



BERMUDA MONETARY AUTHORITY

INFORMATION BULLETIN

INSURANCE ASSESSMENT AND LICENSING COMMITTEE (IALC) UPDATE

29 January 2026

TABLE OF CONTENTS

I. BACKGROUND..... 3

II. ROLE AND FUNCTIONING OF THE IALC 3

III. PRE-IALC APPLICATION ENGAGEMENT..... 3

IV. FORMAL SUBMISSION PROCESS FOR ALL IALC APPLICATIONS 4

V. IALC APPLICATION CONTENTS FOR REGISTRATION FOR ALL INSURERS 4

VI. LICENCE-SPECIFIC APPLICATION REQUIREMENTS 7

VII. APPENDIX I: FORM 1B..... 14

VIII. APPENDIX II: FORM 3..... 17

I. BACKGROUND

1. The Insurance Assessment and Licensing Committee (IALC) of the Bermuda Monetary Authority (Authority or BMA) was established by the Authority's Board of Directors.

II. ROLE AND FUNCTIONING OF THE IALC

2. Bermuda has a multi-licence system of regulation, which categorises business as limited purpose insurance business comprising captive, Special Purpose Insurers (SPI) and Collateralized Insurer classes, as well as commercial insurance business, intermediary business and innovative business for intermediaries, property & casualty and long-term insurance business. See link to the Licensing page of the BMA website for a detailed overview of the licence classes: <https://www.bma.bm/insurance-licensing>.
3. The role of the IALC is to review and make decisions on the applications for registration under the [Insurance Act 1978](#) (Act) and the related regulations and rules, in the appropriate class based on the proposed business activities.
4. The IALC consists of employees at the Executive, Senior Management, Senior Officer and Principal level within the Authority.
5. IALC meetings generally take place every Friday; however, an alternative date is proposed if the meeting coincides with a day that the BMA is not open for business. In such instances, the Authority will ensure a Notice is published at least ten days prior to the rescheduled meeting to inform the public of the new date. Special ad hoc meetings may also be scheduled as needed.
6. In instances where the IALC requires additional information to support their assessment, they will defer rendering a decision and inform the applicant promptly. The applicant will be allowed to provide additional information to support the IALC's assessment. However, if the application is incomplete, the applicant may be asked to withdraw the application on the basis that it is insufficient for review.
7. To be approved by the IALC, applications must meet the Minimum Criteria for Registration as prescribed by the Act. The business plan must be viable, and the proposal must be within the Authority's risk appetite. The IALC will not approve applications that do not meet the Minimum Criteria for Registration.
8. Applicants are typically notified of the IALC's decision on the same day that the IALC deliberates on the application. Such notifications will be issued via email or telephone call, followed by a formal IALC response letter. The IALC decision will be designated as either "approved", "approved, subject to" or "declined". Where the application is "approved, subject to", the applicant will be required to address the "subject to" items for the approval to stand. The applicant may request clarification regarding "subject to" items discussed in the IALC approval letter.
9. Once an IALC application is approved, the applicant can apply for registration. The registration application shall include a cover letter, any information requested by the IALC (i.e., that listed as "subject to" items in the IALC approval letter), the final updated business plan, all applicable fees and the completed Form 1B (insurers) or Form 3 (intermediaries). Please see Appendix I and Appendix II, respectively.
10. IALC approval letters are valid for six months from the date the letter is issued.

III. PRE-IALC APPLICATION ENGAGEMENT

11. Pre-IALC application engagement allows for early identification of potential opportunities for clarification and the alignment of the requirements. It also helps to ensure a smoother application process. This upfront dialogue leads to a more effective and timely decision-making process when the formal licensing application is submitted. Correspondence filed in connection with Pre-IALC Application Engagement shall be submitted via email to the attention of the Insurance Licensing team via Authorisations_eApplications@bma.bm.
12. Generally, the IALC delivers feedback to the applicant within one to two weeks; however, this timeframe may be extended depending on the nature, scale and complexity of the application. Pre-IALC application engagement is highly recommended for applicants applying to be registered as a Class C, D, or E long-term commercial insurer; an innovative insurer; an innovative intermediary; or an insurance marketplace provider.

