



REINSURANCE ASSOCIATION OF AMERICA

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November 22, 2021

Commissioner Alan McClain
Arkansas Insurance Department

Via email

RE: Support for Proposed Amendments to Rule 65 – Credit for Reinsurance

Commissioner:

We appreciate the opportunity to express our support for the adoption of these amendments.

The Reinsurance Association of America is the leading trade association of property and casualty reinsurers doing business in the United States. RAA membership is diverse, including reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross border basis. The RAA represents its members before state, federal and international bodies.

This regulation follows legislation creating a new category of “Reciprocal Jurisdictions” allowing qualified reinsurers can do business in the U.S., thus improving availability and affordability of insurance to Arkansas residents. These changes would implement the terms of the “covered agreement” negotiated by the Obama and Trump administrations with the European Union. In exchange for the elimination of reinsurance collateral for EU reinsurers doing business here, the EU will not impose burdensome requirements for American insurers doing business in the EU.

The changes would give the Department the authority to require non-U.S. based insurers to provide it with necessary documents and information about the reinsurer to ensure solvency and sound operating practices. It also requires non-U.S. based insurers to consent to the jurisdiction of American courts and provide 100 percent security should the reinsurer resist paying an American court judgement.

The Commissioner would have the authority to revoke the ability of any non-U.S. based reinsurer to do business in Arkansas should that reinsurer fail to meet the Department’s provisions in the bill or other state regulations.

Arkansas citizens benefit when insurers have better ability to fully utilize the value of reinsurance. As natural disasters become more common, insurers rely on reinsurance to help pay claims after extraordinary events. Reinsurance helps make insurance for consumers more affordable and available by providing extra financial protection to insurance companies providing coverage to consumers.

We urge adoption of the proposed regulation and remain ready to answer questions or provide additional information.

Sincerely,

A handwritten signature in black ink, consisting of a stylized 'P' followed by 'aul' and 'Martin' written in a cursive script.

Paul Martin
Vice President-State Relations

Sabrina Miesowitz
General Counsel

LLOYD'S

December 7, 2021

Amanda Rose
Counsel
Arkansas Insurance Department
Little Rock, AR

Re: Proposed Amended Rule 65 - Credit for Reinsurance

Dear Ms. Rose:

This letter is submitted on behalf of Underwriters at Lloyd's, London in response to the proposed amendments to Arkansas's credit for reinsurance regulations. Lloyd's is one of the largest providers of reinsurance capacity in the world. In 2020, Lloyd's provided approximately \$6.5 million in reinsurance support for Arkansas 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 for advancing reinsurance regulation in Arkansas.

Very truly yours,

