

INSURANCE GROUPS – FILING REQUIREMENTS FOR THE 2023 FINANCIAL YEAR-END

Filing requirements for the 2023 financial year-end for Insurance Groups

	ITEM	REFERENCES	DETAILS
1	Group Statutory Financial Return (SFR)	<ul style="list-style-type: none"> a. Section 27F of the Insurance Act 1978 (Act) b. Sections 24 and 25 of the Insurance (Group Supervision) Rules 2011 	<p>A designated insurer must submit a group statutory financial return in respect of the insurance group of which it is a member for each financial year within five months after the end of the financial year or such longer period, not exceeding eight months, as the Authority may allow.</p> <p>The Group SFR includes:</p> <ul style="list-style-type: none"> a. Cover Sheet b. Insurance Group Solvency Certificate c. Statutory financial statements Forms 1, 2 and 8 d. Particulars of ceded reinsurance comprising of the top ten unaffiliated reinsurers for which the group has the highest recoverable balances and any reinsurer with recoverable balances exceeding 15% of the insurance group’s statutory capital and surplus e. Adjustments applied to the group’s statutory financial statements to produce the economic balance sheet (i.e. a reconciliation) f. List of non-insurance financial regulated entities owned by the group g. Particulars of qualifying members as defined within the Rules <p>A designated insurer must file with the Authority statutory financial statements in every financial year within five months after the end of the financial year or such longer period, not exceeding eight months, as the Authority may allow.</p>
2	Group Capital and Solvency Return (CSR)	<ul style="list-style-type: none"> a. Section 27F of the Act b. Insurance (Group Supervision) Rules 2011 c. Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 d. Guidance Note Actuary’s Opinion on EBS Technical Provisions – December 2017 	<p>The Group CSR includes the Group BSCR and associated Schedules, plus any supporting attachments (or where applicable, an approved internal capital model), specifically:</p> <ul style="list-style-type: none"> a. Group Capital and Solvency Return Declaration b. BSCR Schedules - Form 1EBS and Schedules II to VIII and XVIII to XXI c. Group Solvency Self-Assessment (GSSA) – Schedule IX d. Catastrophe Risk Return – Schedule X e. Group Schedules – Schedule XI f. Group Minimum Margin of Solvency – Schedule XII g. Group Eligible Capital – Schedule XIII h. Commercial Insurer Risk Assessment (Operational Risk) i. Financial Condition Report (FCR) j. Opinion of the Group Actuary (on the EBS Technical Provisions)

			<p>NOTES:</p> <ol style="list-style-type: none"> 1. The Group CSR is to be reported in United States Dollar only. 2. The Group CSR should be filed within 5 months after the end of the financial year or such longer period, not exceeding 8 months, as the Authority may determine on the application of the insurance group. 3. Declaration of the Group CSR should be signed by two directors (one of which may be the chief executive) and <u>either</u> the chief risk officer or chief financial officer of the parent company. 4. The FCR of the Group should be signed by the i) chief executive of the parent company and any ii) chief risk officer or chief financial officer of the parent company. <u>The FCR is to be published on the insurance group’s website within 14 days of the date the report was filed with the Authority.</u> If an insurance group does not have a website, it is to furnish to the public a copy of its latest financial condition reporting within 10 days of receipt of a request made in writing. 5. Both an electronic version and a printed copy of the Group CSR must be submitted which will include the SFR Forms. For an insurer to submit an electronic version only, the Authority will require insurers to submit via the “submit” macro embedded within the BSCR model. To ensure this is working properly, we encourage an insurer’s information technology (IT) department to work with the Authority on the submit functionality prior the submission deadline.
3	Updated CSR Calculation for 2019 Year-End	a. Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011	<p>NOTES:</p> <p>For the 2023 year-end, insurance groups are required to complete the BSCR based on both the 2018 year-end methodology and the revised 2019 year-end CSR calculation (both methodologies are included in the latest release of the BSCR model) If an insurance group wishes to determine their capital charge based on the revised methodology only, insurers are required to apply for permission via email request to RiskAnalytics@bma.bm.</p>
4	Audited Group Financial Statements	a. Section 23 of the Insurance (Group Supervision) Rules 2011	<p>Every insurance group must prepare in each financial year consolidated financial statements (including notes to the financial statements) of the parent company of the group.</p> <p>Such financial statements shall be prepared in accordance with any one of the following standards or principles—</p> <ol style="list-style-type: none"> a. International Financial Reporting Standards (IFRS); b. Generally accepted accounting principles (GAAP) that apply in Bermuda, Canada, the United Kingdom or the United States of America; or c. Such other GAAP as the Authority may recognise. <p>The group financial statements of an insurance group must be audited annually by the group’s approved auditor.</p> <p>A designated insurer must within five months after the end of the financial year or such longer period not exceeding eight months - as the Authority may allow after the end of each financial year - file with the Authority audited group financial statements in respect of the business of the group of which it is a member.</p>

