
BERMUDA MONETARY AUTHORITY

Regulatory Update
May 2005

*(Incorporating Financial Statistics for the
Quarter ended December 2004)*

C O N T E N T S

Regulatory, Legislative and Other Developments	4
Special Feature: The Insurance Supervisory Model and Risk-Based Framework.....	9
Statistical Annexe	
Bermuda Money Supply.....	11
BD\$ Deposit Profile – Combined Banks and Deposit Companies (Unconsolidated).....	11
Combined Balance Sheets of Bermuda Banks and Deposit Companies (Consolidated)..	12
Combined Banks and Deposit Companies Foreign Currency Position (Consolidated)...	13
Companies Partnerships & Permits Statistics.....	14
Additions to the Insurance Register.....	15
Collective Investment Schemes Statistics.....	16

REGULATORY, LEGISLATIVE AND OTHER DEVELOPMENTS

This bulletin reports on recent activities at the Bermuda Monetary Authority (the Authority) and recent developments affecting the financial sector, as well as the community generally. Attached to it are the regular statistical data covering Bermuda dollar money supply, Bermuda banks' balance sheet analysis and other financial and company sector information, updated for the quarter ended 31 December 2004.

As announced previously, Balance of Payments Estimates and Associated Commentary are published in a separate document.

(I) REGULATORY DEVELOPMENTS

a) *International Monetary Fund (IMF)*

The IMF's review of Bermuda's regulatory structure for financial services, conducted during early 2003 as part of the Fund's review of standards in Offshore Financial Centres, was laid before Parliament by the Minister of Finance on March 18th. The report is available on both the Authority's website (www.bma.bm) and the IMF's website (www.imf.org). The Report concluded that Bermuda has a generally very effective regulatory framework that provides a high degree of compliance with international regulatory standards. The effectiveness of the Authority's implementation and enforcement of the provisions was also endorsed.

At the same time the Report identified a number of areas in which the current provisions or approach were felt to be in need of further enhancement, notably in respect of insurance supervision where a major development of the relevant international standards occurred only in late 2003. The Authority and the Ministry of Finance are reviewing the recommendations pertaining to the different financial sectors. For the most part, the matters had already been identified prior to the IMF's assessment and have been addressed in subsequent (or impending) legislation or as part of the Authority's ongoing development of its supervisory framework.

b) *Insurance*

Supervisory Model

The Insurance Department is now engaged in the implementation of its new Supervisory Model, involving a more complete risk-based approach to supervision of the insurance sector. Details of the new approach appear in this quarter's Special Feature on pages 9–10.

Important elements of the risk-based framework are prudential visits and on-site reviews, conducted by specialized teams from the Department. Prudential visit and on-site review programs are now under way, following completion of preparatory discussions and testing. The initial focus is on the class 4 sector, with the aim of enhancing the Department's knowledge of firms' business as well as of management and control issues. As previously reported, the on-site review process has been the subject of detailed trialling in recent months and is now proceeding smoothly. A total of 10 on-site reviews are planned to take place during the remainder of 2005.

Finite Risk Contracts

Finite risk products have been the subject of extensive industry, media and regulatory attention over the past year. There has been a specific focus on finite reinsurance. In particular, questions regarding the accounting for such transactions and the disclosure to which they are subject are being considered by agencies such as the US Securities & Exchange Commission and other regulatory bodies, as well as the New York State Attorney General. Similarly, the Authority has also been actively reviewing the particular concerns that have emerged, insofar as they affect Bermuda registered insurers.

These products are not new, having been in existence for several decades. Finite reinsurance contracts are tailored, sophisticated, structured products, intended to transfer a clearly defined and restricted amount of insurance risk from an insurer to a reinsurer, and with the insurer generally retaining a substantial portion of the related risks. The accounting for such contracts must reflect the overall nature of the transaction and the extent to which risk is transferred. This is particularly important since the products can have the effect of accelerating earnings recognition or deferring loss recognition. Consequently, their use is open to the possibility of abuse in the event that the chosen accounting treatment does not reflect the underlying nature of the arrangements. As a result, it is clear that considerable care must be taken regarding how they are reported in financial statements, requiring firms to have a robust framework of internal controls in place.

