


September 20, 1993

M E M O R A N D U M

TO: SENATOR DOLE
FROM: NINA OVIEDO 
SUBJECT: REINSURANCE EXCISE TAX

CURRENT LAW

Under current law, the tax code imposes a one percent excise tax on foreign reinsurers. The tax is waived in some U.S. tax treaties for insurers located in the treaty country.

ISSUE

The U.S. reinsurance industry claims that the one percent excise tax is not high enough. They claim that such a low excise tax gives foreign insurers located in tax havens an advantage over U.S. reinsurers who generally face stiffer U.S. taxes.

PROPOSAL

The reinsurance industry proposes to increase the excise tax from one percent to four percent. The Reinsurance Association strongly backs the proposal. They argue that the increase in tax is imperative if domestic reinsurers are to compete equally with foreign reinsurers.

SUPPORT AND OPPOSITION

You have constituents on both sides of the issue. (You have not taken a stance on this issue.)

GE Reinsurance, Overland Park, KS has come to see me twice on this issue -- GE "quietly" support the proposal (they haven't publicly supported it).

There are a number of Kansas insurance companies and Associations (list attached) which strongly oppose the proposal. They feel that increasing the excise tax will cause the cost of reinsuring products and services such as health care and natural disasters to increase. In addition they feel the proposal is bad trade policy and will lead to retaliation by our trading partners. (Among staff the proposal is viewed as a protectionist measure.)

KANSAS

Mut. Aid Assn. of the Church of the Brethren
Abilene, Kansas

Bremen Farmers Mutual Insurance Company
Breen, Kansas

Upland Mutual Insurance Company, Incorporated
Chapman, Kansas

Wheat Growers Mutual Hail Insurance Company
Cimarron, Kansas

Consolidated Farmers Mutual Insurance Co., Inc.
Colwich, Kansas

Farmers Mutual Insurance Company
of Barton County
Ellinwood, Kansas

Armed Forces Co-Operative Insuring Association
Fort Leavenworth, Kansas

Toyota Motor Insurance Company
Hutchinson, Kansas

Armed Forces Insurance Exchange
Leavenworth, Kansas

Federated Rural Electric Insurance Corporation
Lenexa, Kansas

Swedish American Mutual Insurance Company, Inc.
Lindsborg, Kansas

Atlas Insurance Company
Kansas City, Kansas

Farm Bureau Mutual Insurance Company, Inc.
Manhattan, Kansas

KFB insurance Company, Incorporated
Manhattan, Kansas

Alliance Insurance Companies
McPherson, Kansas

Farmers Alliance Mutual Insurance Company
McPherson, Kansas

Menonite Property Aid Association
Moundridge, Kansas

Patrons Mutual Ins. Assn.
Olathe, Kansas

Savers Property & Casualty Insurance Company
Overland Park, Kansas

Universal Underwriters Insurance Company
Overland Park, Kansas

Great Plains Mutual Insurance Company, Inc
Salina, Kansas

Kansas Fire Fire and Casualty Company
Shawnee Mission, Kansas

Kansas Mutual Insurance Company
Topeka, Kansas

this program in exchange for business increasing their support for employer mandates for health care coverage. In fact, business wants little to do with the Administration's suggestion that they merge their health care insurance with the health care components of workers compensation.

Workman's compensation insurance is made up of two key components: (1) income replacement and (2) health/rehabilitation services whenever needed and forever long as needed. Two key differences between workers comp and health insurance involve the calculation of the premiums and the scope of benefits.

The premiums paid for workers compensation insurance, unlike most health insurance, are directly linked to specific employers rather than to a "community". So the less safe the employer's work place and the resulting higher injury rate directly effects the employers costs. When the Administration first talked about "merging" the health components of workers comp with health insurance it intended to simply combine both health programs -- this would have had the effect of removing the "risk" relationship and reducing the incentive for employers to improve worker safety.

There was such opposition to the Administration's early proposal that they have clearly retrenched and are now simply talking about better coordination between the two programs. This view is consistent with the direction the Republicans are likely to take -- better coordination.

