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December 6, 1999

U.S. Department of Transportation Dockets
Docket No. [FAA-1999-6265]
400 Seventh Street S. W.
Room Plaza 401
Washington, DC 20590

99 DEC -6 PM 4:55
DEPT. OF TRANSPORTATION

Re: Financial Responsibility Requirements for Licensed Reentry Activities
Docket No. [FAA-1999-6265]- 5

TO WHOM IT MAY CONCERN:

On behalf of the International Underwriting Association of London ("IUA") we hereby submit the following comments pursuant to the captioned Federal Aviation Administration Notice of Proposed Rulemaking (NPRM). The IUA is the world's largest association of international insurance and **reinsurance** companies and includes among its members several major insurers writing commercial space-related risks.

Section 450.13(a)(8) of the NPRM sets forth qualifications for insurers who are eligible to provide the insurance coverages licensees are required to procure pursuant to the regulations. The first sentence of subparagraph (8) requires that insurance be provided by "an insurer of recognized reputation and responsibility that is licensed to do business in any State. . ." The second sentence then says, in essence, that a licensee meets the requirements of the section if each of its insurance policies contains a U.S. service of suit clause and appoints a U.S. agent for service of process. The preamble to the NPRM notes that the language in the first sentence regarding state **licensure** mirrors the requirement in FAA regulations promulgated earlier this year on launch activities, and that the language of the second sentence tracks that of a subsequent Advisory Circular (AC No. 440-01) indicating that insurers are meant to be eligible under the launch regulations if they comply with the requirements regarding the service of suit clause and the appointment of a US agent for service of process.

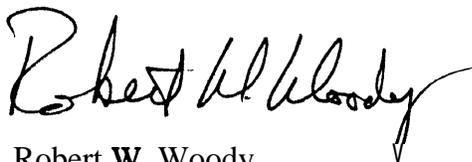
As the FAA is aware, many insurers who write commercial space-related coverages, including members of the **IUA**, are not licensed in any state in the U. S . There is generally no requirement under Federal or State law that insurers be licensed to write coverages of this sort. As the preamble to the **NPRM** indicates, it was in acknowledgment of this fact that the FAA issued Advisory Circular No. **440-01** noted above, thus avoiding any unintentional disqualification of a significant portion of the global space insurance market with respect to the launch regulations.

We understand that the FAA's intent (in both the launch and reentry context) is that insurers need **not** be licensed in any state, but that they must be of "recognized reputation and responsibility" and must comply with the service of suit and US agent requirements. If so, we have no objection to the FAA's intended requirement. We respectfully submit, however, that the regulations should not make any reference to state **licensure** as this is contrary to the FAA's intent and may tend to confuse readers who are unfamiliar with the history of this language and its intended meaning. We therefore recommend that subparagraph **(8)** be amended to state the FAA's intent straightforwardly and to delete the reference to state **licensure**. We propose that the language of subparagraph **(8)** (and the corresponding subparagraph in the launch regulations) should read as follows:

(8) Each policy must be placed with an insurer of recognized reputation and responsibility that **is either: (a)** is licensed to do business in any State, territory, possession of the United States, or the District of Columbia; or **(b) A licensee complies with this section if includes in each of its policies of insurance obtained under this part must contain** a contract clause in which the insurer agrees to submit to the jurisdiction of a court of competent jurisdiction within the United States and designates an authorized agent within the United States for service of legal process on the insurer.

We appreciate the FAA's consideration of these comments and would be pleased to provide any further information of assistance the agency may require.

Respectfully submitted,



Robert W. Woody