As part of its assessment of the issues associated with finite risk products, the Authority has been discussing with individual firms the extent and nature of their involvement in this market, and reviewing specific contracts as well as details of the operational procedures for the products and the protocols in place to ensure transparency in their financial reporting.

The Authority's review of the use of finite risk products remains ongoing. The Authority has examined a number of procedures and controls within individual firms that have written or made use of such contracts. Some of the latest developments reflect the particular impact of the Sarbanes-Oxley Act in the United States and the effect of the attestations as to the effectiveness of internal controls that are required of public companies and their subsidiaries. At the same time, there is evidence more generally of enhanced efforts by firms to ensure fully effective liaison between their underwriting, legal and accounting functions prior to the finalization of all contracts pertaining to these products.

In common with the International Association of Insurance Supervisors (IAIS) and a number of individual regulatory bodies, the Authority is giving consideration to the possible need for additional safeguards or controls with regard to such business. The IAIS is currently developing a supervisory guidance paper, intended to cover such aspects as:

- the definition of finite risk reinsurance;
- how risk transfer should be assessed and what constitutes adequate transfer;
- types, characteristics and examples of finite risk reinsurance policies;
- benefits and problems that may arise;
- accounting and disclosure issues; and
- supervisory approaches.

The Authority is closely involved with this IAIS work and is also considering the preparation of specific guidance for the Bermuda market, pursuant to section 2A of the Insurance Act 1978.

c) **Exchange Control**

Under the Exchange Control Act 1972 (the Act) and the Exchange Control Regulations 1973 (the Regulations), specific permission from the Authority is required for all issues and transfers of securities of Bermuda companies involving persons who are non-resident, other than in cases where exceptional permission has been given, e.g. in circumstances where a company's Equity Securities are listed on an Appointed Stock Exchange or the company is classified under the Bermuda Monetary Authority (Collective Investment Scheme Classification) Regulations 1998. The Authority has now given new general permissions under the Act and Regulations in order to streamline further the present arrangements for the issue and transfer of securities. It is anticipated that these new general permissions will assist in creating a more efficient system of issue and transfer of securities for both companies and their shareholders and also result in a reduction of the Authority's response time for those remaining requests for issue and transfer of securities not covered by the new general permissions.

A copy of the new general permissions can be found on the Authority's website (www.bma.bm)

(II) LEGISLATIVE DEVELOPMENTS

a) **Insurance**

Insurance Amendment Act

Following a detailed review of the Insurance Act 1978 and related Regulations, having regard to the results of the Authority's self-assessment against the new IAIS Insurance Core Principles as well as recommendations made by the IMF in its recent Report, the Authority has identified some specific proposals for amendments to the current legislation.

After preliminary discussions with the Ministry of Finance, detailed proposals will be submitted shortly to industry bodies as a basis for consultation. Thereafter it is hoped to prepare drafting instructions with a view to bringing forward amending legislation early in the next Parliamentary session.

b) **Banking & Trust**

Money Services Business Regulations 2005

The Authority has prepared a discussion draft of proposed regulations under the Bermuda Monetary Authority Act dealing with a range of financial services which are not currently subject to regulation in Bermuda. The draft detailed that the Regulations would apply to businesses:

- providing money transmission services;
- cashing cheques which are made payable to customers and guaranteeing cheques;
- issuing, selling or redeeming money orders or travellers' cheques for cash;
- issuing and administering means of payment by credit or debit cards;

- administering means of payment over the internet; or
- operating a bureau de change whereby cash in one currency is exchanged for cash in another currency.

Consultations with industry bodies and affected persons is being completed and the Authority is working on recommendations to the Ministry of Finance. The definition of the business that is to be regulated, and that which is to be exempted, is the main area still being considered.

c) **Bermuda Monetary Authority Act (BMA Act)**

The Authority has identified and submitted to the Ministry of Finance proposals for a small number of minor amendments to the BMA Act. The changes deal primarily with refinements to the Authority's internal corporate governance as well as specific changes connected with the proposed introduction of Regulations pertaining to money service businesses.

