BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (CLASS 3A SOLVENCY REQUIREMENT) AMENDMENT RULES 2018

BR / 2018

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 3A 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, III, IIIA, IV, IVC, V, VI, IX, X, XII, XIV, XV, XVI, XVII, XVIII, XIX, XX and XXI" and substituting "II, IIA, IIB, IIC, IID, IIE, IIF, III, IIIA, IV, IVC, IVD, IVE, V, VI, IX, X, XII, XIV, XV, XVI, XVII, XVIII, XIX, XX, XXA, XXI, XXIA and XXIII"; and

(b) in subparagraph (2)(a) by deleting the words "II, IIA, III, IIIA, IV, IVC, V, VI, IX, X, XII, XVI, XVII, XVIII, XIX, XX and XXI" and substituting "II, IIA, IIB, IIC, IID, IIE, IIF, III, IIIA, IV, IVC, IVD, IVE, V, VI, IX, X, XII, XVI, XVII, XVIII, XIX, XX, XXA, XXI, XXIA and XXIIII".

Amends Schedule I

3. The principal Rules are amended in Schedule I by —

(a) repealing paragraph 1 and replacing it as follows—

~~**"SCHEDULE I (Paragraph 4)**~~

~~**BERMUDA SOLVENCY CAPITAL REQUIREMENT**~~

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

$$BSCR = \sqrt{C_{fi}^{2} + C_{eq}^{2} + C_{\text{int}}^{2} + C_{Curr}^{2} + C_{Conc}^{2} + C_{prem}^{2} + \left[\tfrac{1}{2} C_{cred} + C_{rsvs}\right]^{2} + \left[\tfrac{1}{2} C_{cred}\right]^{2} + C_{cat}^{2}} + C_{op} + C_{adj}$$

$$\boxed{+\left(BSCR_{Corr}-\left(\sqrt{C_{fi}^{2}+C_{eq}^{2}+C_{\text{int}}^{2}+C_{Curr}^{2}+C_{Conc}^{2}+C_{prem}^{2}+\left[\tfrac{1}{2}C_{cred}+C_{rsvs}\right]^{2}+\left[\tfrac{1}{2}C_{cred}\right]^{2}+C_{cat}^{2}}+C_{op}+C_{adj}\right)\right)}$$

$$\boxed{\times \text{Transitional Factor}}$$

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_{int}	= interest rate / 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_{prem}	= premium risk charge as calculated in accordance with paragraph 7;
C_{rsvs}	= reserve risk charge as calculated in accordance with paragraph 8;
C_{cred}	= credit risk charge as calculated in accordance with paragraph 9;
C_{cat}	= catastrophe risk charge as calculated in accordance with paragraph 10;
C_{op}	= operational risk charge as calculated in accordance with paragraph 11;
C_{adj}	=Regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 12; and
$BSCRC_{corr}$	= as calculated in accordance with paragraph13;

$TransitionalFactor$

(a) 33%, for the financial year beginning on or after 1st January 2019;

(b) 66%, for the financial year beginning on or after 1st January 2020;

(c) 100%, for the financial year beginning on or after 1st January 2021."

(b) inserting the following after paragraph 12—

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

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

Where –

Basic BSCR	= Basic BSCR risk module charge as calculated in accordance with paragraph 14;
$C_{operational}$	= operational risk charge as calculated in accordance with paragraph 29;
$C_{regulatoryadj}$	= regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 30;
C_{AdjTP}	= adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 31; and

$C_{otheradj}$ = tax adjustment as calculated in accordance with paragraph 32.

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

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

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}, $C_{P\&C\ Insurance}$, C_{Credit};

C_{Market} = market risk module charge as calculated in accordance with paragraph 15;

$C_{P\&C}$ = P&C risk module charge as calculated in accordance with paragraph 16; 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}	$C_{P\&C}$
C_{Market}	1		
C_{Credit}	0.25	1	
$C_{P\&C}$	0.125	0.50	1

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

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

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 20 and the risk 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 17;

C_{equity} = equity investment risk charge as calculated in accordance with paragraph 18;

C_{interest} = interest rate / liquidity risk charge as calculated in accordance with paragraph 20;

C_{currency} = currency risk charge as calculated in accordance with paragraph 21; and

$C_{\text{concentration}}$ = concentration risk charge as calculated in accordance with paragraph 22.

Table B – Market Risk Module Correlation Matrix

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

16. The P&C risk module charge calculation shall be determined in accordance with the following formula—

$$\boxed{C_{\text{P\&C}} = \sqrt{\sum_{i,j} CorrP\&C_{i,j} \times C_i \times C_j}}$$

Where—

$CorrP\&C_{i,j}$ = the correlation factors of the P&C 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: $C_{premium}$, $C_{reserve}$, $C_{catastrophe}$;

$C_{premium}$ = premium risk charge as calculated in accordance with paragraph 23;

$C_{reserve}$ = reserve risk charge as calculated in accordance with paragraph 25; and

$C_{catastrophe}$ = catastrophe risk charge as calculated in accordance with paragraph 28;

Table C – P&C Insurance Risk Module Correlation Matrix

$CorrP\&C_{i,j}$	$C_{premium}$	$C_{reserve}$	$C_{catastrophe}$
$C_{premium}$	1		
$C_{reserve}$	0.25	1	
$C_{catastrophe}$	0.125	0.00	1

