

Williams, Tracy

From: Williams, Tracy
Sent: Monday, September 13, 2010 9:35 PM
To: 'Sheldon H. Laskin'
Cc: Shirley K. Sicilian
Subject: RE: MTC Non-corporate income taxpayer project

Sheldon:

Thanks for your message. I also enjoyed speaking with you in Oregon and I appreciate your attentiveness to the industry presentation. As you know, the industry believes that it is of utmost importance that Subcommittee members seek to better understand the existing framework of taxation and regulation of the insurance industry as part of evaluating the draft model statute.

Having spoken with the industry after the July meeting, I have learned that the insurance trade associations do not collect from their members historic financial data relating to insurer investments. We are aware, however, that the National Association of Insurance Commissioners ("NAIC") and state insurance regulators do collect such data for all segments of the insurance industry. A.M. Best Company also maintains such information and can provide detailed reports for any period of time you believe relevant or helpful.

As you know, the trade associations strongly believe that the Subcommittee should receive further input on questions raised at and before the July meeting. The trade associations believe that a panel comprised of insurance regulators could respond to many of these questions. As was discussed in July, state insurance regulators exercise stringent financial oversight of insurance companies to ensure that companies can satisfy their obligations to pay policyholders. This oversight and regulation includes quarterly review of the company's financial condition, restriction on the type and form of insurance company investments, fixed minimum capital and "risk-based" capital requirements that fluctuate based on the form of an investment, and restrictions on payment of a dividend from an insurance company. In some states, such regulators also implement state insurance tax laws, including retaliatory taxation.

During our conversation after the meeting, you indicated that you had not been able to arrange for regulators to attend any of the Subcommittee's meetings to date. Once again, the trade associations feel that this input is essential to the MTC's process on this model statute. Given frequent meetings of the NAIC and other regulatory bodies and the multitude of current, complex regulatory developments relating to insurance, regulators' participation should be arranged by the MTC with sufficient lead time for the invited regulators.

The trade associations also believe that the Subcommittee should conduct the retaliatory tax survey and analysis that the Working Group has, on several occasions, recommended. Certain insurance regulators, their staff or state taxing authorities where the premium and retaliatory tax are administered by them would be well qualified to address the critical issues surrounding the potential retaliatory tax risks and the role and importance of the current insurance tax system, including "in lieu" protections.

Finally, the trade association written comments submitted at the July meeting identified many significant concerns about the draft model statute that could cause serious consequences for the industry. We believe it is critical that the Subcommittee examine these concerns carefully.

I would be happy to assist you in arranging for the Subcommittee to meet with insurance regulators. If you have other questions or comments about the comments submitted by the trade associations,, please contact me directly.

Tracy

Tracy D. Williams | Sidley Austin LLP
One South Dearborn Street | Chicago, IL 60603
Phone: 312.853.3664 | Fax: 312.853.7036

From: Sheldon H. Laskin [<mailto:slaskin@mtc.gov>]
Sent: Wednesday, August 11, 2010 10:12 AM
To: Williams, Tracy
Cc: Shirley K. Sicilian
Subject: MTC Non-corporate income taxpayer project

Tracy,

I enjoyed your presentation at the MTC Income and Franchise Tax Subcommittee meeting in Hood River and our conversation afterwards.

I understand industry would like to make a presentation to the subcommittee regarding how the nature of investments by insurance companies have changed since 1980. We are in the process of preparing our Fall teleconference schedule and would like to include this on a subcommittee agenda. We would like to schedule a meeting by October 1st. Is that doable for industry?

Sheldon H. Laskin

Counsel
Multistate Tax Commission
444 N. Capitol Street, Suite 425
Washington, DC 20001
(410) 484 - 2790

slaskin@mtc.gov