(III) OTHER DEVELOPMENTS

a) **Upgrade of the Authority's Website**

The Authority completed a significant upgrade to its website (www.bma.bm) on 15 March. The new website is easier to navigate and includes extensive new material, providing greater transparency on the Authority's operations and activities. Further elements of the upgrade will be implemented shortly.

b) **Seminars, Conferences & Publications**

The Assistant Director, Banking & Trust, **F. Ann Daniels**, attended a training session organized by the IMF and World Bank in conjunction with the Caribbean Financial Action Task Force, in Kingston, Jamaica on February 14-18. The session was designed to train individuals to perform mutual evaluations in line with the revised FATF 40 Recommendations and Criteria. The course was very comprehensive and provided practical insights into the wide range of issues that must be considered in evaluating a country's anti-money laundering controls and the effectiveness of their implementation.

Shelby Weldon, Deputy Director, Insurance, attended the 33rd Annual Captive Insurance Companies Association (CICA) International Conference, which took place in Carlsbad, California on 6-8 March. Mr. Weldon had been invited to take part in a panel group to discuss issues regarding captive companies in various jurisdictions.

D. Munro Sutherland, the Superintendent of Banking, Trust & Investment attended a meeting of the Council of Securities Regulators of the Americas (COSRA), which took place in Quito, Ecuador on 16-18 March. The sessions focused on regional securities market and regulatory issues including, in particular, how to remove a number of practical obstacles to regulatory cooperation within the region.

Mr. Sutherland, accompanied by **Shanna Lespere** Assistant Director, Investment, also attended the Annual Meetings of the International Organization of Securities Commissions (IOSCO), in Colombo, Sri Lanka on 4-8 April. The meetings included wide-ranging discussions on progress with compliance with international regulatory standards, as well as providing the opportunity for extensive bilateral contacts on matters of mutual interest. As with the COSRA meeting, particular attention continued to be focused on the removal of obstacles to cross-border regulatory cooperation and on the IOSCO Multilateral Memorandum of Understanding initiative, designed to achieve a high degree of consistency internationally over standards of regulator-to-regulator cooperation.

Jeremy Cox, the Supervisor of Insurance, and **Mr. Weldon**, attended the annual Risk and Insurance Management Society (RIMS) conference in Philadelphia on 17-21 April. Mr. Cox and Mr. Weldon attended a number of seminars and Mr. Weldon was part of a panel discussing captives and regulation in various jurisdictions.

c) *New Staff*

Verna Hollis Smith has joined the Authority as Assistant Director, Human Resources.

Pat Phillip-Bassett has joined the Authority as Assistant Director, Communications, in the Policy, Research and Communications Department.

Special Feature: The Insurance Supervisory Model and Risk-Based Framework

As part of a series of steps designed to develop and enhance the Authority's supervisory approach in the insurance sector, the Insurance Department has completed the development of a new risk-based Supervisory Model. This new risk-based model provides a standard and consistent methodology for the assessment of supervisory risks in individual insurers, and represents an internal rating tool to be applied by the Authority in assessing and monitoring risk within registered insurers. As such it is intended to promote effective and proactive supervision, helping to identify issues or concerns at an early stage and allow the Authority to allocate its supervisory resources in the most efficient manner.

The new risk-based model has been under development for some time, in recognition of the increased scale of the Authority's supervisory responsibilities in the insurance sector, reflecting not simply the growing numbers of registered firms but also the development by the International Association of Insurance Supervisors (IAIS) of more detailed and extensive standards to be met by supervisors internationally. It became evident to the Authority, during the last few years, that there was a need for a more articulated and robust framework for its assessments of supervisory risk at the level of the individual institutions.

The risk-based model was designed and developed with the initial assistance of external consultants. The Authority then embarked on a program of trialing in order to test and refine the model, a process undertaken with the cooperation of a major insurer. The revised model was then the subject of extensive discussions and consultation with industry bodies as the Authority moved to finalise the framework and prepare for its full roll-out.

A risk-based framework is a key component of the Supervisory Model, operating effectively and consistently in conjunction with the Insurance Act and related Regulations. The framework is designed to ensure compliance with international best practices of supervisors while having proper regard to the particular nature of the Bermuda insurance market. The framework provides for an assessment of the risk profile of an insurer. Based on the resulting profile, it then assists the Authority in determining the level and nature of regulatory supervision that may be required. The assessment may point to the need for specific additional information to be obtained from the insurer, as well as determining the nature and timing of prudential meetings with management or the frequency and scope of on-site work that is to be conducted. Through efficient risk assessment, potential problems can be detected at an early stage and regulatory action taken on a timely basis, ensuring that in the event of problems, insurers can be restored to compliance promptly, or that their exit from the market can be managed efficiently.

