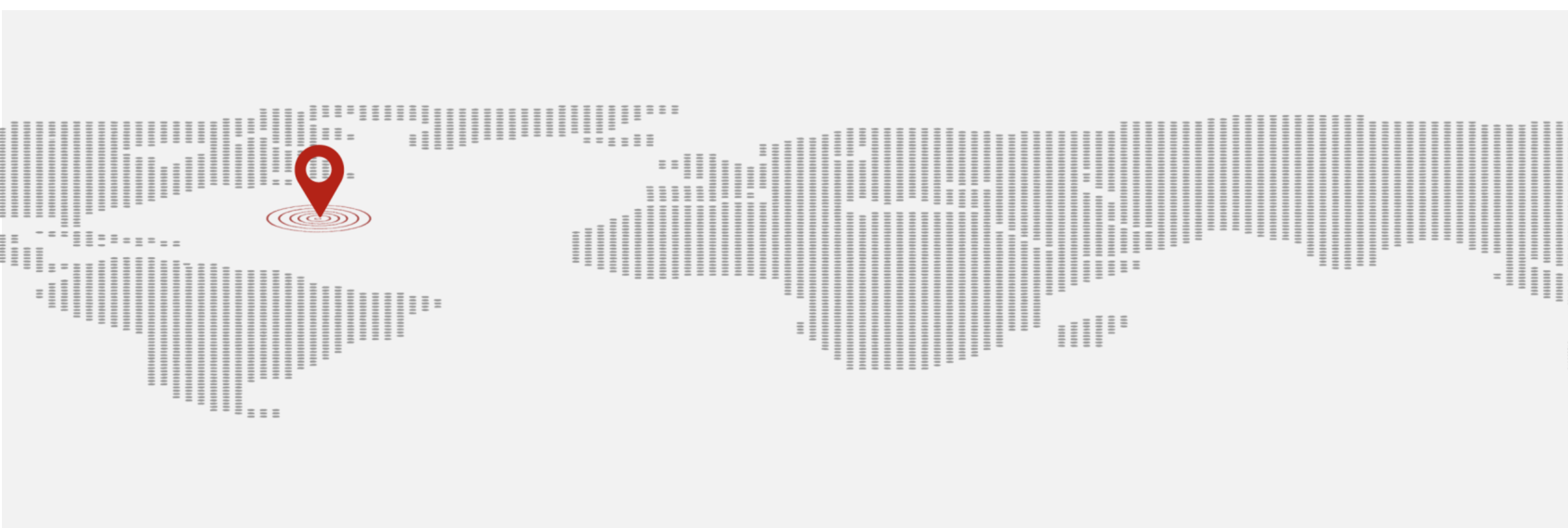
21 August 2026

BERMUDA MONETARY AUTHORITY

CONSULTATION PAPER

Proposed Insurance (Internationally Active Insurance Group Supervision) Rules 2026

Comments to be received by Wednesday, 30 September 2026



Contents

I. Background

1. In 2019, the International Association of Insurance Supervisors (IAIS), of which the Bermuda Monetary Authority (Authority or BMA) is a member, adopted the Common Framework (ComFrame) for the Supervision of Internationally Active Insurance Groups (IAIG). ComFrame builds on the Insurance Core Principles (ICP), which form a global framework for insurance supervision and provide additional standards for the group-wide supervision of IAIGs. These standards comprise both qualitative and quantitative requirements, along with corresponding guidance, to ensure consistency in how these groups are monitored. Fundamentally, the ComFrame standards support the coordination of supervisory activities among group-wide supervisors and aim to appropriately address group-wide risks while considering the size, nature and structure of IAIGs and the potentially significant impact they can have on global financial stability.

2. In December 2024, the IAIS introduced targeted revisions to ComFrame, alongside updates to selected ICPs. These revisions build on the 2019 framework and strengthen key areas of group supervision, including risk management, valuation, capital adequacy, investments and resolution planning and incorporate the Insurance Capital Standard (ICS) as the group-wide prescribed capital requirements for IAIGs.

3. The adoption of ComFrame represents one component of a broader set of measures developed by the IAIS to facilitate global oversight of IAIGs. The adoption of the Holistic Framework for the Assessment and Mitigation of Systemic Risk (Holistic Framework) establishes the global monitoring and macroprudential supervision of IAIGs, including recovery and resolution planning requirements. It complements ComFrame by broadening the focus on systemic risk in the insurance sector.

4. ComFrame, the Holistic Framework and the ICS (together, the 'IAIG standards') are underpinned by the objectives of policyholder protection and maintaining financial stability, both of which remain priorities of the BMA. The Authority is committed to ensuring that the insurance industry is appropriately supervised and that the insurance regulatory framework continues to adequately address the nature and level of risks in the market.

5. As of July 2026, 59 IAIGs[1] have been identified across 19 jurisdictions, three of which are domiciled in Bermuda and are regulated by the BMA as the group-wide supervisor. It is therefore important that the Authority endeavours to ensure that these IAIGs, and any other groups deemed as such in the future, are subject to enhanced supervisory measures.

