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January 6, 2004

Ernst N. Csiszar, President
National Association of Insurance Commissioners
Director of Insurance, State of South Carolina
300 Arbor Lake Drive
Suite 1200
Columbia, South Carolina 29223

Draft White Paper entitled "Weather Financial Instruments (Temperature): Insurance or Capital Markets Products?"

Dear Mr. Csiszar,

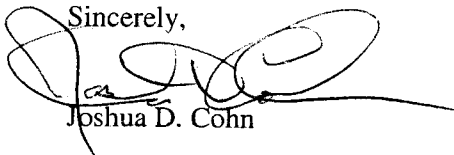
I am writing on behalf of the International Swaps and Derivatives Association ("ISDA"). ISDA is the global trade association representing leading participants in the privately negotiated derivatives industry.

As we discussed on the phone yesterday, ISDA is extremely concerned about what we understand to be a draft "white paper" being circulated by an NAIC working group. The paper is entitled "Weather Financial Instruments (Temperature): Insurance or Capital Markets Products?" ISDA is very grateful for the opportunity to comment on the draft white paper and also hopes to participate to the fullest extent possible in any NAIC consideration of the draft white paper or the issues presented therein.

ISDA would appreciate it if the NAIC would note that the mere existence of the draft has raised substantial concern in the derivatives market. We would be very grateful for any near-term public statement that the NAIC might be able to make that would allay this concern.

It was a pleasure speaking with you. I will be in touch shortly regarding ISDA's comments on the draft white paper.

Sincerely,



Joshua D. Cohn

cc: R. Pickel, ISDA
J. Schwab, ISDA

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