August 13, 1993

M E M O R A N D U M

TO: SENATOR DOLE
FROM: SHEILA BURKE
SUBJECT: REMARKS TO LIBERTY MUTUAL INSURANCE GROUP

You are scheduled to meet with Ted Kelly, the "new" CEO (1 year or so), from Liberty Mutual. He will want to talk with you about the prospects for health care reform and any possible changes in workmans compensation. The company itself is primarily involved in providing workers comp.

Attached are the company's position papers on health care reform and workers comp -- we could easily have drafted either paper given the similarities in views. Not surprisingly, while calling for "health care reform", both papers urge a continuation of the private insurance system versus a wholesale takeover by the Federal Government.

Health Care Reform

Specifically with respect to health care, they argue for "controlling costs, improving access and insuring quality". They will logically support the insurance market changes that you and others have proposed that will help relieve some of the anxiety experienced by those who have insurance and are fearful of losing it because of illness or because of the loss of their job. This is the "security" issue that polling data tells us most people care about.

My guess is the issues they are most concerned about are: (1) global budgets and price controls; and (2) the regulatory powers of the proposed health alliances -- or local health insurance purchasing co-ops. They do not, in fact, mention in any of their materials how they would reduce costs, but are likely to oppose the Administration's intention to put limits on the increases in health insurance premiums.

Workers Compensation

In recent months, the Administration has held out the possibility of reforming the workers comp system. They hoped to be able to promise business a real reduction in their costs for

Reinsurance Association of America
Tuesday at 9:00 a.m.
Willard Hotel

*You will be meeting with approximately 25-30 CEO's and head executives of the nation's largest re-insurance companies.

*Attending will be Hoyt Wood, Sr. Vice President of Employers Reinsurance Corporation of Overland Park.

*They're looking for 5-10 minutes of remarks on health care reform and other top issues, and then Q&A

*Attached is:

*Memo from Sheila preapring you for August meeting with Liberty insurance. She says that points raised in memo are ones in which this group will be interested.

*Memo from Nina on excise tax matter

*Memo from Greg on Superfund and Natural Disaster Protection Act.

*ALL ABOVE INFORMATION IS SUMMARIZED IN TALKING POINTS

TO: Senator Dole
FR: Greg

TALKING POINTS - SUPERFUND

I AM ADVISED THAT SUPERFUND IS PROBABLY OFF THE TABLE FOR AT LEAST THIS YEAR AND MAYBE NEXT YEAR AS WELL. I'VE SEEN SOME REPORTS THAT EPA ADMINISTRATOR CAROL BROWNER MAY PROPOSE SOME REFORMS AT SOME POINT IN THE FUTURE. WE CERTAINLY WOULD BE INTERESTED IN WHAT THE ADMINISTRATION HAS TO SAY. AS YOU ALL KNOW, BOTH THE ENVIRONMENT COMMITTEE AND THE FINANCE COMMITTEE MUST APPROVE REAUTHORIZATION.

I MUST SAY, WHEN I AM BACK IN KANSAS I HEAR A LOT FROM CITY AND COUNTY GOVERNMENT OFFICIALS, COMPANIES AND LANDOWNERS AFFECTED BY SUPERFUND. EVERYWHERE THE MESSAGE IS THE SAME: FIX SUPERFUND.

I'M SURE YOU WILL AGREE THAT A PROBLEM EXISTS, BUT I DOUBT MANY WILL AGREE AS TO WHAT WE SHOULD DO ABOUT IT. RIGHT NOW, I WOULD HAVE TO SAY THE PERCEPTION IS THAT A LOT OF RESOURCES GO TO LEGAL COSTS, PLANNING AND STUDY COSTS AND OTHER NON-CLEANUP RELATED EXPENSES, LEAVING LITTLE FOR THE ACTUAL CLEANUP ITSELF.

ONE PROBLEM WE FIND IS THE EXTENT LIABILITY EXTENDS FROM PAST ACTS -- SOMETIMES 50 TO 60 YEARS OLD WHEN THESE ENVIRONMENTAL STATUTES WEREN'T ON THE BOOKS -- AND THE DEGREE TO WHICH THEY CAN EFFECTIVELY SHUT DOWN ECONOMIC ACTIVITY WHEN THEY ARE ENFORCED IS FRIGHTENING.