IV. FORMAL SUBMISSION PROCESS FOR ALL IALC APPLICATIONS

13. A comprehensive application in support of the applicant's request to be registered under the Act must be filed with the Authority before 5pm every Monday (or on another designated submission date should the Authority's offices be closed on a Monday). Applications received after the deadline will be considered by the IALC the following week, unless otherwise agreed by the Authority. Also, to avoid any delays in the IALC considering an application, the application should be submitted via email to Authorisations_eApplications@bma.bm to the attention of the Insurance Licensing Team by the above noted deadline. If the applicant submitted a draft application as part of the Pre-IALC application engagement, the formal application may be filed once the IALC's feedback has been satisfactorily addressed within it.
14. Applications for the Insurance Regulatory Sandbox should take into consideration the Authority's specific guidance set out in BMA's Insurance Regulatory Sandbox and Innovation Hub Guidance Note ([Insurance Regulatory Sandbox \(Sandbox\)](#)). Additionally, the completed Insurance Regulatory Sandbox Application Form Checklist should accompany the formal IALC application. Both the GN and the Checklist are published here: <https://www.bma.bm/document-centre/policy-and-guidance-insurance>. Refer to the Licence Specific Application Section below for further details.
15. The Innovation Hub is an alternative track for companies looking to test new technologies or business models, similar to the Insurance Regulatory Sandbox, but is applicable for companies that are either: 1) Not currently captured under either the Insurance Act 1978 or any other financial acts (e.g., innovative product or service vendors) or 2) Not yet ready for the Sandbox or are still developing their proof of concept. The process for the Innovation Hub is found here: ([Insurance Regulatory Sandbox \(Sandbox\)](#)), which does not fall under the IALC remit.
16. The principle of proportionality is applied when implementing the risk-based framework, taking into account the nature, scale and complexity of the business and the materiality of the risks associated with the proposed company. Additionally, each application is assessed based on its merit. Accordingly, the level of detail required by the IALC to appropriately evaluate an application may vary depending on the specific circumstances. As such, additional information may be requested by the Authority to assess the licensing application¹.
17. Key information to be included in the application is outlined below. This list provides guidance for applicants but is not exhaustive. Applicants should provide additional details as necessary, depending on the nature, scale and complexity of the proposed business and business model.
18. The application should include sufficient details to enable a thorough review of the proposal by the IALC, ensuring that the "Minimum Criteria for Registration" stated in the Act is met, the requirements specific to the licence class are satisfied, and potential risks associated with the business are appropriately managed and mitigated.

V. IALC APPLICATION CONTENTS FOR REGISTRATION FOR ALL INSURERS

- **Cover Letter:** Provide a cover letter requesting registration under Section 4 of the Act (insurers) or Section 10 (intermediaries), along with the substantiating rationale for the class of licence being sought
- **Business Plan:** Include a business plan that provides a comprehensive explanation outlining the business, including:
 1. The lines of business to be underwritten and the nature of the risks to be insured;
 2. If applicable, a summary of the insurance programme structure, identifying the roles, jurisdictions and regulatory status of any other participating entities;
 3. Estimates of gross and net exposure, including any relevant financial metrics or assumptions;
 4. A breakdown of participation, layers, attachment points, limits and any risk-sharing arrangements;

¹ Pursuant to Section 22(b) of the [Bermuda Monetary Authority Act 1969](#), the BMA reserves the powers to request such information as the Authority may reasonably require to discharge its functions in respect of the supervision, regulation or inspection of the financial institution.

5. Details of outwards reinsurance arrangements, including counterparties involved, reinsurer credit ratings, retention levels, and other pertinent information;
 6. A description of the policyholders or target insured participants, any credit rating(s) and stock exchange listing(s) (if applicable), and their respective jurisdictions;
 7. For indirect insurance business, include details describing the cedant, including names (if available), cedant credit ratings, funds withheld arrangements (if applicable) and other pertinent information; and
 8. Any additional information that helps clarify the nature, scale and complexity of the proposed insurance operations.
- **Capitalisation:** Provide the proposed capitalisation, including nature and source of funding and any contingent capital sources
 - **Pro Forma Financial Statements:** Provide pro forma income statements and balance sheets on a five-year basis for all insurers to demonstrate the viability of the business plan and compliance with minimum solvency and/or liquidity ratio requirements, applicable to the licence class
 - **Actuarial Assumptions for Financial Projections:** Provide support for the actuarial assumptions underlying the pro forma income statements and balance sheets enclosed with the application, including an actuarial or feasibility study supporting the projected loss reserves, a description of the products to be offered, distribution methods and other relevant information that is necessary to assess the reasonableness of the financial projections
 - **Underwriting Information:** Description of the lines of business, products, distribution methods, annual anticipated number of contracts, maximum amount per exposure, per line of business and in aggregate. This should include also details of the underwriting and claims functions
 - **Investment Guidelines:** Investment guidelines must clearly define the target asset allocation, including specified limits and thresholds for each asset class. These guidelines should also outline any prohibited investments, ensuring adherence to the prudent person principle (Sections 45 and 46 of the Insurance Code of Conduct [Insurance Code of Conduct August 2022 \(Revised\)](#)). Additionally, they should address capital preservation requirements discussed in the Insurance Code of Conduct, consider liability duration, and evaluate the risk and liquidity profiles of the assets
 - **Shareholders/Owners Information:**
 1. Where an individual owns the applicant, include information on the individual shareholders/ultimate beneficial owners, including an organisational chart showing 100% ownership, personal declaration forms, net worth statements and curriculum vitae; and
 2. Where an institution owns the applicant, include information on the corporate shareholders/owners, including an organisational chart showing 100% ownership, the most recent audited financial statements, background information, credit rating(s) (if applicable), jurisdiction of domicile, and stock exchange listing (if applicable).
 - **Corporate and Group Structure:** Where the applicant is part of a corporate group, provide an overview of the group and corporate structure. Provide a group organisational chart showing all group entities, including insurance and non-regulated entities, with their domiciles
 - **Directors, Officers and Senior Management:** Provide details on proposed directors, officers, and senior management, outlining qualifications and experience that are relevant to the business operations
 - **Staffing Plan:** Provide a detailed staffing plan outlining the timeline and assignment of roles and responsibilities associated with key control functions outlining the reporting lines, including details on related party and third-party outsourcing arrangements
 - **Personal Declaration (PD) Forms, Curriculum Vitae or Biographies:** These should be completed for all directors and officers with supporting documentation as required
 - **Compliance with Insurance Code of Conduct:** Include details evidencing the insurer's ability to comply with the [Insurance Code of Conduct, August 2022 \(Revised\)](#)
 - **Contact Details for the Supervisory Authority:** Where the business requires the approval of an overseas regulator, provide contact details for the regulator and the status of the engagement with the relevant regulator

