BMA
BERMUDA MONETARY AUTHORITY

Regulatory Update March 2009

40 YEARS of SERVICE 1969-2009

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Preface

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 December 31st 2008.

40 Years of Service

The Bermuda Monetary Authority was established in 1969. Over the past 40 years the Authority has served the community and evolved to become the integrated regulator of the financial services sector in Bermuda. We remain committed to supporting Bermuda's leadership position as a jurisdiction with effective, risk-based financial regulation.

Regulatory and Legislative Developments

1. BANKING

Authority Sets Additional Precautionary Capital Buffer for Bermuda's Banks

As part of its continued monitoring of market conditions in Bermuda in relation to the global financial crisis and its implementation of the Basel II capital accord, the Authority has reviewed capital levels across Bermuda's banking sector. The results of this work show that Bermuda's banks are exceeding the Authority's current capital requirements. However, the Authority has required banks to hold an additional capital buffer to withstand a severe economic downturn as a proactive, precautionary measure.

Over the past few months, Bermuda's banks have been asked to undertake stress tests as part of the monitoring process, requiring them to simulate the effects of a severe economic downturn on their investment portfolios and lending activities.

These stress tests performed by the banks have been reviewed by the Authority, and the Authority has conducted its own independent stress test to benchmark the results of the banks. Based on the stress test results, the Authority and each bank have agreed on the level of capital that is required:

(a) to absorb the losses simulated by a severe economic downturn; and

(b) still maintain high quality Tier 1 capital of at least 6% of risk-weighted assets, based on Basel II capital rules.

An agreement has now been reached between the Authority and all of Bermuda's banks on the necessary levels of capital required to meet the stress test capital buffer and where necessary, banks are executing plans to ensure that additional capital is provided. Taking these measures means that the Bermuda banking system will be ready to withstand a severe economic downturn and still be in a strong financial position.

Basel II Implementation Objective Met

Following the successful completion of this extensive policy revision project in 2008 the Authority has met its key objective to implement Basel II from January 1st 2009. The Basel II Accord introduces an enhanced supervisory framework and capital standard for banks, and some investment firms. The Authority's Revised Framework for Regulatory Capital Assessment Handbook published in 2008 outlines its final rules with regard to implementing Pillars 1, 2, and 3 of the new Accord.

The Authority has also published in final form the revised reporting framework, which involves capital adequacy reporting of credit, market and operational risks, together with related Guidance Notes. The Authority required reporting institutions to provide Prudential Information Returns during the fourth quarter of 2008 based on the revised format, along with returns based on the previous format. Similar parallel returns have been requested for the period ending December 31st 2008 and have been submitted throughout the first quarter of 2009.

2. INVESTMENT FUNDS

Investment Funds Act Under Review for Potential Updates

The Authority is continuing its consultation with industry on proposed enhancements to the Investment Funds Act 2006. Meetings with industry representatives are in progress to gain consensus on items that could potentially be included in any amendments to the Act. This activity is part of the Authority's routine review of its entire framework to ensure it remains effective and practical. This consultative process is scheduled for completion by the end of quarter one 2009, after which the Authority will determine if any legislative amendments will be subsequently put forward to Parliament.

3. INSURANCE

Reclassification Process for Class 3 Sector Nearing Completion

The Authority is nearing completion of its reclassification project for the Class 3 sector. The process of confirming the appropriate classifications under the new regime is currently underway and is on target to have all new Certificates of Registration for Class 3A and 3B insurers issued by the March 31st deadline. This reclassification initiative facilitates enhanced supervision of the Bermuda insurance sector by appropriately identifying those Class 3 companies that are truly commercial carriers and as a result should receive a higher level of regulatory and supervisory oversight. The project also supports consistency in risk-based supervision of all commercial insurers.

Discussion Paper on Authority's Approach to Group Supervision to be Published

The Authority is proposing to introduce group-wide supervision for insurance groups operating within Bermuda. Initially, the scope of group-wide supervision would apply to Class 4 and Class 3B (re)insurers. The Authority's proposed supervisory approach is being developed against the backdrop of key debates and international developments surrounding group-wide supervision.

The Authority will be publishing its Discussion Paper on "Implementing Group-wide Supervision" at the end of the first quarter 2009. The paper highlights critical issues the Authority would be considering for inclusion in its proposals, such as the determination of group solvency; the treatment of intra-group transactions; eligible capital; reporting requirements; group corporate governance; and risk management. The Authority's intent with its proposals are to ensure that Bermuda's standards are broadly equivalent to international standards being developed in this regard, in particular with Europe's Solvency II Directive, which will consider group supervision provisions in its equivalency assessments of third-party countries.

