

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D AND CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2018

BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D and CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2018

BR / 2018

1. Citation
2. Amends paragraph 6
3. Amends Schedule I
4. Inserts Schedules IIB, IIC, IID, IIE, IIF, XXA, XXIA, XXIII
5. Transitional
6. Commencement

The Bermuda Monetary Authority, in exercise of the powers conferred by section 6A of the Insurance Act 1978, makes the following Rules:

Citation

1. These Rules may be cited as the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Amendment Rules 2018.

Amends paragraph 6

2. Paragraph 6 of the principal Rules is amended—
 - (a) in subparagraph (1) by deleting the words “II, IIA, IV(A), V, VI, VII, VIII, VIIIA, IX, XII, XIII, XIV, XV, XVI, XVII, XVIII, XIX, XX, XXI and XXII” and substituting “II, IIA, IIB, IIC, IID, IIE, IIF, IV(A), V, VI, VII, VIII, VIIIA, IX, XII, XIII, XIV, XV, XVI, XVII, XVIII, XIX, XX, XXA, XXI, XXIA, XXII and XXIII”;
 - (b) in subparagraph (2) by deleting the words “I, II, IIA, IV(A), V, VI, VII, VIII, VIIIA, IX, XII, XIV, XV, XVI, XVII, XVIII, XIX, XX, XXI and XXII” and substituting “I, II, IIA, IIB, IIC, IID, IIE, IIF, IV(A), V, VI, VII, VIII, VIIIA, IX, XII, XIV, XV, XVI, XVII, XVIII, XIX, XX, XXA, XXI, XXIA, XXII and XXIII”;
 - (c) in subparagraph (3)(b) by deleting the words “II, IIA, IV(A), V, VI, VII, VIII, VIIIA, IX, XII, XIII, XVI, XVII, XVIII, XIX, XX, XXI and XXII” and substituting “II, IIA, IIB, IIC, IID, IIE, IIF, IV(A), V, VI, VII, VIII, VIIIA, IX, XII, XIII, XVI, XVII, XVIII, XIX, XX, XXA, XXI, XXIA, XXII and XXIII”.

Amends Schedule I

3. The principal Rules are amended in Schedule I by —
 - (a) repealing paragraph 1 and replacing it as follows—

1. The BSCR shall be established in accordance with the following formula—

$$BSCR = \sqrt{C_{fi}^2 + C_{eq}^2 + C_{LTint}^2 + C_{Curr}^2 + C_{Conc}^2 + C_{LTcred}^2 + \left(C_{LTmort} + C_{LTsl} + C_{LTr} \right)^2 + C_{LTmort}^2}$$

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$$\frac{\text{cont'd} \sqrt{+C_{LTlong}^2 - .5 \times ((C_{LTmort} + C_{LTsl} + C_{LTTr}) \times C_{LTlong}) + C_{LTVA}^2 + C_{LTOther}^2 + C_{op} + C_{adj}}}{+ \left(BSCR_{Corr} - \sqrt{C_{fi}^2 + C_{eq}^2 + C_{LTint}^2 + C_{Curr}^2 + C_{Conc}^2 + C_{LTcred}^2 + (C_{LTmort} + C_{LTsl} + C_{LTTr})^2 + C_{LTmort}^2} \right)} \\ \times \text{Transitional Factor}$$

Where—

- C_{fi} = fixed income investment risk charge as calculated in accordance with paragraph 2;
- C_{eq} = equity investment risk charge as calculated in accordance with paragraph 3;
- C_{LTint} = long-term interest rate and liquidity risk charge as calculated in accordance with paragraph 4;
- C_{Curr} = currency risk charge as calculated in accordance with paragraph 5;
- C_{Conc} = concentration risk charge as calculated in accordance with paragraph 6;
- C_{LTcred} = credit risk charge as calculated in accordance with paragraph 7;
- C_{LTmort} = long-term insurance risk - mortality capital as calculated in accordance with paragraph 8;
- C_{LTsl} = long-term insurance risk - stop loss capital as calculated in accordance with paragraph 9;
- C_{LTTr} = long-term insurance risk - riders capital as calculated in accordance with paragraph 10;
- $C_{LTmortb}$ = long-term insurance risk - morbidity and disability capital as calculated in accordance with paragraph 11;
- C_{LTlong} = long-term, insurance risk - longevity capital as calculated in accordance with paragraph 12;
- C_{LTVA} = long-term variable annuity guarantee risk capital as calculated in accordance with paragraph 13;
- $C_{LTOther}$ = long-term other insurance risk capital as calculated in accordance with paragraph 14;
- C_{op} = operational risk capital as calculated in accordance with paragraph 15; and
- C_{adj} = Regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 16.
- $BSCR_{corr}$ = as calculated in accordance with paragraph 17;

Transitional Factor

- 10%, for the financial year beginning on or after 1st January 2019;
- 20%, for the financial year beginning on or after 1st January 2020;
- 30%, for the financial year beginning on or after 1st January 2021;
- 40% for the financial year beginning on or after 1st January 2022;
- 50% for the financial year beginning on or after 1st January 2023;
- 60% for the financial year beginning on or after 1st January 2024;
- 70% for the financial year beginning on or after 1st January 2025;
- 80% for the financial year beginning on or after 1st January 2026;
- 90% for the financial year beginning on or after 1st January 2027;
- 100% for the financial year beginning on or after 1st January 2028.”

(b) inserting the following after paragraph 16—

17. The $BSCR_{Corr}$ shall be established on an economic balance sheet (EBS) valuation basis in accordance with the following formula—

$$BSCR_{Corr} = \text{Basic BSCR} + C_{operational} + C_{regulatoryadj} + C_{otheradj} + C_{AdjTP}$$

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Where –

<i>Basic BSCR</i>	= Basic BSCR risk module charge as calculated in accordance with paragraph 18;
$C_{operational}$	= operational risk charge as calculated in accordance with paragraph 35;
$C_{regulatoryadj}$	= regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 36;
C_{AdjTP}	= adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 37; and
$C_{otheradj}$	= tax adjustment as calculated in accordance with paragraph 38.

18. The Basic BSCR risk module charge calculation shall be determined in accordance with the following formula—

$$Basic\ BSCR = \sqrt{\sum_{i,j} CorrBBSCR_{i,j} \times C_i \times C_j};$$

Where —

$CorrBBSCR_{i,j}$	= the correlation factors of the Basic BSCR correlation matrix in accordance with Table A;
i, j	= the sum of the different terms should cover all possible combinations of i and j ;
C_i and C_j	= risk module charge i and risk module charge j which are replaced by the following: $C_{Market}, C_{LT}, C_{Credit}$;
C_{Market}	= market risk module charge as calculated in accordance with paragraph 19;
C_{LT}	= long-Term risk module charge as calculated in accordance with paragraph 20; and
C_{Credit}	= credit risk module charge as calculated in accordance with paragraph 27.

Table A – Basic BSCR Correlation Matrix

$CorrBBSCR_{i,j}$	C_{Market}	C_{Credit}	C_{LT}
C_{Market}	1		
C_{Credit}	0.25	1	
C_{LT}	0.125	0.25	1

19. The market risk module risk module charge calculation shall be determined in accordance with the following formula—

$$C_{Mrket} = \sqrt{\sum_{i,j} Market_{i,j} \times C_i \times C_j};$$

Where —

$CorrMarket_{i,j}$	= the correlation factors of the market risk module in accordance with Table B; where A = 0 if interest rate / liquidity risk charge is calculated using the shock-based approach in accordance with paragraph 24 and the risk
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	charge is being determined based on the interest rate up shock, and A = 0.25 otherwise;
i,j	= the sum of the different terms should cover all possible combinations of i and j;
C_i and C_j	= risk charge i and risk charge j which are replaced by the following: $C_{fixedIncome}$, C_{equity} , $C_{interest}$, $C_{currency}$, $C_{concentration}$;
$C_{fixedIncome}$	= fixed income investment risk charge as calculated in accordance with paragraph 21;
C_{equity}	= equity investment risk charge as calculated in accordance with paragraph 22;
$C_{interest}$	= interest rate / liquidity risk charge as calculated in accordance with paragraph 24;
$C_{currency}$	= currency risk charge as calculated in accordance with paragraph 25; and
$C_{concentration}$	= concentration risk charge as calculated in accordance with paragraph 26.

Table B – Market Risk Module Correlation Matrix

$CorrMarket_{i,j}$	$C_{fixedIncome}$	C_{equity}	$C_{interest}$	$C_{currency}$	$C_{concentration}$
$C_{fixedIncome}$	1				
C_{equity}	0.50	1			
$C_{interest}$	A	A	1		
$C_{currency}$	0.25	0.25	0.25	1	
$C_{concentration}$	0.00	0.00	0.00	0.00	1

20. The Long-Term risk module charge calculation shall be determined in accordance with the following formula-

$$C_{LT} = \sqrt{\sum_{i,j} CorrLT_{i,j} \times C_i \times C_j}$$

Where—

$CorrLT_{i,j}$	= the correlation factors of the Long-Term risk module correlation matrix in accordance with table C;
i,j	= the sum of the different terms should cover all possible combinations of i and j;
C_i and C_j	= risk charge i and risk charge j which are replaced by the following: $C_{LTmortality}$, $C_{LTstoploss}$, $C_{LTtrider}$, $C_{LTmorbidity}$, $C_{LTlongevity}$, $C_{LTvariableAnnuity}$, $C_{LTotherrisk}$;
$C_{LTmortality}$	= long-term insurance risk - mortality capital as calculated in accordance with paragraph 28;
$C_{LTstoploss}$	= long-term insurance risk - stop loss capital as calculated in accordance with paragraph 29;
$C_{LTtrider}$	= long-term insurance risk - riders capital as calculated in accordance with paragraph 30;
$C_{LTmorbidity}$	= long-term insurance risk - morbidity and disability capital as calculated in accordance with paragraph 31;
$C_{LTlongevity}$	= long-term, insurance risk - longevity capital as calculated in accordance with paragraph 32;

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$C_{LTVariableAnnuity}$ = long-term variable annuity guarantee risk capital as calculated in accordance with paragraph 33;
 $C_{LTotherrisk}$ = long-term other insurance risk capital as calculated in accordance with paragraph 34;

Table D – Long-Term Risk Module Correlation Matrix

$CorrLT_{i,j}$	$C_{LTmortality}$	$C_{LTstoploss}$	$C_{LTtrider}$	$C_{LTmoribidity}$	$C_{LTlongevity}$	$C_{LTVariableAnnuity}$	$C_{LTotherrisk}$
$C_{LTmortality}$	1						
$C_{LTstoploss}$	0.75	1					
$C_{LTtrider}$	0.75	0.75	1				
$C_{LTmoribidity}$	0.25	0.00	0.00	1			
$C_{LTlongevity}$	-0.50	-0.50	-0.50	0.00	1		
$C_{LTVariableAnnuity}$	0.00	0.00	0.00	0.00	0.00	1	
$C_{LTotherrisk}$	0.125	0.25	0.25	0.25	0.25	0.25	1

21. The fixed income investment risk charge calculation shall be determined in accordance with the following formula—

$$C_{fixedIncome} = \sum_i \chi_i \times FIastclass_i \times \mu_r + Credit\ Derivatives ;$$

Where—

χ_i = the capital charge factors prescribed in Table 1A for each type of $FIastclass_i$;
 $FIastclass_i$ = value of investment in corresponding asset $class_i$; and
 μ_r = additional diversification adjustment factor applied to cash and cash equivalent balances, or 1 for other asset classes; and
 $Credit\ Derivatives$ = the spread risk charge for credit derivatives calculated as per the following formula:
 $CreditDerivatives$ = greater of:
i) $CreditDerivatives_{ShockUp}$ and
ii) $CreditDerivatives_{ShockDown}$.
 $CreditDerivatives_{ShockUp}$ = the spread risk charge for credit derivatives resulting from an upward credit spread shock calculated as per the following formula:
 $CreditDerivatives_{ShockUp} = \sum_i (LCD_{i\ BShock(x_i)} - LCD_{i\ AShock(x_i)}) + Max(SCD_{i\ BShock(x_i)} - SCD_{i\ AShock(x_i)}, 0)$
 $CreditDerivatives_{ShockDown}$ = the spread risk charge for credit derivatives resulting from a downward credit spread shock calculated as per the following formula:
 $CreditDerivatives_{ShockDown} = \sum_i (LCD_{i\ BShock(x_i)} - LCD_{i\ AShock(x_i)}) + Max(SCD_{i\ BShock(x_i)} - SCD_{i\ AShock(x_i)}, 0)$
 $LCD_{i\ BShock(x_i)}$ = refers to the valuation of long exposures for credit derivatives before applying the instantaneous shock X_i as per table 1B
 $LCD_{i\ AShock(x_i)}$ = refers to the valuation of long exposures for credit derivatives after applying instantaneous shock X_i as per table 1B

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$SCDAssets_{iBShock(x_i)}$	= refers to the valuation of short exposures for credit derivatives before applying the instantaneous shock X_i as per table 1B
$SCDAssets_{iAShock(x_i)}$	= refers to the valuation of short exposures for credit derivatives after applying the instantaneous shock X_i as per table 1B

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Table 1A – Capital charge factors for $FIastclass_i$

