



BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (RECOVERY PLAN) RULES 2024

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TABLE OF CONTENTS

1	Citation
2	Interpretation
	MATTERS FOR DETERMINATION BY AUTHORITY
3	Determining requirement to prepare recovery plan
4	Determining scope and requirements of recovery plan
	PREPARING, CORRECTING, AND UPDATING RECOVERY PLAN
5	Insurer to prepare, correct or update plan in accordance with Rules
6	Insurer may adopt recovery plan filed with relevant supervisory authority
7	Contents of recovery plan
8	Correcting deficiencies in recovery plan
9	Updating recovery plan
	SUPPLEMENTARY PROVISION
10	Commencement

The Bermuda Monetary Authority, in exercise of the power conferred by sections 6A(1)(j) and 6G of the Insurance Act 1978, makes the following Rules:

Citation

1 These Rules may be cited as the Insurance (Prudential Standards) (Recovery Plan) Rules 2024.

INSURANCE (PRUDENTIAL STANDARDS) (RECOVERY PLAN) RULES 2024

Interpretation

2 In these Rules—

“the Act” means the Insurance Act 1978;

“the Authority” means the Bermuda Monetary Authority;

“insurer” means a Class 3A, Class 3B, Class 4, Class C, Class D, or Class E insurer or an insurance group;

“relevant supervisory authority” means an overseas regulator, including any such regulator designated as group-wide supervisor of an insurance group, that discharges, in its own territory or country, functions corresponding to those of the Authority under the Act.

MATTERS FOR DETERMINATION BY AUTHORITY

Determining requirement to prepare recovery plan

3 In determining whether an insurer shall be required to prepare a recovery plan pursuant to section 6G of the Act, the Authority shall have regard to any or all of the following matters—

- (a) whether the insurer carries on domestic business;
- (b) whether the insurer has a three-year rolling average total assets of at least \$10 billion;
- (c) whether the insurer has a three-year rolling average total gross written premiums of at least \$5 billion;
- (d) whether the insurer is subject to enhanced supervisory monitoring by the Authority or any relevant supervisory authority.

Determining scope and requirements of recovery plan

4 In determining the scope and requirements of a recovery plan to be prepared by an insurer, including the frequency, form, content and level of detail in the recovery plan, the Authority shall take into consideration the following—

- (a) the insurer’s class of registration;
- (b) size or market share of the insurer;
- (c) the external and internal inter-connectedness of the insurer;
- (d) complexity, business model and risk profile of the insurer;
- (e) substitutability of the insurer;
- (f) any cross-border activities of the insurer.

INSURANCE (PRUDENTIAL STANDARDS) (RECOVERY PLAN) RULES 2024

PREPARING, CORRECTING, AND UPDATING RECOVERY PLAN

Insurer to prepare, correct or update plan in accordance with Rules

5 Where the Authority by notice in writing requires an insurer to prepare, correct or update a recovery plan, the insurer shall do so in accordance with rule 7, 8 or 9, respectively, within the time specified in the notice.

Insurer may adopt recovery plan filed with relevant supervisory authority

6 (1) Where—

- (a) an insurer is required to prepare a recovery plan pursuant to a notice issued under rule 5; and
- (b) a recovery plan has been filed with the relevant supervisory authority,

the insurer may make written application to the Authority, accompanied with a copy of the recovery plan filed with the relevant supervisory authority, for approval to adopt that recovery plan instead of preparing a plan under these Rules.

(2) Where the Authority is satisfied that the recovery plan meets the requirements of these Rules, it shall approve the application and notify the insurer of its decision in writing.

Contents of recovery plan

7 A recovery plan prepared by an insurer shall include the following matters—

- (a) an executive summary, which must provide an overview of the manner in which the recovery plan is intended to ensure that the insurer will recover from severe stress scenarios;
- (b) a description of the insurer which includes—
 - (i) its legal structure;
 - (ii) the insurance business carried on by the insurer;
 - (iii) its key financial arrangements; and
 - (iv) its business operations;
- (c) a description of the criterion proposed to be utilised by the insurer that will require the implementation of any aspect of the recovery plan;
- (d) a description of the insurer's governance policies and processes for recovery planning and implementation of the recovery plan or any updated recovery plan;
- (e) confirmation of the various methods proposed to be utilised by the insurer to enable it to recover from severe stress scenarios;

INSURANCE (PRUDENTIAL STANDARDS) (RECOVERY PLAN) RULES 2024

- (f) the stress scenarios to be used by the insurer in assessing the credibility and feasibility of its recovery plan and when these are to be performed; and
- (g) the communication strategy proposed to be utilised by the insurer to enable it to communicate with all relevant stakeholders before, during and after implementation of the recovery plan.

Correcting deficiencies in recovery plan

8 Where an insurer has been notified by the Authority in writing of any deficiencies in the recovery plan, the insurer shall address such deficiencies within the time specified in the notice.

Updating recovery plan

9 (1) An insurer is required to review and update its recovery plan at least once every three years, or when there is a material change in the financial position, strategy, business or risk profile of the insurer.

(2) A recovery plan shall be filed with the Authority within 30 days of being updated.

SUPPLEMENTARY PROVISION

Commencement

10 These Rules shall come into operation on 1 May 2025.

Made this 25th day of April 2024

Chairman
Bermuda Monetary Authority

[Operative Date: 01 May 2025]