



8 October 2024

NOTICE

777 Re Ltd.

HAMILTON, BERMUDA – The Bermuda Monetary Authority (**Authority or BMA**) has cancelled the insurance registration of 777 Re Ltd (**Company**), a class E insurer, under the provisions of section 41(1)(b) of the Insurance Act 1978 (**Insurance Act**).

In November 2023, the Authority implemented various regulatory requirements on the Company arising from significant concerns with the Company's corporate governance, risk management and decision-making functions, along with an inability to secure adequate capital and liquidity support from its parent company. Such regulatory actions included changes to the composition of the Company's board of directors.

Further, due to the materiality and seriousness of these issues, and in order to ensure that i) policyholders were being protected; and ii) assess the Company's management and shareholders' conduct; the Authority, on 20 November 2023, issued a notice to the Company under the provisions of Section 30 of the Insurance Act advising of the appointment of a competent person to investigate the Company and thereafter report to the Authority.

Thereafter, the Authority, exercising its powers under the provisions of Sections 32 and 32C of the Insurance Act, deemed it appropriate to issue Urgent Directions (**Urgent Directions**) to the Company as a result of the Company's non-compliance with various requirements under the Insurance Act and the Insurance Code of Conduct. In particular, the Authority determined that the Company was acting contrary to the prudent person principle with respect to investments in affiliated assets; breaches of the Minimum Criteria for registration such as inadequate corporate governance, imprudent business conduct; and failure to meet enhanced capital requirements arising from the failure of its parent company to provide relevant contractual capital contributions, all of which were considered by the Authority to not be in the best interests of the Company's policyholders.

As a term of the Urgent Directions, the Company was restricted from writing any new business without the Authority's consent and was directed to reduce the Company's risk exposure by virtue of the investments in affiliated assets and to develop a program of asset sales and restructuring (the **De-Risking Plan**). The Company, acting at that time through its independent non-executive directors (**INEDs**), complied with the Urgent Directions and informed the Authority on 24 May 2024 of the completion of its De-Risking Plan and the Company ceased to carry on insurance business.

Exercising its powers to cancel the registration of the Company pursuant to the provisions of sections 41(1)(b), the Authority determined that the following grounds for cancellation were applicable:

- Section 41(1)(b)(v) – the insurer has not complied with a condition attached to its registration or with a requirement made of it under the Insurance Act, the regulations or any insurance accounts rules;
- Section 41(1)(b)(vii) – in the opinion of the Authority, the insurer has not been carrying on business in accordance with sound insurance principles;
- Section 41(1)(b)(viii) – the minimum criteria for registration (contained in the Schedule to the Insurance Act) has not been fulfilled in respect of the insurer; and
- Section 41(1)(b)(iii) – the insurer has ceased to carry on business

The statutory process for the cancellation of the Company's insurance registration was commenced and the Company did not appeal this decision. The cancellation took effect on 6 September 2024.

Further, it is a requirement of section 44 of the Insurance Act that the cancellation of registration must also be published in the Official Gazette. This statutory notice was published on 3 October 2024.

The Authority notes the cooperation received from the INEDs and relevant cedent regulators during the course of this enforcement action.