



BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (CLASS 3A
SOLVENCY REQUIREMENT) AMENDMENT RULES 2015

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SCHEDULES

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 3A Solvency Requirement) Rules 2011 (the “principal Rules”), may be cited as the Insurance (Prudential Standards) (Class 3A Solvency Requirement) Amendment Rules 2015.

Amends paragraph 2

2 Paragraph 2 of the principal Rules is amended—

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- (a) by revoking the definition “available statutory capital and surplus”;
- (b) by revoking the definition “Form 1A”;
- (c) in the definition of “policyholder obligations” by deleting “16, 17(a) and 18 of Form 1A under Schedule I of the Insurance Accounts Regulations 1980” and substituting “16(a), 17(a) and 18 of Form 1EBS under Schedule XIV as set out in these Rules”;
- (d) in the definition of “reserve risk” by deleting “reserves” and substituting “technical provisions”;
- (e) by inserting the following definitions in their proper alphabetical order—
 - “available statutory economic capital and surplus” means the amount shown in Line 40 of Form 1EBS as set out in these Rules;
 - “currency risk” means the risk of losses resulting from movements in foreign currency exchange risks;
 - “Form 1EBS” means Schedule XIV Class 3A Statutory Economic Balance Sheet set out in these Rules; ”.

Amends paragraph 3

3 Paragraph 3(3) of the principal Rules is amended by inserting after “statutory” the word “economic”.

Amends paragraph 6

4 Paragraph 6 of the principal Rules is amended—

- (a) in subparagraph (1) by deleting all the words from “II” to “X” and substituting “I, II, IIA, III, IIIA, IV, IVC, V, VI, IX, X, XII, XIV and XV”;
- (b) in subparagraph (2)(a) by deleting all the words from “II” to “X” and substituting “II, IIA, IIIA, IV, IVC, V, VI, IX and XII”;
- (c) by inserting the following after subparagraph (3)—

“(3A) An insurer shall, at the time of furnishing its capital and solvency return in accordance with subparagraph (3), also file with the Authority an opinion of its loss reserve specialist, which takes into account its technical provisions calculated in accordance with Line 19 of Form 1EBS and Schedule XV.”.

Amends Schedule II

5 Schedule II to the principal Rules is amended—

- (a) by deleting the words “Form 1A” wherever they occur and substituting “Form 1EBS”;
- (b) under the heading INSTRUCTIONS AFFECTING SCHEDULE II—
 - (i) in paragraph (h) by deleting “and” where it last occurs;

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- (ii) in paragraph (i) by deleting “cash and time deposits and assigned a BSCR rating of 0.” and substituting “cash and cash equivalents; and”;
- (iii) by inserting the following after paragraph (i)—
 - “(j) amounts are to be reported on both a consolidated and unconsolidated basis.”.

Amends Schedule IIA

6 Schedule IIA to the principal Rules is amended under the heading INSTRUCTIONS AFFECTING SCHEDULE IIA—

- (a) in paragraph (a) by deleting the words “Form 1A” and substituting “Form 1EBS”;
- (b) in paragraph (i) by deleting “and” where it last occurs;
- (c) in paragraph (j) by deleting “cash and time deposits and assigned a BSCR rating of 0.” and substituting “cash and cash equivalents; and”;
- (d) by inserting the following after paragraph (j)—
 - “(k) amounts are to be reported both on a consolidated and unconsolidated basis.”.

Amends Schedule VI

7 Schedule VI to the principal Rules is amended—

- (a) by deleting the words “Form 1A” wherever they occur and substituting “Form 1EBS”;
- (b) in paragraph (b) by deleting the full-stop and substituting a semi-colon;
- (c) by inserting the following after paragraph (b)—
 - “(c) amounts are to be reported on both a consolidated and unconsolidated basis.”.

Amends Schedule IX

8 Schedule IX to the principal Rules is amended by deleting all the words in the introductory paragraph and substituting “The Schedule of CISSA shall provide particulars of the following matters on a consolidated basis—”.

Amends Schedule X

9 Schedule X to the principal Rules is amended by deleting all the words in the introductory paragraph and substituting “The schedule of catastrophe risk return shall provide particulars of the following matters on a consolidated basis:”.

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Revokes and replaces Schedules I, III, IV, V and XII

10 Schedules I, III, IV, V and XII to the principal Rules are revoked and replaced.

Inserts Schedules IIIA, IVC, XIV and XV

11 The principal Rules are amended—

- (a) by inserting after Schedule III a new schedule entitled “Schedule IIIA Schedule of Geographic Diversification of Net Loss and Loss Expense Provisions”;
- (b) by inserting after Schedule IV a new schedule entitled “Schedule IVC Schedule of Geographic Diversification of Net Premiums Written”;
- (c) by inserting after Schedule XII a new schedule entitled “Schedule XIV Class 3A Statutory Economic Balance Sheet”;
- (d) by inserting after Schedule XIV a new schedule entitled “Schedule XV Loss Reserve Specialist’s Opinion”.

Commencement

12 These Rules come into operation on 1 January 2016 and apply to financial years commencing on or after 1 January 2016.

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SCHEDULES

(paragraphs 10 and 11)

The Schedules referred to in these Rules have been omitted.

In accordance with section 6A(8) of the Insurance Act 1978, the Schedules referred to in paragraphs 10 and 11 of these Rules are published separately on the website of the Authority: www.bma.bm.

Made this 13th day of July 2015

Chairman
The Bermuda Monetary Authority