Internal Models Framework Development in Progress

The Authority published its report on economic capital modeling practices in the Bermuda market at the end of 2008. The report discusses various model characteristics and summarises the findings of a survey completed by Class 4 insurers and trial reviews conducted by the Authority on a small number of firms. The results and comprehensive information contained in the report have been well received both in Bermuda and overseas. The Authority is currently developing a process for reviewing company models as part of its planned internal models framework. This involves developing the standards and procedures for receiving and assessing company applications to use internal models for the determination of required regulatory capital. All aspects of a company's operations are to be considered in the review, including both technical and governance matters. All sources of risk will also be considered, including asset risk, market risk, credit risk, insurance risk (reserving, pricing, aggregation, catastrophe), operational risk, etc. The Authority intends to publish these standards and procedures later this year.

Insurance Regulation Amendments Passed in Parliament

The Insurance Accounts Amendment Regulations 2008 and the Insurance Returns and Solvency Amendment Regulations 2008 (collectively, the Insurance Regulations) have been passed by Parliament and came into force at the end of 2008.

The Insurance Regulations provide new filing and solvency requirements for Class 3A, Class 3B and Class 4 companies, and Special Purpose Insurers. The Insurance Amendment Act 2008 provided for revised prudential standards and capital and solvency returns to be completed by Class 4 insurers. It also provided for the creation of new classes of insurers, namely Class 3A, Class 3B and Special Purpose Insurers. The Insurance Regulations formally makes these new classes of insurers subject to similar provisions as existing classes of insurers, including filing of statutory financial returns and minimum solvency requirements.

4. ANTI-MONEY LAUNDERING

AML/ATF Registration Process Implemented

On January 1st 2009, the Proceeds of Crime Regulations (Supervision and Enforcement) Act 2008 (Supervision & Enforcement Act) came into effect, providing the Authority with enhanced supervisory and enforcement powers related to financial institutions subject to the new Anti-Money Laundering and Anti-Terrorism Financing (AML/ATF) regime.

The Supervision and Enforcement Act introduced, among other things, provisions for the Authority to establish, maintain and publish a register of all AML/ATF regulated financial institutions, which is to comprise both 'licensed persons' and 'non-licensed persons.' The Act requires 'non-licensed persons' to make an application for registration and inclusion in the AML/ATF regulated financial institutions register. Applications must be submitted within the six month registration period in effect from January 1st – June 30th 2009. Firms regarded as being AML/ATF regulated financial institutions that are not included on the register after June 30th 2009 must not carry on business activities.

The Authority has established a registration process which can be accessed through the home page of the Authority's website: www.bma.bm. Activation of the link entitled "Registration for Non-Licensed Persons" opens an introduction page which provides an explanation of, and access to, a registration form. This form must be printed, filled in and submitted to the Authority along with the $100 application fee. Applicants will receive an acknowledgement by the Authority.

After reviewing applications the Authority will inform firms regarding whether they will be registered. The names of the successful applicants will be placed in the register of AML/ATF regulated financial institutions. The Authority has placed guidance on its website to assist firms in determining whether or not they are required to register under the AML/ATF regime.

Proceeds of Crime Legislation Comes Into Force

In addition to the Proceeds of Crime Regulations (Supervision and Enforcement) Act, the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorism Financing) Regulations also came into force on January 1st 2009. These two key pieces of legislation complete the most recent phase of enhancements to Bermuda's anti-money laundering and anti-terrorism financing framework.

5. OTHER DEVELOPMENTS

Authority launches Business Plan 2009 at Inaugural Annual Meeting

On January 15th 2009, the Authority held its inaugural Annual Meeting at BMA House. The Authority launched the Annual Meeting by presenting its 2009 Business Plan to stakeholders, including industry members, government representatives and the local media. Publishing the Business Plan is a demonstration of the Authority's on going commitment to improving transparency around its work. The Annual Meeting and the Business Plan provide the opportunity to explain enhancements to Bermuda's regulatory regimes that will take place in the near future.

Four broad areas of focus are highlighted in the Plan, which builds on the foundation of work completed in 2008. These include: continued management of the financial crisis; focus on achieving mutual recognition for Bermuda's regulatory framework; implementing new anti-money laundering standards; and continued improvement of operational efficiency.

Although Bermuda's financial markets have proved resilient in the face of the financial crisis, the Plan sets out initiatives which will strengthen the Authority's ability to respond to the crisis as it moves into a new phase. Such initiatives include the implementation of the Basel II Accord for banks and some investment businesses and further enhancements to the Authority's solvency framework for insurers.

