



BERMUDA

INSURANCE RETURNS AND SOLVENCY REGULATIONS 1980

BR 16 / 1980

[made under sections 18 and 53 of the Insurance Act 1978 and brought into operation on 1 January 1980]

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[NB References to "Registrar" replaced throughout by references to "Supervisor" by 2001:27 s.4 effective 1 October 2001; references to "Supervisor" replaced throughout by references to "Authority", and consequential appropriate grammatical changes made, by 2001:33 s.5 effective 1 January 2002. These amendments are not individually noted in each place in which they occur.]

Citation

- 1 These Regulations may be cited as the Insurance Returns and Solvency Regulations 1980.

Interpretation

- 2 In these Regulations—
 - "accounts" means financial accounts;
 - "the Act" means the Insurance Act 1978 [*title 17 item 49*];
 - "affiliate" has the same meaning as in the Insurance Accounts Regulations 1980 [*title 17 item 49(a)*];
 - "composite" and "section 24(6) composite" have the same meanings as in the Insurance Accounts Regulations 1980 [*title 17 item 49(a)*];
 - "financial return" or "return" means statutory financial return;
 - "insurer" means a Class A, Class B, Class 1, Class 2, Class 3 insurer, or innovative insurer, except where the context otherwise requires;
 - "relevant year" has the meaning assigned thereto in regulation 4(2);
 - "statutory financial statement", "statutory balance sheet", "statutory statement of income", "statutory statement of capital and surplus" and "statutory open year business revenue statement" have the same meanings as in the Insurance Accounts Regulations 1980;
 - "regulations" means regulations made under the Act.

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“unrelated business”, in relation to an insurer, means insurance business consisting of insuring risks of persons who are not shareholders in, or affiliates of, the insurer; and “related business”, in relation to an insurer, means insurance business which is not unrelated business.

[Regulation 2 amended by BR 30/1989 effective 17 July 1989; “loss reserve specialist” deleted by BR 42/2005 effective 1 July 2005; “insurer” inserted by 2015 : 50 s. 15 effective 1 January 2016; Regulation 2 definition “insurer” amended by 2018 : 35 Sch & s. 22 effective 23 July 2018; Regulation 2 definition “insurer” amended by 2019 : 51 s. 4(1) effective 30 April 2020]

Insurers to make statutory financial return in accordance with these Regulations

3 Except as otherwise allowed by a direction made under section 56 of the Act affecting any insurer, the form of statutory financial return that every insurer is to send to the Authority pursuant to section 18(1) of the Act is the form that is prescribed in these Regulations; and, except as aforesaid, it shall be the duty of every insurer to send to the Authority pursuant to section 18(1) of the Act a return in that form.

Return to relate to relevant year

4 (1) Every return shall relate to the relevant year.

(2) In these Regulations “relevant year”, in relation to a return, means the financial year to which the statutory financial statements relate which are required to be available or filed by section 17 of the Act.

[Regulation 4 amended by 1995:20 effective 29 April 1995]

Content of statutory financial return

5 (1) The statutory financial return shall consist of the following documents—

(a) in every case—

(i) a cover sheet;

(ii) an auditor’s report in pursuance of section 16 of the Act; and

(iii) *[revoked]*

(b) where the insurer carried on general business in the relevant year, a solvency certificate within the meaning of section 33(5) of the Act (in these Regulations called a “general business solvency certificate”) in addition;

(bb) an opinion of a loss reserve specialist where such is required under—

(i) section 18B of the Act, or

(ii) the instructions in Part II and Part IV where applicable of Schedule III to the Insurance Accounts Regulations 1980, relating to line 17 of the statutory balance sheet, in which case it shall be accompanied by statutory financial statements and the notes to those statements,

in addition;

(c) where the insurer carried on long-term business in the relevant year—

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- (i) a long-term business solvency certificate; and
- (ii) an actuary's certificate in pursuance of section 27 of the Act, in addition; and
- (d) *[revoked]*
- (e) *[revoked by 2019 : 51 s. 4]*
- (f) annual statutory declaration;
- (g) statement of changes of control;
- (h) own risk statement;
- (i) underwriting analysis;
- (j) schedule of segregated accounts;
- (k) schedule of cyber risk management; and
- (l) schedule of sanctions compliance.

(2) Regulations 6, 7, 8, 8A, 9, 9A, 13, 14, 14A, 15A and 15B shall have effect as to the form and content of the cover sheet, the auditor's report, the general business solvency certificate, the loss reserve certificate, the long-term business solvency certificate, the declaration of the statutory ratios, the actuary's certificate schedule of ceded reinsurance, schedule of cyber risk management and schedule of sanctions compliance respectively.

[Regulation 5 amended by BR 30/1989 effective 17 July 1989; amended by 1995:20 effective 29 April 1995; amended by BR 2 / 2009 reg. 3 effective 31 December 2008; amended by 2015 : 50 s. 15 effective 1 January 2016; amended by 2018 : 68 s. 17 effective 31 December 2018; Regulation 5 paragraph (1)(e) revoked and paragraph (2) amended by 2019 : 51 s. 4(1) effective 30 April 2020]

Cover sheet

6 The cover sheet shall—

- (a) bear the name of the insurer and the title "Statutory Financial Return";
- (b) state the certificate of registration number;
- (c) state the class or classes of registration;
- (d) state the period covered by the return;
- (e) state the currency in which amounts are shown in the insurer's statutory financial statements and whether that currency is the currency in which those amounts are required by regulation 10(2) of the Insurance Accounts Regulations 1980 to be shown;
- (f) state the name of the insurer's ultimate parent;
- (g) state the name of the insurer's parent company;
- (h) state the industry sector of the insurer's parent;

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- (i) state the insurer's ownership structure (for example, mutual company, company limited by shares, limited partnership, permit company, branch insurer, trust company, owned by a government or a government agency);
- (j) state the insurer's company structure;
- (k) state the nature of the insurance business carried on by the insurer, including but not limited to—
 - (i) whether the insurer is a member of an insurance group;
 - (ii) whether the insurer has segregated accounts;
 - (iii) whether the insurer is in run-off;
- (l) state the conditions, if any, which have been imposed on the insurer's registration under section 4 of the Act;
- (m) state the particulars, if any, of any direction issued by the Authority;
- (n) state the classes of business written and separated by Class of Business type, Gross Premium Written, Premium Ceded, Net Premium Written, Net Earned Premium, Net Known Loss and Loss Expense Provision, and Net Loss Incurred but Not Reported;
- (o) state any non-Bermuda branches or subsidiaries within the insurance group (if applicable);
- (p) state the names of all of the insurer's directors, the effective date of appointment of each director, the effective date any director ceased to act, and the title and position held by any director (if applicable); and
- (q) state the names of all of the insurer's officers, the effective start date of employment of all officers, the date any officer ceased to act, and the title and position held by any officer.

[Regulation 6 amended by BR 30/1989 effective 17 July 1989; paras (aa) to (ac) inserted by BR 42/2005 effective 1 July 2005; revoked and substituted by 2015 : 50 s. 15 effective 1 January 2016]

Auditor's report

- 7 (1) The auditor's report shall be signed by the insurer's approved auditor and addressed to the Authority, and shall state—
- (a) that the auditor has carried out a proper examination of the insurer's statutory financial statements, and that that examination was conducted, and the auditor's report has been prepared, in accordance with an auditing standard recognised by the Authority;
 - (b) whether in his opinion the statutory financial statements have been prepared in accordance with the requirements of the Act and of any applicable regulations;
 - (c) whether in his opinion—

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- (i) the solvency certificate complies, or, where the case requires, the solvency certificates comply, with the requirements of these Regulations; and
- (ii) it was reasonable for the persons signing such a certificate to have arrived at the opinions expressed in the certificate.

(d) *[revoked]*

(2) Where any event specified in paragraph (3) occurs in relation to an audit, the auditor shall qualify his report accordingly and include in his report such observations, whether of fact or opinion, as he considers necessary for bringing the nature and effect of the qualifications to the attention of the Authority.

