



Regulatory Update January 2012

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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 30th September 2011.

The Regulatory Update is published in print and electronic formats. The electronic version is available on the Authority’s website www.bma.bm and can be downloaded as a PDF file. If you wish to receive an email notice when the electronic version is available, you may sign-up to our e-subscriptions service by emailing your request to enquiries@bma.bm. If you currently receive the print version and would like to receive the electronic version instead, please indicate this in your request.

Regulatory and Legislative Developments

1. INSURANCE

Secondary Insurance Legislation Passed

New and amended legislation relating to solvency and capital requirements for Bermuda insurers was introduced to the House of Assembly during the last two quarters of 2011; each were effective as of 31st December 2011:

Insurance Amendment Act 2011

After consulting with the Bermuda market, the Insurance Act 1978 (The Act) was amended to extend enhanced solvency reporting requirements to Class 3A and Class E (Long-Term) insurers. These regulatory requirements are in line with those applicable to other commercial insurers in Bermuda.

The Act also makes provision for the paid up share capital requirement for Classes C, D and E insurers to be \$250,000 as opposed to the current requirement of \$500,000. Additionally, fee provisions are to be amended to allow insurers to pay a prorated registration fee and for the Authority to take variations in business volumes into account when considering annual fees for insurers.

In addition, the same restrictions that the Authority currently applies to Class 4 and Class 3B insurers as regards applications to reduce statutory capital will be imposed on Classes 3A, Class C and Class D insurers. Consequential amendments are also made to the Insurance Accounts Regulations 1980.

Enhanced Solvency Requirements Rules – Class 4 and Class 3B Insurers

The Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Amendment Rules 2011 (“Class 4 and 3B Rules”) build on existing solvency regime for such firms. The Class 4 and 3B Rules includes provisions for the Authority to revoke its approval for firms to use an approved internal capital model when no longer appropriate. They also establish more frequent filings from firms that are not members of an insurance group for which the Authority is the appointed Group Wide Supervisor, i.e. quarterly financial returns.

Applying BSCR and Internal Models Regimes to Class 3A and Class E Insurers

The basis for applying the Authority's enhanced solvency framework to set regulatory capital for Class 3A and Class E (Long-Term) insurers is now established under two sets of new rules: the Insurance (Prudential Standards) (Class 3A Solvency Requirement) Rules 2011 (“Class 3A Rules”) and the Insurance (Prudential Standards) (Class E Solvency Requirement) Rules 2011 (the “Class E Rules”).

The Class 3A Rules provide for calculating the applicable eligible capital requirement for such insurers using the Authority's standard Bermuda Solvency Capital Requirement Small and Medium Entities (BSCR SME) model. They enable Class 3A firms to apply to use an internal capital model instead of the standard BSCR SME model. The Class E rules establish similar provisions for Bermuda's largest life insurers, using the standard BSCR model. To build further efficiencies into this process, the Authority is also establishing the platform for firms in both sectors to submit their capital and solvency returns electronically. These submissions will include, among other details, the Commercial Insurer's Solvency Self-Assessment and a Schedule of Eligible Capital.

Applying Solvency Standards under Group Supervision Framework

A series of rules are now in place that establish the basis for the Authority to apply its enhanced solvency regime and risk management standards to Bermuda's insurance groups. This includes applying the BSCR, corporate governance requirements and eligible capital rules to groups for which the Authority is appointed Group Wide Supervisor.

The Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 prescribe the method for determining the BSCR for all such insurance groups, and other statutory filing requirements related to solvency which they file annually with the Authority. These Rules shall take effect on 31st December 2011 with the exception of paragraph 3 of the Rules regarding the duty to comply with the enhanced capital requirement, which will come into effect on 1st January 2013.

The Insurance (Group Supervision) Rules 2011 (the "Group Rules") establish corporate governance and risk management requirements for insurance groups. The Rules have been drafted to appropriately reflect the regulatory requirements for insurance groups based on the nature, size, scale and complexity of Bermuda groups for which the Authority serves, or expects to serve as Group Supervisor.