17. 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:
$CreditDerivatives_{ShockUp}$	$= \sum_i \left(LCD_{i\ BShock(x_i)} - LCD_{i\ AShock(x_i)}\right) + Max\left(SCD_{i\ BShock(x_i)} - SCD_{i\ AShock(x_i)}, 0\right)$
$CreditDerivatives_{ShockDown}$	= the spread risk charge for credit derivatives resulting from an downward credit spread shock calculated as per the following formula:
$CreditDerivatives_{ShockDown}$	$= \sum_i \left(LCD_{i\ BShock(x_i)} - LCD_{i\ AShock(x_i)}\right) + Max\left(SCD_{i\ BShock(x_i)} - SCD_{i\ AShock(x_i)}, 0\right)$
$LCD_{i\ BShock(x_i)}$	= 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
$SCDAssets_{i\ BShock(x_i)}$	= refers to the valuation of short exposures for credit derivatives before applying the instantaneous shock X_i as per table 1B
$SCDAssets_{i\ AShock(x_i)}$	= refers to the valuation of short exposures for credit derivatives after applying the instantaneous shock X_i as per table 1B

Table 1A – Capital charge factors for $FIastclass_i$

Type of fixed income investments $FIastclass_i$	**Statement Source** These Rules	**Capital Factor** χ_i
Corporate and Sovereign Bonds		
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%
Residential Mortgage-Backed Securities		
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%
Commercial Mortgage-Backed Securities/Asset-Backed Securities		
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%
Bond Mutual Funds		
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%
Mortgage Loans		
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 mortgages	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), (Schedule IIE, Column (9), Line 12 – Column (10), Line 12), (Schedule IIF, Column (9), Line 12 – Column (10), Line 12)	1.5%
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%
Other Fixed Income Investments		
Other loans	Form 4EBS, Line 8	5.0%
Cash and cash equivalents		
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 $FIastclass_i$

(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.

Table 1B – Spread risk shocks for credit derivatives

	SPREAD UP				
	Long Exposures		Short Exposures		
	Before Shock	After Shock	Before Shock	After Shock	Shock basis points
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		
	Before Shock	After Shock	Before Shock	After Shock	Shock Rate
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.

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

$$C_{\text{equity}} = \sqrt{\sum_{i,j} CorrEq_{i,j} \times C_i \times C_j};$$

Where—

$CorrEq_{i,j}$ = 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 19;

C_{Type2} = *Type2* equity risk charge as calculated in accordance with paragraph 19;

C_{Type3} = *Type3* equity risk charge as calculated in accordance with paragraph 19;

C_{Type4} = *Type4* equity risk charge as calculated in accordance with paragraph 19;

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

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

$$C_{Type1} = \sum_{i \in Type1} \left[\begin{array}{c} \max\left(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0\right) + \left(SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)\right) + \ldots \\ + \max\left(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0\right) + \left(Liabilities_i^{BShock} - Liabilities_i^{AShock}(\chi_i)\right) \end{array} \right]$$

$$C_{Type2} = \sum_{i \in Type2} \left[\begin{array}{c} \max\left(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0\right) + \left(SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)\right) + \ldots \\ + \max\left(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0\right) + \left(Liabilities_i^{BShock} - Liabilities_i^{AShock}(\chi_i)\right) \end{array} \right]$$

$$C_{Type3} = \sum_{i \in Type3} \left[\begin{array}{c} \max\left(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0\right) + \left(SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)\right) + \ldots \\ + \max\left(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0\right) + \left(Liabilities_i^{BShock} - Liabilities_i^{AShock}(\chi_i)\right) \end{array} \right]$$

$$C_{Type4} = \sum_{i \in Type4} \begin{bmatrix} \max\left(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0\right) + \left(SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)\right) + \ldots \\ + \max\left(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0\right) + \left(Liabilities_i^{BShock} - Liabilities_i^{AShock}(\chi_i)\right) \end{bmatrix}$$

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

Table 2B – Shock for classes of equity

	Assets			**Liabilities**	**Shock Factor**
	Long Exposures	**Short Exposures**			
Equity investments Equity class, i		**Qualifying as Assets held for risk-mitigation purposes**	**Not Qualifying as Assets held for risk-mitigation purposes**	**Without Management Action**	χ_i
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%

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%

	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					

Correlation Matrix	Type 1	Type 2	Type 3	Type 4
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

INSTRUCTIONS AFFECTING TABLE 2B: Shocks for $Eqastclass_i$

(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.

20. 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~~Where an insurer chooses the formula below it will not be able to revert back to the calculation in accordance with paragraph 4 without the prior written approval from the Authority. In this regard, an application may be made by the insurer in accordance with the provisions of section 6D of the Insurance Act 1978 for approval~~.

$$\boxed{C_{Interest} = \max\left(Shock_{IR,Down}, Shock_{IR,Up}\right) - OffSet_{ScenarioBased}}$$

Where—

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

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

$$\omega = Down, Up$$

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

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

$MVA_{Before}^{CCY,Q}$ = 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 ωw (ωw=Up or Down) by currency type (CCY), that has been converted to the functional currency as expressed in Form 1EBS;

$MVA_{After}^{CCY,Q}$ = 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

1EBS prescribed in Table 3B;

$MVA^{CCY,NQ}_{Before}$ = 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 1EBS prescribed in Table 3B;

$MVA^{CCY,NQ}_{After}$ = 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 1EBS;

MVL^{CCY}_{Before} = 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 1EBS prescribed in Table 3B;

MVL^{CCY}_{After} = 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 1EBS prescribed in Table 3B;

Table 3B – 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 χ_1
Interest Rate Down – Derivative Exposure				
United States Dollars	Schedule XXII, Column F Line 1 Less	Schedule XXII, Column H Line 1 Less	Schedule XXII, Column J Line 1 Less	*

	Schedule XXII Column G, Line 1	Schedule XXII Column I, Line 1	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	*
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 G, Line 23	Schedule XXII, Column H Line 23 Less Schedule XXII Column I, Line 23	Schedule XXII, Column J Line 23 Less 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 H Line 27 Less	Schedule XXII, Column J Line 27 Less	*

	Schedule XXII Column G, Line 27	Schedule XXII Column I, Line 27	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	*

* ~~As published~~ Shall be prescribed by the Authority.