- **Letters of Intent from (Re)insurance Companies:** Include copies of letters of intent from (re)insurance companies the applicant plans to conduct (re)insurance business with, if applicable
- **Service Provider Details:** Provide an overview of the service providers to be appointed, including details of their functions, roles, responsibilities, if available
- **Acceptance Letters from Service Providers:** Include acceptance letters (unconditional) from service providers the applicant is proposing to appoint (approved auditor, loss reserve specialist or approved actuary, principal representative, insurance manager, etc.)
- **Affiliated Service Providers:** Where the business is supported by affiliated service providers, provide an overview of the outsourcing arrangement with the affiliated entity(s), including details of staffing expertise, staffing qualifications, and composition of the staffing structure
- **Chief Information Security Officer (CISO):** Specify the individual who will serve as CISO in line with the [Operational Cyber Risk Management Code of Conduct](#) (2020). For Limited Purpose Insurers that are not self-managed, the insurance manager may act as CISO; all other insurers must provide the actual name of the individual CISO
- **International Sanctions Regulations Compliance:** Include a statement attesting to the applicant's awareness of and intention to comply with obligations in line with the [International Sanctions Regulations 2013](#)
- **Suspicious Activity Reporting and Bermuda Sanctions Policies:** Policies and procedures should be provided about Suspicious Activity Reporting and Bermuda Sanctions for all insurance companies that make an application to the IALC to be registered in Bermuda, except for those applicants who are insurance managers or insurance brokers that provide services to a long-term insurer that writes direct insurance

The applicant is expected to (a) indicate the individual who is responsible for receiving, assessing and filing Suspicious Activity Reports and (b) note the name of the individual to whom employees must report sanctions matters, to expedite the reporting requirement to the Financial Sanctions Implementation Unit and carry out the process for reporting

- **AML/ATF and Sanctions Policies and Procedures:** These should be included as outlined in the [Guidance Notes for AML ATF Regulated Financial Institutions](#) in those cases where the applicant is:
 1. An insurer proposing to write direct long-term business;
 2. An insurance manager proposing to write direct long-term insurance business;
 3. An insurance broker that provides services to a direct long-term insurer;
 4. An insurance marketplace provider that provides services to a direct long-term insurer; and
 5. An innovative intermediary engaging in direct long-term business.

The applicant is required to include the names of the people the applicant will appoint to the role of Compliance Officer and Money Laundering Reporting Officer. The Money Laundering Reporting Officer must be suitably AML/ATF qualified for the role. The Compliance Officer must be at a managerial level and also appropriately AML/ATF qualified and trained for the role

The applicant is required to submit the Money Laundering / Terrorist Financing and Sanctions Business Risk Assessment including its methodology and the Customer Risk Assessment, including its methodology

- **(Re)Insurance Contracts and Agreements:** Provide copies of all draft (re)insurance contracts, draft retrocession contracts and other related agreements outlining key terms associated with the business to be conducted
- **Service Agreements and Outsourcing Agreements:** Provide copies of all draft service agreements and outsourcing agreements, if applicable
- **Other Agreements:** Include copies of other applicable agreements, including draft participation agreements if the insurance business will be carried out in a segregated cell
- **Internal Policies:** Provide the following policies, if applicable and available:

1. Outsourcing Policy;
 2. Conflict of Interest Management Policy;
 3. Investment Policy;
 4. Risk Management Policy;
 5. Capital and Liquidity Management Policy;
 6. Dividend Policy;
 7. Terms of Reference for the Board Committees;
 8. Anti-Money Laundering/Anti-Terrorist Financing Policy;
 9. Suspicious Activity Reporting policies and procedures;
 10. Bermuda Sanctions policies and procedures;
 11. Reserving Policy; and
 12. Asset-Liability Management Policy.
- **Approvals under the Act Post Registration:** Provide the details of any approvals that will be sought post-registration that are fundamental to the applicant's business plans (for example, permissions requested under Sections 6C, 56, 57A of the Act). To the extent possible, the IALC will advise the likelihood of an approval; however, the final decision will be made once the Authority's assessment of the formal application is completed
 - **Other Relevant Information:** Include any other information that is considered to be relevant to the proposed application for licensing. Applicants should ensure that their submissions provide a level of detail and supporting evidence sufficient to enable the IALC to conduct a thorough and informed assessment of the licensing application

