

Sabrina Miesowitz  
General Counsel

LLOYD'S

March 11, 2021

Rep. Jordan Rasmusson  
291 State Office Building  
St. Paul, MN 55155

Re: HF 1915

Dear Representative Rasmussen:

I am writing to express the support of Lloyd's of London ("Lloyd's") for HF1915 which provides a framework for the elimination of collateral requirements for well-qualified non-US reinsurers. Lloyd's strongly supports this legislation and would like to thank you for sponsoring this bill.

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. In 2019, Lloyd's provided approximately \$84 million in reinsurance support for Minnesota-based insurance companies.

Reinsurance is a mechanism for spreading risk by diversifying it across global markets. Large multi-state insurers benefit from pooling their risks into a global pool via reinsurance, and smaller regional insurers, for whom a major event in a key region could devastate their balance sheet, use reinsurance as a means of achieving greater financial stability.

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 natural catastrophe losses.

We would like to note that HF 1915 closely track the revisions to the Model Credit for Reinsurance Law which were unanimously passed in June 2019 by the state insurance regulators that make up the National Association of Insurance Commissioners. Lloyd's believes that reinsurance collateral modernization is critical in order for the US to maintain a competitive insurance market. We commend you for advancing reinsurance regulation in Minnesota.

Very truly yours,

