

REGULATORY UPDATE

January – March 2021



Preface

This Regulatory Update reports on activities at the Bermuda Monetary Authority (Authority or BMA) for the quarter ended 31 March 2021*.

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2020 Cyber and Climate Reports Published

On 18 February 2021, the Authority published Bermuda's 2020 Cyber Underwriting Report. This report focuses on cyber underwriting whilst briefly mentioning areas of convergence with operational cyber risk.

On 15 March 2021, the Authority published a 2020 Climate Change Survey Report. This report is based on climate change survey data received by the BMA from commercial insurers (i.e., Class 4, Class 3B, Class E, Class D and select Class 3A and Class C insurers), and select Special Purpose Insurers (SPI).

Both reports are [available here](#) on the BMA's website.

Concept of Internationally Active Insurance Groups (IAIG) Proposed

On 31 January 2021, the Authority published a consultation paper that introduced the concept of IAIGs, including extracts of the International Association of Insurance Supervisors' (IAIS) Insurance Core Principles (ICP) and Common Framework (ComFrame). On 25 February 2021, the BMA published the feedback from stakeholders on the IAIG consultation paper proposal and is currently finalising the proposals. IAIGs will be subject to additional regulatory requirements and disclosures that will result in amendments to the Insurance Act 1978.

Update - Group of International Financial Centre Supervisors (GIFCS) Trust and Corporate Service Providers (TCSP) Evaluation

As noted in previous regulatory updates, the Authority was subjected to a GIFCS TCSP evaluation in early December 2020.

The draft report was received in Q1-2021 and additional information was provided. The final report is expected in Q3-2021.

BMA Signs First Memorandum of Understanding (MoU) for Digital Assets

On 8 February, the BMA signed its first MoU specifically designed to create a framework to establish and supervise digital asset entities across jurisdictions.

The MoU, signed between the BMA and the Wyoming Division of Banking, created an official supervisory channel whereby both bodies can co-operate, provide mutual assistance and exchange information about digital asset entities.



INTERNATIONAL AFFAIRS

The BMA continued to actively participate in various IAIS committees throughout Q1-2021, including via the Authority's representation at the IAIS Insurance Capital Standard and Comparability Task Force conference call in mid-February. During this call, the task force provided recommendations to the IAIS Executive Committee (ExCo) with respect to the next steps on the draft definition of comparable outcomes and high-level principles to inform the criteria that will be used to assess whether the aggregation method provides comparable outcomes to Insurance Capital Standard (ICS). The Authority also participated in the IAIS Policy Development Committee, Macprudential Committee and Implementation and Assessment Committee via conference call in late February and early March, where discussions centred, among other things, on the ICS, the holistic framework, global monitoring exercise and the development of the targeted jurisdictional assessment tool kit, respectively.

Several key initiatives were also discussed in the ExCo conference call in early March, including the holistic framework implementation assessment, the ICS monitoring period and strategic work on climate change. During late March, the BMA also chaired an IAIS Financial Crime Task Force meeting. In this meeting, the Authority led in the review of comments and responses to the draft changes of the application paper related to ICP 22 (anti-money laundering and combating the financing of terrorism). Finally, the BMA continued to play an active part in the Macprudential Monitoring Working Group, Macprudential Supervision Working Group, Resolution Working Group, and Targeted Jurisdictional Assessment Core Team which met remotely on several occasions during Q1.

The BMA attended various Financial Action Task Force (FATF) meetings during their February plenary meeting through its capacity as IAIS Financial Crime Task Force Chair. The BMA was also represented at the FATF Recommendation 24 (transparency and beneficial ownership of legal persons) Working Group in early February and the FATF Public Sector Consultation Forum sessions throughout mid-March.

The BMA participated in a meeting of the Sustainable Insurance Forum during late March. During this session, an update was provided on the three workstreams of the 2021-2023 work plan: the impacts of climate-related risks on the insurability of assets, broader sustainability issues, and climate risks in actuarial processes.

The BMA has also been very engaged with the Group of International Insurance Centre Supervisors, and two events were organised in concert with the Guernsey Financial Services Commission to present and discuss the 2021-2022 IAIS roadmap, released in February.

Q1-2021 has also been an active period for bilateral engagement. The Iowa Insurance Division hosted an informational session with the BMA in late February, where they shared information about their local market and key pieces of legislation, as well as their supervisory framework, NAIC involvement, and developments stemming from COVID-19 technology and innovation.

Finally, the BMA hosted an informational session with the Moroccan Supervisory Authority of Insurance and Social Welfare (ACAPS). The Authority presented its regulatory regime and supervisory process, particularly catastrophe risk supervision. The Authority will continue to liaise with ACAPS on various topics in the future. Other bilateral meetings included sessions with the Insurance Regulatory and Development Authority of India, the Hong Kong Insurance Authority and the Monetary Authority of Singapore, focusing primarily on Bermuda's risk-based capital regime and IAIS matters.



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