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MILA KOFMAN
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VIA Email and Facsimile

April 23, 2010

The Honorable Christopher J. Dodd
Chairman, Committee on Banking, Housing & Urban Affairs
United States Senate
448 Russell Senate Office Building
Washington, DC 20510

RE: Restoring American Financial Stability Act

Dear Senator Dodd,

I am writing to express serious concerns with the provisions in the Restoring American Financial Stability Act, S. 3217, that give the FDIC broad powers to assess insurance companies to replenish the Orderly Liquidation Fund. Initially, this fund is to be capitalized by assessments from the banking industry and other financial companies that have been determined to pose systemic risk. However, under subparagraph 210(o)(1)(E), the FDIC is directed to include certain financial companies "that are not eligible financial companies" when it levies any further assessments after that first round of funding.

That terminology broadens the assessment base to include insurance companies and insurance holding companies, even when they have no involvement in the banking industry and create no systemic risk exposure to the broader financial marketplace. It is my understanding that this was not how the assessment mechanism was meant to work, but rather was an unintended consequence of the language used in the current draft.

Insurance is already effectively regulated by the states, and has its own self-supporting guaranty association mechanism for the protection of policyholders. The insurance industry should not be penalized for this success by being taxed to support other financial markets. I urge you to add language clarifying that insurers and insurance holding companies are exempt from this assessment provision.

Very truly yours,

Mila Kofman
Superintendent of Insurance

Cc: Senator Susan M. Collins, Senator Olympia J. Snowe, Senator Harry Reid



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