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PRESS RELEASE

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NAIC GRANTS BERMUDA RECIPROCAL JURISDICTION AND RENEWS BERMUDA AS A QUALIFIED JURISDICTION

The National Association of Insurance Commissioners (NAIC) announced today that Bermuda has been granted Reciprocal Jurisdiction status effective 1 January 2020. Additionally, the NAIC has completed its five-year re-evaluation of Bermuda and it has approved Bermuda as a Qualified Jurisdiction.

The NAIC is the US standard-setting and regulatory support organisation created and governed by the country's chief insurance regulators from the 50 US States, the District of Columbia and five US territories.

Effective 1 January 2015, Bermuda was placed on the NAIC's first List of Qualified Jurisdictions, alongside France, Germany, Ireland, Japan, Switzerland and the United Kingdom. Since 2015, Bermuda has maintained its status on the list. The renewed Qualified Jurisdiction status maintains Bermuda-domiciled (re)insurer eligibility for reduced (re)insurance collateral requirements under the NAIC's Credit for Reinsurance Model Law and Regulations. Bermuda's Qualified Jurisdiction status is applicable to (re)insurers licenced as Class 3A, Class 3B and Class 4, and Long-Term insurers of Class C, Class D and Class E. To be re-approved as a Qualified Jurisdiction, the BMA was required to maintain a regime that meets the standards of and achieves similar supervisory outcomes of the US regulatory system for (re)insurers.

The Qualified Jurisdiction status has solidified Bermuda's well-established relevance to the United States as a major (re)insurance trading partner. Over the last two decades, Bermuda insurers and (re)insurers have paid in excess of \$200 billion to settle US losses, consistently offering valuable capacity provisioning for catastrophic events. As one of only seven jurisdictions with the Qualified Jurisdiction status, 23 of the 32 certified (re)insurers are Bermudian. These (re)insurers' ability to passport into 39 states further underscores the Bermuda market's relevance to the United States. Renewal of Bermuda's status as a Qualified Jurisdiction will allow continued efficiencies in the cross-border operations of Bermuda (re)insurers in the US insurance market.

This year, the NAIC, in their revisions to the Credit for Reinsurance Model Law and Regulations, created a new status to expand these benefits—Reciprocal Jurisdiction. This is an elevated status, which in the case of non-European Union jurisdictions can only be achieved by first gaining the pre-requisite Qualified



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Jurisdiction status and recognising the US state regulatory system for group supervision and group capital. The goal of these revisions was to create consistency between the Model Law and Regulations, and the provisions contained in the Covered Agreements the United States have with the European Union and the United Kingdom. In becoming a Reciprocal Jurisdiction, Bermuda's (re)insurers will be eligible for zero collateral relief, thereby operating under equal conditions as its counterparts from the EU and UK.

Craig Swan, Managing Director, Supervision said, "We are grateful that the United States decided in 2019 to introduce the Reciprocal Jurisdiction process to ensure a level playing field with the benefits arising from the United States/European Union and United States/United Kingdom Covered Agreements. Bermuda's approval as a Reciprocal Jurisdiction further cements the close economic relationship between our jurisdictions as Bermuda (re)insurers continue to play a vital role in supporting the US economy by providing the financial protection and support needed when there is a loss. We welcome this initiative and would like to thank the NAIC for approving Bermuda as a Reciprocal Jurisdiction."

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