



**BERMUDA**

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D AND CLASS E  
SOLVENCY REQUIREMENT) AMENDMENT RULES 2024**

**BR 18 / 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 C, Class D and Class E Solvency Requirement) Rules 2011 (the “principal Rules”), may be cited as

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the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Amendment Rules 2024.

### **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—

- (a) in relation to a Class C insurer, the Economic Balance Sheet valuation principles to be complied with by a relevant Class C insurer in accordance with Part XXVI of Schedule XIII;
  - (b) in relation to a Class D or Class E insurer, the Economic Balance Sheet valuation principles to be complied with by a relevant Class D or Class E insurer in accordance with Schedule XXVI;”;
- (c) by revoking the definition of “interest risk”;
  - (d) by inserting the following definitions in the appropriate alphabetical order—

“expense risk” means the risk of loss, or of adverse change in the value of liabilities (and assets, where applicable) resulting from changes in the level, trend or volatility of the expenses incurred in servicing contracts of insurance;

“group disability insurance” means disability insurance that is issued to persons insured through a group arrangement such as through an employer or association;

“group health insurance” means health insurance that is issued to persons insured through a group arrangement such as through an employer or association;

“group life insurance” means life insurance that is issued to persons insured through a group arrangement such as through an employer or association;

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

“lapse risk” means the risk of loss, or of adverse change in the value of liabilities (and assets, where applicable), resulting from changes in the level or volatility of lapse rates, including but not limited to rates of policy lapse, termination, renewal and surrender;”.

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### **Amends paragraph 3**

3 Paragraph 3 of the principal Rules is amended by inserting after subparagraph (5)—

“(6) 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 (3)(b) by deleting “and XXIV” and substituting the words “, XXIV, XXV and XXVI”.

### **Revokes and replaces Schedule I**

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

### **Inserts Schedules VIIA and VIIB**

6 (1) The principal Rules are amended by inserting after Schedule VII the following—

- (a) Schedule VIIA entitled “Schedule of Lapse Risk”;
- (b) Schedule VIIB entitled “Schedule of Long-Term Expense Risk”.

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

### **Revokes and replaces Schedule VIII**

7 Schedule VIII to the principal Rules entitled “Schedule of Long-Term Variable Annuity Guarantees Data and Reconciliation” is revoked and replaced with a new Schedule VIII entitled “Schedule of Long-Term Variable Annuity Guarantees Data and Reconciliation” as provided in accordance with the Schedule to these Rules.

### **Revokes and replaces Schedule XIII**

8 Schedule XIII to the principal Rules entitled “Bermuda Solvency Capital Requirement (Class C BSCR)” is revoked and replaced with a new Schedule XIII entitled “Bermuda Solvency Capital Requirement (Class C BSCR)” as provided in accordance with the Schedule to these Rules.

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### **Revokes and replaces Schedule XIV**

9 Schedule XIV to the principal Rules entitled “Class D and Class E Statutory Economic Balance Sheet” is revoked and replaced with a new Schedule XIV entitled “Class D and Class E Statutory Economic Balance Sheet” as provided in accordance with the Schedule to these Rules.

### **Revokes and replaces Schedule XV**

10 Schedule XV to the principal Rules entitled “Approved Actuary’s Opinion” is revoked and replaced with a new Schedule XV entitled “Approved Actuary’s Opinion” as provided in accordance with the Schedule to these Rules.

### **Amends Schedule XX**

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

### **Amends Schedule XXA**

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

### **Amends Schedule XXI**

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

### **Amends Schedule XXIA**

14 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**

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

- (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**

16 These Rules come into operation on 31 March 2024.

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**SCHEDULE**

(Paragraphs 5 to 10 and 15)

*The Schedules referred to in paragraphs 5 to 10 and 15 of these Rules are published on the Authority's website ([www.bma.bm](http://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]