9th May, 2016

NOTICE

Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Amendment Rules 2016 (the "Rules")

The Bermuda Monetary Authority (the "Authority") proposes to amend the Rules as follows:

1. In Schedule V "Schedule of Risk Management" to remove sub-paragraphs (c) particulars of ceded reinsurance, (q) schedule of cash and cash equivalent counterparty analysis, (r) schedule of currency risk, and (s) schedule of concentration risk, and to insert new Schedules XVIII to XXI for these requirements;

2. In Schedule V "Schedule of Risk Management - Instructions Affecting Schedule V" by inserting a new sub-paragraph "(b)(ii)(AA)" to make provision for Class C, D and E insurers to disclose the counterparty location in relation to intra-group reinsurance and retrocession arrangements. This will assist with identifying countries where cross-border activities are taking place and facilitate dialogue with foreign regulators;

3. In Schedule XIV "Class C, D and E Statutory Economic Balance Sheet" by amending the definition of Best Estimate Provision for the inclusion of Modified Coinsurance arrangements for Long-Term business. The corresponding assets supporting these arrangements are to be included in lines 1-15 of Form 4EBS;

4. In Schedule XVII "Schedule of Solvency – Instructions Affecting Schedule XVII" by amending sub-paragraph "(e)" to make provision for Class C, D, and E insurers to disclose gross premiums written in relation to the entities in the insurer's structure. This will better inform both the Authority and the host regulators the volume of business that the insurer is responsible for;

5. By inserting a new Schedule XVIII "AML Questionnaire and Assessment" that applies to Long-Term insurers that write any direct long-term business; and

6. Housekeeping items.

Comments on the Rules are invited by 23rd June 2016 and should be sent to riskanalytics@bma.bm.

As previously advised, the Authority proposes for all amendments to become effective as of 1st January 2017.

BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D and CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2016

BR / 2016

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 C, Class D and Class E Solvency Requirement) Amendment Rules 2016.

Amends paragraph 2

2. Paragraph 2 of the principal Rules is amended by inserting the following definition in the appropriate alphabetical order—

““EBS Valuation basis” means—

(a) in relation to a Class D or E insurer means the Economic Balance Sheet valuation principles to be complied with by a relevant Class D or E insurer in accordance with the “Instructions affecting Form 4EBS” under Schedule XIV;

(b) in relation to a Class C insurer means the Economic Balance Sheet valuation principles to be complied with in accordance with the “Instructions affecting Form 4EBS” under Part XIV of Schedule XIII.”

Amends paragraph 6

3. Paragraph 6 of the principal Rules is amended in—

(a) in subparagraph (1) by deleting "and XVII; and" and inserting the words " and XVII, XVIII, XIX, XX, XXI and XXII";

(b) in subparagraph (2) by deleting "and XVII" and inserting the words "XVI, XVII, XVIII, XIX, XX, XXI and XXII";

(c) in subparagraph (3) (b) by deleting "and XVII" and inserting the words "XVII, XVIII, XIX, XX, XXI and XXII".

Amends Schedule I

4. Schedule I to the principal Rules are amended—

(a) in subparagraph 1 by deleting "consolidated" and inserting the words "EBS Valuation";

(b) in Table 1 by deleting "Schedule V (h)" and inserting the words "Schedule XIX" where it occurs;

(c) in Table 5 by deleting "Schedule V (i)" and inserting the words "Schedule XX" where it occurs;

(d) in Table 6 by deleting "Schedule V (j)" and inserting the words "Schedule XXI" where it occurs;

(e) in Table 7 by deleting "Schedule V paragraph (d)" and inserting the words "Schedule XVIII" where it occurs;

(f) by deleting "consolidated" and inserting the words "EBS Valuation" in the "INSTRUCTIONS AFFECTING" TABLE 1, TABLE 2, TABLE 3, TABLE 5, TABLE 6 and TABLE 7 where they occur.

Amends Schedule II

5. Schedule II of the principal Rules are amended in paragraph "(j)" of the "INSTRUCTIONS AFFECTING SCHEDULE IIA" by deleting "consolidated" and inserting the words "EBS Valuation".

Amends Schedule IIA

6. Schedule IIA of the principal Rules are amended in paragraph "(k)" of the "INSTRUCTIONS AFFECTING SCHEDULE IIA" by deleting "a consolidated" and inserting the words "an EBS Valuation".

Amends Schedule V

7. The principal Rules are amended in Schedule V—

(a) by revoking paragraphs "(c)"; "(q)"; "(r)" and "(s)";

(b) in the "INSTRUCTIONS AFFECTING SCHEDULE V" by—

(i) deleting in the introductory paragraph "a consolidated" and inserting the words "an EBS Valuation" where they occur;

(ii) inserting after subparagraph "(b) (ii) (A)" —

"(AA) counterparties involved, including where they are located;";

(iii) revoking paragraphs "(c)"; "(q)"; "(r)", and "(s)".

