

Bermuda International Long Term Insurers and Reinsurers (The “Company”)

Minutes of the Meeting of the Members of the Company held at Chubb Building, Chairman’s Suites, 17 Woodbourne Avenue, Hamilton, Bermuda on Thursday, June 14, 2018 at 2:30 p.m.

PRESENT: AIA Reinsurance Ltd.; AIG; Athene Life Re Ltd.; Athora Life Re Ltd.; EY; F & G Re.; FWD Life Insurance Co (Bda) Ltd.; Global Atlantic Re. Ltd.; Hannover Life Re. Bda Ltd.; KPMG; Kuvare Life Re.; Langhorne Re. (Bda) Ltd.; Liberty Re. (Bda) Ltd.; Legal & General Re.; Manulife Re (Bda) Ltd.; New England Asset Management; Northstar; PwC; Somerset Re.; Sun Life Assurance Co.; RGA Global Re.; Transamerica Group of Companies; Wilton Re (Bda) Ltd.

IN ATTENDANCE: Ms. Wenda Roberts, Secretary

1. **ELECTION OF CHAIRMAN**

Ms. Sylvia Oliveira chaired the meeting.

2. **NOTICE AND QUORUM**

Notice of the meeting was given to all members and a quorum was present.

3. **TREASURY UPDATE**

The Secretary provided an update for Mr. Will Rinehimer, Treasurer.

Second quarter financial statements were unavailable due to the change in accounting providers from BP Enterprise to Acumen.

4. **MEMBERSHIP UPDATE**

The Secretary presented the membership update as at June 13, 2018. Three new BILTIR members were welcomed.

5. **COMMITTEE UPDATES**

Updates on the status of activities for the Capital, Financial Reporting, Regulatory/Legal, Strategy and Tax Committees were provided to the members by the respective Committee Chairs. A brief update on the BILTIR Conference scheduled for September 27, 2018 was provided by Mr. Scott Selkirk.

6. **APPROVAL OF MINUTES FROM THE MARCH 13, 2018 ANNUAL GENERAL MEETING**

It was **RESOLVED** to approve the minutes from the Annual General Meeting held on March 13, 2018.

7. **CONFIRM APPROVAL OF NEW BOARD MEMBER**

The chairperson confirmed that the Board approved and recommended to the Members that Mr. Martin Laframboise of Sun Life Assurance Co. of Canada be confirmed as a BILTIR board member.

It was **RESOLVED** to approve Mr. Martin Laframboise as a BILTIR board member

8. **RATIFY AND CONFIRM UPDATED BILTIR BYE-LAWS**

Mr. Scott Silverman presented to the membership updated BILTIR Bye-Laws as at June 11, 2018.

It was **RESOLVED** to approve the updated BILTIR Bye-Laws as was presented.

9. **RATIFY AND CONFIRM BILTIR MEMBERSHIP FEE INCREASES**

Mr. Scott Silverman presented to the membership a proposal for increases in membership fees effective August 1, 2018.

It was **RESOLVED** to approve the new membership fee increases effective August 1, 2018 as was presented.

10. **PRESENTATION FROM ASSOCIATION OF BERMUDA INSURERS & REINSURERS (ABIR)**

Ms. Suzanne Williams, Director of Policy and Regulation, ABIR, provided to the membership an update on the various ABIR initiatives and activities.

11. **PRESENTATION FROM BERMUDA INSURANCE INSTITUTE (BII)**

Mr. Malcolm Butterfield provided to the membership an update on the various BII initiatives and activities.

Due to technical difficulties, members joining by telephone were disconnected from the meeting, however the final presentation continued. (See attached addendum.)

12. **PRESENTATION FROM BERMUDA MONETARY AUTHORITY (BMA)**

Representatives from the BMA, Mr. Gary Thomas, Ms. Afnik Hyde, Ms. Leslie Robinson, Mr. Matias Leppisaari and Mr. Colin Anderson provided to the membership an update on various regulatory and other matters.

13. There being no further business, the meeting ended.

Secretary

Summary of BMA Presentation Topics

1) Afnik Hyde – AML

- a) A copy of the Consolidated National Risk Assessment Report can be found on www.bma.bm in the Document Centre under 'Notices'.
- b) The collective work of the National Anti-Money Laundering Committee (NAMLC), NAMLC Agencies and the BMA is ongoing and the developing legislative framework is in line with global standards.
- c) Related to this is the Enforcement and Sanction Bill which is to be tabled in the legislature in June
- d) The Financial Action Task Force (FATF) evaluation / assessment is proceeding and Mock Interview are expected to be held from July 9 to July 13. These are open to the public and may be observed.

2) Leslie Robinson – Corporate Ownership / Beneficial Ownership

- a) Disclosure requirements are well established - Form 1 at incorporation, shareholder controller in the Insurance Act and Non-resident shareholder in the Exchange Control Act.
- b) Revised Companies Act requires establishment of a register of beneficial owners (more broadly and filing with the BMA (entities regulated by the BMA are exempted from these requirements, but are still subject to other requirements as mentioned in 1 above)
- c) Discussed implementation of a new filing system called "INTEGRA™"
- d) Upon implementation of new system, BMA will issue a data call to all companies to ensure accuracy of BMA records.

3) Jim McLaren – Segregated Account Companies

- a) BMA appreciated the feedback received from BILTIR, and BILTIR feedback has been considered.
- b) A revised approach for operational risk charges has been developed and this new proposed approach will be shared with BILTIR.

4) Collin Anderson – Policyholder Protection

- a) Moving ahead on track – draft bill (Insurance Amendment Act 2018) to Cabinet next week (week of June 18)
- b) Target date for enactment is end of June.

5) Gary Thomas – BSCR changes

- a) BMA received 35 trial run submissions from Long Term companies
- b) Discussed BILTIR feedback on March Consultation Paper (CP) (just sent on 6/14):
- c) Interest Rate Risk
 - i. BMA confirmed that the proposed shock approach will be implemented as written in the CP. It was found that variations in the shock to the long term forward rate were not material.
 - ii. The BMA feels confident in its calibration of the interest rate shocks; these are consistent with work done by others, including the recently revised shocks proposed by EIOPA.
 - iii. The BMA will provide materials detailing its shock calibration methodology and will share with BILTIR results of quarterly analyses beginning in the near future.

- iv. The alternative duration based approach will not be implemented at this time; however, the BMA intends to revisit this at a future date. They confirmed that any future change would, consistent with BMA's prior approach to regulatory change, be implemented only after significant consultation with the industry and with sufficient phase-ins/grandfathering that Bermuda companies would have time to adapt and would not be put at a disadvantage relative to any similar changes and phase-ins employed by other jurisdictions.
- d) Grandfathering of Equities - BILTIR's request was further discussed in a meeting with BILTIR on 22 June, resulting in the understanding that BMA will proceed as proposed in the Consultation Paper.
- e) Operational Risk Charge - BMA will revise formula to apply to BSCR after management actions.