

Dear Chairman Baucus,

In these extremely challenging times for the insurance industry, especially for those carriers who insure risks along the Gulf and Atlantic coasts, it is very disturbing to read of proposals that would tax certain affiliated reinsurance transactions. It is vital to the interests of U.S. insureds that an open competitive reinsurance market be available to attract foreign reinsurers who traditionally have provided substantially all of the catastrophe reinsurance coverage for storm prone areas of the United States. Any cost increases to reinsurers would of course be immediately passed on to U.S. insurers who in turn would have to pass said increases to their customers. This "hidden tax" to foreign insurers would result in nothing short of a substantial increase in insurance rates to US insurance consumers.

Sincerely,

Keith Martin