

<b>Comments Template on Consultation Paper on Proposal for Guidelines on Pre-application for Internal Models</b>		<b>Deadline 19 June 2013 12:00 CET</b>
Name of Company:	ASSOCIATION OF BERMUDA INSURERS AND REINSURERS (ABIR)	
Disclosure comments:	of Please indicate if your comments should be treated as confidential:	Public
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Reference	Comment	Resolution
<b>General Comment</b>	The Association of Bermuda Insurers and Reinsurers (ABIR) is grateful for the opportunity to provide comments on the Consultation Paper. ABIR is a professional trade association representing Bermuda's Class 4 insurers and reinsurers. Our 21 members write a significant amount of insurance and reinsurance from both subsidiary corporations in Europe and from cross border export sales from Europe to our Bermuda underwriting headquarters. Eighteen of our 21 member companies have European subsidiary corporations.	
<b>Introduction. General Comment</b>	1 ABIR fully understands why EIOPA considers that European firms and groups need now to undertake active preparations for the Solvency II regime. It is unlikely to come into force until	

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2016, but its success requires an active preparation process and for that process to be managed in a reasonably consistent way across Europe.

2 On the other hand care needs to be taken in the application of any interim regime to ensure that it is not unduly burdensome. It should take account of the fact that the level 1 text is not fully settled. The level 2 rules and much of the level 3 and 3.5 material is yet to be settled and published.

3. In particular the full details of the equivalence and interim equivalence regimes is yet to be settled. That said, so far as Bermuda is concerned, the preparatory work of EIOPA strongly suggests that Bermuda will be recognised as equivalent.

4. The Solvency II regime may ultimately have some degree of extra-territorial effect, depending on which non European regimes are recognised as equivalent. It is wholly inappropriate for that extra-territoriality to be applied on an interim basis, especially in jurisdictions such as Bermuda which are likely to achieve recognition as equivalent. Only European firms should be subjected, directly or indirectly, to requirements at this stage which require any degree of adaptation to the Solvency II regime.

5. The preparations which European firms and groups may be required to make for Solvency II require them to provide information concerning non European operations. At this interim stage it is disproportionate to do anything other than accept information by reference to relevant non EEA rules and in such format as non EEA firms are able to generate from their existing systems. This should be clearly recognised in the EIOPA guidelines. Otherwise non EEA firms may be subject to a patchwork of different requirements depending on how each national supervisor chooses to apply EIOPA's interim guidelines.

ABIR is of the opinion that EIOPA should be consistent in its approach across all of the Guidelines and allow groups to use the local group statutory requirements in order to avoid a burdensome approach. We understand why EIOPA may be hesitant to preempt the decision of the Commission relative to equivalence but believe there is an opportunity to recognize and acknowledge those

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	<p>jurisdictions that have already been approved by the Commission for equivalent assessment and in this regard, have already undertaken a detailed assessment by EIOPA. However, since EIOPA considered the option of the assumption of equivalence for third countries we would propose that those countries already approved by the Commission for assessment of equivalence and already undertaken an EIOPA assessment be granted “conditional equivalence” for the purposes of the guidelines given they are preparatory in nature and not for the full application of Solvency II.</p> <p>We would respectfully request at a minimum that General Guidelines be issued relative to a proposed approach that recognizes and acknowledges third country group supervisors and in particular those third country group supervisors that have already been approved by the Commission for equivalence assessment. Without a common approach, national competent authorities will be left to decide how they will apply the guidelines relative to third country groups and the inconsistencies will prove both burdensome and inefficient.</p>	
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<b>Section I. General Comments</b>		
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<b>Section II. General Comments</b>		
<b>Chapter 1. General Comments</b>		
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<b>Chapter 2. General Comments</b>		

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<b>Chapter 3. General Comments</b>		
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<b>Chapter 4. General Comments</b>		
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<b>Chapter 5. General Comments</b>		
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<b>Chapter 6. General Comments</b>		
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<b>Chapter 7. General Comments</b>		
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<b>Chapter 8. General Comments</b>		

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<b>Chapter 9. General Comments</b>		
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<b>Chapter 10. General Comments</b>		

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<b>Chapter 11. General Comments</b>		
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<b>Chapter 12. General Comments</b>		
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1.179.	Refers to the tasks of group supervisors and other national competent authorities involved and participating in the application process for internal model approvals for groups. Whilst currently several national competent authorities have involved third country group	

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	supervisors in this process already, the absence of any guidance applicable to the recognition of third country group supervisors, national competent authorities can decide to not recognize the participation of a third country group supervisor and this could be detrimental to the national competent authorities review of the internal model application and significantly costly to the Bermuda group.	
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1.198.	On forming a view whether to involve a third country national competent authority is based solely on size, i.e. the “contribution of the third country undertaking to the group’s risk exposure is material”. The involvement of third country group supervisor is imperative to the process for reasons stated in Guidelines 69 and 70. This guideline ignores the consideration of a third country group supervisor completely.	
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<b>Compliance and Reporting Rules</b>		
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<b>Impact Assessment – General Coments</b>		
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