



# **BERMUDA MONETARY AUTHORITY**

## **GUIDANCE NOTES**

### **GUIDANCE NOTES FOR INCORPORATED SEGREGATED ACCOUNTS COMPANY STRUCTURES (INSURANCE AND HYBRID STRUCTURES)**

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## **I. INTRODUCTION**

- 1 These Guidance Notes outline the Bermuda Monetary Authority's (Authority or BMA) guidance with respect to the application of the Incorporated Segregated Accounts Companies Act 2019 (ISAC Act), particularly in relation to insurance and hybrid structures.
- 2 The ISAC Act establishes a registration regime whereby companies that are engaging in insurance business or investment fund business, or companies that have been approved by the Minister of Finance, may apply for registration as an Incorporated Segregated Accounts Company (ISAC) pursuant to the ISAC Act, and then establish Incorporated Segregated Accounts (ISAs). For the purposes of these Guidance Notes, the term "ISAC" is used to refer to Insurance ISACs, which receive a licence under the Insurance Act 1978 (Insurance Act).
- 3 An ISA (corresponding entities in some jurisdictions may be described as an Incorporated Cell) is an incorporated segregated account containing assets and liabilities that are legally separated from the assets and liabilities of the ISAC and other ISAs (if any).
- 4 Section 9(1) of the ISAC Act affirms that an ISA is a legal person distinct from the ISAC itself. The effect of this segregation creates separate bodies corporate with the intent of providing additional protection to the assets of one ISA from the liabilities of other ISAs and those of the ISAC itself. As a result, ISAs will be self-dependent and self-governed, such that they each have their own board of directors, and only the assets of a particular ISA may be applied to the corresponding liabilities of that ISA.
- 5 ISAC structures present a unique ability to have ISAs writing insurance business, investment fund business and digital asset business (upon obtaining approval from the Minister of Finance) all operating within the same ISAC structure, for example, a platform for the Insurance-Linked Securities (ILS) market to have ISAs writing insurance business and ISAs conducting investment fund business to operate within the same ISAC structure. ISAs registered/authorised to conduct investment fund business will have an opportunity to raise money from third-party investors through the offer of shares or other securities and the funds raised can be used to collateralize (re)insurance written by ISAs conducting insurance business all within the same ISAC structure.
- 6 For the purposes of this document, ISAC structures that have multiple business sector ISAs are hereinafter referred to as Hybrid ISAC structures.

## **II. DEFINITIONS**

- 7 In addition to the terms previously defined, for the purposes of these Guidance Notes:

"Investment Funds Act" refers to the Investment Funds Act 2006;

"DABA" refers to the Digital Asset Business Act 2018;

"account" means an ISA;

“incorporated segregated account” or “ISA” has the meaning given in Section 2(1) of the ISAC Act;

“incorporated segregated accounts company” or “ISAC” means a company registered under section 5 of the ISAC Act;

“the Prudential Rules” refers to the Insurance (Prudential Standards) (Class 3A Solvency Requirement) Rules 2011, the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Rules 2011, and the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Rules 2011 as amended;

“Investment Fund Rules” refers to the Investment Fund Rules 2019 and the Investment Fund Offering Document Rules 2019;

“Definition Order” refers to the Investment Funds Definition Order 2019.

### **III. LEGISLATION**

- 8 ISACs and ISAs will be registered pursuant to the ISAC Act.
- 9 Each ISAC can apply to be licensed as an insurer under the Insurance Act, and shall be supervised and regulated pursuant to the Insurance Act, related Legislation, Regulations, Prudential Rules and the Insurance Code of Conduct applicable to the class of licence that it will hold.
- 10 Each ISA can apply to be licensed as an insurer pursuant to the Insurance Act, be registered or authorised to conduct investment fund business pursuant to the Investment Funds Act, or be licensed to conduct digital asset business pursuant to DABA.
- 11 No ISA will be granted more than one licence to conduct insurance business and authorised/registered to conduct investment fund business at the same time within the same ISA (i.e. only one of these licences will be permitted within any one ISA at any given time). However, by exception, the Authority will allow for an insurance or funds ISA to also apply for a DABA licence, as appropriate. This flexibility for an ISA to be also licensed under DABA will prepare for tokenised business models in Bermuda.
- 12 Each ISA licensed as an insurer under the Insurance Act shall be supervised and regulated pursuant to the relevant said legislation, Regulations, Prudential Rules and the Insurance Code of Conduct applicable to the class of licence that it will hold.
- 13 Each ISA registered or authorised to conduct investment fund business under the Investment Funds Act shall be regulated pursuant to said legislation and related Rules, Codes and applicable Guidance Notes unless the arrangement does not fall within the definition of “investment fund” because it is deemed to be out of scope under the Definition Order.
- 14 Each ISA licensed to conduct digital asset business under DABA shall be supervised and regulated pursuant to the said legislation and all related Rules, Custody Code of Practice and Business Code of Practice, as well as the Anti-Money Laundering/Anti-Terrorist Financing (AML/ATF) Sector Specific Guidance Notes for Digital Assets.

