



8 September 2023

NOTICE

Consultation Paper – Proposed Enhancements to the Regulatory Regime for Commercial Insurers: Revised Draft Rules and Guidance Notes

The Bermuda Monetary Authority (Authority or BMA) strives to ensure that the cornerstones of the Bermuda regulatory regime continue to be sound, serving the double goal of protecting policyholders and contributing to financial stability. The Authority thanks its stakeholders for their continued engagement and support to enhance the regulatory framework.

On 8 December 2022, the Authority published a Notice informing stakeholders about upcoming targeted enhancements to Bermuda’s regulatory regime for commercial insurers that was primarily focused on long-term insurers. Accordingly, on 24 February 2023, the Authority published a consultation paper: *Proposed Enhancements to the Regulatory Regime and Fees for Long-term Commercial Insurers* (CP1). The Authority’s assessment of the feedback received from stakeholders, along with its continuous efforts to enhance the regulatory regime, resulted in the publication of a second version of the consultation paper (CP2) on 28 July 2023, requesting feedback from stakeholders to be submitted no later than 15 September 2023.

An important aspect of the CP2 is the revision of insurance rules (*Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011*) and guidance notes to transpose the changes proposed in the CP2 into the insurance rules and guidance to regulate the activities of insurers. These rules and guidance have now been published on the BMA website for consultation ([Open Discussion/Consultation Papers - BMA](#)). Specifically, the publication reflects

- Updated insurance group rules relating to
 - Bermuda solvency capital requirement (BSCR) changes proposed in CP2
 - Changes to Section 6D of the Insurance Act framework in CP2
 - Changes to the technical provisions proposed in CP2 (for the scenario-based approach and risk margin)
 - Moving the Authority’s requirements on technical provisions from its current location in the guidance notes into insurance rules
- Inclusion of section 6D guidance to provide further clarity on how to apply the section 6D

rules based on the proposals in CP2

- Revised economic balance sheet guidance (*Guidance Notes for Commercial Insurers and Groups Statutory Reporting Regime*) to account for aspects of technical provisions rules that have been moved into rules as well as guidance to provide further clarity on how to apply these rules based on the proposals in CP2.

The draft rules and guidance notes that have been published relate to insurance groups only, which (for the purpose of this stakeholder consultation) adequately capture all the proposed changes in CP2. The Authority will publish the remaining set of rules for each applicable commercial insurer class in due course.

The Authority invites stakeholders to provide comments on the draft rules and guidance notes to riskanalytics@bma.bm no later than 29 September 2023.