

An aerial photograph of a vast, clear turquoise ocean. In the lower-left quadrant, a small white motorboat is moving towards the right, leaving a white wake. The seabed is visible through the shallow water, showing dark, irregular patches of coral or rocks. In the far distance, a small island with some buildings and vegetation is visible on the horizon. The sky is a pale blue with scattered, soft white clouds.

# Deloitte Insurance Week

Where Reinsurance Meets

Operational Resilience,  
Outsourcing, & Business Recovery  
Regulations

Wednesday, May 14<sup>th</sup>



## Agenda

- Background & Key Changes
- Bermuda Monetary Authority (BMA) - Point of View
- Deloitte – Point of View





# Discussion Panelist



**Divan Steyn**

Director

Deloitte CBC – Moderator



**Brett Henshilwood**

Partner

Deloitte CBC – Panelist #1



**Martin Schembri**

Deputy Director – Cyber Risk

BMA – Panelist #2



**Matt Symes**

Assistant Director – Recovery  
and Resolution Planning

BMA – Panelist #3



# Background & Key Changes



# Background



## Crisis Management and Business Resilience

- The 2008 Global Financial Crisis highlighted both the interconnectedness of the financial system (particularly in crisis) and identified a need to limit impacts from individual failures transferring to the wider market.
- This prompted a global regulatory movement towards crisis management and resilience - i.e. regulators asking entities to assume that stress events will occur, and requiring Boards and Management teams to proactively define responses to those stress events which limit the internal and external impacts from them.
- Organizations should consider building resilience strategically—embedding it into both design and day-to-day operations—to effectively navigate disruptions and respond decisively to crises.



## Recovery Planning

- Recovery planning not only reduces the probability of (re)insurers failing but also reduces the impact of potential failures by increasing preparedness within (re)insurers.
- The primary objective of the regime is to ensure that insurers are prepared to respond effectively to severe stress scenarios, thereby maintaining financial stability and protecting policyholders.
- The regulations are introduced to bolster the resilience of Bermuda's commercial (re)insurance sector, while aligning with international standards.
- Entities that meet the criteria set out in the Insurance (Prudential Standards) (Recovery Plan) Rules 2024 and are formally requested by the BMA must prepare a Recovery Plan by May 1, 2025, to comply with the rules. While not a compliance requirement, other entities are encouraged to develop a Recovery Plan voluntarily as a matter of sound risk management and best practice.



## Operational Resilience and Outsourcing

- The primary objective of the proposal is to promote more holistic governance and for entities to identify important customer facing services and ensure these services are resilient during disruption beyond cybersecurity and traditional business continuity and disaster recovery frameworks.
- The proposed revised standards are aimed at ensuring adequate due diligence and oversight of outsourcing provisions for regulated financial institutions, and the resulting complexity introduced into their operational frameworks.
- All the relevant entities licensed under the Bank and Deposit Companies Act (BDCA) are required to adhere to the requirements by 31 March 2026. All other subject entities (namely insurers registered as Class 3A, 3B, 4, C, D, E, IIGB, and IILT) will be required to adhere to the new requirements by 31 March 2028.



# Regulatory Landscape: A Defining Moment for Crisis Management & Resilience in Bermuda

In January 2025, the Bermuda Monetary Authority (BMA) released a consultation paper proposing new Operational Resilience and Outsourcing standards for financial institutions. These changes represent a major regulatory shift, setting stricter expectations for maintaining critical service continuity.

Additionally, with the same focus in mind the BMA has also introduced the business recovery and resolution planning code to further strengthen the resilience of Bermuda's commercial (re)insurance sector. The final Recovery and Resolution Code took effect on May 1, 2025, aligning closely with other regulatory bodies.

Given the complexity of these reforms, implementation will vary based on an entity's size, sector, and risk profile. The session will explore the proposed standards and their implications in detail.

## Operational Resilience & Outsourcing

### Key Changes



#### Identification of Important Business Services (IBS)

Firms must define which services, if disrupted, would cause significant harm to consumers or market stability.



#### Mapping Resources

All people, processes, technology, premises and third-party arrangements involved in delivering IBS must be documented and assessed.



#### Impact Tolerances

Firms must set thresholds (e.g. Maximum Tolerable Period of Disruption) and design systems to stay within them.



#### Scenario Testing

Resilience must be tested against severe but plausible disruption scenarios — not theoretical risks.



#### Governance Expectations

Boards and senior management/appointed committees/delegated responsible parties are explicitly accountable for overseeing resilience efforts.



#### Outsourcing Scrutiny

Enhanced due diligence, vendor oversight, and pre-notification to the BMA for material arrangements.



#### Mandatory Self-Assessments

Annual board-approved 'self-assessment' retained for 5 years to demonstrate adherence and improvements.

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Questions?





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