Application of the framework also involves the development of a more substantive on-site work programme, assisting the Authority to obtain a more complete understanding of insurers' business and a fuller assessment of the effectiveness of the systems and controls by means of which management seeks to monitor and limit the risks to which their business is exposed.

Overall, the framework involves an assessment of risk in two dimensions: 'Impact', which can be described in terms of "what would happen if a risk crystallised", and 'Likelihood', which can be described in terms of "what are the chances of a risk crystallising". Looking at risk in this way enables the Authority to make judgements of the overall degree of risk and target its regulatory resources to evaluating higher risk concerns.

The framework involves nine separate phases. However, the phases are not sequential, and not all phases apply to all insurers.

- Planning/Prioritizing – determining where the Authority needs to allocate its resources. Factors include the time elapsed since the previous Prudential Visit, the insurer’s risk impact and likelihood assessment, and/or current and emerging risks;
- Risk Impact Grouping – reviewing the register of insurers and assigning them to risk-impact groups. The grouping is based on the size, nature and complexity of the insurer, in order to help determine the level and frequency of supervision;
- Fundamental Monitoring – base level monitoring of insurance companies through reviews of the annual Statutory Returns and other interim financial information received in connection with regulatory applications;
- Prudential Visits – meetings with the senior management of companies to discuss recent developments or topics of concern;
- Enhanced Monitoring – the Authority reviews other publicly available financial information, and may request additional information from companies deemed to be at higher regulatory risk. Based on the information obtained, the Authority determines the nature and content of additional follow-up work, including the use of on-site review work. On-site reviews give the Authority the opportunity to corroborate information collected during the desk-based reviews by examining an insurer’s risk management systems and other processes. Discussions are held with high level personnel about the insurer’s significant activities and related risk mitigation techniques utilized by management, through which the Authority can obtain a more thorough understanding of the insurer;
- Composite Risk Rating – the Authority assigns a Composite Risk Rating after review of an insurer’s risk management process, which directly addresses the Likelihood dimension of risk mentioned above. This rating is a subjective assessment used by the Authority in order to determine the level of supervisory attention and action – the rating is not disclosed to the public or the insurer;
- Supervisory Attention Ranking – by combining the Composite Risk Rating with the Risk Impact Grouping, the Authority determines the nature and intensity of regulatory supervision and/or particular follow-up actions that may be required;
- Supervisory Actions and Follow-Up – these two phases involve the preparation of a report by the Authority of any concerns or issues that warrant corrective action. This sets out particular actions that must be taken within a prescribed time period, with the Authority tracking progress in implementing the action plan, as approved.

Industry and/or insurer developments may also cause the Authority to change the risk assessment of one or more insurers. When the assessments change, either reflecting developments at the level of the individual insurer or where broader considerations occur, the Authority can reallocate its resources to address the emerging risks.

With the completion of the new Supervisory Model and risk-based framework, the Authority has commenced assigning insurers to risk-impact groups and has scheduled on-site reviews of a number of insurers. The Authority is confident that these developments in its supervisory approach will enhance Bermuda’s regulatory framework and further improve both policyholder and industry confidence in Bermuda’s insurance market.

STATISTICAL ANNEXE

BERMUDA MONEY SUPPLY

(BD\$ millions)	2003-Q3	2003-Q4	2004-Q1	2004-Q2	2004-Q3	2004-Q4
Notes & Coins in Circulation*	88	94	86	90	90	100
Deposit liabilities:						
Banks and Deposit Companies (unconsolidated)	3,156	3,232	3,387	3,491	3,544	3,558
	3,244	3,326	3,473	3,581	3,634	3,658
Less: Cash at Banks and Deposit Companies	23	28	21	24	23	27
BD\$ Money Supply	3,221	3,298	3,452	3,557	3,611	3,630
% Growth on Previous Period	3.04%	2.39%	4.68%	3.06%	1.52%	0.51%
% Growth Year on Year	8.82%	10.49%	12.42%	13.79%	12.11%	10.09%

* This table includes the supply of Bermuda dollars only. United States currency is also in circulation in Bermuda but the amount has not been quantified.

