



BERMUDA MONETARY AUTHORITY

INFORMATION BULLETIN

Assessment and Licensing Committee (“ALC”) Insurance Application Process

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I. INTRODUCTION

The Assessment and Licensing Committee (“ALC”) was established in 2007 by the Board of Directors of the Bermuda Monetary Authority (“the Authority”) to consider applications for licensing of financial service businesses seeking to operate in or from within Bermuda.

The ALC, which consists of senior management from each of the supervisory departments within the Authority, has recently undergone a comprehensive review of its terms of reference with a view to enhancing its processes, updating information and documentation requirements to reflect recent legal and regulatory amendments, and remaining responsive to industry developments. This information bulletin serves to update the Insurance Industry with respect to the ALC’s Insurance Application process and related licensing documentation requirements.

II. THE ROLE AND FUNCTION OF THE ALC

The functions and powers of the Authority under the Insurance Act 1978 (the “Act”) are delegated to the Chief Executive Officer by the Board of Directors by virtue of the Resolution on the Delegation of the Authority Functions. The responsibility to make decisions on applications for licensing under the Act is sub delegated to the ALC. This Committee consists of a Chairperson, who is ordinarily the Director of the Licensing & Authorisations or Supervision Departments; and includes a multi-disciplinary panel of relevant expertise (with a minimum of four (4) senior managers), drawn from the Licensing & Authorisations, Supervision and Policy, Legal & Enforcement Departments within the Authority.

The Committee convenes once a week on Friday mornings at 9:00 a.m., to review the applications presented for consideration, in order to reach consensus on whether to approve, defer or decline the applications for licensing. Applicants will be informed of the ALC decision, as soon as possible subsequent to the meeting, followed by a formal letter from the Authority confirming the same.

III. INSURANCE APPLICATION REQUIREMENTS

A. General Requirements

A detailed, comprehensive Insurance Application must be submitted for the licensure of an entity under the Insurance Act 1978, in the appropriate form as follows:

1. Applications must be received by the Authority no later than 5:00 p.m. on the relevant Monday, to be considered by the ALC on the Friday of the respective week. Applications received after the afore-mentioned deadline may not be considered by the ALC until the following week.

2. A minimum of 15 copies of the application, for all classes of insurance and insurance intermediaries, must be submitted to the Authority; for the attention of the Director of Licensing & Authorisations.
3. All documents included in an Insurance Application must be provided to the Authority in the English language.

Insurance Applications must include the following documents:

1. A cover letter providing an executive summary of the application and highlighting how the minimum licensing criteria (per the Schedule to the Insurance Act 1978 – see Appendix A attached), for the relevant class or category of insurance business being applied for, is satisfied; in cases where required documentation has not been provided by the applicant, a written explanation for the said omission(s) is required.
2. Constitutional documents; i.e. copies of the Memorandum of Association, Certificate of Incorporation or Registration Permit, (if applicable and available) or Pre-incorporation forms if not yet incorporated.
3. A business plan, including the following:
 - a. Detailed information on the business purpose for licensing in Bermuda, outlining the rationale for Bermuda as the chosen jurisdiction;
 - b. Ownership of the entity, including identification of the ultimate parent and other relevant details of group organizational structures;
 - c. Details of the Board of Directors and senior management;
 - d. Capitalisation amount and source(s) of funding;
 - e. Type(s) of business to be conducted, noting limits and net retentions as applicable;
 - f. Draft copies of all related reinsurance and service provider agreements;
 - g. Any other relevant information.
4. Pro forma income statements and balance sheets, prepared on a 5-year statutory financial basis, demonstrating that the relevant minimum solvency margin and liquidity ratio will be maintained at all times. For general business classes 3A, 3B & 4 and long-term business classes C, D & E, Bermuda Solvency Capital Requirement (“BSCR”) projections should be provided, where applicable. All financial information should be presented in Bermuda Dollars; if the original statements are prepared in a foreign currency those amounts must be converted into the Bermudian equivalent.
5. Support for the assumptions used to compile the aforementioned financial statements, including where applicable, an actuarial feasibility study supporting the projected loss reserves.

