plan or study (which shall include the name of the State in which it is chartered and its principal place of business); and

(B) a copy of any revisions to such plan or study, as provided in paragraph (1)(B) (which shall include any change in the designation of the State in which it is chartered); and

(3) to the insurance commissioner of each State in which it is doing business, a copy of the group's annual financial statement submitted to the State in which the group is chartered as an insurance company, which statement shall be certified by an independent public accountant and contain a statement of opinion on loss and loss adjustment expense reserves made by—

(A) a member of the American Academy of Actuaries, or

(B) a qualified loss reserve specialist.

(e) Power of courts to enjoin conduct

Nothing in this section shall be construed to affect the authority of any Federal or State court to enjoin—

(1) the solicitation or sale of insurance by a risk retention group to any person who is not eligible for membership in such group; or

(2) the solicitation or sale of insurance by, or operation of, a risk retention group that is in hazardous financial condition or is financially impaired.

(f) State powers to enforce State laws

(1) Subject to the provisions of subsection (a)(1)(G) of this section (relating to injunctions) and paragraph (2), nothing in this chapter shall be construed to affect the authority of any State to make use of any of its powers to enforce the laws of such State with respect to which a risk retention group is not exempt under this chapter.

(2) If a State seeks an injunction regarding the conduct described in paragraphs (1) and (2) of subsection (e) of this section, such injunction must be obtained from a Federal or State court of competent jurisdiction.

(g) States' authority to sue

Nothing in this chapter shall affect the authority of any State to bring an action in any Federal or State court.

(h) State authority to regulate or prohibit ownership interests in risk retention groups

Nothing in this chapter shall be construed to affect the authority of any State to regulate or prohibit the ownership interest in a risk retention group by an insurance company in that State, other than in the case of ownership interest in a risk retention group whose members are insurance companies.

(Pub. L. 97–45, § 3, Sept. 25, 1981, 95 Stat. 950; Pub. L. 99–563, §§ 5, 7, 8(a), 12(c), Oct. 27, 1986, 100 Stat. 3172, 3175, 3178.)

AMENDMENTS

1986—Subsec. (a)(1)(C). Pub. L. 99–563, § 12(c), struck out "product liability or completed operations" before "liability insurance losses".

Subsec. (a)(1)(D). Pub. L. 99–563, § 5(b)(1), redesignated subpar. (E) as (D), substituted a semicolon for ", and, upon request, furnish such commissioner a copy of any financial report submitted by the risk retention group to the commissioners of the chartering or licensing jurisdiction;", and struck out former subpar. (D) which read as follows: "submit to the appropriate authority reports and other information required of licensed insurers under the laws of a State relating solely to product liability or completed operations liability insurance losses and expenses;".

Subsec. (a)(1)(E). Pub. L. 99–563, § 5(b)(1)(A), (c), redesignated subpar. (F) as (E), further redesignated cl. (ii) as (i), added cl. (ii), and struck out former cl. (i) which read as follows: "the commissioner has reason to believe the risk retention group is in a financially impaired condition; and". Former subpar. (E) redesignated (D).

Subsec. (a)(1)(F). Pub. L. 99–563, § 5(b)(1)(A), (d), redesignated subpar. (G) as (F) and amended it generally. Prior to amendment, subpar. (F) read as follows: "comply with a lawful order issued in a delinquency proceeding commenced by the State insurance commissioner if the commissioner of the jurisdiction in which the group is chartered has failed to initiate such a proceeding after notice of a finding of financial impairment under subparagraph (F) of this paragraph;". Former subpar. (F) redesignated (E).

Subsec. (a)(1)(G) to (I). Pub. L. 99–563, § 5(b)(1)(A), (e), added subpars. (G) to (I). Former subpar. (G) redesignated (F).

Subsec. (b). Pub. L. 99–563, § 5(a), amended subsec. (b) generally. Prior to amendment, subsec. (b) read as follows: "The exemptions specified in subsection (a) of this section apply to—

"(1) product liability or completed operations liability insurance coverage provided by a risk retention group for—

"(A) such group; or

"(B) any person who is a member of such group;

"(2) the sale of product liability or completed operations liability insurance coverage for a risk retention group; and

"(3) the provision of insurance related services or management services for a risk retention group or any member of such group."

Subsecs. (d) to (h). Pub. L. 99–563, §§ 5(b)(2), 7, 8(a), added subsecs. (d) to (h).

SPECIAL RULE REGARDING FEASIBILITY STUDY

The provisions of subsec. (d) of this section, relating to the submission of a feasibility study, not applicable

with respect to any line or classification of liability insurance which was defined in this chapter before Oct. 27, 1986, and was offered before such date by any risk retention group chartered and operating for not less than 3 years before such date, see section 11(b) of Pub. L. 99–563, set out as an Effective Date of 1986 Amendment; Applicability note under section 3901 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 3905 of this title.