Type of fixed income investments $FIastclass_i$	Statement Source These Rules	Capital Factor χ_i
<i>Corporate and Sovereign Bonds</i>		
BSCR rating 0	Schedule IIB, Column (1), Line 1, (Schedule IIC, Column (1), Line 1 – Column (2), Line 1), (Schedule IID, Column (1), Line 1 – Column (2), Line 1), (Schedule IIE, Column (1), Line 1 – Column (2), Line 1), (Schedule IIF, Column (1), Line 1 – Column (2), Line 1)	0.0%
BSCR rating 1	Schedule IIB, Column (1), Line 2, (Schedule IIC, Column (1), Line 2 – Column (2), Line 2), (Schedule IID, Column (1), Line 2 – Column (2), Line 2), (Schedule IIE, Column (1), Line 2 – Column (2), Line 2), (Schedule IIF, Column (1), Line 2 – Column (2), Line 2)	0.4%
BSCR rating 2	Schedule IIB, Column (1), Line 3, (Schedule IIC, Column (1), Line 3 – Column (2), Line 3), (Schedule IID, Column (1), Line 3 – Column (2), Line 3), (Schedule IIE, Column (1), Line 3 – Column (2), Line 3), (Schedule IIF, Column (1), Line 3 – Column (2), Line 3)	0.8%
BSCR rating 3	Schedule IIB, Column (1), Line 4, (Schedule IIC, Column (1), Line 4 – Column (2), Line 4), (Schedule IID, Column (1), Line 4 – Column (2), Line 4), (Schedule IIE, Column (1), Line 4 – Column (2), Line 4), (Schedule IIF, Column (1), Line 4 – Column (2), Line 4)	1.5%
BSCR rating 4	Schedule IIB, Column (1), Line 5, (Schedule IIC, Column (1), Line 5 – Column (2), Line 5), (Schedule IID, Column (1), Line 5 – Column (2), Line 5), (Schedule IIE, Column (1), Line 5 – Column (2), Line 5), (Schedule IIF, Column (1), Line 5 – Column (2), Line 5)	3.0%
BSCR rating 5	Schedule IIB, Column (1), Line 6, (Schedule IIC, Column (1), Line 6 – Column (2), Line 6), (Schedule IID, Column (1), Line 6 – Column (2), Line 6), (Schedule IIE, Column (1), Line 6 – Column (2), Line 6), (Schedule IIF, Column (1), Line 6 – Column (2), Line 6)	8.0%
BSCR rating 6	Schedule IIB, Column (1), Line 7, (Schedule IIC, Column (1), Line 7 – Column (2), Line 7), (Schedule IID, Column (1), Line 7 – Column (2), Line 7), (Schedule IIE, Column (1), Line 7 – Column (2), Line 7), (Schedule IIF, Column (1), Line 7 – Column (2), Line 7)	15.0%
BSCR rating 7	Schedule IIB, Column (1), Line 8, (Schedule IIC, Column (1), Line 8 – Column (2), Line 8), (Schedule IID, Column (1), Line 8 – Column (2), Line 8), (Schedule IIE, Column (1), Line 8 – Column (2), Line 8), (Schedule IIF, Column (1), Line 8 – Column (2), Line 8)	26.3%
BSCR rating 8	Schedule IIB, Column (1), Line 9, (Schedule IIC, Column (1), Line 9 – Column (2), Line 9), (Schedule IID, Column (1), Line 9 – Column (2), Line 9), (Schedule IIE, Column (1), Line 9 – Column (2), Line 9), (Schedule IIF, Column (1), Line 9 – Column (2), Line 9)	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 1	Schedule IIB, Column (3), Line 2, (Schedule IIC, Column (3), Line 2 – Column (4), Line 2), (Schedule IID, Column (3), Line 2 – Column (4), Line 2), (Schedule IIE, Column (3), Line 2 – Column (4), Line 2), (Schedule IIF, Column (3), Line 2 – Column (4), Line 2)	0.6%
BSCR rating 2	Schedule IIB, Column (3), Line 3, (Schedule IIC, Column (3), Line 3 – Column (4), Line 3), (Schedule IID, Column (3), Line 3 – Column (4), Line 3), (Schedule IIE, Column (3), Line 3 – Column (4), Line 3), (Schedule IIF, Column (3), Line 3 – Column (4), Line 3)	1.2%
BSCR rating 3	Schedule IIB, Column (3), Line 4, (Schedule IIC, Column (3), Line 4 – Column (4), Line 4), (Schedule IID, Column (3), Line 4 – Column (4), Line 4), (Schedule IIE, Column (3), Line 4 – Column (4), Line 4), (Schedule IIF, Column (3), Line 4 – Column (4), Line 4)	2.0%
BSCR rating 4	Schedule IIB, Column (3), Line 5, (Schedule IIC, Column (3), Line 5 – Column (4), Line 5), (Schedule IID, Column (3), Line 5 – Column (4), Line 5), (Schedule IIE, Column (3), Line 5 – Column (4), Line 5), (Schedule IIF, Column (3), Line 5 – Column (4), Line 5)	4.0%
BSCR rating 5	Schedule IIB, Column (3), Line 6, (Schedule IIC, Column (3), Line 6 – Column (4), Line 6), (Schedule IID, Column (3), Line 6 – Column (4), Line 6), (Schedule IIE, Column (3), Line 6 – Column (4), Line 6), (Schedule IIF, Column (3), Line 6 – Column (4), Line 6)	11.0%
BSCR rating 6	Schedule IIB, Column (3), Line 7, (Schedule IIC, Column (3), Line 7 – Column (4), Line 7), (Schedule IID, Column (3), Line 7 – Column (4), Line 7), (Schedule IIE, Column (3), Line 7 – Column (4), Line 7), (Schedule IIF, Column (3), Line 7 – Column (4), Line 7)	25.0%
BSCR rating 7	Schedule IIB, Column (3), Line 8, (Schedule IIC, Column (3), Line 8 – Column (4), Line 8), (Schedule IID, Column (3), Line 8 – Column (4), Line 8), (Schedule IIE, Column (3), Line 8 – Column (4), Line 8), (Schedule IIF, Column (3), Line 8 – Column (4), Line 8)	35.0%
BSCR rating 8	Schedule IIB, Column (3), Line 9, (Schedule IIC, Column (3), Line 9 – Column (4), Line 9), (Schedule IID, Column (3), Line 9 – Column (4), Line 9), (Schedule IIE, Column (3), Line 9 – Column (4), Line 9), (Schedule IIF, Column (3), Line 9 – Column (4), Line 9)	35.0%

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	Line 9), (Schedule IIE, Column (3), Line 9 – Column (4), Line 9), (Schedule IIF, Column (3), Line 9 – Column (4), Line 9)	
<i>Commercial Mortgage-Backed Securities/ Asset-Backed Securities</i>		
BSCR rating 1	Schedule IIB, Column (5), Line 2, (Schedule IIC, Column (5), Line 2 – Column (6), Line 2), (Schedule IID, Column (5), Line 2 – Column (6), Line 2), (Schedule IIE, Column (5), Line 2 – Column (6), Line 2), (Schedule IIF, Column (5), Line 2 – Column (6), Line 2)	0.5%
BSCR rating 2	Schedule IIB, Column (5), Line 3, (Schedule IIC, Column (5), Line 3 – Column (6), Line 3), (Schedule IID, Column (5), Line 3 – Column (6), Line 3), (Schedule IIE, Column (5), Line 3 – Column (6), Line 3), (Schedule IIF, Column (5), Line 3 – Column (6), Line 3)	1.0%
BSCR rating 3	Schedule IIB, Column (5), Line 4, (Schedule IIC, Column (5), Line 4 – Column (6), Line 4), (Schedule IID, Column (5), Line 4 – Column (6), Line 4), (Schedule IIE, Column (5), Line 4 – Column (6), Line 4), (Schedule IIF, Column (5), Line 4 – Column (6), Line 4)	1.8%
BSCR rating 4	Schedule IIB, Column (5), Line 5, (Schedule IIC, Column (5), Line 5 – Column (6), Line 5), (Schedule IID, Column (5), Line 5 – Column (6), Line 5), (Schedule IIE, Column (5), Line 5 – Column (6), Line 5), (Schedule IIF, Column (5), Line 5 – Column (6), Line 5)	3.5%
BSCR rating 5	Schedule IIB, Column (5), Line 6, (Schedule IIC, Column (5), Line 6 – Column (6), Line 6), (Schedule IID, Column (5), Line 6 – Column (6), Line 6), (Schedule IIE, Column (5), Line 6 – Column (6), Line 6), (Schedule IIF, Column (5), Line 6 – Column (6), Line 6)	10.0%
BSCR rating 6	Schedule IIB, Column (5), Line 7, (Schedule IIC, Column (5), Line 7 – Column (6), Line 7), (Schedule IID, Column (5), Line 7 – Column (6), Line 7), (Schedule IIE, Column (5), Line 7 – Column (6), Line 7), (Schedule IIF, Column (5), Line 7 – Column (6), Line 7)	20.0%
BSCR rating 7	Schedule IIB, Column (5), Line 8, (Schedule IIC, Column (5), Line 8 – Column (6), Line 8), (Schedule IID, Column (5), Line 8 – Column (6), Line 8), (Schedule IIE, Column (5), Line 8 – Column (6), Line 8), (Schedule IIF, Column (5), Line 8 – Column (6), Line 8)	30.0%
BSCR rating 8	Schedule IIB, Column (5), Line 9, (Schedule IIC, Column (5), Line 9 – Column (6), Line 9), (Schedule IID, Column (5), Line 9 – Column (6), Line 9), (Schedule IIE, Column (5), Line 9 – Column (6), Line 9), (Schedule IIF, Column (5), Line 9 – Column (6), Line 9)	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule IIB, Column (7), Line 1, (Schedule IIC, Column (7), Line 1 – Column (8), Line 1), (Schedule IID, Column (7), Line 1 – Column (8), Line 1), (Schedule IIE, Column (7), Line 1 – Column (8), Line 1), (Schedule IIF, Column (7), Line 1 – Column (8), Line 1)	0.0%
BSCR rating 1	Schedule IIB, Column (7), Line 2, (Schedule IIC, Column (7), Line 2 – Column (8), Line 2), (Schedule IID, Column (7), Line 2 – Column (8), Line 2), (Schedule IIE, Column (7), Line 2 – Column (8), Line 2), (Schedule IIF, Column (7), Line 2 – Column (8), Line 2)	0.4%
BSCR rating 2	Schedule IIB, Column (7), Line 3, (Schedule IIC, Column (7), Line 3 – Column (8), Line 3), (Schedule IID, Column (7), Line 3 – Column (8), Line 3), (Schedule IIE, Column (7), Line 3 – Column (8), Line 3), (Schedule IIF, Column (7), Line 3 – Column (8), Line 3)	0.8%
BSCR rating 3	Schedule IIB, Column (7), Line 4, (Schedule IIC, Column (7), Line 4 – Column (8), Line 4), (Schedule IID, Column (7), Line 4 – Column (8), Line 4), (Schedule IIE, Column (7), Line 4 – Column (8), Line 4), (Schedule IIF, Column (7), Line 4 – Column (8), Line 4)	1.5%
BSCR rating 4	Schedule IIB, Column (7), Line 5, (Schedule IIC, Column (7), Line 5 – Column (8), Line 5), (Schedule IID, Column (7), Line 5 – Column (8), Line 5), (Schedule IIE, Column (7), Line 5 – Column (8), Line 5), (Schedule IIF, Column (7), Line 5 – Column (8), Line 5)	3.0%
BSCR rating 5	Schedule IIB, Column (7), Line 6, (Schedule IIC, Column (7), Line 6 – Column (8), Line 6), (Schedule IID, Column (7), Line 6 – Column (8), Line 6), (Schedule IIE, Column (7), Line 6 – Column (8), Line 6), (Schedule IIF, Column (7), Line 6 – Column (8), Line 6)	8.0%
BSCR rating 6	Schedule IIB, Column (7), Line 7, (Schedule IIC, Column (7), Line 7 – Column (8), Line 7), (Schedule IID, Column (7), Line 7 – Column (8), Line 7), (Schedule IIE, Column (7), Line 7 – Column (8), Line 7), (Schedule IIF, Column (7), Line 7 – Column (8), Line 7)	15.0%
BSCR rating 7	Schedule IIB, Column (7), Line 8, (Schedule IIC, Column (7), Line 8 – Column (8), Line 8), (Schedule IID, Column (7), Line 8 – Column (8), Line 8), (Schedule IIE, Column (7), Line 8 – Column (8), Line 8), (Schedule IIF, Column (7), Line 8 – Column (8), Line 8)	26.3%
BSCR rating 8	Schedule IIB, Column (7), Line 9, (Schedule IIC, Column (7), Line 9 – Column (8), Line 9), (Schedule IID, Column (7), Line 9 – Column (8), Line 9), (Schedule IIE, Column (7), Line 9 – Column (8), Line 9), (Schedule IIF, Column (7), Line 9 – Column (8), Line 9)	35.0%
<i>Mortgage Loans</i>		
Insured/guaranteed mortgages	Schedule IIB, Column (9), Line 10, (Schedule IIC, Column (9), Line 10 – Column (10), Line 10), (Schedule IID, Column (9), Line 10 – Column (10), Line 10), (Schedule IIE, Column (9), Line 10 – Column (10), Line 10), (Schedule IIF, Column (9), Line 10 – Column (10), Line 10)	0.3%
Other commercial and farm mortgages	Schedule IIB, Column (9), Line 11, (Schedule IIC, Column (9), Line 11 – Column (10), Line 11), (Schedule IID, Column (9), Line 11 – Column (10), Line 11), (Schedule IIE, Column (9), Line 11 – Column (10), Line 11), (Schedule IIF, Column (9), Line 11 – Column (10), Line 11)	5.0%
Other residential	Schedule IIB, Column (9), Line 12, (Schedule IIC, Column (9), Line 12 – Column (10), Line 12), (Schedule IID, Column (9), Line 12 – Column (10), Line 12)	1.5%

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mortgages	(10), Line 12), (Schedule IIE, Column (9), Line 12 – Column (10), Line 12), (Schedule IIF, Column (9), Line 12 – Column (10), Line 12)	
Mortgages not in good standing	Schedule IIB, Column (9), Line 13, (Schedule IIC, Column (9), Line 13 – Column (10), Line 13), (Schedule IID, Column (9), Line 13 – Column (10), Line 13), (Schedule IIE, Column (9), Line 13 – Column (10), Line 13), (Schedule IIF, Column (9), Line 13 – Column (10), Line 13)	25.0%
<i>Other Fixed Income Investments</i>		
Other loans	Form 4EBS, Line 8	5.0%
<i>Cash and cash equivalents</i>		
BSCR rating 0	Schedule XIX, Column A	0.0%
BSCR rating 1	Schedule XIX, Column A	0.1%
BSCR rating 2	Schedule XIX, Column A	0.2%
BSCR rating 3	Schedule XIX, Column A	0.3%
BSCR rating 4	Schedule XIX, Column A	0.5%
BSCR rating 5	Schedule XIX, Column A	1.5%
BSCR rating 6	Schedule XIX, Column A	4.0%
BSCR rating 7	Schedule XIX, Column A	6.0%
BSCR rating 8	Schedule XIX, Column A	9.0%

INSTRUCTIONS AFFECTING TABLE 1A: Capital charge factors for $FI_{astclass_i}$

- (a) all assets comprising of bonds and debentures, loans, and other miscellaneous investments that are subject to capital charges within the fixed income investment risk charge shall be included;
- (b) all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge;
- (c) all bonds and debentures, loans, and other miscellaneous investments shall include amounts reported for economic balance sheet reporting purposes and include fixed income risk exposures as determined by application of the “look-through” approach calculated in accordance with the criteria prescribed by the Authority for the following items:
 - (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
 - (ii) segregated accounts assets and liabilities;
 - (iii) deposit asset and liabilities;
 - (iv) assets and liabilities held by ceding insurers or under retrocession;
 - (v) other sundry assets and liabilities; and
 - (vi) derivatives.
- (d) The capital requirements relating to cash and cash equivalents shall be reduced by a diversification adjustment of up to a maximum of 40%; and
- (e) the diversification adjustment in paragraph (d) is determined as 40% multiplied by 1 minus the ratio of the largest cash and cash equivalent balance held with a single counterparty to the total of all cash and cash equivalent balance.

