



July 22, 2011

BY E-MAIL

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-1090

BY E-MAIL

David A. Stanwick
Secretary
Commodity Futures Trading Commission
Three Lafayette
1155 21st Street, N.W.
Washington, D.C. 20581

Re: File No. S7-16-11
Comments on Proposed Regulations

Dear Ms. Murphy and Mr. Stanwick

The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to provide comments in response to the Notice of Proposed Regulations issued jointly under Title VII of the Wall Street Transparency and Accountability Act of 2011 (Dodd-Frank Act) by the Commodity Futures Trading Commission (CFTC) and the Securities Exchange Commission (SEC) (together the Commissions). PCI is composed of more than 1,000 member companies, representing the broadest cross-section of insurers of any national trade association. PCI members write over \$175 billion in annual premium and 37.4 percent of the nation's property casualty insurance.

PCI applauds the Commissioners for producing these proposed regulations in such a thorough and timely manner. The two-part test set forth in the proposed regulations should be an effective means of helping to distinguish between those contracts that qualify for exclusion from the definition of swap and swap-related securities from those contracts that will not.,

Property and casualty insurance contracts are not the type of contracts that could easily be turned into swaps. Property and casualty insurance contracts do not have the kind of beneficiaries that some other insurance contracts do. They have no real cash values. They are transferable only in cases of merger, succession, and other limited circumstances. We are not aware of any market in which property and casualty insurance contracts could be traded.

Ultimately, we believe, that the proposed regulations under Title VII of the Dodd-Frank Act should provide that contracts issued by property and casualty insurance companies that are regulated under state law are excluded from the definition of swaps and security-based swaps.

In any event, the proposed regulations contain very broad anti-evasion provisions. If at some point someone were to construct a swap that looked and operated like a property and casualty

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insurance contract, the anti-evasion rules in the proposed regulations are quite sufficient to protect the integrity of section VII of Dodd-Frank and the integrity of the final regulations.

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Sincerely,

Michael A. Bell

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