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Deputy General Counsel

LLOYD'S

January 28, 2020

Lisa Larson  
Regulations Manager  
Maryland Insurance Administration  
200 St. Paul Place, Suite 2700  
Baltimore, Maryland 21202

Re: Proposed Change to COMAR 31.03.06.10 – Surplus Lines

Dear Ms. Larson,

This letter is in response to the proposal to expand COMAR 31.03.06.10 – Surplus Lines (the Maryland export list) to allow export of primary flood insurance coverage to the surplus lines market. Lloyd's strongly supports the proposal which will provide more options to Maryland property owners searching for flood insurance.

Lloyd's is the world's largest market for specialist insurance and reinsurance, with more than 75 syndicates underwriting business from over 200 jurisdictions across the globe. The U.S. is Lloyd's largest market representing over 40% of the premiums written in the Lloyd's market annually. In 2018, Lloyd's wrote more than \$128 million in surplus lines premium in Maryland. Lloyd's is the largest writer of surplus lines insurance in the United States.

When an insurance product is added to the export list, surplus lines brokers can place coverage directly with surplus lines carriers such as Lloyd's without needing to conduct a search of the admitted market, which makes the transaction more efficient for the policyholder. In the context of flood insurance, adding primary flood insurance to the export list will allow Maryland policyholders to consider products other than the standard coverage offered via the National Flood Insurance Program (NFIP). There are a number of reasons why Maryland insureds might seek alternatives to NFIP cover. They may need higher limits than the NFIP offers or coverage options, such as cover for detached structures or finished basements, that the NFIP does not provide. In addition, expanding the range of options available to Maryland property owners may help to increase take-up rates for flood insurance. We applaud the Maryland Insurance Administration's proactive stance on this important issue.

Regards,