I'LL BE LOOKING FOR A BALANCED APPROACH TO PROVIDING A REAL SOLUTION TO THE SO CALLED "SUPERFUND PROBLEM" WITHOUT SOME OF THE EXTREME RESULTS WE SEE TODAY.

I'LL GIVE YOU A GOOD EXAMPLE. HUTCHINSON, KANSAS HAS A SUPERFUND SITE NEAR THEIR AIRPORT. IT USED TO BE AN OLD NAVY AIRBASE. A FEW YEARS AGO, I MET WITH CITY OFFICIALS WHO WERE JUST BEGINNING THE PROCESS WITH EPA. THEIR MESSAGE TO ME WAS SIMPLE: IF THIS GETS TOO EXPENSIVE, WE'LL DISSOLVE THE CITY CHARTER AND DECLARE BANKRUPTCY.

ONE THING REMAINS CLEAR -- ALL AFFECTED PARTIES: INSURANCE COMPANIES, BANKS, LAWYERS, CITIES, COUNTIES -- YOU NAME THEM -- WILL HAVE TO BE A PART OF THE SUPERFUND SOLUTION.

NATIONAL DISASTER PROTECTION ACT
INNOUYE, DODD, STEVENS, AKAKA, GORTON, MURKOWSKI, SIMON

I WOULD HAVE TO SAY NOT MUCH IS HAPPENING WITH REGARD TO THIS PARTICULAR LEGISLATION. IT WAS JUST INTRODUCED IN AUGUST, AND THE SENATE COMMERCE COMMITTEE HASN'T HELD HEARINGS YET. I WOULD HAVE TO SAY AT THE OUTSET, I HAVEN'T HAD THE OPPORTUNITY TO STUDY THIS LEGISLATION INDEPTH YET, HOWEVER, IT IS CLEAR THAT ALL TOO OFTEN THE FEDERAL GOVERNMENT IS CALLED UPON TO COME TO THE RESCUE WHEN WE HAVE A NATURAL DISASTER.

AS ALL OF YOU KNOW, THIS IS A SOMEWHAT EXPANDED VERSION OF THE ORIGINAL EARTHQUAKE BILL THAT HAS BEEN DISCUSSED FOR THE LAST COUPLE OF YEARS. THIS LEGISLATION WOULD GO EVEN FURTHER TO ADDRESS OTHER LARGE NATURAL DISASTERS LIKE HURRICANES, FLOODS AND VOLCANIC ERUPTIONS.

FROM MY PRELIMINARY REVIEW OF THE BILL, I WOULD HAVE TO SAY THIS IS A COMPLICATED ISSUE. IT IS CLEAR THAT HEARINGS MAY HAVE TO BE HELD TO FULLY ADDRESS THE FINANCING ASPECTS OF THIS LEGISLATION.

ONE POINT I WOULD MAKE. WE ARE SEEING A LOT OF ATTEMPTS TO ADDRESS LOCAL, STATE AND FEDERAL PROBLEMS THROUGH A "BIG GOVERNMENT" SOLUTION. I KNOW THIS IS BEING BILLED AS A PRIVATE EFFORT, HOWEVER, THIS BILL COULD LEAD SOME TO BELIEVE THAT NEW FEDERAL PROGRAMS MAY BE THE RESULT. AND I WOULD HATE TO SEE THIS LEAD TO A FULL-BLOWN FEDERAL INSURANCE REGULATION SCHEME LIKE SENATOR METZENBAUM HAS ADVOCATED.

I WOULD APPLAUD THE ATTEMPTS BY THE INSURANCE INDUSTRY TO WORK TO FIND CONSTRUCTIVE SOLUTIONS TO DIRECT DISASTER CAPITAL TO THESE INFREQUENT, BUT EXTREMELY COSTLY EVENTS. SOME WILL SAY THIS IS A VEILED ATTEMPT TO BAIL OUT THE INSURANCE INDUSTRY -- AFTER ALL INSURANCE COMPANIES ARE EASY TARGETS FOR CRITICISM. SOME ASPECTS OF THIS LEGISLATION MAY BE WORTH LOOKING AT, LIKE IN THE AREA OF FLOOD MITIGATION. HOWEVER WE NEED A FULL HEARING ON THIS SUBJECT.