6. Recent efforts to ensure that the IAIG standards are embedded into the Authority's regulatory framework led to several amendments to the Insurance Act 1978 (Act), which took effect between 2020 and 2025. Specifically, the Authority introduced the concept of the IAIG in the Act in 2021 to allow for the designation of an IAIG for supervisory purposes. These legislative changes have been supported by the development and

[1]International Association of Insurance Supervisors, Register of Internationally Active Insurance Groups: 3 June 2026.

enhancement of subordinate legislation and supervisory instruments, including the Insurance (Group Supervision) Rules 2011, the Insurance (Prudential Standards) (Recovery Plan) Rules 2024, and prudential standards.

7. Subsequently, in 2023, the Authority made amendments to the Act to define the 'Head of the IAIG' and outline details that the Authority would take into consideration in its determination of the Head of IAIG for the purpose of group supervision. These amendments strengthened the Authority's ability to identify and supervise the entity responsible for the group-wide risk management and oversight.

8. More recently, the Authority has implemented further enhancements to the insurance group supervision framework, including bringing 'insurance holding companies' into the scope of supervision. These amendments have enhanced the Authority's ability to exercise direct oversight where risks are concentrated at the group level and support the effective implementation of IAIG standards within the Bermuda regulatory framework.

9. Enhancements relating to recovery have been implemented, including the introduction of Recovery Planning Rules and supporting provisions for group-wide recovery planning, alongside ongoing development of a resolution framework for certain insurance groups, consistent with evolving IAIS standards. In parallel, the Authority is making progress in implementing ICS as the group-wide prescribed capital requirement for IAIGs, which includes the related supervisory reporting and monitoring requirements. The forthcoming resolution framework will apply to all IAIGs, and work has already commenced on both developing the resolution framework and resolution planning for individual IAIGs, the latter to be done in consultation with the respective Crisis Management Groups.

10. Building on the legislative, supervisory and prudential developments outlined above, this Consultation Paper (CP) focuses on the continued development and implementation of qualitative supervisory requirements under ComFrame, particularly in relation to governance, enterprise risk management and group-wide supervisory processes. The implementation of the ICS and the development of the resolution framework are being progressed through separate workstreams. The proposals set out in this paper do not specifically address the ICS, as it is anticipated that expectations regarding ICS reporting will be addressed in prudential provisions within the insurance regulatory framework. Any such work will follow the Authority's usual consultation process.

II. Introduction

11. In continuing the work to enhance the regulatory framework for IAIGs, the Authority is proposing Insurance Internationally Active Group Supervision Rules (Rules) to detail enhanced standards and requirements for the supervision of IAIGs and to set out how such standards should be implemented. For the avoidance of doubt, this CP is intended to consult on the substance and policy intent of the proposed Rules. The proposals described herein should not be read as the final text of the Rules. Following consideration of feedback received through the consultation process, the Authority is targeting publication of the final Rules in Q4 2026.

12. Notwithstanding the existing requirements within the insurance group supervision framework, which are informed by the ICPs and apply broadly to all insurers, these proposals have been developed against the backdrop of ComFrame, which introduces additional standards and guidance specific to IAIGs. In this context, the proposed Rules seek to give effect to ComFrame by introducing more granular qualitative supervisory requirements, with a particular focus on the responsibilities of the Head of IAIG. The proposed Rules are intended to operate as an overlay to the existing framework, introducing IAIG-specific enhancements where necessary.

13. The proposed Rules will, among other things, provide for the following:

- Responsibilities of the Head of IAIG (or the board of the Head of IAIG, as prescribed), including clear accountability for group-wide governance, risk management and oversight of group activities, consistent with ComFrame expectations
- Enhanced qualitative requirements for governance, enterprise risk management and internal control frameworks, ensuring that IAIGs establish and maintain effective group-wide processes for the identification, assessment, management and reporting of risks on a consolidated basis, including intra-group transactions and exposures and broader interdependencies across legal entities. This includes requirements relating to intra-group transactions and exposures, investment governance and liquidity risk management, recognising their importance within the overall Enterprise Risk Management (ERM) framework and their interaction with capital adequacy, the IAIG's risk profile and its financial resilience
- Strengthened disclosure, supervisory reporting and related supervisory processes to support effective group-wide supervision, including coordination among supervisors and the monitoring of group-wide risks

14. In developing the proposed Rules, the Authority has sought to align the qualitative supervisory expectations applicable to IAIGs with the standards set out in ComFrame. While the proposed Rules are subject to consultation, the expectations reflected therein are consistent with supervisory practices already applied in the Authority's ongoing supervision of IAIGs. These include group-wide assessments, supervisory engagement and existing reporting processes. The proposed Rules therefore provide a more formal and transparent articulation of these expectations, with a view to enhancing clarity, consistency and comparability in the supervision of IAIGs.