INSTRUCTIONS AFFECTING TABLE 3B: 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.

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

$$C_{Currency} = \sum_i [\left(MVA_{i,Before} - MVA_{i,After}(\chi_i)\right) + \left(MVDL^Q_{i,Before} - MVDL^Q_{i,After}(\chi_i)\right) + \left(MVDS^Q_{i,Before} - MVDS^Q_{i,After}(\chi_i)\right)$$

$$+ \max\left(MVLS^{NQ}_{i,Before} - MVLS^{NQ}_{i,After}(\chi_i), 0\right) + \max\left(MVDS^{NQ}_{i,Before} - MVDS^{NQ}_{i,After}(\chi_i), 0\right) + \left(MVL^Q_{i,Before} - MVL^Q_{i,After}(\chi_i)\right)]$$

Where—

χ_i	=	the instantaneous shocks prescribed in Table 4A for each type of currency where ($MVA_{i,Before} + MVDL^{NQ}_{i,Before} + MVDS^{NQ}_{i,Before} + MVDL^{Q}_{i,Before} + MVDS^{Q}_{i,Before} - MVL^{Q}_{i,Before} - Currproxybscrclass_i$)<0 and 0 otherwise;
$Currency_i$	=	refers to currency type that has been converted to the functional currency as reported in Form 1EBS
$MVA_{i,Before}$	=	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 1EBS;
$MVA_{i,After}$	=	refers to the revaluation of assets excluding currency-sensitive derivatives after shocking by χ(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 1EBS;
$MVDL^{Q}_{i,Before}$	=	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 1EBS;
$MVDL^{Q}_{i,After}$	=	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 by the Authority after shocking by χ(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 1EBS;
$MVDS^{Q}_{i,Before}$	=	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 1EBS;
$MVDS^{Q}_{i,After}$	=	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 χ(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 1EBS;
$MVDL^{NQ}_{i,Before}$	=	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 1EBS; prescribed by the Authority
$MVDL^{NQ}_{i,After}$	=	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 χ(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 1EBS;
$MVDS^{NQ}_{i,Before}$	=	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 1EBS;
$MVDS^{NQ}_{i,After}$	=	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 χ(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 1EBS; prescribed by the Authority
$MVL^{Q}_{i,Before}$	=	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 1EBS;
$MVL^{Q}_{i,After}$	=	refers to the revaluation of the best estimate of insurance liabilities and other liabilities after shocking by χ(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 1EBS;

$Currproxybscr_i$ = greater of paragraphs (a) and (b) below:

(a) the ECR divided by Form 1EBS 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.

Table 4A – Shock factors for Currency Risk

Currency	$MVA_{i,Before}$ - $MVA_{i,After}$	Long Exposure: $MVDL^{Q}_{i,Before}$ - $MVDL^{Q}_{i,After}$	Long Exposure: $MVDL^{NQ}_{i,Before}$ - $MVDL^{NQ}_{i,After}$	Short Exposure: $MVDS^{Q}_{i,Before}$ - $MVDS^{Q}_{i,After}$	Short Exposure: $MVDS^{NQ}_{i,Before}$ - $MVDS^{NQ}_{i,After}$	$MVL^{NQ}_{i,Before}$ - $MVL^{NQ}_{i,After}$	Shock: If reporting currency χ_i	Shock: 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	Schedule XXA, Column A,	Schedule XXA, Column B,	Schedule XXA,	Schedule XXA, Column D,	Schedule XXA, Column E,	Schedule XXA, Column F,	0%	25.00%

Kingdom Pound	Line 11 Less Schedule XXA, Column G, Line 11	Line 11 Less Schedule XXA, Column H, Line 11	Column C, Line 11 Less Schedule XXA, Column I, Line 11	Line 11 Less Schedule XXA, Column J, Line 11	Line 11 Less Schedule XXA, Column K, Line 11	Line 11 Less Schedule XXA, Column L, Line 11		
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%
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:
  - “0%” if the reporting currency is the Bermuda Dollar or,
  - “0.75%” if the reporting currency is the Qatari Riyal or,
  - “1.00%” if the reporting currency is the Hong Kong Dollar or,
  - “25%” otherwise.
- “B” by:
  - “0%” if the reporting currency is the United States Dollar or,
  - “25%” otherwise.
- “C” by:
  - “0.75%” if the reporting currency is the United States Dollar or,
  - “25%” otherwise.
- “D” by:
  - “1.00%” if reporting currency is the United States Dollar or,
  - “25%” otherwise.
- “E” by:
  - “0.39%” if the reporting currency is the Danish Krone or,
  - “1.81%” if the reporting currency is the Bulgarian Lev or,
  - “2.18%” if the reporting currency is the West African CFA Franc or,
  - “1.96%” if the reporting currency is the Central African CFA Franc or,
  - “2.00%” if the reporting currency is the Comorian Franc or,
  - “25%” otherwise.
- “F” by:
  - “0.39%” if reporting currency is the Euro or,
  - “25%” otherwise.
- “G” by:
  - “1.81%” if reporting currency is the Euro or,
  - “25%” otherwise.
- “H” by:
  - “2.18%” if reporting currency is the Euro or,
  - “25%” otherwise.
- “I” by:
  - “1.96%” if reporting currency is the Euro or,
  - “25%” otherwise.
- “J” by:
  - “2.00%” if reporting currency is the Euro or,
  - “25%” otherwise.