The Plan also details the Authority's work toward the important medium-term goal of achieving mutual recognition for Bermuda, with a focus on Europe and the US in that regard, and in particular for insurance regulation. This work will involve the development of a framework for group supervision, a requirement under Solvency II; enhancements of supervisory and public disclosure standards; and consultation on aspects of Solvency II Pillar 2, namely qualitative review of risk management by both firms and supervisors.

Following the enactment of the suite of legislation that enhanced AML/ATF provisions in late 2008, the Authority now has broader supervisory and enforcement powers with regard to AML/ATF matters. In 2009, the Authority will shift from policy making to focused on-site reviews of AML standards in the market. The Business Plan sets out plans for a dedicated team to conduct reviews on AML compliance. These reviews will provide a basis for feedback to the market on progress in implementing the new standards and will also establish a benchmark for follow up enforcement activity, if deemed necessary.

Authority Supports Reinsurance Association of America Training Programme

The Authority, in conjunction with the Reinsurance Association of America (RAA), the Bermuda Insurance Institute and the Association of Bermuda Insurers and Reinsurers co-hosted the RAA's Bermuda ReBasics training seminar: *Demystifying Reinsurance: A Basics of Property/Casualty Reinsurance.* The course, which took place in Bermuda from March 24th – 25th, provided a thorough introduction to property and casualty reinsurance, with an emphasis on topics and issues unique to Bermuda.

Topics covered during the two-day seminar included: the similarities and differences between insurance and reinsurance; the purpose of reinsurance; the impact of a reinsurance transaction on a company's bottom line; the types of reinsurance contracts; how to structure reinsurance programmes; how to market reinsurance; what constitutes risk transfer; the difference between SAP and GAAP accounting; and how Bermuda companies are regulated.

International Outlook

Memorandum of Understanding (MOU) Signed with Luxembourg Authority

In January 2009, the Authority signed a MOU with the Luxembourg Commissariat aux Assurances which provides a formal basis for direct cooperation and coordination between the two authorities. The Luxembourg Commissariat is the regulator for Luxembourg's insurance sector. Such cooperation further facilitates the exchange, handling, and protection of information between the Authority and the Commissariat and, where appropriate, investigative assistance with respect to regulated entities.

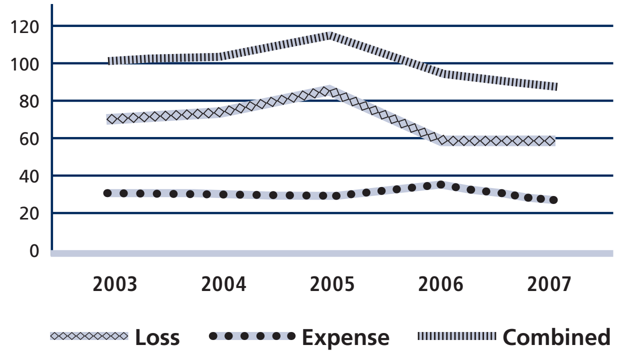
Global Reinsurance Report Issued

The International Association of Insurance Supervisors Reinsurance Transparency Subgroup (RTG), chaired by Deputy CEO Jeremy Cox, published in December 2008 its fifth edition of the Global Reinsurance Market Report (GRMR). The report provides an annual overview of the financial condition of reinsurers as well as analysis on the role of reinsurance within the broader financial stability debate. The 2008 edition also discussed the impact of the current global financial crisis on the reinsurance sector. RTG members compile worldwide data as a foundation for the GRMR. On that basis, the report provides unique reinsurance related information and analysis in order to inform interested parties, including insurance and reinsurance supervisors, about the resiliency of the global reinsurance market. The Authority compiles data from the Bermuda market and contributes to the analysis conducted to produce the report.

A key finding of the study is the relative robustness and resilience shown by the reinsurance sector amid the on going financial turmoil, which has contributed to both the stability of the global insurance markets as well as ultimately the security of individual insurance customers. Loss, expense and combined ratios for the period 2003-2007 are provided in the graph below. A key element underpinning this resilience is the global nature of reinsurance players and the diversification strategies they pursue. In this respect, the GRMR discusses work in progress by the RTG and other IAIS working parties in relation to the IAIS's efforts towards mutual recognition of reinsurance supervision. In particular, the GRMR highlights that the long-term resilience of the reinsurance market stands to benefit from appropriate supervisory recognition approaches that may include unilateral, bilateral and multilateral structures. Mutual recognition may help remove significant amounts of unnecessary regulatory and supervisory requirements for reinsurers, and contribute to increasing transparency and promoting the exchange of information among supervisors. It argues that, from a financial stability perspective, the ongoing financial turmoil should not lead to barriers but rather to the promotion of supervisory recognition approaches and reduced barriers in order to contribute to the long-term resilience of the global reinsurance market.

