

The Insurance Amendment Act 2015 was passed into law in February 2015 and these changes are intended to enhance the Bermuda Monetary Authority's regulatory program which aims to ensure that Bermuda's regulatory framework for commercial insurers obtains third-country equivalency under Solvency II. This memo provides a high level summary of these amendments.

DECLARATION OF COMPLIANCE

As of 31 December 2015 all insurers will be required on an annual basis to deliver to the Bermuda Monetary Authority (**BMA**) a declaration which states whether or not the insurer has complied with:

- the minimum criteria for registration
- the minimum margin of solvency
- enhanced capital requirements
- any restrictions, limitations or conditions contained in its license

A civil penalty is imposed by the BMA for non-compliance.

CORPORATE GOVERNANCE

In the Schedule to the Act there is now a "Corporate Governance" provision which requires insurers to implement corporate governance polices as processes that are appropriate for the nature, size, complexity and risk profile of the insurer.

MATERIAL CHANGES

The amendments to Section 30JA(1) clarify and expand what notifications required from insurers when there is a material change to their insurance business. A new requirement is introduced whereby notification is now required upon the sale of an insurer.

NO OBJECTION NOTIFICATION BY BMA

The BMA now has 30 days within which to provide an insurer with a "no objection" response when an insurer makes a material change notification.

RESTRICTION PAYMENT OF DIVIDENDS

The amendment extends the restriction to payment of dividend under Section 31B to all commercial insurers as opposed to only Class 3B and Class 4.



BMA POWERS

The BMA's powers of intervention under Section 32 now include allowing the BMA to take action when there is a significant risk that the insurer will be unable to meet its obligations to policyholders. This is intended to ensure that the interests of clients and potential clients of an insurer are more effectively protected.

ACTUARIAL CERTIFICATES

The amendment to Section 56 allows the BMA to modify the requirements of insurers with regard to the actual certificates of long-term business liabilities. This change is analogous to that of general insurers.

For more specific advice on insurance queries, we invite you to contact:

Brenda Lehmann

Senior Corporate Counsel

+1 (441) 474 9007

blehmann@beesmont.bm

Kim Simmons

Senior Corporate Counsel

+1 (441) 474 9022

ksimmons@beesmont.bm

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BeesMont Law Limited

5th Floor Andrew's Place, 51 Church St., Hamilton HM 12, Bermuda

T +1 441 400 4747 F +1 441 236 1999 W beesmont.bm