Amends Schedule VI

8. Schedule VI of the principal Rules are amended in paragraph "(d)" by deleting "a consolidated" and inserting the words "an EBS Valuation".

Amends Schedule VIII

9. Schedule VIII of the principal Rules are amended—

(a) in paragraph (6) of the "INSTRUCTIONS AFFECTING SCHEDULE VIII" by deleting "a consolidated" and inserting the words "an EBS Valuation";

(b) by revoking the tail—

"Economic Balance Sheet Valuation principles—
(a) under Schedule XIV in relation to a Class D or E insurer;
(b) Part XIV under Schedule XIII in relation to a Class C insurer.".

Amends Schedule VIIIA

10. Schedule VIIIA of the principal Rules are amended in paragraph "(d)" of the "INSTRUCTIONS AFFECTING SCHEDULE VIIIA" by deleting "a consolidated" and inserting the words "an EBS Valuation".

Amends Schedule XII

11. Schedule XII of the principal Rules are amended in the introductory paragraph by deleting "consolidated" and inserting the words "an EBS Valuation".

Amends Schedule XIII

12. Schedule XIII of the principal Rules are amended—

(a) in Part 1—

(i) in paragraph 1 by deleting "a consolidated" and inserting the words "an EBS Valuation";

(ii) in Table 1 by deleting "Part V (h)" and inserting the words "Part XIX" where it occurs;

(iii) in Table 5 by deleting "Part V (i)" and inserting the words "Part XX" where it occurs;

(iv) in Table 6 by deleting "Part V (j)" and inserting the words "Part XXI" where it occurs;

(v) in Table 7 by deleting "Part V paragraph (d)" and inserting the words "Part XVIII" where it occurs;

(vi) by deleting "consolidated" and inserting the words "EBS Valuation" in the "INSTRUCTIONS AFFECTING TABLE 1, TABLE 2, TABLE 3, TABLE 5, TABLE 6 and TABLE 7" where they occur;

(b) in Part II under paragraph "(j)" of the "INSTRUCTIONS AFFECTING PART II" by deleting "a consolidated" and inserting the words "an EBS Valuation";

(c) in Part IIA under paragraph "(k)" of the "INSTRUCTIONS AFFECTING PART IIA" by deleting "a consolidated" and inserting the words "an EBS Valuation";

(d) in Part V—
  (i) by revoking paragraphs "(c)"; "(o)"; "(p)" and "(q)";

  (ii) in the "INSTRUCTIONS AFFECTING PART V: by—"
    (a) deleting in the introductory paragraph, "a consolidated" and insert the words "an EBS Valuation" where they occur;

    (b) revoking paragraphs "(c)"; "(o)"; "(p)", and "(q)".

(e) in Part VI under paragraph "(C)" of the "INSTRUCTIONS AFFECTING PART VI:" by deleting "a consolidated" and inserting the words "an EBS Valuation";

(f) in Part VII under paragraph "(B)" of the "INSTRUCTIONS AFFECTING PART VII:" by deleting "a consolidated" and inserting the words "an EBS Valuation";

(g) in Part VIII under paragraph "(6)" of the "INSTRUCTIONS AFFECTING PART VIII:" by deleting "a consolidated" and inserting the words "an EBS Valuation";

(h) in Part VIIIA under paragraph "(B)" of the "INSTRUCTIONS AFFECTING PART VIIIA:" by deleting "a consolidated" and inserting the words "an EBS Valuation";

(i) in Part IX in the introductory paragraph by deleting "a consolidated" and inserting the words "an EBS Valuation";

(j) in Part XII in the introductory paragraph by deleting "a consolidated" and inserting the words "an EBS Valuation";

(k) in Part XIV of the principal Rules are amended in paragraph 13 of the "INSTRUCTIONS AFFECTING FORM 4EBS:" by inserting after "conditions." the words "This shall include non-balance sheet reserves such as those set out under Modified Coinsurance arrangements under paragraph "(k)" of THE INSTRUCTIONS AFFECTING PART V: The corresponding assets supporting these modified coinsurance arrangements shall be included in Lines 1 to15 of Form 4EBS.";

(l) in Part XVII under paragraph "(e)" of the "INSTRUCTIONS AFFECTING PART XVII" by inserting before "net" the words "gross and";

(m) by inserting the following after Part XVII:

  (i) "Part XVIII Schedule of Anti- Money Laundering Assessment";

  (ii) "Part XIX Schedule of Particulars of Ceded Reinsurance";

(iii) "Part XX Schedule of Cash and Cash Equivalents Counterparty Analysis";

(iv) "Part XXI Schedule of Currency Risk";

(v) "Part XXII Schedule of Concentration Risk".

