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General Counsel

LLOYD'S

January 16, 2024

Board of Governors of the Federal Reserve System
Docket No. R-1813, RIN 7100-AG64

Federal Deposit Insurance Corporation
RIN 3064-AF29

Office of the Comptroller of the Currency
Docket ID OCC-2023-008

Re: Regulatory Capital Rule: Large Banking Organizations and Banking Organizations with Significant Trading Activity (the "Proposed Rule")

Lloyd's is submitting this comment letter in response to the agencies' joint notice of proposed rulemaking regarding the Proposed Rule. We appreciate the opportunity to provide comments on the Proposed Rule. Lloyd's is the world's leading specialist insurance and reinsurance market and has been writing insurance in the US for over a century. In 2022, Lloyd's wrote more than \$22 billion in direct and reinsurance premiums in the US. For the past several years, Lloyd's has been the largest surplus lines insurer in the US.

We write to support comments made by several insurance trade associations including the International Underwriting Association (IUA), the Lloyd's Market Association (LMA), and the International Credit Insurance and Surety Association (ICISA) advocating for greater recognition of credit insurance as a credit risk mitigation tool for US banks. We agree that the regulations should be expanded to allow banks to make use of these insurance products which can provide an important alternative method of spreading risk. Insurers are highly regulated for solvency both in the US, by state insurance regulators, and outside the US by regulators enforcing robust insurance regulatory regimes, such as Lloyd's domiciliary regulator the United Kingdom's Prudential Regulatory Authority. It is important to recognize that the credit insurance market is a global market with key sources of capacity coming from insurers based outside the US.

Lloyd's believes that credit insurance should be recognized as an eligible guarantee and the definition of the term "*eligible guarantor*" should be expanded to incorporate insurers, including financially strong non-US insurers from jurisdictions with robust regulatory regimes. This could be accomplished, for example, by referencing the National Association of Insurance Commissioners (NAIC) Quarterly Listing of Alien Insurers (the "Quarterly Listing"). Insurers that appear on the Quarterly Listing have been vetted by state insurance regulators and are subject to strict regulation both in their home jurisdiction and under the NAIC requirements.

We look forward to further engagement with the agencies on the subject of credit insurance and would be happy to provide further information to support our comments.

Regards,