Insurance groups will be supervised for corporate governance requirements through desk-based and on-site reviews conducted in a manner broadly similar to existing reviews for solo insurers. They will be expected to demonstrate compliance with the Group Rules through establishing, maintaining and documenting governance systems and processes, with related communications and reporting structures. The groups must also establish and maintain effective key functions (i.e. internal audit, compliance, risk management and actuarial). The Group Rules will be effective on 1st January 2013 with the exception of the requirements for filing statutory returns and group financial statements, which will be in effect for filings made in 2012.

Group Supervision and Insurer Capital Adequacy

In Q4 2011, the Authority piloted a trial run of the Groups BSCR with Class 4 and Class 3B insurers for 2010 year end filings. Phased implementation of the BSCR for other classes of insurers is expected to continue through Q4 2013.

2. BANKING

Authority Publishes Basel III Discussion Paper

In December 2011, the Authority published a Discussion Paper which represents the first step in the process of enhancing Bermuda's current regulatory framework for banks in line with Basel III. The purpose of this paper is to make the banking sector aware of the key features of Basel III, to offer preliminary thoughts on its implementation for Bermuda banks and to seek initial feedback from the banks and other stakeholders prior to a planned formal consultation process.

The Basel III rules form part of the Basel Committee on Banking Supervision's (the Basel Committee) response to the weaknesses in existing international banking supervisory standards highlighted during the financial crisis. The key features include:

- A revised capital framework; strengthening the quality of regulatory capital; revising minimum capital standards to more accurately reflect risk; and the introduction of an additional leverage standard
- Further amendments to risk management guidance under Pillar 2
- Expansion of existing market discipline and transparency rules under Pillar 3
- Introduction of an internationally observed regulatory minimum liquidity requirement

The Paper is available on the Authority's website, www.bma.bm, and the market should submit comments to the BMA by 29th February 2012.

Consultation on Corporate Governance Code for Banks Underway

The Authority has begun consultation with the market on its proposal to establish a Corporate Governance Code for Bermuda's banks.

During the recent global financial crisis, poor corporate governance was identified as one of the key factors contributing to banking failures. One of the Basel Committee's responses to the situation was to seek to raise the standard of international governance practice through revision of its "Principles for Enhancing Corporate Governance". The Authority has sought consistency with the Principles in the development of the Code it is proposing for Bermuda.

The draft Code sets out 13 principles with related guidance and covers the following key areas: board practices; the role of senior management; risk management and internal controls; compensation; complex corporate structures; and disclosure and transparency.

The draft Code is available on the Authority's website, www.bma.bm, and the market should submit comments by 29th February 2012.

3. INVESTMENT FUNDS

Phased Rollout of ERICA Begins

In Q4 2011, the Authority began a phased rollout of its Electronic Regulatory Information Compliance Application (ERICA) to a select group of companies in Bermuda's investment sector. ERICA is designed to increase the efficiency of processing submissions sent to the BMA by the funds industry. This will assist Bermuda to remain competitive as a world-class financial services centre, while at the same time maintaining the integrity of our procedures for reviewing and analysing submissions. The remaining investment companies will be added into ERICA in early 2012.

Industry Seminars – Successful Outreach Raises Market Awareness

To date in 2011, the AML unit has conducted six outreach seminars: one at Butterfield with the remainder in the trust and investment industries. The purpose of the outreach seminars was to improve AML awareness in the market and focused on themes that arose out of on-site visits. The AML Unit received positive feedback from the seminar participants. An internal seminar was also held regarding ongoing monitoring of the Trust sector. The Authority is in the process of preparing for a series of seminars to the Fund and Fund Administration industry.

4. ANTI-MONEY LAUNDERING (AML)

AML On-site Programme

As noted in the last issue of the Regulatory Update, the focus of the Authority's AML on-site programme in 2011 has been on those institutions which hold trust or investment business licences. To date, the Authority has conducted 17 on-site visits: nine at trust companies, five at investment companies, two at banks and one at a money service business. Preparations for the desk-based review programme the Authority plans to conduct in 2012 have commenced, with the development of operational procedures and a statistical reporting database for scoring company submissions.

