



1 July 2019

NOTICE

2019 Amendments – Alternative Capital Schedule

The Bermuda Monetary Authority (BMA or the Authority) proposes to amend the relevant Rules and Regulations governing the annual filing requirements for insurers¹ of all general business Classes funded by alternative capital arrangements to prepare and submit an Alternative Capital Schedule (the Schedule).

The proposed amendments do not represent a fundamental change in the filing requirements for these insurers. The Schedule has been in use and submitted to the Authority by these insurers for the past two financial years since the publication of the 'Notice: Alternative Capital Schedule Filing Requirement' in January 2018.

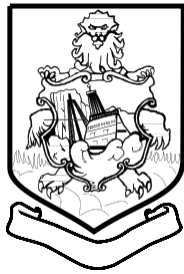
The proposed amendments have taken the original requirements from that Notice into consideration and have been updated to reflect external feedback received from the last two years' Schedule submissions.

The Schedule collects essential alternative risk transfer data to assist the Authority in maintaining a prudent supervisory regime for this rapidly growing sector. In addition, the information provides the Authority with the ability to produce valuable aggregate statistics for publication as the Authority did with the publication of the *BMA Alternative Capital Report 2018*. Publishing such information promotes transparency, and further enhances the Authority's and Bermuda's credibility with key stakeholders.

Comments on the attached amendments are invited by 29 August 2019 and should be sent to riskanalytics@bma.bm.

The Authority proposes for the amendments to become effective from 2019 year-end filings and beyond.

¹ For the purposes of this Notice "insurer" includes "reinsurer" unless otherwise specified.



BERMUDA

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

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- 3 Amends Schedule V
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- 5 Commencement

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

Amends Paragraph 6

2 The principal Rules is amended in paragraph 6 in—

- (a) subparagraph (1) by deleting the words “and XXIII” and substituting the words “XXIII and XXIV”;
- (b) subparagraph (2) by deleting the words “and XXIII” and substituting the words “XXIII and XXIV”;
- (c) subparagraph (2A)(a) by deleting the words “and a printed version”;
- (d) subparagraph (2A)(b) by deleting the words “and XXIII” and substituting the words “XXIII and XXIV”;
- (e) by revoking subparagraph (2A)(c).

Amends Schedule V

3 The principal Rules are amended in Schedule V—

(a) by inserting after paragraph “(x)” a new paragraph “(y)” as follows—

“(y) details of alternative capital arrangements.”;

(b) in the “INSTRUCTIONS AFFECTING SCHEDULE V” by inserting the following new paragraph after paragraph “(x)” –

“(y) an insurer funded by alternative capital arrangements shall provide the following information in relation to all contracts of insurance entered into by it as of the last date of filing of this Rule:

- (i) name of the insured;
 - (ii) (re)insurance contract reference number;
 - (iii) type of (re)insurance coverage written;
 - (iv) statutory line of business written;
 - (v) location of exposure covered;
 - (vi) aggregate maximum limit as at inception date of contract of insurance;
 - (vii) net aggregate maximum limit as at the end of the insurer’s financial year;
 - (viii) inception date of coverage period;
 - (ix) effective date of contract;
 - (x) expiry date of cover period;
 - (xi) gross premium written for the cover period;
 - (xii) net premium written for the cover period;
 - (xiii) attachment point;
 - (xiv) aggregate losses outstanding at the beginning of the insurer’s financial year;
 - (xv) aggregate losses incurred during the insurer’s financial year;
 - (xvi) aggregate losses outstanding at the end of the insurer’s financial year;
 - (xvii) reserved buffer collateral;
 - (xviii) currency of exposure;
 - (xix) nature of collateral;
-

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

- (xx) average collateral rating;
 - (xxi) amount of collateral at the end of the insurer's financial year; and
 - (xxii) provide any additional comments to assist the Authority in understanding any of the information provided re sub-paragraphs (i) through (xxii).
- (z) for the purposes of paragraph (y),—

“Alternative capital”, means capital provided by an alternative capital provider for the purposes of collateralizing an insurer against contract of insurance losses;

“Alternative capital provider”, means a person providing capital to an insurer which the person has no ownership in.”.

Inserts Schedule XXIV

4 The principal Rules are amended by inserting after Schedule XXIII, a new Schedule XXIV entitled “Compliance with Sanctions”.

