

Alert

BMA Proposes Internationally Active Insurance Group Concept for Bermuda

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In December 2020, as part of its review to update Bermuda’s commercial insurance regime, the Bermuda Monetary Authority (BMA) issued a consultation paper proposing the introduction of an Internationally Active Insurance Group (IAIG) concept to meet the principles and standards of the International Association of Insurance Supervisors’ Common Framework (ComFrame).

IAIGs will be subject to additional regulatory requirements and disclosures that will be transposed into Bermuda’s framework in due course. Amendments to the Insurance Act 1978 will be necessary to make provision for insurance groups to comply with specific standards when they meet minimum criteria as an IAIG. These changes are expected to enter into force on 30 June 2021.

The proposed amendments are aimed at insurance groups whose group supervisor is the BMA, not IAIGs designated by other authorities, but who operate in Bermuda.

Definition of IAIGs

The definition of an IAIG in the amended Insurance Act is proposed as follows:

“Internationally active insurance group” or “IAIG” means an insurance group that meets the following criteria —

- (a) writes premiums in three or more jurisdictions;*
- (b) has gross written premiums outside of Bermuda amounting to at least 10% of the insurance group's total gross written premiums;*
- (c) on a three-year rolling average:*
 - (i) has total assets of at least \$50 billion; or*
 - (ii) total gross written premiums are at least \$10 billion.*

Additional detail on these criteria, as well as on the process by which an insurance group will be determined an IAIG, will be provided by the BMA in due course by way of Guidance Notes (which will be subject to public consultation).

Determination as an IAIG

In line with ComFrame, the BMA proposes the introduction of a provision that, under certain circumstances, it has discretion to determine that an insurance group is not an IAIG even if it meets the criteria, or that an insurance group is an IAIG even if it does not meet the criteria. These circumstances will be set out in the Guidance Notes to come.

The BMA also proposes that prior to being determined as an IAIG, an insurance group will be notified of the BMA’s intention and will have the chance to make representations regarding the determination, similar to the process already in place for group supervision determination.

Regulatory standards

The BMA proposes to introduce into the Insurance Act 1978 the power to make rules prescribing standards in relation to the regulation and supervision of IAIGs. It does not plan to transpose all ComFrame provisions into the Bermuda framework, rather it will introduce “an appropriate combination of legislation, rules and guidance”, and plans to share a comprehensive ComFrame Implementation Roadmap with industry in due course.

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