



January 7, 2009

The Honorable Charles B. Rangel  
Chairman  
House Ways and Means Committee  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Max Baucus  
Chairman  
Senate Finance Committee  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Richard Neal  
Chairman  
Select Revenue Measures Subcommittee  
1136 Longworth House Office Building  
Washington, DC 20515

The Honorable Charles Grassley  
Ranking Member  
Senate Finance Committee  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Dave Camp  
Ranking Member  
House Ways and Means Committee  
1102 Longworth House Office Building  
Washington, DC 20515

**Re: HR 6969 and Draft Anti-Competitive Proposal Regarding Reinsurance Taxation**

Dear Chairman Rangel, Mr. Neal, Mr. Camp, Chairman Baucus and Senator Grassley:

The National Risk Retention Association ("NRRA") is the association which represents the risk retention group and the alternative risk industry. Risk retention groups ("RRGs") are liability insurance companies chartered in a state under the authority of the Liability Risk Retention Act ("LRRRA"), 15 U.S.C. § 3901 *et. seq.* RRGs write commercial liability insurance and receive approximately \$2.7 billion on an annual basis for providing this service.

Reinsurance is vital to the functioning of the alternative risk marketplace. It permits the risk retention groups to increase their insuring capacity and to hedge against losses that are outside the actuarial norm. Much of this reinsurance is provided by non-U.S. insurers. Some of these insurers are affiliated with the RRGs from which the insurance is ceded.

HR 6969 and the Senate Sub-Committee "Staff Draft," if enacted into law, would have a detrimental effect on the availability of reinsurance for captive insurance companies, which would raise the price of insurance for U.S. consumers.

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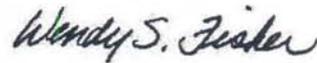
The premise of HR 6969 is that present law allows "income shifting" by a U.S. company to a foreign affiliate. However, the transfer pricing rules of the Internal Revenue Code currently provide the structure necessary to prevent any such tax evasion.

The result is that HR 6969, if enacted, would be a punitive tax provision that would unfairly limit the ability of foreign based insurance groups to provide reinsurance in the U.S. market.

We strongly believe that this would be a disservice to the U.S. tax payer. If we can provide further information, please do not hesitate to contact our counsel in Washington, Robert H. Myers, Jr. at (202) 898-0011.

Thank you for your consideration.

Sincerely yours,

A handwritten signature in cursive script that reads "Wendy S. Fisher".

Wendy Fisher  
Chairman of the Board