The Reinsurance Association of America (RAA) appreciates the Committee’s interest in the U.S. property casualty (re)insurance industry. Thank you for holding today’s hearing on “Oversight and Reauthorization of the Export-Import Bank of the United States.” The RAA supports reauthorization of the Export-Import Bank of the United States (EXIM) in advance of its September 30, 2019, expiration. The RAA requests that you include language to make permanent EXIM’s risk transfer program authority in EXIM reauthorization and reform legislation.

The RAA is the leading trade association of property and casualty reinsurers doing business in the United States. Our membership includes reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross-border basis. The RAA represents its members before state, federal, and international bodies.
Risk transfer can help both government agencies and private businesses analyze and manage risk by providing financing stability and reducing the impact of future losses. The reinsurance market has the capacity and interest to assist Federal government programs to appropriately manage risk. Opportunities exist for the Federal government to benefit from competitive market risk management services and risk transfer capabilities to deleverage Federal program balance sheets and simultaneously increase financial protections for U.S. taxpayers. The RAA is poised to work with Congress and the Administration to maximize utilization of the private market to the extent the industry can write credit, disaster, and political risks.

The RAA supported the EXIM reinsurance pilot program authorized by Congress in December 2015 as part of the Fixing America’s Surface Transportation Act (FAST Act). The legislation specifically authorized EXIM to establish a pilot program for reinsurance “to share risks associated with the provision of guarantees, insurance, or credit, or the participation in the extension of credit, by the Bank.….” In March 2018, EXIM announced its reinsurance pilot program, which provided for $1 billion in loss coverage for a significant portion of EXIM’s existing portfolio of large commercial aircraft financing transactions. EXIM stated that it was the largest public-private risk-sharing arrangement for a U.S. government credit agency and minimized EXIM and U.S. taxpayers’ liability for potential future losses without requiring additional funding.

The RAA looks forward to working with the Chairman, Ranking Member, and other Committee members on EXIM reauthorization and reform legislation.

Thank you for the opportunity to submit the RAA’s statement for today’s hearing record and for your consideration of our request.