

The Coalition For A Domestic Insurance Industry

June 16, 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 David Camp
Ranking Member
House Ways and Means Committee
1102 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 Richard Neal
Chairman
Select Revenue Measures Subcommittee
House Ways and Means Committee
1136 Longworth House Office Building
Washington DC 20515

Dear Sirs:

We are pleased to submit the attached supplemental comments to reiterate our strong support of the Senate Finance Committee staff discussion draft and H.R. 6969 (introduced by Rep. Neal). Our comments also respond to, and rebut, comments submitted by those opposed to the legislation.

Our Coalition represents 14 major U.S.-based insurance groups with over 150,000 employees in offices located throughout the United States. Collectively, we pay substantial U.S. taxes, invest significantly in the municipal bond market, and offer millions of U.S. individuals and businesses financial protection from unpredictable risks.

This legislation is essential to close a current law loophole that permits foreign-controlled insurers to strip their income into tax havens and avoid paying billions of dollars in U.S. taxes annually. This loophole provides foreign-controlled insurers a significant tax advantage over their domestic competitors in attracting capital to write U.S. business. There is no credible reason why the United States tax system should favor foreign-owned groups over domestic insurers in selling insurance in the United States.

Contrary to opponents' claims, this legislation will not harm insurance capacity, increase prices to consumers, contravene treaties, or interfere with free trade. The legislation merely prevents foreign insurers from stripping their U.S. income to tax havens and restores a level competitive playing field.

At a time of burgeoning deficits and possible tax increases on U.S. workers and businesses, it seems unfathomable that we would continue to allow foreign-based insurers to avoid U.S. tax on their U.S.-based business. It is time to close this loophole and prevent further erosion of our tax base.

Once again, our coalition wants to thank you and your staffs for this opportunity to comment, and for your efforts to address this loophole and eliminate the unfair competitive advantage. We are happy to help address any concerns that may arise and are available at any time to discuss this issue.

Sincerely,

AMBAC Financial Group, Inc
American Financial Group
W.R. Berkley Corporation
Berkshire Hathaway Inc.
The Chubb Corporation
EMC Insurance Companies
The Hartford Financial Services Group, Inc.
Liberty Mutual Group, Inc.
Markel Corporation
MBIA Inc.
Safeco Corporation
Scottsdale Insurance Company
The Travelers Companies, Inc.
Zenith Insurance Company

Attachment