- 15 The Authority will exercise its regulatory and supervisory frameworks in a risk-based manner and will take a consistent approach similar to that which is currently implemented for insurance licences, DABA licences and investment fund authorisations/registrations. The BMA will exercise consolidated supervision at all times for hybrid structures, to reduce regulatory burden.

#### IV. REGISTRATION

- 16 Each ISAC registered pursuant to Section 3(1)(a) of the ISAC Act shall apply to obtain an insurance licence pursuant to Section 4(1) of the Insurance Act.
- 17 In considering the appropriate class of registration, the Authority will consider the following matters—
- 17.1 The nature of the intended relationship between the ISAC and the ISAs being established
  - 17.2 The nature of the insurance business to be carried on by the ISAC as well as any ISAs established for such purpose
  - 17.3 Each ISAC that establishes at least one ISA intending to carry on insurance business shall also be deemed to be intending to carry on insurance business and must be licensed accordingly
  - 17.4 Each ISAC intending to carry on insurance business shall apply to be licensed according to the existing insurance classes and will be permitted to write insurance business only, while facilitating ISAs with insurance licences, digital asset business licences and ISAs registered/authorised to conduct investment fund business only
- 18 The above considerations will ensure that the Authority has appropriate oversight of the entire ISAC structure, thus taking a holistic view and applying a consolidated risk-based approach, ascertaining interdependencies as well as possible contagion risks.
- 19 Where appropriate, or upon a company's application, the BMA may impose a condition on the ISAC's licence that it does not bear any insurance risks and/or that it holds paid-up share capital and contributed capital attributable to its own solvency and the operational risk of managing the respective ISAs. In this case, the ISAC's main role in the structure will be to perform the management and oversight role/duty effectively.
- 20 ***The ISA Writing Insurance Business.*** Each ISA seeking to conduct insurance business will be licensed according to the existing insurance licence classes under the Insurance Act.
- 21 ***The ISA Conducting Investment Fund Business.*** The operator of an ISA seeking to conduct investment fund business shall apply for registration/authorisation under the Investment Funds Act in any of the investment fund classes provided that the requirements related to the fund classification have been met.
- 22 ***The ISA Conducting Digital Asset Business.*** Each ISA seeking to conduct digital asset business will be licensed according to the existing digital asset business licence classes under the DABA.

## 23 *The ISAC Application Process*

The application process for an ISAC will be largely similar to the current licensing process for a standalone entity. The only difference will be that the ISAC's application will include the proposals regarding the underlying ISAs for the BMA to assess the entire structure at inception. The BMA expects that each ISAC application will be supplemented with the application of the first ISA intending to conduct insurance business, (the Authority notes that the ISA licensing application can be made subsequent to the ISAC licensing application but the ISAC application should include the business plan of the proposed ISA).

- 23.1 Each ISAC shall submit an application to the BMA's Insurance Assessment and Licensing Committee (IALC) for consideration. The application shall include a business plan, limits of liability, copies of agreements, copies of acceptance letters, curriculum vitae for all key persons, financial projections, Anti-Money Laundering (AML) policies and procedures (if applicable), etc. The application shall also disclose the details of the ISAs (quantity, classes, type of business to be written) the ISAC is looking to establish.
- 23.2 Should an ISAC wish to add an ISA to conduct business outside of that which was detailed in the previously approved ISAC business plan, the ISAC may be required to submit a revised business plan for the BMA to review and approve.
- 23.3 Existing insurers registered as Segregated Account Companies (SACs), wishing to utilise the ISAC structure, must establish an ISAC pursuant to the ISAC Act, submit the necessary applications to the BMA for licensing, then transfer any existing business into the structure via the appropriate legal and regulatory processes.