VI. LICENCE-SPECIFIC APPLICATION REQUIREMENTS

- **Captive Insurers (General Business Classes 1,2,3 and Long-term Classes A & B):** Applicants seeking to register as a captive insurer shall provide the following key factors:
 1. The nature, scale and complexity of the business relative to the insurance class, considering any joint ventures and indication of related/unrelated split of business to be written, in line with the Act and related regulations;
 2. The applicant's risk appetite with a clear indication of intended near-term growth commensurate with the captive class of insurance licence being sought;
 3. Confirmation of the proposed capital and the parent company's ability to fund the captives' related exposures and maintain its solvency/ liquidity requirements
 4. Evidence of the operational maturity and financial standing of the parent company/owners of the captive; and
 5. Composition of the board and details on the proposed service providers, ensuring due consideration is given to their suitability, fitness and propriety in line with the Minimum Criteria for Registration discussed in the Insurance Act 1978.
- **Special Purpose Insurer (SPI):** When applying to be registered as an SPI, the IALC application shall demonstrate compliance with the criteria discussed in the [Guidance Note for Special Purpose Insurers](#) (July 2020). The IALC application should also specify whether the applicant is applying for a restricted or unrestricted licence
- **Three-day Registration for Special Purpose Insurers Issuing Bonds:** Applicants seeking to be licensed and registered as a Restricted SPI with a business model of issuing bonds (catastrophe bonds and mortgage bonds) can register within three business days. This initiative consolidates the licensing and registration

processes, creating a single, efficient process for registrants that can be initiated before the closure of business on any business day. These applications should be emailed to CatbondSPI@bma.bm. For ease of reference, the process and required documentation are outlined within the application checklist, which can be found at www.bma.bm/document-centre/policy-and-guidance-insurance

- **Dual General and Long-term Insurance Business:** Applicants seeking to underwrite both general and long-term insurance should note that the Authority generally restricts dual insurers to indirect long-term business only. This is due to the significant differences in infrastructure, technical expertise and risk management required for direct general business and direct long-term business. As such, writing direct long-term business under a dual licence is not permitted. To engage in both activities, separate licensed entities are typically required. Exceptions may be granted only in extenuating circumstances, subject to the Authority's review
- **Commercial Insurers (Commercial long-term and general insurers, Class IIGB, and Class IILT):**
 1. **Head Office Requirements:** Provide the details explaining how head office requirements will be met and include the physical office address;
 2. **Independent Non-Executive Director (INED):** Provide the name of all INED(s), including details on their skills and expertise, or a profile of the proposed INED if the INED has not been appointed at the time of the submission of the IALC application. According to Section 4.1 of the Authority's Insurance Code of Conduct (Code), the board should be comprised of INEDs who can provide effective oversight and sufficient challenge concerning decisions made at the board level. The Code describes an INED as a director who is free from any business or other association. This includes those arising out of a current beneficial ownership and existing or past involvement in management of the insurer or as a customer, supplier or adviser that could materially interfere with the exercise of their independent judgement in the best interests of the insurer and its policyholders;
 3. **Governance Framework:** Provide details of the governance framework, specifically outlining the level of board oversight and accountability over the key control functions, including identification of individuals accountable for each of the key functions, as outlined in the [Insurance Code of Conduct August 2022 \(Revised\)](#) and the oversight function. This should include information on the allocation of duties and responsibilities related to the key control functions and the effective management of conflicts of interest. When assigning roles and responsibilities to senior management, aim to avoid dual hatting, which gives rise to conflicts of interest. Also, ensure there is proper segregation when it comes to roles and responsibilities across the three lines of defence, namely Operational Management, Risk Management, Compliance Functions and Internal Audit;
 4. **Staffing Plan:** Provide a detailed five-year staffing plan, including details on the roles that will be based in Bermuda and/ or any other jurisdiction. The staffing plan should demonstrate that the insurer has the necessary personnel to manage its operations effectively, mitigate conflicts of interest, and ensure the proper segregation of duties across the three lines of defence. The application shall demonstrate that there is appropriate mind and management in Bermuda and that key decisions are made in Bermuda. In cases where a commercial insurer utilises outsourcing arrangements as a transitional measure, the staffing plan should reflect the timelines for bringing officer roles in-house within a reasonable period that is commensurate with the nature, scale and complexity of the operations;
 5. **Board and Committees:** Provide details on the board and committee composition, including the members and the Chair. Each committee should be led by a Chair whose qualifications align with the committee's purpose, possessing relevant experience and expertise to fulfil their responsibilities. Consideration should also be given to any potential conflicts of interest relating to the first or second line of defence. Provide details of the frequency of the board and committee meetings held in Bermuda, and copies of committee charters, terms of reference, if available;
 6. **Risk Management and Internal Controls:** Provide information to demonstrate the appropriateness of its systems of risk management and internal controls, outsourcing arrangements (both affiliated and non-affiliated), information technology systems, policies and procedures. Explain how the Risk Management Function operates, including details on the allocation of duties and responsibilities related to the function, and the relevant experience/expertise of the persons supporting the function;
 7. **Solvency Requirement:** For the first and fifth year, demonstrate that the Enhanced Capital Requirement (ECR), Minimum Solvency Margin, and the Liquidity Ratio prescribed by the Act and the related Rules will be maintained at all times, in line with the proposed licence class. Complete the Bermuda Solvency Capital Requirement (BSCR) projection models for years one and five;

