

## Actuarial & Insurance Solutions

### Approved Actuary Services

#### What is the role of the Approved Actuary?

The Bermuda Monetary Authority (BMA) requires an Approved Actuary to opine on the adequacy of the Technical Provisions (TP) that are reflected in the Economic Balance Sheet (EBS) and financial returns of long-term insurers. Since the TPs are not subject to a financial audit, the Approved Actuary Opinion (AAO) is critical in providing assurance to the BMA that liabilities have been professionally assessed and are reasonable. This responsibility is integral to Bermuda's insurance supervisory framework and central to the long-term sustainability of the life (re)insurance sector.

#### Primary Approved Actuary services

Through our experience reviewing Economic Balance Sheet TPs for Bermuda-licensed life (re)insurers, Deloitte has developed deep technical expertise across a wide range of products, including traditional life, annuities, and unit-linked products. We leverage this accumulated knowledge in delivering our core Approved Actuary services, which include:

1. Reviewing data inputs, assumptions, and methodologies used to determine the Total Long-Term Business Insurance TPs, as defined by Line 27C of the Statutory Economic Balance Sheet.
2. Assessing the reasonableness of expense and asset-related assumptions.
3. Evaluating Scenario-Based Approach (SBA) methodologies and compliance with BMA requirements
4. Reviewing the BMA-prescribed risk margin calculator to ensure inputs and calculation setup were appropriate.
5. Preparing an Actuarial Opinion memorandum supporting our assessment of the TPs.
6. Supporting with the issuance of Dividend Approval opinions.
7. Presenting the results of our review to senior management and/or the Board of Directors.

#### Enhanced Services under the 2024 Rules

Our team has extensive experience with the review and implementation of the 2024 Rules published by the BMA, providing consults to (re)insurers with respect to quantitative and qualitative analysis of the enhancements. As a result of the updated requirements in the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Amendment Rules 2024 (the 2024 Rules), our approved actuary review processes have been further enhanced to ensure compliance and provide additional value, including:

- Detailed review of the new Lapse Cost (LapC) requirement under the SBA Best Estimate Liabilities.
- Assessment of SBA asset eligibility criteria and modeling, including assessment of default and downgrade cost assumptions, transaction costs, restrictions on sellable assets, and investment strategy restrictions.
- Review of SBA stress tests including:
  - Single notch rating downgrade of all assets
  - Lapse and market shocks
- Evaluation of assumptions relating to fungibility of assets backing liabilities and level of disaggregation for SBA purposes
- Assessment of new capital charges for lapse and expense risk
- Analysis of modelling of optionality assumptions in SBA Best Estimate Liabilities
- Examination of SBA governance and model risk processes
- Independent reviews of asset and ALM controls as well as asset cashflow projections to support the SBA model



# Deloitte Bermuda | Consulting Team

## How Deloitte Can Help?

Deloitte has extensive knowledge of the Bermuda regulatory framework and a proven track record of supporting Bermuda-licensed (re)insurers as well as new market entrants. We combine local expertise, strong regulator relationships, and global actuarial depth to provide Approved Actuary services that not only meet regulatory requirements but also adds strategic value.

Deloitte has a Bermuda-based service team with numerous qualified Actuaries, all of whom have extensive experience in serving as Approved Actuaries for life (re)insurers on the island. Our team:

- Maintains a strong working relationship with the BMA and Bermuda (re)insurers through frequent consultation, enabling us to stay abreast of regulatory changes and evolving industry practices.
- Provides training and guidance to Bermuda (re)insurers and new entrants, helping clients understand and adapt to the supervisory vision of the BMA.
- Has supported numerous new insurers in evaluating the benefits of operating in Bermuda and in navigating the BMA licensing process.
- Offers practical insights on industry practices, the feasibility of reinsurance structures, and permitted practices within Bermuda.
- Brings deep technical expertise across the actuarial value chain, including regulatory reporting, SBA validation, ALM reviews, risk margin assessments, and BMA engagement support.

This combination of regulatory insight, technical skill, and hands-on experience makes Deloitte the right partner to support your Approved Actuary needs in Bermuda.

## Meet our Leadership Team



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In Bermuda, we serve clients across multiple industries in the private and public sectors. Our clients include many large (re)insurance companies and over 200 captives, covering all classes of insurers writing diverse lines of business. We also serve a significant portfolio of asset management companies, including hedge funds, private equity funds and special purpose vehicles. Additionally, our clients include banking institutions, companies in the hospitality industry, and the Bermuda Government and its agencies.

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