## 24 *The ISA Application Process*

An ISA cannot exist without an ISAC. Therefore, the ISAC must apply to be licensed under the Insurance Act before or at the same time as the ISA applies to be licensed to write insurance business, digital asset business or registered/authorised to conduct investment fund business. Each ISA will only be approved to conduct one licensable activity at a time. No ISA will be permitted to be licensed as an insurer and authorised/registered to conduct investment fund business at the same time. The application process for an ISA will be largely similar to the current licensing process for a standalone entity. All ISAs that intend to conduct insurance business will be designated as either a Restricted Insurance ISA or an Unrestricted Insurance ISA.

### *Restricted Insurance ISA*

- 24.1 A **Restricted Insurance ISA** - All of the ISAs will follow a largely similar business plan (e.g. class of business, insurance programme structure), which should mirror the relevant details discussed in the ISAC's business plan. This will reduce the processing time for licensing additional Restricted Insurance ISAs given that they follow business plans, which were previously approved.
- 24.2 Each ISAC seeking to have a Restricted Insurance ISA to conduct insurance business must first establish the ISA pursuant to the ISAC Act. Once registered,

the ISAC must then submit an application to the BMA consisting of a summary business plan with projections, the owners, beneficial owners, director and officers' fit and proper details, and draft policies.

- 24.3 The submission of a complete application will allow the BMA to confirm that the Restricted Insurance ISA's application details are consistent with the details proposed in the ISAC's previously approved business plan. The Licensing team and the Corporate Authorisations team will conduct all the necessary assessments, including fitness and propriety of the respective board of directors and controllers. The ability to fast track the response will be directly attributed to the BMA having already assessed the business model of the underlying ISAs during the ISAC's licensing process.

#### ***Unrestricted Insurance ISA***

- 24.4 An ***Unrestricted Insurance ISA*** - The ISA structures conducting insurance business will not follow a similar business plan.
- 24.5 Each ISAC seeking to have an Unrestricted Insurance ISA to conduct insurance business must first establish the ISA pursuant to the ISAC Act. Once registered, the ISAC must then submit an application to the BMA consisting of a full business plan with projections, the owners, beneficial owners, director and officers' fit and proper details, and draft policies. All these details should be submitted in accordance with the ISAC's business plan.
- 24.6 Should an ISAC wish to add an Unrestricted Insurance ISA to conduct business outside of that which was detailed in the previously approved ISAC business plan, the ISAC may be required to submit a revised business plan for the BMA to review and approve.
- 24.7 The submission of a complete Unrestricted Insurance ISA application with all the required details will allow the BMA to make a comprehensive assessment of the ISAC details alongside the details of the proposed Unrestricted Insurance ISA, and provide a comprehensive response. The Licensing team and the Corporate Authorisations team will conduct all the necessary assessments, including fitness and propriety of the respective board of directors and controllers.

#### ***Investment Fund ISA***

- 25 The operator of an ISA seeking authorisation or registration as an investment fund will file an application via the BMA's electronic filing platform for investment funds. The investment fund ISA will be required to satisfy the qualification criteria and all requirements under the Investment Funds Act, the Investment Fund Rules, and the Investment Fund Guidelines.

#### ***Digital Asset Business ISA***

- 26 Each ISAC seeking to have an ISA conducting digital asset business must first establish the ISA pursuant to the ISAC Act. Once registered, the ISAC must then submit an

application to the BMA consisting of a summary business plan with projections, the owners, beneficial owners, director and officers' fit and proper details, and draft policies, in accordance with the licensing requirements under DABA.

- 27 The submission of a complete application will allow the BMA to confirm that the ISA's application details are consistent with the details proposed in the ISAC's previously approved business plan. The Assessment and Licensing Committee will conduct all the necessary assessments, including fitness and propriety of the respective board of directors and controllers. The ability to fast track the response will be directly attributed to the BMA having already assessed the business model of the underlying ISAs during the ISAC's licensing process.

## **V. FEES**

### ***28 ISAC Licensing Fee***

The Licence fee allocated to the ISAC will be separate from the licence fee(s) of the respective ISAs. The following fee ranges are indications, the Authority will assess all ISAC and ISA fees on a case-by-case basis.

- 28.1 The ISAC's initial licensing fee will be assessed based on an amount commensurate to the applicable class of licence it will be granted. In particular:
- (a) Insurance Licence Classes 1, 2, A, B, Special Purpose Insurer (SPI), IGB and ILT will be charged the respective flat fee
  - (b) Class 3 and IIGB ISACs will be charged a fee based on the expected total gross premium written of the underlying ISAs at the conclusion of the applicable reporting period
  - (c) Classes 3A, 3B and 4 ISACs will be charged a fee based on the expected total gross premium written of the underlying ISAs at the conclusion of the applicable reporting period
  - (d) Classes C, D, E and Collateralized Insurer (CI) will be charged a fee based on the expected total assets of the underlying ISAs at the conclusion of the applicable reporting period.