As regards the relation between diversification and resilience, the GRMR points out that a contributing factor to reinsurers' robustness is related to their unique investment management strategies. Amid the financial turmoil, reinsurers' investment profile provides some safety from market volatility. Reinsurers mainly rely on fixed income products, along with real estate and high quality equities, in line with their traditionally long-term and conservative investment patterns. Assets of reinsurers appeared largely sheltered from the most severe effects of the turmoil. Finally, the 2008 edition of the GRMR also looked at some capital market techniques that have been developed, to provide additional cover regarding major insured man-made and natural catastrophes.

Loss, Expense and Combined Ratios (2003-2007)



Market Analysis and Statistics

1. BERMUDA MONEY SUPPLY

The aggregate BD$ money supply was little changed in the quarter. However, there was a 5% increase over the year, reflecting a 5% increase in BD$ deposit liabilities.

Bermuda Money Supply

(BD$ millions)	2008-Q4	2008-Q3	2008-Q2	2008-Q1	2007-Q4	2007-Q3
Notes & Coins in Circulation*	141	119	118	114	125	110
Deposit Liabilities	3,815	3,821	3,783	3,709	3,634	3,666
Banks and Deposit Companies (Unconsolidated)	3,956	3,940	3,901	3,823	3,759	3,776
Less: Cash at Banks and Deposit Companies	57	36	35	33	45	29
BD$ Money Supply	3,900	3,904	3,866	3,790	3,714	3,747
% Growth on Previous Period	-0.10%	0.97%	2.02%	2.04%	-0.88%	1.88%
Growth Year on Year	5.01%	4.19%	5.13%	8.63%	3.87%	5.35%

Totals may not add due to rounding.

** 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.*

2. DOMESTIC AND FOREIGN CURRENCY POSITION

BD$ Deposit and Loan Profile – Combined Banks and Deposit Companies (Unconsolidated)

(BD$ millions)	2008-Q4	2008-Q3	2008-Q2	2008-Q1	2007-Q4	2007-Q3
Deposit Liabilities	3,815	3,821	3,783	3,709	3,634	3,666
Less: Loans, Advances and Mortgages	(4,865)	(4,686)	(4,516)	(4,401)	(4,359)	(4,206)
Surplus Deposits	(1,050)	(865)	(734)	(692)	(725)	(540)
Percentage of Deposit Liabilities Lent	127.5%	122.7%	119.4%	118.7%	120.0%	114.7%

Totals may not add due to rounding.

BD$ loan demand continues to exceed BD$ deposits, with the deficit increasing during the quarter. The balance of BD$ loan demand continues to be primarily funded by US$ deposits.

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

(BD$ millions)	2008-Q4	2008-Q3	2008-Q2	2008-Q1	2007-Q4	2007-Q3
Total Foreign Currency Assets	17,470	19,121	19,384	20,144	19,412	18,965
Less: Other Assets	593	530	554	609	624	561
Less: Foreign Currency Loans to Residents	1,148 P	1,197 P	1,150	1,113	1,058	975
Net Foreign Currency Assets	15,729	17,395	17,681	18,423	17,730	17,428
Foreign Currency Liabilities	15,822	17,384	17,552	18,318	17,555	16,925
Add: BD$ Deposits of Non-Residents	199 P	196 P	200	211	216	211
Net Foreign Currency Liabilities	16,021	17,581	17,752	18,530	17,771	17,136
Net Foreign Currency Position (Consolidated)	(292)	(186)	(71)	(107)	(41)	292

