

# The Coalition For A Domestic Insurance Industry

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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