(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.

(m) any adjustment to reflect currency hedging arrangements shall not apply to the calculation of $Currproxybscr_i$;

(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.

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

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

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
Cash and Cash Equivalents		
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%
Corporate & Sovereign Bonds		
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%
Residential Mortgage-Backed Securities		
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%
Commercial Mortgage-Backed Securities/Asset Backed Securities		

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%
Bond Mutual Funds		
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%
Preferred Shares		
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%
Mortgage Loans		
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%
Other Asset Classes		
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 $Concastclass_i$

(a) $Concastclass_i$ 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;

(b) for the purposes of Table 5A~~this Schedule~~, 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 sheet;

(c) for the purposes of Table 5A~~this Schedule~~, 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.

23. The premium risk charge calculation shall be established in accordance with the following formula-

$$\boxed{C_{\mathrm{Pr}\,emium} = \sqrt{\sum_{i,j} Corr\,\mathrm{Pr}\,emium_{i,j} \times C_i \times C_j}} \quad ;$$

Where—

$Corr\,\mathrm{Pr}\,em_{i,j}$	=	the correlation factors of the premium risk module correlation matrix in accordance with Table 6B;
i,j	=	the sum of the different terms should cover all possible combinations of i and j; and
C_i and C_j	=	risk charge *i* and risk charge *j* which are replaced by the following: $C_{premium_j}$, $C_{premium_j}$ as calculated in accordance with paragraph 24.

Table 6B – Premium Risk Module Correlation Matrix

$Corr\,Prem_{i,j}$	Prop Cat	Prop	Prop NP	PA	PA NP	Aviat n	Aviatn NP	C/S	C/S NP	Ergy O/ M	Ergy O/M NP	US Cas	US Cas NP	US Prof	US Prof NP	US Spec	US Spec NP	Int Mot or	Int Motor NP	Int Cas	Int Cas NP	Retro Prop	Str/ Fin Re	Health
Prop Cat	1																							
Prop	0.25	1																						
Prop NP	0.25	0.5	1																					
PA	0.25	0.25	0.25	1																				
PA NP	0.25	0.25	0.25	0.5	1																			
Aviat n	0.25	0.25	0.25	0.25	0.25	1																		
Aviatn NP	0.25	0.25	0.25	0.25	0.25	0.5	1																	
C/S	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1																
C/S NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1															
Ergy O/M	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1														
Ergy O/MN P	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1													
US Cas	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1												
US CasNP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1											
US Prof	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	1										
US Prof NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	1									
US Spec	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1								
US Spec NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1							
Int Motor	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1						
Int Motor NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1					
Int Cas	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	0.5	0.25	0.25	0.25	0.25	1				
Int Cas NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	0.5	0.25	0.25	0.25	0.25	0.5	1			
Retro Prop	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1		
Str / Fin Re	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1	
Health	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1

24. The Line of Business premium risk charge $C_{premium_i}$ calculation shall be determined in accordance with the following formula:

$$C_{prem_i}=[(\chi_i^1 \times BaseExp_i)+(\times FPExisting_i)+(\chi_i^2 \times FPFuture_i)]\frac{ExposureMeasure_i}{geolineprem_i};$$

$$-[\varepsilon \times \mu]$$

Where—

χ_i^1	=	individual $BaseExp_i$ risk capital charge factor as prescribed in Table 6C;
$BaseExp_i$	=	the greater of premium written in reporting period and the estimate of the net premiums to be earned by the insurer during the next twelve-month accounting period;
$geolineprem_i$	=	geographic diversification of premium exposure measure for line of business i as prescribed in Table 6D;
χ_i^2	=	individual $FPExisting_i$ risk capital charge factor as prescribed in Table 6C;
$FPExisting_i$	=	expected present value of premiums to be earned by the insurer after the next twelve-month reporting period for existing qualifying multi-year insurance policies for line of business i as prescribed in Table 6C;
χ_i^3	=	individual $FPFuture_i$ risk capital charge factor as prescribed in Table 6C;
$FPFuture_i$	=	expected present value of net premiums to be earned by the insurer after the next twelve-month reporting period for qualifying multi-year insurance policies where the initial recognition date falls in the following twelve-months for line of business i as prescribed in Table 6C;
ε	=	minimum concentration adjustment factor is equal to 60%;
μ	=	CISSA risk mitigation factor; and
$ExposureMeasure_i$	=	the sum of $BaseExp_i$, $FPExisting_i$ and $FPFuture_i$