Amends Schedule XIV

14. Schedule XIV of the principal Rules are amended in paragraph 14 of the "INSTRUCTIONS AFFECTING FORM 4EBS:" by inserting after "conditions." the words "This shall include non-balance sheet reserves such as those set out under Modified Coinsurance arrangements under paragraph "(n)" of THE INSTRUCTIONS AFFECTING SCHEDULE V: The corresponding assets supporting these modified coinsurance arrangements shall be included in Lines 1to15 of Form 4EBS".

Amends Schedule XVII

15. Schedule XVII of the principal Rules are amended in paragraph "(e)" of the "INSTRUCTIONS AFFECTING SCHEDULE XVII:" by inserting before "net" the words "gross and".

Inserts Schedules XVIII, XIX, XX, XXI, XXII

16. The principal Rules are amended by inserting the following after Schedule XVII—

(a) "Schedule XVIII Schedule of Particulars of Ceded Reinsurance";

(b) "Schedule XIX Schedule of Cash and Cash Equivalents Counterparty Analysis";

(c) "Schedule XX Schedule of Currency Risk";

(d) "Schedule XXI Schedule of Concentration Risk";

(e) "Schedule XXII Schedule of Anti- Money Laundering Assessment".

Commencement

17. These Rules come into operation on 1 January 2017 and apply to financial years commencing on or after 1 January 2017.

Made this day of 2016

Chairman
The Bermuda Monetary Authority

PART XVIII - PARTICULARS OF REINSURANCE BALANCES

(Paragraph 6)

[blank] name of Company

As at [blank] (day/month/year)

All amounts expressed in .... (currency used)

		(A)	(B)	(C)	(D)	(E)
Name of Reinsurer	**BSCR Rating**	**Reinsurance Assets** Form 4EBS Lines 11(e), 12(c) and 17(c)	**Reinsurance Payable** Form 4EBS Line 28, 29, 33 and 34(c)	**Collateral** Notes to Form 4EBS Line 11(e) and Line 27(c)	**Qualifying Collateral**	**Net Qualifying Exposure**

Exposure By BSCR Rating	**Reinsurance Assets**	**Reinsurance Payable**	**Collateral**	**Qualifying Collateral**	**Net Qualifying Exposure**
BSCR Rating 0					
BSCR Rating 1					
BSCR Rating 2					
BSCR Rating 3					
BSCR Rating 4					
BSCR Rating 5					
BSCR Rating 6					
BSCR Rating 7					
BSCR Rating 8					
Single Consolidated Exposure					

INSTRUCTIONS AFFECTING PART XVIII:

(a) Particulars of reinsurance balances shall disclose at least the ten largest reinsurance exposures with the remaining reinsurance exposures grouped according to BSCR ratings and/or a single consolidated reinsurance exposure, including basis —

(i) the name of reinsurer;

(ii) the BSCR rating;

(iii) the amount of reinsurance balances receivable, funds held by ceding reinsurers, and reinsurance recoverable balance (as reflected in Form 4EBS, Lines 11(e), 12(c) and 27(c));

(iv) funds held by ceding reinsurers (as reflected in Form 4EBS, Line 12(c), in paragraph (iii) above), shall be included only to the extent that they are not already included under Schedule IIA;

(v) the amount of reinsurance balances payable and other payables (as reflected in Form 4EBS, Lines 28, 29, 33, and 34(c)) to the extent that they are attributable to that particular reinsurer or reinsurance exposure balance;

(vi) the amount of any collateral placed in favour of the insurer relating to the reinsurance balances (as reflected in Notes to Form 4EBS, Lines 11(e) and 27(c));

(vii) the amount of qualifying collateral shall be the collateral amount in (vi) less a 2% reduction to account for the market risk associated with the underlying collateral assets but, at all times, the qualifying collateral shall not exceed the net exposure, which is the difference between amounts in (iii) and (v);

(viii) the net qualifying exposure shall be the amount under (iii) less the amounts under both (v) and (vii) above; and

(ix) for the purposes of this Schedule, the appropriate BSCR rating shall be determined as follows—

(A) based on either the rating of the reinsurer or the rating of the letters of credit issuer, if any, whichever is higher;

(B) where the letters of credit does not relate to the entire reinsurance exposure, the reinsurance exposure should be separated to reflect the rating of that portion of the exposure which is covered by the letters of credit and the rating of that portion of the exposure which is not;

(C) where the reinsurer is a domestic affiliate, it shall be assigned a BSCR rating of 0 regardless of

(D) where a reinsurer is not rated but is regulated in a jurisdiction that applies the International Association of Insurance Supervisors' Insurance Core Principles ("IAIS' ICPs") and in particular imposes both a minimum capital requirement ("MCR") and a prescribed capital requirement ("PCR") and fully meets its PCR in that jurisdiction, it shall be assigned a BSCR rating of 4 or otherwise, it shall be assigned a BSCR rating of 8; and

