



**The Harleyville
Insurance Companies**

Original: 2069

Mizner

cc:

Sandusky

Smith

Wilmarth

Legal

Roger A. Brown
Senior Vice President, Secretary
and General Counsel

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November 15, 1999

**VIA FAX 717-795-3673
& REGULAR U. S. MAIL**

Peter J. Salvatore
Regulatory Coordinator
Pennsylvania Insurance Department
Office of Special Projects
1326 Strawberry Square
Harrisburg, PA 17120

**Re: Proposed Rulemaking: 31 PA Code Chapter 25
Insurance Holding Company Systems**

Dear Mr. Salvatore:

We are encouraged by and appreciate the efforts of the Department of Insurance to improve the reporting requirements under the Insurance Holding Company Systems regulations. The proposed rulemaking as to 31 PA Code Chapter 25 ("Rulemaking") achieves certain advances in the areas of clarity, simplicity and the elimination of redundancies.

Our companies, however, do have some reservations and related suggestions as to certain Rulemaking areas as highlighted below.

Section 25.11. Expenses

Although the Section 25.11 regulatory proposal regarding the assessment of expenses against the "person filing" provides additional detail and guidance, other safeguards should be provided in order to accomplish greater equity in this area. We suggest as to:

1. **Section 25.11(a) – At the time the Department retains an expert, written notice should be provided to the person filing. Such notice**

A National Network of Regional Members

Great Oaks Insurance Company
Harleysville-Atlanta Insurance Company
Harleysville-Garden State Insurance Company
Harleysville Insurance Company of New Jersey
Harleysville Life Insurance Company

Harleysville Mutual Insurance Company
North Insurance Company
Lafayette Insurance Company
Midland Insurance Company
MS-America Insurance Company

Mountain Fire and Casualty Company
New York Casualty Insurance Company
Pinnacle Insurance Company
Windsor Insurance Company

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Page 2

would include the expert's name and terms of engagement including an estimation of fees, thereby, enabling the person filing to estimate future costs and suggest possible cost saving alternatives to the Department.

2. **Section 25.11(b) – The costs billed by the expert should be assessed against the person filing within a reasonable time of the completion of the expert's engagement. Further, the assessed costs being billed should provide adequate itemization, enabling the person filing to conclude that the services being billed were reasonable and accomplished within the terms of the engagement.**
3. **Section 25.11(c) – As opposed to a per diem billing approach, an engagement should be on an hourly fee or aggregate billing basis.**
4. **Section 25.11(d) – There should be a certification or confirmation by the Department that "charges for travel, lodging and food expenses of experts" are both reasonable and in accordance with the terms of the letter of engagement.**
5. **A new Section 25.11(e) should be added to provide: "Any person assessed charges for the engagement of an expert may object in writing to such assessed charges based on an assertion that a charge is excessive or unreasonable, not directly related to the evaluation of the filing, or outside the provisions set forth in the letter of engagement. If such written objection is received by the Department within thirty (30) days of receipt of the billing invoice from the Department or the expert, a Department representative shall meet with the objecting person to consider the basis for such objection and render a determination reflecting those assertions which are adequately substantiated."**

Form D

The Rulemaking's new provision defining "Surplus" creates both certainty and much needed uniformity. However, the surplus threshold for filing notices, under Items 3., 4. and 5 of Form D, should not be reduced from 35% of surplus to 25% of surplus without adequate justification. We are not aware of any industry trends or problems that would support a change from the current surplus threshold. If such a reduction is to be undertaken, it should be preceded by and based upon a fact finding process and thorough analysis, which is disclosed to the industry, followed by a formal comment period.

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Form E

Although we recognize the utility of and benefits to be derived from the utilization of Form E, which is consistent with the NAIC model form, there is the need for clarification as to certain Form E terminology, specifically:

1. "Name of Applicant" – For purposes of utilizing Form E, does the term "applicant" relate solely to the "person acquiring" as referred to in 40 P.S. §991.1403? Regarding this inquiry and the balance of the Form E comments, below, it would be helpful if the Form D terminology either mirrors the §991.1403 terminology or provides footnote instructions for the completion of Form E.
2. "Name of Other Person Involved in Merger . . ." – Does this phrase limit the Applicant itself to providing only the name of the "acquired person", i.e., the target company?
3. ". . . names and address of the persons . . . [with] . . . involvement in a pending acquisition. . ." (Item 1.) – Since the "persons" with "involvement" could very easily be interpreted to include lawyers, investment bankers, etc., there is a need for clarification as to the foregoing terminology.
4. "Nature and Purpose of Proposed Merger . . ." (Item 3.) – Clarification is needed as to the basis for requiring and the need for this information, including its relevance to the Department's competitive analysis process under 40 P.S. §§991.1402(f)(1)(ii) and 991.1403.