Trust Sector Guidance Notes Consultation Period Complete, Comments Under Review

Consultation has ended on a draft set of Guidance Notes designed to assist trustees in understanding and complying with their AML obligations. The sector-specific AML-guidance covers all AML regulations for the trust sector, including the Bermuda Association of Licensed Trustees. The Authority is currently reviewing comments received from the industry and will issue the final Guidance Notes in early 2012.

Authority Attends the Annual Meeting of the Group of International Finance Centre Supervisors (GIFCS)

Marcia Woolridge-Allwood, Director, Banking, Trust & Investment attended the Annual Meeting of the GIFCS – formerly the Offshore Group of Banking Supervisors – in Labuan, Malaysia from 20th to 23rd September 2011.

Major themes of discussion at the meeting focused on the jurisdictional impact of significant global developments in banking, investment and AML regulation. Participants also discussed lessons learned from the financial crisis. Highlights included: implementing Basel III; the Financial Action Task Force's (FATF's) review of the 40 recommendations in preparation for the 4th round of mutual evaluations; the impact of the G20 and other international organisations on GIFCS members; and Hedge Fund Regulation.

34th Plenary of Caribbean Financial Action Task Force (CFATF)

Shauna MacKenzie, Director of Legal Services and Enforcement attended the 34th Plenary of CFATF which was held in Venezuela. The Plenary adopted a number of changes to the governance of the organisation as well as the adoption of a sanctions regime for member states which are not responding in a satisfactory manner to follow up reports. This regime mirrors the approach taken by FATF. In addition to the Plenary meeting, there were two special working groups held. One working group dealt with the review of the changes to the FATF 40 plus 9 recommendations. The second working group discussed the FATF's sanction regime and CFATF's approach.

Association of Certified Anti-Money Laundering Specialists (ACAMS) 10th Annual International Money Laundering Conference

During Q3 2011 members of the Authority's AML unit attended the "ACAMS 10th Annual International Money Laundering Conference". The conference covered updates on international developments with representatives from the US Federal Deposit Insurance Corporation, Financial Crimes Enforcement Network, Federal Reserve, Office of the Comptroller of the Currency and Egmont Group.

Authority Presents at International Association of Insurance Supervisors (IAIS) workshop

William Kattan, Senior Advisor presented at the International Association of Insurance Supervisors' (IAIS) workshop on the IAIS Multilateral Memorandum of Understanding (MMOU) in Victoria Falls, Zimbabwe. Along with other IAIS representatives, Mr. Kattan presented to regional insurance supervisors on international developments in supervisory cooperation and information exchange, as well as the IAIS MMOU framework and its accession and administration procedures.

Regulation Presentations Support Captive Market Outreach in Canada and US

Shelby Weldon, Director, Insurance Licensing and Authorisation promoted Bermuda's captive industry at the *Risk and Insurance Management Society (RIMS) Canada Conference* held in Ottawa, Ontario from 18th to 21st September 2011.

A *Bermuda Insurance Development Council* seminar was held from 15th to 16th November 2011 in Toronto, Ontario. Mr. Weldon gave an educational session about the Bermuda captive market and also took part on a panel that consisted of captive owners, service providers and regulators.

Captive Live was held in Chicago, Illinois from 26th to 27th September 2011. Mr. Weldon participated in interactive panel sessions, debated changing regulations, networked with major players from across the US captive insurance market and met leading advisors and service providers.

Mr. Weldon also participated in the *American Society of Healthcare Risk Management* conference held in Phoenix, Arizona from 16th to 19th October 2011. The Conference focused on staying current with industry changes and enhancing management skills, including how to respond to a changing healthcare industry.

Authority Participates in Business Bermuda Financial Services Event

Leslie Robinson, Assistant Director, Insurance Licensing & Authorisation presented at the *Business Bermuda Financial Services* event in New York on 5th October 2011. Mrs. Robinson's discussions centred around the

legal and licensing requirements for insurance business operations in Bermuda, including information on the steps and requirements for incorporating in Bermuda; regulatory and licensing requirements; insurance products; retirement products and mandated employer contributions and benefits.

