

REGULATORY UPDATE | July–September 2023



Preface

This Regulatory Update reports on activities at the Bermuda Monetary Authority (Authority or BMA) for the quarter ended 30 September 2023*.

If you wish to receive an e-mail when the next edition is available, you may sign up for our subscription service by clicking the E-Alerts button on the homepage of the Authority's website.

**Published October 2023*

REGULATORY

Consultation/Discussion Papers

The BMA issued the following consultation papers:

- Proposed Enhancement to the Regulatory Regime for Commercial Insurers (28 July)

The deadline for submitting comments on the Consultation Paper to the Authority was 15 September 2023. In association with this consultation, the Authority also published the following content:

- *Revised Draft Rules and Guidance Notes for Insurance Groups* and published its guidance note entitled *Applications for Adjustments Under Section 6D of the Insurance Act* for Insurance Groups. The due date for submitting comments on these publications was 29 September 2023 (8 September)
- *Revised Draft Rules and Guidance Notes for all Commercial Classes* and published its guidance note entitled *Applications for Adjustments Under Section 6D of the Insurance Act* for commercial insurers. The due date for submitting comments on these publications was 29 September 2023 (22 September)
- SBA Lapse Liquidity Return Template (31 July)
- Default and Downgrade Costs (18 August)
- Group 2024 BSCR (22 August)
- 2024 BSCR for commercial insurance classes 3A, 3B, 4, C, D and E (22 August)
- *Disclosure of Climate Change Risks for Commercial Insurers* (27 September)

The due date for submitting comments on the Discussion Paper is 15 December 2023.

- *Proposed Enhancements to the Regulatory Regime and Fees for Commercial Insurers* (28 July 2023)

The BMA issued responses to the stakeholder feedback.

- Proposed Changes to the *Statutory Financial Statements Reporting Framework for Commercial Insurers and Insurance Groups – IFRS 17 Considerations* (30 May)

The consultation period ended 14 July 2023.

Updates to Policy, Reporting Forms and Guidelines

The Authority published the following updated reporting forms and guidelines in Q3 2023:

- 2022 Year-end Limited Purpose Insurers Supporting Documents (Revised 29 June)
- Discount Rates for insurers for the period ended 30 June 2023 (11 July)
- September 2023 Quarterly Financial Return Template – Property and Casualty (4 October)
- September 2023 Quarterly Financial Return Template – Long-term (4 October)
- Discount Rates for insurers for the period ended 30 September 2023 (10 October)

Policy and Guidance

The BMA issued the following Consultation Paper during the quarter:

- The BMA published proposed amendments for regulation of Investment Exchanges and Clearing Houses and other additional changes to the Investment Business Act 2003

LEGISLATIVE

Investment Funds Amendment Act 2023

During Q3, enhancements to the Supervisory powers discussed in the Investment Funds Amendment Act 2023 were passed. The scope of the amendments to the legislation includes late fees related to time-barred filing

Investment Funds Amendment Act 2023 (Continued)

requirements, new filing extension provisions, auditor reporting requirements, and an expansion of the provisions related to the issuance of Directions. The changes to the legislation have further strengthened the Bermuda Funds regime; as a result of the changes, there is also greater alignment between the supervisory powers stated in the Investment Funds Act 2006 and supervisory powers stated in other sectoral Acts.

INTERNATIONAL AFFAIRS

The BMA played an active role on the international stage throughout Q3-2023.

International Association of Insurance Supervisors (IAIS)

The BMA is represented in nearly all IAIS committees and sub-committees. The Authority actively participated in the work conducted by these groups during the third quarter. The BMA is also a member of the IAIS Executive Committee (IAIS ExCo). At the most recent meeting in Basel, the Annual Strategic Retreat held on 21-22 September 2023, the IAIS ExCo achieved the following:

- Considered the outcomes of the Collective Discussion of the Global Monitoring Exercise
- Received updates on the recent activities of the Protection Gaps Task Force
- Received updates on the Implementation Assessment of the Holistic Framework supervisory material

After addressing the agenda items above, the IAIS ExCo conducted its annual Strategic Retreat. This year, the retreat centred on shaping the IAIS' forthcoming five-year Strategic Plan 2025-2029. Members provided their insights into the significant trends and challenges facing the insurance sector and supervision more generally over the next five years. These discussions were complemented by considerations regarding the core objectives the IAIS intends to pursue in the coming period. Additionally, the key strategies to achieve these objectives were discussed. Finally, members shared their input on how the IAIS would like to operate in the 2025-2029 period, including internal governance considerations

and the approach to engagement with its members and stakeholders.

The Policy Development Committee, Macroprudential Committee and Implementation and Assessment Committee provided input on the matters referenced above ahead of the IAIS ExCo meeting and received a myriad of updates on projects under their purview. The BMA continues to actively participate in all four of the aforementioned committees and a number of sub-committees working on the Common Framework for Supervision of IAIG's, Holistic Framework, Insurance Core Principles and other material supervisory work.

Furthermore, in the capacity of Chair of the IAIS Financial Crime Forum, the BMA spoke at the IAIS Financial Inclusion Forum meeting concerning the AML aspects of financial inclusion, which took place in Slovenia.

Other International Affairs Activity

The BMA also attended the following meetings during the quarter:

- National Association of Insurance Commissioners Summer meeting in Seattle. Additionally, the BMA attended a number of bilateral meetings held with various peer regulators throughout the quarter, including PRA, EIOPA and the European Commission
- Group of International Insurance Centre Supervisors Annual Conference and Annual General Assembly held virtually
- Caribbean Association of Insurance Regulators Annual Conference and Annual General Assembly in London
- Association of Bermuda Insurers and Reinsurers International Regulatory Dialogue in Brussels
- The Basel Committee on Banking Supervision (BCBS) Outreach Americas Workshop on the Basel Core Principles
- The Caribbean Group of Securities Regulators (CGSR) 16th Annual Conference in September 2023. The theme for the conference was '*Embracing New Technologies and Opportunities in Capital Markets to Promote Sustainable Economic Growth in the Caribbean*'

- Global Financial Innovation Network, the BMA and Guernsey Financial Services Commission presented as members of the Coordination Group
- Third Annual DeFi Retreat, held in Brooklyn, New York
- The World Federation of Exchanges' General Assembly and Annual Meeting, held in Hamilton, Bermuda
- International Institute for Counter Terrorism World Summit in Israel, participating as representatives from the BMA
- Overseas Territories Illicit Finance Dialogue meeting, held in mid-September in the capacity of Bermuda's delegation for the UK

Other Meetings

- As members of the coordination group, the BMA and Guernsey Financial Services Commission made a presentation to the Global Financial Innovation Network regarding the establishment of relationships with other international standard-setting bodies
- Representatives from the BMA met with the General Counsel of US Senator Lummis (Wyoming) to exchange views on our respective digital asset legislation
- The BMA met with representatives of the Dubai Financial Services Authority's Insurance Innovation and FinTech Team to discuss approaches to digital assets-denominated insurance products
- The International Institute for Counter Terrorism World Summit in Israel
- The BMA continued dialogue with the European Commission's Directorate-General for Taxation and Customs Union concerning the monitoring assessment of Bermuda's investment funds regime



BMA House

43 Victoria Street, Hamilton HM 12, Bermuda
P.O. Box 2447, Hamilton HM JX, Bermuda

Tel: (441) 295 5278 Fax: (441) 292 7471

Email: enquiries@bma.bm

www.bma.bm