### ***29 Insurance Licence Fee for an ISA***

- 29.1 Each ISA seeking to be licensed to write insurance business will have an individual licence fee of an amount between 25-75% of the total licence fee applicable to the class of licence they will be granted. In particular:
- (a) ISAs requesting a Class 1, 2, A, B, SPI, IGB or ILT licence will be charged 25-50% of the flat licensing fee
  - (b) Class 3 and IIGB ISAs will be charged 25-50% of the existing expected total gross premium written tiered licence fee
  - (c) Classes 3A, 3B and 4 ISAs will be charged 50-75% of the existing expected total gross premium written tiered licence fee
  - (d) Classes C, D, E and CI will be charged 50-75% of the existing expected total assets tiered licensing fee



- 29.2 The BMA will determine the ISA licensing fee (25-75% of the fee allocated to the licence class) based on the nature and scale of operations of the insurer, the complexity of its business and its classification as ‘Restricted’ or ‘Unrestricted’.

### **30 *Registration/Authorisation Fee for an Investment Fund ISA***

- 30.1 The ISA registration/authorisation fee, will be in accordance with the registration/authorisation fee of the fund classification for which the ISA is applying.

### **31 *Digital Asset Business Licence Fee for an ISA***

- 31.1 The ISA licence fee, will be in accordance with the existing Fees Schedule of the Bermuda Monetary Authority Act 1969 (BMA Act) for digital asset business companies.
- 31.2 The BMA may grant reductions between 25%-75% to the applicable licence fee based on the nature, scale and complexity of the operations of the DABA ISA.

### **32 *Annual Business Fees***

Each ISAC and ISA licensed as a financial institution will be subject to its own separate annual business fee.

- 32.1 The ISAC annual business fee will be assessed based on an amount commensurate to the applicable class of licence it will be granted. In particular:
- (a) Insurance Licence Classes 1, 2, A, B, SPI, IGB, and ILT will be charged the respective flat fee
  - (b) Class 3 and IIGB ISACs will be charged a fee based on the expected total gross premium written of the underlying ISAs at the conclusion of the applicable reporting period
  - (c) Classes 3A, 3B and 4 ISACs will be charged a fee based on the expected total gross premium written of the underlying ISAs at the conclusion of the applicable reporting period
  - (d) Classes C, D, E and CI will be charged a fee based on the expected total assets of the underlying ISAs at the conclusion of the applicable reporting period
- 32.2 The Restricted and Unrestricted Insurance ISA annual business fee will be an amount between 25-75% of the fee applicable to the class of licence it holds. In particular:
- (a) ISAs requesting a Class 1, 2, A, B, SPI, IGB or ILT licence will be charged 25-50% of the flat licensing fee
  - (b) Class 3, IIGB ISAs will be charged 25-50% of the existing expected total gross premium written tiered licence fee
  - (c) Classes 3A, 3B and 4 ISAs will be charged 50-75% of the existing expected total gross premium written tiered licence fee

(d) Classes C, D, E and CI will be charged 50-75% of the existing expected total assets tiered licensing fee

- 32.3 The BMA will determine the Insurance ISA annual business fee (25-75% of the fee allocated to the licence class) based on the nature and scale of operations of the insurer, the complexity of its business, and its classification as 'Restricted' or 'Unrestricted'.
- 32.4 Each ISA conducting investment fund business will be required to pay an annual business fee in accordance with the investment fund classification held by the ISA.
- 32.5 Each ISA conducting digital asset business will be required to pay an annual business fee in accordance with the fees prescribed in the Fees Schedule of the BMA Act. The BMA, however, may grant reductions between 25%-75% to the applicable fee based on the nature, scale and complexity of the operations of the DABA ISA.

### ***33 Authorisations Application Fees***

All applications submitted post the licensing process will be processed in accordance with the fees published in the existing BMA Fee Schedule pursuant to the designated application type.

## **VI. REGULATORY FRAMEWORK**

### ***34 The ISAC***

Each ISAC licensed as an insurance entity will be subject to the Insurance Act, thus regulated and supervised according to the applicable insurance licence it holds.

