



BERMUDA

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS 3A SOLVENCY
REQUIREMENT) AMENDMENT (No.2) RULES 2019**

BR / 2019

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INSURANCE (PRUDENTIAL STANDARDS) (CLASS 3A SOLVENCY REQUIREMENT) AMENDMENT (No.2) RULES 2019

The Bermuda Monetary Authority, in exercise of the power conferred by section 6A of the Insurance Act 1978, makes the following Rules:

Citation

1 These Rules may be cited as the Insurance (Prudential Standards) (Class 3A Solvency Requirement) Amendment (No. 2) Rules 2019.

Amends Schedule II

2 The principal Rules is amended in the “INSTRUCTIONS AFFECTING SCHEDULE II” by—

(a) revoking and replacing paragraph (d) as follows—

“(d) A list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;”

(b) deleting the BSCR Ratings Schedule after paragraph “(j)”.

Amends Schedule IIA

3 The principal Rules is amended in the “INSTRUCTIONS AFFECTING SCHEDULE IIA” by—

(a) revoking and replacing paragraph (e) as follows—

“(e) A list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;”;

(b) deleting the BSCR Ratings Schedule after paragraph “(l)”.

Amends Schedule IIB

4 The principal Rules are amended in the “INSTRUCTIONS AFFECTING SCHEDULE IIB” by—

(a) revoking and replacing paragraph (d) as follows—

“(d) A list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;”;

(b) revoking paragraph “(p)”.

Amends Schedule IIC

5 The principal Rules are amended in the “INSTRUCTIONS AFFECTING SCHEDULE IIC” by—

(a) revoking and replacing paragraph (e) as follows—

“(e) A list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;”;

(b) revoking paragraph “(q)”.

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Amends Schedule IID

6 The principal Rules are amended in the “INSTRUCTIONS AFFECTING SCHEDULE IID” by—

(a) revoking and replacing paragraph (e) as follows—

“(e) A list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;”;

(b) revoking paragraph “(q)”.

Amends Schedule IIE

7 The principal Rules are amended in the “INSTRUCTIONS AFFECTING SCHEDULE IIE” by—

(a) revoking and replacing paragraph (e) as follows—

“(e) A list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;”;

(b) revoking paragraph “(q)”.

Amends Schedule IIF

8 The principal Rules are amended in the “INSTRUCTIONS AFFECTING SCHEDULE IIF” by—

(a) revoking and replacing paragraph (e) as follows—

“(e) A list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;”;

(b) revoking paragraph “(q)”.

Amends Schedule XVIII

9 The principal Rules are amended in Schedule XVIII in the “INSTRUCTIONS AFFECTING SCHEDULE XVIII” in paragraph (a) (ix), by deleting the BSCR Ratings Chart after paragraph (E).

Amends Schedule XIX

10 The principal Rules are amended in Schedule XIX in the “INSTRUCTIONS AFFECTING SCHEDULE XIX” by—

(a) revoking and replacing paragraph “(vi)” as follows—;

“(vi) A list of credit ratings agencies and the manner in which short term ratings issued by such agencies must be applied, shall be prescribed by the Authority and applied in determining the appropriate BSCR rating for cash and cash equivalent balances. Where the Authority prescribes long-term ratings, such ratings may be alternately applied”;

(b) deleting the BSCR Ratings Table after paragraph (vii).

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Amends Schedule XIXA

11 The principal Rules are amended in Schedule XIXA in the “INSTRUCTIONS AFFECTING SCHEDULE XIXA” by—

(a) revoking and replacing paragraph “(vi)” as follows—;

“(vi) A list of credit ratings agencies and the manner in which short term ratings issued by such agencies must be applied, shall be prescribed by the Authority and applied in determining the appropriate BSCR rating for cash and cash equivalent balances. Where the Authority prescribes long-term ratings, such ratings may be alternately applied;”;

(b) deleting the BSCR Ratings Table after paragraph (vii).

Commencement

12 These Rules come into operation on 1 January 2020 and apply to financial years commencing on or after 1 January 2019.

The Schedules referred to in paragraph 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 have been omitted from these Rules and published on the Authority’s website www.bma.bm in accordance with section 6A(8) of the Insurance Act 1978.

Made this day of 2019

By the:
Executive Chairman
Jeremy Cox on behalf of
The Bermuda Monetary Authority