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Table 1B – Spread risk shocks for credit derivatives

	SPREAD UP				
	Long Exposures		Short Exposures		Shock basis points
	Before Shock	After Shock	Before Shock	After Shock	
Spread Up					
BSCR rating 0	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 38	0
BSCR rating 1	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 39	130
BSCR rating 2	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 40	150
BSCR rating 3	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 41	260
BSCR rating 4	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 42	450
BSCR rating 5	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 43	840
BSCR rating 6	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 44	1620
BSCR rating 7	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 45	1620
BSCR rating 8	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 46	1620
Total Spread Up					
	SPREAD DOWN				
	Long Exposures		Short Exposures		Shock Rate
	Before Shock	After Shock	Before Shock	After Shock	
Spread Up					
BSCR rating 0	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 38	0.0%
BSCR rating 1	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 39	-75.0%
BSCR rating 2	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 40	-75.0%
BSCR rating 3	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 41	-75.0%
BSCR rating 4	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 42	-75.0%
BSCR rating 5	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 43	-75.0%
BSCR rating 6	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 44	-75.0%
BSCR rating 7	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 45	-75.0%
BSCR rating 8	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 46	-75.0%
Total Spread Down					

INSTRUCTIONS AFFECTING TABLE 1B: Spread risk shocks for credit derivatives

- (a) “Qualifying assets” means assets which qualify as being held for risk mitigation in accordance with the criteria prescribed by the Authority.

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22. The equity investment risk charge calculation shall be established in accordance with the following formula—

$$C_{\text{equity}} = C_{\text{equity}}^{\text{basic}} + C_{\text{equity}}^{\text{grandfathered}} ;$$

Where—

$$C_{\text{equity}}^{\text{basic}} = \sqrt{\sum_{i,j} \text{CorrEq}_{i,j} \times C_i \times C_j}$$

$C_{\text{equity}}^{\text{grandfathered}}$ = the equity risk charge calculated according to paragraph 3 for equity exposures that are grandfathered according to paragraph 23A;
 $\text{CorrEq}_{i,j}$ = the correlation factors of the equity risk correlation matrix in accordance with Table 2A;
 i,j = the sum of the different terms should cover all possible combinations of correlation i and j ;
 C_i and C_j = risk charge i and risk charge j which are replaced by the following:
 C_{Type1} , C_{Type2} , C_{Type3} , C_{Type4} ;
 C_{Type1} = Type1 equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;
 C_{Type2} = Type2 equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;
 C_{Type3} = Type3 equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;
 C_{Type4} = Type4 equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;

Table 2A – Equity Risk Charge Correlation Matrix

Equity Corr Matrix	C_{Type1}	C_{Type2}	C_{Type3}	C_{Type4}
C_{Type1}	1			
C_{Type2}	0.75	1		
C_{Type3}	0.75	0.75	1	
C_{Type4}	0.5	0.5	0.5	1

23. Type1, Type2 Type3 and Type4 equity risk charges calculation shall be determined in accordance with the following formulas—

$$C_{\text{Type1}} = \sum_{i \in \text{Type1}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (S\text{QAssets}_i^{\text{BShock}} - S\text{QAssets}_i^{\text{AShock}}(\chi_i)) + \dots \right. \\ \left. + \max(S\text{NQAssets}_i^{\text{BShock}} - S\text{NQAssets}_i^{\text{AShock}}(\chi_i), 0) + (L\text{iabilities}_i^{\text{BShock}} - L\text{iabilities}_i^{\text{AShock}}(\chi_i)) \right]$$

$$C_{\text{Type2}} = \sum_{i \in \text{Type2}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (S\text{QAssets}_i^{\text{BShock}} - S\text{QAssets}_i^{\text{AShock}}(\chi_i)) + \dots \right. \\ \left. + \max(S\text{NQAssets}_i^{\text{BShock}} - S\text{NQAssets}_i^{\text{AShock}}(\chi_i), 0) + (L\text{iabilities}_i^{\text{BShock}} - L\text{iabilities}_i^{\text{AShock}}(\chi_i)) \right]$$

$$C_{\text{Type3}} = \sum_{i \in \text{Type3}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (S\text{QAssets}_i^{\text{BShock}} - S\text{QAssets}_i^{\text{AShock}}(\chi_i)) + \dots \right. \\ \left. + \max(S\text{NQAssets}_i^{\text{BShock}} - S\text{NQAssets}_i^{\text{AShock}}(\chi_i), 0) + (L\text{iabilities}_i^{\text{BShock}} - L\text{iabilities}_i^{\text{AShock}}(\chi_i)) \right]$$

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$$C_{Type4} = \sum_{i \in Type4} \left[\max(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0) + (SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)) + \dots \right]$$

Where—

χ_i	= the instantaneous shocks prescribed in Table 2B for each type of equity class i ; and
$LAssets^{BShock}$	= refers to the valuation of long asset exposures before applying shock
$LAssets^{AShock}$	= refers to the valuation of long asset exposures after applying shock
$SQAssets^{BShock}$	= refers to the valuation of short exposures for qualifying assets that are held for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority before applying shock
$SQAssets^{AShock}$	= refers to the valuation of short exposures for qualifying assets that are held for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority after applying shock
$SNQAssets^{BShock}$	= refers to the valuation of short exposures for assets that do not qualify for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority before applying shock
$SNQAssets^{AShock}$	= refers to the valuation of short exposures for assets that do not qualify for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority after applying shock
$BELiabilities^{BShock}$	= refers to the best estimate of insurance liabilities and other liabilities before applying shock
$BELiabilities^{AShock}$	= refers to the best estimate of insurance liabilities and other liabilities after applying shock

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Table 2B – Shock for classes of equity

	Assets				Shock Factor
	Long Exposures	Short Exposures		Liabilities	
Equity investments Equity class, <i>i</i>			Qualifying as Assets held for risk-mitigation purposes	Not Qualifying as Assets held for risk-mitigation purposes	Without Management Action
Type 1 Equity Holdings					
Strategic Holdings – Listed	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 15	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 15	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 15	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 15	20.0%
Duration Based	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 16	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 16	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 16	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 16	35.0%
Listed Equity Securities in Developed Markets	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 17	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 17	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 17	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 17	0.6%
Preferred Stocks, Rating 1	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 18	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 18	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 18	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 18	1.2%
Preferred Stocks, Rating 2	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 19	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 19	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 19	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 19	2.0%
Preferred Stocks, Rating 3	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 20	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 20	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 20	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 20	4.0%
Preferred Stocks, Rating 4	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 21	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 21	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 21	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 21	11.0%
Preferred Stocks, Rating 5	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 22	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 22	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 22	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 22	25.0%
Preferred Stocks, Rating 6	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 23	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 23	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 23	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 23	35.0%
Preferred Stocks, Rating 7	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 24	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 24	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 24	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 24	35.0%

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Preferred Stocks, Rating 8	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 25 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 25	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 25 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 25	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 25 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 25	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 25 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 25	35.0%
Equity Derivatives on Type 1 Equities	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 26 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 26	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 26 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 26	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 26 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 26	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 26 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 26	20.0%
Subtotal Type 1 Equity Holdings					
Type 2 Equity Holdings					
Strategic Holdings – Unlisted	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 27 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 27	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 27 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 27	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 27 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 27	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 27 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 27	20.0%
Other Equities	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 28 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 28	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 28 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 28	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 28 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 28	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 28 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 28	45.0%
Letters of Credit	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 29 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 29	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 29 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 29	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 29 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 29	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 29 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 29	20.0%
Intangible assets	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 30 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 30	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 30 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 30	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 30 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 30	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 30 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 30	20.0%
Pension Benefit Surplus	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 31 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 31	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 31 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 31	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 31 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 31	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 31 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 31	20.0%
Equity Derivatives on Type 2 Equities	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 32 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 32	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 32 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 32	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 32 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 32	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 32 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 32	45.0%
Subtotal Type 2 Equity Holdings					
Type 3 Equity Holdings					
Infrastructure	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 33 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 33	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 33 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 33	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 33 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 33	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 33 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 33	25.0%
Derivatives on Infrastructure	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 34 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 34	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 34 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 34	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 34 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 34	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 34 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 34	25.0%
Subtotal Type 3 Equity Holdings					
Type 4 Equity Holdings					
Equity Real Estate 1	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 35 Less	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 35 Less	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 35 Less	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 35 Less	10.0%

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	Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 35	Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 35	Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 35	Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 35	
Equity Real Estate 2	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 36	20.0%
Subtotal Type 4 Equity Holdings					
Total Equity Risk before Diversification					
Aggregation of Risks					
	<u>Correlation Matrix</u>	<u>Type 1</u>	<u>Type 2</u>	<u>Type 3</u>	<u>Type 4</u>
	Type 1	1			
	Type 2	0.75	1		
	Type 3	0.75	0.75	1	
	Type 4	0.50	0.50	0.50	1
Total Type 1 Risk without Management Actions					
Total Type 2 Risk without Management Actions					
Total Type 3 Risk without Management Actions					
Total Type 4 Risk without Management Actions					
Total Equity Risk after Diversification					

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INSTRUCTIONS AFFECTING TABLE 2B: Shocks for $Eq_{astclass_i}$

- (a) all assets (except regulated non-insurance financial operating entities) and liabilities (except the risk margin) whose value is subject to equity risk shocks are to be reported on a basis consistent with that used for the purposes of economic balance sheet reporting. Such assets and liabilities shall include equity risk exposures determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for the following items:
 - (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
 - (ii) segregated accounts assets and liabilities;
 - (iii) deposit asset and liabilities;
 - (iv) assets and liabilities held by ceding insurers or under retrocession;
 - (v) other sundry assets and liabilities; and
 - (vi) derivatives.
- (b) for asset types referred to in paragraph (a) (i) to (vi) where the “look through” approach cannot be applied, the residual balance shall be included in “Equity Securities – Other Investments”;
- (c) short exposures qualifying as assets held for risk-mitigation purposes and short exposures not qualifying as assets held for risk-mitigation purposes, shall both be determined in accordance with criteria prescribed by the Authority; and
- (d) amounts are to be reported on an EBS Valuation basis.

23A. The equity investments that are eligible for being used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 are determined as follows:

- i. The average value of equities as percentage of total assets over the prior three financial year ends before January 1st 2019 (i.e., over which the financial years ending 2016 to 2018) is calculated.
 - a. Similarly, for each class of equities in accordance with Table 2B, the average amounts as a percentage of total equities shall be determined over the same prior three years, i.e. the allocations for each equity class.
- ii. The total amount of equities eligible for being used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 at each year end is determined by multiplying the amount of legacy reserves by the equity percentage of paragraph i., where
 - a. “Legacy reserves” are defined as the long term best estimate liabilities, at the applicable point in time (financial year-end), for insurance business carried on as at December 31st 2018.
 - b. The total amount of equities eligible for being used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 at each year end shall not be greater than the amount of the legacy reserves.
- iii. The equity investments eligible being used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 per equity class are calculated by multiplying the total amount in paragraph ii. by the equity class allocation in paragraph i.
- iv. Future applicable reserves shall be capped at the initial reserve. The amount of equities eligible for being used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 can therefore never be greater than the initial amount.
- v. Equities that are eligible to be used being used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 may be traded or replaced within a specific equity class and still receive the aforementioned treatment.

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24. The interest rate and liquidity risk charge calculation may be calculated in accordance with paragraph 4 or the formula below. Where an insurer decides to utilise the formula below, it will only be allowed to revert back and utilise the calculations prescribed in paragraph 4 where it has received the written approval of the Authority pursuant to an application made in accordance with section 6D of the Act.

$$C_{Interest} = \max(Shock_{IR,Down}, Shock_{IR,Up}) - Offset_{ScenarioBased};$$

Where—

$$Shock_{IR,\omega} = \sum_{CCY} Shock_{IR,\omega}^{CCY}$$

$$Shock_{IR,\omega}^{CCY} = (MVA_{Before}^{CCY,Q} - MVA_{After,\omega}^{CCY,Q}) + \max(MVA_{Before}^{CCY,NQ} - MVA_{After,\omega}^{CCY,NQ}, 0) + (MVL_{Before}^{CCY} - MVL_{After,\omega}^{CCY})$$

$$\omega = Down, Up$$

$$Offset_{ScenarioBased} = \min(0.5 \cdot (BELiability_{BaseScenario} - BELiability_{WorstScenario}), 0.75 \cdot C_{Interest}^{WithoutOffset})$$

$$C_{Interest}^{WithoutOffset} = \max(Shock_{IR,Down}, Shock_{IR,Up})$$

$MVA_{Before}^{CCY,Q}$	=	refers to the market value of qualified assets including derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) before shock ω (ω =Up or Down) by currency type (CCY), that has been converted to the functional currency as expressed in Form 4EBS;
$MVA_{After}^{CCY,Q}$	=	refers to the revaluation of qualified assets including derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking interest rates by $\chi(CCY,\omega)$ where (CCY) refers to currency type, ω refers to shock Down and Up, and χ refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 4EBS prescribed in Table 3B;
$MVA_{Before}^{CCY,NQ}$	=	refers to the revaluation of non-qualified assets which are derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking interest rates by $\chi(CCY,\omega)$ where (CCY) refers to currency type, ω refers to shock Down and Up, and χ refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 4EBS prescribed in Table 3B;
$MVA_{After}^{CCY,NQ}$	=	refers to the best estimate of insurance liabilities and other liabilities before shock w (w =Up or Down) by currency type that has been converted to the functional currency as reported in Form 4EBS;
MVL_{Before}^{CCY}	=	refers to the revaluation of the best estimate of insurance liabilities and other liabilities after shocking interest rates by $\chi(CCY,\omega)$ where (CCY) refers to currency type, ω refers to shock Down and Up, and χ refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 4EBS prescribed in Table 3B;
MVL_{After}^{CCY}	=	refers to best estimate of liabilities in the base case scenario when using the scenario-based approach; and
$BELiability_{BaseScenario}$	=	refers to best estimate of liabilities in the worst-case scenario when using the scenario-based approach.
$BELiability_{WorstScenario}$	=	refers to the revaluation of non-qualified assets which are derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking interest rates by $\chi(CCY,\omega)$ where (CCY) refers to currency type, ω refers to shock Down and Up, and χ refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 4EBS prescribed in Table 3B;

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Table 3C –Shock vectors for Interest Rate – Liquidity Risk