(E) where the insurer has disclosed a single consolidated reinsurance exposure, that exposure shall be assigned a BSCR rating of 8;

BSCR Rating	Standard & Poor's	Moody's	AM Best	Fitch
1	AAA	Aaa	A++	AAA
2	AA+ to AA-	Aa1 to Aa3	A+	AA+ to AA-
3	A+ to A-	A1 to A3	A	A+ to A-
4	BBB+ to BBB-	Baa1 to Baa3	A-	BBB+ to BBB-
5	BB+ to BB-	Ba1 to Ba3	B++ to B	BB+ to BB-
6	B+ to B-	B1 to B3	B- to C+	B+ to B-
7	CCC+ to CCC-	Caa1 to Caa3	C, C-	CCC+ to CCC-
8	Below CCC-	Below Caa3	Below C-	Below CCC-

PART XIX – SCHEDULE OF CASH AND CASH EQUIVALENT COUNTERPARTY ANALYSIS

(Paragraph 6)

[blank] name of Company
As at [blank] (day/month/year)

All amounts expressed in .... (currency used)

Cash and Cash Counterparty Balance for 10 Largest Exposures	**BSCR Rating**	**Asset Value** **(A)**

Exposure By BSCR Rating	**Asset Value** **(A)**
BSCR Rating 0	
BSCR Rating 1	
BSCR Rating 2	
BSCR Rating 3	
BSCR Rating 4	
BSCR Rating 5	
BSCR Rating 6	
BSCR Rating 7	
BSCR Rating 8	
Single Consolidated Exposure	

INSTRUCTIONS AFFECTING PART XIX:

(i) cash and cash equivalent balances are to be reported based on its BSCR Rating;
(ii) an insurer may disclose at least the top 10 cash and cash counterparty exposures (as reflected in Form 4EBS and Schedule IIA Column 1, Line 27);
(iii) the remaining balance may be grouped according to BSCR rating;
(iv) all unreconciled balances shall be allocated to the single consolidated exposure balance that receives a BSCR Rating of 8;
(v) cash and cash equivalents issued by a country that is rated AA- or better in its own currency shall be classified under BSCR rating class 0;
(vi) insurers may allocate BSCR Rating based on the table below or with the allocation detailed in Schedule II; and
(vii) amounts shall be reported on both an EBS Valuation and unconsolidated basis.

BSCR Ratings	Standard & Poor's	Moody's	AM Best	Fitch
Class 2	A1, A1+	P1	AMB-1,1+	F1,F1+
Class 4	A2	P2	AMB-2	F2
Class 6	A3	P3	AMB-3	F3
Class 8	Unrated short-term investments and all other ratings			

PART XX - SCHEDULE OF CURRENCY RISK

(Paragraph 6)

[blank] name of Company

As at [blank] (day/month/year)

All amounts expressed in .... (currency used)

Currency	$GrossCurrast_i$ (A)	$Currast_i$ (B)	$GrossCurrliab_i$ (C)	$Currliab_i$ (D)
Financial Year	**Liabilities**	**ECR Charge**		
	Form 4EBS, Line 39	Summary Schedule		
XXX-1				
XXX-2				
XXX-3				

INSTRUCTIONS AFFECTING PART XX:

(i) Insurers are to report currencies representing at least 95% of their economic balance sheet liabilities

(ii) $GrossCurrast_i$ and $GrossCurrliab_i$ shall be valued in line with the Economic Balance Sheet principles set out in Schedule XIV;

(iii) where an insurer uses currency hedging arrangements to manage its currency risk, then $Currast_i$ and $Currliab_i$ may be adjusted to reflect the impact of those arrangements on $GrossCurrast_i$ and $GrossCurrliab_i$ of a 25% adverse movement in foreign exchange rates, otherwise the amounts $GrossCurrast_i$ and $GrossCurrliab_i$ shall apply;

(iv) a 'currency hedging arrangement' means derivative or other risk mitigation arrangements designed to reduce losses due to foreign currency exchange movements, and which meet the Authority's requirements to be classed as such"; and

(v) amounts shall be reported on both an EBS Valuation and unconsolidated basis.

PART XXI - SCHEDULE OF CONCENTRATION RISK

(Paragraph 6)

[blank] name of Company
As at [blank] (day/month/year)

All amounts expressed in .... (currency used)

Name of Exposure	Asset Type (A)	Asset sub-type (B)	BSCR Rating (C)	Asset Value (D)

INSTRUCTIONS AFFECTING PART XXI:

(i) Disclosure of an insurer's 10 largest exposures to single counterparty risk by reporting the name, the exposure and allocation by asset type, bond / mortgage type (if applicable), BSCR Rating (if applicable) and asset value consistent with Form 4EBS.

(ii) a counterparty shall include all related/connected counterparties defined as:

(A) Control relationship: if the counterparty, directly or indirectly, has control over the other(s); or

(B) Economic interdependence: if one of the counterparties were to experience financial problems, in particular funding or repayment difficulties, the other(s) as a result, would also be likely to encounter funding or repayment difficulties.

