



# Surfing the tides

Embracing proposed enhancements to the regulatory regime and fees for commercial insurers

In February 2023 the Bermuda Monetary Authority (BMA) published a consultation paper outlining proposed enhancements to their regulatory regime and fees for commercial insurers. This consultation paper aims to ensure ongoing adequacy of the regulatory regime for commercial insurers, to improve upon the detection of new risks and to enhance the level of accountability, governance, disclosures and transparency.

## Targeted improvements focus on



Technical provisions, including wide-ranging governance requirements



Changes to the Bermuda Solvency Capital Requirement ('BSCR') and 'section 6D' enhancements



Revised fees charged to long-term entities

Some of these proposed amendments require significant work to ensure implementation readiness and ongoing compliance. These changes are expected to have far reaching impacts on not only the financial results but also on multiple areas of insurers' business-as-usual processes and governance. A consequential increase in operational efforts and overall governance and oversight processes is expected.

## Timeline



# What does it mean for you?

It is important to thoroughly plan and ensure implementation readiness.

**Prior BMA approval is required to use the SBA model** – for entities already using the SBA, all new entities and existing entities not using SBA. The approval process will include a review of the full SBA model calculations, key assumptions, models and cash flows, stress tests and various other newly proposed requirements.

## Things to develop and implement



Liquidity risk management programme



Model risk management framework



Improved governance and accountability requirements



Model documentation

## Things to check



Available talent pool



Data standards



Compliance with existing requirements (which are reemphasised)



Liability optionality risk



Ring-fencing assets



Affiliated investments



Company specific ECR adjustments

## Things to modify/improve



Asset models



Liability models (including lapse-adjust SBA BEL, and wider governance)



BSCR calculations

# Our experience

Grant Thornton's experienced financial services professionals have a wealth of experience in providing risk, actuarial, regulatory and compliance advice. We can leverage this knowledge and know-how to assist you in the implementation of these proposed enhancements and in navigating the associated challenges within your organisation.

# How can we help?

Grant Thornton's agile team, some of whom are ex-regulators, are ready to work with organisations on their preparedness for the proposed enhancements, including impact studies, readiness assessments, modelling, implementation and reporting support.

We will leverage our vast industry experience (Bermuda, Europe, US) in assisting clients in navigating regulatory changes to ensure a clear understanding of the requirements and their impact on your organisation, as well as supporting efficient planning and implementation.

## Our Bermudian Engagement Team



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