BD\$ DEPOSIT PROFILE - COMBINED BANKS AND DEPOSIT COMPANIES (Unconsolidated)

(BD\$ Millions)	2003-Q3	2003-Q4	2004-Q1	2004-Q2	2004-Q3	2004-Q4
Deposit Liabilities	3,156	3,232	3,387	3,491	3,544	3,558
Less:						
Loans, Advances and Mortgages	(2,535)	(2,567)	(2,566)	(2,667)	(2,752)	(2,865)
Surplus deposits	621	665	821	824	792	693
Percentage of Deposit Liabilities Lent	80.3%	79.4%	75.8%	76.4%	77.6%	80.5%

COMBINED BALANCE SHEETS OF BERMUDA BANKS AND DEPOSIT COMPANIES
(Consolidated)

	(BD\$ Millions)								
	2003 - Q3			2003 - Q4			2004- Q1		
ASSETS	Total	BD\$	Other	Total	BD\$	Other	Total	BD\$	Other
Cash	500	88	412	277	31	246	168	23	145
Deposits	7,271	48	7,223	9,066	86	8,980	9,174	115	9,059
Investments	7,209	14	7,195	7,718	14	7,704	8,297	18	8,279
Loans & Advances	4,666	2,492	2,174	4,845	2,524	2,321	5,104	2,540	2,563
Premises & Equipment	261	200	61	266	204	62	325	273	52
Other Assets	268	49	219	232	43	189	332	43	289
TOTAL ASSETS	20,175	2,891	17,284	22,404	2,901	19,504	23,398	3,012	20,386
LIABILITIES									
Demand Deposits	9,275	877	8,398	10,685	903	9,782	11,665	755	10,909
Savings	1,349	939	410	1,450	951	499	1,862	1,266	596
Time Deposits	7,507	1,360	6,148	7,981	1,368	6,613	7,442	1,371	6,072
Sub Total - Deposits	18,131	3,175	14,956	20,116	3,222	16,894	20,969	3,392	17,577
Other Liabilities	708	111	597	897	97	800	1,134	165	969
Sub Total - Liabilities	18,839	3,286	15,553	21,012	3,319	17,694	22,103	3,557	18,546
Capital	1,336	508	828	1,391	567	824	1,295	619	676
TOTAL LIABILITIES AND CAPITAL	20,175	3,795	16,381	22,404	3,886	18,517	23,398	4,176	19,223
2004- Q2									
2004- Q3 *									
2004- Q4									
ASSETS	Total	BD\$	Other	Total	BD\$	Other	Total	BD\$	Other
Cash	405	35	370	486	84	403	387	100	288
Deposits	9,109	99	9,010	7,598	98	7,500	7,224	34	7,190
Investments	8,347	17	8,330	8,456	18	8,438	6,731	13	6,717
Loans & Advances	5,487	2,629	2,858	5,326	2,714	2,613	5,498	2,810	2,688
Premises & Equipment	335	279	57	332	274	58	336	281	55
Other Assets	353	31	323	264	23	241	313	29	284
TOTAL ASSETS	24,037	3,089	20,948	22,462	3,209	19,252	20,489	3,266	17,221
LIABILITIES									
Demand Deposits	12,282	817	11,465	10,943	823	10,120	8,437	830	7,608
Savings	2,033	1,325	708	2,165	1,348	817	2,239	1,389	850
Time Deposits	7,128	1,329	5,798	7,016	1,321	5,695	7,600	1,337	6,262
Sub Total - Deposits	21,443	3,471	17,972	20,123	3,491	16,632	18,276	3,556	14,720
Other Liabilities	1,166	212	954	919	227	692	663	106	557
Sub Total - Liabilities	22,608	3,683	18,926	21,042	3,718	17,324	18,940	3,662	15,278
Capital	1,428	606	822	1,420	587	833	1,549	533	1,016
TOTAL LIABILITIES AND CAPITAL	24,037	4,289	19,748	22,462	4,305	18,157	20,489	4,195	16,294