(3) The events referred to in paragraph (2) are—

- (a) there were deficiencies in the audit consisting of—
 - (i) inability of the auditor to obtain essential information; or
 - (ii) restrictions on the scope of the audit; or
 - (iii) some other deficiency or deficiencies;
- (b) the auditor disagreed with any valuation made in the statutory financial statements;
- (c) in some respect or respects the statutory financial statements or the certificates of solvency do not in his opinion comply with the requirements of the Act or any applicable regulations;
- (d) the auditor considered an opinion or opinions expressed in a solvency certificate unreasonable; and
- (e) the auditor considered that there was a significant doubt as to the insurer's ability to continue as a going concern.

[Regulation 7 amended by 1995:20 effective 29 April 1995; para (1)(a) amended by BR 42/2005 effective 1 July 2005; paras (1) and (3) amended by 2015 : 50 s. 15 effective 1 January 2016]

General business solvency certificate

8 (1) A general business solvency certificate shall relate to the general business of the insurer and shall be signed—

- (a) by at least two directors of the insurer (of whom one must be a director resident in Bermuda if the insurer has a director so resident); and
- (b) by the insurer's principal representative in Bermuda.

(2) The said certificate shall state—

- (a) in relation to Class 1 insurers, Class 2 insurers and Class 3 insurers, the amount prescribed by regulation 10 as the minimum margin of solvency, and whether it was met;

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- (b) whether or not the said statements are available at the insurer's principal office in Bermuda pursuant to section 17(1) or, as the case may be, have been filed pursuant to section 17(3) of the Act;
- (bb) whether or not the insurer has complied with every condition attached to its certificate of registration;
- (c) the aggregate value of the insurer's assets as shown in the statutory balance sheet for the relevant year, in this sub-paragraph called "the statutory balance sheet assets value", and whether or not in the opinion of those signing the certificate—
 - (i) the statutory balance sheet assets value was determined in accordance with the requirements of the Act and of any applicable regulations;
 - (ii) the value of the insurer's assets at the end of the relevant year was in the aggregate at least equal to the statutory balance sheet assets value;
- (d) whether or not in the opinion of those signing the certificate the aggregate amount of the insurer's liabilities at the end of the relevant year (after taking into account all prospective and contingent liabilities, but not liabilities in respect of share capital) is not more than the aggregate amount of the liabilities as shown in the insurer's statutory balance sheet for that year;
- (e) the following amounts as shown in the insurer's statutory statement of income for the relevant year—
 - (i) the aggregate amount of the gross premiums written;
 - (ii) the aggregate amount of the reinsurance premiums ceded;
 - (iii) the aggregate amount of the net premiums written, including the aggregate amount of net premiums shown in the statutory open year business revenue statement (if such a statement was annexed to the statutory statement of income);
- (f) *[revoked]*
- (g) whether any accounts of the insurer for the relevant year have been audited for any purpose other than the purposes of these Regulations;
- (h) whether or not the minimum liquidity ratio applicable to the insurer for the relevant year was met;
- (i) the amount prescribed by regulation 10 as the minimum margin of solvency, and whether it was met;
- (j) the aggregate amount of the statutory capital and surplus as shown in the insurer's statutory statement of capital and surplus for the relevant year;
- (k) the currency in which amounts in the insurer's statutory financial statements for the relevant year have been shown;

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- (l) the rate of exchange used, in compliance with paragraphs (2) and (3) of regulation 16, for the purposes of any statement called for by this regulation;
- (m) if any question in sub-paragraph (bb), (h) or (i) of this paragraph has been answered in the negative, whether or not the insurer has taken corrective action in any case and, where the insurer has taken such action, describe the action in a statement attached to the certificate.

[Regulation 8 amended by BR 30/1989 effective 17 July 1989; amended by 1995:20 effective 29 April 1995; paragraph (2)(i) amended by 2010 : 60 Sch. I effective 31 December 2010; paragraph (2)(a) deleted and substituted by 2015 : 31 s. 17 effective 13 July 2015; paragraph (2)(f) revoked by 2015 : 50 s. 15 effective 1 January 2016]

Loss reserve opinion

8A (1) A loss reserve opinion shall relate to the general business of the insurer and shall be signed and dated by a loss reserve specialist.

(2) In such an opinion the loss reserve specialist shall state to what extent the instructions in Part IV (Classes 1, 2, and 3) of Schedule III to the Insurance Accounts Regulations 1980 relating to line 17 of the statutory balance sheet, in so far as those instructions call for the opinion of a loss reserve specialist, have been complied with.

[Regulation 8A substituted by 1995:20 effective 29 April 1995; amended by 2013 : 46 Sch.II effective 1 January 2014; paragraph (2) amended by 2015 : 31 s. 17 effective 13 July 2015; paragraph (2) amended by 2015 : 50 s. 15 effective 1 January 2016]

Long term business solvency certificate

9 (1) A long-term business solvency certificate shall relate to the long-term business of the insurer and shall be signed—

- (a) by at least two directors of the insurer (of whom one must be a director resident in Bermuda if the insurer has a director so resident); and
 - (b) by the insurer's principal representative in Bermuda.
- (2) The said certificate shall state—
- (a) whether or not the insurer has prepared statutory financial statements in respect of the relevant year;
 - (b) whether or not the said statements are available at the insurer's principal office in Bermuda pursuant to section 17(1) of the Act;
 - (bb) whether or not the insurer has complied with every condition to its certificate of registration;
 - (c) the aggregate value of the insurer's assets as shown in the statutory balance sheet for the relevant year, in this sub-paragraph called "the statutory balance sheet assets value", and whether or not in the opinion of those signing the certificate—

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- (i) the statutory balance sheet assets value was determined in accordance with the requirements of the Act and of any applicable regulations;
- (ii) the value of the insurer's assets at the end of the relevant year was in the aggregate at least equal to the statutory balance sheet assets value;
- (d) whether or not in the opinion of those signing the certificate the aggregate amount of the insurer's liabilities at the end of the relevant year (after taking into account all prospective and contingent liabilities, but not liabilities in respect of share capital) is not more than the aggregate amount of the liabilities as shown in the insurer's statutory balance sheet for that year;
- (e) in relation to Class A insurers, Class B insurers and ILT insurers, the minimum margin of solvency for long-term business prescribed by regulation 12(1), and whether that margin was met;
- (f) whether any accounts of the insurer for the relevant year have been audited for any purpose other than the purposes of these Regulations;
- (g) the aggregate amount of the statutory capital and surplus as shown in the insurer's statutory statement of capital and surplus for the relevant year;
- (h) the currency in which amounts in the insurer's statutory financial statements for the relevant year have been shown;
- (hh) the rate of exchange used, in compliance with paragraphs (2) and (3) of regulation 16, for the purposes of any statement called for by this regulation;
- (i) the aggregate amount of the premiums and other considerations shown on line 19(e)(iv) of the insurer's statutory statement of income for the relevant year;
- (j) if any question in sub-paragraph (bb) or (e) of this paragraph has been answered in the negative, whether or not the insurer has taken corrective action in any case and, where the insurer has taken such action, described the action in a statement attached to the certificate.

[Regulation 9 amended by BR 39/1981 effective 3 July 1981; amended by BR 30/1989 effective 17 July 1989; paragraph (2)(e) amended by 2010 : 60 Sch. 1 effective 31 December 2010; paragraph (2)(i) amended by 2012 : 36 s. 21 effective 1 January 2013; paragraph (2)(e) deleted and substituted by 2015 : 31 s. 17 effective 13 July 2015; Regulation 9 paragraph (2)(e) amended by 2018 : 35 Sch & s. 22 effective 23 July 2018]

Special purpose business solvency certificate

9A *[Revoked by 2019 : 51 s. 4]*

[Regulation 9A revoked by 2019 : 51 s. 4(1) effective 30 April 2020]

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Minimum margin of solvency for general business

10 (1) For the purposes of section 6 of the Act, the minimum amount by which the value of the general business assets of an insurer must exceed its general business liabilities is the greatest of figure A, figure B and figure C where those letters represent values calculated, in relation to that insurer, in accordance with Schedule I.

