BMA
BERMUDA MONETARY AUTHORITY

9th October 2014

Dear Insurance Groups and (Re)insurers:

RE: Notices Insurance (Prudential Standards) (Insurance Group, Class 4 and 3B, Class 3A, Class C, D, and E Solvency Requirement) Amendment Rules 2014 Issued for Comment on 18th June 2014.

The Bermuda Monetary Authority (the Authority or BMA) wishes to thank stakeholders for their continued support in furthering the development of the Bermuda regulatory framework for insurance. The Authority appreciates the feedback received and is committed to working closely with (re)insurance groups and (re)insurers to ensure an effective and efficient transition to the new standards.

The Authority did not receive any comments with regards to the Prudential Standards Class 4 and 3B and Class 3A Amendment Rules 2014 for Mutual Fund Disclosure.

There was one response in connection with the Prudential Standard Insurance Group and Class C, D and E Amendment Rules 2014 in relation to the Long-Term Variable Annuity Guarantees Internal Capital Model Actuarial Memorandum. This comment was in relation to the completion of the supplementary schedule in the Bermuda Solvency Capital Requirement ("BSCR") model. The Authority's view is that if the Internal Capital Model is to be used for Variable Annuity Business, then the supplementary schedule in the BSCR should be completed in full.

NEXT STEPS

The Authority is working towards having the revised BSCR models available by the end of November 2014. The market will be advised accordingly should this timing change.

Yours sincerely,

Bermuda Monetary Authority