Post-It™ brand fax transmittal memo 7671 # of pages ▶	
To GREG SCHWABKE	From TIBER FOYU
Co. SEN. DOLE	Co.
Dept.	Phone # 4-4852
Fax # 4-6721	Fax #

THE 1993 NATURAL DISASTER PROTECTION ACT BILL SUMMARY

The Natural Disaster Protection Act is designed to reduce the loss of life and property, as well as the economic consequences of future natural disasters.

The Natural Disaster Protection Act accomplishes this goal through a program which does the following:

- Promotes loss reduction through better enforcement of building codes and improved emergency planning;
- Creates a privately-financed mitigation fund to provide states and local governments with additional resources to prepare for future catastrophes;
- Broadens homeowner's insurance to include protection against not presently covered in standard policies; and
- Assures the future availability of homeowners' coverage in all regions of the country, even in the aftermath of a major disaster.

These initiatives are significant steps toward a new national policy for natural disasters that emphasizes a partnership between government and the private sector and will ultimately reduce the reliance on federal disaster relief. It will not require any new federal spending.

The following is a summary of the key legislative provisions:

I. DISASTER LOSS REDUCTION

This program provides incentives to state and local governments to enhance their disaster planning and mitigation efforts in coordination with the Federal Emergency Management Agency (FEMA). The incentives include new funding sources for mitigation and improved and more affordable insurance protection for homeowners.

To qualify for the incentives, states would be required to:

- Adopt one of several model building and safety codes designed to make new construction less vulnerable to hurricanes, floods, earthquakes and other natural perils.
- Submit a comprehensive disaster plan to FEMA that includes detailed steps for identifying at-risk structures and methods to improve building code enforcement, emergency response and overall disaster preparedness.
- Comply with the building codes and implement new mitigation plans within five years.

States meeting each of these criteria would be eligible for grants from a Federal Disaster Mitigation Fund, which would be financed by setting aside 5-10% of the funds collected in the programs described in parts II and III of this summary. States not in compliance would be ineligible for these funds and could be denied access to certain types of federal disaster relief.

In addition to the state initiatives, FEMA would expand its efforts to encourage improved disaster training, research, technology transfer and education. To assist FEMA in carrying out this directive, the legislation establishes an advisory committee (comprised of police and fire officials, emergency managers, building code experts, consumers, architects, builders, insurers and others) who will assure that FEMA's policies are both practical and effective.

II. EXPANDED INSURANCE PROTECTION AGAINST NATURAL DISASTERS

In addition to a strong mitigation program, the legislation also creates incentives for insurance companies to provide a more comprehensive homeowners' policy that includes standard coverage for earthquake and several other perils not currently included in basic coverage. In flood prone areas where homeowners are currently required to purchase insurance through the National Flood Insurance Program, insurance agents will now be required to inform FEMA of those who refuse to participate. FEMA has six (6) months to assure compliance.

Rates for this coverage would be risked-based so that homeowners in areas prone to such hazards would not be subsidized by residents from low-risk areas. In addition, homeowners would still have a choice of deductibles, type of coverage and additional endorsements.

FEMA would set the premiums and deductibles for these expanded lines of coverage. Insurance companies would collect the premiums and remit them to a Federal Trust Fund which would be used to pay claims.

III. REINSURANCE PROGRAM

The Natural Disaster Protection Act addresses the homeowners' insurance availability problems which have occurred in the wake of recent disasters and helps to avoid even greater availability problems in the aftermath of a future catastrophe. It also reduces the potential for insurance company insolvencies from exceptionally large disasters.

This would be accomplished through the creation of a new federal disaster Reinsurance Fund that would be financed entirely by the insurance industry. The Reinsurance Fund would provide a source of insurance which insurers could purchase to better manage the risk from highly infrequent, but extremely costly disasters.