Table 6C – Capital charge factors for Premium Risk

	(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Line of business	**Statement Source** These Rules $BaseExp_i$	**Capital Factor** χ_i^1	**Statement Source** These Rules $FPExisting_i$	**Capital Factor** χ_i^2	**Statement Source** These Rules $FPFuture_i$	**Capital Factor** χ_i^3
Property catastrophe	Schedule IVD, Line 1, Column (C)	0.0%	Schedule IVD, Line 1, Column (D)	11.5%	Schedule IVD, Line 1, Column (E)	5.8%
Property	Schedule IVD, Line 2, Column (C)	49.7%	Schedule IVD, Line 2, Column (D)	12.4%	Schedule IVD, Line 2, Column (E)	6.2%
Property non-proportional	Schedule IVD, Line 3, Column (C)	51.6%	Schedule IVD, Line 3, Column (D)	12.9%	Schedule IVD, Line 3, Column (E)	6.5%
Personal accident	Schedule IVD, Line 4, Column (C)	34.1%	Schedule IVD, Line 4, Column (D)	8.5%	Schedule IVD, Line 4, Column (E)	4.3%
Personal accident non-proportional	Schedule IVD, Line 5, Column (C)	41.2%	Schedule IVD, Line 5, Column (D)	12.4%	Schedule IVD, Line 5, Column (E)	6.2%
Aviation	Schedule IVD, Line 6, Column (C)	48.2%	Schedule IVD, Line 6, Column (D)	14.5%	Schedule IVD, Line 6, Column (E)	7.2%
Aviation non-proportional	Schedule IVD, Line 7, Column (C)	48.2%	Schedule IVD, Line 7, Column (D)	14.5%	Schedule IVD, Line 7, Column (E)	7.2%
Credit / surety	Schedule IVD, Line 8, Column (C)	39.8%	Schedule IVD, Line 8, Column (D)	11.9%	Schedule IVD, Line 8, Column (E)	6.0%
Credit / surety non-proportional	Schedule IVD, Line 9, Column (C)	45.4%	Schedule IVD, Line 9, Column (D)	13.6%	Schedule IVD, Line 9, Column (E)	6.8%
Energy offshore /marine	Schedule IVD, Line 10, Column (C)	42.1%	Schedule IVD, Line 10, Column (D)	12.6%	Schedule IVD, Line 10, Column (E)	6.3%
Energy offshore / marine non-proportional	Schedule IVD, Line 11, Column (C)	47.0%	Schedule IVD, Line 11, Column (D)	14.1%	Schedule IVD, Line 11, Column (E)	7.1%
US casualty	Schedule IVD, Line	50.3%	Schedule IVD, Line	25.1%	Schedule IVD, Line	12.6%

	12, Column (C)		12, Column (D)		12, Column (E)	
US casualty non-proportional	Schedule IVD, Line 13, Column (C)	55.6%	Schedule IVD, Line 13, Column (D)	27.8%	Schedule IVD, Line 13, Column (E)	13.9%
US professional	Schedule IVD, Line 14, Column (C)	51.2%	Schedule IVD, Line 14, Column (D)	25.6%	Schedule IVD, Line 14, Column (E)	12.8%
US professional non-proportional	Schedule IVD, Line 15, Column (C)	53.8%	Schedule IVD, Line 15, Column (D)	26.9%	Schedule IVD, Line 15, Column (E)	13.5%
US specialty	Schedule IVD, Line 16, Column (C)	51.4%	Schedule IVD, Line 16, Column (D)	25.7%	Schedule IVD, Line 16, Column (E)	12.9%
US specialty non-proportional	Schedule IVD, Line 17, Column (C)	52.7%	Schedule IVD, Line 17, Column (D)	26.3%	Schedule IVD, Line 17, Column (E)	13.2%
International motor	Schedule IVD, Line 18, Column (C)	42.2%	Schedule IVD, Line 18, Column (D)	12.7%	Schedule IVD, Line 18, Column (E)	6.3%
International motor non-proportional	Schedule IVD, Line 19, Column (C)	48.2%	Schedule IVD, Line 19, Column (D)	24.1%	Schedule IVD, Line 19, Column (E)	12.1%
International casualty non-motor	Schedule IVD, Line 20, Column (C)	50.0%	Schedule IVD, Line 20, Column (D)	25.0%	Schedule IVD, Line 20, Column (E)	12.5%
International casualty non-motor non-proportional	Schedule IVD, Line 21, Column (C)	53.6%	Schedule IVD, Line 21, Column (D)	26.8%	Schedule IVD, Line 21, Column (E)	13.4%
Retro property	Schedule IVD, Line 22, Column (C)	50.8%	Schedule IVD, Line 22, Column (D)	12.7%	Schedule IVD, Line 22, Column (E)	6.4%
Structured / finite reinsurance	Schedule IVD, Line 23, Column (C)	27.2%	Schedule IVD, Line 23, Column (D)	6.8%	Schedule IVD, Line 23, Column (E)	3.4%
Health	Schedule IVD, Line 24, Column (C)	15.0%	Schedule IVD, Line 24, Column (D)	3.8%	Schedule IVD, Line 24, Column (E)	1.9%

INSTRUCTIONS AFFECTING TABLE 6C: Capital charge factors for Premium Risk

(a) all reported net premium exposure measures as prescribed in Schedule IVD that are subject to capital charges within the premium risk charge shall be included;

(b) "qualifying multi-year insurance policies" means those insurance policies with a term longer than twelve months after allowing for the criteria prescribed by the Authority;

(c) all net premium exposure measures by statutory Line of Business shall be reported on a basis consistent with that ~~described~~ prescribed in Schedule IVD;

(d) an insurer may provide net premium exposure measures for all statutory Lines of General Business, or for particular statutory Lines of General Business, split by geographic zone as set out in Table 6D. $geolineprem_i$ is then derived from the total premium for that Line of Business by reducing the total by 25% times $\frac{\sum x_i^2}{(\sum x_i)^2}$ where x_i = the net premium exposure measure in the Line of Business for $Zone_i$; and where the summation covers all zones; and

(e) amounts are to be reported on a consolidated basis.