			The Authority must publish in such manner as it considers appropriate a copy of every audited financial statement filed with it under subparagraph (9) together with the notes to those statements and the auditor's report.
5	Quarterly Financial Return	a. Section 8 of the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 (and subsequent amendment Rules)	<p>Every insurance group shall prepare and file quarterly financial returns to the Authority on or before the last day in the months of May, August and November of every year.</p> <p>An insurance group's quarterly financial return shall comprise the following –</p> <ul style="list-style-type: none"> a. Quarterly unaudited (consolidated) group financial statements in respect of its business for each financial quarter (must not reflect a financial position that exceeds two months) b. Intra-group transactions and risk concentrations including: <ul style="list-style-type: none"> i. Details of material intra-group transactions that have materialised since the most recent quarterly or annual financial returns prepared and filed as the case may be, to the Authority by the insurer; ii. Details surrounding all intra-group reinsurance and retrocession arrangements, and other intra-group risk transfer insurance business arrangements that have materialised since the most recent quarterly or annual financial returns prepared and filed, as the case may be to the Authority by the insurer; and iii. Details of the ten largest exposures to unaffiliated counterparties and any other unaffiliated counterparty exposures or series of linked unaffiliated counterparty exposures exceeding 10% of the insurer's statutory capital and surplus. c. Enhanced Capital Requirement ratio; d. Total Quoted Bonds and Unquoted Bonds by BSCR rating; and e. Details of the catastrophe event that occurred during the reporting period (if applicable);



Bermuda Insurance Groups

Changes to the 2023 BSCR Model

Below are the changes from the 2022 to 2023 year-end model for Insurance Groups:

- 1) For insurance groups that report under International Financial Reporting Standards (IFRS) 17, please complete Forms 1ASFS Statutory Balance Sheet, Form 2ASFS Statutory Statement of Income, and Form 8ASFS Statutory Statement of Capital and Surplus;
- 2) Schedule V(e) – Stress/Scenario Tests
 - a) Reporting basis has been amended for consolidated statutory basis to consolidated Economic Balance Sheet (EBS) basis;
 - b) Financial Market Scenario –
 - i) Updated rates for Stress Scenarios Tests R3, R4, R6, R7 and R8;
 - ii) R8 Inflation and Monetary Policy – table for input to each scenario type;
 - iii) R9 Long-Term Liquidity Stress Test Scenario – inclusion of updated stress scenario instructions.
 - c) Mortgage Loan Stress Test Scenario – for insurance groups that write mortgage loan business, amended the stress test scenario for market standardisation of results.
- 3) Schedule VI – Schedule of Fixed Assets – has been updated based on industry feedback to clarify the reporting requirements and number of entry cells;
- 4) Schedule VIA – Schedule of Funds Held by Ceding Reinsurers –has been updated based on industry feedback to clarify the reporting requirements and number of entry cells;