Currency	$MVA_{Before}^{CCY} - MVA_{After}^{CCY}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector χ_1
Interest Rate Down – Exposures without Derivatives			
United States Dollars	Schedule XXII, Column A Line 1 Less Schedule XXII Column B, Line 1	Schedule XXII, Column C Line 1 Less Schedule XXII Column D, Line 1	*
Euro	Schedule XXII, Column A Line 2 Less Schedule XXII Column B, Line 2	Schedule XXII, Column C Line 2 Less Schedule XXII Column D, Line 2	*
United Kingdom Pounds	Schedule XXII, Column A Line 3 Less Schedule XXII Column B, Line 3	Schedule XXII, Column C Line 3 Less Schedule XXII Column D, Line 3	*
Japan Yen	Schedule XXII, Column A Line 4 Less Schedule XXII Column B, Line 4	Schedule XXII, Column C Line 4 Less Schedule XXII Column D, Line 4	*
Canada Dollars	Schedule XXII, Column A Line 5 Less Schedule XXII Column B, Line 5	Schedule XXII, Column C Line 5 Less Schedule XXII Column D, Line 5	*
Swiss Francs	Schedule XXII, Column A Line 6 Less Schedule XXII Column B, Line 6	Schedule XXII, Column C Line 6 Less Schedule XXII Column D, Line 6	*
Australia Dollars	Schedule XXII, Column A Line 7 Less Schedule XXII Column B, Line 7	Schedule XXII, Column C Line 7 Less Schedule XXII Column D, Line 7	*
New Zealand Dollars	Schedule XXII, Column A Line 8 Less Schedule XXII Column B, Line 8	Schedule XXII, Column C Line 8 Less Schedule XXII Column D, Line 8	*
Other currency 1	Schedule XXII, Column A Line 9 Less Schedule XXII Column B, Line 9	Schedule XXII, Column C Line 9 Less Schedule XXII Column D, Line 9	*
Other currency 2	Schedule XXII, Column A Line 10 Less Schedule XXII Column B, Line 10	Schedule XXII, Column C Line 10 Less Schedule XXII Column D, Line 10	*
Other currency 3	Schedule XXII, Column A Line 11 Less Schedule XXII Column B, Line 11	Schedule XXII, Column C Line 11 Less Schedule XXII Column D, Line 11	*
Other currency 4	Schedule XXII, Column A Line 12 Less Schedule XXII Column B, Line 12	Schedule XXII, Column C Line 12 Less Schedule XXII Column D, Line 12	*
Other currency 5	Schedule XXII, Column A Line 13 Less Schedule XXII Column B, Line 13	Schedule XXII, Column C Line 13 Less Schedule XXII Column D, Line 13	*
Other currency 6	Schedule XXII, Column A Line 14 Less Schedule XXII Column B, Line 14	Schedule XXII, Column C Line 14 Less Schedule XXII Column D, Line 14	*
Other currency 7	Schedule XXII, Column A Line 15 Less Schedule XXII Column B, Line 15	Schedule XXII, Column C Line 15 Less Schedule XXII Column D, Line 15	*
Other currency 8	Schedule XXII, Column A Line 16 Less Schedule XXII Column B, Line 16	Schedule XXII, Column C Line 16 Less Schedule XXII Column D, Line 16	*
Other currency 9	Schedule XXII, Column A Line 17 Less Schedule XXII Column B, Line 17	Schedule XXII, Column C Line 17 Less Schedule XXII Column D, Line 17	*
Other currency 10	Schedule XXII, Column A Line 18 Less Schedule XXII Column B, Line 18	Schedule XXII, Column C Line 18 Less Schedule XXII Column D, Line 18	*
Currency	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVA_{Before}^{CCY,NQ} - MVA_{After}^{CCY,NQ}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$ Shock Vector

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				χ_1
Interest Rate Down – Derivative Exposure				
United States Dollars	Schedule XXII, Column F Line 1 Less Schedule XXII Column G, Line 1	Schedule XXII, Column H Line 1 Less Schedule XXII Column I, Line 1	Schedule XXII, Column J Line 1 Less Schedule XXII Column K, Line 1	*
Euro	Schedule XXII, Column F Line 2 Less Schedule XXII Column G, Line 2	Schedule XXII, Column H Line 2 Less Schedule XXII Column I, Line 2	Schedule XXII, Column J Line 2 Less Schedule XXII Column K, Line 2	*
United Kingdom Pounds	Schedule XXII, Column F Line 3 Less Schedule XXII Column G, Line 3	Schedule XXII, Column H Line 3 Less Schedule XXII Column I, Line 3	Schedule XXII, Column J Line 3 Less Schedule XXII Column K, Line 3	*
Japan Yen	Schedule XXII, Column F Line 4 Less Schedule XXII Column G, Line 4	Schedule XXII, Column H Line 4 Less Schedule XXII Column I, Line 4	Schedule XXII, Column J Line 4 Less Schedule XXII Column K, Line 4	*
Canada Dollars	Schedule XXII, Column F Line 5 Less Schedule XXII Column G, Line 5	Schedule XXII, Column H Line 5 Less Schedule XXII Column I, Line 5	Schedule XXII, Column J Line 5 Less Schedule XXII Column K, Line 5	*
Swiss Francs	Schedule XXII, Column F Line 6 Less Schedule XXII Column G, Line 6	Schedule XXII, Column H Line 6 Less Schedule XXII Column I, Line 6	Schedule XXII, Column J Line 6 Less Schedule XXII Column K, Line 6	*
Australia Dollars	Schedule XXII, Column F Line 7 Less Schedule XXII Column G, Line 7	Schedule XXII, Column H Line 7 Less Schedule XXII Column I, Line 7	Schedule XXII, Column J Line 7 Less Schedule XXII Column K, Line 7	*
New Zealand Dollars	Schedule XXII, Column F Line 8 Less Schedule XXII Column G, Line 8	Schedule XXII, Column H Line 8 Less Schedule XXII Column I, Line 8	Schedule XXII, Column J Line 8 Less Schedule XXII Column K, Line 8	*
Other currency 1	Schedule XXII, Column F Line 9 Less Schedule XXII Column G, Line 9	Schedule XXII, Column H Line 9 Less Schedule XXII Column I, Line 9	Schedule XXII, Column J Line 9 Less Schedule XXII Column K, Line 9	*
Other currency 2	Schedule XXII, Column F Line 10 Less Schedule XXII Column G, Line 10	Schedule XXII, Column H Line 10 Less Schedule XXII Column I, Line 10	Schedule XXII, Column J Line 10 Less Schedule XXII Column K, Line 10	*
Other currency 3	Schedule XXII, Column F Line 11 Less Schedule XXII Column G, Line 11	Schedule XXII, Column H Line 11 Less Schedule XXII Column I, Line 11	Schedule XXII, Column J Line 11 Less Schedule XXII Column K, Line 11	*
Other currency 4	Schedule XXII, Column F Line 12 Less Schedule XXII Column G, Line 12	Schedule XXII, Column H Line 12 Less Schedule XXII Column I, Line 12	Schedule XXII, Column J Line 12 Less Schedule XXII Column K, Line 12	*
Other currency 5	Schedule XXII, Column F Line 13 Less Schedule XXII Column G, Line 13	Schedule XXII, Column H Line 13 Less Schedule XXII Column I, Line 13	Schedule XXII, Column J Line 13 Less Schedule XXII Column K, Line 13	*
Other currency 6	Schedule XXII, Column F Line 14 Less Schedule XXII Column G, Line 14	Schedule XXII, Column H Line 14 Less Schedule XXII Column I, Line 14	Schedule XXII, Column J Line 14 Less Schedule XXII Column K, Line 14	*
Other currency 7	Schedule XXII, Column F Line 15 Less Schedule XXII Column G, Line 15	Schedule XXII, Column H Line 15 Less Schedule XXII Column I, Line 15	Schedule XXII, Column J Line 15 Less Schedule XXII Column K, Line 15	*
Other currency 8	Schedule XXII, Column F Line 16 Less Schedule XXII Column G, Line 16	Schedule XXII, Column H Line 16 Less Schedule XXII Column I, Line 16	Schedule XXII, Column J Line 16 Less Schedule XXII Column K, Line 16	*
Other currency 9	Schedule XXII, Column F Line 17 Less Schedule XXII Column G, Line 17	Schedule XXII, Column H Line 17 Less Schedule XXII Column I, Line 17	Schedule XXII, Column J Line 17 Less Schedule XXII Column K, Line 17	*
Other currency 10	Schedule XXII, Column F Line 18 Less Schedule XXII Column G, Line 18	Schedule XXII, Column H Line 18 Less Schedule XXII Column I, Line 18	Schedule XXII, Column J Line 18 Less Schedule XXII Column K, Line 18	*
Currency	$MVA_{Before}^{CCY} - MVA_{After}^{CCY}$		$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector χ_1
Interest Rate Up – Exposures without Derivatives				
United States Dollars	Schedule XXII, Column A Line 20 Less Schedule XXII Column B, Line 20		Schedule XXII, Column C Line 20 Less Schedule XXII Column D, Line 20	*

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Euro	Schedule XXII, Column A Line 21 Less Schedule XXII Column B, Line 21		Schedule XXII, Column C Line 21 Less Schedule XXII Column D, Line 21	*
United Kingdom Pounds	Schedule XXII, Column A Line 22 Less Schedule XXII Column B, Line 22		Schedule XXII, Column C Line 22 Less Schedule XXII Column D, Line 22	*
Japan Yen	Schedule XXII, Column A Line 23 Less Schedule XXII Column B, Line 23		Schedule XXII, Column C Line 23 Less Schedule XXII Column D, Line 23	*
Canada Dollars	Schedule XXII, Column A Line 24 Less Schedule XXII Column B, Line 24		Schedule XXII, Column C Line 24 Less Schedule XXII Column D, Line 24	*
Swiss Francs	Schedule XXII, Column A Line 25 Less Schedule XXII Column B, Line 25		Schedule XXII, Column C Line 25 Less Schedule XXII Column D, Line 25	*
Australia Dollars	Schedule XXII, Column A Line 26 Less Schedule XXII Column B, Line 26		Schedule XXII, Column C Line 26 Less Schedule XXII Column D, Line 26	*
New Zealand Dollars	Schedule XXII, Column A Line 27 Less Schedule XXII Column B, Line 27		Schedule XXII, Column C Line 27 Less Schedule XXII Column D, Line 27	*
Other currency 1	Schedule XXII, Column A Line 28 Less Schedule XXII Column B, Line 28		Schedule XXII, Column C Line 28 Less Schedule XXII Column D, Line 28	*
Other currency 2	Schedule XXII, Column A Line 29 Less Schedule XXII Column B, Line 29		Schedule XXII, Column C Line 29 Less Schedule XXII Column D, Line 29	*
Other currency 3	Schedule XXII, Column A Line 30 Less Schedule XXII Column B, Line 30		Schedule XXII, Column C Line 30 Less Schedule XXII Column D, Line 30	*
Other currency 4	Schedule XXII, Column A Line 31 Less Schedule XXII Column B, Line 31		Schedule XXII, Column C Line 31 Less Schedule XXII Column D, Line 31	*
Other currency 5	Schedule XXII, Column A Line 32 Less Schedule XXII Column B, Line 32		Schedule XXII, Column C Line 32 Less Schedule XXII Column D, Line 32	*
Other currency 6	Schedule XXII, Column A Line 33 Less Schedule XXII Column B, Line 33		Schedule XXII, Column C Line 33 Less Schedule XXII Column D, Line 33	*
Other currency 7	Schedule XXII, Column A Line 34 Less Schedule XXII Column B, Line 34		Schedule XXII, Column C Line 34 Less Schedule XXII Column D, Line 34	*
Other currency 8	Schedule XXII, Column A Line 35 Less Schedule XXII Column B, Line 35		Schedule XXII, Column C Line 35 Less Schedule XXII Column D, Line 35	*
Other currency 9	Schedule XXII, Column A Line 36 Less Schedule XXII Column B, Line 36		Schedule XXII, Column C Line 36 Less Schedule XXII Column D, Line 36	*
Other currency 10	Schedule XXII, Column A Line 37 Less Schedule XXII Column B, Line 37		Schedule XXII, Column C Line 37 Less Schedule XXII Column D, Line 37	*
Currency	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVA_{Before}^{CCY,NQ} - MVA_{After}^{CCY,NQ}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector χ_1
Interest Rate Up – Derivative Exposure				
United States Dollars	Schedule XXII, Column F Line 20 Less Schedule XXII Column G, Line 20	Schedule XXII, Column H Line 20 Less Schedule XXII Column I, Line 20	Schedule XXII, Column J Line 20 Less Schedule XXII Column K, Line 20	*
Euro	Schedule XXII, Column F Line 21 Less Schedule XXII Column G, Line 21	Schedule XXII, Column H Line 21 Less Schedule XXII Column I, Line 21	Schedule XXII, Column J Line 21 Less Schedule XXII Column K, Line 21	*
United Kingdom Pounds	Schedule XXII, Column F Line 22 Less Schedule XXII Column G, Line 22	Schedule XXII, Column H Line 22 Less Schedule XXII Column I, Line 22	Schedule XXII, Column J Line 22 Less Schedule XXII Column K, Line 22	*
Japan Yen	Schedule XXII, Column F Line 23 Less	Schedule XXII, Column H Line 23 Less	Schedule XXII, Column J Line 23 Less	*

