



Insight beyond the rating.

January 25, 2018

Comm. Thomas B. Considine
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RE: Model Act to Support State Regulation of Insurance by Requiring Competition Among Rating Agencies

Dear Commissioner Considine,

This letter is regarding the above-referenced Model Act.

DBRS is a premier credit rating agency. The fourth largest globally. Among other designations, DBRS is a Nationally Recognized Statistical Rating Organization (“NRSRO”) registered with the Securities and Exchange Commission to issue ratings in all asset classes, including for insurance companies. DBRS is designated an Approved Rating Organization by the National Association of Insurance Commissioners.

DBRS rates some of the largest North American insurers, including Manulife/John Hancock, SunLife, Great West Life, and IA Financial Group. In addition to rating insurance companies, DBRS provides public and private ratings on transactional structures for which insurance companies constitute the largest institutional investors. DBRS is very well known and trusted in the insurance company community.

As such, DBRS was surprised and puzzled to learn that it was not among the agencies explicitly named as a Competent Rating Agency in the Model Act. This is particularly true given the stated purpose of the Model Act is to require competition in insurer ratings among rating agencies. Fundamentally, competition demands a level playing field. The Act frustrates its own purpose by listing only a subset of agencies that meet the standards listed in the Model Act, thereby tilting the playing field in favor of that subset it implicitly if not explicitly promotes (to whom insurance companies consequently, even if unintentionally, are directed).

As such, DBRS supports the approach set forth in the comment letters submitted by members of the Credit Rating Agency Constituent Group and by A.M. Best – the Model Act should not name any individual entity, but rather should provide that all NRSROs registered with the SEC to rate insurance companies and any other entities meeting the requirements of the Model Act qualify as a Competent Rating Agency. If the NCOIL determines to retain specifically named entities, then DBRS supports the alternative approach stated by A.M. Best that all agencies properly vetted against the Model Act’s



standards should be listed, which includes DBRS. Ultimately, however, in the event the NCOIL does not adopt either suggested approach, DBRS strongly requests that it is included among the agencies listed in the Model Act.

We appreciate the opportunity to comment and welcome an opportunity to work with you to improve the Model Act.

Yours very truly,

A handwritten signature in black ink that reads "Stephen Joynt". The signature is written in a cursive style.

Stephen Joynt
CEO, DBRS

Cc: Sen. Bob Hackett (OH), Chair, Financial Services & Investment Products Committee
Sen. James Seward (NY), Member, Financial Services & Investment Products Committee