

July 11, 2014

Mr. Jonathan Faull
Director General, Internal Market and Services
European Commission
1049 Brussels
Belgium

Dear Mr. Faull:

Thank you for your letter of June 6th regarding your views on the “Way Forward Project” and for your assessment of the US regulatory system in the context of the Solvency 2 equivalence requirement.

We agree that the Project has been useful in terms of enhancing mutual understanding of the US and EU regulatory systems. As our collective jurisdictions represent nearly two-thirds of the global insurance market, shared confidence in our different regulatory approaches is important to reinforce the transatlantic insurance market and ensure effective cross border supervision of global firms.

As you know, U.S. state insurance regulators are not pursuing an equivalence determination. While it is possible to compare our respective statutory authorities on paper, it would be challenging to conduct a comprehensive comparison of our two regulatory systems in practice until Solvency 2 is fully operational and the outcomes it produces based on actual experience are better understood.

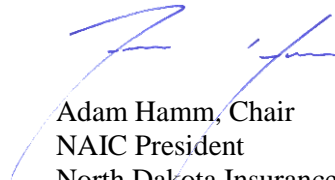
There are clear structural and legal differences between our two supervisory systems, but we continue to believe that the US regulatory system results in outcomes for insurers and policyholders that we hope Solvency 2 will achieve once it is fully implemented. This belief is based on real experience during periods of recession and great stress, hard and soft markets, low interest rates, and increasing frequency and severity of catastrophic events. Irrespective of those views, any inflexibility in the equivalence process that precludes the Commission from reaching a similar conclusion about the efficacy of our system is entirely self-imposed. Equivalence is a function of European law subject to the Commission’s interpretation, so in lieu of delineating changes to the US supervisory system that by all accounts is among the most effective in the world, the Commission should instead reevaluate whether the equivalence mandate deserves to be reconsidered given its potential negative impact on US and European firms and policyholders.

Sincerely,

Membership of the NAIC International Insurance Relations Leadership Group



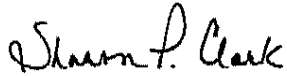
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NAIC CEO



Adam Hamm, Chair
NAIC President
North Dakota Insurance Commissioner



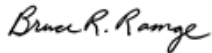
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