

August 3, 2015

Via Email

Commonwealth of Massachusetts
Division of Insurance
1000 Washington Street, Suite 810
Boston, MA 02118-6200

Re: Regulatory Review – Financial Regulations

This comment letter is submitted on behalf of Underwriters at Lloyd's, London ("Lloyd's") in response to the Massachusetts Division of Insurance's (the "Division") review of certain financial regulations including 211 CMR 130.00 dealing with credit for reinsurance (the "Credit for Reinsurance Regulation"). Lloyd's believes that there is a clear need to retain the Credit for Reinsurance Regulation and that it should be updated in order to be consistent with HB 4326.

HB 4326, which was enacted by the Massachusetts legislature during the 2014 session, closely tracks the revisions to the Model Credit for Reinsurance Law which were unanimously passed by the National Association of Insurance Commissioners ("NAIC") in November 2011. This legislation provides a new framework for Massachusetts insurers to take credit for business ceded to reinsurers which have been vetted by the NAIC as certified reinsurers. Lloyd's recommends that the Credit for Reinsurance Regulation should be amended in a manner consistent with the NAIC Model Credit for Reinsurance Regulation (the "NAIC Model") in order to complement HB 4326 and complete the implementation of this regulatory modernization effort in Massachusetts.

Lloyd's is one of the largest providers of reinsurance capacity in the world and has had a longstanding commitment to Massachusetts. In 2014, Lloyd's assumed approximately \$ 149 million in premium from Massachusetts cedants.

It is important that the Division take steps to revise the Credit for Reinsurance Regulation in a timely manner in order to maintain the competitiveness of the Massachusetts reinsurance market. Lloyd's also urges the Division not to deviate from the language of the NAIC Model when implementing these revisions. The NAIC Model represents the culmination of over a decade of deliberation and debate among state insurance regulators with input from both ceding insurers and reinsurers. The language of the NAIC Model was carefully crafted and it is critical that the states adopt it uniformly.

Very truly yours,