(iii) Asset Type (Column A) shall be one of the following lines taken from Form 4EBS;

(A) Cash and cash equivalents (Line 1)
(B) Quoted Investments (Line 2)
(C) Unquoted investments (Line 3)
(D) Investments in and Advances to Affiliates (Line 4)
(E) Investments in Mortgage Loans on Real estate (Line 5)
(F) Policy Loans (Line 6)
(G) Real Estate (Line 7)
(H) Collateral Loans (Line 8)
(I) Funds held by ceding reinsurers (Line 12)

(iv) Asset sub-type (Column B) shall provide further details of the type of asset as included in Table 1 or Table 2 as appropriate;

(v) BSCR Rating (Column C) shall be the BSCR rating that was allocated to the asset when it was included in Table 1, Table 2 or Table 7 as appropriate;

(vi) Asset Value (Column D) shall be the value of the asset as required by the Economic Balance Sheet valuation principles as set out in Schedule XIV; and

(vii) Amounts shall be reported on both an EBS Valuation and unconsolidated basis.

SCHEDULE XVIII - PARTICULARS OF REINSURANCE BALANCES

(Paragraph 6)

[blank] name of Company
As at [blank] (day/month/year)

All amounts expressed in .... (currency used)

		(A)	(B)	(C)	(D)	(E)
Name of Reinsurer	**BSCR Rating**	**Reinsurance Assets** Form 4EBS Lines 11(e), 12(c) and 17(c)	**Reinsurance Payable** Form 4EBS Line 28, 29, 33 and 34(c)	**Collateral** Notes to Form 4EBS Line 11(e) and Line 27(c)	**Qualifying Collateral**	**Net Qualifying Exposure**

Exposure By BSCR Rating	**Reinsurance Assets**	**Reinsurance Payable**	**Collateral**	**Qualifying Collateral**	**Net Qualifying Exposure**
BSCR Rating 0					
BSCR Rating 1					
BSCR Rating 2					
BSCR Rating 3					
BSCR Rating 4					
BSCR Rating 5					
BSCR Rating 6					
BSCR Rating 7					
BSCR Rating 8					
Single Consolidated Exposure					

INSTRUCTIONS AFFECTING SCHEDULE XVIII:

(b) Particulars of reinsurance balances shall disclose at least the ten largest reinsurance exposures with the remaining reinsurance exposures grouped according to BSCR ratings and/or a single consolidated reinsurance exposure, including basis —

(i) the name of reinsurer;

(ii) the BSCR rating;

(iii) the amount of reinsurance balances receivable, funds held by ceding reinsurers, and reinsurance recoverable balance (as reflected in Form 4EBS, Lines 11(e), 12(c) and 27(c));

(iv) funds held by ceding reinsurers (as reflected in Form 4EBS, Line 12(c), in paragraph (iii) above), shall be included only to the extent that they are not already included under Schedule IIA;

(v) the amount of reinsurance balances payable and other payables (as reflected in Form 4EBS, Lines 28, 29, 33, and 34(c)) to the extent that they are attributable to that particular reinsurer or reinsurance exposure balance;

(vi) the amount of any collateral placed in favour of the insurer relating to the reinsurance balances (as reflected in Notes to Form 4EBS, Lines 11(e) and 27(c));

(vii) the amount of qualifying collateral shall be the collateral amount in (vi) less a 2% reduction to account for the market risk associated with the underlying collateral assets but, at all times, the qualifying collateral shall not exceed the net exposure, which is the difference between amounts in (iii) and (v);

(viii) the net qualifying exposure shall be the amount under (iii) less the amounts under both (v) and (vii) above; and

(ix) for the purposes of this Schedule, the appropriate BSCR rating shall be determined as follows—

(A) based on either the rating of the reinsurer or the rating of the letters of credit issuer, if any, whichever is higher;

(B) where the letters of credit does not relate to the entire reinsurance exposure, the reinsurance exposure should be separated to reflect the rating of that portion of the exposure which is covered by the letters of credit and the rating of that portion of the exposure which is not;

(C) where the reinsurer is a domestic affiliate, it shall be assigned a BSCR rating of 0 regardless of

(D) where a reinsurer is not rated but is regulated in a jurisdiction that applies the International Association of Insurance Supervisors' Insurance Core Principles ("IAIS' ICPs") and in particular imposes both a minimum capital requirement ("MCR") and a prescribed capital requirement ("PCR") and fully meets its PCR in that jurisdiction, it shall be assigned a BSCR rating of 4 or otherwise, it shall be assigned a BSCR rating of 8; and

(E) where the insurer has disclosed a single consolidated reinsurance exposure, that exposure shall be assigned a BSCR rating of 8;