§ 3903. Purchasing groups

(a) Exemptions from State laws, rules, regulations, or orders

Except as provided in this section and section 3905 of this title, a purchasing group is exempt from any State law, rule, regulation, or order to the extent that such law, rule, regulation, or order would—

(1) prohibit the establishment of a purchasing group;

(2) make it unlawful for an insurer to provide or offer to provide insurance on a basis providing, to a purchasing group or its members, advantages, based on their loss and expense experience, not afforded to other persons with respect to rates, policy forms, coverages, or other matters;

(3) prohibit a purchasing group or its members from purchasing insurance on the group basis described in paragraph (2) of this subsection;

(4) prohibit a purchasing group from obtaining insurance on a group basis because the group has not been in existence for a minimum period of time or because any member has not belonged to the group for a minimum period of time;

(5) require that a purchasing group must have a minimum number of members, common ownership or affiliation, or a certain legal form;

(6) require that a certain percentage of a purchasing group must obtain insurance on a group basis;

(7) require that any insurance policy issued to a purchasing group or any members of the group be countersigned by an insurance agent or broker residing in that State; or

(8) otherwise discriminate against a purchasing group or any of its members.

(b) Scope of exemptions

The exemptions specified in subsection (a) of this section apply to—

(1) liability insurance provided to—

(A) a purchasing group; or

(B) any person who is a member of a purchasing group; and

(2) the provision of—

(A) liability coverage;

(B) insurance related services; or

(C) management services;

to a purchasing group or member of the group.

(c) Licensing of agents or brokers for purchasing groups

A State may require that a person acting, or offering to act, as an agent or broker for a purchasing group obtain a license from that State, except that a State may not impose any qualification or requirement which discriminates against a nonresident agent or broker.

(d) Notice to State insurance commissioners of intent to do business

(1) A purchasing group which intends to do business in any State shall furnish notice of such intention to the insurance commissioner of such State. Such notice—

(A) shall identify the State in which such group is domiciled;

(B) shall specify the lines and classifications of liability insurance which the purchasing group intends to purchase;

(C) shall identify the insurance company from which the group intends to purchase insurance and the domicile of such company; and

(D) shall identify the principal place of business of the group.

(2) Such purchasing group shall notify the commissioner of any such State as to any subsequent changes in any of the items provided in such notice.

(e) Designation of agent for service of documents and process

A purchasing group shall register with and designate the State insurance commissioner of each State in which it does business as its agent solely for the purpose of receiving service of legal documents or process, except that such requirement shall not apply in the case of a purchasing group—

(1) which—

(A) was domiciled before April 1, 1986; and

(B) is domiciled on and after October 27, 1986;[1]

in any State of the United States;

(2) which—

(A) before September 25, 1981, purchased insurance from an insurance carrier licensed in any State; and

(B) since September 25, 1981, purchases its insurance from an insurance carrier licensed in any State;

(3) which was a purchasing group under the requirements of this chapter before October 27, 1986; and

(4) as long as such group does not purchase insurance that was not authorized for purposes of an exemption under this chapter as in effect before October 27, 1986.

(f) Purchases of insurance through licensed agents or brokers acting pursuant to surplus lines laws

A purchasing group may not purchase insurance from a risk retention group that is not chartered in a State or from an insurer not admitted in the State in which the purchasing group is located, unless the purchase is effected through a licensed agent or broker acting pursuant to the surplus lines laws and regulations of such State.

(g) State powers to enforce State laws

Nothing in this chapter shall be construed to affect the authority of any State to make use of

[1] See Codification note below.

any of its powers to enforce the laws of such State with respect to which a purchasing group is not exempt under this chapter.

(h) States' authority to sue

Nothing in this chapter shall affect the authority of any State to bring an action in any Federal or State court.

(Pub. L. 97–45, § 4, Sept. 25, 1981, 95 Stat. 951; Pub. L. 99–563, §§ 6, 8(b), 12(d), Oct. 27, 1986, 100 Stat. 3174, 3175, 3178.)

CODIFICATION

October 27, 1986, referred to in subsec. (e)(1)(B), was in the original "the date of the enactment of this Act" which was translated as meaning the date of the enactment of Pub. L. 99–563, which enacted subsec. (e), to reflect the probable intent of Congress.

AMENDMENTS

1986—Subsec. (a). Pub. L. 99–563, § 8(b)(1), inserted reference to section 3905 of this title.

Subsec. (b)(1). Pub. L. 99–563, § 12(d)(1), substituted "liability insurance" for "product liability or completed operations liability insurance, and comprehensive general liability insurance which includes either of these coverages,".

Subsec. (b)(2)(A). Pub. L. 99–563, § 12(d)(2), struck out "product liability or completed operations insurance, and comprehensive general" before "liability coverage".

Subsecs. (d) to (h). Pub. L. 99–563, §§ 6, 8(b)(2), added subsecs. (d) to (h).