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	Schedule XXII Column G, Line 23	Schedule XXII Column I, Line 23	Schedule XXII Column K, Line 23	
Canada Dollars	Schedule XXII, Column F Line 24 Less Schedule XXII Column G, Line 24	Schedule XXII, Column H Line 24 Less Schedule XXII Column I, Line 24	Schedule XXII, Column J Line 24 Less Schedule XXII Column K, Line 24	*
Swiss Francs	Schedule XXII, Column F Line 25 Less Schedule XXII Column G, Line 25	Schedule XXII, Column H Line 25 Less Schedule XXII Column I, Line 25	Schedule XXII, Column J Line 25 Less Schedule XXII Column K, Line 25	*
Australia Dollars	Schedule XXII, Column F Line 26 Less Schedule XXII Column G, Line 26	Schedule XXII, Column H Line 26 Less Schedule XXII Column I, Line 26	Schedule XXII, Column J Line 26 Less Schedule XXII Column K, Line 26	*
New Zealand Dollars	Schedule XXII, Column F Line 27 Less Schedule XXII Column G, Line 27	Schedule XXII, Column H Line 27 Less Schedule XXII Column I, Line 27	Schedule XXII, Column J Line 27 Less Schedule XXII Column K, Line 27	*
Other currency 1	Schedule XXII, Column F Line 28 Less Schedule XXII Column G, Line 28	Schedule XXII, Column H Line 28 Less Schedule XXII Column I, Line 28	Schedule XXII, Column J Line 28 Less Schedule XXII Column K, Line 28	*
Other currency 2	Schedule XXII, Column F Line 29 Less Schedule XXII Column G, Line 29	Schedule XXII, Column H Line 29 Less Schedule XXII Column I, Line 29	Schedule XXII, Column J Line 29 Less Schedule XXII Column K, Line 29	*
Other currency 3	Schedule XXII, Column F Line 30 Less Schedule XXII Column G, Line 30	Schedule XXII, Column H Line 30 Less Schedule XXII Column I, Line 30	Schedule XXII, Column J Line 30 Less Schedule XXII Column K, Line 30	*
Other currency 4	Schedule XXII, Column F Line 31 Less Schedule XXII Column G, Line 31	Schedule XXII, Column H Line 31 Less Schedule XXII Column I, Line 31	Schedule XXII, Column J Line 31 Less Schedule XXII Column K, Line 31	*
Other currency 5	Schedule XXII, Column F Line 32 Less Schedule XXII Column G, Line 32	Schedule XXII, Column H Line 32 Less Schedule XXII Column I, Line 32	Schedule XXII, Column J Line 32 Less Schedule XXII Column K, Line 32	*
Other currency 6	Schedule XXII, Column F Line 33 Less Schedule XXII Column G, Line 33	Schedule XXII, Column H Line 33 Less Schedule XXII Column I, Line 33	Schedule XXII, Column J Line 33 Less Schedule XXII Column K, Line 33	*
Other currency 7	Schedule XXII, Column F Line 34 Less Schedule XXII Column G, Line 34	Schedule XXII, Column H Line 34 Less Schedule XXII Column I, Line 34	Schedule XXII, Column J Line 34 Less Schedule XXII Column K, Line 34	*
Other currency 8	Schedule XXII, Column F Line 35 Less Schedule XXII Column G, Line 35	Schedule XXII, Column H Line 35 Less Schedule XXII Column I, Line 35	Schedule XXII, Column J Line 35 Less Schedule XXII Column K, Line 35	*
Other currency 9	Schedule XXII, Column F Line 36 Less Schedule XXII Column G, Line 36	Schedule XXII, Column H Line 36 Less Schedule XXII Column I, Line 36	Schedule XXII, Column J Line 36 Less Schedule XXII Column K, Line 36	*
Other currency 10	Schedule XXII, Column F Line 37 Less Schedule XXII Column G, Line 37	Schedule XXII, Column H Line 37 Less Schedule XXII Column I, Line 37	Schedule XXII, Column J Line 37 Less Schedule XXII Column K, Line 37	*

* Shall be prescribed by the Authority.

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INSTRUCTIONS AFFECTING TABLE 3C: Shock Vectors for Interest rate – Liquidity

- (a) all assets sensitive to interest rates shall be included in the table, including but not limited to fixed income assets, hybrid instruments, deposits, loans (including mortgage and policyholder loans), reinsurance balance receivables and exposures as determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for the following items:
- (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
 - (ii) segregated accounts assets;
 - (iii) deposit asset;
 - (iv) other sundry;
 - (v) derivatives;
 - (vi) funds held by ceding insurers.
- (b) all liabilities sensitive to interest rates shall be included in the table, including but not limited to best estimate of insurance liabilities, other liabilities (except risk margin) and liability exposures determined by application of the “look-through” approach calculated in accordance with the criteria prescribed by the Authority for the following items:
- (i) segregated accounts liabilities;
 - (ii) deposit liabilities;
 - (iii) other sundry liabilities;
 - (iv) derivatives;
 - (v) funds held under retrocession.
- (c) amounts are to be reported on an EBS Valuation basis.

25. The currency risk charge calculation shall be established in accordance with the following formula-

$$C_{\text{Currency}} = \sum_i [(MVA_{i,\text{Before}} - MVA_{i,\text{After}}(\chi_i)) + (MVDL_{i,\text{Before}}^Q - MVDL_{i,\text{After}}^Q(\chi_i)) + (MVDS_{i,\text{Before}}^Q - MVDS_{i,\text{After}}^Q(\chi_i))] + \max(MVLS_{i,\text{Before}}^{NQ} - MVLS_{i,\text{After}}^{NQ}(\chi_i), 0) + \max(MVDS_{i,\text{Before}}^{NQ} - MVDS_{i,\text{After}}^{NQ}(\chi_i), 0) + (MVL_{i,\text{Before}}^Q - MVL_{i,\text{After}}^Q(\chi_i))]$$

Where—

- χ_i = the instantaneous shocks prescribed in Table 4A for each type of currency where ($MVA_{i,\text{Before}} + MVDL_{i,\text{Before}}^{NQ} + MVDS_{i,\text{Before}}^{NQ} + MVDL_{i,\text{Before}}^Q + MVDS_{i,\text{Before}}^Q - MVL_{i,\text{Before}}^Q - Currproxybscrclass_i$) < 0 and 0 otherwise;
- $Currency_i$ = refers to currency type that has been converted to the functional currency as reported in Form 4EBS
- $MVA_{i,\text{Before}}$ = refers to the market value of assets excluding currency-sensitive derivatives prescribed by the Authority by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS;
- $MVA_{i,\text{After}}$ = refers to the revaluation of assets excluding currency-sensitive derivatives after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
- $MVDL_{i,\text{Before}}^Q$ = refers to the market value of long positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS;
- $MVDL_{i,\text{After}}^Q$ = refers to the revaluation of long positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) prescribed

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	by the Authority after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
$MVDS_{i, \text{Before}}^Q$	= refers to the market value of short positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS;
$MVDS_{i, \text{After}}^Q$	= refers to the revaluation of short positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
$MVDL_{i, \text{Before}}^{NQ}$	= refers to the market value of long positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS; prescribed by the Authority
$MVDL_{i, \text{After}}^{NQ}$	= refers to the revaluation of long positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
$MVDS_{i, \text{Before}}^{NQ}$	= refers to the market value of short positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 4EBS;
$MVDS_{i, \text{After}}^{NQ}$	= refers to the revaluation of short positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type, and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS; prescribed by the Authority
$MVL_{i, \text{Before}}^Q$	= refers to the market value of the best estimate of insurance liabilities and other liabilities by currency type that has been converted to the functional currency as reported in Form 4EBS;
$MVL_{i, \text{After}}^Q$	= refers to the revaluation of the best estimate of insurance liabilities and other liabilities after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type and χ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 4EBS;
Currproxybscr_i	= greater of paragraphs (a) and (b) below: (a) the ECR divided by Form 4EBS Line 39 Total Liabilities for the preceding year and (b) the average of the above ratio for the preceding three years.

where there are no prior submissions available, the BSCR proxy factor is the above ratio that would be obtained from the current submission without taking into account the currency risk charge.

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Table 4A – Shock factors for Currency Risk

Currency	$MVA_{i,Before}$ - $MVA_{i,After}$	Long Exposure		Short Exposure		$MVL_{i,Before}^{NQ}$ - $MVL_{i,After}^{NQ}$	Shock	
		$MVDL_{i,Before}^Q$ - $MVDL_{i,After}^Q$	$MVDL_{i,Before}^{NQ}$ - $MVDL_{i,After}^{NQ}$	$MVDS_{i,Before}^Q$ - $MVDS_{i,After}^Q$	$MVDS_{i,Before}^{NQ}$ - $MVDS_{i,After}^{NQ}$		If reporting currency χ_i	Other wise χ_i
United States Dollar	Schedule XXA, Column A, Line 1 Less Schedule XXA, Column G, Line 1	Schedule XXA, Column B, Line 1 Less Schedule XXA, Column H, Line 1	Schedule XXA, Column C, Line 1 Less Schedule XXA, Column I, Line 1	Schedule XXA, Column D, Line 1 Less Schedule XXA, Column J, Line 1	Schedule XXA, Column E, Line 1 Less Schedule XXA, Column K, Line 1	Schedule XXA, Column F, Line 1 Less Schedule XXA, Column L, Line 1	0%	A
Bermuda Dollar	Schedule XXA, Column A, Line 2 Less Schedule XXA, Column G, Line 2	Schedule XXA, Column B, Line 2 Less Schedule XXA, Column H, Line 2	Schedule XXA, Column C, Line 2 Less Schedule XXA, Column I, Line 2	Schedule XXA, Column D, Line 2 Less Schedule XXA, Column J, Line 2	Schedule XXA, Column E, Line 2 Less Schedule XXA, Column K, Line 2	Schedule XXA, Column F, Line 2 Less Schedule XXA, Column L, Line 2	0%	B
Qatari Riyal	Schedule XXA, Column A, Line 3 Less Schedule XXA, Column G, Line 3	Schedule XXA, Column B, Line 3 Less Schedule XXA, Column H, Line 3	Schedule XXA, Column C, Line 3 Less Schedule XXA, Column I, Line 3	Schedule XXA, Column D, Line 3 Less Schedule XXA, Column J, Line 3	Schedule XXA, Column E, Line 3 Less Schedule XXA, Column K, Line 3	Schedule XXA, Column F, Line 3 Less Schedule XXA, Column L, Line 3	0%	C
Hong Kong Dollar	Schedule XXA, Column A, Line 4 Less Schedule XXA, Column G, Line 4	Schedule XXA, Column B, Line 4 Less Schedule XXA, Column H, Line 4	Schedule XXA, Column C, Line 4 Less Schedule XXA, Column I, Line 4	Schedule XXA, Column D, Line 4 Less Schedule XXA, Column J, Line 4	Schedule XXA, Column E, Line 4 Less Schedule XXA, Column K, Line 4	Schedule XXA, Column F, Line 4 Less Schedule XXA, Column L, Line 4	0%	D
Euro	Schedule XXA, Column A, Line 5 Less Schedule XXA, Column G, Line 5	Schedule XXA, Column B, Line 5 Less Schedule XXA, Column H, Line 5	Schedule XXA, Column C, Line 5 Less Schedule XXA, Column I, Line 5	Schedule XXA, Column D, Line 5 Less Schedule XXA, Column J, Line 5	Schedule XXA, Column E, Line 5 Less Schedule XXA, Column K, Line 5	Schedule XXA, Column F, Line 5 Less Schedule XXA, Column L, Line 5	0%	E
Danish Krone	Schedule XXA, Column A, Line 6 Less Schedule XXA, Column G, Line 6	Schedule XXA, Column B, Line 6 Less Schedule XXA, Column H, Line 6	Schedule XXA, Column C, Line 6 Less Schedule XXA, Column I, Line 6	Schedule XXA, Column D, Line 6 Less Schedule XXA, Column J, Line 6	Schedule XXA, Column E, Line 6 Less Schedule XXA, Column K, Line 6	Schedule XXA, Column F, Line 6 Less Schedule XXA, Column L, Line 6	0%	F
Bulgarian Lev	Schedule XXA, Column A, Line 7 Less Schedule XXA, Column G, Line 7	Schedule XXA, Column B, Line 7 Less Schedule XXA, Column H, Line 7	Schedule XXA, Column C, Line 7 Less Schedule XXA, Column I, Line 7	Schedule XXA, Column D, Line 7 Less Schedule XXA, Column J, Line 7	Schedule XXA, Column E, Line 7 Less Schedule XXA, Column K, Line 7	Schedule XXA, Column F, Line 7 Less Schedule XXA, Column L, Line 7	0%	G
West African CFA Franc	Schedule XXA, Column A, Line 8 Less Schedule XXA, Column G, Line 8	Schedule XXA, Column B, Line 8 Less Schedule XXA, Column H, Line 8	Schedule XXA, Column C, Line 8 Less Schedule XXA, Column I, Line 8	Schedule XXA, Column D, Line 8 Less Schedule XXA, Column J, Line 8	Schedule XXA, Column E, Line 8 Less Schedule XXA, Column K, Line 8	Schedule XXA, Column F, Line 8 Less Schedule XXA, Column L, Line 8	0%	H
Central African CFA Franc	Schedule XXA, Column A, Line 9 Less Schedule XXA, Column G, Line 9	Schedule XXA, Column B, Line 9 Less Schedule XXA, Column H, Line 9	Schedule XXA, Column C, Line 9 Less Schedule XXA, Column I, Line 9	Schedule XXA, Column D, Line 9 Less Schedule XXA, Column J, Line 9	Schedule XXA, Column E, Line 9 Less Schedule XXA, Column K, Line 9	Schedule XXA, Column F, Line 9 Less Schedule XXA, Column L, Line 9	0%	I
Comorian Franc	Schedule XXA, Column A, Line 10 Less Schedule XXA, Column G, Line 10	Schedule XXA, Column B, Line 10 Less Schedule XXA, Column H, Line 10	Schedule XXA, Column C, Line 10 Less Schedule XXA, Column I, Line 10	Schedule XXA, Column D, Line 10 Less Schedule XXA, Column J, Line 10	Schedule XXA, Column E, Line 10 Less Schedule XXA, Column K, Line 10	Schedule XXA, Column F, Line 10 Less Schedule XXA, Column L, Line 10	0%	J
United Kingdom Pound	Schedule XXA, Column A, Line 11 Less Schedule XXA, Column G, Line 11	Schedule XXA, Column B, Line 11 Less Schedule XXA, Column H, Line 11	Schedule XXA, Column C, Line 11 Less Schedule XXA, Column I, Line 11	Schedule XXA, Column D, Line 11 Less Schedule XXA, Column J, Line 11	Schedule XXA, Column E, Line 11 Less Schedule XXA, Column K, Line 11	Schedule XXA, Column F, Line 11 Less Schedule XXA, Column L, Line 11	0%	25.00%
Canada Dollar	Schedule XXA, Column A, Line 12 Less Schedule XXA, Column G, Line 12	Schedule XXA, Column B, Line 12 Less Schedule XXA, Column H, Line 12	Schedule XXA, Column C, Line 12 Less Schedule XXA, Column I, Line 12	Schedule XXA, Column D, Line 12 Less Schedule XXA, Column J, Line 12	Schedule XXA, Column E, Line 12 Less Schedule XXA, Column K, Line 12	Schedule XXA, Column F, Line 12 Less Schedule XXA, Column L, Line 12	0%	25.00%