III. Current Regulatory Framework for Group Supervision

15. The Authority's regulatory framework for insurance group supervision, which currently applies to all insurance groups, including IAIGs, comprises the following legislative provisions:

16. Part IVA of the Act provides the legislative power and functions of the Authority as a group-wide supervisor.

17. Insurance (Group Supervision) Rules 2011 provide for the supervision of insurance groups and comprehensively cover requirements related to corporate governance, risk management and internal controls, group solvency, enhanced capital requirements and supervisory reporting. Key responsibilities apply to the parent board and/or the chief and senior executives. The Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011, as amended by the Insurance (Prudential Standards) (Insurance Group Solvency Requirements) Amendment Rules 2024, establish technical and prudential standards, including specified reporting requirements for groups.

18. Insurance (Prudential Standards) (Recovery Plan) Rules 2024 require insurance groups, among other classes of insurers, to prepare, update and file recovery plans with the Authority. In applying a risk-based and proportionate approach to supervision, the Authority recognises that IAIGs present distinct risk profiles due to their scale, complexity and cross-border activities. The introduction of dedicated IAIG Supervision Rules provides a proportionate means of giving effect to ComFrame-aligned expectations where appropriate, supporting effective group-wide supervision and supervisory cooperation without extending IAIG-specific requirements more broadly across the insurance sector.

IV. Proposed Rules for the Governance and Supervision of IAIGs

19. Sections 6A and 27F of the Act provide the Authority with the power to issue rules. The proposed Rules emphasise the responsibilities of the Head of IAIG and are intended to give effect to the qualitative ComFrame standards applicable to IAIGs, particularly in relation to group-wide governance, risk management and internal controls, enterprise risk management, supervisory reporting, group-wide supervision, and supervisory cooperation and coordination.

20. In this regard, the proposed Rules focus on ensuring that the IAIG has in place appropriate governance, resources, systems and processes to identify, assess, manage, monitor and report risks on a group-wide basis, including risks arising across the group. The proposed Rules also provide for timely supervisory reporting and disclosure and support effective group-wide supervision and coordination among supervisors.

21. In summary, the proposed provisions outline additional requirements, specifically for the Head of IAIG, and address the following thematic areas:

Corporate Governance

22. The Authority notes that core governance requirements are already established under the existing framework, including the Act, Insurance Code of Conduct and Group Supervision Rules. The proposed Rules build on this framework by introducing additional IAIG-specific expectations at the group-wide level. For instance, they provide clearer information on the responsibilities of the Head of the IAIG and enhanced requirements for governance, strategy, and reporting.

23. Under the proposed Rules, the Head of IAIG would be expected to maintain a group-wide understanding of the IAIG's legal and management structure, including interrelationships among legal entities, to support effective oversight of group-wide activities.

24. Consistent with ComFrame expectations, the Head of IAIG will have responsibility for maintaining a group-wide understanding of the IAIG's risk profile and how risks are managed and overseen across the group, in support of effective governance and oversight. This includes ensuring that group governance structures, processes and mechanisms are applied consistently across the IAIG, considering its size, complexity and cross-border operations.

25. Accordingly, the Head of IAIG will be required to provide the Authority with a consolidated, group-wide view of the structure and composition of the IAIG, building on existing prudential and regulatory reporting requirements, including:

- Financial and non-financial interconnections (such as commercial arrangements and common directors)
- The shareholding structure and significant shareholdings, including controlling shareholders
- The existence and relevance of off-balance-sheet entities
- The materiality of legal entities and business lines within the IAIG

26. The proposed Rules aim to strengthen expectations regarding the articulation of group-wide strategy within the Group Solvency Self-Assessment (GSSA). The Head of IAIG would be expected to provide the Authority with an explanation of the strategy set by the IAIG's board for the IAIG at least annually. Such an explanation should include, as appropriate, the IAIG's business model, material lines of business, geographic footprint, key strategic priorities, and the financial and non-financial implications of the strategy, including how the strategy supports the IAIG's ability to meet its obligations to policyholders. This is consistent with the ComFrame emphasis on linking governance arrangements to the IAIG's overall risk profile and financial position.

27. The proposed Rules will further clarify expectations regarding the collective competence of the IAIG board. In particular, the Head of IAIG would be expected, at a minimum, to ensure that the board collectively possesses an appropriate understanding of:

- The group-wide corporate governance framework and corporate structure
- The activities of legal entities within the IAIG, including associated risks
- The supervisory regimes applicable to the IAIG
- Issues arising from cross-border business and international transaction
- Risk management, compliance, audit, actuarial and related areas

28. The Head of IAIG would be expected to ensure that appropriate policies and processes are established and maintained at the group-wide level to identify, prevent or appropriately manage conflicts of interest, including those arising between legal entities within the IAIG, or between the interests of the IAIG as a whole and those of individual legal entities.

