

Congress of the United States

Washington, DC 20515

April 4, 2011

The Honorable Timothy Geithner
Secretary of the Treasury
Main Treasury Building, Room 3330
1500 Pennsylvania Ave. NW
Washington, DC 20220

Dear Secretary Geithner:

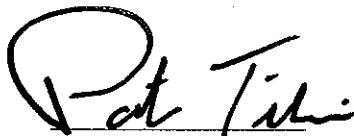
The Fiscal Year 2012 budget once again proposes to increase taxes on life insurance companies and products – specifically the dividends-received deduction (DRD) for separate accounts and company-owned life insurance (COLI) proposals. We are writing to express our disappointment that these proposals resurfaced even though a significant majority of the Members of the Committee on Ways and Means wrote you last year stating serious concerns about the proposals. As you move forward in the Fiscal Year 2012 budget process, we urge you to drop these proposals. We stand ready to work with you on fundamental tax reform that can produce a simpler and fairer tax code to help create jobs and grow the economy. Targeted tax increases on the life insurance industry to support other parts of the budget do not advance that goal.

Not only in times of crisis, but also in good economic times, families and employers turn to life insurance products to secure financial protection, build savings and fund benefits. Many families, especially among the farming and small business communities, turn to annuities, variable annuities, and variable life products as a means to protect their retirement security. The DRD, which recognizes that the company issuing the dividend has already paid tax, is available to all companies. In fact, current tax policy and law already have unique proration rules that diminish DRDs even further for life insurance companies. Changing these long-established rules for the DRD will result in additional costs due to higher taxes being passed on to policyholders depressing the value of their retirement security products.

The death of a key employee can threaten the continuation of the business and result in employees losing jobs. To protect against this risk, businesses – especially small businesses – often purchase life insurance. Other businesses purchase life insurance to fund the cost of employees' and retirement benefits and as a valuable risk-management tool. Congress reviewed the use and tax treatment of COLI reforms and best practices that reaffirmed that the tax treatment of COLI is appropriate.

At a time when the country has started on the road to economic recovery, the last thing we should do is increase the tax burden on products that provide for financial stability and manage risk. We urge you to reevaluate these proposals, and we look forward to your response and working with you.

Sincerely,



Patrick J. Tiberi
Member of Congress



Ron Kind
Member of Congress

Wally Herger
Member of Congress

Sam Johnson
Member of Congress

Kevin Brady
Member of Congress

Devin Nunes
Member of Congress

Geoff Davis
Member of Congress

Dave Reichert
Member of Congress

Charles Boustany
Member of Congress

Dean Heller
Member of Congress

Sander Levin
Member of Congress

Jim McDermott
Member of Congress

John Lewis
Member of Congress


Richard Neal
Member of Congress

Mike Thompson
Member of Congress


John Larson
Member of Congress

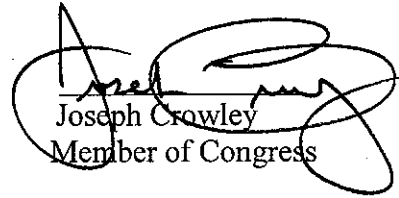
Earl Blumenauer
Member of Congress

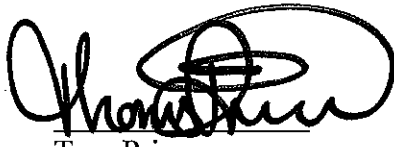
Bill Pascrell, Jr.
Member of Congress



Peter Roskam
Member of Congress

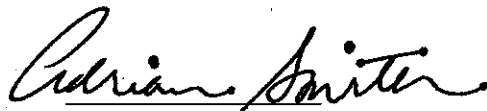

Shelley Berkley
Member of Congress

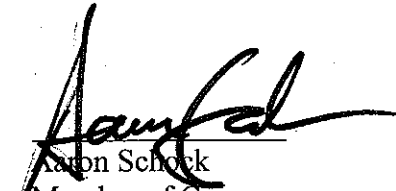

Jim Gerlach
Member of Congress


Joseph Crowley
Member of Congress



Tom Price
Member of Congress

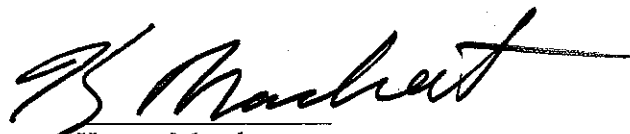

Vern Buchanan
Member of Congress



Adrian Smith
Member of Congress

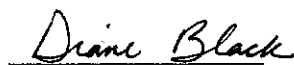

Aaron Schock
Member of Congress


Lynn Jenkins
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Erik Paulsen
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Kenny Marchant
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Rick Berg
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Diane Black
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