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General Counsel

LLOYD'S

March 22, 2021

Michele Estrada  
Office of Research, Rules and Appeals  
Department of Insurance and Financial Services  
PO Box 30220  
Lansing, Michigan 48909

Re: Proposed Changes to Michigan Credit for Reinsurance Rules - Rule Set 2020-132 IF

Dear Ms. Estrada:

This letter is submitted on behalf of Underwriters at Lloyd's, London in response to the proposed changes to Michigan's credit for reinsurance rules. Lloyd's is one of the largest providers of reinsurance capacity in the world. In 2019, Lloyd's assumed approximately \$83 million in premiums from Michigan 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 Department of Insurance & Financial Services for advancing collateral reform in Michigan.

Very truly yours,