Premiums for the reinsurance program would be set by FEMA, with companies making payments into a National Reinsurance Fund. Over time, the fund will accumulate considerable reserves to be used when a large disaster strikes. If such an event occurs before a sufficient reserve has accumulated, the Treasury would be authorized to borrow additional funds to cover the shortfall and then charge insurers, with interest, to rebuild the fund.

Participating insurers would only be eligible to make claims against the fund if a natural disaster, or series of disasters occurring in a 12 month period, exceeded 15% of the industry's surplus*, currently estimated at \$24.5 billion. If, for example, a catastrophic earthquake caused \$28 billion in insured losses, insurance companies would pay the first \$24.5 billion and could only make reinsurance claims for \$3.5 billion. Individual companies could also make claims if they experienced a 20% reduction in their surplus as a result of a single disaster.

States also would be eligible to participate in the reinsurance program if they create insurance pools or other state-sponsored programs to provide insurance for homeowners who are unable to secure coverage on their own.

* Surplus is the capital of a company acquired from investors or through retained earnings. A company's surplus supports all insurance policies it writes and is not allocated for specific claims. The current industry wide surplus is estimated at \$163 billion.

RAA SPEAK

REINSURANCE ASSOCIATION OF AMERICA
1301 Pennsylvania Avenue, N.W., Suite 900, Washington, D.C. 20004

July 21, 1993

The Honorable Robert J. Dole
141 Senate Hart Office Building
Washington, D.C. 20510

Re: *September 20/21 Speaking Engagement*

Dear Senator Dole:

The Reinsurance Association of America (RAA) is a trade association of 26 of the nation's leading reinsurance companies, including Employers Reinsurance Corporation of Overland Park, Kansas. Twice a year, the CEOs of each RAA member-company meet in Washington, D.C. for a Board of Directors meeting that traditionally includes an address from a prominent Member of Congress.

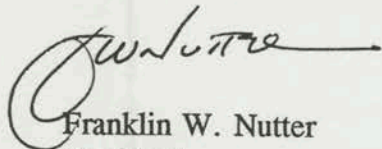
We would be most grateful if you would agree to speak to our group this fall and share with us your thoughts on the major issues facing Congress. The most opportune times would be after dinner the night of September 20, or at breakfast the following morning. However, if you agree to address our group we will accommodate your busy schedule as best we can.

Furthermore, as a token of appreciation for your willingness to address our group, the RAA is prepared to make a contribution in your name to the charitable cause of your choice.

From natural disaster preparedness and Superfund liability to insurance reform and international trade, the reinsurance industry's key policy matters are becoming increasingly prominent on the national political scene. It would be an honor and privilege to hear first-hand your thoughts on these and other issues facing our nation.

I thank you for your consideration, and hope to hear from you soon.

Best regards,



Franklin W. Nutter
President

FWN/fdb

8-3-93 Interview letter

*Monday - Sept. 20 - dinner or
Tuesday - Sept. 21 - breakfast*

Willard Hotel

202/638-3690
Facsimile: 202/638-0936

25-30 CEO's attending

*Honorarium - to organization
of Senator's choice*



Tues, Sept 21



REINSURANCE ASSOCIATION OF AMERICA

1301 Pennsylvania Avenue, N.W., Suite 900, Washington, D.C. 20004

202/638-3690

Facsimile: 202/638-0936

September 15, 1993

via Courier

The Honorable Robert Dole
ATTN: Yvonne Hopkins
141 Hart Office Building
Washington, D.C. 20510

Dear Senator Dole:

Thank you for agreeing to speak to the Reinsurance Association of America's (RAA) Board of Directors on the morning of September 21. Our Board is most interested in hearing your views on the issues facing our nation today, and we look forward to sharing ours with you.

