



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

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July 13, 2006

Chairman Richard Baker
Subcommittee on Capital Markets
U.S. House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

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Dear Chairman Baker:

Thank you for seeking comment from the National Association of Insurance Commissioners (NAIC) on H.R. 5637, the "Non-admitted and Reinsurance Reform Act of 2006." We appreciate your continued interest in insurance issues and in particular your invitation to the NAIC to offer the expertise and experience of state insurance officials.

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The NAIC and state insurance officials are working to modernize and streamline the current supervisory system while preserving the appropriate consumer protections, which form the core strength of state regulatory oversight. As you mentioned in your letter, and was mentioned repeatedly at the hearing, the NAIC still believes that in advancing this modernization effort either an interstate compact and/or federal legislation may be necessary to address allocations for surplus lines premium tax. Further we still hold that federal enabling legislation would be an option to permit multi-state property risks to access surplus lines coverage in their home state under a single policy subject to a single rate. HR 5637 seeks to address these two issues with federal legislation and we have attached some technical corrections and explanatory comment to improve the bill.

**WORLD
WIDE WEB**

www.naic.org

HR 5637 also seeks to deal with a number of domestic reinsurance issues. Reinsurance is critical to a healthy insurance market and the solvency of insurers. Given that this bill is targeting specific regulatory behaviors of a number of states, you will not be surprised that those states are concerned or opposed to these provisions of this bill and we expect you will be receiving the views of those states independently. Nonetheless, we have attached a number of technical corrections and explanatory comment that you may want to take into account as the legislation develops.

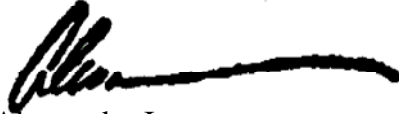
Chairman Richard Baker

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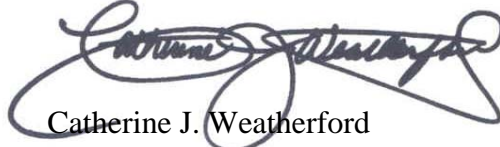
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Again, we appreciate the opportunity for the NAIC and its members to comment on HR 5637. We believe that the states continue to be the best venue for developing insurance regulation that protects consumers, promotes appropriate market conduct, and ensures company solvency. We hope to continue to work with you as this bill proceeds through the legislative process.

Sincerely,



Alessandro Iuppa
Maine Superintendent of Insurance
NAIC President



Catherine J. Weatherford
NAIC Executive Vice President and CEO