29. In addition, the Head of IAIG will be required to report to the Authority, on a regular or ad hoc basis, material changes relating to the IAIG. These reporting expectations are intended to complement existing prudential requirements, including material changes under section

30JA of the Act and those captured through the Bermuda Solvency Capital Return (BSCR) filing and other regulatory returns. The Authority should be promptly informed of material developments that may affect the IAIG's risk profile or supervisory assessment, including where such developments may not be fully captured through existing reporting frameworks.

30. This includes, at a minimum, material changes relating to the location of legal entities, legal structures, management structures, governance arrangements, affiliations with other groups, strategy, risk appetite and business activities. Material changes relating to strategy, risk appetite, affiliations with other groups and business activities are expected to be addressed, as appropriate, through the enhanced articulation of strategy and related disclosures within the GSSA, as set out above. The Head of IAIG will also be required to ensure that the GSSA is kept up to date and reflects material changes to the IAIG's strategy, risk profile and operating environment.

31. While ComFrame does not prescribe a single governance model, it requires that governance arrangements are effective in achieving intended supervisory outcomes at the group-wide level.

Risk Management and Internal Controls

32. The proposed Rules complement the existing framework by introducing more granular IAIG-specific expectations, including requirements relating to the documentation of material differences across legal entities, the role and coordination of group-wide control functions, the frequency and content of reporting to the IAIG board and the establishment of formal policies and processes for key risk management activities.

33. The Head of IAIG will be required to ensure that a comprehensive and appropriate group-wide risk management system is implemented at all levels of the IAIG and that the system is reviewed and updated at least annually. Emphasis is placed on ensuring that monitoring systems and controls consider intragroup transactions, risk concentration, and the level of interconnectedness between legal entities within the IAIG, the diversity and geographical reach of the IAIG's operations, the aggregation of risks at the group level, and the adequacy of information and reporting systems, as well as the applicable legal and regulatory requirements in the jurisdiction in which the IAIG operates.

34. Further, it is the responsibility of the Head of IAIG to ensure that the group-wide internal control system is tested and independently assessed at least annually by an internal or external independent party to evaluate its coherence, completeness and effectiveness, and its utility to the IAIG board and senior management in supporting effective oversight and decision-making.

35. The Head of IAIG is expected to ensure that material differences in risk management approaches across legal entities within the IAIG, and the risks associated with those differences, are appropriately documented. In addition, the group-wide risk management system should include policies and processes to promote a sound risk culture and be supported by appropriate information and reporting systems.

36. As part of the effective systems of risk management and internal controls, insurers have control functions, including for risk management, compliance, actuarial matters and internal audit. Control functions add to the insurer's governance checks and balances and provide the board with the assurance needed to fulfil its oversight duties.

37. **Group-wide control functions:** The Head of IAIG would be expected to ensure that the tasks and responsibilities of group-wide control functions are clearly defined and that such functions do not duplicate, limit or restrict the responsibilities of control functions at the legal entity level. The proposed Rules also require effective coordination between group-wide and entity-level control functions, including effective group-wide management reporting. In addition, the IAIG Board would be expected to ensure that group-wide control functions are not combined, except in exceptional circumstances, are subject to periodic independent review, have unrestricted access to the IAIG Board or one of its committees, and have access to the people and information necessary to carry out their responsibilities.

38. **Risk Management Function**: The Head of IAIG would be expected to ensure that the group-wide risk management function coordinates and oversees the consistent implementation of risk management activities across the IAIG, establishes expectations for entity-level functions and their reporting, and maintains policies and processes to support effective interaction between group-wide and entity-level risk management functions. The function is expected to provide at least quarterly reporting to the IAIG Board, be independent from risk-taking activities, and assess the group-wide risk management strategy approved by the IAIG Board, including its implementation across the IAIG. The function should also conduct an assessment of risks at the group-wide level at least annually.

39. **Compliance Function:** The Head of IAIG is responsible for coordinating compliance activities at both the group-wide and legal entity levels. The group-wide compliance function is expected to coordinate and monitor the effective implementation of compliance mechanisms across the IAIG, establish policies and processes regarding material legal and regulatory obligations, support the IAIG board in fostering an appropriate compliance culture and provide at least quarterly written reports to the IAIG Board or one of its committees. The group-wide compliance function should, at least annually and where required by the IAIG board, assess material legal and regulatory obligations applicable to the IAIG and the extent to which these are being met. Moreover, it should evaluate the extent to which the IAIG and its legal entities are performing against established group-wide compliance standards and objectives.

40. **Actuarial Function:** The Head of IAIG is responsible for ensuring that the group-wide actuarial function provides an overview of actuarial activities, risks and outputs across the IAIG. The Head of IAIG should expand its group-wide actuarial policy, as part of the group-wide ERM framework, comprising formalised practice standards governing actuarial activities at the group-wide level, including: (i) assessment of data, methodologies, models and assumptions used in technical provisions; (ii) calculation of reinsurance recoverable; and (iii) model risk management for internal models. The policy

should also address data validation, assumption setting, model governance, materiality and escalation thresholds, and ensure consistency in group-wide reporting and assumptions across technical provisions, capital requirements and GSSA.

