



February 22, 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: Views on future iterations of HR 6969**

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

The Vermont Captive Insurance Association (VCIA) is the largest captive insurance association in the world. Vermont is the 3<sup>rd</sup> largest domicile for captive insurance companies in the world. It is host to approximately 550 active captive insurers offering insurance of all types. The companies and groups range from those writing premiums of less than a million dollars to billions. These captive insurers depend upon reinsurance. It is essential to their successful operation. While many of them obtain reinsurance from U.S. insurers, much of the reinsurance for captive insurers and others in the alternative market is obtained offshore. Some of these offshore reinsurers are affiliated with the captives from whom the insurance is ceded.

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Captive insurance is a widely used risk management tool that enables commercial entities to create insurance programs that provide coverages that are sometimes not available in the traditional marketplace. Captives also provide coverage that is often more stable and affordable than the traditional market can provide. In addition, the existence of captive insurers gives rise to 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 the former proposal, HR 6969 and the "Senate Finance Committee Staff Discussion Draft" would not encourage such competition. If enacted into law, HR 6969 would have limited the availability of reinsurance for captive insurance companies and, consequently, would have raised the price of insurance for U.S. consumers. The taxpayer is certainly best served by the availability of insurance at a reasonable price. The reinsurance market is global. This bill would have penalized U.S. insurers that took advantage of the global marketplace for their reinsurance needs and would have dampened the competition that creates better choice and pricing in the reinsurance market.

The VCIA urges you to oppose future iterations of HR 6969 that include similar provisions or any proposal that would reduce access to reinsurance in the global marketplace because of the above stated reasons. Thank you so much for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Molly Lambert".

Molly Lambert, President  
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