(1A) *[revoked by 2015:50]*

(2) *[deleted by 1995:20]*

(2A) *[deleted by 1995:20]*

(3) In this regulation—

“general business assets” “general business liabilities” respectively mean assets and liabilities established in conformity with the requirements of the Insurance Accounts Regulations 1980 [*title 17 item 49(a)*] for the statutory balance sheet of an insurer carrying on general business;

“insurer” includes, in relation to section 6 of the Act, a body applying for registration as an insurer under the Act.

[Regulation 10 amended by BR 30/1989 effective 17 July 1989; amended by 1995:20 effective 29 April 1995; paragraph (1) amended by 2010 : 60 Sch. I effective 31 December 2010; paragraph (1) amended and paragraph (1A) inserted by 2013:46 Sch.II effective 1 January 2014; paragraph (1) amended by 2015 : 2 s. 10 effective 27 February 2015; paragraph (1) amended and paragraph (1A) revoked by 2015 : 50 s. 15 effective 1 January 2016; paragraph (1) amended by 2016 : 35 s. 17 effective 21 July 2016]

Minimum liquidity ratio for general business

11 (1) The minimum proportion that the liquid assets of an insurer carrying on general business may bear to such an insurer’s liabilities (in these Regulations called “the minimum liquidity ratio”) shall be that set forth in this regulation.

(2) The value of the relevant assets of an insurer carrying on general business shall be not less than seventy-five per centum of the amount of its relevant liabilities, unless the insurer is a section 24(6) composite.

(3) The value of the relevant assets of a section 24(6) composite shall be not less than one hundred per centum of the amount of its relevant liabilities.

(4) In this regulation—

“relevant assets” means the assets required by the Insurance Accounts Regulations 1980 [*title 17 item 49(a)*] to be shown on lines 1, 2, 3(a), 5(a), 9, 10, 11 and 12—

(a) where the insurer is not a section 24(6) composite, of the insurer’s statutory balance sheet for general business;

(b) where the insurer is a section 24 (6) composite, of the insurer’s statutory balance sheet,

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including any other assets which the Supervisor, on application in any particular case made to him with reasons, accepts for the purposes of this definition in that case;

“relevant liabilities” means, in relation to an insurer, the aggregate of the insurer’s liabilities required by the Insurance Accounts Regulations 1980 [*title 17 item 49(a)*] to be show on lines 19 and 38 of the statutory balance sheet less the aggregate of the insurer’s liabilities required by those Regulations to be shown on lines 31(b), 36 and 37 thereof.

[Regulation 11 amended by 2001:27 effective 1 October 2001]

Minimum margin of solvency for long-term business

12 (1) For the purposes of section 6 of the Act, the prescribed amount by which the value of the long-term business assets of an insurer carrying on long-term business must exceed its long term business liabilities is the amount specified in Schedule II in relation to the relevant class of long-term insurer.

(1A) *[revoked by 2015 : 50]*

(2) In this regulation—

“long-term business assets” and “long-term business liabilities” respectively mean assets and liabilities established in conformity with the requirements of the Insurance Accounts Regulations 1980 for the statutory balance sheet of an insurer carrying on long-term business;

“insurer” includes, in relation to section 6 of the Act, a body applying for registration as an insurer under the Act.

[Regulation 12 paragraph (1) deleted and substituted by 2010 : 60 Sch. I effective 31 December 2010; paragraph (1A) inserted by 2013:46 Sch. II effective 1 January 2014; paragraph (1) amended by 2015 : 2 s. 10 effective 27 February 2015; paragraph (1A) revoked by 2015 : 50 s. 15 effective 1 January 2016]

Minimum margin of solvency for special purpose business

12A *[Revoked by 2019 : 51 s. 4]*

[Regulation 12A revoked by 2019 : 51 s. 4(1) effective 30 April 2020]

Declaration of statutory ratios

13 *[revoked by 2015 : 50]*

[Regulation 13 revoked by 2015 : 50 s. 15 effective 1 January 2016]

Actuary’s certificate

14 (1) The actuary’s certificate shall relate to the long-term business of a Class A, Class B insurer or innovative insurer and shall be signed and dated by the insurer’s approved actuary.

(2) A Class A, Class B insurer or innovative insurer’s approved actuary shall state, in an opinion, to what extent the instructions in Part III of Schedule III to the Insurance

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Accounts Regulations 1980 relating to Line 27(d) of the statutory balance sheet, in so far as those instructions call for the opinion of an approved actuary, have been complied with.

[Regulation 14 revoked and replaced by 2013 : 46 Sch.II effective 1 January 2014; paragraphs (1) and (2) amended by 2015 : 31 s. 17 effective 13 July 2015; Regulation 14 amended by 2018 : 35 Sch & s. 22 effective 23 July 2018]

Schedule of ceded reinsurance

14A *[revoked by 2015 : 50]*

[Regulation 14A inserted by 1995:20 effective 29 April 1995; revoked by 2015 : 50 s. 15 effective 1 January 2016]

Annual statutory declaration

14B An annual statutory declaration shall be signed by at least two directors of the insurer and by the insurer's principal representative in Bermuda, and shall state whether—

- (a) the information in the latest statutory financial return, including any supporting schedules and attachments, fairly represents the financial condition and position of the insurer in all material respects and are in compliance with the Act, any applicable regulations, the Insurance Code of Conduct and any direction, condition or restriction imposed on the insurer by the Authority;
- (b) the insurer has sufficient resources as at the date of the latest statutory balance sheet to enable the insurer to continue as a going concern, and to satisfy its obligations as and when they fall due for a period of twelve months post the relevant balance sheet date.

[Regulation 14B inserted by 2015 : 50 s. 15 effective 1 January 2016]

Statement of changes of control

14C An insurer shall provide a statement of changes of control relating to the relevant year which shall—

- (a) confirm any change of an insurer's shareholder controllers since the last statutory financial return;
- (b) state the year-end date;
- (c) attach a register of shareholder controllers of the insurer, confirming the following—
 - (i) any increase or decrease in the number of shareholder controllers;
 - (ii) changes to the position that a shareholder controller is appointed to or holds an office in;
 - (iii) changes in the ownership percentage of a shareholder controller (whether increase or decrease);

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- (iv) the date a person became a new shareholder controller;
- (v) the date a person ceased to be a shareholder controller;
- (d) state the name of the ultimate parent company;
- (e) state the industry of operation of the ultimate parent company;
- (f) state the jurisdiction and name of the direct parent company;
- (g) state the jurisdiction of the ultimate parent company;
- (h) state whether or not there has been any change of directors since the filing of the last statutory financial return; if yes, provide—
 - (i) the number of new directors;
 - (ii) the first and last name of each new director and his title;
 - (iii) the date of birth of each director;
 - (iv) the date a director was appointed;
 - (v) the date a director ceased to act;
- (i) state whether or not a registered insurance manager has been appointed to manage the insurer's affairs; if no such manager has been appointed, state—
 - (i) the number of officers of the insurer;
 - (ii) the title and first and last name of each officer;
 - (iii) the date of birth of each officer;
- (j) state whether or not there has been any change of officers since the filing of the last statutory financial return; if yes, provide—
 - (i) the number of new officers;
 - (ii) the title and first and last name of each new officer;
 - (iii) the date of birth of each officer;
 - (iv) the date an officer was appointed;
 - (v) the date an officer ceased to act.

