

February 24, 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: Bills Modeled on HR 6969 and Draft Anti-Competitive Proposal Regarding Reinsurance Taxation

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

The Captive Insurance Companies Association ("CICA") is the association which represents captive insurance companies of all varieties. CICA was formed in 1972 to foster and support the development of captive insurance companies around the globe. It is not tied to or affiliated with any state or captive insurance domicile.

CICA members depend upon reinsurance. Reinsurance is a vital component of any successful captive insurance arrangement. While many captives obtain reinsurance from U.S. insurers, much of the reinsurance for the alternative risk market is obtained offshore. Some of these offshore reinsurers are affiliated with the captives from whom the insurance is ceded.

Captive insurance is an effective tool which enables entities of all kinds, profit and non-profit, to create insurance programs that provide risk coverage at a more reasonable price than might be available in the commercial marketplace and to obtain coverages that are not available in the commercial marketplace at all. In addition, captive insurers create a more competitive commercial marketplace by challenging the commercial insurance industry to create insurance products that fulfill the ever evolving needs of the commercial insurance market.

We believe that bills modeled on HR 6969 and the "Staff Draft" are anti-competitive. If enacted into law, HR 6969 or its successors would limit the availability of reinsurance for captive insurance companies and would raise the price of insurance for U.S. consumers.

CICA believes that the U.S. taxpayer is best served by the availability of insurance at a reasonable price. The reinsurance market is global. Penalizing U.S. insurers that take advantage of the global marketplace is detrimental to competition and a disservice to U.S. consumers.

We therefore urge you to oppose any proposals which limit the availability and affordability of insurance.

Sincerely,



Dennis P. Harwick
PRESIDENT