



BERMUDA

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY
REQUIREMENT) AMENDMENT RULES 2024**

BR 17 / 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:

INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) AMENDMENT RULES 2024

Citation

1 These Rules, which amend the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 (the “principal Rules”), may be cited as the Insurance (Prudential Standards) (Insurance Group 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 the definition of “group life, health and disability insurance”;
- (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) by inserting the following definitions in the appropriate alphabetical order—

“ “EBS Valuation basis” means the Economic Balance Sheet valuation principles to be complied with by a relevant insurance group in accordance with Schedule XXV;

“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;

“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;

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

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“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 (5)—

“(6) A designated insurer may apply to the Authority to make adjustments in accordance with the provisions of Schedule XXIV.”.

Amends paragraph 6

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

- (a) in subparagraph (1) by deleting “and XXIII” and substituting the words “, XXIII, XXIV and XXV”;
- (b) in subparagraph (2) by deleting “and XXIII” and substituting the words “, XXIII, XXIV and XXV”;
- (c) in subparagraph (3)(b) by deleting “and XXIII” and substituting the words “, XXIII, XXIV and XXV”.

Revokes and replaces Schedule I

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

Amends Schedule VII

6 Schedule VII to the principal Rules is amended in the Instructions Affecting Schedule VII by deleting “Economic Balance Sheet valuation principles under Schedule XIV” and substituting the words “Economic Balance Sheet valuation principles under Schedule XXV”.

Inserts Schedules VIIA and VIIB

7 (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

8 Schedule VIII to the principal Rules entitled “Schedule of Long-Term Variable Annuity Guarantees Data and Reconciliation” is revoked and replaced with a new

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Schedule VIII entitled “Schedule of Long-Term Variable Annuity Guarantees Data and Reconciliation” as provided in accordance with the Schedule to these Rules.

Amends Schedule VIIIA

9 Schedule VIIIA to the principal Rules is amended by deleting “under Schedule XIV” and substituting the words “under Schedule XXV”.

Inserts Schedule XA

10 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.

Revokes and replaces Schedule XIV

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

Revokes and replaces Schedule XV

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

Amends Schedule XX

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

Amends Schedule XXA

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

Amends Schedule XXI

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

Amends Schedule XXIA

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

Inserts Schedules XXIV and XXV

17 (1) The principal Rules are amended by inserting after Schedule XXIII the following—

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

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

Commencement

18 These Rules come into operation on 31 March 2024.

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SCHEDULE

(Paragraphs 5, 7, 8, 10, 11, 12, and 17)

The Schedules referred to in paragraphs 5, 7, 8, 10, 11, 12, and 17 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]