Authority Presents at IAIS Annual Conference, Financial Stability Institute Regional Seminar

In September 2011, Marcelo Ramella, Deputy Director, Policy, Research & International Affairs travelled to Seoul, South Korea for the IAIS Annual Conference where he made a presentation about the insurance sector's response to natural disasters in particular the Japanese earthquake.

In November 2011, Dr. Ramella took part in the Financial Stability Institute's (FSI) Regional Seminar for Supervisors from Africa on 'Strengthening Insurance Supervision and Promoting Financial Stability' in Mauritius. Dr. Ramella presented information on risk-based regulation and supervision; macro prudential approaches to surveillance and insurance supervision; and on regulation and supervision of captive (re)insurers, and gave training on macro prudential supervision.

Market Analysis and Statistics

1. BERMUDA MONEY SUPPLY

The domestic money supply contracted during the quarter, declining by almost 1.5% when compared to the prior period, and was 3.3% lower than the year earlier (on an unconsolidated basis). The main driver of the quarter-on-quarter decrease was a 1.6% decline in deposit liabilities.

Bermuda Money Supply

(BD\$ millions)	2011-Q3	2011-Q2	2011-Q1	2010-Q4	2010-Q3	2010-Q2
Notes & Coins in Circulation*	120	121	118	127	122	134
Deposit Liabilities	3,582	3,641	3,637	3,660	3,706	3,719
Total	3,702	3,762	3,755	3,787	3,828	3,853
Less: Cash at Banks and Deposit Companies**	56	62	62	65	60	73
BD\$ Money Supply	3,646	3,700	3,693	3,722	3,768	3,780
% Growth on Previous Period	-1.46%	0.18%	-0.78%	-1.22%	-0.32%	-0.89%
Growth Year-on-Year	-3.25%	-2.13%	-3.17%	-4.73%	-3.90%	0.18%

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.

** Includes deposit companies as well as banks.

N.B. Note that the deposit liabilities for end-September 2010 have decreased by \$19 million due to re-statement. This also led to a downward revision of cash at banks and deposit companies by \$1 million.

2. DOMESTIC AND FOREIGN CURRENCY POSITION

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

(BD\$ millions)	2011-Q3	2011-Q2	2011-Q1	2010-Q4	2010-Q3	2010-Q2
Deposit Liabilities	3,582	3,641	3,637	3,660	3,706	3,719
Less:						
Loans, Advances and Mortgages	(5,268)	(5,213)	(5,230)	(5,165)	(5,146)	(5,390)
Surplus Deposits	(1,686)	(1,572)	(1,593)	(1,505)	(1,440)	(1,671)
Percentage of Deposit Liabilities Loaned	147.1%	143.2%	143.8%	141.1%	138.9%	144.9%

Totals may not add due to rounding.

Following recent amalgamations within the sector, separate data for deposit companies are no longer published.

*Note that the deposit liabilities for end-September 2010 have decreased by \$19 million due to re-statement during the last quarter. This also led to a downward revision of cash at banks and deposit companies by \$1 million.

The proportion of BD\$ loans financed by domestic currency deposits increased to 147.1% during the last quarter (up from 143.2% at end-June 2011), which is 5.9% higher than a year ago (when it stood at 138.9%).

Local currency lending (loans, advances and mortgages) increased by 1.1% (or \$55 million) when compared to the prior quarter. Year-on-year, lending was up by 2.4% (or \$122 million).

BD\$ deposit liabilities decreased by almost 1.6%, and as such, savings deposits now reflect 41.2% of total BD\$ deposit liabilities.