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Japan Yen	Schedule XXA, Column A, Line 13 Less Schedule XXA, Column G, Line 13	Schedule XXA, Column B, Line 13 Less Schedule XXA, Column H, Line 13	Schedule XXA, Column C, Line 13 Less Schedule XXA, Column I, Line 13	Schedule XXA, Column D, Line 13 Less Schedule XXA, Column J, Line 13	Schedule XXA, Column E, Line 13 Less Schedule XXA, Column K, Line 13	Schedule XXA, Column F, Line 13 Less Schedule XXA, Column L, Line 13	0%	25.00%
Other currency 1	Schedule XXA, Column A, Line 14 Less Schedule XXA, Column G, Line 14	Schedule XXA, Column B, Line 14 Less Schedule XXA, Column H, Line 14	Schedule XXA, Column C, Line 14 Less Schedule XXA, Column I, Line 14	Schedule XXA, Column D, Line 14 Less Schedule XXA, Column J, Line 14	Schedule XXA, Column E, Line 14 Less Schedule XXA, Column K, Line 14	Schedule XXA, Column F, Line 14 Less Schedule XXA, Column L, Line 14	0%	25.00%
Other currency 2	Schedule XXA, Column A, Line 15 Less Schedule XXA, Column G, Line 15	Schedule XXA, Column B, Line 15 Less Schedule XXA, Column H, Line 15	Schedule XXA, Column C, Line 15 Less Schedule XXA, Column I, Line 15	Schedule XXA, Column D, Line 15 Less Schedule XXA, Column J, Line 15	Schedule XXA, Column E, Line 15 Less Schedule XXA, Column K, Line 15	Schedule XXA, Column F, Line 15 Less Schedule XXA, Column L, Line 15	0%	25.00%
Other currency 3	Schedule XXA, Column A, Line 16 Less Schedule XXA, Column G, Line 16	Schedule XXA, Column B, Line 16 Less Schedule XXA, Column H, Line 16	Schedule XXA, Column C, Line 16 Less Schedule XXA, Column I, Line 16	Schedule XXA, Column D, Line 16 Less Schedule XXA, Column J, Line 16	Schedule XXA, Column E, Line 16 Less Schedule XXA, Column K, Line 16	Schedule XXA, Column F, Line 16 Less Schedule XXA, Column L, Line 16	0%	25.00%
Other currency 4	Schedule XXA, Column A, Line 17 Less Schedule XXA, Column G, Line 17	Schedule XXA, Column B, Line 17 Less Schedule XXA, Column H, Line 17	Schedule XXA, Column C, Line 17 Less Schedule XXA, Column I, Line 17	Schedule XXA, Column D, Line 17 Less Schedule XXA, Column J, Line 17	Schedule XXA, Column E, Line 17 Less Schedule XXA, Column K, Line 17	Schedule XXA, Column F, Line 17 Less Schedule XXA, Column L, Line 17	0%	25.00%
Other currency 5	Schedule XXA, Column A, Line 18 Less Schedule XXA, Column G, Line 18	Schedule XXA, Column B, Line 18 Less Schedule XXA, Column H, Line 18	Schedule XXA, Column C, Line 18 Less Schedule XXA, Column I, Line 18	Schedule XXA, Column D, Line 18 Less Schedule XXA, Column J, Line 18	Schedule XXA, Column E, Line 18 Less Schedule XXA, Column K, Line 18	Schedule XXA, Column F, Line 18 Less Schedule XXA, Column L, Line 18	0%	25.00%
Other currency 6	Schedule XXA, Column A, Line 19 Less Schedule XXA, Column G, Line 19	Schedule XXA, Column B, Line 19 Less Schedule XXA, Column H, Line 19	Schedule XXA, Column C, Line 19 Less Schedule XXA, Column I, Line 19	Schedule XXA, Column D, Line 19 Less Schedule XXA, Column J, Line 19	Schedule XXA, Column E, Line 19 Less Schedule XXA, Column K, Line 19	Schedule XXA, Column F, Line 19 Less Schedule XXA, Column L, Line 19	0%	25.00%
Other currency 7	Schedule XXA, Column A, Line 20 Less Schedule XXA, Column G, Line 20	Schedule XXA, Column B, Line 20 Less Schedule XXA, Column H, Line 20	Schedule XXA, Column C, Line 20 Less Schedule XXA, Column I, Line 20	Schedule XXA, Column D, Line 20 Less Schedule XXA, Column J, Line 20	Schedule XXA, Column E, Line 20 Less Schedule XXA, Column K, Line 20	Schedule XXA, Column F, Line 20 Less Schedule XXA, Column L, Line 20	0%	25.00%
Other currency 8	Schedule XXA, Column A, Line 21 Less Schedule XXA, Column G, Line 21	Schedule XXA, Column B, Line 21 Less Schedule XXA, Column H, Line 21	Schedule XXA, Column C, Line 21 Less Schedule XXA, Column I, Line 21	Schedule XXA, Column D, Line 21 Less Schedule XXA, Column J, Line 21	Schedule XXA, Column E, Line 21 Less Schedule XXA, Column K, Line 21	Schedule XXA, Column F, Line 21 Less Schedule XXA, Column L, Line 21	0%	25.00%
Other currency 9	Schedule XXA, Column A, Line 22 Less Schedule XXA, Column G, Line 22	Schedule XXA, Column B, Line 22 Less Schedule XXA, Column H, Line 22	Schedule XXA, Column C, Line 22 Less Schedule XXA, Column I, Line 22	Schedule XXA, Column D, Line 22 Less Schedule XXA, Column J, Line 22	Schedule XXA, Column E, Line 22 Less Schedule XXA, Column K, Line 22	Schedule XXA, Column F, Line 22 Less Schedule XXA, Column L, Line 22	0%	25.00%
Other currency 10	Schedule XXA, Column A, Line 23 Less Schedule XXA, Column G, Line 23	Schedule XXA, Column B, Line 23 Less Schedule XXA, Column H, Line 23	Schedule XXA, Column C, Line 23 Less Schedule XXA, Column I, Line 23	Schedule XXA, Column D, Line 23 Less Schedule XXA, Column J, Line 23	Schedule XXA, Column E, Line 23 Less Schedule XXA, Column K, Line 23	Schedule XXA, Column F, Line 23 Less Schedule XXA, Column L, Line 23	0%	25.00%

INSTRUCTIONS AFFECTING TABLE 4A: Shock factors for Currency Risk

(a) The initials “A” to “J” on the column labeled “Shock Otherwise χ_i ” shall be replaced by the following shock values:

- “A” by:
 - o “0%” if the reporting currency is the Bermuda Dollar or,
 - o “0.75%” if the reporting currency is the Qatari Riyal or,
 - o “1.00%” if the reporting currency is the Hong Kong Dollar or,
 - o “25%” otherwise.
- “B” by:
 - o “0%” if the reporting currency is the United States Dollar or,

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- o “25%” otherwise.
- “C” by:
 - o “0.75%” if the reporting currency is the United States Dollar or,
 - o “25%” otherwise.
- “D” by:
 - o “1.00%” if reporting currency is the United States Dollar or,
 - o “25%” otherwise.
- “E” by:
 - o “0.39%” if the reporting currency is the Danish Krone or,
 - o “1.81%” if the reporting currency is the Bulgarian Lev or,
 - o “2.18%” if the reporting currency is the West African CFA Franc or,
 - o “1.96%” if the reporting currency is the Central African CFA Franc or,
 - o “2.00%” if the reporting currency is the Comorian Franc or,
 - o “25%” otherwise.
- “F” by:
 - o “0.39%” if reporting currency is the Euro or,
 - o “25%” otherwise.
- “G” by:
 - o “1.81%” if reporting currency is the Euro or,
 - o “25%” otherwise.
- “H” by:
 - o “2.18%” if reporting currency is the Euro or,
 - o “25%” otherwise.
- “I” by:
 - o “1.96%” if reporting currency is the Euro or,
 - o “25%” otherwise.
- “J” by:
 - o “2.00%” if reporting currency is the Euro or,
 - o “25%” otherwise.

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- (b) all assets and liabilities (except the risk margin) whose value is subject to currency risk shocks shall be reported on a basis consistent with that used for purposes of economic balance sheet reporting. These assets and liabilities shall include currency risk exposures determined by application of the “look-through approach” calculated in accordance with criteria prescribed by the Authority for the following items:
 - (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
 - (ii) segregated accounts assets and liabilities;
 - (iii) deposit asset and liabilities;
 - (iv) assets and liabilities held by ceding insurers or under retrocession;
 - (v) other sundry assets and liabilities; and
 - (vi) derivatives.
- (c) where the reporting currency is the United States Dollar, the capital factor χ_i charge shall be reduced to:
 - i. 0.00% for the Bermuda Dollar;
 - ii. 0.75% for the Qatari Riyal;
 - iii. 1.00% for the Hong Kong Dollar.
- (d) where the reporting currency is the Bermuda Dollar the capital factor χ_i charge shall be reduced to 0.00% for the United States Dollar.
- (e) where the reporting currency is the Qatari Riyal the capital factor χ_i charge shall be reduced to 0.75% for the United States Dollar.
- (f) where the reporting currency is the Hong Kong Dollar the capital factor χ_i charge shall be reduced to 1.00% for the United States Dollar.
- (g) where the reporting currency is Euros, the capital factor χ_i shall be reduced to:
 - i. 0.39% for the Danish Krone;
 - ii. 1.81% for the Bulgarian Lev;
 - iii. 2.18% for the West African CFA Franc;
 - iv. 1.96% for the Central African CFA Franc;
 - v. 2.00% for the Comorian Franc.
- (h) where the reporting currency is the Danish Krone the capital factor χ_i charge shall be reduced to 0.39% for the Euro.
- (i) where the reporting currency is the Bulgarian Lev the capital factor χ_i charge shall be reduced to 1.81% for the Euro.
- (j) where the reporting currency is the West African CFA Franc the capital factor χ_i charge shall be reduced to 2.18% for the Euro.
- (k) where the reporting currency is the Central African CFA Franc the capital factor χ_i charge shall be reduced to 1.96% for the Euro.
- (l) where the reporting currency is the Comorian Franc the capital factor χ_i charge shall be reduced to 2.00% for the Euro.

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- (m) any adjustment to reflect currency hedging arrangements shall not apply to the calculation of $Currproxyscr_i$;
- (n) insurers are to report currencies representing at least 95% of their economic balance sheet liabilities; and
- (o) amounts are to be reported on an EBS Valuation basis.

26. The concentration risk charge calculation shall be determined in accordance with the following formula-

$$C_{Concentration} = \sum_i \chi_i \times Concastclass_i;$$

Where—

- χ_i = the capital charge factors prescribed in Table 5A for each type of $Concastclass_i$ and
- $Concastclass_i$ = the value of the corresponding asset prescribed in Table 5A, for each type of Asset Class.

Table 5A – Capital charge factors for $Concastclass_i$

Asset Class	Statement Source These Rules	Capital Factor χ_i
<i>Cash and Cash Equivalents</i>		
BSCR rating 0	Schedule XXIA, Column H	0.0%
BSCR rating 1	Schedule XXIA, Column H	0.1%
BSCR rating 2	Schedule XXIA, Column H	0.2%
BSCR rating 3	Schedule XXIA, Column H	0.3%
BSCR rating 4	Schedule XXIA, Column H	0.5%
BSCR rating 5	Schedule XXIA, Column H	1.5%
BSCR rating 6	Schedule XXIA, Column H	4.0%
BSCR rating 7	Schedule XXIA, Column H	6.0%
BSCR rating 8	Schedule XXIA, Column H	9.0%
<i>Corporate & Sovereign Bonds</i>		
BSCR rating 0	Schedule XXIA, Column H	0.0%
BSCR rating 1	Schedule XXIA, Column H	0.4%
BSCR rating 2	Schedule XXIA, Column H	0.8%
BSCR rating 3	Schedule XXIA, Column H	1.5%
BSCR rating 4	Schedule XXIA, Column H	3.0%
BSCR rating 5	Schedule XXIA, Column H	8.0%
BSCR rating 6	Schedule XXIA, Column H	15.0%
BSCR rating 7	Schedule XXIA, Column H	26.3%
BSCR rating 8	Schedule XXIA, Column H	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 0	Schedule XXIA, Column H	0.0%
BSCR rating 1	Schedule XXIA, Column H	0.6%
BSCR rating 2	Schedule XXIA, Column H	1.2%
BSCR rating 3	Schedule XXIA, Column H	2.0%
BSCR rating 4	Schedule XXIA, Column H	4.0%
BSCR rating 5	Schedule XXIA, Column H	11.0%
BSCR rating 6	Schedule XXIA, Column H	25.0%
BSCR rating 7	Schedule XXIA, Column H	35.0%
BSCR rating 8	Schedule XXIA, Column H	35.0%

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<i>Commercial Mortgage-Backed Securities/Asset Backed Securities</i>		
BSCR rating 0	Schedule XXIA, Column H	0.0%
BSCR rating 1	Schedule XXIA, Column H	0.5%
BSCR rating 2	Schedule XXIA, Column H	1.0%
BSCR rating 3	Schedule XXIA, Column H	1.8%
BSCR rating 4	Schedule XXIA, Column H	3.5%
BSCR rating 5	Schedule XXIA, Column H	10.0%
BSCR rating 6	Schedule XXIA, Column H	20.0%
BSCR rating 7	Schedule XXIA, Column H	30.0%
BSCR rating 8	Schedule XXIA, Column H	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule XXIA, Column H	0.0%
BSCR rating 1	Schedule XXIA, Column H	0.4%
BSCR rating 2	Schedule XXIA, Column H	0.8%
BSCR rating 3	Schedule XXIA, Column H	1.5%
BSCR rating 4	Schedule XXIA, Column H	3.0%
BSCR rating 5	Schedule XXIA, Column H	8.0%
BSCR rating 6	Schedule XXIA, Column H	15.0%
BSCR rating 7	Schedule XXIA, Column H	26.3%
BSCR rating 8	Schedule XXIA, Column H	35.0%
<i>Preferred Shares</i>		
BSCR rating 1	Schedule XXIA, Column H	0.6%
BSCR rating 2	Schedule XXIA, Column H	1.2%
BSCR rating 3	Schedule XXIA, Column H	2.0%
BSCR rating 4	Schedule XXIA, Column H	4.0%
BSCR rating 5	Schedule XXIA, Column H	11.0%
BSCR rating 6	Schedule XXIA, Column H	25.0%
BSCR rating 7	Schedule XXIA, Column H	35.0%
BSCR rating 8	Schedule XXIA, Column H	35.0%
<i>Mortgage Loans</i>		
Insured/Guaranteed Mortgages	Schedule XXIA, Column H	0.3%
Other Commercial and Farm Mortgages	Schedule XXIA, Column H	5.0%
Other Residential Mortgages	Schedule XXIA, Column H	1.5%
Mortgages Not In Good Standing	Schedule XXIA, Column H	25%
<i>Other Asset Classes</i>		
Infrastructure	Schedule XXIA, Column H	25.0%
Listed Equity Securities in Developed Markets	Schedule XXIA, Column H	35.0%
Other Equities	Schedule XXIA, Column H	45.0%
Strategic Holdings	Schedule XXIA, Column H	20.0%
Duration Based	Schedule XXIA, Column H	20.0%
Letters of Credit	Schedule XXIA, Column H	20.0%
Advances to Affiliates	Schedule XXIA, Column H	5.0%
Policy Loans	Schedule XXIA, Column H	0.0%
Equity Real Estate 1	Schedule XXIA, Column H	10.0%
Equity Real Estate 2	Schedule XXIA, Column H	20.0%
Collateral Loans	Schedule XXIA, Column H	5.0%

INSTRUCTIONS AFFECTING TABLE 5A: Capital factor charge for *Concastclass_i*

- Concastclass_i* shall only apply to an insurers' ten largest counterparty exposures based on the aggregate of all assets set out in the in Table 5A relating to that counterparty;
- for the purposes of Table 5A, a counterparty exposure shall be reported on the valuation of individually underlying assets i.e. determined by application of the "look through" approach in accordance with criteria prescribed by the Authority for all amounts reported on the balance;

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- (c) for the purposes of Table 5A, a counterparty shall include all related or connected counterparties captured by either of the following criteria:
- (i) controller relationship: if a counterparty, directly or indirectly, has control of (as a result of its majority shareholding in or effective management) which it is a subsidiary company; or
 - (ii) economic interdependence: if one of the counterparties were to experience financial difficulties which directly or indirectly affect the ability of any or all of the remaining counterparties to perform their financial obligations (for example where a counterparty becomes unable to fund or repay certain financial contractual obligations, and as a result, other counterparties, are likely to be unable to fund or repay certain obligations imposed on them);
- (d) amounts are to be reported on an EBS Valuation basis.