Thank you for the opportunity to comment upon the Proposed Rulemaking and for considering the concerns of the Harleyville Insurance Companies.

Very truly yours,



Roger A. Brown

RAB:gaw



PAMIC

Pennsylvania Association of
Mutual Insurance Companies

Original: 2069

Mizner

cc:

Sandusky

Smith

wilmarth

Legal

Steven C. Elliott

President

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REVIEW COMMISSION

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NOV 15 1999

Office of Special Projects

November 15, 1999

Peter J. Salvatore
Regulatory Coordinator
Office of Special Projects
PA Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

RE: Proposed Rulemaking, Insurance Company Holding
Company Systems

Dear Sir:

I am president of the Pennsylvania Association of Mutual Insurance Companies (PAMIC). On behalf of PAMIC and its 74 member property/casualty companies, I offer the following comments on proposed amendments to 31 Pa. Code 25, as published in the Pennsylvania Bulletin, October 16, 1999.

The purpose of the rulemaking is to bring the affected regulations into line with the relevant 1994 amendments to the Insurance Company Law of 1921. The 1994 amendments brought HMOs within the scope of the act. PAMIC does not have HMOs in its membership and can offer no comments on that aspect of the amendments. The 1994 amendments also reflect changes to the provisions relating to dividends and other material transactions within a holding company system to bring Pennsylvania into compliance with the minimum financial regulation standards of the financial solvency agenda of the National Association of Insurance Commissioners (NAIC). The regulatory amendments implementing these changes are pertinent to PAMIC's membership and the following comments can be offered.

First, PAMIC supports the NAIC's financial solvency agenda and the NAIC financial solvency regulation standards for accreditation of the state insurance departments. Since these regulations are

Pennsylvania Association of Mutual Insurance Companies

necessary to assure continued accreditation of Pennsylvania, they are worthwhile.

Second, the effect of many of the changes is to streamline the reporting requirements and, to that extent, they can only be applauded.

Third, the following provisions may be singled out for specific comments.

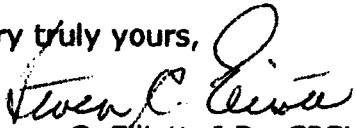
- **Section 25.12 (b) – The change regarding the need to file only one copy of Forms B and D rather than two copies, and the language regarding the ability to file electronically, are both helpful.**
- **Section 25.16 (a) and (c) – The addition of Form E for providing a format for submitting information regarding the competitive impact of a proposed merger or acquisition is good. We would comment that it is sometimes difficult to show market share statistics for certain lines of business, especially for smaller companies, and this argues for flexibility on the part of the Department in implementation.**
- **Section 25.17 (c) – The change to eliminate the need to amend a company's Form B filing if it has already filed a Form D regarding the transaction is a good change.**
- **Section 25.21 (c) – Regarding the addition of language stating that the Department may withdraw its prior approval of a transaction if there is a material change after a Form D is submitted – On its face this seems as if the Department is stating the obvious. However, we understand that without this language the Department may not be able to enforce the withdrawal of approval for such a transaction.**
- **Form C – Summary Registration Statement – The amendment of this form to require a description of items that have changed from the prior year's annual registration statement to include the date and dollar amount of the change is somewhat cumbersome, but it probably describes the Department's view of what was to be included in the filing prior to the change in**

Pennsylvania Association of Mutual Insurance Companies

the regulation.

Basically the regulatory changes are appropriate and have the effect of modernizing Pennsylvania law. Thank you for the opportunity to comment on this rulemaking.

Very truly yours,

A handwritten signature in black ink, appearing to read "Steven C. Elliott". The signature is written in a cursive style with a large initial "S".

