

CP-14-042		<b>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</b>		<b>Deadline            23 January 2015            23:59 CET</b>
Name of Company:	Lloyd's			
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"> <li>⇒ Do <b>not</b> change the numbering in the column "reference"; <b>if you change numbering, your comment cannot be processed by our IT tool</b></li> <li>⇒ Leave the last column <u>empty</u>.</li> <li>⇒ 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>.</li> <li>⇒ Our IT tool does not allow processing of comments/responses which do not refer to the specific numbers below.</li> </ul> <p><b>Please send the completed template, in Word Format, to <a href="mailto:CP-14-042@eiopa.europa.eu">CP-14-042@eiopa.europa.eu</a> . Our IT tool does not allow processing of any other formats.</b></p> <p>The numbering of the questions refers to <b>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</b></p>				
Reference	Comment			
General comments	Lloyd's welcomes the opportunity to respond to the consultation paper entitled "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".			
	Lloyd's is a society of members incorporated under the Lloyd's Acts 1871 – 1982, which			

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	<p>operates as an insurance and reinsurance market in London. Its aggregate premium income in 2013 was EUR 30.8bn (GBP 26.1bn).</p> <p>We welcome EIOPA's progress on the equivalence assessment of the Bermudian supervisory and regulatory regime and we believe that the report presents major improvements on the previous one published in 2011.</p> <p>Lloyd's positively supports Bermuda's granting full equivalence to Solvency II. We believe this would strengthen the enduring partnership between EU insurers and the Bermudian insurance market as well as ease the transaction of business between the European Union and Bermuda.</p> <p>It is evident from this report that the Bermuda Monetary Authority (BMA) has made significant steps to update the internal regulatory system so as to align it to the Solvency II framework. Examples of the progress achieved to date in the regulatory change programme include:</p> <ul style="list-style-type: none"> <li>a) Group supervision: completed the policy and legislative infrastructure by issuing the group supervision rules and prudential standards.</li> <li>b) Internal Capital Models (ICM): completed pilots and re-application procedures with selected insurers for the ICM evaluation process.</li> <li>c) Commercial Insurers Solvency Self-Assessment (CISSA): established this requirement, as the Bermuda-specific ORSA (Own Risk and Solvency Assessment).</li> <li>d) Valuation: proposals for Economic Balance Sheet and Policy Framework put forward by the BMA.</li> </ul>	

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e) Disclosure and Transparency: rules establishing requirements for insurers and insurance groups have improved.

Below are a number of supporting arguments to note.

- Commercial insurers and reinsurers in Bermuda retain a stable position in the global insurance market and provide important commercial insurance and reinsurance capacity to EU markets. An equivalence finding would have the positive impact of ensuring continued access to this capacity and thus to improve competitiveness of the EU markets by increasing the choice of providers for EU commercial entities. As a consequence, more competitive reinsurance markets allow for risk spreading beyond the European Economic Area's (EEA) boundaries. This would include important post catastrophe loss benefits, as large claims payments are made into the EU economy.
- Due to the number of subsidiaries of Bermuda insurance groups located in the EEA, non-equivalence with Solvency II would have a dramatic impact on the Bermuda insurance market and, in particular, on those insurance companies based in Bermuda with subsidiaries or parents in Europe for which compliance with Solvency II is mandatory. We believe that finding Bermuda to be Solvency II equivalent would lead to an improved regulatory efficiency in group supervision, would enhance the operations of regulatory colleges and increase generally EU jurisdictional regulatory knowledge and access to information from Bermuda groups.
- We deem equivalence to be a significant element of the EU Solvency II framework. It is important for the European Commission to fully engage with and encourage non-EU jurisdictions to work with the EU on equivalence assessments.
- We believe the Commission should appreciate the challenges faced by third-countries

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	<p>in complying with Solvency II and thus it is important for the EU to acknowledge the efforts made by non-EU jurisdictions, such as Bermuda, in meeting the Solvency II equivalence criteria.</p> <p>In view of the efforts Bermuda has made in the past few years in advancing its policy development agenda for insurance regulation and the existing close relationship between Europe and Bermudian insurers, we see a number of benefits of Bermuda's framework being regarded as equivalent to Solvency II.</p>	
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