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JOSEPH P. GUNSET
General Counsel

2012 SEP 24 PM 1: 17

September 21, 2012

Via Email

Peter J. Salvatore
Regulatory Coordinator
Pennsylvania Insurance Department
326 Strawberry Square
Harrisburg, Pennsylvania 17120

Re: Proposed Rulemaking Regarding Requirements for Qualified and Certified Reinsurers

Dear Mr. Salvatore:

This comment letter is submitted on behalf of Underwriters at Lloyd's, London ("Lloyd's") in response to the proposed amendment of Pennsylvania Administrative Code, Title 31, Chapter 161 regarding requirements for qualified and certified reinsurers (the "Proposed Rule") published by the Pennsylvania Insurance Department (the "Department") in the Pennsylvania Bulletin on September 1, 2012. We appreciate your consideration of these comments.

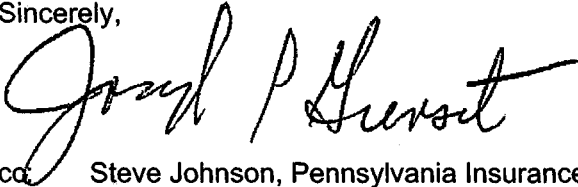
Lloyd's is one of the largest providers of reinsurance capacity in the world and has had a longstanding commitment to the US which is our largest market for reinsurance. Lloyd's has been advocating for reinsurance collateral reform in the US for over a decade. In our view, credit for reinsurance should be based on the financial strength of the reinsurer and not its nation of domicile.

As you know, the Proposed Rule is based on revisions to the Model Credit for Reinsurance Law and Regulation (the "Revised Models") which were unanimously passed by the Executive and Plenary Committees of the National Association of Insurance Commissioners at its national meeting in November 2011. The Department was of course closely involved in drafting the Revised Models and securing their passage. The Revised Models represent 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 Revised Models was carefully crafted to strike a balance between these competing interests. Industry and regulators voiced a number of objections to certain provisions of the Revised Models and changes that they would have liked to see. It is therefore critical that the states rely on the language of the Revised Models when implementing these reforms.

Lloyd's endorsed the Revised Models as we feel strongly that reinsurance collateral modernization is critical in order for the US to maintain its competitive position in the international insurance market. This modernization will be ineffective without uniform adoption of the Models in all states.

Lloyd's applauds the Department's efforts and its commitment to this important reform. Pennsylvania is a major market for Lloyd's reinsurance and these reforms are both welcome and necessary.

Sincerely,



cc: Steve Johnson, Pennsylvania Insurance Department