Steven C. Elliott, J.D., CPCU, CLU
President

t



Original: 2069
Mizner
cc: Sandusky
Smith
Wilmarth
Legal

November 15, 1999

By e-mail to psalvato@ins.state.pa.us

Mr. Peter J. Salvatore
Regulatory Coordinator
Office of Special Projects
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

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1999 NOV 18 AM 9:06
INDEPENDENT REGULATORY
REVIEW COMMISSION

Re: Proposal to Amend Insurance Holding Company
Systems Rules [29 Pa.B. 5392]

Dear Mr. Salvatore:

The American Insurance Association (AIA) is a trade association of more than 380 property-casualty insurers that provide insurance throughout the United States and around the world. In Pennsylvania, our members write more than 28% of the property-casualty business in the state. Almost all of our members are part of holding company systems, so they are particularly interested in the proposed amendments to Chapter 25 relating to rules and procedural requirements for holding company systems.

First, AIA would like to make clear that we support the purposes set forth in the proposed amendments as published in the Pennsylvania Bulletin. We support the Insurance Department's efforts to meet financial regulation standards adopted by the NAIC. In addition, we support efforts to clarify existing procedural and reporting requirements and to eliminate other requirements deemed to be unnecessary or duplicative. Accordingly, we support the portions of the proposal that are in compliance with those purposes. However, we cannot support and strongly object to two provisions to amend section 25.22 relating to all dividends and other distributions. Neither of these provisions is a financial regulation standard adopted by the NAIC, nor is either a clarification of existing procedures.

1130 Connecticut Avenue, NW, Suite 1000 ▼ Washington, DC 20038 ▼ Phone: 202/828-7100 ▼ Fax: 202/293-1219 ▼ www.aiaadc.org

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Ramari Ayer
Chairman Elect

Robert C. Gowdy
Vice Chairman

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Vice Chairman

Robert E. Vagley
President

SUBSECTION 25.22(f)

Subsection 25.22(f) indicates that "The Department may withdraw its prior approval of a dividend or other distribution and require the transaction to be reversed or take other regulatory action as a result of a material change in information furnished under this section." We do not understand how the Department can reverse a dividend that may have been disbursed to thousands of stockholders. Even if the insurer has paid a stockholder dividend to a single parent, that parent may have distributed a dividend to all of its stockholders, who may well be unaffiliated with the insurer. Such as broad distribution could not be reversed.

AIA objects to this provision because of the uncertainty that it would cause when a dividend is declared and distributed. This uncertainty is created because: 1) there is no time limit for the department to require that the transaction be reversed; and 2) an insurer is required to report changes in information for fifteen days after the end of a month in which a dividend is paid, which means that such changes may have to be reported up to forty-five days after the dividend is distributed.

This requirement is not a part of the NAIC Model and as far as we can tell, is unique to Pennsylvania. It certainly does not clarify any existing provision; rather it raises questions in our view as to whether it applies only to extraordinary dividends or whether it also applies to ordinary dividends. The confusion arises from the following: 1) subsection 25.22(f) refers to information related to a dividend or other distribution furnished under this section (which is found in subsection 25.22(e)); 2) subsection 25.22(e) refers to information furnished under subsection (c); and 3) subsection 25.22(c) refers to extraordinary dividends or other extraordinary distributions. Therefore, one might conclude that this provision relates only to extraordinary dividends or distributions, but this is far from clear.

Even if this provision applies only to extraordinary dividends or distributions, it is objectionable because of the uncertainty that it would cause.

SUBSECTION 25.22(a)

Subsection 25.22(a) provides that although the Commissioner may grant a waiver, according to subsection 25.22(c)(5), insurers are required to file prior to all dividends, "A balance sheet and statement of income for the period intervening from the last annual statement filed with the Commissioner and the end of the month preceding the month in which the request for dividend or other distribution approval is submitted." If an insurer submits requests for dividends in January, April, July or October, this would not present a hardship because

insurers normally prepare quarterly financial statements for the periods ended March, June, September and December. If an insurer submits requests for dividends in any of the other eight months, however, this provision will require that insurer to prepare financial statements for a one or two-month period that it would not otherwise be required to prepare. And that is not a reasonable requirement for the payment of ordinary dividends. There are additional requirements for the payment of extraordinary dividends, but ordinary dividends are in the course of business and require sufficient surplus so that this additional burden should not be necessary. In the unusual circumstances when this requirement is perceived as appropriate, it should be required by the Department and not necessitate a waiver for all other insurers.

This requirement is neither a part of the NAIC Model nor is it required in any other jurisdiction that we are aware of. It is also not a clarification of an existing Pennsylvania requirement.