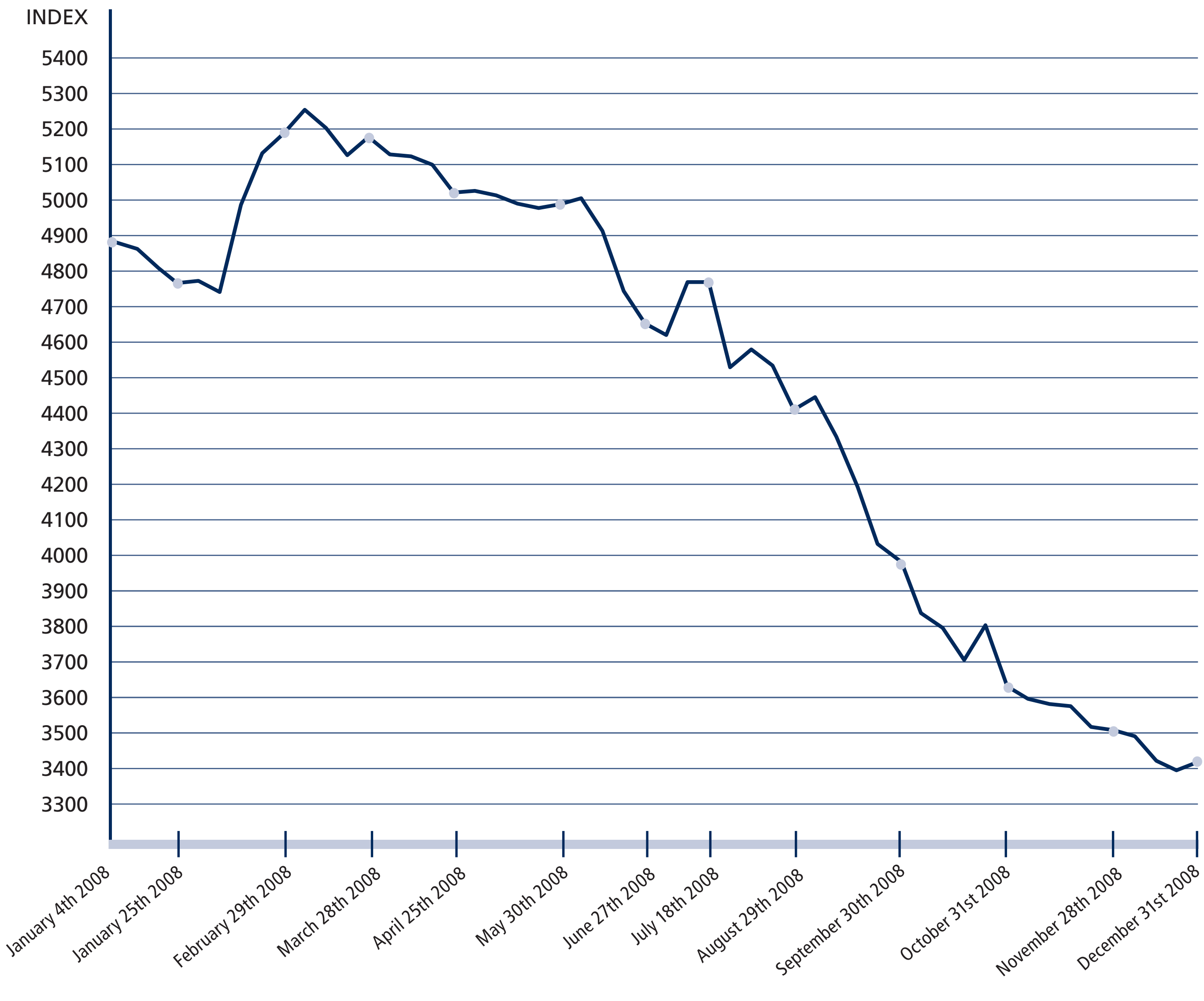
P denotes provisional figures.

Totals may not add due to rounding.

Net Foreign Currency Position (before Foreign Share Equity Contingencies) unconsolidated
The net foreign currency position of the banking and deposit taking sector remained in deficit during the quarter, with net foreign currency liabilities exceeding net foreign currency assets by BD$ 292 million. The deficit widened during the quarter by $106 million as a result of a more rapid decrease in net foreign currency assets at 9.6% as compared to a decrease in net foreign currency liabilities of 8.9%.

3. BERMUDA STOCK EXCHANGE (BSX)

Driven by the global financial crisis, the performance of stock exchanges worldwide was significantly impacted in 2008 with losses in market value ranging from 30 - 50%. The Bermuda domestic market reflected this global trend, falling approximately 30% during the course of 2008 and 14% during the fourth quarter. Total market capitalisation of the BSX rose by roughly $5 million during the fourth quarter to $226 billion as at December 31st 2008. The domestic market comprised roughly $1.9 billion of this market capitalisation at year end 2008.



