



BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (CLASS 4 AND CLASS 3B
SOLVENCY REQUIREMENT) AMENDMENT (NO. 2) RULES 2016

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SCHEDULE
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The Bermuda Monetary Authority, in exercise of the power conferred by section 6A of the Insurance Act 1978, makes the following Rules:

Citation

1 These Rules, which amend the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Rules 2008 (the "principal Rules"), may be cited as the Insurance

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(Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Amendment (No. 2) Rules 2016.

Amends paragraph 2

2 Paragraph 2 of the principal Rules is amended by inserting the following in its proper alphabetical order—

“EBS Valuation basis” means the Economic Balance Sheet valuation principles to be complied with by a relevant Class 4 or 3B insurer in accordance with the Instructions Affecting Form 1EBS under Schedule XIV;”.

Amends paragraph 6

3 Paragraph 6 of the principal Rules is amended—

- (a) in subparagraph (1) by deleting “and XVII” and substituting “, XVII, XVIII, XIX, XX and XXI”;
- (b) in subparagraph (2) by deleting “and XV” and substituting “, XV, XVI, XVII, XVIII, XIX and XX”;
- (c) in subparagraph (2A)(b) by deleting “and XVII” and substituting “, XVII, XVIII, XIX, XX and XXI”.

Amends Schedule I

4 Schedule I to the principal Rules is amended—

- (a) in paragraph 1 by deleting “a consolidated” and substituting “an EBS Valuation”;
- (b) in Table 1 by deleting the words “Schedule V(h)” wherever they occur and substituting “Schedule XIX”;
- (c) in Table 4 by deleting the words “Schedule V(i)” wherever they occur and substituting “Schedule XX”;
- (d) in Table 5 by deleting the words “Schedule V(j)” wherever they occur and substituting “Schedule XXI”;
- (e) in Table 8 by deleting the words “Schedule V paragraph (d)” wherever they occur and substituting “Schedule XVIII”;
- (f) by deleting “a consolidated” and substituting “an EBS Valuation” in—
 - (i) paragraph (f) of the INSTRUCTIONS AFFECTING TABLE 1;
 - (ii) paragraph (d) of the INSTRUCTIONS AFFECTING TABLE 2;
 - (iii) paragraph (d) of the INSTRUCTIONS AFFECTING TABLE 3;
 - (iv) paragraph (e) of the INSTRUCTIONS AFFECTING TABLE 4;
 - (v) paragraph (c) of the INSTRUCTIONS AFFECTING TABLE 5;

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- (vi) paragraph (d) of the INSTRUCTIONS AFFECTING TABLE 6;
- (vii) paragraph (d) of the INSTRUCTIONS AFFECTING TABLE 7;
- (viii) paragraph (h) of the INSTRUCTIONS AFFECTING TABLE 8.

Amends Schedule II

5 Schedule II to the principal Rules is amended in paragraph (j) of the INSTRUCTIONS AFFECTING SCHEDULE II by deleting “a consolidated” and substituting “an EBS Valuation”.

Amends Schedule IIA

6 Schedule IIA to the principal Rules is amended in paragraph (k) of the INSTRUCTIONS AFFECTING SCHEDULE IIA by deleting “a consolidated” and substituting “an EBS Valuation”.

Amends Schedule III

7 Schedule III to the principal Rules is amended in paragraph (a) of the INSTRUCTIONS AFFECTING SCHEDULE III by deleting the words “a consolidated” wherever they occur and substituting “an EBS Valuation”.

Amends Schedule IIIA

8 Schedule IIIA to the principal Rules is amended in paragraph (c) of the INSTRUCTIONS AFFECTING SCHEDULE IIIA by deleting “a consolidated” and substituting “an EBS Valuation”.

Amends Schedule V

9 Schedule V to the principal Rules is amended—

- (a) in the introductory paragraph by deleting the following—
 - (i) paragraph (c);
 - (ii) paragraph (t);
 - (iii) paragraph (u);
 - (iv) paragraph (v);
- (b) in the INSTRUCTIONS AFFECTING SCHEDULE V—
 - (i) in the introductory paragraph by deleting the words “a consolidated” wherever they occur and substituting “an EBS Valuation”;
 - (ii) by inserting the following after paragraph (b)(ii)(A) —
 - “(AA) counterparties involved, including where they are located;”;
 - (iii) by deleting paragraph (c);

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- (iv) by deleting paragraph (t);
- (v) by deleting paragraph (u);
- (vi) by deleting paragraph (v).

Amends Schedule VI

10 Schedule VI to the principal Rules is amended in paragraph (d) by deleting “a consolidated” and substituting “an EBS Valuation”.

Amends Schedule XI

11 Schedule XI to the principal Rules is amended in paragraph (a) by deleting “a consolidated” and substituting “an EBS Valuation”.

Amends Schedule XII

12 Schedule XII to the principal Rules is amended in the introductory paragraph by deleting “a consolidated” and substituting “an EBS Valuation”.

Amends Schedule XVII

13 Schedule XVII to the principal Rules is amended in paragraph (e) of the INSTRUCTIONS AFFECTING SCHEDULE XVII by inserting before “net” the words “gross and”.

Inserts Schedules XVIII, XIX, XX and XXI

14 The principal Rules are amended by inserting the following Schedules after Schedule XVII—

- (a) SCHEDULE XVIII Particulars of Ceded Reinsurance;
- (b) SCHEDULE XIX Schedule of Cash and Cash Equivalents Counterparty Analysis;
- (c) SCHEDULE XX Schedule of Currency Risk;
- (d) SCHEDULE XXI Schedule of Concentration Risk.

Commencement

15 These Rules come into operation on 1 January 2017 and apply to financial years commencing on or after 1 January 2016.

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REQUIREMENT) AMENDMENT (NO. 2) RULES 2016

SCHEDULE

(paragraphs 4 to 14)

TITLES OF SCHEDULES AMENDED OR INSERTED BY THESE RULES

The Schedules referred to in paragraphs 4 to 14 and listed below, have been omitted from these Rules and published on the Authority's website www.bma.bm, in accordance with section 6A(8) of the Insurance Act 1978—

SCHEDULE I	Bermuda Solvency Capital Requirement
SCHEDULE II	Schedule of Fixed Income and Equity Investments by BSCR Rating
SCHEDULE IIA	Schedule of Funds Held by Ceding Reinsurers in Segregated Accounts/Trusts by BSCR Rating
SCHEDULE III	Schedule of Net Loss and Loss Expense Provisions by General Business
SCHEDULE IIIA	Schedule of Geographic Diversification of Net Loss and Loss Expense Provisions by General Business
SCHEDULE V	Schedule of Risk Management
SCHEDULE VI	Schedule of Fixed Income Securities
SCHEDULE XI	Schedule of Loss Triangles or Reconciliation of Net Loss Reserves
SCHEDULE XII	Schedule of Eligible Capital
SCHEDULE XVII	Schedule of Solvency
SCHEDULE XVIII	Particulars of Ceded Reinsurance
SCHEDULE XIX	Schedule of Cash and Cash Equivalents Counterparty Analysis
SCHEDULE XX	Schedule of Currency Risk
SCHEDULE XXI	Schedule of Concentration Risk

Made this 19th day of July 2016

Chairman
The Bermuda Monetary Authority