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Legislative and Regulatory Activities Division,
Office of the Comptroller of the Currency
400 7th Street SW., Suite 3E-218
Washington, D.C. 20219

Re: Loans in Areas Having Special Flood Hazards: Private Flood Insurance; Docket ID: OCC-2016-0005

Dear Sirs,

I appreciate the opportunity to submit this letter of comment to Office of the Comptroller of the Currency on the joint notice of proposed rulemaking on Loans in Areas Having Special Flood Hazard: Private Flood Insurance.

I am the Chief Legal Officer of RenaissanceRe Holdings Ltd. (NYSE: RNR). Through our operating subsidiaries, we are the world's leading property catastrophe reinsurer. We also provide reinsurance and insurance in several specialty and casualty lines. Founded in Bermuda in 1993, we went public in the United States in 1995 and have been registered continuously with the U.S. Securities and Exchange Commission since 1995.

RenaissanceRe's Enterprise Risk Management is rated at the highest rating of "Very Strong" by Standard & Poor's (S&P) due to what S&P deems our excellent risk culture, risk controls and strategic risk management. In addition, RenaissanceRe maintains leading financial strength ratings on account of our strong risk-adjusted capitalization, our risk management and underwriting expertise, the strength and depth of our global team, and our strong track record. Our U.S.-based operating subsidiary, Renaissance Reinsurance U.S. Inc., is strongly capitalized, with financial strength ratings of 'AA-' and 'A' (by Standard and Poor's, and A.M. Best, respectively), and with a superior claims paying track record that spans over 20 years. Our global operations are regulated in Maryland, Bermuda, United Kingdom, Republic of Ireland, Singapore and other jurisdictions worldwide. We are licensed, authorized, accredited, or certified, as respectively applicable, by local State regulators and the U.S. Department of the Treasury (as applicable) to write reinsurance and insurance throughout the U.S.

We are known as the global leader for catastrophic risk management and underwrite insurance and reinsurance policies covering risks related to flood, windstorm, seismic, mortgage, and other exposures worldwide. Our global footprint allows us to build an efficient, diversified, global portfolio of such catastrophic risks, empowering us to offer more affordable coverage of risks to our customers. By many measures, flood risk is the largest natural catastrophe risk in the world. RenaissanceRe protects against flood risk in many parts of the world. In the U.S, RenaissanceRe insures substantial commercial and some residential flood risk and is willing and able to cover substantially more residential flood risk within the U.S.

Federal law requires homeowners in special flood hazard areas (SFHAs) with federally-backed mortgages to purchase flood insurance. For decades, the National Flood Insurance Program (NFIP) has effectively been the only available residential flood insurance to many at risk in the U.S. This is due in large part to NFIP providing flood coverage at highly subsidized rates to people at risk. When flood is not insured by the private marketplace, the risk is principally retained by taxpayers and in the financial system, most notably through the risk of concentrated mortgage defaults.

We understand that there is nothing in current law that restricts the ability of consumers to purchase private flood insurance. Consumers should be able to purchase that coverage from private insurers or through the NFIP based on their needs, and it is important that regulators ensure that lenders accept private flood coverage. There is broad willingness and ability by our industry peers as well as RenaissanceRe to issue more private residential flood insurance policies throughout the U.S. In fact, RenaissanceRe is working with private primary insurers in the U.S. who have already begun to write residential flood coverage in the US. The industry is also making research and development investments in mapping and risk analysis to support the private market's interest in residential flood insurance policies.

The shifting of flood risk from public sector entities to the private market, which is willing and able to assume the risk, would provide significant savings to public sector entities and the federal government in years with outsized loss activity. We believe that as the U.S. government continues to focus on reducing public debt, there is a clear benefit in limiting the risk that natural perils like flood pose to the balance sheets of local states and the federal government. Several commentators and researchers have concluded that governments may be spared the enormous costs following catastrophic loss events if public sector entities transferred risk to the private (re)insurance market as this enables local economies to recover more quickly, provides governments with enhanced flexibility to finance economic and social development, build infrastructure and reduce the likelihood of increased taxation as a result of catastrophic events.

In general, RenaissanceRe supports the proposed rule to clarify that lenders can accept private flood coverage to meet mandatory purchase requirements. We understand that some lenders have voiced concerns about accepting this private coverage without clarifying guidance from regulators. There have been anecdotal reports that lenders have denied consumers the ability to purchase private coverage. Therefore, to ensure that these private companies can write flood risk, it is important that regulators provide additional guidance to ensure the implementation of the requirements under Biggert-Waters that private flood insurance policies be accepted by lenders.

Under the proposed rule, lenders would be required to accept certain private flood insurance policies, and lenders would be permitted to accept other private flood policies on a discretionary basis provided that certain requirements are met. RenaissanceRe encourages the adoption of a clear, and appropriately broad, definition of "private flood insurance" that lenders must accept under the mandatory acceptance provisions. We believe this would appropriately increase consumer choice and ensure competition, while maximizing the number of properties covered by flood insurance.