Commencement

5 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 3 and 4 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

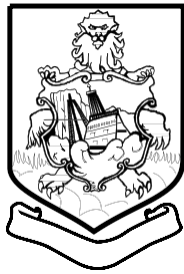
INSURANCE (PRUDENTIAL STANDARDS) (CLASS 3A SOLVENCY REQUIREMENT) AMENDMENT (No.3) RULES 2019

Schedule XXIV - Compliance with Sanctions

- (a) Every insurer shall provide the following information in relation to management of sanctions processes and policies:
- (i) whether the insurer screens policyholders and beneficiaries of insurance policies (where relevant) to determine whether they are subject to measures imposed under the International Sanctions Act 2003 and related regulations (“Bermuda sanctions regime”);
 - (ii) whether the insurer screens employees to determine whether they are subject to measures imposed under the Bermuda sanctions regime;
 - (iii) whether it has frozen any client assets in the last 12 months (from the initial date of filing and then every 12 months thereafter), pursuant to enforcement action taken under the Bermuda sanctions regime;
 - (iv) if the answer to the query in paragraph (c) is in the affirmative, the insurer shall state how many asset freezes there have been;
- (b) the insurer shall provide the following details for asset freezes in accordance with the Bermuda Sanctions Regime:

	Group ID Name	Name of the designated person as given on the consolidated list	Name of the person/entity if owned/controlled by a designated person	Value of Assets
1				
2				
3				
4				

- (c) the insurer shall include any additional information or comments which it is of the view is relevant to its obligations under the Bermuda Sanctions Regime.



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**INSURANCE (PRUDENTIAL STANDARDS) (CLASS 4 AND CLASS 3B SOLVENCY
REQUIREMENT) AMENDMENT (No.3) RULES 2019**

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- 1 Citation
- 2 Amends Paragraph 6
- 3 Amends Schedule V
- 4 Inserts Schedule XXIV
- 5 Commencement

INSURANCE (PRUDENTIAL STANDARDS) (CLASS 4 AND CLASS 3B SOLVENCY REQUIREMENT) AMENDMENT (No.3) 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 4 and Class 3B Solvency Requirement) Amendment (No. 3) Rules 2019.

Amends Paragraph 6

2 The principal Rules is amended in paragraph 6 in—

- (a) subparagraph (1) by deleting the words “and XXIII” and substituting the words “XXIII and XXIV”;
- (b) subparagraph (2) by deleting the words “and XXIII” and substituting the words “XXIII and XXIV”;
- (c) subparagraph (2A)(a) by deleting the words “and a printed version”;
- (d) subparagraph (2A)(b) by deleting the words “and XXIII” and substituting the words “XXIII and XXIV”;
- (e) by revoking subparagraph (2A)(c).

Amends Schedule V

3 The principal Rules are amended in Schedule V—

- (a) by inserting after paragraph “(x)” new paragraphs “(y)” and “(z)” as follows—
 - “(y) details of alternative capital arrangements.”;
- (b) in the “INSTRUCTIONS AFFECTING SCHEDULE V” by inserting the following new paragraph after paragraph “(x)” —
 - “(y) an insurer funded by alternative capital arrangements shall provide the following information in relation to all contracts of insurance entered into by it as of the last date of filing of this Rule:
 - (i) name of the insured;
 - (ii) (re)insurance contract reference number;
 - (iii) type of (re)insurance coverage written;
 - (iv) statutory line of business written;
 - (v) location of exposure covered;
 - (vi) aggregate maximum limit as at inception date of contract of insurance;
 - (vii) net aggregate maximum limit as at the end of the insurer’s financial year;
 - (viii) inception date of coverage period;
 - (ix) effective date of contract;
 - (x) expiry date of cover period;
 - (xi) gross premium written for the cover period;
 - (xii) net premium written for the cover period;
 - (xiii) attachment point;
 - (xiv) aggregate losses outstanding at the beginning of the insurer’s financial year;
 - (xv) aggregate losses incurred during the insurer’s financial year;
 - (xvi) aggregate losses outstanding at the end of the insurer’s financial year;
 - (xvii) reserved buffer collateral;
 - (xviii) currency of exposure;
 - (xix) nature of collateral;

INSURANCE (PRUDENTIAL STANDARDS) (CLASS 4 AND CLASS 3B SOLVENCY REQUIREMENT) AMENDMENT (No.3) RULES 2019

- (xx) average collateral rating;
- (xxi) amount of collateral at the end of the insurer's financial year;
- (xxii) provide any additional comments to assist the Authority in understanding any of the information provided re sub-paragraphs (i) through (xxii).