41. The Authority requires the group-wide actuarial function to provide clearly defined reporting to the IAIG Board, at least annually, as part of the group-wide ERM framework. Such reporting shall include, at a minimum: (i) a forward-looking actuarial assessment of the financial condition of the IAIG, extending beyond the current balance sheet; (ii) an assessment of the reliability and sufficiency of technical provisions; (iii) an assessment of the adequacy of reinsurance recoverable assets; and (iv) relevant group-wide actuarial insights, reflecting analysis across the IAIG, including where relevant, non-insurance or non-regulated entities. The group-wide actuarial function should also work with actuarial functions at the legal entity level to review actuarial information.

42. **Outsourcing Policy and Procedures**: Requirements are placed on the Head of IAIG to conduct due diligence on service providers and to ensure that the group-wide outsourcing policy is appropriately implemented, with written contracts that describe all material aspects of the outsourcing arrangement in place. Due diligence includes assessing the service provider's ability and capacity to perform the outsourced activity, identifying and managing conflicts of interest, and ensuring that adequate resources and contingency arrangements are in place. In addition, the Head of IAIG is expected to periodically assess the cumulative risks arising from outsourcing arrangements across the group and address identified risks. The Head of IAIG must also ensure that outsourcing does not impede effective supervision.

43. Principally, risk management systems should allow the group supervisor, along with other involved supervisors, access to information on the group and all relevant legal entities within the group, to assist with monitoring and supervisory activities. The Head of IAIG should document material differences in risk management across legal entities and the associated risks.

Enterprise Risk Management for Solvency Purposes

44. The proposed Rules introduce IAIG-specific enhancements to the existing enterprise risk management framework, including more explicit articulation of group-wide ERM expectations. The Head of IAIG would be expected to ensure that the IAIG maintains an effective Enterprise Risk Management (ERM) framework for solvency purposes at the group level, and that such a framework is applied appropriately and consistently across legal entities within the IAIG. Material differences in the ERM framework across legal entities, and the risks associated with those differences, should be documented and justified, including by reference to legal and supervisory requirements in the jurisdiction in which the IAIG operates.

45. The ERM framework should address risks in a cross-border context and ensure that risk identification, measurement, management and reporting processes appropriately reflect the geographic footprint, legal structures and supervisory regimes applicable to the IAIG.

46. The framework should measure all reasonably foreseeable, quantifiable and relevant material risks using an economic capital model. Where an alternative economic capital approach is used, the Head of IAIG would be expected to demonstrate to the Authority that the approach achieves comparable risk sensitivity and coverage, taking into account the risks that the IAIG faces across different sectors, jurisdictions and economic environments.

47. The Head of IAIG would be expected to ensure that the group-wide ERM framework is subject to independent review at least once every three years, in addition to ongoing internal assessments, to ascertain that it remains appropriate, effective and fit for purpose. Such a review should assess at a minimum:

- The adequacy of the design and implementation of the ERM framework
- Its alignment with the IAIG's risk profile, strategy and operating environment
- Its effectiveness in supporting the identification, measurement, management and reporting of risks at the group-wide level

48. In addition, the Head of IAIG would be expected to ensure that the ERM framework establishes and maintains processes to communicate the IAIG's risk appetite internally and, where appropriate, externally, in a manner that is consistent with the IAIG's governance framework, business strategy and supervisory reporting obligations.

49. The Head of IAIG may be required to prepare and maintain an IAIG ERM evidence pack (or equivalent) in a form and frequency specified by the Authority. The evidence pack may include summaries of principal group risks, key risk indicators, stress and scenario outputs, key management actions, material concentrations, intra-group exposures, emerging risks and forward-looking solvency assessments, including procedures for cross-border transfer of capital in normal conditions. Such assessments should take into account the IAIG's risk profile, risk appetite, and business strategy, as well as the group's legal and management structures, risk aggregation at the group level, and the inputs and outputs of economic capital models (or equivalent). Additionally, it is important to evaluate the fungibility of capital and the transferability of assets within the group (including any material constraints), and the relationship between economic capital model outputs and regulatory capital requirements.

50. The Head of IAIG would be expected to ensure that the IAIG establishes and maintains a group-wide strategy for reinsurance and other forms of risk transfer as part of the ERM framework.