BSCR Rating	Standard & Poor's	Moody's	AM Best	Fitch
1	AAA	Aaa	A++	AAA
2	AA+ to AA-	Aa1 to Aa3	A+	AA+ to AA-
3	A+ to A-	A1 to A3	A	A+ to A-
4	BBB+ to BBB-	Baa1 to Baa3	A-	BBB+ to BBB-
5	BB+ to BB-	Ba1 to Ba3	B++ to B	BB+ to BB-
6	B+ to B-	B1 to B3	B- to C+	B+ to B-
7	CCC+ to CCC-	Caa1 to Caa3	C, C-	CCC+ to CCC-
8	Below CCC-	Below Caa3	Below C-	Below CCC-

SCHEDULE XIX – SCHEDULE OF CASH AND CASH EQUIVALENT COUNTERPARTY ANALYSIS

(Paragraph 6)

[blank] name of Company
As at [blank] (day/month/year)

All amounts expressed in .... (currency used)

Cash and Cash Counterparty Balance for 10 Largest Exposures	**BSCR Rating**	**Asset Value** **(A)**

Exposure By BSCR Rating	**Asset Value** **(A)**
BSCR Rating 0	
BSCR Rating 1	
BSCR Rating 2	
BSCR Rating 3	
BSCR Rating 4	
BSCR Rating 5	
BSCR Rating 6	
BSCR Rating 7	
BSCR Rating 8	
Single Consolidated Exposure	

INSTRUCTIONS AFFECTING SCHEDULE XIX:

(viii) cash and cash equivalent balances are to be reported based on its BSCR Rating;
(ix) an insurer may disclose at least the top 10 cash and cash counterparty exposures (as reflected in Form 4EBS and Schedule IIA Column 1, Line 27);
(x) the remaining balance may be grouped according to BSCR rating;
(xi) all unreconciled balances shall be allocated to the single consolidated exposure balance that receives a BSCR Rating of 8;
(xii) cash and cash equivalents issued by a country that is rated AA- or better in its own currency shall be classified under BSCR rating class 0;
(xiii) insurers may allocate BSCR Rating based on the table below or with the allocation detailed in Schedule II; and
(xiv) amounts shall be reported on both an EBS Valuation and unconsolidated basis.

BSCR Ratings	Standard & Poor's	Moody's	AM Best	Fitch
Class 2	A1, A1+	P1	AMB-1,1+	F1,F1+
Class 4	A2	P2	AMB-2	F2
Class 6	A3	P3	AMB-3	F3
Class 8	Unrated short-term investments and all other ratings			

SCHEDULE XX - SCHEDULE OF CURRENCY RISK

(Paragraph 6)

[blank] name of Company

As at [blank] (day/month/year)

All amounts expressed in .... (currency used)

Currency	$GrossCurrast_i$ (A)	$Currast_i$ (B)	$GrossCurrliab_i$ (C)	$Currliab_i$ (D)
Financial Year	**Liabilities**	**ECR Charge**		
	Form 4EBS, Line 39	Summary Schedule		
XXX-1				
XXX-2				
XXX-3				

INSTRUCTIONS AFFECTING SCHEDULE XX:

(vi) Insurers are to report currencies representing at least 95% of their economic balance sheet liabilities

(vii) $GrossCurrast_i$ and $GrossCurrliab_i$ shall be valued in line with the Economic Balance Sheet principles set out in Schedule XIV;

(viii) where an insurer uses currency hedging arrangements to manage its currency risk, then $Currast_i$ and $Currliab_i$ may be adjusted to reflect the impact of those arrangements on $GrossCurrast_i$ and $GrossCurrliab_i$ of a 25% adverse movement in foreign exchange rates, otherwise the amounts $GrossCurrast_i$ and $GrossCurrliab_i$ shall apply;

(ix) a 'currency hedging arrangement' means derivative or other risk mitigation arrangements designed to reduce losses due to foreign currency exchange movements, and which meet the Authority's requirements to be classed as such"; and

(x) amounts shall be reported on both an EBS Valuation and unconsolidated basis.

SCHEDULE XXI - SCHEDULE OF CONCENTRATION RISK

(Paragraph 6)

[blank] name of Company
As at [blank] (day/month/year)

All amounts expressed in .... (currency used)

Name of Exposure	**Asset Type (A)**	**Asset sub-type (B)**	**BSCR Rating (C)**	**Asset Value (D)**

INSTRUCTIONS AFFECTING SCHEDULE XXI:

(viii) Disclosure of an insurer's 10 largest exposures to single counterparty risk by reporting the name, the exposure and allocation by asset type, bond / mortgage type (if applicable), BSCR Rating (if applicable) and asset value consistent with Form 4EBS.

(ix) a counterparty shall include all related/connected counterparties defined as:

(A) Control relationship: if the counterparty, directly or indirectly, has control over the other(s); or

(B) Economic interdependence: if one of the counterparties were to experience financial problems, in particular funding or repayment difficulties, the other(s) as a result, would also be likely to encounter funding or repayment difficulties.