This requirement is objectionable because it puts an unnecessary burden on all insurers when it is likely to be needed only rarely.

FOREIGN INSURERS

Finally, we note that The Holding Company Act (section 991.1404) indicates that a foreign insurer is excepted if it is ". . . subject to registration requirements and standards adopted by statute or regulation in the jurisdiction of its domicile which are substantially similar to those contained in this section" Since we have not been able to find another jurisdiction with similar requirements, we wonder whether all foreign insurers are going to be subject to Pennsylvania registration requirements as a result of these proposed regulations. We certainly do not want to subject all foreign insurers to the Pennsylvania Holding Company Act, but these provisions are not clarifications as far as the applicability of the Act is concerned.

CONCLUSIONS

For the reasons enumerated above, we recommend that the provision to authorize the Department to require that dividends be withdrawn (subsection 25.22(f)) be deleted. Further, we recommend that the provision that all insurers, be required (subject to waiver) to file financial statements as of the previous month end, also be withdrawn.

Mr. Peter J. Salvatore
November 15, 1999
Page 4

Thank you for this opportunity to present these comments. We would be pleased to discuss with you any comments or questions that you might have.

Sincerely,

Phillip Schwartz
Vice President
Financial Reporting and
Associate General Counsel

cc: Robert E. Nyce, Executive Director, Independent Regulatory Review
Commission (Fax 717 783-2664)
Loudon L. Campbell, Esq. (Fax 717 237-6019)
R. Taylor Cosby (Fax 410 267-9581)



American Insurance Association

Original: 2069

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cc:

Sandusky, Smith, Wilmarth, Legal

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INDEPENDENT REGULATORY
REVIEW COMMISSION

November 15, 1999

By e-mail to psalvato@ins.state.pa.us

Mr. Peter J. Salvatore
Regulatory Coordinator
Office of Special Projects
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

Re: Proposal to Amend Insurance Holding Company
Systems Rules (29 Pa.B. 5392)

Dear Mr. Salvatore:

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▼ www.aiaadc.org

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President

Mr. Peter J. Salvatore
November 15, 1999
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INDEPENDENT REGULATORY
COMMISSION**SUBSECTION 25.22(f)**

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Mr. Peter J. Salvatore
November 15, 1999
Page 3

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CONCLUSIONS

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NO. 5733 P. 5/5

Mr. Peter J. Salvatore
November 15, 1999
Page 4

Thank you for this opportunity to present these comments. We would be pleased to discuss with you any comments or questions that you might have.

Sincerely,
Phillip Schwartz

Phillip Schwartz
Vice President
Financial Reporting and
Associate General Counsel

cc: Robert E. Nyce, Executive Director, Independent Regulatory Review
Commission (Fax 717 783-2664)
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R. Taylor Cosby (Fax 410 267-9581)

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REVIEW COMMISSION



FAX

TO: See List	FROM: Phillip Schwartz
COMPANY:	COMPANY: American Insurance Association
FAX#:	FAX#: 202-293-1219
PHONE#:	PHONE#: 202-828-7163
DATE: November 15, 1999	PAGES: 5 (including cover)

Comments:

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Robert E. Nyce	717-783-2664
Loudon L. Campbell, Esq.	717-237-6019
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cc: Sandusky
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The Insurance Federation of Pennsylvania, Inc.

1600 Market Street
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Office of Special Projects

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Henry G. Hager

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Samuel R. Marshall

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Investment Officer &

Assistant Treasurer

Danielle Witwer

Director of

Government Affairs

November 12, 1999

Peter J. Salvatore
Regulatory Coordinator
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, PA 17120

**Re: Chapter 25 of Title 31 - Rules and Procedural
Requirements for Insurance Holding Company
Systems**

Dear Mr. Salvatore:

The Insurance Federation, on behalf of its members and the affiliated national trade associations, offers the following comments on the Insurance Department's proposed revisions to this chapter as published in the October 16 Pennsylvania Bulletin.

Section 25.11 - Expenses

Recent problems with the cost of outside experts auditing insurers for Y2K compliance highlight the need for greater certainty of the cost of experts retained by the Department and paid by the insurer.