Table 6D – Underwriting Geographical Zones

Underwriting Zone	**Location**
Zone 1 - Central & Western Asia	Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Palestinian, Qatar, Saudi Arabia, Saudi Arab Republic, Tajikistan, Turkey, Turkmenistan, United Arab Emirates and Uzbekistan
Zone 2 - Eastern Asia	China, Hong Kong, Japan, Macao, Mongolia, North Korea, South Korea, and Taiwan
Zone 3 - South and South-Eastern Asia	Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, India, Indonesia. Iran, Lao PDR, Malaysia, Maldives, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Timor-Leste, and Vietnam

Zone 4 - Oceania	American Samoa, Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Norfolk Island, N. Mariana Islands, Palau, Papua New Guinea, Pitcairn, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis & Futuna Island
Zone 5 - Northern Africa	Algeria, Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Cote d' Ivoire, Egypt, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, Saint Helena, Senegal, Sierra Leone, Sudan, Togo, Tunisia, and Western Sahara
Zone 6 - Southern Africa	Angola, Botswana, Burundi, Democratic Republic of Congo, Comoros, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mayotte, Mozambique, Namibia, Republic of Congo, Reunion, Rwanda, Sao Tome & Principe, Seychelles, Somalia, South Africa, Swaziland, Uganda, United Republic of Tanzania, Zambia, and Zimbabwe
Zone 7 - Eastern Europe	Belarus, Bulgaria, Czech Republic, Hungary, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine
Zone 8 - Northern Europe	Aland Islands, Channel Islands, Denmark, Estonia, Faeroe Islands, FinlandGuernsey, Iceland, Republic of Ireland, Isle of Man, Jersey, Latvia, Lithuania, Norway, Svalbard, Jan Mayen, Sweden, United Kingdom
Zone 9 - Southern Europe	Albania, Andorra, Bosnia, Croatia, Cyprus, Gibraltar, Greece, Italy, fYR of Macedonia, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain, and Vatican City
Zone 10 - Western Europe	Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, and Switzerland
Zone 11 - Northern America (Excluding USA)	Bermuda, Canada, Greenland, and St Pierre & Miquelon
Zone 12 - Caribbean & Central America	Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Costa Rica, Cuba, Dominica, Dominican, El Salvador, Grenada, Guadeloupe Guatemala, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Netherlands Antilles, Nicaragua, Panama, Puerto Rico, St-Barthelemy, St Kitts & Nevis, St Lucia, St Martin, St Vincent, Trinidad & Tobago, Turks & Caicos Islands, and US Virgin Islands
Zone 13 - Eastern South America	Brazil, Falkland Islands, French Guiana, Guyana, Paraguay, Suriname, and Uruguay
Zone 14 - Northern, Southern and Western South America	Argentina, Bolivia, Chile, Colombia, Ecuador, Peru, and Venezuela
Zone 15 - North-East United States	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
Zone 16 - South-East United States	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia, and West Virginia
Zone 17 - Mid-West United States	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin
Zone 18 - Western United States	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming

25. The reserve risk charge calculation shall be established in accordance with the following formula—

$$\boxed{C_{reserve} = \sqrt{\sum_{i,j} CorrReserve_{i,j} \times C_i \times C_j}} \quad ;$$

Where—

$CorrReserve_{i,j}$	=	the correlation factors of the reserve risk module correlation matrix in accordance with table 7A;
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: $C_{reserve_i}$, $C_{reserve_j}$ as calculated in accordance with paragraph 26.

Table 7A – Reserve Risk Module Correlation Matrix

$Corr\ Reserve_{i,j}$	Prop Cat	Prop	Prop NP	PA	PA NP	Aviatn	Aviatn NP	C/S	C/S NP	Ergy O/M	Ergy O/M NP	US Cas	US Cas NP	US Prof	US Prof NP	US Spec	US Spec NP	Int Motor	Int Motor NP	Int Cas	Int Cas NP	Retro Prop	Str/ Fin Re	Health
Prop Cat	1																							
Prop	0.25	1																						
Prop NP	0.25	0.5	1																					
PA	0.25	0.25	0.25	1																				
PA NP	0.25	0.25	0.25	0.5	1																			
Aviat n	0.25	0.25	0.25	0.25	0.25	1																		
Aviatn NP	0.25	0.25	0.25	0.25	0.25	0.5	1																	
C/S	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1																
C/S NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1															
Ergy O/M	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1														
Ergy O/MNP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1													
US Cas	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1												
US CasNP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1											
US Prof	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	1										
US Prof NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	1									
US Spec	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1								
US Spec NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1							
Int Motor	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1						
Int Motor NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1					
Int Cas	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	0.5	0.25	0.25	0.25	0.25	1				
Int Cas NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	0.5	0.25	0.25	0.25	0.25	0.5	1			
Retro Prop	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1		
Str / Fin Re	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1	
Health	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1

26. The Line of Business reserve risk charge $C_{reserve_i}$ calculation shall be determined in accordance with the following formula—

$$C_{reserve_i} = \beta_i \times geolinersvs_i - [\varepsilon \times \mu];$$

Where—

β_i	=	individual $geolinersvs_i$ risk capital charge factor as prescribed in Table 7B;
$geolinersvs_i$	=	geographic diversification of reserves for individual Lines of Business i as prescribed in Table 6D;
ε	=	minimum concentration adjustment factor is equal to 60%; and
μ	=	CISSA risk mitigation factor.

Table 7B – Capital charge factors for $geolinersvs_i$

Line of business $geolinersvs_i$	**Statement Source** These Rules	**Capital Factor** β_i
Property catastrophe	Schedule III, Line 1	46.2%
Property	Schedule III, Line 2	43.8%
Property non- proportional	Schedule III, Line 3	49.7%
Personal accident	Schedule III, Line 4	29.7%
Personal accident non-proportional	Schedule III, Line 5	34.9%
Aviation	Schedule III, Line 6	46.0%
Aviation non- proportional	Schedule III, Line 7	48.3%
Credit / surety	Schedule III, Line 8	38.4%
Credit / surety non- proportional	Schedule III, Line 9	43.5%
Energy offshore /marine	Schedule III, Line 10	39.5%
Energy offshore / marine non- proportional	Schedule III, Line 11	43.9%
US casualty	Schedule III, Line 12	43.0%
US casualty non- proportional	Schedule III, Line 13	48.8%
US professional	Schedule III, Line 14	46.3%
US professional non- proportional	Schedule III, Line 15	51.5%
US specialty	Schedule III, Line 16	46.5%
US specialty non- proportional	Schedule III, Line 17	48.3%
International motor	Schedule III, Line 18	37.1%
International motor non-proportional	Schedule III, Line 19	43.5%
International casualty non-motor	Schedule III, Line 20	43.7%
International casualty non-motor non-proportional	Schedule III, Line 21	49.4%
Retro property	Schedule III, Line 22	47.8%
Structured / finite reinsurance	Schedule III, Line 23	24.1%
Health	Schedule III, Line 24	12.5%

