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Via fax and US mail

May 9, 2008

The Honorable Bob Riley
Governor of Alabama
State Capitol
600 Dexter Avenue
Montgomery, Alabama 36130

**Re: Senate Bill 296, codification of Alabama “Beach Pool” and
Senate Bill 3, pertaining to captive insurance companies**

Dear Governor Riley:

Senate Bills 296 and 3 are on their way to you now for your signature. Both pieces of legislation address the coastal insurance concerns shared by all Alabama citizens, and on behalf of the National Association of Mutual Insurance Companies (NAMIC), I urge you to sign the bills.

NAMIC is a trade association representing more than 1,400 member companies underwriting 40 percent of the property/casualty insurance premium in the United States. Our members range in size from one-county farm mutuals to companies doing business throughout the country. In Alabama, NAMIC companies write 45 percent of the market.

Please be aware that our members, while not opposed to the concept of allowing captive insurance companies to sell homeowners insurance on the Alabama coast, were initially concerned that SB 3 lacked important consumer safeguards. The amendment passed by the House, modeled after similar legislation passed last year in South Carolina, has helped to allay some of those concerns.

Senate Bill 296 also was improved during the legislative process and will accomplish the important objective of financially strengthening the existing beach pool, an already time-and catastrophe-tested mechanism for providing coverage and paying claims in the residual homeowners market on the coast. The AIUA now will be even better prepared for future large events.

Again, I encourage you to sign Senate Bills 296 and 3. Thank you for your consideration.

Regards,



Liz L. Reynolds, CPCU, API
State Affairs Manager – Southeast Region