8. **Actuarial Assumptions for Financial Projections:** Provide documentation supporting the actuarial assumptions used in the pro forma income statements and balance sheets included with the application. This should include an actuarial or feasibility study that supports projected loss reserves, stress testing, projected set-up and development costs (if applicable), loss triangles, loss ratios, and other information necessary to evaluate previous or upcoming underwriting performance, as well as any additional details required to assess the accuracy of financial projections;
 9. **Stress and Scenario Testing:** Provide a description and impact of insurance company-specific stress and scenario testing. This documentation should include a demonstration of the methods used to determine whether the stress tests are severe relative to the projected liabilities and assets. Reverse stress tests should also be provided, if available;
 10. **Investment Guidelines:** Investment guidelines must clearly articulate the strategic target asset allocation, including defined limits, thresholds for each asset class, and the average target credit rating(s) for both individual asset classes and the overall portfolio;
 11. **Capital Management and Liquidity Plan:** Describe the Capital Management and Liquidity Plan. Specify target capital levels and incorporate a trigger mechanism for capitalisation that aligns with the organisation's risk appetite and tolerances. Additionally, include relevant remediation strategies in the management plan of action, should capital fall below defined thresholds. Provide details on contingent capital sources, such as letters of credit or revolving lines of credit, and offer a clear description of the dividend policy along with any other pertinent information; and
 12. **Underwriting Information:** Provide risk appetite statements inclusive of minimum statements around capital, underwriting aggregates, specific restrictions on lines of business, jurisdiction, etc. Please provide a summary of the expertise of the underwriting team facilitating the function, along with confirmation of which jurisdiction the underwriting will be performed.
- **Small Commercial Insurers (Class 3A):** The prudential requirements within the commercial insurer framework are proportionally applied to Class 3A and Class C insurers. These categories include both newly established and complex organisations covering a range of entities according to their nature, scale, and complexity. In this context, the IALC considers several factors, including:
 1. The depth of expertise and experience of key personnel;
 2. The insurer's defined risk appetite and overarching business model and strategy;
 3. The insurer's underwriting strategy and product offerings (broad range or specialising in tailored, niche solutions);
 4. The initial operational maturity of the individual, organisation or group supporting the entity at the time of establishment, from a governance, capital and resources perspective; and
 5. **Affiliated Service Provider Details:** Where the business is supported by affiliated service providers, provide an overview of the outsourcing arrangement with the affiliated entity(s), including details of staffing expertise, staffing qualifications, and composition of the staffing structure.
 - **Long-term Commercial Insurers (Class C, D and E):**
 1. **Proposed Reinsurance Business Information:** Provide details about the nature of the products to be reinsured, the forms of reinsurance and collateral, the proposed counterparties, and an overview of key markets;
 2. **Directly Sold Product Information:** Provide the following details: product terms and conditions, product specifications, any master trust/trust structures, product pricing reports, reinsurance strategy, pricing and/or product committee charter or terms of reference, underwriting guidelines and process, underwriting committee charter or terms of reference, and participating policy principles, practices, investment approach and governance;
 3. **Sales Practices for Directly Sold Products:** Provide the following details: marketing/distribution strategy, distribution network information (including location of distributors and contract signings, and residence of customers), sales materials, policy illustrations and related guidelines, commission/remuneration information, international and Bermuda Sanctions policies, Suspicious Activity Reporting guidelines, ATF/AML policies and procedures, and complaints handling procedures;