- 34.1 Each ISAC will be required to be sufficiently capitalised to meet its liabilities, pursuant to the class of licence held.
- 34.2 Although each ISAC will be subject to the provisions of the Insurance Act, the BMA wishes to provide additional clarity to the following provisions of the Act governing the relationship between the ISAC and all underlying ISAs licensed to writing insurance business:
- (a) The Principal Representative appointed to the ISAC must also be appointed to the respective ISAs licensed to write insurance business, and
  - (b) The ISAC and the ISAs shall report to the BMA on their own behalf the following:
    - Change of shareholders or ultimate shareholder
    - Change of director or officer
    - Material changes
- 35 All AML/ATF and Sanctions requirements will apply to both the ISAC and the individual ISAs in accordance with the respective class of licence they hold, as may be relevant.

### **36 *ISA Insurers***

- 36.1 Each ISA licensed as an insurance entity will be subject to the Insurance Act, thus regulated and supervised according to the applicable insurance licence held.
- 36.2 Each ISA will be required to be sufficiently capitalised to meet its liabilities, pursuant to the class of licence held.
- 36.3 Although ISAs conducting insurance business will be subject to the provisions of the Insurance Act, the BMA wishes to provide additional clarity to the following provisions of the Act governing the relationship between the ISAC and the underlying ISAs licensed to write insurance business:
- (a) The Principal Representative appointed to the ISAC must also be appointed to the respective ISAs licensed to write insurance business, and
  - (b) The ISAs shall report to the BMA on their own behalf the following:
    - Change of shareholders or ultimate shareholder
    - Change of director or officer
    - Material changes

### **37 *Investment Fund ISAs***

- 37.1 Each ISA registered/authorised under the Investment Funds Act will be regulated and supervised in accordance with the Investment Funds Act, the Investment Fund Rules and the Investment Fund Guidelines.
- 37.2 The operator(s) of the respective investment fund ISAs are responsible for compliance with AML/ATF requirements and Sanctions regulations on an individual ISA basis. If the operator delegates the responsibility for AML/ATF and Sanctions compliance, the operator of the respective ISA still remains ultimately responsible for ensuring the obligations are met.
- 37.3 Each registered/authorised ISA must satisfy all requirements stated in the Investment Funds Act that are applicable to the investment fund classification, including but not limited to registration/authorisation requirements, the requirement for the operator and the service provides to be fit and proper, the minimum criteria for licensing, the requirement to notify the BMA of changes, and requirements stated in the Rules.
- 37.4 The provisions in the Investment Funds Act discussing modifications and waivers shall apply to each investment fund ISA in the same manner that the provisions apply to investment funds that are not in an ISAC structure. The guidance set out in the Investment Fund Guidelines shall apply to ISAs operating as investment funds in the same manner that the guidelines apply to investment funds that are not in an ISAC structure.
- 37.5 Each investment fund ISA is responsible for reporting changes to beneficial owners/ultimate shareholders to the BMA in accordance with the Companies Act 1981 (Companies Act) requirements and the Beneficial Ownership Acts.

- 38 Permissions and approvals may be at the ISA or ISAC level (or both in some instances). The applications will all be made by the respective licence holder as applicable.

### **39 *Digital Asset Business ISAs***

- 39.1 Each ISA licensed to conduct digital asset business will be subject to DABA and supporting legislation, thus regulated and supervised accordingly.
- 39.2 Although ISAs conducting digital asset business will be subject to the provisions of DABA, the BMA wishes to provide additional clarity to the following provisions of DABA governing the relationship between the ISAC and the underlying ISAs licensed to conduct digital asset business:
- (c) The Principal Representative appointed to the ISAC may also be appointed as Senior Representative to the Digital Asset ISA, provided that he/she can perform the duties of the senior representative as provided under DABA, and subject to the Authority's approval; and
  - (d) The ISAs shall report to the BMA on their own behalf the following:
    - Change of shareholders or ultimate shareholder
    - Change of director or officer
    - Material changes to business
    - Any other reportable events required under DABA

## **VII. GOVERNANCE**

- 40 Generally, at least one director on the board of directors of the ISAC should also sit on the board of directors of each ISA. This will help to ensure proper look through of the structure. The Authority would only allow exceptions where it is satisfied that sufficient controls are in place to achieve the objective.
- 41 The BMA will expect the ISAC and its underlying ISAs to share the same registered office.
- 42 The ISAC and ISAs should either avoid any conflict of interest arising or, where a conflict arises, should ensure there are effective controls in place for managing conflicts of interest to ensure there is fair treatment to affected policyholders, investors, clients or customers through disclosure, internal rules of confidentiality, declining to act, or otherwise as appropriate manner.