[Regulation 14C inserted by 2015 : 50 s. 15 effective 1 January 2016]

Own risk assessment

14D An insurer's own risk assessment shall provide—

- (a) an overview of the insurance programme (including but not limited to affiliated, third party, source of business, and details of policy limits or aggregate limits);
- (b) details of any significant changes planned for the next 12 months;

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- (c) confirmation of fronting insurer or insurers, if applicable;
- (d) details of any investment in, and advances to, affiliates (over 10% of the amount stated on line 4 of the statutory balance sheet) by including—
 - (i) name of affiliate;
 - (ii) nature of balance;
 - (iii) inter-company balances and obligations;
- (e) details of any reinsurance by including—
 - (i) name of reinsurer or reinsurers;
 - (ii) premiums ceded;
 - (iii) paid loss recoverable;
 - (iv) reinsurance recoverable on loss expense provisions or insurance reserves;
- (f) details of any collateral including but not limited to—
 - (i) collateral posted to contracts written to policy limits;
 - (ii) collateral (for example, funds withheld or letters of credit);
 - (iii) form of collateral;
 - (iv) amount of collateral provided;
 - (v) amount of assets encumbered;
- (g) details of the number of employees of the insurer residing in Bermuda;
- (h) details of the discount on loss reserves by—
 - (i) line of business;
 - (ii) discount rate or range of rates;
 - (iii) amount of discount on loss reserves;
- (i) details of investments based on own risk assessment (“ORA”) rate of—

ORA Rating Category	S&P	Moody's	AM Best	Fitch	
1	ORA Rating 1	AAA	Aaa	A++	AAA
2	ORA Rating 2	AA+ to AA-	Aa1 to Aa3	A+	AA+ to AA-
3	ORA Rating 3	A+ to A-	A1 to A3	A	A+ to A-
4	ORA Rating 4	BBB+ to BBB-	Baa1 to Baa3	A-	BBB+ to BBB-
5	ORA Rating 5	BB+ to BB-	Ba1 to Ba3	B++ to B	BB+ to BB-
6	ORA Rating 6	B+ to B-	B1 to B3	B- to C+	B+ to B-
7	ORA Rating 7	CCC+ to CCC-	Caa1 to Caa3	C to C-	CCC+ to CCC-

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8	ORA Rating 8	Below CCC-	Below Caa3	Below C-	Below CCC-
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- (j) details of known or notified legal actions, disputes or arbitration;
- (k) risk register;
- (l) risk appetite;
- (m) investment guidelines.

[Regulation 14D inserted by 2015 : 50 s. 15 effective 1 January 2016]

Underwriting analysis

14E An insurer shall provide details of its underwriting analysis as follows—

- (a) the statutory lines of general business written, as set out in Table A, by—
 - (i) gross premium written;
 - (ii) net premium written;
 - (iii) related gross premiums written;
 - (iv) unrelated gross premiums written;
 - (v) connected gross premiums written;
 - (vi) insurance premiums written;
 - (vii) reinsurance premiums written;

<u>Table A</u>	
1	Accident and Health, Travel, Personal Accident
2	Agriculture
3	Aviation - Hull, Liability and War
4	Construction
5	Credit/Surety
6	Crime and Fidelity
7	Cyber Risk
8	Energy - Onshore and Offshore
9	Environmental Risk
10	General liability - Public, Products, Umbrella, Product recall
11	Marine - P&I, Cargo, Hull and Liability, War
12	Medical Malpractice
13	Mortgage
14	Motor - APD and Liability
15	Political Risks

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16	Professional Liability - Professional Indemnity, D&O, Bankers Blanket, E&O
17	Property and Casualty Catastrophe
18	Property Damage and Business Interruption
19	Property Retrocession
20	Finite Reinsurance
21	Terrorism
22	Warranty, Residual Value
23	Workers Compensation/Employers Liability
24	Incidental long-term business (not to be included if a composite licence)

- (b) details of the geographical location of the general business gross premiums written;
- (c) details of the statutory lines of long-term business written, as set out in Table B, by—
- (i) gross premium written;
 - (ii) net premium written;
 - (iii) related gross premiums written;
 - (iv) unrelated gross premiums written;
 - (v) connected gross premiums written;
 - (vi) insurance premiums written;
 - (vii) reinsurance premiums written;

<u>Table B</u>	
1	Mortality
2	Critical Illness
3	Longevity
4	Deferred Annuities
5	Disability Income: Active lives with premium guarantee of—
	(a) Less than or equal to 1 year
	(b) More than 1 year but less than 5 years
	(c) Greater than 5 years
6	Disability Income: Active lives for other accident and sickness
7	Disability Income: Claims in payment
8	Disability Income: Claims in payment for other accident and sickness
9	Group Life
10	Group Disability

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11	Group Health
12	Stop Loss
13	Rider
14	Variable Annuities

- (d) details of geographical location of the long-term business gross premiums written.

[Regulation 14E inserted by 2015 : 50 s. 15 effective 1 January 2016]

Schedule of segregated accounts

14F An insurer shall provide the following information for each segregated cell by statutory lines of business written under the schedule of segregated accounts—

- (a) the cell reference number;
- (b) the name;
- (c) total assets;
- (d) total liabilities;
- (e) statutory capital and surplus;
- (f) cash and investments;
- (g) net loss reserves;
- (h) reinsurance recoverables;
- (i) statutory lines of business written as set out in Tables A and B;
- (j) gross premiums written;
- (k) net premiums written;
- (l) currency used;
- (m) confirm whether the insurance business written by a segregated account cell is business that meets the definition in the Act of business that can ordinarily be written by a Class 1, Class 2, Class 3, Class A, Class B insurer or innovative insurer (with the exception that the insurance business written is that which is assumed from an affiliate insurer is deemed by the Authority as “connected business” or is business written by an insurer owned by insurance brokers or agents);
- (n) whether or not there is any inter-relationship between segregated cells (including but not limited to contractual arrangements, reinsurance, guarantees, transfers or loans);
- (o) whether or not there is access to the general account assets;

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- (p) the remedial actions or update on proceedings when a segregated cell is in deficit, is insolvent, or is subject to litigation.

[Regulation 14F inserted by 2015 : 50 s. 15 effective 1 January 2016; Regulation 14F(m) amended by 2018 : 35 Sch & s. 22 effective 23 July 2018]

Anti-Money Laundering and Anti-Terrorist Financing

14G (1) Every insurer writing long-term business shall be required to complete the questions set out in Schedule IV “Anti-Money Laundering/Anti-Terrorist Financing” in relation to its long-term business (excluding any reinsurance business) and provide particulars of its gross written premiums on a consolidated basis for the relevant year.

(2) When completing Schedule IV, insurers are required to complete—

- (a) Table I, in order to provide the Authority with the data required to determine the extent of an insurer’s exposure or potential exposure to Money Laundering (“ML”) and Terrorist Financing (“TF”) risks;
- (b) Table II, in order to provide the Authority with an understanding of the insurer’s AML/ATF corporate governance framework, including but not limited to employee training, knowledge, integrity, and compliance with established AML/ATF policies and procedures.

[Regulation 14G inserted by 2016 : 35 s. 17 effective 1 January 2017]

Schedule of alternative capital arrangements

14H (1) Every insurer funded by alternative capital arrangements shall, with respect to the relevant year, file the following information in relation to all contracts of insurance which were in force and for which the insurer was required to hold collateral—

- (a) name of the insured;
- (b) insurance contract reference number;
- (c) type of insurance coverage written;
- (d) statutory line of business written;
- (e) location of exposure covered;
- (f) aggregate maximum limit as at the inception date of the contract of insurance;
- (g) net aggregate maximum limit as at the end of the insurer’s financial year;
- (h) inception date of coverage period;
- (i) effective date of contract;
- (j) expiry date of coverage period;
- (k) gross premium written for the coverage period;
- (l) net premium written for the coverage period;

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- (m) attachment point;
- (n) aggregate losses outstanding at the beginning of the insurer's financial year;
- (o) aggregate losses incurred during the insurer's financial year;
- (p) aggregate losses outstanding at the end of the insurer's financial year;
- (q) reserved buffer collateral;
- (r) currency of exposure;
- (s) nature of collateral;
- (t) average collateral rating;
- (u) amount of collateral at the end of the insurer's financial year; and
- (v) any additional comments to assist the Authority in understanding any of the information provided under the preceding subparagraphs.

(2) In this regulation—

“alternative capital” means capital provided by an alternative capital provider for the purposes of collateralizing an insurer against contract of insurance losses;

“alternative capital provider” means a person providing capital to an insurer in which he has no ownership.