In an effort to alert you to specific areas where questions may be raised or which you may want to address, I have listed some of the major Congressional issues facing the reinsurance industry, as well as a brief description of our involvement in each:

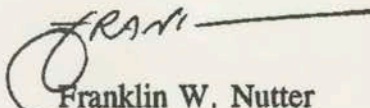
- Natural Disaster Protection Act, S.1350: Reinsurers have been integrally involved in developing and supporting the concepts of enhanced mitigation efforts, broader earthquake insurance coverage and more stable catastrophe reinsurance markets (in fact, I chair the Natural Disaster Coalition). This bill, introduced by a bi-partisan group of Senators, will achieve these goals, thereby saving lives, property and taxpayer funds.
- Superfund Reauthorization: Reinsurers have an extremely large stake in this issue. The program's current liability scheme, coupled with conflicting contract interpretations by state and federal courts, has placed much of the financial burden of the cleanups on an industry that neither polluted nor promised to pay for those who did. The RAA is working to alter the liability scheme and distribute the financial effects in a more equitable manner.
- Health Care: The Clinton Administration has indicated that its health care plan would reform the workers compensation and auto insurance markets, though exactly how has yet to be seen. One method, preferred by the insurance industry, would coordinate the health portions of those lines with the purchasing alliances envisioned under the plan; while another would actually separate them completely. As active participants in the workers compensation and auto markets, RAA members will be working diligently to ensure that the former is adopted, rather than the latter.

Senator Robert Dole
September 15, 1993
Page 2

- NAFTA: The treaty would allow cross-border transactions of reinsurance. In addition, it would eventually allow U.S. reinsurers to participate freely in the ownership of various Mexican industry sectors. Considering the international nature of the reinsurance industry, the RAA supports the treaty, as well as the ongoing GATT negotiations on financial services.
- Federal Excise Tax on Foreign Reinsurance: As a member and former chairman of the Finance Committee, you are familiar with the proposal to raise from one percent to four percent the excise tax on reinsurance ceded to foreign reinsurers domesticated in countries with little or no tax burden. The RAA supports this measure as a means to level the playing field between domestic reinsurers and some foreign reinsurers, since the 1986 tax reform act raised the former's tax liability significantly while leaving the latter's tax status unchanged.

I hope this information helps prepare you for any remarks you want to make or questions you might receive. Thank you for your willingness to address our group, and if you have any further questions or comments please do not hesitate to contact me.

Sincerely yours,


Franklin W. Nutter
President

FWN/fdb

**SENATOR BOB DOLE
TALKING POINTS
REINSURANCE ASSOCIATION OF
AMERICA**

***IT'S A PLEASURE TO BE
HERE THIS MORNING, AND I'LL
KEEP MY REMARKS VERY BRIEF
SO I HAVE TIME TO ANSWER
QUESTIONS AND HEAR WHAT'S
ON YOUR MIND.**

***AND I SUSPECT WHAT'S ON
YOUR MIND IS HEALTH CARE.
AND NO DOUBT ABOUT IT, THIS
IS A VERY IMPORTANT AND
CHALLENGING TIME FOR THE
INSURANCE INDUSTRY.**

HEALTH CARE

***I KNOW YOU'LL ALL BE
WATCHING TOMORROW
EVENING. FROM WHAT WE'VE
SEEN, THE PRESIDENT'S PLAN IS**

**MADE UP OF SOME PROPOSALS
THAT ARE GOOD IDEAS, SOME
THAT NEED MORE STUDY, AND
SOME THAT SHOULD BE
THROWN OUT IMMEDIATELY.**

***ALL IN ALL, THE PRESIDENT'S
PROPOSAL WILL CREATE
DRAMATICALLY DIFFERENT
RELATIONSHIPS BETWEEN
PHYSICIANS AND PATIENTS, AND
INSURANCE COMPANIES AND**

POLICY OWNERS.

***THE 239-PAGE DRAFT WE RECEIVED LAST WEEK WAS SUMMED UP IN TWO WORDS BY MY COLLEAGUE SENATOR BOB KERREY--"OVERWHELMINGLY COMPLEX."**

***AND ONE THING THAT DISTURBS ME IS THE FACT THAT THE CLINTON ADMINISTRATION SEEMS TO REGARD ANY**

**OUTSIDE GROUP WHO DOES
NOT SUPPORT THE PLAN
WHOLEHEARTEDLY AS "THE
ENEMY." THE DEMOCRAT
NATIONAL COMMITTEE IS
ALREADY RUNNING
COMMERCIALS ATTACKING THE
INSURANCE INDUSTRY, AND
THERE'S PROBABLY MORE OF
THAT RHETORIC TO COME.**