4. **Distribution Risk Assessment for Directly Sold Products:** Provide an assessment of the material risks and the established risk mitigation strategy associated with the products offered including the distribution channels of those products;
5. **Reserving Methodology:** Indicate whether the Standard Approach or the Scenario Based Approach (SBA) will be adopted. For the Scenario Based Approach, indicate whether approval for the Scenario Based Approach is being sought as part of the licensing application;
 - a) Where the SBA is to be used, the following should be made clear:
 - i. Whether the Standard Approach will be initially used while SBA approval is being sought; and
 - ii. Whether the SBA model will be used from Day 1.
 - b) Where the SBA model is being used from Day 1, the following details should be provided:
 - iii. Whether full SBA compliance (governance, model risk management, modelling, etc.) will be achieved on Day 1; and
 - iv. Where SBA compliance is not achieved on Day 1, clearly outline the areas with gaps and provide a plan and timeline for addressing the gaps. An SBA-focused meeting should be arranged with the Authority to discuss Day 1 implementation and the Authority's application of proportionality in this area for new entities.
6. **Summary of Initial Transaction:** Provide details on the rationale for the transaction, the cedant's details and the nature of the transaction (block transaction or flow transaction). The submission should also outline the key terms of the reinsurance and collateral agreements, including the business being reinsured, relevant contractual provisions such as recapture rights, asset ownership and which party assumes the economic risk. For block transactions, indicate whether approval for the transaction is being sought as part of the licensing application. See [2025-04-02-12-05-27-Notice---Insurance---Long-Term---Prior-Approval-of-New-Long-Term-Block-Reinsurance-Transactions.pdf](#) for guidance on the block transaction approval process;
7. **Long-term BSCR Requirements:** Include information on the Long-term BSCR projection models [2024-12-02-12-56-21-2024-Year-end-Long-Term-Instructions-Handbook.pdf](#); and
8. **Strategic Asset Allocation (SAA):** Include information on the asset classes, the credit rating(s) and the name of the credit rating agency. Indicate whether the assets are rated by the company using the Securities Valuation Office (SVO) framework or have an SVO-issued rating. Note that ratings derived by the company using the SVO framework (but not issued by the SVO) should be treated as unrated for BSCR purposes.

Where assets are rated internally, they must also be treated as unrated for BSCR purposes unless an internal rating approval is required as part of the licencing application in which case both the unrated and internal rating status should be shown. A table should be provided clearly showing:

- a) Allocation to cash and sovereign bonds;
- b) Allocation to corporate bonds (private, public, municipal etc.);
- c) Allocation to each structured asset category, e.g., collateralised loan; obligations (CLO), asset-backed securities, mortgage-backed securities (agency vs non-agency), etc. Allocations to single asset single borrower (SASB) securitisations should also be shown;
- d) Allocation to each private credit category;
- e) Allocation to each mortgage loan type, i.e., commercial mortgage loans and residential mortgage loans. Allocation to construction loans should be shown separately;
- f) Allocation to each equity and alternative asset category, e.g., real estate, private equity, public equity, preferred equity, etc.;
- g) Private and public status of the asset class; and
- h) Credit ratings.

Confirm that the Strategic Asset Allocation (SAA) complies with the Prudent Person Principle. Outline the key risks associated with each asset class and the associated mitigation strategies, indicate risk appetite, and explain how stress testing is used in both the setting and monitoring of the risk appetite. For complex and private assets, a discussion of investment due diligence and underwriting should be provided.

Where a prospective SBA asset approval is needed, this should be indicated. The application requirements are as outlined in the Instructions Handbook, and specifics can be discussed with the Authority as part of the SBA-focused meeting.

- **Liquidity Management Plan:** The broad topics to include, at a minimum, are as follows:
 1. Purpose and scope of the plan;
 2. Responsibilities of various functions in developing and maintaining the plan;
 3. Liquidity management framework: liquidity risk identification and measurement, early warning indicators, risk appetite and tolerances;
 4. Liquidity needs and liquidity sources;
 5. Liquidity contingency plan;
 6. Liquidity stress testing liquidity ratios, stress testing scenarios and results;
 7. Monitoring and reporting;
 8. Roles of the Board, Risk Committee, and Senior Management in reviewing and approving the plan; and
 9. Frequency of review.

- **Insurance Manager, Insurance Broker, Insurance Agent, Insurance Marketplace Provider or Innovative Intermediary:**
 1. **Cover Letter:** Provide a cover letter requesting registration as the respective class(es) of intermediaries, pursuant to Section 10 of the Act;
 2. **Business Plan:** Provide detailed information on the business purpose for registration as an intermediary, including detailed information setting out the applicant's ownership and beneficial ownership structure and a detailed explanation of the business purpose underlying the application for registration, including:
 - a) Details of the proposed services to be provided;
 - b) Participants/clients and their respective jurisdictions;
 - c) Any outsourced services, information to demonstrate the appropriateness of its systems and processes;
 - d) Internal controls;
 - e) Information technology systems;
 - f) Policies and procedures; and
 - g) Any other relevant information.