[Regulation 14H inserted by 2019 : 51 s.4(2) effective 31 December 2019]

15 *[deleted]*

[Deleted by BR 39 / 1981 reg. 2 effective 3 July 1981]

Schedule of Cyber Risk Management

15A Every insurer shall provide the following information in relation to management of its cyber risks—

- (a) whether the insurer's board has approved the insurer's cyber risk strategy, and if so, the insurer shall state how often the board reviews the strategy;
- (b) whether the insurer has formally adopted a cyber security standard or practice, and if so, the insurer shall state how often the board reviews the standard or practice;
- (c) whether cyber risk is considered part of the insurer's internal management control process, and if so, the insurer shall provide the relevant documentation;
- (d) whether the insurer has a process in place to identify the organisation's critical functions, processes and key information assets that are exposed

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- to cyber risk, and if so, the insurer shall describe how critical functions are defined and provide any relevant policies or supporting documentation;
- (e) whether the insurer's internal audit department conduct reviews of the organization's cyber security systems, controls and processes, and if so, the insurer shall provide the latest report;
 - (f) whether the insurer has cyber insurance, and if so, the insurer shall provide the applicable limits;
 - (g) whether the insurer performs internal regular vulnerability testing and penetration testing, and if so, the insurer shall provide the latest reports;
 - (h) whether the insurer has engaged an external consultant to perform vulnerability or penetration testing in the last year, and if so, the insurer shall provide the name and address of the vendor engaged and provide the latest vendor report;
 - (i) whether all employees of the insurer are provided with on-going cyber security training;
 - (j) whether an assessment has been made regarding cyber and potential contagion risk from third party service providers of the insurer, and if so, the insurer shall provide the assessment report;
 - (k) whether the insurer has formal policies and procedures in place to protect critical data and sensitive data such as personal identification information, and if so, the insurer shall provide the policies and procedures;
 - (l) whether the insurer has formal policies and procedures in place to ensure maintenance of its software including installation of patches and updates to software in a timely manner, and if so, the insurer shall provide the policies and procedures;
 - (m) whether the insurer has formal policies and procedures in place to monitor its networks and to detect internal and external adverse network activity, and if so, the insurer shall provide the policies and procedures;
 - (n) whether a documented response plan has been implemented and whether formal thresholds are set for events and incidents to determine the appropriate response (including reporting to impacted stakeholders and regulators), and the answer to this query shall include information on the following—
 - (i) if the answer is in the affirmative, the insurer shall provide relevant policies or supporting documentation;
 - (ii) the insurer shall state whether the plan shall include detailed incident recovery process;
 - (iii) the insurer shall state whether the plan shall identify requirements for the remediation of any identified weaknesses and associated controls;

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- (iv) the insurer shall state whether he has been subject to a cyber incident, and if so, he shall describe the incident and the amount of loss, if applicable;
- (o) the insurer shall state where he ensures that outsourced functions have equivalent levels of security and protection;
- (p) the insurer shall state the percentage of the current year's budget he allocates to cyber security.

[Regulation 15A inserted by 2018 : 68 s. 17 effective 31 December 2018]

Schedule of Compliance with Sanctions

15B Every insurer shall provide the following information in relation to management of sanctions processes and policies—

- (a) whether the insurer screens policyholders and beneficiaries (where relevant) to determine whether they are subject to measures imposed under the International Sanctions Act 2003 and related regulations (“Bermuda sanctions regime”);
- (b) whether the insurer screens employees to determine whether they are subject to measures imposed under the Bermuda sanctions regime;
- (c) the insurer shall state if he has frozen any client assets in the last 12 months pursuant to enforcement action taken under the Bermuda sanctions regime;
- (d) if the answer to the query in paragraph (c) is in the affirmative, the insurer shall state how many asset freezes there have been;
- (e) the insurer shall provide the following details for asset freezes from the consolidated list as published by the United Kingdom’s Office of Financial Sanctions Implementation (OFSI)—

	Group ID Name	Name of the insurer	Name of the person/entity owned/controlled by insurer?	Value of Assets
1				
2				
3				
4				

- (f) the insurer shall include any additional information/comments which he thinks might be relevant to this exercise.

[Regulation 15B inserted by 2018 : 68 s. 17 effective 31 December 2018]

Requirements relating to preparation of returns generally

16 (1) Every statutory financial return and any document annexed to such a return shall be prepared in the English language.

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(2) All amounts which are shown in any such return or document as aforesaid shall be shown in the currency in which pursuant to regulation 10(2) of the Insurance Accounts Regulations 1980 [*title 17 item 49(a)*] amounts in any account of an insurer are to be shown; but the Bermudian equivalent of every such amount must be stated next to that amount in every case where that amount is an amount expressed in a foreign currency (in this regulation called a "foreign currency amount").

(3) For the purposes of paragraph (2), the Bermudian equivalent of a foreign currency amount shall be the Bermudian dollar equivalent of that foreign currency amount as converted into Bermudian dollars at the rate of exchange used by any licensed bank in Bermuda in relation to purchases by that Bank of that foreign currency on the last day of the relevant year; and the person preparing the return or document in question shall state that rate either in the return or document itself or in some other document made available to the Supervisor.

[Regulation 16 amended by 2001:27 effective 1 October 2001]

Offences

17 (1) *[revoked by 1995:20]*

(2) Any person who, in or in relation to a return or a document annexed to a return, makes, or joins in making, any statement which he knows to be false or does not believe to be true commits an offence against these Regulations; and in this paragraph "make a statement", in relation to any statement made, includes a wilful omission to state something that is material.

(3) If, for the purposes of any provision of these Regulations (being a provision requiring or allowing for a statement to be made) either—

- (a) any insurer; or
- (b) any director or officer or employee of an insurer; or
- (c) any approved auditor,

makes a statement which owing to its or his gross negligence in making the statement is wrong, or grossly misleading, in a material respect, it or he commits an offence against these Regulations.

[Regulation 17 amended by 1995:20 effective 29 April 1995]

Commencement

18 *[omitted]*

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SCHEDULE I

(Reg. 10(1))

GENERAL BUSINESS SOLVENCY MARGIN

Figure A

1 For the purposes of regulation 10, figure A has the following value in relation to the class of insurer indicated—

Class 1	\$120,000
Class 2	\$250,000
Class 3	\$1,000,000
IGB insurer	\$120,000

Figure B

2 (1) For the purposes of regulation 10, paragraphs (2) and (3) set out the method of calculating figure B in relation to Class 1, Class 2, Class 3 and IGB insurers.

(2) Where the net premiums—

- (a) written by a Class 1, Class 2, Class 3 or IGB insurer in its current financial year; or
- (b) projected to be written by an insurer on application for registration as a Class 1, Class 2, Class 3 or IGB insurer, in its first financial year, do not or (as the case may be) are not projected to exceed \$6,000,000,

figure B shall be calculated as 20% of those net premiums.

(3) Where the net premiums—

- (a) written by a Class 1, Class 2, Class 3 or IGB insurer in its current financial year; or
- (b) projected to be written by an insurer, on application for registration as a Class 1, Class 2, Class 3 or IGB insurer, do not or (as the case may be) are not projected to, exceed \$6,000,000,

figure B shall be calculated as \$1,200,000 plus the following percentage of the net premiums written which exceed \$6,000,000 in relation to the class of insurer indicated—

Class 1	10%
Class 2	10%
Class 3	15%
IGB insurer	10%

(4) In this paragraph, “net premiums written” in relation to any financial year means, in relation to a Class 1, Class 2, Class 3 or IGB insurer, the net amount, after deductions of any premiums ceded by the insurer for reinsurance, of the premiums written

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by the insurer in that year in respect of general business and “net premiums projected to be written” has a corresponding meaning.

Figure C

3 For the purposes of regulation 10, figure C shall be calculated as the following percentage of the aggregate—

- (a) of the amounts shown by the insurer in completing lines 17 and 18 of Form 1 or Form 1A (as applicable) in the Insurance Accounts Regulations 1980; or
- (b) of those amounts as projected by the insurer on application for registration, in relation to the class of insurer indicated—

Class 1	10%
Class 2	10%
Class 3	15%
IGB insurer	10%.