***MY ADVICE TO YOU IS THE
SAME ADVICE I'M GIVING TO
REPUBLICAN SENATORS--"KEEP
YOUR POWDER DRY." THIS PLAN
IS NOT THE END--IT'S THE
BEGINNING...THE BEGINNING OF
A LONG NATIONAL DEBATE ON
HEALTH CARE REFORM.**

***I KNOW ONE OF YOUR
CONCERNS IS WITH THE
RELATIONSHIP BETWEEN**

**REFORM OF HEALTH CARE AND
REFORM OF WORKERS
COMPENSATION AND AUTO
INSURANCE MARKETS.**

***AFTER RAISING THE
POSSIBILITY OF WHOLESALE
REFORM OF THE WORKERS
COMP SYSTEM, THE WHITE
HOUSE HAS NOW RETRENCHED
AND ARE SIMPLY TALKING
ABOUT BETTER COORDINATION**

**BETWEEN THE TWO PROGRAMS.
AND BETTER COORDINATION IS
CERTAINLY AN IDEA THAT
REPUBLICANS CAN SUPPORT.**

NAFTA

***I'M A STRONG SUPPORTER
OF NAFTA BECAUSE IT MEANS
ECONOMIC LEADERSHIP FOR
AMERICA, AND JOBS FOR
AMERICANS. AND, AS YOU
KNOW, NAFTA ALSO HAS SOME**

**BENEFITS FOR YOUR INDUSTRY,
SINCE THE TREATY WOULD
ALLOW CROSS-BORDER
TRANSACTIONS OF
REINSURANCE, AND IT WOULD
EVENTUALLY ALLOW YOU TO
PARTICIPATE FREELY IN THE
OWNERSHIP OF VARIOUS
MEXICAN INDUSTRY SECTORS.**

REINSURANCE EXCISE TAX

***I KNOW ANOTHER
INTERNATIONAL MATTER OF
CONCERN IS THE REINSURANCE
EXCISE TAX.**

***WHILE THE RAA BACKS THE
PROPOSED INCREASE FROM 1%
TO 4%, I HAVE HEARD FROM A
NUMBER OF KANSAS
COMPANIES AND ASSOCIATIONS
WHICH BELIEVE THAT**

**INCREASING THE TAX WILL
INCREASE THEIR COSTS, AND
WILL LEAD TO RETALIATION BY
OUR TRADING PARTNERS.**

SUPERFUND

***I KNOW THAT SUPERFUND IS
ALSO AN ISSUE OF CONCERN TO
YOUR INDUSTRY.**

***I AM ADVISED THAT
SUPERFUND IS PROBABLY OFF
THE TABLE FOR AT LEAST THIS**

**YEAR AND MAYBE NEXT YEAR AS
WELL. I'VE SEEN SOME
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THEM -- WILL HAVE TO BE A
PART OF THE SUPERFUND
SOLUTION.**

NATIONAL DISASTER

PROTECTION ACT

S. 1350

**SPONSORED BY INOUYE, DODD,
STEVENS, AKAKA, GORTON,
MURKOWSKI, AND SIMON.**

***LIKE AN ORGANIZATION
THAT IS IMPORTANT TO ME--THE
RED CROSS--YOUR INDUSTRY
PLAYS A VERY CRITICAL ROLE IN**

**IN THE AFTERMATH OF NATURAL
DISASTERS.**

***I WOULD APPLAUD THE
ATTEMPTS BY THE INSURANCE
INDUSTRY--SUCH AS S. 1350--TO
WORK TO FIND CONSTRUCTIVE
SOLUTIONS TO DIRECT
DISASTER CAPITAL TO THESE
INFREQUENT, BUT EXTREMELY
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SINCE IT WAS JUST
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THAT WE ARE SEEING A LOT OF**

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STATE AND FEDERAL PROBLEMS
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TO A FULL-BLOWN FEDERAL**

INSURANCE REGULATION
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METZENBAUM HAS ADVOCATED.

***HAPPY TO ANSWER ANY**
QUESTIONS.