INSTRUCTIONS AFFECTING TABLE 7B: Capital charge factors for $geolinersvs_i$

(a) all reported net loss and loss expense provisions for the relevant year by statutory Line of Business as prescribed in this Schedule are subject to capital charges within the reserve risk charge and shall be included;

(b) all reported net loss and loss expense provisions by statutory Line of Business shall be reported on a basis consistent with that used for purposes of statutory financial reporting;

(c) an insurer may provide loss and loss expense provisions exposure for all statutory Lines of General Business, or for particular statutory Lines of General Business, split by geographic zone as set out in Table 6D. $geolinersvs_i$ is then derived from the total loss and loss expense provisions for that Line of Business by reducing the total by 25% times $\frac{\sum x_i^2}{(\sum x_i)^2}$ where x_i =

best estimate net loss and loss expense provisions in that line of business for $Zone_i$; and where the summation covers all zones; and

(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—

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

Where—

δ_i = the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 8A;

$debtor_i$ = 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:

$$\text{CCROTC} = \sum_i Max\left(0, MVDerivativeP_i - (1-\beta)Min\left(MVderivativeP_i, MVCollateral_i\right)\right) \times \alpha_i$$

$MVDerivativeP_i$ = Market value of over-the-counter derivatives with positive market values and BSCR rating$_i$,

β = collateral factor as prescribed in Table 8B;

α_i = capital factor for the BSCR rating$_i$ as prescribed in Table 8B;

$MVCollateral$ = market value of collateral of over-the-counter derivatives with positive market values and BSCR rating$_i$.

Table 8A – Capital charge factors for $debtor_i$

Type of debtor $debtor_i$	**Statement Source** These Rules	**Capital Factor** δ_i
Accounts and Premiums Receivable		
In course of collection	Form 1EBS, Line 10(a)	5.0%
Deferred - Not Yet Due	Form 1SFS, Line 10 (b)	5.0%
Receivables from retrocessional contracts less collateralized balances	Form 1EBS, Line 10(c) and instruction (c) below	10.0%
All Other Receivables		
Accrued investment income	Form 1EBS, Line 9	2.5%
Advances to affiliates	Form 1EBS, Line 4(g)	5.0%
Balances receivable on sale of investments	Form 1EBS, Line 13(f)	2.5%
Particulars of reinsurance balances shall be the maximum of the amounts calculated from paragraphs (i) and (ii) below:		
(i) Particulars of reinsurance balances for current year by BSCR Rating		
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%
(ii) Particulars of reinsurance balances for future premium by BSCR Rating		
Premium Risk Capital Charge (Gross)	As prescribed ~~defined~~ in paragraph (d)(ii)(B)	
Premium Risk Capital Charge (Net)	Premium Risk Charge as prescribed ~~defined~~ in paragraph 23	
Premium Risk Capital Charge (Ceded)	Premium Risk Capital Charge (Gross) less Premium Risk Capital Charge Net	

Type of debtor $debtor_i$	**Statement Source** These Rules	**Debtor Allocation**	**Capital Factor** δ_i
BSCR rating 0	paragraph (i) BSCR Rating 0 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	0.0%
BSCR rating 1	paragraph (i) BSCR Rating 1 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	0.7%
BSCR rating 2	paragraph (i) BSCR Rating 2 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	1.5%
BSCR rating 3	paragraph (i) BSCR Rating 3 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	3.5%
BSCR rating 4	paragraph (i) BSCR Rating 4 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	7.0%
BSCR rating 5	paragraph (i) BSCR Rating 5 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	12.0%
BSCR rating 6	paragraph (i) BSCR Rating 6 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	20.0%
BSCR rating 7	paragraph (i) BSCR Rating 7 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	17.0%
BSCR rating 8	paragraph (i) BSCR Rating 8 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	35.0%
Less: Diversification adjustment		Schedule XVIII paragraph (d)	40.0%

INSTRUCTIONS AFFECTING TABLE 8A: Capital charge factors for $debtor_i$

(a) all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;

(b) 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;

(c) "collateralized balances" for the purposes of this paragraph shall mean assets pledged in favor of the insurer relating to accounts and premiums receivable under Table 8A – Capital charge factors for $debtor_i$;

(d) Particulars of reinsurance balances shall be the greater of paragraphs (i) and (ii) below

(i) Particulars of reinsurance balances for current year by BSCR rating are as follows:

(A) the net qualifying exposure which is comprised of reinsurance balances receivable and reinsurance balances recoverable, less the corresponding reinsurance balances payable and other payables less the qualifying collateral issued in favor of the insurer in relation to the reinsurance balances;

(B) the "net qualifying exposure" referenced in paragraph (d)(i)(A) above shall be subject to the prescribed credit risk capital factor under Table 8A;

(C) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%;

(D) the "diversification" adjustment" referenced in paragraph (d)(i)(C) above shall be determined by calculating 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure;

