



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

July 16, 2009

The Honorable Ed Royce
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Royce:

Thank you for your letter dated June 16, 2009, in which you emphasize that modernizing the regulation of the insurance sector should be included in the Treasury Department's Financial Regulatory Reform proposal.

We share your belief that regulation of the insurance industry requires modernization. As an important step towards increased uniformity and effectiveness, our recently released White Paper, *Financial Regulatory Reform: A New Foundation*, calls for the establishment of an Office of National Insurance within the Department of the Treasury to gather information, develop expertise, negotiate international agreements, and coordinate policy in the insurance sector.

In addition, we have stated our strong support for further efforts to modernize and improve our system of insurance regulation, guided by the following core principles:

1. Effective systemic risk regulation;
2. Strong capital standards and an appropriate match between capital allocation and liabilities for all insurance companies;
3. Meaningful and consistent consumer protection for insurance products and practices;
4. Increased national uniformity through either a federal charter or effective action by the states;
5. Regulation of insurance companies and affiliates on a consolidated basis, including those affiliates outside of the traditional insurance business; and
6. Enhanced international coordination.

We appreciate your commitment to the modernization and improvement of insurance regulation and we look forward to working closely with you to enact comprehensive legislation to modernize our financial regulatory structure.

Sincerely,

Timothy F. Geithner

cc: The Honorable Lawrence H. Summers