Totals may not add due to rounding

*2004-Q3 Figures amended to reflect revised data

**Combined Banks and Deposit Companies Foreign Currency Position
(Consolidated)**

	<u>(BD\$ millions)</u>					
	2003 - Q3	2003 - Q4	2004 - Q1	2004 - Q2	2004 - Q3 *	2004 - Q4
Total Foreign Currency Assets	17,284	19,504	20,386	20,948	19,252	17,221
Less: Other Assets	219	189	289	323	241	284
Less: Foreign Currency Loans to Residents	728	743	779	854	753	850
Net Foreign Currency Assets	16,337	18,571	19,318	19,772	18,257	16,087
Foreign Currency Liabilities	15,553	17,695	18,546	18,926	17,324	15,278
Add: BD\$ Deposits of Non-Residents	115	174	156	176	161	142
Net Foreign Currency Liabilities	15,668	17,869	18,702	19,101	17,485	15,420
Net Foreign Currency Position (consolidated)	669	702	616	670	772	667

Totals may not add due to rounding

*2004-Q3 Figures amended to reflect revised data

COMPANIES PARTNERSHIPS & PERMITS STATISTICS

APPLICATIONS APPROVED SUMMARY Q4-2004

	2003-Q3	2003-Q4	2004-Q1	2004-Q2	2004-Q3	2004-Q4
Exempted Companies (Bermuda companies exempted from the 60% Bermudian ownership requirement)	233	309	256	244	260	287
Exempted Partnerships (partnerships established in Bermuda to carry on business in or from within Bermuda)	17	31	25	11	13	27
Overseas Partnerships (overseas partnerships applying for permits to carry on business in or from within Bermuda)	1	0	0	1	0	2
Overseas Permit Companies (overseas companies applying for permits to carry on business in or from within Bermuda)	9	4	5	14	3	10
Unit Trusts	4	11	21	3	10	19
Continuation Companies (companies from other jurisdictions continuing into Bermuda as exempted companies)	4	23	5	8	3	11
Unlimited Liability Companies	1	3	0	0	0	1
Local Companies	48	50	59	62	48	53
Total Applications Approved*	317	431	371	343	337	410

* Quarterly Numbers are amended to reflect more up-to-date consent information.

ADDITIONS TO THE INSURANCE REGISTER

	2003 Q3	2003 Q4	2004 Q1	2004 Q2	2004 Q3	2004 Q4
Class 1 Single-parent captive insuring only risks of its owners or affiliates of the owners	2	13	3	10	4	11
Class 2 (a) a multi-owner captive insuring risks of its owners or affiliates of the owners; (b) a single-parent and multi-owner captive: (i) insuring the risks related to or arising out of the business or operations of the owners and affiliates, and/or (ii) deriving up to 20% of its net premiums from unrelated risks	1	4	7	1	0	4
Class 3 Insurers not included in Class 1, 2 or 4, such as i) Reinsurers writing third party business; ii) Insurers writing direct policies with third party individuals; iii) Single parent, group, association, or joint venture captives where more than 20% of their net premiums written arises from risks which are unrelated to the business of the owners; iv) Finite reinsurers and rent-a-captives	4	15	5	3	6	10
Class 4 Insurers and reinsurers capitalised at a minimum of \$100 million underwriting direct excess liability and/or property catastrophe reinsurance risk	1	0	0	0	1	0
Long-Term Insurers Insurers writing long-term (or life) business	2	4	2	2	2	5
Composites Insurers writing combination of long-term (or life) business and Class 1, 2, 3 or 4 business	0	0	0	0	1	0
Total additions during quarter	10	36	17	16	14	30

STATISTICAL ANNEXE

COLLECTIVE INVESTMENT SCHEMES STATISTICS

	2002 – year-end	2003- year-end	2004-Q1	2004-Q2	2004-Q3	2004-Q4
Mutual Funds	763	817	849	834	855	879
Umbrella Funds	50	57	62	69	72	70
Sub-Funds	481	395	422	441	409	500
Segregated Account Companies	0	9	13	20	26	29
Segregated Accounts	0	43	46	87	137	159
Total	1,294	1,321	1,392	1,451	1,499	1,637
Unit Trusts	77	72	93	65	74	96
Umbrella Trusts	22	67	67	72	72	75
Sub-Trusts	33	82	115	195	119	203
Total	132	221	275	332	265	374
TOTAL	1,426	1,542	1,667	1,783	1,764	2,011
TOTAL NET ASSET VALUE (IN BILLIONS)	\$68.10	\$115.84	\$129.60	\$133.02	\$141.25	\$158.18

Bermuda Monetary Authority
31 Reid Street
Hamilton HM 12
Telephone 441-295-5278
Fax 441-292-7471