

CLASS E – Filing Requirements for the 2018 financial year-end

Filing requirements for the 2018 financial year-end for Class E (re)insurers

	<i>ITEM</i>	<i>REFERENCES</i>	<i>DETAILS</i>
1.	Statutory Financial Return (SFR)	a. Section 15 to 18 of the Insurance Act 1978 (the Act) b. Insurance Account Rules 2016	The SFR includes: - Insurer Information Sheet - Auditor's report - Statutory Financial Statements Form 1SFS, Form 2SFS, Form 8SFS (including notes to the unconsolidated financial statements) - Statutory Declaration of Compliance NOTES: - The SFR should be filed within four months after the end of the financial year or such longer period, not exceeding seven months, as the Authority may determine on the application of the insurer. - The SFR may be reported in the currency the insurer chooses is appropriate. - If an insurer has no investments as reported on line 4 of the unconsolidated statutory financial statements, the insurer may leave the consolidated section blank. - The Insurer Information Sheet and Statutory Financial Statements are included in the BSCR model and the Authority does not require a separate submission of these. - Notes are only required for the Unconsolidated Statutory Financial Statements, which are included in Form 1SFS of the BSCR model
2.	Capital and Solvency Return (CSR)	a. Section 6A of the Act b. The Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Rules 2011 c. Insurance (Eligible Capital) Rules 2012 d. Section 15A of the Act e. Insurance (Public Disclosure) Rules 2015 f. Guidance Note Actuary's Opinion on EBS Technical Provisions –	The CSR includes the BSCR and associated Schedules plus any supporting attachments (or where applicable, an approved internal capital model), specifically: - Capital and Solvency Declaration; - AML Questionnaire – (for direct long-term insurers only) - BSCR Schedules - Form 4EBS, and Schedules II to VIIIA & Schedules XVIII to XXI - Commercial Insurer Solvency Self-Assessment (CISSA) – Schedule IX; - Eligible Capital - Schedule XII - Commercial Insurer Risk Assessment (Operational Risk) - Schedule of Regulated Non-Insurance Financial Operating Entities – Schedule XVI - Schedule of Solvency – Schedule XVII - Financial Condition Report (FCR) - Actuary's Opinion (on the EBS Technical Provisions)

		May 2016	NOTES: 1. The CSR may be reported in the currency the insurer deems as appropriate. 2. The CSR should be <u>filed within four months</u> after the end of the financial year or such longer period, not exceeding seven months, as the Authority may determine on the application of the insurer. 3. Declaration of capital and solvency return should be signed by two directors and the insurer's principal representative. 4. The <u>FCR</u> should be signed by the i) chief executive of the insurer and any ii) senior executive responsible for actuarial or risk management or internal audit or compliance function. <u>The FCR is to be published on the insurer's website within 14 days of the date the report was filed with the Authority.</u> If an insurer does not have a website, it is to furnish to the public a copy of its latest financial condition reporting within 10 days of receipt of a request made in writing. 5. Both an electronic version and a printed copy of the CSR must be submitted which will include the SFR Forms. All original audit opinions applicable must also be submitted. Separate SFR and CSR submissions are not required.
3.	Updated CSR Calculation for 2019 Year-End	a. Bermuda Solvency Capital Requirement Updated Proposal March 2018	NOTES: 1. For the 2018 year-end, the Authority is not requiring insurers to complete the BSCR based on the revised 2019 year-end CSR calculation, however if an insurer wishes to determine their capital charge based on the revised methodology, the Authority has included the revised schedules to determine the revised BSCR calculation. 2.
4.	Audited Financial Statements	a. Section 17A of the Act	Additional financial statements prepared in accordance with GAAP Such financial statements shall be prepared in accordance with any one of the following standards or principles — a. International Financial Reporting Standards (IFRS); b. Generally Accepted Accounting Principles (GAAP) that apply in Bermuda, Canada, the United Kingdom or the United States of America; or c. Such other GAAP as the Authority may recognise. Every insurer shall file with the Authority a copy of the audited financial statements prepared under this section (together with the notes to those statements and the auditor's report thereon) within a period of four months from the end of the financial year to which the financial statements relate or such longer period, not exceeding seven months, as the Authority may determine on the application of the insurer. <u>17A (6) The Authority shall cause to be published in such manner as it considers appropriate a copy of every audited financial statement filed with it under subsection (5) together with the notes to those</u>

			<u>statements and the auditor's report.</u>
5.	Alternative Capital		Alternative Capital is defined as “Insurers that conduct business that is financed by a mechanism other than shareholders’ capital of the (re)insurance company. This may take various forms such as catastrophe (cat) bonds, industry loss warrants, sidecars, collateralised reinsurers, longevity and mortality bond/swaps, hybrid securities such as preference shares, swaps, and contingent capital such as letters of credit, among others.” If insurers have such capital arrangements, insurers are to complete the latest Alternative Capital Schedule found on the Authority’s website: http://www.bma.bm/document-centre/reporting-forms-and-guidelines/SitePages/Insurance.aspx and attached the completed file in the BSCR model attachments #18 Alternative Capital



Bermuda Long-Term Commercial Insurers

Changes to the 2018 BSCR Model

Below are the changes from the 2017 to 2018 year-end model for Long-Term insurers:

- 1) Information Sheet – in paragraph (L), included additional questions for Anti-Money Laundering (AML).
- 2) AML Schedule – revised AML schedule for long-term direct insurers.
- 3) Notes to Form 1SFS Line 17 – removed duplicative requirement for details on general business reserves for restricted and unsecured assets that are detailed on Notes to Form 1SFS Line 15.
- 4) Schedule V(e) – Stress / Scenario Tests
 - a. Financial Market Scenario – updated stress scenarios and included new R3 Extreme US Yield Curve Widening;
 - b. Mortgage Loan – updated Mortgage Loan Shock 1 & 2 for scenarios there are capital gains from the shock;
 - c. Cyber Risk – revised cyber risk schedule for inclusion of requested information on a unconsolidated and consolidated basis
- 5) Schedule (L) Segregated Accounts – revised segregated accounts schedule additional information on beneficial ownership details