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

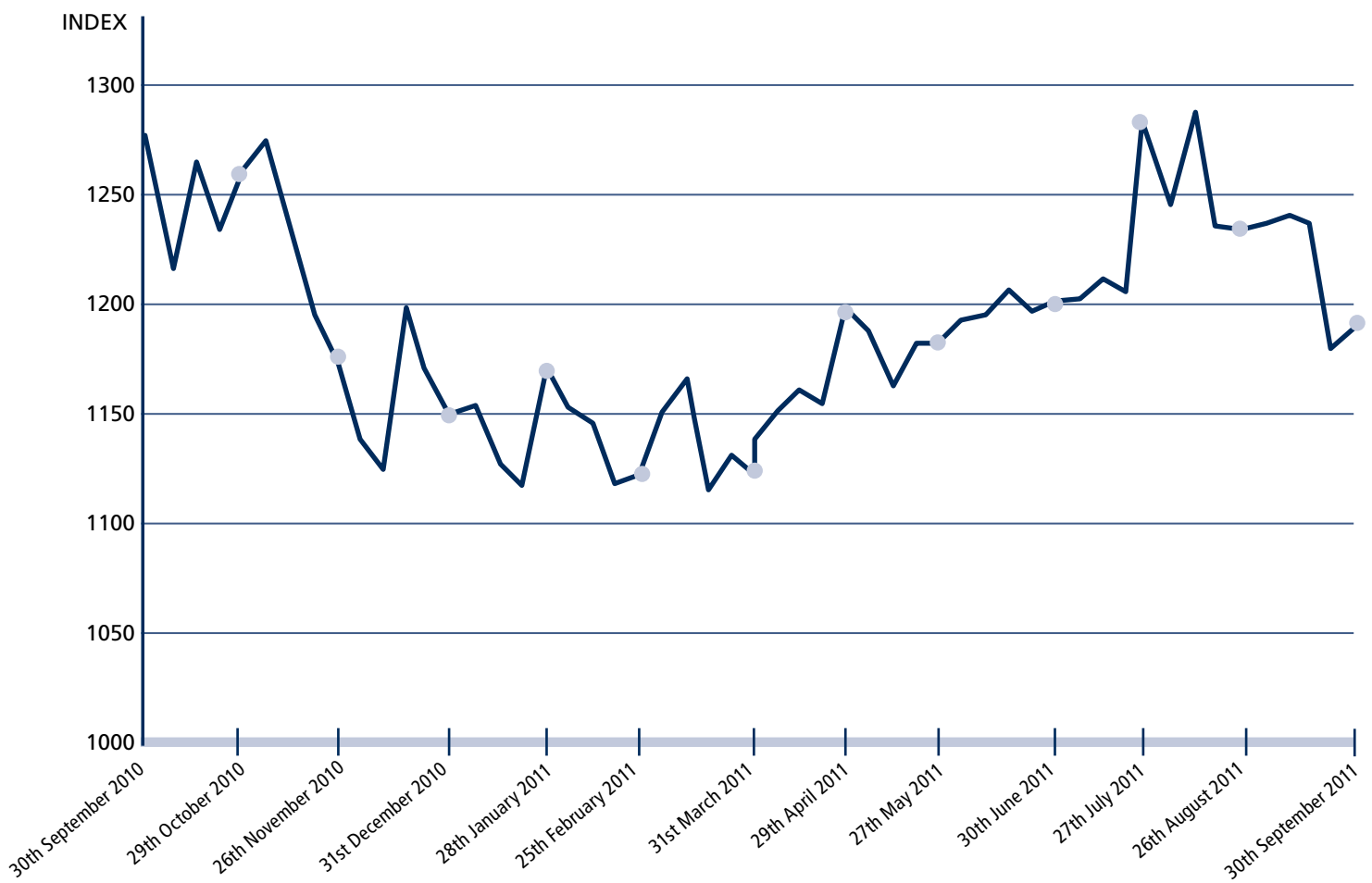
(BD\$ millions)	2011-Q3	2011-Q2	2011-Q1	2010-Q4	2010-Q3	2010-Q2
Total Foreign Currency Assets	18,334	18,606	17,324	17,693	16,616	16,861
Less: Other Assets	220	361	391	428	437	433
Less: Foreign Currency Loans to Residents	847	837	896	1,013	1,052	1,219
Net Foreign Currency Assets	17,267	17,408	16,036	16,251	15,127	15,209
Foreign Currency Liabilities	17,189	17,303	16,128	16,232	15,163	15,749
Add: BD\$ Deposits of Non-Residents	198	200	194	185	192	195
Net Foreign Currency Liabilities	17,387	17,503	16,321	16,418	15,355	15,944
Net Foreign Currency Position (Consolidated)	(120)	(95)	(285)	(166)	(228)	(735)

Totals may not add due to rounding.