27. The credit risk charge calculation shall be established in accordance with the following formula-

$$C_{credit} = \sum_i \delta_i \times debtor_i \times \mu_r + CCROTC ;$$

Where-

δ_i	=	the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 7A;
$debtor_i$	=	receivable amount from $debtor_i$ net of any collateral in favour of the insurer;
μ_r	=	additional diversification adjustment factor applied to reinsurance balances only taking into consideration diversification by number of reinsurers, equal to 40%.
CCROTC	=	counterparty default risk for over-the-counter derivatives calculated as per the following formula:
$CCROTC = \sum_i \text{Max}(0, MVDerivativeP_i - (1 - \beta) \text{Min}(MVderivativeP_i, MVCollateral_i)) \times \alpha_i$		
$MVDerivativeP_i$	=	Market value of over-the-counter derivatives with positive market values and BSCR rating _i ,
β	=	collateral factor as prescribed in Table 7B;
α_i	=	capital factor for the BSCR rating _i as prescribed in Table 7B;
$MVCollateral$	=	market value of collateral of over-the-counter derivatives with positive market values and BSCR rating _i .

Table 6A – Capital charge factors for $debtor_i$

Type of debtor $debtor_i$	Statement Source These Rules	Capital Factor δ_i
<i>Accounts and Premiums Receivable</i>		
In course of collection	Form 4EBS, Line 10(a)	5.0%
Deferred - Not Yet Due	Form 1SFS, Line 10 (b)	5.0%
Receivables from retrocessional contracts less: collateralized balances	Form 4EBS, Line 10(c) and instruction (c) below	10.0%
<i>All Other Receivables</i>		
Accrued investment income	Form 4EBS, Line 9	2.5%
Advances to affiliates	Form 4EBS, Line 4(g)	5.0%

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Policy loans	Form 4EBS, Line 6	0.0%
Balances receivable on sale of investments	Form 4EBS, Line 13(f)	2.5%
<i>Particulars of reinsurance balances</i>		
BSCR rating 0	Schedule XVIII paragraph (d)	0.0%
BSCR rating 1	Schedule XVIII paragraph (d)	0.7%
BSCR rating 2	Schedule XVIII paragraph (d)	1.5%
BSCR rating 3	Schedule XVIII paragraph (d)	3.5%
BSCR rating 4	Schedule XVIII paragraph (d)	7.0%
BSCR rating 5	Schedule XVIII paragraph (d)	12.0%
BSCR rating 6	Schedule XVIII paragraph (d)	20.0%
BSCR rating 7	Schedule XVIII paragraph (d)	17.0%
BSCR rating 8	Schedule XVIII paragraph (d)	35.0%
Less: Diversification adjustment	Schedule XVIII paragraph (d)	40.0%

INSTRUCTIONS AFFECTING TABLE 6A: Capital charge factors for $debtor_i$

- all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;
- all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- collateralized balances are assets pledged in favour of the insurer relating to accounts and premiums receivable;
- the net qualifying exposure comprises of reinsurance balances receivable and reinsurance recoverable balances less the corresponding reinsurance balances payable and other payables less the qualifying collateral issued in favour of the insurer in relation to the reinsurance balances;
- the net qualifying exposure in instruction (d) shall be subject to the prescribed credit risk capital factor;
- the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%;
- the diversification adjustment in instruction (f) is determined as 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure; and
- amounts are to be reported on an EBS Valuation basis.

Table 7B – Capital charge factors for Default Risk for over-the-counter Derivatives

Rating of over-the-counter Derivatives Counterparty	Capital Factor α_i	Capital charge factors on Collateral β_i
BSCR Rating 0	0.0%	3.0%
BSCR Rating 1	0.4%	3.0%
BSCR Rating 2	0.8%	3.0%
BSCR Rating 3	1.5%	3.0%
BSCR Rating 4	3.0%	3.0%
BSCR Rating 5	8.0%	3.0%
BSCR Rating 6	15.0%	3.0%
BSCR Rating 7	26.3%	3.0%
BSCR Rating 8	35.0%	3.0%

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28. The long-term insurance risk - mortality capital calculation shall be established in accordance with the following formula –

$$C_{LTmort} = \left[\sum_{i>1} \alpha 1_i \times NAAR1_i \right] + \left[\sum_{i>1} \alpha 2_i \times NAAR2_i \right];$$

Where–

- $\alpha 1_i$ = capital factor for adjustable life insurance business as prescribed in Table 7A;
 $NAAR1_i$ = the Net Amount at Risk of all adjustable life insurance business. The statement source is Schedule VII, Column (9), Line 1 of these Rules;
 $\alpha 2_i$ = capital factor for non-adjustable business as prescribed in Table 7A; and
 $NAAR2_i$ = the Net Amount at Risk of all non-adjustable life insurance business. The statement source is Schedule VII, Column (10), Line 1 of these Rules;

Table 7A – Capital charge factors for long-term insurance risk -mortality

Net Amount at Risk $NAAR1_i$ or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First \$1 billion	0.00199	0.00397
Next \$4 billion	0.00090	0.00180
Next \$5 billion	0.00072	0.00144
Next \$40 billion	0.00065	0.00129
Excess over \$50 billion	0.00057	0.00113

29. The long-term insurance risk – stop loss capital calculation shall be established in accordance with the following formula –

$$C_{LTsl} = 50\% \times \text{Net Annual Premium for stop loss covers as prescribed in Schedule VII, Column (11), Line 14 of these Rules.}$$

30. The long-term insurance risk – rider charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTTr} = 25\% \times \text{Net Annual Premium for insurance product riders not included elsewhere as prescribed in Schedule VII, Column (11), Line 15 of these Rules.}$$

31. The long-term insurance risk – morbidity and disability capital calculation shall be established in accordance with the following formula –

$$C_{LTmorb} = (a) + (b) + (c) + (d) + (e) \text{ Where:}$$

- (a) = 7.00% x BSCR adjusted reserves for disability income claims in payment on waiver of premium and long-term care as prescribed in Schedule VII, Column (7), Line 9 of these Rules
 plus
 (b) = 10% x BSCR adjusted reserves for disability income claims in payment on other accident and sickness products as prescribed in Schedule VII, Column (7), Line 10 of these Rules;
 plus
 (c) = $\left[\sum_{i>1} \alpha_i \times NAP_i \right]$

Where –

α_i = capital charge factor as prescribed in Table 8A; and

NAP_i = the Net Annual Premium for disability income business – active lives as described in Table 8A;

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Table 8A – Capital charge factors for NAP_i

Net Annual Premium NAP_i	Statement Source These Rules	Capital Factor $\alpha 1_i$
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (9), Line 7(a)	9.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column (9), Line 7(b)	15.0%
Benefit period less than or equal to two years, premium guarantee of more than 5 years	Schedule VII, Column (9), Line 7(c)	22.5%
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (10), Line 7(a)	12.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column (10), Line 7(b)	20.0%
Benefit period less than or equal to two years, premium guarantee of more than 5 years	Schedule VII, Column (10), Line 7(c)	30.0%

- (d) = 12% x net annual premiums for disability income - active lives for other accident and sickness products as prescribed in Schedule VII, Column (11), Line 8;

$$= \left[\sum_{i>1} \alpha 1_i \times NAAR1_i \right] + \left[\sum_{i>1} \alpha 2_i \times NAAR2_i \right]$$

Where –

$\alpha 1_i$ = capital factor as prescribed in Table 9A;

- (e) $NAAR1_i$ = the Net Amount at Risk of all adjustable critical illness insurance business in force as in Schedule VII, Column (9), Line 2;
 $\alpha 2_i$ = capital factor as prescribed in Table 9A;
 $NAAR2_i$ = the Net Amount at Risk of all non-adjustable critical illness insurance business in force as in Schedule VII, Column (10), Line 2.

Table 9A – Capital charge factors for $NAAR1_i$ or $NAAR2_i$

Net Amount at Risk $NAAR1_i$ Or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First \$1 billion	0.00596	0.01191
Next \$4 billion	0.00270	0.00540
Next \$5 billion	0.00216	0.00432
Next \$40 billion	0.00194	0.00387
Excess over \$50 billion	0.00170	0.00339

32. The long-term insurance risk – longevity capital calculation shall be established in accordance with the following formula –

$$C_{LTlong} = \sum_{i>1} \alpha_i \times BAR_i ;$$

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Where–

α_i = capital charge factor as prescribed in Table 10A; and

BAR_i = the BSCR adjusted reserves for longevity risk as described in Table 10A.

Table 10A – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Longevity (<i>immediate pay-out annuities, contingent annuities, pension blocks</i>) – Attained age of annuitant:		
0-55 years	Schedule VII, Column (7), Line 3(a)	2.0%
56-65 years	Schedule VII, Column (7), Line 3(b)	3.0%
66-70 years	Schedule VII, Column (7), Line 3(c)	4.0%
71-80 years	Schedule VII, Column (7), Line 3(d)	5.0%
81+ years	Schedule VII, Column (7), Line 3(e)	6.0%
Longevity (<i>deferred pay-out annuities, future contingent annuities, future pension pay-outs</i>) – Age at which annuity benefits commence:		
0-55 years	Schedule VII, Column (7), Line 4(a)	2.0%
56-60 years	Schedule VII, Column (7), Line 4(b)	3.0%
61-65 years	Schedule VII, Column (7), Line 4(c)	4.0%
66-70 years	Schedule VII, Column (7), Line 4(d)	5.0%
71-75 years	Schedule VII, Column (7), Line 4(e)	6.0%
76+ years	Schedule VII, Column (7), Line 4(e)	7.0%

INSTRUCTIONS AFFECTING TABLE 10A: Capital charge factors for BAR_i

For joint and survivor annuities, the youngest age should be used.

33. The long-term variable annuity guarantee risk capital calculation shall be established in accordance with the following formula –

$$C_{LTV A} = \text{either } \sum_{i>1} (TotalBS Re q_i - TotalBAR - TotalGMB_{adj}) pr(IMC Re q_{LTV A}) \text{ Wherein:}$$

- (i) $TotalBS Re q_i$ = higher of (a) $(\alpha 1_i \times GV1_i + \alpha 2_i \times GV2_i + \alpha 3_i \times GV3_i)$ and
(b) $(\alpha 4_i \times NAR1_i + \alpha 5_i \times NAR2_i + \alpha 6_i \times NAR3_i)$;
- (ii) $TotalBAR$ = the total BSCR adjusted reserves for variable annuity guarantee risk. The statement source for $TotalBAR$ is Schedule VII, line 17, column (7) of these Rules;
- (iii) $TotalGMB_{adj}$ = the capital requirement charged on guaranteed minimum death benefit (GMDB) policies multiplied by the percentage of GMDB with multiple guarantees. The statement source for the percentage of GMDB with multiple guarantees is Schedule VIII, line 32, column (4) of these Rules;
- (iv) $IMC Re q_{LTV A}$ = the capital requirement for variable annuity guarantee risk determined in accordance with an insurance group's internal capital model, if applicable. The statement source for $IMC Re q_{LTV A}$ is Schedule VIIIA, line 1, column (7) of these Rules;
- (v) $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$ have the statement source identified in Table 11A; and
- (vi) $(\alpha 1_i, \alpha 2_i, \alpha 3_i, \alpha 4_i, \alpha 5_i, \alpha 6_i)$ are the capital factors as prescribed in Table 12A.

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Table 11A – Capital charge factors for $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$

Variable Annuity Benefit Type	Statement Source These Rules $GV1_i$	Statement Source These Rules $GV2_i$	Statement Source These Rules $GV3_i$	Statement Source These Rules $Nar1_i$	Statement Source These Rules $Nar2_i$	Statement Source These Rules $Nar3_i$
Guaranteed minimum death benefit: Return of premium, ratchet and reset	Schedule VIII, lines 1 and 16, column (2)	Schedule VIII, lines 1 and 16, column (3)	Schedule VIII, lines 1 and 16, column (4)	Schedule VIII, lines 1, column (5)	Schedule VIII, lines 1, column (6)	Schedule VIII, lines 1, column (7)
Guaranteed minimum death benefit: Enhanced benefits (roll up)	Schedule VIII, Lines 2 and 17, column (2)	Schedule VIII, Lines 2 and 17, column (3)	Schedule VIII, Lines 2 and 17, column (4)	Schedule VIII, Lines 2, column (5)	Schedule VIII, Lines 2, column (6)	Schedule VIII, Lines 2, column (7)
Guaranteed minimum income benefit	Schedule VIII, Lines 3 and 18, column (2)	Schedule VIII, Lines 3 and 18, column (3)	Schedule VIII, Lines 3 and 18, column (4)	Schedule VIII, Lines 3, column (5)	Schedule VIII, Lines 3, column (6)	Schedule VIII, Lines 3, column (7)
Guaranteed minimum withdrawal benefit	Schedule VIII, Lines 4 and 19, column (2)	Schedule VIII, Lines 4 and 19, column (3)	Schedule VIII, Lines 4 and 19, column (4)	Schedule VIII, Lines 4, column (5)	Schedule VIII, Lines 4, column (6)	Schedule VIII, Lines 4, column (7)
Guaranteed enhanced earnings benefit	Schedule VIII, Lines 5 and 20, column (2)	Schedule VIII, Lines 5 and 20, column (3)	Schedule VIII, Lines 5 and 20, column (4)	Schedule VIII, Lines 5, column (5)	Schedule VIII, Lines 5, column (6)	Schedule VIII, Lines 5, column (7)
Guaranteed minimum accumulation benefit with 1 year or less to maturity	Schedule VIII, Lines 6 and 21, column (2)	Schedule VIII, Lines 6 and 21, column (3)	Schedule VIII, Lines 6 and 21, column (4)	Schedule VIII, Lines 6, column (5)	Schedule VIII, Lines 6, column (6)	Schedule VIII, Lines 6, column (7)
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	Schedule VIII, Lines 7 and 22, column (2)	Schedule VIII, Lines 7 and 22, column (3)	Schedule VIII, Lines 7 and 22, column (4)	Schedule VIII, Lines 7, column (5)	Schedule VIII, Lines 7, column (6)	Schedule VIII, Lines 7, column (7)
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	Schedule VIII, Lines 8 and 23, column (2)	Schedule VIII, Lines 8 and 23, column (3)	Schedule VIII, Lines 8 and 23, column (4)	Schedule VIII, Lines 8, column (5)	Schedule VIII, Lines 8, column (6)	Schedule VIII, Lines 8, column (7)
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	Schedule VIII, Lines 9 and 24, column (2)	Schedule VIII, Lines 9 and 24, column (3)	Schedule VIII, Lines 9 and 24, column (4)	Schedule VIII, Lines 9, column (5)	Schedule VIII, Lines 9, column (6)	Schedule VIII, Lines 9, column (7)
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	Schedule VIII, Lines 10 and 25, column (2)	Schedule VIII, Lines 10 and 25, column (3)	Schedule VIII, Lines 10 and 25, column (4)	Schedule VIII, Lines 10, column (5)	Schedule VIII, Lines 10, column (6)	Schedule VIII, Lines 10, column (7)
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	Schedule VIII, Lines 11 and 26, column (2)	Schedule VIII, Lines 11 and 26, column (3)	Schedule VIII, Lines 11 and 26, column (4)	Schedule VIII, Lines 11, column (5)	Schedule VIII, Lines 11, column (6)	Schedule VIII, Lines 11, column (7)
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	Schedule VIII, Lines 12 and 27, column (2)	Schedule VIII, Lines 12 and 27, column (3)	Schedule VIII, Lines 12 and 27, column (4)	Schedule VIII, Lines 12, column (5)	Schedule VIII, Lines 12, column (6)	Schedule VIII, Lines 12, column (7)

