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PRESS RELEASE

For Release: Wednesday 17th August 2011

BERMUDA REGIME ACHIEVES ALIGNMENT WITH KEY SOLVENCY II PRINCIPLES WORK TO CONTINUE ON OUTSTANDING FRAMEWORK DEVELOPMENTS

The Bermuda Monetary Authority (the Authority) is pleased to note the European Insurance and Occupational Pensions Authority's (EIOPA) preliminary assessment of its regulatory framework in relation to Solvency II. EIOPA indicates that Bermuda's regime for commercial insurers, that is Class 3A, 3B and 4 firms, meets the criteria for Solvency II equivalence, with certain caveats. In particular, we note the alignment of our regime with Solvency II principles in key areas such as the scope of group supervision and the solvency regime for groups.

For several years we have proactively focused our framework changes in terms of equivalence on the commercial insurance market in Bermuda. Therefore, the Authority appreciates EIOPA reaching its conclusions regarding our commercial framework while distinguishing Bermuda's captive sector regulations, a position that we expected.

We also expected, and have under active consideration, EIOPA's suggestions or caveats on areas for additional regime enhancements. Since this assessment is the first phase of a process that will conclude in 2012 with the EU Commission's final decision on equivalence, in the interim period we can conclude work on these areas and the various work streams already in progress.

The Authority has remained committed to pursuing an aggressive regulatory development agenda, even as we and regulators in other jurisdictions anticipate finalisation of the Solvency II regime. We have also initiated substantive discussions and outreach with fellow regulators to foster the high degree of supervisory cooperation that will be required to support Solvency II equivalence in practical terms as we apply our regimes. Issuing of the final Level 2 implementing measures for Solvency II will bring a further level of clarity to the practical implementation of the Directive.

The consultation period on this initial report and leading up to finalisation of the Level 2 implementing measures provides further opportunity to ensure EIOPA is fully apprised of Bermuda's completed and planned framework enhancements. The Authority will also continue its dialogue with EIOPA regarding the practical and appropriate application of Bermuda's regulatory and supervisory regime across the different sectors of our market.

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