

Sabrina Miesowitz
General Counsel

LLOYD'S

April 16, 2021

Lisa Larson
Regulations Manager
Maryland Insurance Administration
Baltimore, Maryland

Re: Proposed Changes to COMAR 31.05.08 Credit for Reinsurance

Dear Ms. Larson:

This letter is submitted on behalf of Underwriters at Lloyd's, London in response to the proposed changes to COMAR 31.05.08 which deals with credit for reinsurance. Lloyd's is one of the largest providers of reinsurance capacity in the world. In 2020, Lloyd's provided approximately \$76 million in reinsurance support for Maryland domiciled insurance companies

Lloyd's fully supports the proposed changes which track closely to the revisions to the NAIC Model Credit for Reinsurance Regulation that were unanimously adopted in June 2019 by state insurance regulators.

Reinsurance is a vital tool in helping to significantly reduce the economic impact of catastrophic events, such as natural disasters, both on those most immediately affected and for taxpayers at large. In the US, international reinsurers pay around 60% of total catastrophe losses and are therefore important to both the US insurance market and the overall economy. By diversifying US natural catastrophe risks to global markets, the US domestic insurance market is more likely to remain healthy and robust following even the most significant catastrophe losses.

The proposed updates are an important step in reinsurance collateral modernization which Lloyd's believes is critical in order for the US to maintain a competitive and secure insurance market. We commend the Insurance Administration for advancing collateral reform in Maryland.

Very truly yours,

