

CP-14-042		Comments Template on Consultation Paper on EIOPA Advice to the European Commission Equivalence assessment of the Bermudian supervisory system in relation to articles 172, 227 and 260 of the Solvency II Directive		Deadline 23 January 2015 23:59 CET	
Name of Company:	ASSOCIATION OF BERMUDA INSURERS AND REINSURERS (ABIR)				
Disclosure of comments:	Please indicate if your comments should be treated as confidential:			Public	
<p>Please follow the following instructions for filling in the template:</p> <ul style="list-style-type: none"> ⇒ Do not change the numbering in the column "reference"; if you change numbering, your comment cannot be processed by our IT tool ⇒ Leave the last column <u>empty</u>. ⇒ Please fill in your comment/response in the relevant row. If you have <u>no response</u> to a question, keep the row <u>empty</u>. ⇒ Our IT tool does not allow processing of comments/responses which do not refer to the specific numbers below. <p>Please send the completed template, in Word Format, to CP-14-042@eiopa.europa.eu . Our IT tool does not allow processing of any other formats.</p> <p>The numbering of the questions refers to Consultation Paper on EIOPA Advice to the European Commission; Equivalence assessment of the Bermudian supervisory system in relation to articles 172, 227 and 260 of the Solvency II Directive</p>					
Reference	Comment				
General comments	We would like to thank EIOPA for the opportunity to comment on the EIOPA-CP-14/042 Consultation Paper EIOPA Advice to the European Commission-Equivalence Assessment of the Bermudian supervisory system in relation to articles 172, 227 and 260 of the Solvency II Directive.				
	The Association of Bermuda Insurers and Reinsurers (ABIR) represents 21 Bermuda domiciled				

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	<p>insurers and reinsurers who are worldwide business enterprises with their principal underwriting operations in Bermuda, Europe and the United States. Collectively, 97% of gross premium are written by companies traded on the New York or London stock exchanges (86% of premium written by US SEC registrants). Our members wrote €60.5 billion in global gross written premium (CY 2013) with an aggregate global capital of € 82.45 billion (CY 2013). ABIR members employ more than 9,000 people in Europe, nearly 17,000 in the US, over 1,500 in Bermuda, and nearly 39,000 worldwide (CY 2013).</p> <p>Due to the global nature of our companies, Bermuda has long supported the concept of finding ways to achieve regulatory recognition and equivalence such as that which is legislatively empowered under the Solvency II Directive. In 2010, CEIOPS (Committee of European Insurance and Occupational Pensions Supervisors) identified Bermuda, along with Switzerland and the United States, as the highest ranking jurisdictions in terms of importance for the European market. Bermuda acknowledged early on that equivalence was an important component of the EU Solvency II framework and ABIR applauds both EIOPA and the EU Commission for inviting non-EU jurisdictions like Bermuda, Japan and Switzerland to consider and commit to the Solvency II equivalence process five years ago and in so doing reach the milestones so aptly acknowledged and recognized in the Assessment Reports. We look forward to a positive decision for all three jurisdictions. In doing so, Europe will reconfirm its commitment to a broad and competitive insurance and reinsurance market based on the highest standards of regulation.</p> <p>The Bermuda Monetary Authority (BMA) has invested considerable resources and efforts in order to develop, implement and conform to a framework equivalent to that laid down in Solvency II which has been endorsed and recognized by EIOPA's finding that 'EIOPA's advice is that Bermuda meets the criteria set out in EIOPA's methodology for equivalence assessments under Solvency II for insurers of Classes 3A, 3B, 4, C, D and E, but with certain caveats set out below.' The limited number of full equivalence applications i.e. Bermuda and Switzerland for all three articles and Japan for one article, is demonstrative of the substantial long term commitment that jurisdictions</p>	

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	<p>were invited to engage in. Further, equivalence applicants have had to work to a more aggressive timeline than EU Member States, putting in place key elements of the Solvency II framework well in advance of the January 1st, 2016 application date for EU Member State authorities. Positive recognition of these achievements has been detailed in the latest EIOPA Assessment Reports.</p> <p>The affirmative finding by EIOPA coincides with reconfirmation of Approved Qualified Jurisdiction of Bermuda by the US National Association of Insurance Commissioners (NAIC). EU Member States: France, Germany, Ireland, and the United Kingdom as well as Japan and Switzerland have also been so approved. This reconfirmation grants Bermuda further recognition that its regulatory regime is robust.</p> <p>From a market perspective, Bermuda commercial insurers and reinsurers are well capitalized and provide vital commercial insurance and reinsurance capacity in EU markets. A positive equivalence decision would ensure European companies continued access to this capacity and contribute to EU markets competitiveness. Increased choice of providers for EU commercial entities would be welcomed. A more competitive reinsurance market will allow risk to be distributed beyond EEA boundaries which would, in turn allow for important post catastrophe loss benefits as large claims payments would be made into the EU economy. Examples of these significant Bermuda reinsurance catastrophe contributions to recovery are the 2005 Buncefield Fire; 2009 Windstorm Klaus; 2010 Windstorm Xynthia; 2012 sinking of the Costa Concordia; 2013 European Floods/German Hailstorm; and most recently the 2014 Windstorms and Hail in France, Germany and Belgium.</p> <p>More importantly, as insurance and reinsurance markets meet the needs and demands of policyholders on a global basis, the regulatory framework afforded by Solvency II equivalence and other regimes such as the NAIC Qualified Jurisdiction, provide a formalized approach for regulatory cooperation, group supervision and therefore more efficient sharing of regulatory information which serves to increase protection and certainty for policyholders. Equivalence</p>	

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	<p>solidifies a mutual understanding of regulatory systems and groups that operate cross-border and around the globe. Recognition that Bermuda’s regulatory regime is equivalent, would result in regulatory efficiency in group supervision, enhance the operations of regulatory colleges and enhance EU jurisdictional regulatory knowledge and access to information from Bermuda-based (re)insurance groups in line with the objectives of Solvency II.</p> <p>Bermuda’s commitment to international cooperation and information sharing is evidenced by the BMA being one of the first of three regulatory authorities to become a signatory to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding. Additionally, the BMA has entered into more than 24 other exchange of information memoranda with regulatory authorities in Europe, the United States and elsewhere.</p> <p>In the year 2000, Bermuda made a commitment to the Organization of Economic Cooperation and Development (OECD) to uphold the standards of transparency and exchange of tax information. Bermuda has entered into more than 41 Tax Information Exchange Agreements and signed the OECD Multilateral Convention on Mutual Assistance in Tax Matters and the OECD Multilateral Tax-Competent Authority Agreement in 2013 and 2014, respectively.</p>	
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