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March 11, 2014

The Honorable Scott Schwab, Chair

Members of the House Insurance Committee

RE: Support for SB 47

Chairman Schwab and Members of the Committee:

On behalf of **Prudential Financial, Inc.**, also known by its primary subsidiary **The Prudential Insurance Company of America**, I urge the committee to support SB 47.

Prudential is a Fortune Global 500 and Fortune 500 company whose subsidiaries provide insurance, investment management and other financial products and services throughout the United States and in over 30 other countries. Principal products and services provided include life insurance, annuities, mutual funds, pension and retirement related investments, administration and real estate.

The bill allows for principle-based reserves, which concerns the reserves that are held by life insurance companies to support payment of the claims of policyholders. The current law dates back to Civil War times, using a formulaic, one-size-fits-all approach to determine those reserves. Much has changed in the industry, with new products for consumers. Thus the proposal allows for a principal-based reserve approach that "right-sizes" the reserves to ensure that it appropriately matches the actual risk being assumed.

The proposal before you has been developed after more than ten years of review and development by regulators. It is also not a new concept to the insurance industry as it is currently used by P&C and health companies. Principle-based reserving helps companies develop and reserve for new products and helps ensure that consumers are paying the appropriate price for the risk coverage being provided.

Thank you for your consideration of this important measure. If you have further questions, please do not hesitate to contact me.

Kathy Damron