

The following provides an overview of key policy and legislative initiatives the Authority has undertaken to enhance its solvency and disclosure regulations for insurance. The changes will help to ensure that Bermuda achieves equivalence, or mutual recognition status, under Europe's Solvency II Directive.

	2005	2007	2008	2009	2010
PILLAR 1 - Quantitative Solvency					
A. Minimum Solvency Requirements					
- In place since 1995					
B. Risk-Based Solvency Requirements					
- Primary legislation for Bermuda Solvency Capital Requirements (BSCR) adopted July 2008			◆ (July)		
- Secondary legislation for BSCR due to be published for consultation August 2008			◆ (August)		
- BSCR in force for end 2008 filing			◆		
- Trial BSCR filed in April 2007		◆ (April)			
C. Internal Models-Based Approach					
- Primary legislation permitting internal models adopted July 2008			◆ (July)		
- BMA survey of internal model practices August 2008: results to be published in November 2008			◆ (August)		
- Application standards for internal models to be published Q1 2009				◆ (Q1)	
- Use of internal models permitted for end 2009 filings				◆	
D. Definition of Eligible Capital					
- Consultation paper planned in 2009				◆	
PILLAR 2 - Qualitative Review					
A. On-site Supervision					
- In place since 2005	◆				
B. Capital Add-ons					
- Primary legislation granting BMA power to set capital add-ons adopted in July 2008			◆ (July)		
C. Risk Management Standards					
- Code of Conduct setting risk management standards to be published for consultation in Q2 2009				◆ (Q2)	
D. Own Solvency Risk Assessment (ORSA)					
- Consultation planned in Q2 2009				◆ (Q2)	
- ORSA required under secondary legislation scheduled for end 2009 filing				◆	
PILLAR 3 - Disclosure and Transparency					
A. Financial Disclosure					
- GAAP disclosures required under primary legislation passed in July 2008			◆ (July)		
B. Risk Disclosure					
- BMA-industry Task Force working on risk metric disclosures for consultation in Q1 2009				◆ (Q1)	
Group Supervision					
- Group risks currently assessed through on-site programme adopted 2005	◆				
- BMA hosting supervisory colleges in November 2008			◆ (November)		
- Discussion Paper on Group Supervision scheduled for Q1 2009				◆ (Q1)	
- Consultation Paper on Group Supervision scheduled for Q1 2010					◆ (Q1)
- Implementation of Group Supervision scheduled for Q4 2010					◆ (Q4)

In line with Bermuda's risk-based regulatory approach, these changes are initially being applied to high impact Class 4 (re)insurers, i.e. companies capitalised at a minimum of \$100 million and underwriting direct excess liability and/or property catastrophe reinsurance risk. These enhanced solvency and disclosure regulations will be extended to Class 3B (companies whose percentage of unrelated business exceeds \$50,000,000 and is over 50% of net premiums written and/or net loss and loss expense provisions) and Long-term insurers (those writing life business) prior to the implementation of Solvency II.