

Global Reinsurance Forum Statement on Covered Agreements

On behalf of the Global Reinsurance Forum (GRF), which represents reinsurers from the U.S., EU, Switzerland, Japan and Bermuda, we would like to take this opportunity to formally welcome the agreement of EU and U.S. regulators in July this year to take steps towards a Covered Agreement.

The GRF's membership accounts for more than 65 per cent of the global net reinsurance premiums and our members represent many of the leading global reinsurers.

Reinsurance is a core risk management tool for insurance companies, helping them to reduce the volatility and severity of losses. It can help improve financial performance, provide additional underwriting expertise and, most fundamentally, increase an insurer's capacity to take on risk. All of this benefits policyholders and strengthens insurance markets. The reinsurance industry has proven to be a source of stability for the insurance industry and the global economy.

U.S. Covered Agreements between the U.S. and other well-regulated jurisdictions provide substantial benefits to reinsurers, to ceding insurance companies supported by these reinsurers and to insurance regulators.

In the case of an EU/ U.S. Covered Agreement the GRF sees the following benefits:

- 1) For the U.S., a Covered Agreement provides a mechanism to help further modernize reinsurance rules in an efficient and timely manner.
- 2) The use of a Covered Agreement to achieve the reduction or elimination of excessive and restrictive statutory collateral requirements in the U.S. and in certain EU Member States would best serve the interest of ceding insurers and consumers by promoting open and competitive markets.
- 3) A Covered Agreement would assist U.S. reinsurers who assume risks from EU cedents by eliminating the restrictions and requirements currently imposed by some EU Member States through mutual recognition or third country equivalence.
- 4) In the case of the EU, a Covered Agreement would strengthen the single market objective by harmonizing the treatment of U.S. reinsurers in all EU Member States.
- 5) A Covered Agreement strengthens the cooperation and trust amongst regulators in each other's regimes, respects group supervisors of signatory jurisdictions and enhances standards for the treatment of confidential information. It can also provide a platform for wider supervisory discussions for example around group supervision.



More generally Covered Agreements provide a prudent and efficient mechanism to provide reinsurance services on a cross-border basis. With this in mind, the GRF would like to encourage the U.S. to conclude Covered Agreements with all key jurisdictions with the most significant global reinsurance markets including the EU, Switzerland, Bermuda and Japan. Expeditious work on Covered Agreements with non-EU jurisdictions, including Switzerland, Bermuda and Japan, will also benefit policyholders.

In closing, we would like to commend again the progress that has been made as part of the EU / U.S. dialogue and offer the GRF's assistance in supporting and advancing your discussions wherever we can.