15th July, 2015

NOTICE

Re: Insurance Code of Conduct (revised)

July 2015

The Bermuda Monetary Authority (the Authority) is posting its revised Insurance Code of Conduct (the Code). The Code establishes duties, requirements and standards to be complied with by (re)insurers registered under Section 4 of the Insurance Act 1978 (the Act), including the procedures and sound principles to be observed by such persons. Failure to comply with provisions set out in the Code will be a factor taken into account by the Authority in determining whether an (re)insurer is conducting its business in a sound and prudent manner, as required by the minimum criteria.

Proposed Amendments to the Insurance Code of Conduct

The Authority is posting this revised Code for information and consultation. The proposed amendments involve three specific changes necessary to improve and enhance the application of the Act and include changes to the role of the board.

Brief description of the proposed changes

The substantive changes are as follows:

1. **Page 9 –**paragraphs 17 & 18 & 19: there is a new requirement for the board to ensure that for insurers, other than Class 3B, Class 4 and Class E insurers, the management

agreement may outsource the chief and senior executives' responsibilities to the insurance manager and the board must ensure that the insurance manager is fit and proper and has the capacity to execute these functions.

2. **Page 20-** paragraph 51: the first bullet has been reworded to bring clarity to how the internal audit function must be staffed.
3. **Page 23 –** paragraphs 60 & 61: these paragraphs have been worded to make clear the conditions under which the outsourcing of certain functions should not occur.

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