

James T. Odiorne, CPA, JD  
Deputy Insurance Commissioner  
Company Supervision Division  
State of Washington  
Office of the Insurance Commissioner

Dear Jim,

In your letter of June 2, 2010 regarding the Investment Modernization legislation, you asked for specific suggestion to the language in the statute. Following are the suggestions from Symetra Life Insurance Company.

1. §5 and § 6, Investment policy. The language as it is stated in the legislation requires too much detail in the instructions from the board of directors. An Investment policy is a general statement of investment goals and style that is designed to be very flexible. The reason for this is that in the vagaries of the market, too ridged of investment policy would result in the inability of investment advisors for the company to react appropriately without board approval. The market moves too quickly for the authority to act remain at the board level. The board must be able to delegate a great degree of authority to corporate management as well as investment advisors. For this reason we are recommending the deletion of large portions of sections 5 and 6, leaving very general language.
2. § 7, Canada. We acknowledge and are pleased to see that the foreign asset category has been returned to the model language level of 20% of assets. We also would like to see the language in this section returned to the original draft language. Canada and the United States have become so intertwined economically, it is appropriate to treat them as one for investment restriction purposes. The liquidity and quality of Canadian assets are equal to or superior to their United States equivalents. The ease with which capital, goods, and workers can cross the border is unique among nations and it would be appropriate for Washington state, a stat that borders our nation's primary economic partner, to reflect that relationship in our insurance investment statue.
3. §8(1)(v). No insurer would be able to administer assets under this subsection. The phrase, "the equivalent yield for Treasury issues with a comparative average life" does not contain enough information to describe when the test would be applied. The difficulty is that most assets in this category will move in and out of compliance over time and maintaining a managing structure under this subsection effectively elements this asset classification as an option. Our preference is to eliminate this restriction entirely as other limitations protect this classification from becoming too great a portion of an insurers portfolio of assets. Alternatively, the test for "equivalent yield" must be clarified as to the timing of the test and whether it is an on-going test or determined only at the purchase of the asset.
4. §8(2). This section drops the single issuer or its affiliates limitation from 4% to 3 % for life insurers. This creates problems for small insurers or small subsidiaries of larger insurers that are domesticated in Washington State. When dealing with a small set of assets, a single bond or other asset can easily hit up against this limitation. Even a one percent change has a significant impact on small subsidiaries of larger carriers and could result in the need to make substantial

changes to the small company's asset portfolio. We respectfully request the legislation move this limitation back to the 4% restriction.

Very truly yours,

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