6. Where available and applicable, copies of letters of intent from both the ceding and/or reinsurance companies with whom the (re)insurer plans to conduct insurance business.
7. Any applicant proposing to write direct long-term business must provide a copy of its Anti-Money Laundering and Anti-Terrorism Financing policies and procedures. This also applies to an insurance broker who intends to place direct long-term business on behalf of its clients.
8. Information in respect of corporate shareholders/owners, including:
 - a. Most recent audited financial statements;
 - b. Copies of regulatory filings, if applicable; and
 - c. Background information.
9. Information in respect of individual shareholders/owners, including:
 - a. Personal declaration forms (to be completed by the respective individual as opposed to the company representative);
 - b. Questions that are answered in the affirmative, should be accompanied by a written statement of findings; including any relevant information discovered in the assessment of the fitness and propriety of individuals;
 - c. Bank references (for owners of commercial class insurers); and
 - d. Net worth statements (for individual owners), with any foreign currency denominated amounts converted into Bermuda Dollars or United States Dollars.
10. Information on the board of directors, senior management and/or key functionaries, including curriculum vitae.
11. Acceptance letters from applicable service providers (i.e. approved auditor, loss reserves specialist, approved actuary, principal representative and/or insurance manager, as applicable). Please note that we will require unconditional acceptance letters from all service providers at the time of registration.

B. Additional Requirements

In addition to the General Requirements noted above, the following information is required for each category of company proposing to be registered:-

1. Applicants intending to provide insurance services must provide:
 - a. Pre-incorporation Form, if company is not yet incorporated; or
 - b. Draft Form 1B, if company is incorporated.
2. Applicants intending to provide intermediary services must provide:
 - a. Form 3;

- b. Evidence of professional liability insurance coverage (for broker applications only);
 - c. Service provider letters of engagement; and
 - d. Insurance company letters of intent, if providing insurance agency services.
3. Applicants for continuation of an overseas operation from a foreign jurisdiction into Bermuda must provide:
 - a. A Certificate of Good Standing from the relevant regulatory authority in the foreign jurisdiction;
 - b. Contact information for the regulatory authority in the relevant foreign jurisdiction, including contact person name/title, organization name/address, e-mail address and telephone contact details; and
 - c. Copies of the most recent statutory financial statements and/or any other relevant financial information evidencing compliance of the applicant with the capital, solvency and liquidity requirements of the foreign jurisdiction.
4. Applicants for the establishment of a new branch operation in Bermuda must provide:
 - a. A Certificate of Good Standing from the relevant regulatory authority in the foreign jurisdiction;
 - b. Contact information for the regulatory authority in the relevant foreign jurisdiction, including contact person name/title, organization name/address, e-mail address and telephone contact details; and
 - c. Copy of Permit for the branch to operate as an Overseas Company (under Sections 133 to 134 of the Companies Act 1981) from the Bermuda Registrar of Companies, if available at the time of application.
 - d. Copies of the most recent financial statements of the parent company and/or any other relevant financial information supporting the ongoing ability of the parent company to fund the obligations of the applicant if necessary.
5. Applicants for Special Purpose Insurer (“SPI”) licenses must provide:
 - a. Completed SPI Checklist;
 - b. Draft copies of private placement memorandum or other investor offering documents; and
 - c. Any other relevant information to support the application.

Note: While the Authority acknowledges that all documents required for a comprehensive Insurance Application may not be available at the time of application, or may not be applicable based on the proposed business plan, applicants are advised to submit all pertinent documents as applicable (in draft form if necessary) to assist in the ALC review process. In cases where required documentation is not provided, a written explanation for any such omission is required. Applications that do not contain the necessary documents may be deferred or deemed insufficient for review.