As such, we recommend subsections (b) and (c) be revised to refer to "reasonable" costs and "reasonable and prevailing" rates. Subsection (c) should also delete the reference to "per diem" charges, as most expert services are not calculated or billed that way. Further, subsection (d) should specify that the travel, lodging and food expenses of experts retained by the Department should be limited to the same expenses that apply to Department employees.

November 12, 1999
Page two

Section 25.12 - Forms - general requirements

We recommend that subsection (c) be revised to provide that biographical statements and financial statements of ultimate controlling persons be automatically given confidential status unless such "person" is a public company.

I am not sure why confidentiality would not be given in those situations; absent illustrations of where the information would and should be public, it makes sense to make such confidentiality a right, not a matter of discretion and uncertainty.

Section 25.16 - Acquisition of control - statement filings

We recommend that subsection (e) be revised to allow for five rather than two days to notify the Department of changes in officers or directors. This should not harm the Department's review, and it is more realistic in light of all the other corporate activities going on at these times.

Section 25.22 - Dividends and other distributions

We recommend eliminating the filing of an interim balance sheet and statement of income as required in subsection (c)(5), at least as it applies to ordinary dividends. The NAIC model requires this only for extraordinary dividends, and Pennsylvania should do the same.

This interim information will only supplement quarterly information that will be, by definition, no more than three months old, and the interim information often might not be available in any event. Further, the Department's proposed waiver option set forth in subsection (a) would be inadequate protection - as filing for a waiver from subsection (c)(5) could require essentially the same information as in the (c)(5) filing itself.

November 12, 1999

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**Form A - Statement regarding the acquisition of control of
or merger with a domestic insurer**

Item 3: We recommend this be revised to allow copies of the biographical affidavits. Further, we recommend the affidavits be allowed to hold absent any material changes; the current proposal requires updates every three years in any event and notification of any (not just material) changes.

**Form B - Insurance holding company system annual
registration statement**

Item 8: We recommend modification of the requirement that individuals who are ultimate controlling persons supply financial statements.

First, such information should be given confidential treatment. Second, the individual should be allowed to submit less information than contained on a financial statement, if approved by the Department. My understanding is that most (if not all) other states do not require these individuals to file financial statements; presumably, those other states find other, less invasive means of gaining needed financial information, and the Department should explore those alternatives.

Form C - Summary of registration statement

As what I hope is a point of clarification, we recommend the Department allow for a good faith approximation of the dollar amount of each change.

Form D - Prior notice of a transaction

Item 2: We recommend the Department delete the reference to "immediate and long-term," instead going with supplying the "anticipated effect." Further, such information should be kept confidential and given the safe harbor found in the Private Security Reform Act of 1995.

November 12, 1999

Page four

Our concern here is, as we have discussed in the past, the prospect of litigation over long-term effects that do not come to pass. The Department should match, not exceed, the requirements found in Section 27a of the 1933 Securities Act with respect to forward-looking statements.

We appreciate the opportunity to comment on this regulation, as well as the opportunity to have worked with the Department in getting the regulation to this point. We look forward to discussing the above recommendations and in getting this regulation in place.

Sincerely,



Samuel R. Marshall

c: Robert E. Nyce, Executive Director
Independent Regulatory Review Commission

Steven Johnson, Deputy Insurance Commissioner
Elaine Leitzel, Analyst
Office of Regulation of Companies
Pennsylvania Insurance Department

Comments on the regulation listed below have been received from the following:

<i>Reg #</i>	<i>Regulation Title</i>
<i>11-182</i>	<i>Rules and Procedural Requirements for Insurance Holding Company Systems</i>

Mr. Samuel R. Marshall *President*
Insurance Federation of Pennsylvania, Inc.
1600 Market St.
Philadelphia PA 19103-

Date Received *11/15/1999*

Phone: (215) 665-0505 X00000

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**INDEPENDENT REGULATORY
REVIEW COMMISSION**

~~November 12, 1999~~

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Section 25.22 - Dividends and other distributions

We recommend eliminating the filing of an interim balance sheet and statement of income as required in subsection (c)(5), at least as it applies to ordinary dividends. The NAIC model requires this only for extraordinary dividends, and Pennsylvania should do the same.

This interim information will only supplement quarterly information that will be, by definition, no more than three months old, and the interim information often might not be available in any event. Further, the Department's proposed waiver option set forth in subsection (a) would be inadequate protection - as filing for a waiver from subsection (c)(5) could require essentially the same information as in the (c)(5) filing itself.

