



Press Statement

by

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Premier and Minister of Finance

Bermuda's National Interest

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Good morning,

It is probably as clear as day to every person in Bermuda what is going on right now on the political scene. An election looms, and politicians thrust and parry over the topical issues of the day, the Opposition looks for every opportunity to accentuate the negative and ignore the reality. That's the game of politics.

However, these latest comments from the OBA's spokesperson for Finance, Mr. Richards, have gone one step further and taken a domestic fight international. In fact, how a patriot for Bermuda could ever stand in front of an audience and side with the leader of a competitor jurisdiction against his own, defies belief.

The OBA instead sides with Cayman and wishes for Bermuda to ignore the key organisations like the OECD and initiatives like the EU's Solvency II initiative, and they want the voting public to buy-in to a flawed model of fostering international business growth with the hallmark being light or no-touch supervision.

Bermuda's national interest should always come before partisan warfare. These most recent utterances cause one to question how far the OBA is willing to go to score political points. We have to be better than that.

The world has changed yet the Opposition seemingly still wish to see policies and strategies tailored to a less complex time when competition was not as intense and world economies were booming.

Now let's deal with reality.

I must dispel the myth that Bermuda's independent regulator -the Bermuda Monetary Authority- is adopting the EU's Solvency II Directive in Bermuda. Ironically, the Opposition is accusing this Government and our regulators of doing the very thing that we are actually bending over backwards to avoid. In fact, as has been made clear on more than one occasion, rather than adopt another

jurisdiction's rulebook, in this case the European Union's, we are taking great care to develop a supervisory framework that will work for Bermuda.

I have spoken before about the significant efforts this Government has undertaken to establish the appropriate level of credibility for Bermuda internationally. Bermuda has rebranded itself and is considered as a world class financial services centre ranking in the top tier of jurisdictions for financial services.

The Bermuda Monetary Authority's view, is that adopting a one-size-fits-all approach is simply inappropriate, both for the regulators and the regulated. In this context, Bermuda has been very clear that while it seeks equivalence under the Solvency II directive for its large internationally-active insurers and reinsurers, this must be a practical form of equivalence. It must be one that is appropriate and relevant and which works not just for Brussels but also for the entire Bermuda market. We should stress here that equivalent supervision is not the same as identical supervision.

Bermuda recognises that not all its regulated entities want to conduct business with or within Europe. However for those who do wish to conduct business in Europe this would mean an approved

insurer in one participating European country would not have to spend the time, energy, and money to seek a license in another. This “passport” to business would be a huge advantage over any unsanctioned.

Accordingly, the Bermuda Monetary Authority has sought and been granted permission to segment its risk industry into large commercial entities which desire equivalence and those that do not. In practical terms, this means that most of Bermuda’s special-purpose or captive insurance company market will be largely unaffected by Solvency II requirements.

I will now take your questions.