

## Comments submitted via e-mail by Jeffrey S. Burman of AIG

Dear Mr. Couch:

AIG has reviewed the most recent version of the Reinsurance Task Force's reinsurance regulatory modernization framework (circulated 8/21/08), and the RTF's responses to interested parties' initial comments, and offers the following further thoughts and comments.

As a general matter, we note that the resolution of many of the questions and issues submitted by AIG and others in response to the RTF's 7/3/08 version of the proposal has been deferred to the "implementation phase" of the proposal. While we recognize that it may in fact be premature to completely flesh out certain procedural and logistical details before a general framework is finalized, AIG's position on any final proposal will necessarily be dependent upon the resolution of such details. That said, we look forward to continuing to work with the RTF on this proposal through its implementation phase.

With respect to specific sections of the proposal (referenced below by paragraph number), we note the following:

#2: In response to one of our initial questions, the RTF confirmed that under the current proposal, a company domiciled in State A can elect to become a national reinsurer in State B, even if State A qualifies as a home state. On this point, we simply wish to emphasize the importance that uniformity of regulation among home states will have under the proposed framework. Otherwise, as we are sure the RTF recognizes, differences between the regulatory regimes of a company's domicile and home state could potentially compromise the success of any revised system.

#10(g)(iii) (Premium Clause): The RTF has stated that on the subject of mandatory clauses in reinsurance agreements, its intent was to "capture contractual terms that are required or recommended to be required under the current NAIC framework." As reflected in our initial comments, we customarily identify in our reinsurance agreements the amount and timing of premium payments. However, a more detailed clause requiring a description of the "method of calculating premiums" is objectionable because premium calculation is a matter of some proprietary consideration, and will typically vary from contract to contract. Moreover, such a requirement would appear to be beyond the scope of both SSAP 62 and the NAIC Credit for Reinsurance Model Regulation.

#12(b): Given the RTF's clarification of its intent with respect to this paragraph, the RTF may wish to consider revising the language as follows: "...the reinsurer submits to the jurisdiction of U.S. courts, appoints an agent for service of process in the United States, and agrees to post 100% collateral for **all of** its United States liabilities if it resists enforcement of **any** final U.S. judgment."

Thank you for your attention to the foregoing.

Sincerely,

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