



BERMUDA

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS 4 AND CLASS 3B
SOLVENCY REQUIREMENT) AMENDMENT RULES 2024**

BR 20 / 2024

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SCHEDULE

The Bermuda Monetary Authority, in exercise of the power conferred by section 6A of the Insurance Act 1978, makes the following Rules:

Citation

1 These Rules, which amend the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Rules 2008 (the “principal Rules”), may be cited as the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Amendment Rules 2024.

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Amends paragraph 2

2 Paragraph 2 of the principal Rules is amended as follows—

(a) by inserting after “In these Rules” the words “, unless the context otherwise requires”;

(b) by revoking and replacing the definition of “EBS Valuation basis” with the following—

“ “EBS Valuation basis” means the Economic Balance Sheet valuation principles to be complied with by a Class 4 and Class 3B insurer in accordance with Schedule XXVI;”;

(c) by revoking and replacing the definition of “interest rate risk” with the following—

“ “interest rate risk” means the risk that relates to asset or liability values being adversely affected by changes in interest rates;”;

(d) in the definition of “Tail Value-at-risk” by inserting before the word “means” the abbreviation “(or “TVaR”)”;

(e) by inserting the following definitions in the appropriate alphabetical order—

“ “natural catastrophe risk” means catastrophe risk arising from natural catastrophes;

“man-made catastrophe risk” means catastrophe risk arising from human activity, non-activity or cause;”.

Amends paragraph 3

3 Paragraph 3 of the principal Rules is amended by inserting after subparagraph (3)—

“(4) An insurer may apply to the Authority to make adjustments in accordance with the provisions of Schedule XXV.”.

Amends paragraph 6

4 Paragraph 6 of the principal Rules is amended as follows—

(a) in subparagraph (1) by deleting “and XXIV” and substituting the words “, XXIV, XXV and XXVI”;

(b) in subparagraph (2) by deleting “and XXIV” and substituting the words “, XXIV, XXV and XXVI”;

(c) in subparagraph (2A)(b) by deleting “and XXIV” and substituting the words “, XXIV, XXV and XXVI”.

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Revokes and replaces Schedule I

5 Schedule I to the principal Rules entitled “Bermuda Solvency Capital Requirement” is revoked and replaced with a new Schedule I entitled “Bermuda Solvency Capital Requirement” as provided in accordance with the Schedule to these Rules.

Inserts Schedule XA

6 The principal Rules are amended by inserting after Schedule X, new Schedule XA entitled “Schedule of Man-Made Catastrophes” as provided in accordance with the Schedule to these Rules.

Amends Schedule XI

7 Schedule XI to the principal Rules is amended by deleting “in Schedule XIV” and substituting the words “in Schedule XXVI”.

Revokes and replaces Schedule XIV

8 Schedule XIV to the principal Rules entitled “Class 4 and Class 3B Statutory Economic Balance Sheet” is revoked and replaced with a new Schedule XIV entitled “Class 4 and Class 3B Statutory Economic Balance Sheet” as provided in accordance with the Schedule to these Rules.

Revokes and replaces Schedule XV

9 Schedule XV to the principal Rules entitled “Loss Reserve Specialist’s Opinion” is revoked and replaced with a new Schedule XV entitled “Loss Reserve Specialist’s Opinion” as provided in accordance with the Schedule to these Rules.

Amends Schedule XX

10 Schedule XX to the principal Rules is amended by deleting “in Schedule XIV” and substituting the words “in Schedule XXVI”.

Amends Schedule XXA

11 Schedule XXA to the principal Rules is amended by deleting “in Schedule XIV” and substituting the words “in Schedule XXVI”.

Amends Schedule XXI

12 Schedule XXI to the principal Rules is amended by deleting “in Schedule XIV” and substituting the words “in Schedule XXVI”.

Amends Schedule XXIA

13 Schedule XXIA to the principal Rules is amended by deleting “in Schedule XIV” and substituting the words “in Schedule XXVI”.

Inserts Schedules XXV and XXVI

14 (1) The principal Rules are amended by inserting after Schedule XXIV the following—

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- (a) Schedule XXV entitled “Schedule of Adjustments”;
- (b) Schedule XXVI entitled “Schedule of Economic Balance Sheet Valuation Principles”.

(2) The Schedules inserted by subparagraph (1) are provided in accordance with the Schedule to these Rules.

Commencement

15 These Rules come into operation on 31 March 2024.

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SCHEDULE

(Paragraphs 5, 6, 8, 9 and 14)

The Schedules referred to in paragraphs 5, 6, 8, 9 and 14 of these Rules are published on the Authority's website (www.bma.bm) in accordance with section 6A(8) of the Insurance Act 1978.

Made this 12th day of March 2024

Chairman
Bermuda Monetary Authority

[Operative Date: 31 March 2024]