Source: Bermuda Stock Exchange

4. BANKING

Overall the aggregate balance sheet of Bermuda's banks contracted during the quarter and over the year as a whole. This was driven primarily by decreases recorded in investments throughout the year reflecting global market conditions. The key highlights are:

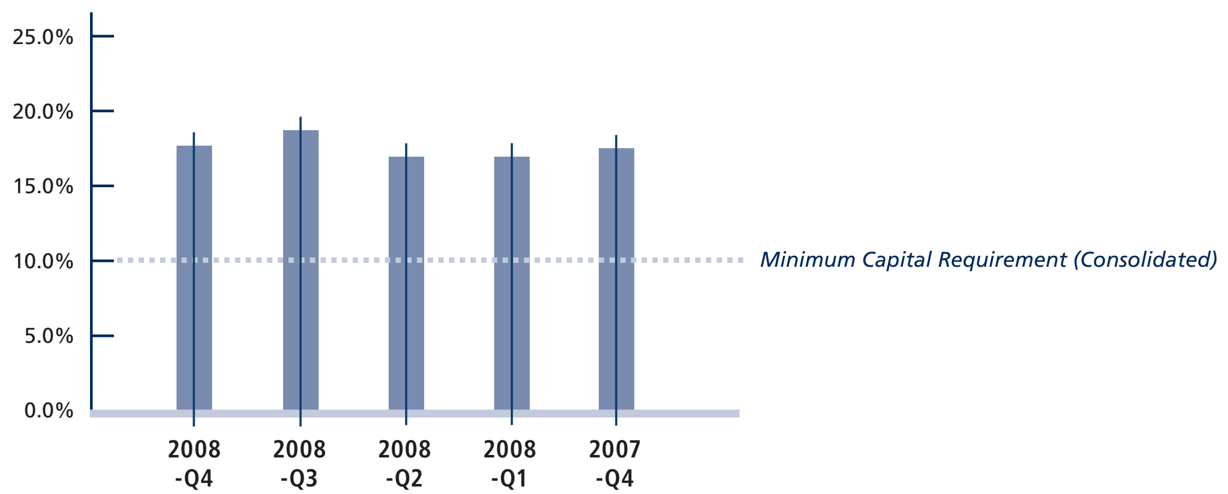
- Total deposits fell by $1.45 billion to $19.4 billion, a 7.0% decrease during the quarter.
- Loans and advances rose to 39% of total assets in Q4 from 30% in Q4 2007.
- Banking institutions decreased cash and deposits by $1.6 billion in the quarter, a decrease of 22.8%.

Banking Sector Assets and Deposits

	2008-Q4	2008-Q3	2008-Q2	2008-Q1	2007-Q4	2007-Q3
Total Assets ($millions)	22,805	24,277	24,355	24,995	24,168	23,576
Quarterly Change(%)	-6.1	-0.3	-2.6	3.4	2.5	-4.6
Total Deposits ($millions)	19,380	20,828	20,972	21,667	20,807	20,332
Quarterly Change(%)	-7.0	-0.7	-3.2	4.1	2.3	-5.0

Regulatory Capital to Risk Weighted Assets

Regulatory Capital to Risk Weighted Assets decreased during Q4 2008 from 18.3% to 17.5% however the sector remained well above the statutory minimum requirement of 10%.



The following table provides further information on the composition of assets and liabilities.

Combined Balance Sheet of Bermuda Banks and Deposit Companies (Consolidated)

(BD$ millions)	2008-Q4			2008-Q3			2008-Q2		
	Total	BD$	Other	Total	BD$	Other	Total	BD$	Other
Assets									
Cash	96	57	39	76	36	39	75	36	40
Deposits	5,377	33	5,345	7,016	41	6,975	6,706	47	6,658
Investments	7,356	13	7,343	8,303	24	8,279	8,860	26	8,834
Loans & Advances	8,835	4,794	4,040	7,803	4,600	3,203	7,599	4,417	3,182
Premises & Equipment	462	352	110	454	359	95	474	358	117
Other Assets	680	87	593	625	95	530	641	87	554
Total Assets	**22,805**	**5,335**	**17,470**	**24,277**	**5,155**	**19,121**	**24,355**	**4,970**	**19,384**
Liabilities									
Demand Deposits	8,079	908	7,171	8,527	856	7,671	8,868	868	8,000
Savings	4,183	1,358	2,826	3,575	1,344	2,231	3,354	1,285	2,069
Time Deposits	7,117	1,558	5,559	8,725	1,615	7,110	8,749	1,653	7,096
Sub Total - Deposits	**19,380**	**3,824**	**15,556**	**20,828**	**3,815**	**17,013**	**20,972**	**3,806**	**17,165**
Other Liabilities	809	542	267	699	328	372	667	281	386
Sub Total - Liabilities	**20,188**	**4,366**	**15,822**	**21,527**	**4,143**	**17,384**	**21,639**	**4,087**	**17,552**
Equity	2,617	1,531	1,086	2,749	1,576	1,173	2,715	1,634	1,081
Total Liabilities and Capital	**22,805**	**5,897**	**16,909**	**24,276**	**5,719**	**18,558**	**24,354**	**5,721**	**18,633**

