



HEADQUARTERS	WASHINGTON OFFICE
3601 VINCENNES ROAD	122 "C" STREET, NW
INDIANAPOLIS, INDIANA 46268	SUITE 540
TELEPHONE: (317) 875-5250	WASHINGTON, D.C. 20001
FAX: (317) 879-8408	TELEPHONE: (202) 628-1558
WWW.NAMIC.ORG	FAX: (202) 628-1601

July 1, 2005

Ms. Gloria Glover, Chair, and Members
Blanks Working Group
NAIC
2301 McGee Street, Suite 800
Kansas City, Missouri 64108
Attention: Mr. Dan Daveline
By E-Mail

Re: Blanks Agenda Item # 2005-40BWG

Dear Ms. Glover and Members of the Working Group:

The National Association of Mutual Insurance Companies (NAMIC) endorses those comments on this blanks item made to the Working Group by Interested Persons and dated June 30, 2005. We supplement that endorsement with the following remarks:

A) SSAP No. 62—*Property and Casualty Reinsurance*, would not appear to provide means to distinguish those reinsurance agreements with economic substance—here understood as true risk transfer—from those reinsurance agreements without economic substance. Admitting that interrogatories 9.1 and 9.2 might cause to be identified those agreements or arrangements that are patently without true risk transfer, we would still submit to the Working Group that other such agreements and arrangements provoking identification, especially via 9.1, might not be easily classified as having or not having economic substance. Without means in SSAP No. 62 to make such classification, we ask what the distinguishing measure or quality might be to judge economic substance. The heretofore unwritten “10-10” standard might be used for such judgment and may provide the measuring stock otherwise absent. Although we see no reason for separate CEO-CFO attestation (see below), it should be understood that those who attest under penalty of perjury and “to the best of their knowledge and belief after diligent inquiry,” may need some standard against which to measure economic substance. No other commonly used means of distinction exists, and we believe the Property and Casualty Reinsurance Study Group and/or the Statutory Accounting Principles Working Group will have great difficulty in creating any new definition of satisfactory risk transfer in the near term.

B) We believe it is appropriate to emphasize the assertion by interested persons that no separate attestation by top management need be made for disclosures under this interrogatory. Existing representation by officers and trustees on the Annual Statement’s

Jurat page should suffice for the assurance sought by regulators. Reinsurance agreements are fundamentally important to capital of the reporting insurer, but so are many other elements of statutory reporting. The additional layer of assurance in a separate attestation on reinsurance is, in a word, superfluous.

C) A materiality level for Interrogatory 9.1 of 3 per cent of surplus for each reinsurer would appear to generate more data than is needed for effective regulatory oversight. A materiality level of 5 per cent or higher for each reinsurer begins to identify material agreements and will reduce both insurers' and regulators' labor in connection with these data. We acknowledge that there is no magic proportion to be used as a guide to cause identification of individual reinsurance agreements for the purposes underlying this interrogatory, but common sense, we believe, suggests that disclosure of agreements that are the twentieth part of of the filing entity's surplus should enable effective scrutiny.

Respectfully submitted,

/s/ William D. Boyd

Financial Regulation Manager