Net foreign currency assets declined by 1.5% in the third quarter, but increased by 10.3% when compared to a year earlier. Similarly, net foreign currency liabilities decreased by 0.7% during the quarter, but increased by 13.2% when compared to a year earlier. As a result, the net foreign currency position continues to show a deficit, which increased by \$25 million to \$120 million, up 26.3% during the quarter. However, the deficit decreased by 37.4% (or \$108 million) when compared to a year earlier.

3. BERMUDA STOCK EXCHANGE (BSX)

The total market capitalisation of the BSX as at 30th September 2011 (excluding funds) was \$303 billion, down by \$54.4 billion during the quarter. This decrease in total market capitalisation was primarily due to changes in the trading values of several large international companies. The domestic market capitalisation totaled \$1.66 billion, up by just \$10 million from the previous quarter. Total trading volume in the third quarter was 5,449,904 shares with a corresponding domestic market value of \$15,728,836.



4. BANKING

Total assets within the banking sector declined by 0.9% (or \$228.5 million) when compared to the prior quarter, however, total assets still exceed the levels a year earlier by \$1.8 billion*. The sector's investment book rose by 0.6% (or \$39.5 million) while other assets fell by 13.3% (or \$134.7 million) during the period.

Cash and deposits fell by 8.1% (or \$650.5 million*) while the sector's loan book grew at a rate of 5.9% (or \$517.1 million) during the quarter. The deposit base shrunk by 0.8% (or \$163.1 million) when compared to the prior quarter, though it was ahead by 10.2% (or \$1.9 billion) in comparison to a year earlier.

Shareholders' equity for the sector declined by 2.3% (or \$72.9 million) over the quarter.

Banking Sector Assets and Deposits

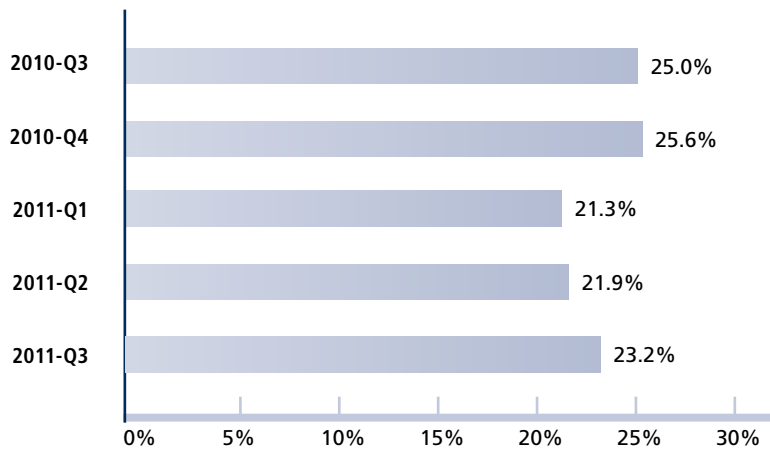
	2011-Q3	2011-Q2	2011-Q1	2010-Q4	2010-Q3	2010-Q2
Total Assets (\$ millions)	24,105	24,334	23,091	23,369	22,275	22,779
Quarterly Change (%)	-0.9%	5.4%	-1.2%	4.9%	-2.2%	1.6%
Total Deposits (\$ millions)	20,531	20,694	19,531	19,631	18,632	19,124
Quarterly Change (%)	-0.8%	6.0%	-0.5%	5.4%	-2.6%	3.6%

*Refer to Combined Balance Sheet of Bermuda Banks and Deposit Companies (consolidated) table.

Regulatory Capital to Risk Weighted Assets

The banking sector's aggregate risk asset ratio improved during the quarter from 21.9% to 23.2%. The corresponding Tier 1 Risk Asset Ratio (RAR) also increased from 23.4% to 25.0%.

