29 September 2025

Dear Stakeholders,

Re: Consultation Paper - Proposed Enhancements to the Public Disclosure Regime: Public Disclosure of Assets and Liabilities for Long-term Commercial Insurers

In December 2024, the Bermuda Monetary Authority (Authority or BMA) issued the Consultation Paper entitled *Proposed Enhancements to Public Disclosure Regime: Public Disclosure of Assets and Liabilities for Commercial Long-term Insurers.* The proposed enhancements apply to all Bermuda-regulated commercial long-term insurers[1], except for domestic insurers. These enhancements aim to:

i. Improve the accessibility and detail of asset-related disclosures to ensure relevant information is available clearly and comprehensively; and

ii. Strengthen transparency around insurers' investment portfolios to support informed decision-making by policyholders.

The Authority appreciates the thoughtful engagement of industry stakeholders throughout this consultation process. We remain committed to constructive dialogue and to maintaining a regulatory framework that reflects international standards. Our shared goal is to enhance transparency, support market discipline, and further the Authority's objectives of policyholder protection and safeguarding financial stability.

Stakeholder Feedback and BMA Considerations

Stakeholders generally expressed support for the proposed enhancements, recognising the value of increased transparency in reinforcing confidence and regulatory credibility. Some respondents also shared constructive perspectives on the practical implications of the proposals, particularly for registrants operating in jurisdictions with different disclosure requirements. These views included considerations around competitive sensitivities and operational feasibility.

The Authority has carefully reviewed all feedback and remains committed to ongoing engagement with stakeholders. Below is a summary of key themes and the Authority's considerations:

I. Impact on Competitiveness

Stakeholders noted that the proposed level of disclosure may exceed that of peer jurisdictions, potentially revealing proprietary investment strategies.

[1] Classes C, D and E.

The BMA's Response:

The Authority acknowledges these perspectives and has benchmarked the proposals against international best practices. In recognition of jurisdictional differences, the BMA will consider, on a case-by-case basis and only in exceptional circumstances, requests for modified disclosures. These requests may be submitted by registrants operating in jurisdictions where granular investment disclosures are not customary and where it is demonstrated that such disclosures would create an uneven playing field. An uneven playing field alone will not qualify an insurer for a waiver from filing the requisite assets and liabilities.

However, if the insurer satisfies the BMA that the nature of the disclosure would result in an uneven playing field, the Authority will consider modifying, rather than waiving, the publication requirements. This requirement is expected to set a high standard, and insurers will need to provide compelling justification to demonstrate that public disclosure would create an uneven playing field.

II. Granularity and Volume of Disclosure

Some stakeholders expressed concern that the proposed disclosures, particularly those at the CUSIP level, may be overly granular. The specific issues they raised included the potential for misinterpretation by policyholders and non-expert users, the risk of exposing commercially sensitive information and the possibility of information overload that could obscure meaningful insights.

The BMA's Response:

The Authority believes that detailed disclosures are essential for a robust understanding of investment portfolios. To support clarity and mitigate misinterpretation, registrants will be asked to respond to qualitative questions on their investment strategy. Answering these questions will give registrants an opportunity to demonstrate the appropriateness of their investment strategies and asset-liability matching, and to provide clear, well-considered responses that enhance understanding and support informed analysis. Additionally, the disclosure template will include a summary sheet that is automatically generated from the underlying disclosures, providing a high-level overview for general audiences.

III. Materiality and Operational Burden

Stakeholders emphasised the importance of proportionality, particularly for entities with immaterial or run-off business. Concerns were raised regarding the effort required to populate detailed templates, and suggestions were made for materiality thresholds and alternative formats.

The BMA's Response:

The Authority is mindful of operational impacts and has designed the disclosure template to leverage existing regulatory returns, such as the Lapse and Liquidity SBA Return and the Bermuda Solvency and Capital Return. For liabilities, data should be readily available through GAAP-based financial statements. The Authority is committed to engaging directly with any run-off entities that believe the preparation of public disclosure documents could erode policyholder value.

IV. Duration Metrics

Several respondents raised concerns about the multiple definitions that could potentially be used for calculating the duration metric for liabilities. Similarly, others proposed that companies disclose the duration of assets as this metric would provide more insightful information compared to the weighted average life proposed initially by the BMA.

The BMA's Response:

The Authority acknowledges the need for additional guidance on the type of duration metric to be used for public disclosures. Furthermore, the Authority accepts the feedback to replace the weighted average life with duration. For both asset and liability disclosures, registrants will now be required to calculate the effective duration. This change will be reflected in the updated public disclosure template.

Next Steps

The BMA has reviewed all feedback received and has, where appropriate, made amendments to the proposals in its response. The Authority, in due course, will publish draft Rules, which will govern the public disclosure requirements. Additionally, the BMA will publish a guidance document that will help ensure that registrants populate the public disclosure template correctly.

The Authority would like to thank stakeholders for their feedback and remains committed to working with relevant parties to finalise the public disclosure requirements. Stakeholders who require further clarification or additional information on the proposed enhancements to the insurance group supervision framework may contact the BMA at insuranceregulatoryaffairs@bma.bm

Sincerely,

Bermuda Monetary Authority