JURISDICTION: BERMUDA
AUTHORITY: BERMUDA MONETARY AUTHORITY (BMA)

Background

The *Bermuda Monetary Authority* (Authority or BMA) is the sole regulator of Bermuda's financial services sector. Established by statute in 1969, the Authority supervises, regulates and inspects financial institutions operating in the jurisdiction.

The Authority develops risk-based financial regulations that it applies to the supervision of Bermuda's banks, trust companies, investment businesses, investment funds, fund administrators, digital asset businesses, money service businesses, corporate service providers, and (re)insurance companies. It also regulates the Bermuda Stock Exchange and Bermuda's Credit Union.

Also, the BMA issues Bermuda's national currency, manages exchange control transactions, assists other authorities with the detection and prevention of financial crime, and advises the Government on banking along with other financial services and monetary matters.

Sustainability objectives

The Authority is determined to play a critical role in combating climate change and is integrating sustainability into regulatory frameworks, particularly in the (re)insurance sector, which is well placed to support sustainability. In turn, the Authority, as a regulator, plays an important role in ensuring that companies effectively enable sustainability, especially in relation to the risks created by climate change. The BMA's regulatory approach creates an environment where firms can adequately manage risks, while at the same time developing opportunities for their stakeholders.

Sustainability work highlights

In Q3-2020, the BMA sent out a climate risk survey to Bermuda's (re)insurance sector. The feedback we receive from this survey (expected back in Q4-2020) will inform our qualitative status assessment of the Bermuda market concerning climate risk considerations, including governance and strategy, underwriting, investments, stress tests/scenarios and disclosures.

Best practices on this topic continue to evolve, and some Bermudian players are at the forefront of recent development. The BMA's climate risk survey will not only give us a broader picture across various areas but will also form the basis for further supervisory engagements and activities. The *SIF Question Bank* was the starting point for the survey development questions, with further developments and adjustments as required.

In addition, the BMA is working on a climate risk exposure assessment for the insurance sector with respect to physical and transition risk with a trial run planned for 2021.

Membership of any other initiatives/networks working on sustainability

At an international level, the BMA is a member of the International Association of Insurance Supervisors (IAIS) and is represented on several committees. The BMA also has a seat on the Executive Committee and is Vice-Chair of the Policy Development Committee.

The BMA achieved equivalence vis-à-vis Solvency II in 2016 and received National Association of Insurance Commissioners (NAIC) Reciprocal Jurisdiction status in 2019. The NAIC has also completed its five-year Qualified Jurisdiction re-evaluation of Bermuda and reapproved Bermuda as a Qualified Jurisdiction.

The Authority is in close dialogue with the NAIC, EIOPA, other EU stakeholders, and other Authorities, to ensure that our approach to sustainability aligns with global regulatory developments.

Recent engagement with SIF

In February 2020, the BMA participated in 'SIF 8' in Basel, Switzerland, as a newly joined SIF member. Next, we attended SIF's virtual meetings in May 2020, and through these engagements, have actively participated in the development of SIF's future work programme (2021-2023).

The Authority shared an update on its work related to climate-risk in *SIF's half yearly report 2020* and shared an exclusive work update in the *members-only version of SIF's half yearly report 2020*.

The BMA has also contributed to the drafting of the SIF/IAIS 'Application Paper on the Supervision of Climate-related Risks in the Insurance Sector'.