[Schedule I revoked and replaced by BR 2 / 2009 reg. 6 effective 31 December 2008; amended by 2013 : 46 Sch. II effective 1 January 2014; revoked and substituted by 2015 : 50 s. 15 effective 1 January 2016; amended by 2018 : 35 Sch & s. 22 effective 23 July 2018]

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SCHEDULE II

(Reg. 12(1))

MINIMUM MARGIN OF SOLVENCY FOR LONG-TERM BUSINESS

Class Minimum Margin of Solvency ('MMS')

A greater of \$120,000 or 0.5% of assets;

B greater of \$250,000 or 1% of assets,

ILT insurer greater of \$120,000 or 0.5% of assets,

where assets shall be the total assets reported on an insurer's balance sheet in the relevant year less the amount held in a segregated account.

[Schedule II, formerly titled "Calculation of the Statutory Ratios", was revoked, substituted and retitled "Minimum Margin of Solvency for Long-Term Business" by 2015 : 50 (see paragraph 13 of Schedule 2) effective 1 January 2016; Schedule II amended by 2018 : 35 Sch & s. 22 effective 23 July 2018]

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SCHEDULE III

(Reg. 12 (1A))

[Schedule III added by 2010 : 60 Sch. I effective 31 December 2010; revoked and replaced by 2013 : 46 Sch. II effective 1 January 2014; revoked by 2015 : 50 (see paragraph 8 of Schedule 2) effective 1 January 2016]

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SCHEDULE IV

(Regulation 14G)

ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING

Table I

AML/ATF

INSURER INFORMATION

1. Confirm if the insurer is registered as a segregated accounts company ("SAC") in accordance with the requirements of the Segregated Accounts Companies Act 2000 or has created separate accounts in accordance with the provisions relating to the business of the insurer under any Private Act. If the answer is "yes" to the foregoing question, provide the number of—
 - (a) active accounts; and
 - (b) non-active accounts.
2. Provide the Gross Premium Written (GPW) for the relevant year. In addition:
 - (a) provide the percentage of GPW corresponding to any unrelated business written by the insurer;
 - (b) if applicable, confirm the percentage of incidental general business written by the insurer;
 - (c) provide GPW by line of business—

Lines of Business	Insurance		Reinsurance	
	GPW US\$	Number of Policies	GPW US\$	Number of Policies
(a) Mortality				
(i) Term assurance	XXX	XXX	XXX	XXX
(ii) Whole Life	XXX	XXX	XXX	XXX
(iii) Universal Life	XXX	XXX	XXX	XXX
(b) Critical illness (including accelerated critical illness products)	XXX	XXX	XXX	XXX
(c) Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	XXX	XXX	XXX	XXX
(d) Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs)	XXX	XXX	XXX	XXX
(e) Annuities certain only	XXX	XXX	XXX	XXX
(f) Deferred accumulation annuities	XXX	XXX	XXX	XXX

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(g) Disability income: active lives - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(h) Disability income: active lives - other accident and sickness	XXX	XXX	XXX	XXX
(i) Disability income: claims in payment - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(j) Disability income: claims in payment - other accident and sickness	XXX	XXX	XXX	XXX
(k) Group Life	XXX	XXX	XXX	XXX
(l) Group Disability	XXX	XXX	XXX	XXX
(m) Group Health	XXX	XXX	XXX	XXX
(n) Stop Loss	XXX	XXX	XXX	XXX
(o) Rider (other product riders not included above)	XXX	XXX	XXX	XXX
(p) Variable Annuities	XXX	XXX	XXX	XXX
(q) Other Lines of Business				
General Business	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Any other lines of business	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Total	XXX	XXX	XXX	XXX

3. Confirm if the insurer has in force designated investment contracts approved by the Authority in accordance with the provisions of section 57A of the Act; or in accordance with the provisions of any Private Act relating to the business of the insurer. If the answer is yes to the foregoing question, provide the—

- (a) number of designated investment contracts approved;
- (b) net account value of the designated investments contracts at year end.

4. Provide claims paid (gross) for the reporting period. Additionally, provide claims paid by line of business—

Lines of Business	Insurance		Reinsurance	
	Paid US\$	Number of Policies	Paid US\$	Number of Policies
(a) Mortality				
(i) Term assurance	XXX	XXX	XXX	XXX
(ii) Whole Life	XXX	XXX	XXX	XXX
(iii) Universal Life	XXX	XXX	XXX	XXX
(b) Critical illness (including accelerated critical illness products)	XXX	XXX	XXX	XXX

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(c) Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	XXX	XXX	XXX	XXX
(d) Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs)	XXX	XXX	XXX	XXX
(e) Annuities certain only	XXX	XXX	XXX	XXX
(f) Deferred accumulation annuities	XXX	XXX	XXX	XXX
(g) Disability income: active lives - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(h) Disability income: active lives - other accident and sickness	XXX	XXX	XXX	XXX
(i) Disability income: claims in payment - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(j) Disability income: claims in payment - other accident and sickness	XXX	XXX	XXX	XXX
(k) Group Life	XXX	XXX	XXX	XXX
(l) Group Disability	XXX	XXX	XXX	XXX
(m) Group Health	XXX	XXX	XXX	XXX
(n) Stop Loss	XXX	XXX	XXX	XXX
(o) Rider (other product riders not included above)	XXX	XXX	XXX	XXX
(p) Variable Annuities	XXX	XXX	XXX	XXX
(q) Other Lines of Business				
General Business	XXX	XXX	XXX	XXX
Any other lines of business	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX

5. Confirm if the corporate governance framework or procedure manuals of the insurer relating to ML/AF risks are up to date and aligned with current AML/ATF requirements.
6. Confirm the frequency with which the AML/ATF policies, procedures or manual are reviewed by the insurer.
7. Confirm if the insurer provides employees with training relating to money laundering ("ML") and terrorism financing ("TF"). If yes, confirm if—
 - (a) ML/TF training is included in the induction programme of new employees;
 - (b) the ML/TF training provided is specific to the business of insurance conducted by the insurer or is of general application;

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(c) the frequency that employees must undertake ML/TF training.

8. Provide the experience and professional designations of the following employees—

	Number of Years in Current Role	Number of Years of AML/ATF Experience	Professional Designation
Senior Compliance Officer	XXX	XXX	XXX
Reporting Officer ("ML/TF Reporting Officer")	XXX	XXX	XXX

9. Confirm if the insurer's Senior Compliance Officer is located in Bermuda.

10. Confirm if the insurer's ML/TF Reporting Officer is located in Bermuda.

11. Confirm if the insurer's Senior Compliance Officer is a member of the senior management of the insurer.

12. Confirm the actions taken by an insurer prior to hiring employees—

<u>Verification of:</u>	Yes/No
Name	XXX
Residential address	XXX
Whether the individual should be considered as or is, a PEP	XXX
Whether individual is subject to international sanctions lists	XXX
Whether there is negative press concerning the proposed employee	XXX
Employment history	XXX
Professional references	XXX
Whether details have been requested regarding regulatory action taken against the individual	XXX
Details of any criminal conviction for fraud or other dishonesty	XXX

13. Confirm if the insurer monitors the transactions of its policyholders against their risk profile for suspicious activity.

14. Confirm if the insurer is registered with the Financial Intelligence Agency's ("FIA") "Go AML" Program and if so, provide the date of registration.

