

Sabrina Miesowitz
General Counsel

LLOYD'S

June 29, 2021

Rules Coordinator
Office of the Insurance Commissioner
Washington State

Re: R 2021-05 Credit for Reinsurance

Dear Rules Coordinator:

This letter is submitted on behalf of Underwriters at Lloyd's, London in response to proposed R 2021-05 which deals with credit for reinsurance. Lloyd's is one of the largest providers of reinsurance capacity in the world. In 2020, Lloyd's assumed approximately \$16.9 million in premiums from Washington 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 Office of the Insurance Commissioner for advancing collateral reform in Washington.

Very truly yours,

