



July 29th, 2015

NOTICE

Re: Insurance Code of Conduct (revised)

July 2015

The Bermuda Monetary Authority (“the Authority”) is posting for information 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 guidance. 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 its insurance manager is both fit and able to carry out its duties to ensure that the insurer operates in a prudent manner. Additionally, paragraph 17 makes clear that only limited purpose insurers will be allowed to outsource the CEO and senior executive roles to an insurance manager.
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 bring clarity as to considerations that must be taken regarding if and how outsourcing of certain functions should occur.

Please note that the Code will come into effect formally immediately when published and the established deadline for compliance with the revised Code is **December 31st 2015**.