(ii) Particulars of reinsurance balances for future premium by BSCR rating are as follows:

(A) the Premium Risk Capital Charge (Gross), as prescribed ~~defined~~ in paragraph (d)(ii)(B) below less the Premium Risk Capital Charge (Net), as prescribed ~~defined~~ in paragraph 23, shall be referred to as "Premium Risk Capital Charge (Ceded)". Such amount shall be allocated to the type of debtor ($debtor_i$) by BSCR rating Net Qualifying Exposure Measure as reported on Schedule XVIII;

(B) the Premium Risk Capital Charge (Gross) is calculated in the same manner as Premium Risk Capital Charge (Net) using the Gross Premium Exposure Measure (Schedule IVD, Column G) rather than the Net Premium Exposure Measure (Schedule IVD, Column F) as the input $ExposureMeasure_i$ parameter in paragraph 24. $ExposureMeasure_i$ is allocated to $BaseExp_i$, $FPExisting_i$ and $FPFuture_i$ for the Premium Risk Capital Charge (Gross) calculation in the same proportions as in the Premium Risk Capital Charge (Net) calculation;

(C) the Premium Risk Capital Charge (Ceded) shall be subject to the prescribed credit risk capital charge factor under Table 8A;

(D) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%; and

(E) the "diversification" adjustment" referenced in paragraph (d)(i)(C) above shall be determined by calculating 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure; and

(e) amounts are to be reported on an EBS Valuation basis

Table 8B – 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%

28. The catastrophe risk charge calculation shall be established in accordance with the following formula—

$$C_{catastrophe} = NetPML - Netcatprem + CR_{PML};$$

Where—

$NetPML$ = net probable maximum loss as prescribed in Schedule V paragraph (h);

$Netcatprem$ = property catastrophe premium as included in Schedule IVD, Line (1), Column B; and

CR_{PML} = {(gross probable maximum loss as prescribed in Schedule V paragraph (f); minus net probable maximum loss as prescribed in Schedule V paragraph (g); minus arrangements with respect to property catastrophe recoverables as prescribed in Schedule V paragraph (j)(v) of these Rules); times (Credit risk charge, equal to 10%, associated with reinsurance recoveries of ceded catastrophe losses)}:

(a) all reported net probable maximum loss, gross probable maximum loss, average annual loss excluding property catastrophe, property catastrophe premium and arrangements with respect to property catastrophe recoverables as prescribed in Schedule V that are subject to capital charges herein shall be included; and

(b) the amount of collateral and other funded arrangements with respect to property catastrophe recoverables shall be reported and reduced by 2% to account for the market risk associated with the underlying collateral assets.

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

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

Where —

ρ = an amount between 1% and 20% as determined by the Authority in accordance with Table 9C;

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

Table 9C – Operational Risk Charge for ρ

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

INSTRUCTIONS AFFECTING TABLE 9C

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 9D and 9E.

TABLE 9D

Corporate Governance Score Table

Criterion	Implemented	Score
Board sets risk policies, practices and tolerance limits for all material foreseeable operational risks at least annually		200
Board 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 9D

The total score is derived by adding the score for each criterion of ~~an insurer's~~ corporate governance~~structure~~ that the insurer has implemented.

TABLE 9E
Risk Management Function ('RMF') Score Table

Criterion	Implemented	Score
RMF is independent of other operational units and has direct access to the Board of Directors		200
RMF is entrenched in strategic planning, decision making and the budgeting process		200
RMF ensures that the risk management procedures and policies are well documented and approved by the Board of Directors		200
RMF ensures that the risk management policies and procedures are communicated throughout the organization		200
RMF ensures that operational risk management processes and procedures are reviewed at least annually		200
RMF ensures that loss events arising from operational risks are documented and loss event data is integrated into the risk management strategy		200
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		200
Total		**XX**

Comments

INSTRUCTIONS AFFECTING TABLE 9I

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

30. 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

31. 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—

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

Where—

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

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

$CorrBBSCR_{i,j}$ = the correlation factors of the Basic BSCR correlation matrix in accordance with Table A of Paragraph 14;

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

C_{Market}, $C_{\text{P\&C}}$, C_{Credit};

C_{Market} = market risk module charge as calculated in accordance with paragraph 15;

$C_{\text{P\&C}}$ = P&C risk module charge as calculated in accordance with paragraph 16; and

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}, $nC_{\text{P\&C}}$, nC_{Credit};

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

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

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

Where —

$Basic\ BSCR$ = Basic BSCR risk module charge as calculated in accordance with paragraph 14;

$C_{operational}$ = operational risk charge as calculated in accordance with paragraph 29;

$C_{regulatoryadj}$ = regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 30;

Adj_{TP} = = adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 31;

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 1EBS Line 18 multiplied by t;

Inserts Schedules IIB, IIC, IID, IIE, IIF, IVD, IVE, XXA, XXIA, XXIII

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 by ceding insurers and funds held under retrocession by BSCR rating", "Schedule IID Schedule of segregated account companies assets and liabilities by BSCR rating", "Schedule of deposit assets and liabilities by BSCR rating", and "Schedule IIF Schedule of other sundry assets and liabilities by BSCR rating";;

(b) Schedule IVC, new schedules entitled, "Schedule IVD Schedule of Consolidated Premium Exposure Measure by Line of Business of General Business" and "Schedule IVE Schedule of Geographic Diversification of Net Premium Exposure Measure on a Consolidated Basis";

(c) Schedule XX a new schedule entitled, "Schedule XXA "Schedule of Currency Risk";

(d) Schedule XXI a new schedule entitled, "Schedule XXIA Schedule of Concentration Risk"; and

(e) 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 3A 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 3A 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