We also encourage a broader ambit for the definition of insurance that can be accepted by regulators under the discretionary option. In particular, we are concerned with the proposed rule potentially not allowing insurance written by surplus lines providers to be accepted under the discretionary acceptance provision of the rule. Access to the surplus market would facilitate innovation by insurers and allow consumers to choose different types of coverages, deductibles, and terms that will best meet their needs. This will then reduce the liability of the federal government from flooding generated both by the NFIP as well as other parts of the public sector that provide assistance after a flood. Therefore, lenders should be permitted to accept any private policies as long as the insurance providers are either approved, licensed, authorized, accredited or certified by the state insurance departments, including under the requirements the states establish in respect of excess and surplus lines.

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As private insurers accelerate their commitment to the U.S. residential flood market, the $40.2 billion (2014 US Surplus Lines Market estimate according to A.M. Best) surplus lines market remains a substantial source of private flood insurance, as the surplus carriers constitute a substantial portion of the current private market. According to A.M. Best, the top four group companies writing US surplus lines are Lloyd's, American International Group, Nationwide and W.R. Berkley Group. Lloyd's, which for several centuries has been viewed as the world's specialist insurance market in insuring essential, complex and critical risks via its syndicates, is a leading excess and surplus lines provider. Lloyd' syndicates benefit from Lloyd's central resources and strong financial strength ratings (rated 'A+' and 'A' by S&P and A.M. Best, respectively). Per its recent reports, assets supporting underwriting resources at Lloyd's exceed GBP22 billion (or $27B). Lloyd's has been underwriting flood coverage in the U.S. commercial market and residential markets outside of the U.S. for decades. Our own RenaissanceRe Syndicate at Lloyd's competes favorably with other private excess and surplus lines carriers writing U.S. flood insurance business. Thus, the exclusion of surplus lines carriers from the proposed definition would be a significant setback for the development of the private residential flood insurance marketplace and for consumer choice, hindering or denying consumer access to well-regulated, highly capitalized providers.

Excess and surplus lines insurers are subject to meaningful regulation by the departments of insurance and insurance commissioners within each state. While these requirements differ from "admitted" primary insurance, they are tailored by the states to meet local needs and to spur new product growth and to encourage state insurance marketplaces that are properly capitalized to pay liabilities and offer the breadth of coverages required to insure the risks faced within their state.

For example, in Florida a well-balanced approach to excess and surplus lines carriers has helped to encourage that state's growing private market for flood insurance. Florida has the largest natural catastrophe insurance exposure in the world due to its exposure to wind and flood from hurricanes. Accordingly Florida also poses large estimated exposure for the NFIP. In response to constituent demand to have more options for flood insurance, the Florida legislature passed S.B.0542 in June 2014. The bill provides guidance for regulators to approve, insurers to underwrite and lenders to accept residential flood policies from the private market. S.B.0542 included excess and surplus companies within their definition of authorized insurers, dramatically increasing the number of companies that have offered private flood coverage since the bill's passage, which has increased the options available

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to Florida consumers. As a result taxpayer and financial sector risk from flood has been shifted to private insurers. The current rulemaking process should support state efforts similar to Florida's work with S.B. 0542 and encourage appropriate consumer access to surplus lines coverage as a market option.

Accordingly, RenaissanceRe strongly supports the inclusion of surplus lines providers in the agencies' proposed definition for private flood insurance under both the mandatory and discretionary acceptance.

In addition, RenaissanceRe encourages regulators to provide straightforward guidance that enables lenders to accept private flood policies without unnecessary burdens on the lenders or policyholders particularly when robust reviews and approvals have been granted by the local State authorities for such private market (re)insurance policies. Even when allowing for broad discretionary authority, if the process for acceptance is too burdensome, lenders may not be motivated to accept private flood policies that do not meet the criteria for mandatory acceptance, thereby resulting in lenders and public entities retaining risks that the private market is willing and able to assume. Therefore, instead of a complicated documentation regime as envisioned by the Rule, lenders should be permitted to accept any private policies so long as they determine that the policy protects their interests and the interests of the consumer. As noted above, the state insurance regulators already provide a robust review of the insurers and products offered within their state, which are tailored to meet the local conditions within each state. There does not appear to be a compelling reason for a more onerous or extended process to approve coverage solely for the flood peril than that which provides currently for efficient acceptance of the more complex multi-peril homeowner's coverage providing for risks including wind, civil commotion, riots, smoke, hail, and damages caused by aircraft, vehicle, or explosion. We believe that the process for acceptance of private flood policies should be no less straightforward.

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I would be happy to answer any questions or provide further information or clarification regarding any of the comments provided or other issues that may be deemed relevant to this discussion. Please feel free to contact me at any time at shw@renre.com or at (441) 295-4513, or my colleagues Michael Cohen, our Vice President of Government Affairs, at mnc@renre.com or (301)-351-4400; or Angela A'Zary, Vice President – Corporate Risk at aha@renre.com or (441-295-4513).

Sincerely,

Stephen H. Weinstein
Senior Vice President and General Counsel