



**Office of the Lieutenant Governor  
Division of Banking, Insurance and  
Financial Regulation**

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**BULLETIN 2019-14**

**TO:** All Insurers licensed and authorized to conduct insurance business in the U.S. Virgin Islands

**RE:** Notice of Act No. 8182, which adds a new chapter 20a entitled "*The Risk Management and Own Risk and Solvency Assessment Act*"

This Bulletin is being issued to notify all insurers licensed and authorized to conduct insurance business in the U.S. Virgin Islands of the passage of Act No. 8182 signed July 5, 2019, now codified in Title 22, Chapter 20a of the Virgin Islands Code ("*The Risk Management and Own Risk and Solvency Assessment Act*"). The purpose of the Virgin Islands Risk Management and Own Risk and Solvency Assessment Act is to establish the requirement that insurance companies doing business in the Territory maintain a risk management framework and complete an Own Risk and Solvency Assessment ("ORSA"). The Act further provides guidance and instructions for companies when filing an ORSA Summary Report. The ORSA is required by the Territory's Commissioner of Insurance as one of the conditions for licensure, as cited in the Conditional Letter for License Renewal.

The ORSA, which is a component of an insurer's enterprise risk management (ERM) framework, is "a confidential internal assessment, appropriate to the nature, scale and complexity of an insurer or insurance group, conducted by that insurer or insurance group of the material and relevant risks associated with the insurer or insurance group's current business plan, and the sufficiency of capital resources to support those risks."

An insurer that is subject to ORSA requirements will be expected to:

- (1) Regularly, no less than annually, conduct an ORSA to assess the adequacy of its risk management framework, and current and estimated projected future solvency position;
- (2) Conduct an ORSA consistent with a process comparable to the ORSA Guidance Manual;
- (3) Internally document the process and results of the assessment; and

- (4) Conduct an ORSA at any time when there are significant changes to the risk profile of the insurer or the insurance group of which the insurer is a member; and
- (5) Provide a confidential high-level ORSA Summary Report annually to the lead state commissioner if the insurer is a member of an insurance group and to the domiciliary state regulator.

In accordance with Section 486 of Title 22, Virgin Islands Code, an insurer shall maintain a risk management framework to assist the insurer with identifying, assessing, monitoring, managing and reporting on its material and relevant risks. ORSA requirement shall apply to:

- (1) All insurers domiciled in the Territory;
- (2) All foreign insurer that are not subject to the requirements and standards as adopted by statute in their jurisdiction of domicile which are substantially similar to those contained in this chapter; and
- (3) All licensed alien insurers that are not licensed to transact insurance in at least one other U.S. Jurisdiction that has adopted, by statute, requirements and standards which are substantially similar to those contained in this chapter.

Section 491 of Title 22, Virgin Islands Code provides an insurer shall be exempt from maintaining a risk management framework, conducting an ORSA and filing an ORSA Summary Report, if:

- “(1) The insurer has an annual direct written and unaffiliated assumed premium, including international direct and assumed premium, but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, less than \$500 million; and
- (2) The insurance group of which the insurer is a member has annual direct written and unaffiliated assumed premium including international direct and assumed premium, but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, less than \$1 billion.”

Notwithstanding the above exemptions, the Commissioner may require the insurer to maintain a risk management framework, conduct an ORSA and file an ORSA Summary Report based on unique circumstances including, but not limited to, the type of business written, ownership and organizational structure, federal agency requests, and international supervisor requests, regulatory concerns about rapidly growing concentration of risk or risk exposure.

The Commissioner also may require the insurer to maintain a risk management framework, conduct an ORSA and file an ORSA Summary Report if the insurer has triggered an Risk-Based Capital (“RBC”) company action level event, meets one or more of the standards of an insurer deemed to be in hazardous financial condition, or otherwise exhibits qualities of a troubled insurer, as determined by the Commissioner.

Section 493 of Title 22, Virgin Islands Code, also provides for the confidentiality of the documents, materials and other information including the ORSA Summary Report that are in the possession of or control of the Division. This Section further authorizes the Commissioner to share ORSA related documents and materials with other territorial, state, federal and international

financial regulatory agencies, members of supervisory colleges as defined in the Virgin Islands Insurance Holding Company System Regulatory Act, the National Association of Insurance Commissioners (“NAIC”) and third-party consultants.

The Act also provides a penalty, in the amount of \$500 for each day delay with a maximum possible penalty amount of \$5,000, for failing to timely file the ORSA Summary Report.

The ORSA Summary Report must be filed **annually on or before March 15<sup>th</sup> of each year** beginning January 1, 2020.

Questions regarding this Bulletin may be directed to the Division of Banking, Insurance and Financial Regulation by calling Attorney Glendina Matthew, Assistant Director/Legal Counsel at (340) 773-6459.

Dated this 20<sup>th</sup> day of November 2019 at St. Thomas, U.S. Virgin Islands.



Tregenza A. Roach, Esq.  
Lieutenant Governor/  
Commissioner of Insurance