(z) for the purposes of paragraph (y),—

“Alternative capital”, means capital provided by an alternative capital provider for the purposes of collateralizing an insurer against contract of insurance losses;

“Alternative capital provider”, means a person providing capital to an insurer which the person has no ownership in.”.

Inserts Schedule XXIV

4 The principal Rules are amended by inserting after Schedule XXIII, a new Schedule XXIV entitled “Compliance with Sanctions”.

Commencement

5 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 paragraphs 3 and 4 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

INSURANCE (PRUDENTIAL STANDARDS) (CLASS 4 AND CLASS 3B SOLVENCY REQUIREMENT) AMENDMENT (No.3) RULES 2019

Schedule XXIV - Compliance with Sanctions

- (a) Every insurer shall provide the following information in relation to management of sanctions processes and policies:
- (i) whether the insurer screens policyholders and beneficiaries of insurance policies (where relevant) to determine whether they are subject to measures imposed under the International Sanctions Act 2003 and related regulations (“Bermuda sanctions regime”);
 - (ii) whether the insurer screens employees to determine whether they are subject to measures imposed under the Bermuda sanctions regime;
 - (iii) whether it has frozen any client assets in the last 12 months (from the initial date of filing and then every 12 months thereafter), pursuant to enforcement action taken under the Bermuda sanctions regime;
 - (iv) if the answer to the query in paragraph (c) is in the affirmative, the insurer shall state how many asset freezes there have been;
- (b) the insurer shall provide the following details for asset freezes in accordance with the Bermuda Sanctions Regime:

	Group ID Name	Name of the designated person as given on the consolidated list	Name of the person/entity if owned/controlled by a designated person	Value of Assets
1				
2				
3				
4				

- (c) the insurer shall include any additional information or comments which it is of the view is relevant to its obligations under the Bermuda Sanctions Regime.

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INSURANCE RETURNS AND SOLVENCY AMENDMENT REGULATIONS 2019

BR / 2019

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- 1 Citation
- 2 Inserts regulation 14N
- 3 Commencement

The Minister of Finance, in exercise of the powers conferred upon him by section 53 of the Insurance Act 1978, makes the following Regulations—

Citation

1 These Regulations, which amend the Insurance Returns and Solvency Regulations 1980 (“principal Regulations”), may be cited as the Insurance Returns and Solvency Amendment Regulations 2019.

Inserts regulation 14N

2 The principal Regulations are amended by inserting a new regulation “14N” after regulation 14M as follows—

“Schedule of Alternative Capital Arrangements

14N (1) An insurer funded by alternative capital arrangements shall provide the following information in relation to all contracts of insurance entered into by it and in force as of the last date of filing of this Rule:

- (i) name of the insured;
- (ii) (re)insurance contract reference number;
- (iii) type of (re)insurance coverage written;
- (iv) statutory line of business written;
- (v) location of exposure covered;
- (vi) aggregate maximum limit as at inception date of contract of insurance;
- (vii) net aggregate maximum limit as at the end of the insurer’s financial year;

- (viii) inception date of coverage period;
- (ix) effective date of contract;
- (x) expiry date of cover period;
- (xi) gross premium written for the cover period;
- (xii) net premium written for the cover period;
- (xiii) attachment point;
- (xiv) aggregate losses outstanding at the beginning of the insurer's financial year;
- (xv) aggregate losses incurred during the insurer's financial year;
- (xvi) aggregate losses outstanding at the end of the insurer's financial year;
- (xvii) reserved buffer collateral;
- (xviii) currency of exposure;
- (xix) nature of collateral;
- (xx) average collateral rating;
- (xxi) amount of collateral at the end of the insurer's financial year; and
- (xxii) provide any additional comments to assist the Authority in understanding any of the information provided re sub-paragraphs (i) through (xxii).

(2) In this regulation—

“Alternative capital”, means capital provided by an alternative capital provider for the purposes of collateralizing an insurer against contract of insurance losses;

“Alternative capital provider”, means a person providing capital to an insurer which the person has no ownership in.”.

Commencement

3 These Regulations shall come into operation on 31 December 2019.

Minister of Finance