51. The strategy should address, at a minimum:

- The interaction with the IAIG's group-wide risk and capital management strategies
- Achieving risk appetite on both a gross and net basis
- The appetite for reinsurer credit risk, including criteria for reinsurance transactions and limits on aggregate exposures to individual or related reinsurers

- The autonomy of reinsurance arrangements initiated by individual insurance legal entities and the management and aggregation of such exposures at the group-wide level
- Procedures for managing reinsurance recoverables including reporting requirements
- Intra-group reinsurance arrangements
- The use of alternative risk transfer mechanisms, including capital market risk transfer products
- The effectiveness of risk transfer arrangements under adverse circumstances

52. The IAIG should establish and maintain a group-wide claims management policy, as part of the ERM framework, which includes:

- Procedures for claims estimation and settlement
- Reporting of claims data at the group-wide level
- Feedback on the claims experience into the underwriting policy and reinsurance strategy

53. Proposals for the group-wide actuarial function, including its governance, coordination with other control functions, and its role within the broader system of risk management and internal controls, are further described in the ‘Risk Management and Internal Controls’ section.

54. The Head of IAIG would be expected to ensure that the ERM framework establishes and maintains appropriate processes and controls for the use of sufficient, reliable and relevant data across key risk management activities, including underwriting, pricing, reserving and reinsurance, and that such data is subject to the appropriate validation, governance and oversight at the group-wide level.

55. Intra-group transactions and exposures, investments and liquidity risk are key considerations within the ERM framework for solvency purposes, reflecting their central role in the financial resilience and cross-border risk profile of internationally active insurance groups. IAIGs typically operate across multiple jurisdictions with complex organisational structures, significant intra-group transactions and dependencies, and increasingly sophisticated investment portfolios, including exposures to illiquid and alternative assets. These characteristics may amplify risks relating to contagion, concentration, asset valuation and capital adequacy at the group-wide level.

56. In this context, intra-group transactions and exposures represent a key channel through which risks may be transmitted across legal entities, including through funding arrangements, risk transfer, services and other operational dependencies. The nature and composition of the IAIG’s investment portfolio further influence the group’s risk profile, including its exposure to valuation uncertainty, concentration risk and capital volatility. In parallel, the ability of an IAIG to meet its obligations as they fall due is linked to the availability and transferability of liquidity across legal entities, particularly under stressed conditions when legal, regulatory or operational constraints may apply.

57. These considerations are integral to the group-wide ERM framework, as set out under ComFrame and ICP 16. They require IAIGs to assess risks on a consolidated, forward-looking basis, including interactions among intra-group exposures, investment risk, liquidity risk, and capital adequacy. The proposed Rules will introduce enhanced group-wide expectations in these areas as part of the broader ERM framework, aimed at strengthening the identification, monitoring and management of risks across the IAIG and supporting robust solvency assessment and decision-making.

Intra-group Transactions and Exposures

58. The standards require that the Head of IAIG maintain effective mechanisms to identify, track and manage intra-group transactions and exposures that are of substantial importance to, or that may have significant consequences for, the IAIG. In doing so, the Head of IAIG would be expected to ensure that the IAIG establishes appropriate qualitative and quantitative limits, expectations and controls governing intra-group transactions and exposures, including those relating to investments, risk transfer, funding agreements, services or shared operational arrangements. The framework should also ensure that risks arising from intra-group transactions and exposures are identified, assessed and monitored, including risks related to contagion, concentration and constraints on the transferability of capital or liquidity across the group.

59. Additionally, it is proposed that the Head of IAIG will be required to notify the Authority, as soon as practicable, of any significant intra-group transactions or significant intra-group risk concentrations and should provide sufficient information to enable an appropriate supervisory assessment. Where intra-group services are provided by an entity that exercises material control or influence over the receiving entity, the Head of IAIG would be expected to ensure that appropriate governance, oversight and operational resilience expectations are applied in a proportionate manner.

Investment Risk Management

60. The Authority notes that requirements relating to investments are already established under the existing regulatory framework, including the Act, Insurance Code of Conduct and Group Supervision Rules, which apply on a group-wide basis. These requirements provide a strong foundation for prudent investment management and are broadly aligned with the principles set out in ICP 15.

61. In particular, investment activities are subject to the Prudent Person Principle (PPP), which requires that investments are managed with due care, skill and diligence, taking into account the interests of policyholders, the nature of the liabilities and the insurer's overall risk profile. The PPP establishes expectations regarding board and senior management accountability, investment strategy, risk management and the governance of complex or illiquid assets, including the need for appropriate oversight of investment-related activities.

62. The Authority has also issued enhanced guidance on the application of the PPP, which further emphasises group-wide investment governance, asset-liability management considerations and the management of risks associated with complex, illiquid and

intra-group investments. These enhancements are expected to be incorporated into the Authority's regulatory framework.

63. The proposed Rules are intended to complement this framework by introducing additional IAIG-specific expectations, including enhanced articulation of group-wide investment governance, strengthened due diligence requirements and improved supervisory transparency in relation to investment risk exposures. Accordingly, the proposed Rules should be understood as an incremental overlay rather than a replacement of existing requirements.

