



BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (CLASS 4 AND CLASS 3B  
SOLVENCY REQUIREMENT) AMENDMENT RULES 2018

BR 70 / 2018

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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, which amend the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Rules 2008 (the “principal Rules”), may be cited as the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Amendment Rules 2018.

Amends paragraph 6

2 Paragraph 6 of the principal Rules is amended—

(a) in subparagraph (1) by—

(i) deleting “II, IIA, III, IIIA, IV, IVC, V, VI, IX, X, XI, XII, XIV, XV, XVI, XVII, XVIII, XIX, XX and XXI”; and

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- (ii) substituting "II, IIA, IIB, IIC, IID, IIE, IIF, III, IIIA, IV, IVC, IVD, IVE, V, VI, IX, X, XI, XII, XIV, XV, XVI, XVII, XVIII, XIX, XIXA, XX, XXA, XXI, XXIA and XXIII";
- (b) in subparagraph (2) by—
  - (i) deleting "I, II, IIA, III, IIIA, IV, IVC, V, VI, IX, X, XI, XII, XIV, XV, XVI, XVII, XVIII, XIX and XX"; and
  - (ii) substituting "I, II, IIA, IIB, IIC, IID, IIE, IIF, III, IIIA, IV, IVC, IVD, IVE, V, VI, IX, X, XI, XII, XIV, XV, XVI, XVII, XVIII, XIX, XIXA, XX, XXA, XXI, XXIA and XXIII";
- (c) in subparagraph (2A)(b) by—
  - (i) deleting "II, IIA, III, IIIA, IV, IVC, V, VI, IX, X, XI, XII, XVI, XVII, XVIII, XIX, XX and XXI"; and
  - (ii) substituting "II, IIA, IIB, IIC, IID, IIE, IIF, III, IIIA, IV, IVC, IVD, IVE, V, VI, IX, X, XI, XII, XIV, XV, XVI, XVII, XVIII, XIX, XIXA, XX, XXA, XXI, XXIA and XXIII".

Amends Schedule I

3 (1) Schedule I to the principal Rules is amended in the manner set out in Schedule A to these Rules.

(2) Schedule A to these Rules is published separately on the Authority's website ([www.bma.bm](http://www.bma.bm)) in accordance with section 6A(8) of the principal Act.

Inserts Schedules IIB, IIC, IID, IIE, IIF, IVD, IVE, XIXA, XXA, XXIA, XXIII

4 (1) The principal Rules are amended by inserting the following after Schedule IIA—

- (a) Schedule IIB - Schedule of Fixed Income and Equity Investments by BSCR Rating;
- (b) Schedule IIC - Schedule of Funds Held by Ceding Insurers and Funds Held Under Retrocession by BSCR Rating;
- (c) Schedule IID - Schedule of Segregated Account Companies Assets and Liabilities by BSCR Rating;
- (d) Schedule IIE - Schedule of Deposit Assets and Liabilities by BSCR Rating;
- (e) Schedule IIF - Schedule of Other Sundry Assets and Liabilities by BSCR Rating.

(2) The principal Rules are amended by inserting the following after Schedule IVC—

- (a) Schedule IVD - Schedule of Consolidated Premium Exposure Measure by Line of Business of General Business;

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(b) Schedule IVE - Schedule of Geographic Diversification of Net Premium Exposure Measure on a Consolidated Basis.

(3) The principal Rules are amended by inserting "Schedule XIXA - Schedule of Risk Management - Cash and Cash Equivalents Counterparty Analysis" after Schedule XIX.

(4) The principal Rules are amended by inserting "Schedule XXA - Schedule of Currency Risk" after Schedule XX.

(5) The principal Rules are amended by inserting the following after Schedule XXI—

(a) Schedule XXIA - Schedule of Concentration Risk;

(b) Schedule XXIII - Schedule of Interest Rate Sensitive Assets and Liabilities.

(6) The Schedules inserted under subparagraphs (1) to (5) are published separately on the Authority's website ([www.bma.bm](http://www.bma.bm)) in accordance with section 6A(8) of the principal Act.

#### Transitional

5 (1) For the purposes of filing the capital and solvency return under paragraph 6 of the principal Rules, every Class 4 and Class 3B insurer, when calculating the BSCR formula under paragraph 1 of Schedule I to the principal Rules during the applicable transitional period, shall file in its capital and solvency return the relevant percentage required in accordance with the *Transitional Factor* calculation set out under the BSCR formula.

(2) The amounts calculated in accordance with subparagraph (1) shall be considered by the Authority as the applicable *ECR* of a Class 4 and Class 3B insurer, for the purposes of these Rules during the applicable transitional period, if an internal capital model has not been approved by the Authority for such purposes in accordance with paragraph 3(1)(b) of the principal Rules.

(3) In this paragraph, "applicable transitional period" means the time periods set out under paragraphs (a), (b) and (c) of the *Transitional Factor* calculation in paragraph 1 of Schedule I to the principal Rules.

#### Commencement

6 These Rules come into operation on 1 January 2019.

Made this 12th day of July 2018

Chairman  
The Bermuda Monetary Authority

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REQUIREMENT) AMENDMENT RULES 2018

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[Operative Date: 01 January 2019]