The table below shows the movement in the over the last five quarters:



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

(BD\$ millions)	2011-Q3			2011-Q2			2011-Q1		
	Total	BD\$	Other*	Total	BD\$	Other*	Total	BD\$	Other*
Assets									
Cash	74	39	36	90	41	49	85	41	45
Deposits	7,309	26	7,283	7,944	42	7,902	6,660	52	6,608
Investments	6,575	49	6,526	6,535	36	6,499	6,593	36	6,557
Loans & Advances	9,266	5,124	4,143	8,749	5,067	3,682	8,693	5,085	3,608
Premises & Equipment**	528	401	127	524	411	113	549	435	114
Other Assets**	353	133	220	492	131	361	511	120	391
Total Assets	24,105	5,771	18,334	24,334	5,728	18,606	23,091	5,768	17,324
Liabilities									
Demand Deposits	8,648	870	7,779	8,887	875	8,012	8,050	838	7,213
Savings	5,117	1,474	3,644	5,313	1,500	3,813	4,888	1,493	3,395
Time Deposits	6,765	1,170	5,595	6,493	1,193	5,300	6,593	1,249	5,344
Sub Total - Deposits	20,531	3,514	17,017	20,694	3,568	17,125	19,531	3,580	15,951
Other Liabilities	438	266	172	431	253	177	420	244	176
Sub Total - Liabilities	20,969	3,780	17,189	21,124	3,822	17,303	19,951	3,823	16,128
Equity & Subordinated Debt	3,137	2,063	1,073	3,210	2,055	1,155	3,141	2,016	1,125
Total Liabilities and Capital	24,105	5,843	18,262	24,334	5,876	18,458	23,091	5,839	17,252

(BD\$ millions)	2010-Q4			2010-Q3			2010-Q2		
	Total	BD\$	Other*	Total	BD\$	Other*	Total	BD\$	Other*
Assets									
Cash	88	47	41	80	40	39	91	52	38
Deposits	7,202	57	7,145	6,433	53	6,380	6,633	39	6,594
Investments	6,386	37	6,350	6,256	28	6,228	6,240	44	6,196
Loans & Advances	8,631	5,027	3,604	8,423	5,005	3,418	8,730	5,244	3,486
Premises & Equipment**	540	415	125	548	434	113	542	428	114
Other Assets**	522	93	428	536	99	437	544	111	433
Total Assets	23,369	5,676	17,693	22,275	5,659	16,616	22,779	5,919	16,861
Liabilities									
Demand Deposits	8,127	821	7,306	7,279	842	6,437	8,036	857	7,178
Savings	4,813	1,442	3,371	4,792	1,434	3,357	4,580	1,433	3,147
Time Deposits	6,690	1,335	5,355	6,561	1,367	5,194	6,509	1,369	5,140
Sub Total - Deposits	19,631	3,599	16,032	18,632	3,644	14,988	19,124	3,660	15,465
Other Liabilities	547	347	200	432	257	175	534	249	285
Sub Total - Liabilities	20,178	3,946	16,232	19,064	3,901	15,163	19,658	3,909	15,749
Equity & Subordinated Debt	3,191	2,109	1,082	3,211	2,065	1,146	3,121	2,105	1,017
Total Liabilities and Capital	23,369	6,055	17,314	22,275	5,966	16,308	22,779	6,013	16,766

Totals may not add due to rounding.

* Other includes USD and other currencies.

** Premises and Equipment and Other Assets have been restated to reclassify equipment and other fixed assets that were previously recorded under Other Assets.

5. INVESTMENT FUNDS

The net asset value as at the end of Q3 was \$160.44 billion, a decrease of 5.82% from the \$170.36 billion figure recorded at the end of Q2.

In line with global trends, there was a broad-based decline in assets resulting from Q3 performance returns and net capital outflows. The total number of funds was flat despite the negative environment, with 14 newly registered funds being processed during the quarter.

