14th November 2012

# NOTICE

**Insurance (Eligible Capital) Amendment Rules 2012**

1. The Bermuda Monetary Authority proposes for the following amendment to be made to the Insurance (Eligible Capital) Amendment Rules 2012 (the "Rules") to reflect the policy position that until 1st January 2024: certain capital instruments do not have to satisfy the previous requirement of only being able to qualify as Tier 1, Tier 2 or Tier 3 capital because they are non-redeemable or settled due to the insurer proposing to issue an instrument of equal or higher quality upon breach (or possible breach) of the ECR:

   > **"Tier 1-capital, Tier 2-capital and Tier 3-capital may include capital instruments that do not satisfy the requirement that the instrument be non-redeemable or settled only with the issuance of an instrument of equal or higher quality upon breach (or if it would cause a breach) in the ECR until January 1, 2024".**

2. The Authority advises that the proposed amendment to the Rules made herein is final, unless there are substantive policy issues deemed by the Authority to be reviewed and/or revised accordingly.

3. This amendment will come into operation on 1st January 2013.

# BERMUDA

# INSURANCE (ELIGIBLE CAPITAL) AMENDMENT RULES 2012

BR / 2012

The Bermuda Monetary Authority, in exercise of the power conferred by section 6A(1) of the Insurance Act 1978, makes the following Rules:

## Citation

1 These Rules, which amend the Insurance (Eligible Capital) Rules 2012 (the "principal Rules"), may be cited as the Insurance (Eligible Capital) Amendment Rules 2012.

## Amends paragraph 2

2 Paragraph 2 of the principal Rules is amended—

(a) in subparagraph (9)(a) by deleting the word "or" where it last occurs;

(b) in subparagraph (9)(b) by deleting the full-stop and substituting "; and"; and

(c) by inserting the following after subparagraph (9)(b)—

"(c) tier 1 capital, tier 2 capital and tier 3 capital may include capital instruments that do not satisfy the requirement that the instrument be non-redeemable or settled only with the issuance of an instrument of equal or higher quality upon breach (or if it would cause a breach) in the ECR until 1 January 2024.".

## Commencement

3 These Rules come into operation on 1 January 2013.

Made this day of 2012

Chairman
The Bermuda Monetary Authority