When applying to be registered as an agent, applicants are only allowed to provide insurance agency services to Bermuda (re)insurers and/or Lloyd's Syndicates, unless approved otherwise by the IALC (refer to Section 20 of the Insurance Broker and Agent Code of Conduct [Insurance Brokers and Insurance Agents Code of Conduct](#)). Additionally, applicants shall demonstrate any respective delegated underwriting authority arrangements, counterparties and exposure limits;

3. **Indemnity/Errors and Omissions Insurance:** Provide details of the professional indemnity/errors and omissions insurance cover to be maintained by the applicant upon

registration. Submit a draft copy of the professional indemnity/errors and omissions insurance cover, including the amount of cover;

4. **Service Level Agreements:** Provide draft copies of all proposed service level agreements and any other relevant information;
 5. **Letters of Intent:** As part of the application, applicants are expected to submit copies of letters of intent from insurance companies to which they intend to provide services, unless applying for an insurance broker licence;
 6. **International Sanctions Regulations Compliance:** Include a statement attesting to the applicant's awareness of, and intention to comply with, obligations related to the International Sanctions Regulations 2013;
 7. **Suspicious Activity Reporting and Bermuda Sanctions Policies:** The applicant is expected to (a) indicate the individual who is responsible for receiving, assessing and filing suspicious activity reports; and (b) note the name of the individual to whom employees must report sanctions matters, in order to expedite the reporting requirement to the Financial Sanctions Implementation Unit and carry out the process for reporting;
 8. **Codes of Conduct Compliance:** Include details on the insurance managers, insurance brokers, insurance agents, insurance marketplace providers, or innovative intermediaries' ability to comply with the respective Codes of Conduct, namely the [Insurance Manager Code of Conduct](#); the [Insurance Brokers and Insurance Agents Code of Conduct](#); and [The Insurance Marketplace Provider Code of Conduct](#);
 9. **Pro Forma Financial Statements:** Provide pro forma income statements and balance sheets on a five-year basis to demonstrate the viability of the business plan;
 10. **Insurance Manager:** It is important to note that an insurance manager licence is only required when services are to be provided to third-party entities. Where services are provided exclusively to entities within the same corporate group, a licence is not required. Therefore, to support the rationale for licensing, applicants must clearly identify any unaffiliated third-party clients to whom services will be rendered. This information will assist the IALC in determining whether the proposed activities fall within the scope of regulated insurance management services; and
 11. **Other Relevant Information:** Include any other information relevant to the proposed application for licensing.
- **Innovative Insurance Entities (Class IIGB, Class IILT, Innovative Insurers and Innovative Intermediaries):** The Authority recommends that companies interested in seeking an innovative insurance licence contact the Authority in advance of submitting an application to discuss their prospective application. The pre-engagement allows for early identification of potential opportunities for clarification and alignment of requirements, ensuring a smoother process. This upfront dialogue leads to a more effective and timely decision-making process when the formal licensing application is submitted

All applicants shall provide an overview of the proposed business and clearly articulate the 'innovative' aspect of the proposed business. Where applicable and available, applicants shall also provide:

1. Copies of technical papers and illustrative diagrams explaining the mechanics behind the proposals;
2. A demonstration of the platform; and
3. Details of any current or past arrangements to offer similar products and services in another jurisdiction/country.
 - a) **Innovative Insurers and Innovative Intermediaries Under the Sandbox:** Applicants seeking to register under the Sandbox must include a completed Insurance Regulatory Sandbox Application Checklist (in Excel format) and a business plan that provides a comprehensive explanation outlining the business as detailed in the Sandbox Checklist (<https://www.bma.bm/document-centre/policy-and-guidance-insurance>), including:

- b) Description of the insurance company and its core business. Include information on the financial standing of the company, such as any funds raised from investors;
- c) Applicant information – insurance company name, address, directors' names', completed personal declaration forms and curriculum vitae; identify the senior management, completed personal declaration forms and curriculum vitae; and relevant individual contact details;
- d) Capitalisation amount and source(s) of funding and any contingent capital sources (financial information should be in Bermuda Dollar equivalent);
- e) Overview of the business strategy and plan, including a) The roadmap to deploy the products, services and delivery mechanisms on a broader scale once the sandbox period is completed; b) The ability of the insurance company to meet the legal and regulatory requirements that will apply upon exit; and
- f) Description of the proposed product, service or distribution channel to be offered in the Sandbox, including any licences, patents or copyrights that the insurance company holds in relation to the proposed product/service.

VII. APPENDIX I: FORM 1B



BERMUDA MONETARY AUTHORITY

THE INSURANCE ACT 1978 (the Act) (Section 4 of the Act)

1. State the full legal name of the Company as stated on the Company's Certificate of Incorporation.

2. State the full address of -
 - (a) the registered office of the Company in Bermuda usually the address of the Company's Corporate Secretary.

 - (b) the principal office of the Company in Bermuda.

 - (c) the registered office and the principal business address abroad (in the case of a Company incorporated abroad and continuing its business in Bermuda).

3. State date and place of incorporation.

4. Confirm a copy of the Company's Certificate of Incorporation is enclosed with the application.

Yes

No

5. State the legal form of the Company by ticking the appropriate box under (i) and (ii) -
 - (a) Company organised by shares
 - Mutual Company

 - (b) Exempted Company
 - Permit Company

6. (a) State the amount of the issued and paid-up capital at the date of registration, and the date paid in.