15. Confirm the number of Suspicious Activity Reports filed by the insurer from the year 2011 to date.

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POLICY HOLDER AND BENEFICIARY INFORMATION

	Filed Internally	With FIA
201X	XXX	XXX
201X-1	XXX	XXX
201X-2	XXX	XXX
201X-3	XXX	XXX
201X-4	XXX	XXX
Total	XXX	XXX

16. Provide the following information based on the policyholder's residence (in accordance with the underwriting geographical zones set out in Table A); and the GPW for the relevant year—

Geographic Zone	GPW US\$	Number of Policies
Zone 1	XXX	XXX
Zone 2	XXX	XXX
Zone 3	XXX	XXX
Zone 4	XXX	XXX
Zone 5	XXX	XXX
Zone 6	XXX	XXX
Zone 7	XXX	XXX
Zone 8	XXX	XXX
Zone 9	XXX	XXX
Zone 10	XXX	XXX
Zone 11	XXX	XXX
Zone 12	XXX	XXX
Zone 13	XXX	XXX
Zone 14	XXX	XXX
Zone 15	XXX	XXX
Zone 16	XXX	XXX
Zone 17	XXX	XXX
Zone 18	XXX	XXX
Zone 19	XXX	XXX
Zone 20	XXX	XXX
Total	XXX	XXX

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17. Provide the following information, based on the residence of beneficiaries (in accordance with the underwriting geographical zones set out in Table A); and the claims paid for the relevant year—

Geographic Zone	Claims paid	Number of Policies
Zone 1	XXX	XXX
Zone 2	XXX	XXX
Zone 3	XXX	XXX
Zone 4	XXX	XXX
Zone 5	XXX	XXX
Zone 6	XXX	XXX
Zone 7	XXX	XXX
Zone 8	XXX	XXX
Zone 9	XXX	XXX
Zone 10	XXX	XXX
Zone 11	XXX	XXX
Zone 12	XXX	XXX
Zone 13	XXX	XXX
Zone 14	XXX	XXX
Zone 15	XXX	XXX
Zone 16	XXX	XXX
Zone 17	XXX	XXX
Zone 18	XXX	XXX
Zone 19	XXX	XXX
Zone 20	XXX	XXX
Total	XXX	XXX

18. Provide the information based on the residence of politically exposed persons (in accordance with the underwriting geographical zones set out in Table A); and the GPW for the relevant year—

Geographic Zone	Number of PEPs
Zone 1	XXX
Zone 2	XXX
Zone 3	XXX
Zone 4	XXX
Zone 5	XXX
Zone 6	XXX
Zone 7	XXX

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Zone 8	XXX
Zone 9	XXX
Zone 10	XXX
Zone 11	XXX
Zone 12	XXX
Zone 13	XXX
Zone 14	XXX
Zone 15	XXX
Zone 16	XXX
Zone 17	XXX
Zone 18	XXX
Zone 19	XXX
Zone 20	XXX
Total	XXX

19. Confirm if the insurer screens policyholders and beneficiaries to determine if they are subject to directives imposed under Bermuda sanctions regime.

20. Provide the number of policyholders by the following risk assessment—

	Number of Policyholders	% of GPW
Low Risk	XXX	XXX
Medium Risk	XXX	XXX
High Risk	XXX	XXX
Unknown	<u>XXX</u>	<u>XXX</u>
Total	<u>XXX</u>	<u>XXX</u>

21. Confirm the frequency with which the insurer rates the AML/ATF risks of its policyholders.

22. Confirm whether senior management approval is required to approve new business, if the policyholder has been risk rated as—

Low	Medium	High
XXX	XXX	XXX

23. Confirm if senior management approval is required to retain an existing policyholder, if the policyholder's risk rating has changed to—

Low	Medium	High
XXX	XXX	XXX

24. Confirm the manner in which the insurer conducts business with its policyholders by percentage of the total business—

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	% of policyholder
Directly with the policyholder	XXX%
Via affiliated intermediary arrangement	XXX%
Via unrelated intermediary arrangement	XXX%
Introduced from a member of an insurance group	XXX%
Other (provide examples)	<u>XXX%</u>
Total	XXX%

25. Provide the percentage of business conducted by each of the following methods—

	% of policyholder
Face to face with policyholders	XXX%
Via intermediary	XXX%
By phone, email, fax, or post	XXX%
Other (provide examples)	<u>XXX%</u>
Total	XXX%

26. If the insurer engages intermediaries, confirm if the insurer performs AML/ATF due diligence prior to the engagement.

27. Confirm the following information for each type of policyholder that is verified by an insurer prior to commencement of new business—

	Low Risk Policyholder	Medium Risk Policyholder	High Risk Policyholder	Non-Risk Rated Policy holder
Public company (i.e., Policyholders quoted on a stock exchange)				
Full legal name	XXX	XXX	XXX	XXX
Address of Policyholder	XXX	XXX	XXX	XXX
Nature of business	XXX	XXX	XXX	XXX
Evidence of exchange listing	XXX	XXX	XXX	XXX
Private company (i.e. Policyholders not quoted on a stock exchange)				
Legal name	XXX	XXX	XXX	XXX
Trading name	XXX	XXX	XXX	XXX
Registered trading address	XXX	XXX	XXX	XXX
Nature of business	XXX	XXX	XXX	XXX
Jurisdiction of operations		XXX	XXX	XXX
Identity of beneficial owner and whether identify is verified	XXX	XXX	XXX	XXX

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Address of beneficial owners	XXX	XXX	XXX	XXX
Identity of directors/senior executives and whether identity is verified	XXX	XXX	XXX	XXX
Address of directors/senior executives	XXX	XXX	XXX	XXX
Natural Person				
Name	XXX	XXX	XXX	XXX
Address	XXX	XXX	XXX	XXX
D.O.B.	XXX	XXX	XXX	XXX
Nationality	XXX	XXX	XXX	XXX
Gender	XXX	XXX	XXX	XXX
Occupation	XXX	XXX	XXX	XXX
Salary	XXX	XXX	XXX	XXX
Employer	XXX	XXX	XXX	XXX
Source of funds	XXX	XXX	XXX	XXX
Source of wealth	XXX	XXX	XXX	XXX
Reason for application	XXX	XXX	XXX	XXX
Expected activities	XXX	XXX	XXX	XXX

28. Confirm the mechanism(s) used by the insurer to receive premium and pay claims—

	Premium	Claim
Bank transfer	XXX	XXX
Cash	XXX	XXX
Cheque	XXX	XXX
Credit/debit card	XXX	XXX
Virtual currencies	XXX	XXX
Other (provide examples)	<u>XXX</u>	<u>XXX</u>

29. Provide any additional information or comments that could be relevant to this report or which may further clarify any information provided by the insurer.

Table A - Underwriting Geographical Zones

Underwriting Zone	Location
Zone 1 - Central & Western Asia	Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Tajikistan, Turkey, Turkmenistan, United Arab Emirates and Uzbekistan

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Zone 2 - Eastern Asia	China, Hong Kong, Japan, Macao, Mongolia, North Korea, South Korea and Taiwan
Zone 3 - South and South-Eastern Asia	Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, India, Indonesia, Iran, Lao PDR, Malaysia, Maldives, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Timor-Leste, and Vietnam
Zone 4 - Oceania	American Samoa, Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Norfolk Island, N. Mariana Islands, Palau, Papua New Guinea, Pitcairn, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu and Wallis & Futuna Islands
Zone 5 - Northern Africa	Algeria, Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Cote d' Ivoire, Egypt, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, Saint Helena, Senegal, Sierra Leone, Sudan, Togo, Tunisia and Western Sahara
Zone 6 - Southern Africa	Angola, Botswana, Burundi, Democratic Republic of Congo, Comoros, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mayotte, Mozambique, Namibia, Republic of Congo, Reunion, Rwanda, Sao Tome & Principe, Seychelles, Somalia, South Africa, Swaziland, Uganda, United Republic of Tanzania, Zambia and Zimbabwe
Zone 7 - Eastern Europe	Belarus, Bulgaria, Czech Republic, Hungary, Moldova, Poland, Romania, Russian Federation, Slovakia and Ukraine
Zone 8 - Northern Europe	Aland Islands, Channel Islands, Denmark, Estonia, Faroe Islands, Finland Guernsey, Iceland, Republic of Ireland, Isle of Man, Jersey, Latvia, Lithuania, Norway, Svalbard, Jan Mayen, Sweden and United Kingdom
Zone 9 - Southern Europe	Albania, Andorra, Bosnia, Croatia, Cyprus, Gibraltar, Greece, Italy, FYR of Macedonia, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain and Vatican City
Zone 10 - Western Europe	Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands and Switzerland
Zone 11 - Northern America (excluding USA)	Canada, Greenland and St Pierre & Miquelon
Zone 12 - Caribbean	Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guadeloupe, Haiti, Jamaica, Montserrat, Netherlands Antilles, Puerto Rico, St. Barthelemy, St Kitts & Nevis, St Lucia, St Martin, St Vincent, Trinidad & Tobago, Turks & Caicos Islands, and US Virgin Islands