(BD$ millions)	2008-Q1			2007-Q4			2007-Q3		
	Total	BD$	Other	Total	BD$	Other	Total	BD$	Other
Assets									
Cash	70	35	35	80	45	35	67	33	34
Deposits	7,446	36	7,410	7,188	19	7,170	6,359	26	6,333
Investments	8,916	14	8,903	8,387	13	8,374	8,960	15	8,945
Loans & Advances	7,377	4,301	3,076	7,351	4,246	3,105	7,119	4,117	3,002
Premises & Equipment	466	355	111	449	345	105	429	339	90
Other Assets	719	110	609	713	89	624	643	81	561
Total Assets	**24,995**	**4,851**	**20,144**	**24,168**	**4,756**	**19,412**	**23,576**	**4,611**	**18,965**
Liabilities									
Demand Deposits	9,571	829	8,742	8,735	808	7,927	8,886	841	8,045
Savings	3,386	1,229	2,156	3,423	1,182	2,241	2,963	1,199	1,764
Time Deposits	8,710	1,664	7,046	8,650	1,649	7,000	8,483	1,630	6,853
Sub Total - Deposits	**21,667**	**3,723**	**17,944**	**20,807**	**3,639**	**17,169**	**20,332**	**3,670**	**16,662**
Other Liabilities	631	257	374	641	255	387	558	296	262
Sub Total - Liabilities	**22,298**	**3,980**	**18,318**	**21,449**	**3,893**	**17,555**	**20,890**	**3,966**	**16,925**
Equity	2,696	1,664	1,032	2,720	1,433	1,287	2,686	1,564	1,121
Total Liabilities and Capital	**24,995**	**5,644**	**19,351**	**24,168**	**5,326**	**18,842**	**23,576**	**5,530**	**18,046**

Totals may not add due to rounding.

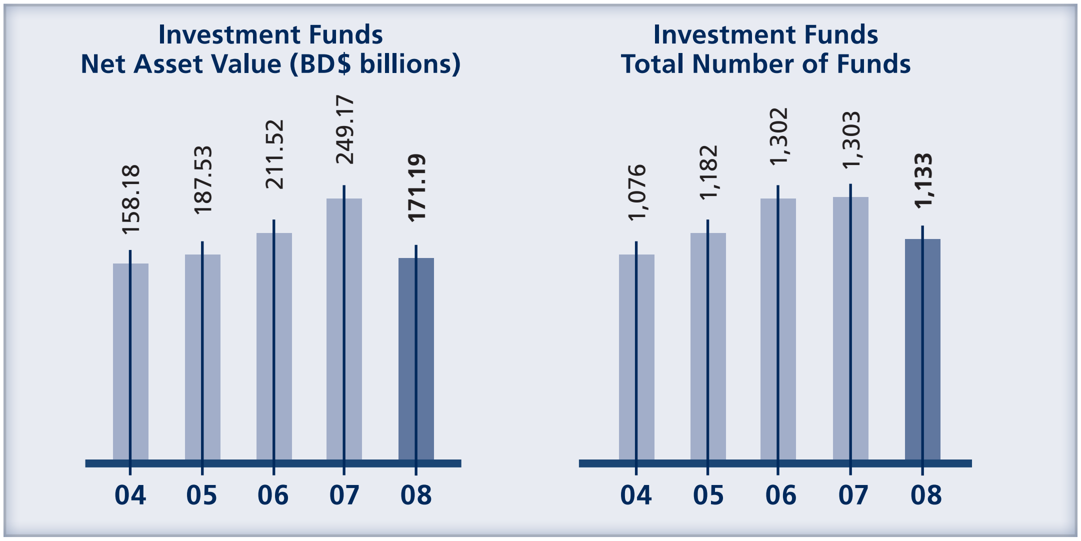
5. INVESTMENT FUNDS

Investment Fund Statistics

Q4 2008 saw a further decline in the total net asset value of Bermuda domiciled funds. Total net asset value fell by 31% from $249.17 billion at the beginning of the year to $171.19 billion at year end. The quarter saw continued redemptions, the winding up of some funds and decreased fund portfolios, as a result of adverse global market conditions. The number of funds fell by 12% during the year.

