



Wayne Mehlman
Counsel, Insurance Regulation
(202) 624-2135 t (202) 572-4804 f
waynemehlman@acli.com

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David Vacca, CPA
Assistant Director
Insurance Analysis & Information Service Department
National Association of Insurance Commissioners
2301 McGee Street, Suite 800
Kansas City, MO 64108-2604
dvacca@naic.org

RE: Reinsurance Recoverables

Dear Mr. Vacca:

The American Council of Life Insurers (ACLI) would like to comment on the Receivership & Insolvency (E) Task Force's recently-adopted charge to identify and recommend possible solutions to address concerns with the timing and collection of reinsurance recoverables held by insurers in receivership. The ACLI is the primary trade association of the life insurance industry, representing 340 member companies that account for 93 percent of the industry's total assets in the United States.

It is our understanding that this charge, as well as the Task Force's request for examples of the types of routine issues or delays that can arise in the collection of reinsurance recoverables, relate to concerns involving insolvencies of property and casualty insurance companies, rather than those involving life insurance companies.

In fact, the letters that you received from various state receivership offices appear to relate to P&C insolvencies, and not life insolvencies. The International Association of Insurance Receivers (IAIR) in its June 10, 2009 letter does refer to life reinsurance, but only on the need for clarity with regard to its handling (e.g., transferability, obligations of assuming carriers, application of recapture provisions), not on concerns relating to the timing or collection of recoverables. Section 612 of Insurer Receivership Model Act (IRMA) clarifies the handling of life reinsurance in an insolvency, which is why we believe that it should be considered a "critical" and "non-controversial" provision for purposes of advancement in the states.

If you concur that the Task Force's charge relates only to recoverables involving P&C insolvencies, we respectfully request that you state this for the record. Otherwise, we ask that you provide us with examples of problems and/or concerns relating to recoverables involving life insolvencies.

Thank you for the opportunity to comment on this important matter. If you have any questions, please contact me at (202) 624-2135 or waynemehlman@acli.com.

Sincerely,

Wayne A. Mehlman

Wayne A. Mehlman
Counsel, Insurance Regulation

cc: Members of the Receivership & Insolvency (E) Task Force