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Zone 13 - Eastern South America	Brazil, Falkland Islands, French Guiana, Guyana, Paraguay, Suriname and Uruguay
Zone 14 - Northern, Southern and Western South America	Argentina, Bolivia, Chile, Colombia, Ecuador, Peru and Venezuela
Zone 15 - North-East United States	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont
Zone 16 - South-East United States	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
Zone 17 - Mid-West United States	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota and Wisconsin
Zone 18 - Western United States	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington and Wyoming
Zone 19 - Central America	Belize, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua and Panama
Zone 20 - Bermuda	Bermuda

Table II

AML/ATF

The insurer shall confirm the following information as at the reporting period—

Corporate Governance	
1	Whether the powers, roles, responsibilities and accountabilities between the board of directors of the insurer ("Board") and senior management are clearly defined, segregated and understood.
2	Whether the Board and senior management understand how the insurer operates through structures which may impede transparency.
3	That the insurer reviews and monitors the structure, size and composition of the Board and recommends improvements to ensure its compliance with the applicable laws, regulations, listing rules and insurer's policies.
4	That the Audit and Risk Management Committee of the Board, or any related Board committee, assists the Board in fulfilling its oversight function through the review and evaluation of the financial reporting process and adequacy and effectiveness of the system of internal controls, including financial reporting and information technology security controls.

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5	Confirmation that the Board receives sufficient AML/ATF information to assess and understand the senior executive's process for evaluating the insurer's system of internal controls.
6	Whether the Board ensures that the insurer complies with all relevant laws and regulations and endeavours to adopt accepted best business practices.
7	That the Board and senior management declare any personal dealings to HR and the Compliance department when applicable or required.
8	That the Board provides oversight to the insurer with regard to enterprise risk management and identifies key risk areas and key performance indicators and monitors these factors with due diligence.
9	Whether Board members ensure there is appropriate oversight by the senior management that is consistent with the insurer's policies and procedures.
10	Whether the Board sets and enforces clear lines of responsibility and accountability throughout the organization.
11	That at least annually the Board monitors the senior management's compliance with policies set by the Board and its performance based on approved targets and objectives.
12	That the Board receives advice on all major financing transactions, principal agreements and capitalization requiring Board approval and makes appropriate recommendations for their consideration.
13	Whether the compliance and audit function are independent of all operational and business functions as far as practicable and have direct lines of communication to the senior management.
14	That the insurer has instituted policies or procedures to provide for the Senior Compliance Officer to have regular contact with, and direct access to, the senior management, to ensure that the senior management is able to satisfy itself that the insurer's statutory obligations are being met and the measures taken to prevent risks of ML/TF are sufficiently robust.
Employee Integrity	
15	Whether the insurer has established and maintains and operates appropriate procedures in order to be satisfied of the integrity of new employees.
16	That appropriate mechanisms have been established to ensure the protection of the insurer's employees; to report suspicious transactions and other actions to comply with AML/ATF obligations.
17	That adequate procedures or management information systems are in place to provide relevant employees with timely information which may include information regarding connected accounts or relationships.
18	Whether adequate procedures or document information systems are in place to ensure relevant legal obligations are understood and practised by employees and adequate guidance and training are provided by the insurer to employees.
19	Whether the incidence of financial crime committed by employees (e.g. theft, fraud) is low.

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Employee Knowledge	
20	That all employees are aware of the identity of the Reporting Officer and how to report suspicious activity.
21	Confirm whether training programmes are designed to cover the AML/ATF/ risks of the insurer.
22	Whether the insurer has an appropriate number of suitably trained employees and other resources necessary to implement and operate its AML/ATF programme.
23	Whether employees fully comply with all AML/ATF procedures in respect of customer identification, account monitoring, record keeping and reporting.
24	That employees are expected to remain vigilant to the possibility of ML.
25	Whether employees who violate any of the AML/ATF regulations and or policies and procedures outlined in the insurer's handbook will be subject to disciplinary action.
26	That all employees are required to (at least annually) undertake training to ensure that their knowledge of AML/ATF laws, policies and procedure is current.
27	Whether employees are updated on money laundering schemes and typologies on a regular basis.
28	That employees are required to declare personal dealings relevant in the jurisdictions that the insurer operates in on a regular basis (at least annually).
Employee Compliance	
29	Whether the insurer ensures that the Senior Compliance Officer is the focal point for the oversight of all activities relating to the prevention and detection of ML/TF.
30	That the Senior Compliance Officer is fully conversant and trained in up-to-date regulatory requirements and ML/TF risks arising from the insurer's business.
31	That the Board monitors compliance with corporate governance regulations and guidelines.
32	Whether the Board supports the senior management's scope of AML/ATF internal control assessment and receives regular (at least annually) reports from the senior management.
Insurer Data	
33	The date the insurer last performed an entity-wide AML/ATF risk assessment.
34	The date the insurer last had an independent review of its AML/ATF programme.
35	The date of the last Compliance/ Reporting Officer report on the operation and effectiveness of the insurer's AML/ATF policies, procedures and controls.

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36	If the insurer documents the ML/TF risk assessment associated with a product/service prior to launch.
37	If the insurer is listed on a stock exchange.
	If yes, please provide details of the stock exchange(s).

Please include any additional information/comments which the insurer is of the view may be relevant.

INSTRUCTIONS TO THE SCHEDULE—

For the purposes of this Schedule, “relevant year” means in relation to an insurer its financial year.

“POCA Regulations” means the Proceeds of Crime (Anti-Money Laundering and Anti-Terrorist Financing) Regulations 2008.

For the purposes of Table I—

- a) in paragraph 1, “active SAC” means a segregated account cell that is undertaking transactions of business and “non-active SAC” means a segregated account cell that is not undertaking any transactions of business;.
- b) in paragraph 2, “unrelated business” means insurance business consisting of insuring risks of persons who are not shareholders or affiliates of the insurer;
- c) in paragraph 2 “incidental general business” has the limitations imposed on the meaning of “general business” and “long-term business” as set out under section 1(4) (aa) of the Act;
- d) for the purposes of paragraph 8, “Reporting Officer” has the meaning given under paragraph 2(1) of POCA Regulations;
- e) in paragraph 12, “negative press” means any public information about the proposed employee that raises concerns about, amongst other things, the probity, fitness for the position or source of wealth of such person;
- f) for the purposes of completing 12, “criminal conviction” means all non-expunged criminal offences;
- g) for the purposes of completing the questions under paragraphs 11 and 19, “senior management” shall be interpreted in accordance with the provisions of POCA Regulations
- h) in paragraph 16, “policyholder” means the individual or entity covered by an insurance policy issued by the insurer;
- i) for the purposes of paragraph 17, a “beneficiary” means a beneficiary as defined under paragraph 6(7) of POCA Regulations;
- j) in paragraph 20, “risk assessment” means the assessment of AML/ATF risks determined by the insurer of a policy holder of the insurer in accordance with POCA Regulations and the relevant Guidance Notes issued by the Authority;

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- k) for the purposes of paragraph 27, "non-risk rated policyholder" means a policyholder who has not been "risk rated" in line with the AML/ATF risk assessment requirement imposed under POCA Regulations and the relevant Guidance Notes issued by the Authority.

INSTRUCTIONS TO TABLE II:

For the purposes of Table II—

In paragraphs 20 and 35, "Reporting Officer" has the meaning given under paragraph 2(1) of POCA Regulations.

[Schedule IV inserted by 2016 : 35 s. 17 effective 1 January 2017]

[Amended by:

BR 39 / 1981
BR 25 / 1985
BR 30 / 1989
1995 : 20
2001 : 27
BR 42 / 2005
BR 2 / 2009
2010 : 60
2012 : 36
2013 : 46
2015 : 2
2015 : 31
2015 : 50
2016 : 35
2018 : 35
2018 : 68
2019 : 51]