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August 12, 2004

Mr. Mike Moriarty, Chair, and Members  
Valuation of Securities Task Force  
National Association of Insurance Commissioners  
2301 McGee Street, Suite 800  
Kansas City, Missouri  
Attention: Mr. Dick Newman, NAIC SVO

Dear Mike:

NAMIC is an association of approximately 1,300 insurers, more than 1,200 of which are domiciled in the United States. Those 1,200 companies' share of the property-casualty market in the United States is approximately 41 percent. Members range in size from the very smallest to the very largest mutual, property and casualty insurers, and large numbers of those members have had or continue to do business with the NAIC's SVO.

NAMIC has commented previously on elements of the New York Plan for determining the scope of activities of the NAIC's Securities Valuation Office, particularly those activities that involve rating of securities. We do so again, in this instance on the matter of self-rating by insurers or their affiliates of non-NRSRO-rated securities.

The Accounting and Investment Committee of NAMIC does not object to implementation of self-rating of securities by insurers when those securities are not rated by NRSROs. We understand that regulators feel a need for explicit standards to be applied by those units of insurers that would self-rate and for means of quality control for such processes.

In this connection, review of the "Authorized Designator" status by regulators would be a useful process for regulators' understanding of insurers' capacity to perform self-rating. Further, review of documentation compiled in execution of self-rating processes will provide evidentiary support of execution of required processes.

NAIC resources--and fees levied on insurers in support regulation--are best managed by minimizing conduct by the NAIC of services offered competently elsewhere in the economy or through execution by insurers consistent with specific criteria.

Very truly yours,

/s/ William Boyd

William D. Boyd  
Financial Regulation Manager