(x) Asset Type (Column A) shall be one of the following lines taken from Form 4EBS;

(A) Cash and cash equivalents (Line 1)
(B) Quoted Investments (Line 2)
(C) Unquoted investments (Line 3)
(D) Investments in and Advances to Affiliates (Line 4)
(E) Investments in Mortgage Loans on Real estate (Line 5)
(F) Policy Loans (Line 6)
(G) Real Estate (Line 7)
(H) Collateral Loans (Line 8)
(I) Funds held by ceding reinsurers (Line 12)

(xi) Asset sub-type (Column B) shall provide further details of the type of asset as included in Table 1 or Table 2 as appropriate;

(xii) BSCR Rating (Column C) shall be the BSCR rating that was allocated to the asset when it was included in Table 1, Table 2 or Table 7 as appropriate;

(xiii) Asset Value (Column D) shall be the value of the asset as required by the Economic Balance Sheet valuation principles as set out in Schedule XIV; and

(xiv) Amounts shall be reported on both an EBS Valuation and unconsolidated basis.

SCHEDULE XXII - SCHEDULE OF ANTI-MONEY LAUNDERING ASSESSMENT

(Paragraph 6)

All licenced insurers ("insurer") that write long-term direct gross written premiums shall be required to complete the Schedule of AML/ATF ("Schedule") and provide particulars of its gross written premiums on a consolidated basis as follows:

(a) Table I shall be prepared by insurer, provides the Authority with information to determine the extent of an insurer's exposure to ML/TF risk.

(b) Table II shall be prepared by insurer, provides the Authority with an understanding of the insurer's AML/ATF corporate governance framework, including employee training, knowledge, integrity, and compliance with established AML/ATF policies and procedures.

Table I
AML/ATF

INSURER INFORMATION

1. Confirm if the insurer is registered as a segregated accounts company ("SAC") in accordance with the requirements of the Segregated Accounts Act 2000 or of the Private Acts.

(a) If the insurer is a SAC, provide the number of active and non-active SAC's

2. Provide the Gross Premium Written (GPW) for the relevant year. In addition:

(a) provide the percentage of GPW corresponding to any unrelated business written by the insurer.

(b) if applicable, confirm the percentage of incidental general business written by the insurer.

(c) provide GPW by line of business:

	Insurance		Reinsurance	
Lines of Business	GPW US$	Number of Policies	GPW US$	Number of Policies
(a) Mortality				
(i) Term assurance	XXX	XXX	XXX	XXX
(ii) Whole Life	XXX	XXX	XXX	XXX
(iii) Universal Life	XXX	XXX	XXX	XXX
(b) Critical illness (including accelerated critical illness products)	XXX	XXX	XXX	XXX
(c) Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	XXX	XXX	XXX	XXX
(d) Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs)	XXX	XXX	XXX	XXX
(e) Annuities certain only	XXX	XXX	XXX	XXX
(f) Deferred accumulation annuities	XXX	XXX	XXX	XXX
(g) Disability income: active	XXX	XXX	XXX	XXX

lives - including waiver of premium and long-term care				
(h) Disability income: active lives - other accident and sickness	XXX	XXX	XXX	XXX
(i) Disability income: claims in payment - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(j) Disability income: claims in payment - other accident and sickness	XXX	XXX	XXX	XXX
(k) Group Life	XXX	XXX	XXX	XXX
(l) Group Disability	XXX	XXX	XXX	XXX
(m) Group Health	XXX	XXX	XXX	XXX
(n) Stop Loss	XXX	XXX	XXX	XXX
(o) Rider (other product riders not included above)	XXX	XXX	XXX	XXX
(p) Variable Annuities	XXX	XXX	XXX	XXX
(q) Other Lines of Business				
(i)General Business	XXX	XXX	XXX	XXX
(ii) any other lines of business	XXX	XXX	XXX	XXX
Total	**XXX**	**XXX**	**XXX**	**XXX**

3. Confirm if the Insurer has designated investment contracts in accordance with the provisions of section 57A of the Insurance Act or of the Private Act. If yes, provide the:

(a) number of designated investment contracts approved;

(b) net account value of the designated investments contracts at year-end.

