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NOTICE

New Parametric Special Purpose Insurance Class (PSPI)

The Bermuda Monetary Authority (Authority or BMA) has published a Consultation Paper (CP) proposing a dedicated framework for a new Parametric Special Purpose Insurance (PSPI) class. This new class is designed to support Bermuda alternative capital (re)insurers that plan to adopt parametric business models. The class also provides an additional pathway for prospective registrants interested in entering the Bermuda market. The Authority has made the CP available on its website for industry feedback.

The CP proposes a fit-for-purpose PSPI framework that will be instrumental in growing a robust parametric insurance market. The Authority's view is that the development of a parametric insurance market will enhance policyholders' resilience in today's rapidly changing risk landscape. The financial impact of protection gaps on policyholders from non-insured losses continues to grow. By leveraging a recognised PSPI framework, the Authority plans to intensify its efforts to close the gaps associated with climate change and emerging risks. This evolution aligns with the BMA's role in providing a credible and transparent regulatory environment that supports the continued innovation and resilience of Bermuda's insurance sector.