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Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	Schedule VIII, Lines 13 and 28, column (2)	Schedule VIII, Lines 13 and 28, column (3)	Schedule VIII, Lines 13 and 28, column (4)	Schedule VIII, Lines 13, column (5)	Schedule VIII, Lines 13, column (6)	Schedule VIII, Lines 13, column (7)
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	Schedule VIII, Lines 14 and 29, column (2)	Schedule VIII, Lines 14 and 29, column (3)	Schedule VIII, Lines 14 and 29, column (4)	Schedule VIII, Lines 14, column (5)	Schedule VIII, Lines 14, column (6)	Schedule VIII, Lines 14, column (7)
Guaranteed minimum accumulation benefit with more than 9 years to maturity	Schedule VIII, Lines 15 and 30, column (2)	Schedule VIII, Lines 15 and 30, column (3)	Schedule VIII, Lines 15 and 30, column (4)	Schedule VIII, Lines 15, column (5)	Schedule VIII, Lines 15, column (6)	Schedule VIII, Lines 15, column (7)

Table 12A – Capital charge factors for $(\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5, \alpha_6)$

Variable Annuity Benefit Type	Capital Charge α_1	Capital Charge α_2	Capital Charge α_3	Capital Charge α_4	Capital Charge α_5	Capital Charge α_6
Guaranteed minimum death benefit: Return of premium, ratchet and reset	0.25%	0.50%	0.75%	4.00%	8.50%	13.00%
Guaranteed minimum death benefit: Enhanced benefits (roll up)	0.75%	1.00%	1.25%	12.00%	16.50%	21.00%
Guaranteed minimum income benefit	5.00%	6.50%	8.00%	100.00%	130.00%	160.00%
Guaranteed minimum withdrawal benefit	3.25%	4.25%	5.00%	60.00%	75.00%	90.00%
Guaranteed enhanced earnings benefit	0.00%	0.50%	1.00%	1.00%	9.00%	17.00%
Guaranteed minimum accumulation benefit with 1 year or less to maturity	3.20%	5.00%	9.00%	90.00%	130.00%	250.00%
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	3.00%	5.00%	8.90%	80.00%	115.00%	200.00%
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	3.00%	5.00%	8.90%	70.00%	105.00%	160.00%
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	2.80%	5.00%	8.80%	60.00%	95.00%	135.00%
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	2.40%	4.30%	8.00%	55.00%	85.00%	115.00%
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	2.00%	3.50%	6.80%	50.00%	75.00%	100.00%
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	1.70%	2.80%	5.90%	45.00%	65.00%	90.00%
Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	1.40%	2.10%	4.90%	40.00%	55.00%	80.00%
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	1.10%	1.70%	4.30%	35.00%	50.00%	70.00%
Guaranteed minimum accumulation benefit with more than 9 years to maturity	1.00%	1.40%	3.90%	30.00%	45.00%	60.00%

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34. The long-term other insurance risk capital calculation shall be established in accordance with the following formula –

$$C_{LToth} = \sum_{i>1} \alpha_i \times NetBAR_i$$

Where–

α_i = capital charge factor as prescribed in Table 13A; and
 BAR_i = the BSCR adjusted reserves as described in Table 13A.

Table 13A – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Mortality (term insurance, whole life, universal life)	Schedule VII, Column (7), Line 1	2.0%
Critical illness (including accelerated critical illness products)	Schedule VII, Column (7), Line 2	2.0%
Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	Schedule VII, Column (7), Line 3(f)	0.5%
Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs)	Schedule VII, Column (7), Line 4(g)	0.5%
Annuities certain only	Schedule VII, Column (7), Line 5	0.5%
Deferred accumulation annuities	Schedule VII, Column (7), Line 6	0.5%
Disability income: active lives – including waiver of premium and long-term care	Schedule VII, Column (7), Line 7(d)	2.0%
Disability income: active lives – other accident and sickness	Schedule VII, Column (7), Line 8	2.0%
Disability income: claims in payment – including waiver of premium and long-term care	Schedule VII, Column (7), Line 9	0.5%
Disability income: claims in payment – other accident and sickness	Schedule VII, Column (7), Line 10	0.5%
Group life	Schedule VII, Column (7), Line 11	0.5%
Group disability	Schedule VII, Column (7), Line 12	0.5%
Group health	Schedule VII, Column (7), Line 13	0.5%
Stop loss	Schedule VII, Column (7), Line 14	2.0%
Rider (other product riders not included above)	Schedule VII, Column (7), Line 15	2.0%

35. The operational risk charge calculation shall be established in accordance with the following formula—

$$C_{operational} = \rho \times ACov;$$

Where —

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ρ = an amount between 1% and 20% as determined by the Authority in accordance with Table 14G;

$ACov$ = BSCR after covariance amount or an amount prescribed by the Authority.

Table 14G – Operational Risk Charge for ρ

Overall Score	Applicable Operational Risk Charge ρ
≤ 4000	20.0%
$>4000 \leq 5200$	18.0%
$>5200 \leq 6000$	15.0%
$>6000 \leq 6650$	12.0%
$>6650 \leq 7250$	9.0%
$>7250 \leq 7650$	7.0%
$>7650 \leq 7850$	5.0%
$>7850 \leq 8050$	3.0%
$>8050 \leq 8250$	2.0%
>8250	1.0%

INSTRUCTIONS AFFECTING TABLE 14G

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 14H, 14I, 14J, 14K, 14L, and 14M.

**TABLE 14H
Corporate Governance Score Table**

Criterion	Implemented	Score
Board sets risk policies, practices and tolerance limits for all material foreseeable operational risks at least annually and ensures they are communicated to relevant business units		200
Board monitors adherence to operational risk tolerance limits more regularly than annually		200
Board receives, at least annually, reports on the effectiveness of material operational risk internal controls as well as management’s plans to address related weaknesses		200
Board ensures that systems or procedures, or both, are in place to identify, report and promptly address internal control deficiencies related to operational risks		200
Board promotes full, open and timely disclosure from senior management on all significant issues related to operational risk		200
Board ensures that periodic independent reviews of the risk management function are performed and receives the findings of the review		200
Total		XX
Comments		

INSTRUCTIONS AFFECTING TABLE 14H

The total score is derived by adding the score for each criterion of corporate governance that the insurer has implemented.

**TABLE 14I
Risk Management Function (‘RMF’) Score Table**

Criterion	Implemented	Score
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RMF is independent of other operational units and has direct access to the Board of Directors		150
RMF is entrenched in strategic planning, decision making and the budgeting process		150
RMF ensures that the risk management procedures and policies are well documented and approved by the Board of Directors		150
RMF ensures that the risk management policies and procedures are communicated throughout the organization		150
RMF ensures that operational risk management processes and procedures are reviewed at least annually		150
RMF ensures that loss events arising from operational risks are documented and loss event data is integrated into the risk management strategy		150
RMF ensures that risk management recommendations are documented for operational units, ensures that deficiencies have remedial plans and that progress on the execution of such plans are reported to the Board of Directors at least annually		150
Total		XX
Comments		

INSTRUCTIONS AFFECTING TABLE 14I

The total score is derived by adding the score for each criterion of an insurer's risk management function that the insurer has implemented.

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TABLE 14J

Risk Identification Processes ('RIP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RIP are ad hoc								
2	100	RIP have been implemented but not standardized across the organization								
3	150	RIP have been implemented, well documented, understood by relevant staff, and standardized across the entire organization								
4	200	In addition to Stage 3, RIP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 14J

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RIP;
- (b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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TABLE 14K

Risk Measurement Processes ('RMP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RMP are ad hoc								
2	100	RMP have been implemented but not standardized across the organization								
3	150	RMP have been documented, implemented, and relevant staff have been trained on and execute the RMP; and the RMP are standardized across the organization								
4	200	In addition to Stage 3, RMP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 14K

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RMP;
- (b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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TABLE 14L

Risk Response Processes ('RRP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RRP are ad hoc								
2	100	RRP have been implemented but not standardized across the organization								
3	150	RRP have been implemented, well documented and understood by relevant staff, and standardized across the entire organization								
4	200	In addition to Stage 3, RRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 14L

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RRP;
- (b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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TABLE 14M

Risk Monitoring and Reporting Processes ('RMRP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RMRP are ad hoc								
2	100	RMRP have been implemented but not standardized across the organization								
3	150	RMRP have been implemented, well documented, understood by relevant staff, and standardized across the entire organization								
4	200	In addition to Stage 3, RMRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
Total			XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 14M

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RMRP;
- (b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D AND CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2018

36. The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Schedule XVI - "Schedule of Regulated Non-Insurance Financial Operating Entities". This amount shall be equal to the sum of the insurer's proportionate share of each entity's regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity is licensed or registered

37. The capital charge adjustment for the loss-absorbing capacity of technical provisions due to management actions shall be established in accordance with the following formula—

$$Adj_{TP} = -Max(Min(Basic BSCR - Basic nBSCR, FBD), 0),$$

Where,

$$Basic BSCR = \sqrt{\sum_{i,j} CorrBBSCR_{i,j} \times C_i \times C_j}$$

$$Basic nBSCR = \sqrt{\sum_{i,j} CorrBBSCR_{i,j} \times nC_i \times nC_j}$$

$CorrBBSCR_{i,j}$ = the correlation factors of the Basic BSCR correlation matrix in accordance with Table A of Paragraph 18;

C_i = risk module charge i which are replaced by the following:

$$C_{Market}, C_{LT}, C_{Credit};$$

C_{Market} = market risk module charge as calculated in accordance with paragraph 19;

C_{LT} = Long-Term risk module charge as calculated in accordance with paragraph 20;

C_{Credit} = credit risk module charge as calculated in accordance with paragraph 27.

nC_i = net risk module charge i which are calculated the same way as C_i but by allowing the future discretionary benefits to change and by allowing managements actions to be performed in accordance to with the criteria prescribed by the Authority and which are replaced by the following:

$$nC_{Market}, nC_{LT}, nC_{Credit};$$

FBD = net present value of future bonuses and other discretionary benefits.

38. The adjustment for the loss-absorbing capacity of deferred taxes shall be established in accordance with the following formula—

$$C_{otheradj} = Min(((Basic BSCR + C_{operational} + C_{regulatoryadj} + Adj_{TP}) \times t, Limit, (Basic BSCR + C_{operational} + C_{regulatoryadj} + Adj_{TP}) \times 20\%))$$

Where —

$Basic BSCR$ = Basic BSCR risk module charge as calculated in accordance with paragraph 18;

$C_{operational}$ = operational risk charge as calculated in accordance with paragraph 35;

$C_{regulatoryadj}$ = regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 36;

Adj_{TP} = adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 37

t = insurer's standard federal tax rate

$Limit$ = $PastLAC + CurrentLAC + FutureLAC$

$PastLAC$ = Loss Carryback Provision multiplied by t ;

$CurrentLAC$ = Current Deferred Tax Liabilities minus Current Deferred Tax Assets;

$FutureLAC$ = Risk Margin as reported on Form 4EBS Line 18 multiplied by t ;

Inserts Schedules IIB, IIC, XXA, XXIA, XXIII

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D AND CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2018

4 (1) The principal Rules are amended by inserting after —

- (a) Schedule IIA, new schedules entitled, “Schedule IIB Schedule of Fixed income and equity investments by BSCR Rating”, “Schedule IIC Schedule of Funds held”, “Schedule IID Segregated Accounts”, “Schedule IIE Deposit Assets and Liabilities”, and “Schedule IIF Other Sundry Assets and Liabilities”;
- (b) Schedule XX a new schedule entitled, “Schedule XXA “Schedule of Currency Risk”;
- (c) Schedule XXI a new schedule entitled, “Schedule XXIA Schedule of Concentration Risk”; and
- (d) Schedule XXIII a new schedule entitled, “Schedule XXIII Schedule of Interest Rate Sensitive Assets and Liabilities”.

(2) The Schedules inserted by this paragraph shall be published separately on the website of the Authority: www.bma.bm.

Transitional

5 (1) For the purposes of filing the capital and solvency return under paragraph 6, every Class C, Class D and Class E insurer when calculating the BSCR formula under paragraph 1, Schedule I of these Rules during the applicable transitional period; shall file in its capital and solvency return the relevant percentage required in accordance with the *Transitional Factor* calculation set out under the BSCR formula.

(2) The amounts calculated in accordance with sub-paragraph (1), shall be considered by the Authority as the applicable *ECR* of a Class C, Class D and Class E insurer for the purposes of these Rules during the applicable transitional period, if an internal capital model has not been approved by the Authority for such purposes in accordance with paragraph 3 (1) (b).

(3) In this section “applicable transitional period” means the time periods set out under paragraphs (a), (b) and (c) of the *Transitional Factor* calculation in paragraph 1, Schedule I of these Rules.

Commencement

6 These Rules come into operation on 1st January 2019.

Made this day of 2018

Chairman
The Bermuda Monetary Authority