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**Form A - Statement regarding the acquisition of control of
or merger with a domestic insurer**

Item 3: We recommend this be revised to allow copies of the biographical affidavits. Further, we recommend the affidavits be allowed to hold absent any material changes; the current proposal requires updates every three years in any event and notification of any (not just material) changes.

**Form B - Insurance holding company system annual
registration statement**

Item 8: We recommend modification of the requirement that individuals who are ultimate controlling persons supply financial statements.

First, such information should be given confidential treatment. Second, the individual should be allowed to submit less information than contained on a financial statement, if approved by the Department. My understanding is that most (if not all) other states do not require these individuals to file financial statements; presumably, those other states find other, less invasive means of gaining needed financial information, and the Department should explore those alternatives.

Form C - Summary of registration statement

As what I hope is a point of clarification, we recommend the Department allow for a good faith approximation of the dollar amount of each change.

Form D - Prior notice of a transaction

Item 2: We recommend the Department delete the reference to "immediate and long-term," instead going with supplying the "anticipated effect." Further, such information should be kept confidential and given the safe harbor found in the Private Security Reform Act of 1995.

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Our concern here is, as we have discussed in the past, the prospect of litigation over long-term effects that do not come to pass. The Department should match, not exceed, the requirements found in Section 27a of the 1933 Securities Act with respect to forward-looking statements.

We appreciate the opportunity to comment on this regulation, as well as the opportunity to have worked with the Department in getting the regulation to this point. We look forward to discussing the above recommendations and in getting this regulation in place.

Sincerely,



Samuel R. Marshall

c: Robert E. Nyce, Executive Director
Independent Regulatory Review Commission

Steven Johnson, Deputy Insurance Commissioner
Elaine Leitzel, Analyst
Office of Regulation of Companies
Pennsylvania Insurance Department

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November 12, 1999

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Office of Special Projects

Mr. Peter J. Salvatore
 Regulatory Coordinator
 Office of Special Projects
 Pennsylvania Insurance Department
 1326 Strawberry Square
 Harrisburg, PA 17120

RE: Proposed Rulemaking
 31 PA Code, Chapter 25

Dear Mr. Salvatore:

PHICO Insurance Company and Pennsylvania Casualty Company (jointly referenced herein as PHICO) are Pennsylvania domestic insurers and are registered with the Department as members of an insurance holding company system. Consequently, the proposed revisions to 31 PA Code Chapter 25 will impact upon PHICO's filing requirements.

For the most part, PHICO supports the proposed revisions to Chapter 25. In particular, PHICO is pleased to see the streamlining and coordination of the various filings through the elimination of duplicative reporting requirements. There is, however, one section that is troublesome. Through the expansion of the applicability of Section 25.22 to include all dividends and other distributions, the proposed rulemaking extends the requirement for submission of certain data to the notice filing related to non-extraordinary dividends.

While Section 1404(e) of the Pennsylvania insurance laws (40 P.S. Section 991.1404(e)) requires insurers which are members of an insurance holding company system to make an informational filing with the Insurance Commissioner for all dividends or other distributions to shareholders, that section of the law specifies only that the insurer file a schedule of the dividends and other distributions made during the previous twelve months. The revision to 31 PA Code, Chapter 25, Section 25.22 proposes to establish more extensive filing requirements for such dividends. Specifically, Section 25.22(c)(5), as proposed, would require insurers to submit a balance sheet and statement of income as part of the information submitted with respect to filings required by Section 1404(e).

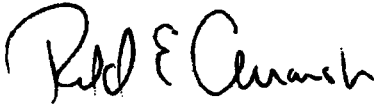
PHICO suggests that the second sentence of the revised language in Section 25.22(a) be amended to read as follows: "The report shall include the information in section 1404(e) of the act and subsection (c)(1)-(4)". The third and final sentence of Section 25.22(a) could then be deleted as

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well. This amendment would allow for consistency between the information required by Section 1404(e) of the act and that set forth in Section 25.22.

PHICO appreciates the opportunity to comment on the proposed rulemaking and trusts that its comments will be of benefit to the Department as it proceeds with this rulemaking. If you have any questions or want to discuss these comments, please feel free to contact me at your convenience. I can be reached by telephone at 766-1122, extension 1400 or via the Internet at rechronister@phico.com.

Very truly yours,



Ronald E. Chronister
Vice President, Industry & Regulatory Affairs