(b) Has the whole of the paid-up capital been subscribed in cash? If not, give full details.

7. Confirm that a final version of the Company's business plan is enclosed with the registration application.

Yes No

8. If you are a long-term insurer, confirm if you will be writing: (i) long-term business on a direct basis, (ii) long-term business on a reinsurance basis, or (iii) long-term business on a direct and reinsurance basis.

9. State the date when the Company intends to commence writing insurance business.

10. State the full name and address of the following who have accepted their appointment, attaching formal evidence of acceptance of appointment duly signed -

a) Principal Representative (must be resident in Bermuda).

b) Insurance Manager (or confirm if the Company will be self-managing).

c) Auditor.

d) For companies carrying on general business - state the full name and address of the Approved Loss Reserve Specialist to be approved (not applicable to Class 1 insurers unless 30% or more of the exposure relates to Professional Liability Cover).

e) For companies carrying on long-term business - state the full name and address of the Actuary to be approved by the BMA.

11. Confirm all written undertakings to be provided by the Company, as communicated in the Insurance Assessment and Licensing Committee approval letter have been provided by letter.

Yes
No

If no, please explain -

12. Confirm the Company has Board approved policies and procedures covering compliance with the International Sanctions Regulations 2013.

Yes

No

If no, please explain –

13 Confirm the Company has policies and procedures on Suspicious Activity Reporting and Sanctions.

Yes

No

If no, please explain -

14. If the Company is writing long-term business on a direct basis, confirm the Company has AML/ATF and Suspicious Activity Reporting and Sanctions policies and procedures.

Yes

No

If no, please explain -

15. Confirm if any other regulatory applications will be filed to the Bermuda Monetary Authority and/or is intended to be filed at the time of registration.

16. Confirm the date on which the Company’s financial year will end.

We certify that to the best of our knowledge and belief all of the information given in this application is true and correct and that all estimates given are true estimates based upon facts which have been carefully considered and assessed.

(Signed) _____
(Director)

Date _____

(Name) _____

(Signed) _____
(Resident Director)

Date _____

(Name) _____

(Signed) _____
(Principal Representative)

Date _____

(Name) _____

Note: Any information supplied pursuant to this form will be dealt with in CONFIDENCE in accordance with Section 52 of the Act.

VIII. APPENDIX II: FORM 3



THE INSURANCE ACT 1978 (the Act) (Section 10 of the Act)

- | | | |
|--|--------------------------------|--------------------------|
| * Application being completed as
(tick appropriate box) | Insurance Manager | <input type="checkbox"/> |
| | Insurance Broker | <input type="checkbox"/> |
| | Insurance Agent | <input type="checkbox"/> |
| | Insurance Marketplace Provider | <input type="checkbox"/> |
| | Insurance Salesman | <input type="checkbox"/> |

1. State the full legal name of the Company as stated on the Company's Certificate of Incorporation:

2. State the full address of -

(a) the registered office of the Company in Bermuda is usually the address of the Company's Corporate Secretary.

(b) the principal office of the Company in Bermuda.

(c) the registered office and the principal business address abroad (in case of a Company incorporated abroad and continuing its business in Bermuda).

3. State date and place of incorporation

4. Confirm a copy of the Company's Certificate of Incorporation is enclosed with the application.

Yes No

5. Name and address of local attorney or legal adviser:

6. If the entity is being registered as an insurance manager, insurance broker, insurance agent, or insurance marketplace provider confirm the Company’s professional indemnity cover provider(s) and limits of coverage.

7. Confirm whether any of your business will include providing services to long-term insurers that write on a direct basis.

Yes

No

8. Confirm all written undertakings to be provided by the Company, as communicated in the Insurance Assessment and Licensing Committee approval letter have been provided by letter.

Yes

No

If no, please explain _____

9. Confirm the date on which the Company’s financial year will end.

10. Details, if any, of any insurance business to be carried on under section 47(2)(a) of the Act*.

11. Confirm the Company has policies and procedures on Suspicious Activity Reporting and Sanctions.

Yes

No

If no, please explain –

12. If the Company is proposing to write direct long-term business as an insurance manager, is an insurance broker that provides services to a direct long-term insurer, is an innovative intermediary engaging in direct long-term business or is an insurance marketplace provider that provides services to a direct long-term insurer, confirm the Company has AML/ATF and Suspicious Activity Reporting and Sanctions policies and procedures.

Yes

No

If no, please explain -

I/We certify that to the best of my/our knowledge and belief, all of the information given in this application is true and correct and all estimates given are true estimates based upon facts which have been carefully considered and assessed.

(Signed) _____ Date _____
(Director)

(Name) _____

(Signed) _____ Date _____
(Director)

(Name) _____

(Signed) _____ Date _____
(Director)

(Name) _____

*Your attention is drawn to the provisions of section 47(1) of the Act and the liability which attaches under section 48 of the Act should the intermediary breach section 47(1) of the Act.