



*Government of Bermuda*  
**The Ministry of Finance**

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**Ministry of Finance Headquarters**

**Ministerial Statement**  
To the House of Assembly  
By  
**The Hon. Everard T. Richards, JP, MP**  
Minister of Finance

**Finance Minister's visit to Europe**

Date: 27<sup>th</sup> June, 2014

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**European Trip**

**Mr. Speaker,** I pleased to report to this Honourable House highlights of my visit to Paris and Brussels last week.

**France**

**Mr. Speaker,** by way of background, Honourable members will recall that France black listed Bermuda as an uncooperative jurisdiction last year. Such a black listing imposed a 75% withholding tax on all money transfers from France to Bermuda. Although we have subsequently been removed from that black-list, it

was thought beneficial that contact be made with certain senior members of the French government.

While in Paris, accompanied by our representative in Brussels, Mr. Alastair Sutton, I visited with officers of all three branches of the Government of France: the President of the Senate Finance Committee, Mr. Phillippe Marini, Mr. Pierre-Alain Muet, Member of the Finance Committee of the Assemble Nationale and Mr. Gael Perraud, Member of the Cabinet of the Minister of Finance.

These meetings were very beneficial as we were able to dispel many misconceptions the French officials had about Bermuda, our tax system, our government structure, and our constitutional status. However, nothing that we said really changed their minds that Bermuda was "*Un paradis fiscale,*" - a Tax Haven.

**Mr. Speaker,** there was limited appreciation of the size and importance of Bermuda's reinsurance industry, although Bermuda has covered and paid claims for some major disasters in France. French officials uniformly expressed concern about large multinational corporations conducting business in their country and not paying their "fair share" of taxes in France. Many such corporations have holding companies in Bermuda.

There is a stark difference between the way taxes are viewed on this side of the Atlantic and in France. In France taxes are viewed as a moral obligation while over here it is viewed as a legal one. That difference in philosophy will be the cause of challenges between ourselves and France going forward.

It is therefore imperative that the Bermuda Government forges its own contacts and relationships with French authorities and nurtures them with periodic personal contact going forward. Such relationships will be essential in dealing with the ever changing economic and political landscape that is characteristic of today's Europe.

## **Brussels**

**Mr. Speaker**, I attended the International Regulatory Conference held annually by ABIR in Brussels. The focus of this conference was the imminent decision by the European Commission to grant Solvency II equivalency status to Bermuda.

**Mr. Speaker**, Bermuda is one of only three entities, along with Switzerland and Japan that are being considered for the first round of equivalency. It is the only country that is not a sovereign nation. ABIR members collectively conduct very significant business in Europe: \$70.1 billion in gross premiums; \$95.4 billion in surplus. Standard and Poor's estimates that Bermuda has 16 of the world's top 40 insurers and 2 in the top 10. By contrast Europe has 11 of the top 40, and the US has 6 of the top 40. In terms of share of global insurance premium, Europe has 56%, US 19%, Bermuda 16%, and Asia 9%. This is the context in which Bermuda, the dot on the map, is being considered in the first wave of entities seeking Solvency II equivalency.

**Mr. Speaker**, the final decision is likely to be made next summer. The Bermuda insurance industry has worked very hard, along with the BMA, to show that our regulatory and legal structure will yield similar outcomes as that which has been devised in Europe. While the analysis of our regime and the recommendation for equivalency is being made at the technical level involving ABIR and the BMA, the

final decision will be made by the European Commission and the European Parliament, i.e. - at the political level. It is therefore imperative for Bermuda to continue its contacts at this political level to ensure success for our most important economic sector.

**Mr. Speaker**, continued personal contact will be necessary with France in order to avoid any more nasty surprises like we had last year.

**Thank you Mr. Speaker.**