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January 26, 2009

Honorable Roger Sevigny, Commissioner  
NAIC President  
New Hampshire Insurance Department  
21 South Fruit Street, Suite 14  
Concord, NH 03301

Dear Commissioner Sevigny:

NCOIL officers respectfully must insist that the National Association of Insurance Commissioners (NAIC) step back and reconsider the need for a so-called “emergency” proposal to loosen life insurance capital and reserving requirements. As fellow state officials involved in insurance regulation, we feel strongly that it is more important now than ever to protect policyholders and to fully and openly vet any proposal that would stray from the current regulatory environment—one which we believe has helped insurers avoid the worst impacts of the current financial crisis.

The proposal’s timing could not be worse in light of the present economic decline, as it leaves the appearance that standards are being relaxed when the rest of the world is calling for more oversight. Such an action would fuel federal intrusion by sending a message that state insurance commissioners are not standing firm against strong-arming from industry—an industry that wants to boost consumer confidence by supplying questionable capital relief.

We agree with your January 5 statement regarding the proposal, “During this unprecedented time of economic upheaval, existing conservative state regulatory requirements have helped insurers remain solvent when other financial institutions were failing. Rigorous solvency standards protect companies — and, even more importantly, protect consumers.”

Procedurally, we are gravely concerned over what has been characterized as a “secretive effort.” We caution that a proposal of such magnitude should be debated in an open forum, allowing all interested parties to understand this highly technical undertaking and to share their concerns. We concur with consumer representatives that a deliberative process is necessary to determine if and how much relief is called for, and whether such relief best serves the insurance-buying public.

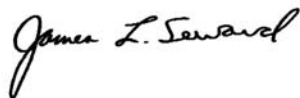
We believe that modeling is warranted for a proposal of such significance and question if the NAIC has done so—in line with NAIC assurances at our annual meeting that regulators would measure the financial impact of changes to capital and reserving requirements.

In summary, insurance legislators and regulators have worked together to produce today’s conservative and effective regulatory structure. We expect you to uphold that regime and stand by your December 5 promise to “make no move to modify the existing strong solvency standards without due consideration and sound reasoning.”

We look forward to discussing this issue with you at anytime, including at the upcoming NCOIL Spring Meeting in Washington, DC.

Thank you for your time and consideration of this matter.

Sincerely,



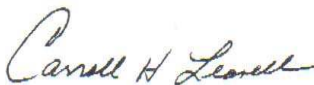
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cc: Jane Cline, NAIC President-Elect  
Susan Voss, NAIC Vice President  
Kevin McCarty, NAIC Secretary-Treasurer  
NAIC Executive Committee  
NAIC Capital and Surplus Relief (EX) Working Group  
NCOIL Executive Committee