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c/o Karen Schutter
via email: kschutte@naic.org

Mr. Roger Sevigny, Chair
NARAB Working Group
Members of the National Association of Insurance Commissioners (“NAIC”)

Re: Comments Regarding the Preliminary Recommendation of the NAIC Legal Division on Additional Potential Reciprocity Issues Raised During Written Comment Period

Dear Chairman Sevigny & Working Group Members:

Thank you for the opportunity to provide written comments regarding the Preliminary Recommendation of the NAIC Legal Division on Additional Potential Reciprocity Issues Raised During Written Comment Period. In following with our past comments as noted in our June 13, 2008 correspondence to the Working Group and in comments to the PLWG, we offer the following:

2. Requirement for Foreign Corporation to Register with Secretary of State to Business in Another State.

We respectfully disagree with the NAIC Legal Division’s preliminary opinion that requiring a non-resident business entity to provide proof of secretary of state corporate registration, *as an essential prerequisite* for non-resident business entity licensing, is not a violation of the Gramm-Leach-Bliley Act (“GLBA”) reciprocity requirements. Although we do not disagree that requiring foreign corporation registration is within the basic police powers of a state, where such a requirement is not tied to a entity’s business activity in said state, but is instead a *condition precedent* to obtaining a non-resident business entity license, such a requirement is not only discriminatory, but likely also unconstitutional. When the facts and circumstances surrounding a non-resident entity’s activity offer no demonstrable nexus between the business and the state, preliminarily mandating non-resident corporate registration (not otherwise required under state law), is unjustified and inequitable. Such disparate treatment of

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non-resident business entities is in clear contradiction to the spirit of the NAIC's Declaration of Reciprocity and should be held to be a violation of the GLBA reciprocity requirements.

7. Limited Lines Issues.

With respect to the limited lines issues, we very much appreciate the NAIC Legal Division's recommendation that written comments received on limited line licensing in the areas of credit and travel insurance be referred to the PLWG for review and action. Although we concur with the comments of the NAIC Legal Division with its opinion that issues raised concerning limited lines licensing are subject to the current charges to the PLWG, and that the Working Group and Legal Division should continue to provide guidance to the PLWG and the NAIC Plenary. We would ask that such review of the limited lines licensing issues by the PLWG with the assistance of the Legal Division not be limited in approach but rather reviewed on an expansive level to arrive at a uniform reciprocity solution. As previously noted, in the area of limited lines licensing there are according to the most recent version of the NAIC's Compendium of State Laws on Insurance Topics fifty-five (55) different categories of limited lines licenses.

With the current variation of limited lines licenses and definitions, regulatory function and purpose should be considered to obtain a proper standard and balance for regulating limited lines products and appropriate consumer protection. Any expansive review should consider the method of distribution of limited line products in order to arrive at an appropriate definition and standard that will address the regulatory function and provide true uniformity.

Accordingly, we would ask the Working Group expand or clarify the scope of review of the limited lines licensing issues by the PLWG and the assistance to be provided by the NAIC Legal Division. A thorough review of limited lines licensing and consideration of alternative regulatory approaches to arrive at uniformity and efficiency of limited lines insurance products would be very beneficial to all concerned.

We very much appreciate the Working Group's effort to revisit old concepts and ask fundamental questions of our current licensing system to arrive at effective change. Thank you in advance for your consideration and understanding.

Sincerely,



Greg E. Mitchell

GEM/ct

Cc: Kay Noonan, Esq., General Counsel NAIC
Annie Marie Narcini, Chair PLWG
Treva W. Donnell, Vice-Chair PLWG