

December 2015

Viewpoint

BDA CEO Ross Webber



Solvency II and Bermuda

Bermuda's value as a world-class international financial centre received an immense boost a fortnight ago. In a much-anticipated announcement, the European Commission awarded our jurisdiction full equivalence under Europe's Solvency II insurance regulatory regime, which comes into force January 1, 2016.

This impressive stamp of approval, now under final review by the European Parliament, marks the successful result of a six-year campaign for Bermuda. We applaud our colleagues at the Bermuda Monetary Authority (BMA), Bermuda government, and industry associations such as the Association of Bermuda Insurers & Reinsurers (ABIR), the Bermuda Insurance Management



Association (BIMA) and the Bermuda International Long-Term Insurers & Reinsurers (BILTIR). All have worked diligently—in Bermuda and Brussels—to ensure our jurisdiction was among the first of non-EU markets to receive such an endorsement. Only Bermuda and Switzerland currently hold that distinction.

What this signifies for Bermuda’s global commercial (re)insurance companies is that, in the eyes of European Union regulators, they will be treated on an equal footing with their EU counterparts, allowing them to keep their key operations here.

For Europe’s industrial and financial businesses, the decision provides protection, stability, diversification and resilience by enabling critical access to our market’s capacity—and its dependable claims-paying record, should they suffer catastrophic losses. EU consumers and governments will be better off thanks to Bermuda’s equivalent regime. It’s a mutually beneficial relationship, a win-win scenario.

The Solvency II news has positive repercussions far beyond our risk-management sector as well. What it says about the careful, pragmatic way the BMA supervises our jurisdiction—indeed, its leadership role in global supervision—is clear. It speaks reassuringly to the mature, sophisticated nature of our market and confirms how the larger world, particularly Europe, views Bermuda as an influential player in the financial sphere generally. That reflects strongly on all our domicile’s industries, from asset management and banking to trust services.

We’ve seen this throughout Bermuda’s history, and once again, the Island is punching economically far above its geographic weight. The positive benefits will enhance every sector of our global market and underscore our message that we are a unique jurisdiction. Bermuda’s blue-chip reputation—well-regulated, globally compliant, transparent, sensible, legitimate—is being bill-boarded to the world. That’s something we can all stand behind and celebrate.

ABOUT VIEWPOINT

A monthly blog by BDA CEO Ross Webber, with commentary on industries, issues and influencers affecting Bermuda as a global financial centre. Comments and feedback can be sent to ross@bda.bm

ABOUT BERMUDA BUSINESS DEVELOPMENT AGENCY (BDA)

The BDA encourages direct investment and helps companies start up, re-locate or expand their operations in our premier jurisdiction. An independent, public-private partnership, we connect prospective companies to industry professionals, regulatory officials, and key contacts in the Bermuda government to facilitate domicile decisions. Our goal? To make doing business in Bermuda straightforward and beneficial.

