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EXPLANATORY MEMORANDUM

Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Amendment Order 2010 (“the Order”)

1. The proposed changes to the Order correspond with the proposals set out in the Bermuda Monetary Authority’s Consultation Paper on Disclosure and Transparency June 2010 Update.
2. The proposed changes are as follows:
 - a. Clarify terminology in the existing Order;
 - b. Provide a more detailed description of underwriting performance;
 - c. Extend disclosures to Class 3B insurers;
 - d. Additional reporting proposals for both Class 4 and Class 3B insurers:
 - i. Loss triangles categorised using broad line of business groupings;;
 - ii. Commercial Insurer’s Solvency Self Assessment Return; and
 - iii. Catastrophe Return