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Dear Mr Owens,

**REPORT ON THE ATTRIBUTION OF PROFITS TO A PERMANENT ESTABLISHMENT
PART IV (INSURANCE)
Revised public discussion draft 22 August 2007**

I write in response to the revised public discussion draft of Part IV on the attribution of profits to a permanent establishment which was published on 22 August 2007. The Catlin Group responded to the initial June 2005 consultation and I am very pleased to note that most, if not all, of the various points which were raised have been addressed in this revised version. In general terms therefore the Catlin Group is content with the tone and thrust of the report as it now stands and considers it to be a very fair and well written summary overview of a highly complex issue.

There is only one area on which we would wish to make further comment and that is the allocation of capital - the Catlin Group expects that this will be one of the most contentious areas in practice, particularly where an insurance carrier has a tax branch in more than one jurisdiction as will be the case not infrequently. We think it is critically important therefore to address the matter of the arbitration process - it is clear that a multilateral approach may well be required and we suggest that, for preference, an attempt should be made to establish an appropriate framework.

Yours sincerely,



PP Matt Goodwin

Group Tax Director