

January 14, 2022

Via Email

Richard Ifft
Federal Insurance Office
Room 1140 MT
Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, DC 20220

Re: Terrorism Risk Insurance Program ("TRIP") 2022 Data Call

Dear Mr. Ifft:

This comment letter is submitted on behalf of Underwriters at Lloyd's, London ("Lloyd's") in response to the Treasury Department's request for stakeholder feedback on the 2022 data collection process. Lloyd's is the largest writer of surplus lines insurance in the U.S. In 2020, Lloyd's wrote more than \$12 billion in surplus lines premium, encompassing business from all 50 states. A significant portion of this business is within the lines of business covered by the TRIP. We appreciate the opportunity to provide these comments

Lloyd's has identified no issues with the traditional components of the 2022 TRIP data call and supports the finalization of the traditional reporting templates for reporting 2021 premiums in 2022. Our comments here are limited to the proposed expansion of cyber reporting. The proposed cyber worksheet would be a significant expansion of the cyber data that is collected through the annual TRIP data call -- indeed, an expansion that is arguably outside the scope of FIO's data collection authority under section 104(h) of TRIA -- yet insurers were first notified of the proposed expansion in November 2021, 11 months into the reporting year. Lloyd's data collection parameters for 2021 were finalized in late 2020, meaning that reporting additional data outside the established parameters -- such as the proposed cyber worksheet -- would be a labor intensive and manual exercise. In the case of classifying policyholders by number of employees and providing total liability limits specific to ransomware and cyber extortion, Lloyd's underwriters simply do not have this data readily available.

Additionally, FIO and the NAIC made noteworthy strides over the course of several years to harmonize their respective terrorism insurance data calls. This was a commendable effort. However, the proposed 2022 cyber worksheet would undo this good work by once again diverging the FIO and NAIC data calls. Insurers are already reporting cyber data to the NAIC on annual basis using different reporting parameters than those proposed by FIO. It is worth noting that both TRIA and FIO's authorizing statute require Treasury to coordinate in advance with state insurance regulators and other agencies or sources of information before collecting any data. There is no evidence that the requisite advance coordination occurred here.

When the annual TRIP data call was first launched FIO recognized that the reporting obligations placed a new burden on companies and that reporting systems could not be changed overnight. FIO,

therefore, made participation in the first year's data call voluntary. Lloyd's respectfully requests that FIO follow its past practice and delay mandatory reporting under the enhanced cyber worksheet until 2024, when respondents would report data for the 2023 year of account, so that companies have an opportunity to modify their systems to begin collecting the newly requested data. Requiring insurers to report enhanced cyber data for the 2021 or 2022 years of account will likely lead to the reporting of inaccurate and incomplete data because companies did not have sufficient notice to program their systems to collect and report data pursuant to the new fields.

Lloyd's thanks FIO for its work on this important issue and for its consideration of these comments.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Timothy W. Grant", with a long horizontal flourish extending to the right.