## VIII. REPORTING

- 43 Meeting the BMA's reporting and regulatory compliance requirements will be the responsibility of each individual insurance licence holder, digital asset business licence holder, or the respective operator(s) of each individual investment fund ISA.
- 44 All statutory filings, annual filings and statistical reporting requirements must be submitted to the BMA in accordance with the applicable filing deadlines as prescribed in the relevant sections of the Insurance Act, Prudential Rules, Investment Funds Act, related Investment Fund Rules and DABA as applicable.
- 45 The BMA will defer to the applicable GAAP/IFRS rules regarding consolidation, particularly as it relates to common ownership and control between the ISAC and its ISAs, as the determinant of the requirement for the ISAC to consolidate the results of its ISAs in its statutory filing. This matter will be considered on a case-by-case basis at licensing to see if a bespoke solution is required to report particular ISAC and ISA structures.
- 46 Each ISAC and ISA insurer will prepare an annual return/filing in accordance with the requirements of the class of licence it holds, for submission to the BMA.
  - 46.1 Where the ISAC has ISAs that are licensed as limited purpose insurers, the BMA will use a reporting template similar to the one used for SACs. The BMA may allow the use of aggregated reporting in a single template (provided that they share the same financial year-end) and will be filed together to the BMA.
  - 46.2 Where the ISAC has ISA(s) that are commercial insurers, they will each individually follow a similar approach to the current standalone filing requirements, and the filings can be made at the same time to the BMA if they share the same financial year-end.
  - 46.3 ISAs conducting insurance business can submit an application for an audit waiver where the funds raised to collateralize the (re)insurance written is held in an audited investment fund ISA within the same ISAC structure.
  - 46.4 Each investment fund ISA shall have the same financial year-end as the ISAC insurer to which it is linked, each investment fund ISA will prepare an annual return/filing on an individual basis in accordance with the requirements of its fund classification.
  - 46.5 Each Digital Asset Business ISA shall have the same financial year-end as the ISAC insurer to which it is linked, and shall prepare an annual return/filing in accordance with the requirements of DABA and related Rules.
  - 46.6 Special reporting requirements may be imposed by the Authority to Digital Asset Business ISAs where the digital asset business activities are done in a private blockchain network.

## **IX. DEREGISTRATION**

### ***47 Dissolution***

Pursuant to the ISAC Act, an ISA cannot exist without an ISAC. Therefore, the provisions (noted below) will be afforded to each ISA subject to its Bermuda licensed ISAC being wound up/dissolved.

- 47.1 The said provisions to be afforded to each ISA are as noted–
- (a) It may be transferred to another ISAC
  - (b) It may apply pursuant to section 24 of the ISAC Act to become a company under the Companies Act
  - (c) It may continue as a body corporate under the law of another jurisdiction; or
  - (d) It may wind up
- 47.2 The ISAC must be maintained until there are no remaining ISAs before it can be appropriately dissolved.
- 47.3 Accordingly, an ISA will not be registered unless it is within an ISAC structure.
- 47.4 A deregistration approval letter from the BMA should accompany all applications to the Registrar of Companies for dissolution of all ISAC or ISA insurers.

### ***48 Transfers***

An ISA incorporated in Bermuda may be transferred to another ISAC if –

- 48.1 The operator(s)/directors of both ISACs have approved the transfer agreement by way of a special resolution of the ISAC to which the ISA is being transferred and the ISA which is being transferred;
- 48.2 The ISA being transferred has sought and received the necessary approval(s) from the BMA to engage in the transfer; and
- 48.3 The ISAC receiving the new ISA is licensed and regulated in Bermuda, it shall submit a revised business plan to the BMA which incorporates the new ISA and it obtains an approval prior to engaging in the transfer.
- 48.4 In the event that, rather than be transferred to another ISAC, an ISA seeks to relinquish its registration as an ISA of its ISAC, such that it will remain only as a company under the Companies Act on a standalone basis without any relationship with its former ISAC, it will be subject to the same registration and licensing processes as a start-up entity with the benefit of the BMA already being familiar with the business.

Any ISA transfers are considered as a material change and are, therefore, subject to the relevant requirements under the Insurance Act, Investment Funds Act and DABA.