64. The Head of IAIG would be expected to ensure that the IAIG establishes and maintains a group-wide investment policy, as part of the IAIG's enterprise risk management framework, setting out the principles and criteria governing investment activities across the IAIG. The investment policy should be consistent with the IAIG's risk appetite, business strategy and capital position. It should support the IAIG's ability to meet its obligations to policyholders, including in accordance with the PPP and related guidance issued by the Authority.

65. The group-wide investment policy should establish criteria for investment quality, including appropriate governance and risk management expectations for exposures to lower-quality or illiquid assets, and investments whose risk characteristics may be complex or difficult to assess, taking into account their potential impact on the IAIG's financial condition and risk profile.

66. It is proposed that requirements are placed on the Head of IAIG as it relates to conducting its own due diligence of investments to ensure that investment decisions are based on a comprehensive assessment of associated risks. This includes ensuring that assessments performed by third parties, such as credit rating agencies, are subject to appropriate independent analysis and challenge and are not relied upon without verification.

67. The Head of IAIG would be expected to ensure that investment risk exposures are identified, assessed and monitored on an aggregate group-wide basis, taking into account the IAIG's overall risk profile and the potential impact of investment activities on the financial condition of the group.

68. In addition, the IAIG should establish criteria for intra-group investments as part of the group-wide investment policy. Such criteria should take into account, as appropriate:

- The liquidity characteristics of the investments and their impact on the IAIG's ability to meet its obligations
- The impact on capital resources at both the group-wide and legal entity level
- Contagion risk arising from intra-group exposures
- Valuation uncertainty associated with the investments
- The financial condition and risk profile of the legal entities involved

69. These criteria should take into account liquidity, impact on capital resources, contagion risk, valuation uncertainty and the financial condition of the individual legal entities.

70. It is proposed that the Head of IAIG would also be expected to ensure that investment exposures are monitored on a group-wide basis to identify material concentrations and exposures that may not be consistent with the IAIG's investment policy, risk appetite or capital position, and that appropriate actions are taken where necessary.

Liquidity Risk Management

71. To further align the Authority's supervisory framework with ComFrame, it is proposed that the Rules introduce enhanced expectations for the liquidity risk management framework of an IAIG, with responsibilities placed on the Head of IAIG. These expectations are intended to serve as an integrated framework covering liquidity risk assessment and planning, available liquidity resources, contingency preparedness, and supervisory evidence, applied in a manner proportionate to the nature, scale and complexity of the IAIG.

72. These expectations are designed to support a forward-looking and group-wide assessment of liquidity risk, including the interaction between liquidity risk, intra-group dependencies and constraints on the availability and transferability of liquidity across the IAIG. The Authority also intends to issue further guidance on liquidity risk management plans, providing additional clarity on the application of these expectations, including supervisory expectations and illustrative practices, while maintaining a proportionate and principle-based approach.

Liquidity Risk Assessment and Stress Testing

73. The Head of IAIG is expected to assess the IAIG's resilience to severe but plausible liquidity stress scenarios, at the group-wide level and, where material, at the level of individual legal entities. Liquidity stress testing should be forward-looking and used to evaluate whether the IAIG's liquidity profile remains within its defined liquidity risk appetite under stressed conditions, taking into account the IAIG's business model, activities and intragroup dependencies.

74. Stress testing should consider a range of relevant liquidity risk drivers, including:

- Potential mismatches between cash inflows and outflows
- Constraints on the availability and transferability of liquidity across legal entities within the group
- Other factors that may affect the IAIG's ability to meet obligations as they fall due, including market disruptions or entity-specific stress events

Liquidity Resources and Availability

75. The Head of IAIG would be expected to ensure that the liquidity risk management framework addresses the availability and usability of liquidity resources under both normal and stressed conditions, including the role of unencumbered liquid assets and other funding sources. The framework should consider the extent to which liquidity resources are readily available, legally transferable and operationally accessible, particularly when resources are held across multiple jurisdictions or entities within the IAIG.

76. Where liquidity stress testing indicates that stressed cash outflows may exceed stressed cash inflows, the framework should demonstrate how the IAIG would ensure the availability of sufficient liquidity to meet such shortfalls, taking into account legal, regulatory and operational constraints.

Contingency Funding Arrangements for Liquidity Stress

77. The Head of IAIG would be expected to ensure that appropriate contingency funding arrangements are in place to enable the IAIG to respond effectively to liquidity stress events, commensurate with the IAIG's liquidity risk profile.

78. It is proposed that the contingency funding arrangements should set out credible and actionable strategies for addressing liquidity shortfalls under stressed conditions and should incorporate clearly defined escalation triggers, linked where appropriate to:

- Liquidity metrics and stress testing outcomes
- Roles and responsibilities across relevant group-wide and legal entity governance structures
- A range of potential funding and management actions, considering feasibility under stressed conditions

79. Further, the contingency funding arrangements should be informed by the IAIG's liquidity stress testing and reflect relevant legal, regulatory and operational constraints, including those affecting the transferability of liquidity within the group.