	2008-Q4	2008-Q3	2008-Q2	2008-Q1	2007-Q4	2007-Q3
Mutual Funds	819	878	886	883	881	879
Umbrella Funds	76	81	82	80	77	71
Sub-Funds	220	238	240	244	253	261
Segregated Account Companies	83	82	82	78	77	78
Segregated Accounts	336	390	383	388	391	396
Total	**1,534**	**1,669**	**1,673**	**1,673**	**1,679**	**1,685**
Unit Trusts	71	94	93	106	106	106
Umbrella Trusts	84	151	143	168	162	153
Sub-Trusts	198	221	213	214	215	215
Total	**353**	**466**	**449**	**488**	**483**	**474**
Total Portfolios	**1,887**	**2,135**	**2,122**	**2,161**	**2,162**	**2,159**
Total Number of Funds	**1,133**	**1,286**	**1,286**	**1,315**	**1,303**	**1,287**
Total Net Asset Value (In billions)	**$171.19**	**$196.30**	**$235.33**	**$249.88**	**$249.17**	**$230.54**

Note: Data reported for the periods after Q4 2005 include funds that have been granted exemption under section 7 of the Investment Funds Act 2006.



6. INSURANCE

Fifteen new insurance and reinsurance companies were established in the Bermuda market during the fourth quarter of 2008. This is a decline from the same period in 2007 reflecting the soft market conditions and economic challenges which continue to exist worldwide.

Insurance Company Incorporation Statistics

	2008-Q4	2008-Q3	2008-Q2	2008-Q1	2007-Q4	2007-Q3
Class 1	3	1	0	1	3	1
Class 2	2	0	0	2	0	1
Class 3*	6	3	7	6	14	11
Class 3A	1	1	-	-	-	-
Class 3B	0	0	-	-	-	-
Class 4	1	0	1	0	1	0
Long-Term Insurers	2	0	1	1	2	2
Dual-Class	0	0	0	0	1	0
Total Additions	**15**	**6**	**9**	**10**	**21**	**15**

* Class 3 sector reclassification took effect as of Q3 2008. Therefore, data reported from that date will reflect the reclassified Class 3 company categories.

Explanatory Notes:

- Class 1 – Single-parent captive insuring the risks of its owners or affiliates of the owners.
- Class 2 – (a) a multi-owner captive insuring the risks of its owners or affiliates of the owners; or
  (b) a single parent or multi-owner captive: (i) insuring the risks arising out of the business or operations of the owners or affiliates, and/or (ii) deriving up to 20 percent of its net premiums from unrelated risks.
- Class 3 – Captive insurers underwriting more than 20% and less than 50% unrelated business.
- Class 3A – Small commercial insurers whose percentage of unrelated business represents 50% or more of net premiums written or loss and loss expense provisions and where the unrelated business net premiums are less than$50 million.
- Class 3B – Large commercial insurers whose percentage of unrelated business represents 50% or more of net premiums written or loss and loss expense provisions and where the unrelated business net premiums are more than $50 million.
- Class 4 – Insurers and reinsurers capitalised at a minimum of $100 million underwriting direct excess liability and/or property catastrophe reinsurance risk.
- Long-Term – Insurers writing long-term (or life) business.
- Dual Class – Insurers writing combination of long-term (or life) business and Class 1, 2, 3, 3A, 3B or 4 business.

7. COMPANY AUTHORISATIONS

Companies, Partnerships and Permits Statistics - Applications Approved

	2008-Q4	2008-Q3	2008-Q2	2008-Q1	2007-Q4	2007-Q3
Exempted Companies (Bermuda companies exempted from the 60% Bermudian ownership requirement)	206	233	267	243	310	305
Exempted Partnerships (partnerships established in Bermuda to carry on business in or from within Bermuda)	33	23	25	21	106	39
Overseas Partnerships (overseas partnerships applying for permits to carry on business in or from within Bermuda)	0	2	1	5	2	1
Overseas Permit Companies (overseas companies applying for permits to carry on business in or from within Bermuda)	9	12	11	6	11	7
Unit Trusts	1	12	1	8	8	18
Continuation Companies (companies from other jurisdictions continuing into Bermuda as exempted companies)	9	5	4	11	15	7
Unlimited Liability Companies	2	1	2	1	11	1
Local Companies	35	42	60	52	52	40
Total Applications Approved *	**295**	**330**	371	347	515	418

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

BERMUDA MONETARY AUTHORITY

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