§ 3904. Securities laws

(a) Ownership interest of members in risk retention groups

The ownership interests of members in a risk retention group shall be—

(1) considered to be exempted securities for purposes of section 5 of the Securities Act of 1933 [15 U.S.C. 77e] and for purposes of section 12 of the Securities Exchange Act of 1934 [15 U.S.C. 78*l*]; and

(2) considered to be securities for purposes of the provisions of section 17 of the Securities Act of 1933 [15 U.S.C. 77q] and the provisions of section 10 of the Securities Exchange Act of 1934 [15 U.S.C. 78j].

(b) Investment companies

A risk retention group shall not be considered to be an investment company for purposes of the Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.).

(c) State blue sky laws

The ownership interests of members in a risk retention group shall not be considered securities for purposes of any State blue sky law.

(Pub. L. 97–45, § 5, Sept. 25, 1981, 95 Stat. 952.)

REFERENCES IN TEXT

The Investment Company Act of 1940, referred to in subsec. (b), is title I of act Aug. 22, 1940, ch. 686, 54 Stat. 789, as amended, which is classified generally to subchapter I (§ 80a–1 et seq.) of chapter 2D of this title. For complete classification of this Act to the Code, see section 80a–51 of this title and Tables.

§ 3905. Clarification concerning permissible State authority

(a) No exemption from State motor vehicle no-fault and motor vehicle financial responsibility laws

Nothing in this chapter shall be construed to exempt a risk retention group or purchasing group authorized under this chapter from the policy form or coverage requirements of any State motor vehicle no-fault or motor vehicle financial responsibility insurance law.

(b) Applicability of exemptions

The exemptions provided under this chapter shall apply only to the provision of liability insurance by a risk retention group or the purchase of liability insurance by a purchasing group, and nothing in this chapter shall be construed to permit the provision or purchase of any other line of insurance by any such group.

(c) Prohibited insurance policy coverage

The terms of any insurance policy provided by a risk retention group or purchased by a purchasing group shall not provide or be construed to provide insurance policy coverage prohibited generally by State statute or declared unlawful by the highest court of the State whose law applies to such policy.

(d) State authority to specify acceptable means of demonstrating financial responsibility

Subject to the provisions of section 3902(a)(4) of this title relating to discrimination, nothing in this chapter shall be construed to preempt the authority of a State to specify acceptable means of demonstrating financial responsibility where the State has required a demonstration of financial responsibility as a condition for obtaining a license or permit to undertake specified activities. Such means may include or exclude insurance coverage obtained from an admitted insurance company, an excess lines company, a risk retention group, or any other source regardless of whether coverage is obtained directly from an insurance company or through a broker, agent, purchasing group, or any other person.

(Pub. L. 97–45, § 6, as added Pub. L. 99–563, § 8(c), Oct. 27, 1986, 100 Stat. 3175.)

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 3903 of this title.

§ 3906. Injunctive orders issued by United States district courts

Any district court of the United States may issue an order enjoining a risk retention group from soliciting or selling insurance, or operating, in any State (or in all States) or in any territory or possession of the United States upon a finding of such court that such group is in hazardous financial condition. Such order shall be binding on such group, its officers, agents, and employees, and on any other person acting in active concert with any such officer, agent, or employee, if such other person has actual notice of such order.

(Pub. L. 97–45, § 7, as added Pub. L. 99–563, § 9, Oct. 27, 1986, 100 Stat. 3176.)

CHAPTER 66—PROMOTION OF EXPORT TRADE

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SUBCHAPTER I—EXPORT TRADING COMPANIES AND TRADE ASSOCIATIONS

SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in title 7 sections 7257, 7258.

§ 4001. Congressional findings and declaration of purpose

(a) The Congress finds that—

(1) United States exports are responsible for creating and maintaining one out of every nine manufacturing jobs in the United States and for generating one out of every seven dollars of total United States goods produced;

(2) the rapidly growing service-related industries are vital to the well-being of the United States economy inasmuch as they create jobs for seven out of every ten Americans, provide 65 per centum of the Nation's gross national product, and offer the greatest potential for significantly increased industrial trade involving finished products;

(3) trade deficits contribute to the decline of the dollar on international currency markets and have an inflationary impact on the United States economy;

(4) tens of thousands of small- and medium-sized United States businesses produce exportable goods or services but do not engage in exporting;

(5) although the United States is the world's leading agricultural exporting nation, many farm products are not marketed as widely and effectively abroad as they could be through export trading companies;

(6) export trade services in the United States are fragmented into a multitude of separate functions, and companies attempting to offer export trade services lack financial leverage to reach a significant number of potential United States exporters;

(7) the United States needs well-developed export trade intermediaries which can achieve economies of scale and acquire expertise enabling them to export goods and services profitably, at low per unit cost to producers;

(8) the development of export trading companies in the United States has been hampered by business attitudes and by Government regulations;

(9) those activities of State and local governmental authorities which initiate, facilitate, or expand exports of goods and services can be an important source for expansion of total United States exports, as well as for experimentation in the development of innovative export programs keyed to local, State, and regional economic needs;