	2011-Q3	2011-Q2	2011-Q1	2010-Q4	2010-Q3	2010-Q2
Mutual Funds	613	616	650	657	656	661
Umbrella Funds	47	47	49	58	59	64
Sub-Funds	119	117	118	142	157	172
Segregated Account Companies	68	69	70	76	78	79
Segregated Accounts	209	212	245	248	215	229
Total	1,056	1,061	1,132	1,181	1,165	1,205
Unit Trusts	39	40	41	40	43	39
Umbrella Trusts	95	87	74	69	102	101
Sub-Trusts	155	154	150	150	166	175
Total	289	281	265	259	311	315
Total Portfolios	1,345	1,342	1,397	1,440	1,476	1,520
Total Number of Funds	862	859	884	900	938	944
Total Net Asset Value (In billions)	\$160.44	\$170.36	\$171.97	\$178.44	\$175.59	\$180.35

Note: The calculation of the Bermuda net asset value data has been revised and restated for 2010.

6. INSURANCE

During the third quarter of 2011, 11 new insurers and intermediaries were registered in the Bermuda market. This compares to seven registrations for the same period the previous year.

Insurance Company Registration Statistics¹

	2011-Q3	2011-Q2	2011-Q1	2010-Q4	2010-Q3	2010-Q2
Class 1	0	5	0	3	0	1
Class 2	2	0	0	1	0	2
Class 3	1	3	2	0	2	0
Class 3A	0	4	1	1	0	0
Class 3B	0	0	0	1	0	0
Class 4	0	0	0	2	0	0
Long-Term	1	0	1	0	2	3
SPI	4	8	2	3	0	3
Dual Licence	0	0	1	0	0	0
Intermediaries	3	2	1	2	3	2
Total Additions	11	22	8	13	7	11

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.
- SPI A special purpose, single transaction or single customer insurance company which assumes (re)insurance risks, and which typically fully funds its exposure to such risks through the proceeds of a debt issuance or some other financing mechanism, where the repayment rights of the providers of such debt or other financing mechanism are subordinated to the (re)insurance obligations of that vehicle.
- Dual Licence Insurers writing a combination of long-term (or life) business and Class 1, 2, 3, 3A, 3B or 4 business.
- Intermediaries Insurance managers, insurance brokers, insurance agents and insurance salesmen, as defined in Section 10 of the Insurance Act 1978.

¹ Effective Q1 2010, the presentation of this statistical data has been revised to provide details of those companies added to the Insurance Register during each quarter, i.e. those that have been granted an insurance licence by the Bermuda Monetary Authority. Previously, statistics for company incorporations were provided in this publication. Company incorporations are completed by the Bermuda Registrar of Companies (ROC) office; statistics on insurance company incorporations will now be available from the ROC.

7. COMPANY AUTHORISATIONS

Companies, Partnerships and Permits Statistics - Applications Approved

	2011-Q3	2011-Q2	2011-Q1	2010-Q4	2010-Q3	2010-Q2
Exempted Companies (Bermuda companies exempted from the 60% Bermudian ownership requirement)	238	236	226	256	188	183
Exempted Partnerships (partnerships established in Bermuda to carry on business in or from within Bermuda)	12	14	15	24	5	18
Overseas Partnerships (overseas partnerships applying for permits to carry on business in or from within Bermuda)	5	1	1	2	1	1
Overseas Permit Companies (overseas companies applying for permits to carry on business in or from within Bermuda)	4	6	2	15	7	7
Unit Trusts	6	15	5	2	6	8
Total Applications Approved*	265	272	249	299	207	217

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

The statistics shown above reflect the number of applications that have received vetting clearance from the Bermuda Monetary Authority. These figures do not reflect the actual number of entities incorporated in Bermuda during the period. Such statistics can be obtained from the Registrar of Companies.

BERMUDA MONETARY AUTHORITY

BMA House ■ 43 Victoria Street ■ Hamilton HM 12 Bermuda
P.O. Box HM 2447 ■ Hamilton HM JX Bermuda
tel: (441) 295 5278 ■ fax: (441) 292 7471
email: enquiries@bma.bm ■ website: www.bma.bm

