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Chairman Bill Botzow
House Committee on Commerce and Economic Development
Room 35, State House
Montpelier, VT 05633

Re: H. 260

Dear Chairman Botzow:

Thank you for the opportunity to submit comments on H. 260, as amended. We support passage of Section 4 of legislation relating to credit for reinsurance.

The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with approximately 300 member companies operating in the United States and abroad. We have 211 member companies licensed in Vermont. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers' products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums. Learn more at www.acli.com.

We support the uniform adoption of the National Association of Insurance Commissioners (NAIC) Model Law on Credit for Reinsurance and the NAIC Credit for Reinsurance Model Regulation. Those models were approved with wide support by the NAIC in 2011, and adoption of those models in the states is an important aspect of reforming reinsurance collateral requirements. Section 4 of H. 260, as amended, is based on those models and follows them closely.

Passage of H. 260 would be an important update to Vermont law and provide incentives to financially sound reinsurers to do business in Vermont. It is also critical to Vermont's proactive role in the insurance regulatory modernization debate at the federal level and internationally. The E.U. and the U.S. federal government are both looking critically at the current insurance regulatory landscape. One issue that is consistently raised in the debate is the application of state collateral requirements. By enacting H. 260, Vermont would demonstrate the ability of the state-based insurance regulatory system to address international insurance issues. In addition, it is likely that lower collateral for highly rated, well-regulated reinsurers subject to regulation in Vermont will ultimately lead to lower prices for Vermont consumers.

Sincerely,

