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PRESS RELEASE

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BERMUDA MONETARY AUTHORITY TO REVIEW SUPERVISION OF FRIENDLY SOCIETIES

HAMILTON, BERMUDA – The Bermuda Monetary Authority (the Authority) has become aware of property, home, automobile and motorcycle insurance policies being sold by a friendly society in Bermuda to persons who are, or become members of the society. The Authority wishes to advise that the offer of such policies by an entity, which is registered under the Friendly Societies Act of 1868, is not regulated by the Authority. Accordingly, it does not have to comply with solvency or liquidity requirements that apply to domestic insurers under the Insurance Act.

Craig Swan, Managing Director, Supervision at the Authority said, “Members or potential members of a friendly society which is offering insurance policies may not be aware that such entities are outside the scope of existing insurance legislation and regulation in Bermuda and, thus, are not currently regulated for that purpose by the Authority. This means that no regulatory body can offer assurances about capital adequacy or the ability to pay policyholder claims if and when they become due.

“The Authority’s view is that no financial services product should be sold to the community without appropriate regulatory oversight. Accordingly, we will undertake a review of the matter and anticipate advising the Government in the near future on this issue.”

“A key part of this evaluation will be getting the views of relevant stakeholders in the Bermuda market,” he said. “It will be very important to have such input as we update policy and legislation related to friendly societies providing insurance services.”

Mr. Swan said that the review will begin shortly, with the aim of completing the process and consulting the market as quickly as possible.

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