80. The form, level of detail and frequency of review of the contingency funding arrangements, and any supporting documentation, should be proportionate to the IAIG's size, complexity and liquidity risk exposures; and may be integrated into broader risk management, ERM or other group-wide governance documentation where appropriate.

Liquidity Evidence and Supervisory Reporting

81. To support supervisory review, the Authority may require the Head of IAIG to prepare and maintain a liquidity evidence pack (or equivalent), in a form and frequency specified by the Authority.

82. The evidence pack should support a consistent and structured supervisory assessment of the IAIG's liquidity risk profile and management framework and may include concise information on:

- The IAIG's liquidity risk management strategies, report or plan, policies and processes
- The IAIG's liquidity risk appetite and established limits
- The IAIG's current liquidity position relative to those limits and its risk appetite
- Key liquidity metrics and monitoring frameworks
- Potential vulnerabilities in the IAIG's liabilities, including concentration or stress sensitivities
- Stress testing assumptions, methodologies and results
- The availability, usability and location of liquidity resources across the group

- The operation and effectiveness of contingency funding arrangements

Supervisory Reporting and Communication with the Authority

83. Supervisory reporting and communication for IAIGs are designed to support the Authority's assessment of the solvency position of the IAIG and its aggregate risk exposures on a group-wide basis. The proposed Rules establish expectations for the reporting of relevant information to enable effective supervisory review, including the monitoring of material risks, intra-group exposures and overall financial condition. Specific reporting requirements, including ongoing reporting obligations, will be set out in the Rules.

84. Reporting requirements relating to detailed technical and prudential measures will continue to be addressed within the broader group supervision framework, including applicable prudential standards and reporting regimes.

Crisis Management and Supervisory Coordination

85. To support effective group-wide supervision and enhance preparedness for potential stress events, the Authority may establish, or participate in, a Crisis Management Group (CMG) for an IAIG, in coordination with other relevant supervisory authorities.

86. These arrangements are consistent with ComFrame expectations relating to group-wide supervision, supervisory cooperation and coordination. They identify the need for effective information sharing and coordinated supervisory action among the group-wide supervisor and other involved supervisors.

87. The CMG is intended to facilitate the timely exchange of information, coordination of supervisory actions, and preparedness for recovery and resolution scenarios, taking into account the cross-border nature, organisational structure and risk profile of the IAIG. Such arrangements may build on, and complement, existing supervisory cooperation mechanisms, including supervisory colleges and other cross-border engagement processes.

88. The Head of IAIG would be expected to cooperate with the Authority and other relevant supervisors in the context of such arrangements, including by providing timely and relevant information to support supervisory coordination, crisis preparedness and recovery planning.

89. These arrangements are intended to reflect and enhance existing supervisory practices, rather than introduce new standalone prudential requirements, and will be applied in a manner proportionate to the size, complexity and risk profile of the IAIG. Where appropriate, the Authority may establish or participate in formal coordination arrangements, including written frameworks that govern the exchange of information and the coordination of supervisory actions among relevant supervisors.

V. Conclusion

90. In developing the proposed Rules, the Authority seeks to ensure that Bermuda's supervisory framework for IAIGs remains aligned with the expectations set out in ComFrame. The Authority invites stakeholders to provide feedback on the proposals set

out in this CP. Respondents are encouraged to consider and provide comments on the following questions, as well as any other aspects of the proposed framework they consider relevant:

Question 1**:** The Authority intends to develop additional guidance clarifying the BMA's broader IAIG supervisory framework. Are there any areas within the proposed framework where respondents consider that further clarification or guidance would be helpful? If so, please specify the relevant provisions and the type of guidance that would assist with interpretation or implementation.

Question 2**:** Do respondents agree with the Authority's approach of introducing the IAIG Rules as an overlay to the existing group supervision framework, rather than creating a standalone regime? Please provide reasons for your view, including whether this approach appropriately balances clarity, proportionality and supervisory effectiveness.

Question 3**:** Do respondents foresee any practical challenges in implementing the proposals within existing governance, risk management, or reporting frameworks? If so, please describe the nature of these challenges.

VI. Next Steps

91. The proposed Rules form part of the Authority's ongoing work to further embed ComFrame expectations, as appropriate, within the insurance group supervision framework. Further work is expected to continue on resolution requirements, liquidity risk management, the ICS and other material IAIG standards that are not already captured within the Authority's group supervision regime. Following this consultation exercise and considering the feedback received, the Authority is targeting publication of the final Rules in Q4 2026. The Authority will continue to communicate its supervisory expectations to the industry regarding the supervision of IAIGs and related matters.

Industry and other stakeholders are invited to submit feedback on the proposals outlined to policy@bma.bm by the close of business on Wednesday, **30 September 2026**.

Bermuda Monetary Authority

BMA House

43 Victoria Street

Hamilton HM 12

Bermuda

Tel: (441) 295 5278

Fax: (441) 292 7471

Website: https://www.bma.bm