4. Provide claims paid (gross) for the reporting period. Additionally, provide claims paid by line of business:

	Insurance		Reinsurance	
Lines of Business	Paid US$	Number of Policies	Paid US$	Number of Policies
(a) Mortality				
(i)Term Assurance	XXX	XXX	XXX	XXX
(ii) Whole Life	XXX	XXX	XXX	XXX
(iii) Universal Life	XXX	XXX	XXX	XXX
(b) Critical Illness (including accelerated critical illness products)	XXX	XXX	XXX	XXX
(c) Longevity (immediate	XXX	XXX	XXX	XXX

pay-out annuities, contingent annuities, pension pay-outs)				
(d) Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs)	XXX	XXX	XXX	XXX
(e) Annuities certain only	XXX	XXX	XXX	XXX
(f) Deferred accumulation annuities	XXX	XXX	XXX	XXX
(g) Disability Income: active lives - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(h) Disability income: active lives - other accident and sickness	XXX	XXX	XXX	XXX
(i) Disability income: claims in payment - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(j) Disability income: claims in payment - other accident and sickness	XXX	XXX	XXX	XXX
(k) Group Life	XXX	XXX	XXX	XXX
(l) Group Disability	XXX	XXX	XXX	XXX
(m) Group Health	XXX	XXX	XXX	XXX
(n) Stop Loss	XXX	XXX	XXX	XXX
(o) Rider (other product riders not included above)	XXX	XXX	XXX	XXX
(p) Variable Annuities	XXX	XXX	XXX	XXX
(q) Other Lines of Business				
(i) General Business	XXX	XXX	XXX	XXX
(ii) any other lines of business	XXX	XXX	XXX	XXX
Total	**XXX**	**XXX**	**XXX**	**XXX**

5. Confirm if the corporate governance framework or procedure manuals of the insurer relating to ML/AF risks are up to date and aligned with current AML/ATF requirements.

   Confirm the frequency with which the AML/ATF policies, procedures or manual are reviewed by the insurer.

6. Confirm if the insurer provides employees with training in relating to money laundering ("ML") and terrorism financing ("TF"). If yes, confirm if:

(a) ML/TF training is included in the induction program of new employees.

(b) the ML/TF training provided is specific to the business of insurance conducted by the insurer or is of general application.

(c) the frequency that employees must undertake ML/TF training.

7. Provide the experience and professional designations of the following employees:

	Number of Years in Current Role	Number of Years of AML/ATF Experience	Professional Designation
Senior Compliance Officer	XXX	XXX	XXX
Reporting Officer (“ML/TF Reporting Officer”)	XXX	XXX	XXX

8. Confirm if the insurer’s Senior Compliance Officer is located in Bermuda.

9. Confirm if the insurer’s ML/TF Reporting Officer is located in Bermuda.

10. Confirm if the insurer’s Senior Compliance Officer is a member of the senior management of the insurer.

11. Confirm the actions taken by an insurer prior to hiring employees:

<u>Verification of:</u>	Yes/No
Name	XXX
Residential address	XXX
Whether the individual should be considered as or is, a PEP	XXX
Whether individual is subject to international sanctions lists	XXX
Whether there is negative press concerning the proposed employee	XXX
Employment history	XXX
Professional references	XXX
Whether details have been requested regarding regulatory action taken against the individual	XXX
Details of any criminal conviction for fraud or other dishonesty	XXX
The individual's financial solvency	XXX

12. Confirm if the insurer monitors the transactions of its policyholders against their risk profile for suspicious activity.

13. Confirm if the insurer is registered with the Financial Intelligence Agency's ("FIA") "Go AML" Program and if so, provide the date of registration.

14. Confirm the number of Suspicious Activity Reports filed by the insurer from the year 2011 to date.

	Filed Internally	With FIA
201X	XXX	XXX
201X-1	XXX	XXX
201X-2	XXX	XXX
201X-3	XXX	XXX
201X-4	XXX	XXX
Total	XXX	XXX

POLICYHOLDER AND BENEFICIARY INFORMATION

15. Provide the following information based on the policyholder's residence (in accordance with the underwriting geographical zones set out in Table 6A); and the GPW for the relevant year:

Geographic Zone	GPW US$	Number of Policies
Zone 1	XXX	XXX
Zone 2	XXX	XXX
Zone 3	XXX	XXX
Zone 4	XXX	XXX
Zone 5	XXX	XXX
Zone 6	XXX	XXX
Zone 7	XXX	XXX
Zone 8	XXX	XXX
Zone 9	XXX	XXX
Zone 10	XXX	XXX
Zone 11	XXX	XXX
Zone 12	XXX	XXX
Zone 13	XXX	XXX
Zone 14	XXX	XXX
Zone 15	XXX	XXX
Zone 16	XXX	XXX
Zone 17	XXX	XXX
Zone 18	XXX	XXX
Zone 19	XXX	XXX
Zone 20	XXX	XXX
Total	**XXX**	**XXX**

16. Provide the following information, based on the residence of beneficiaries (in accordance with the underwriting geographical zones set out in Table A); and the claims paid for the relevant year:

Geographic Zone	Claims paid US$	Number of Policies
Zone 1	XXX	XXX
Zone 2	XXX	XXX
Zone 3	XXX	XXX
Zone 4	XXX	XXX
Zone 5	XXX	XXX
Zone 6	XXX	XXX
Zone 7	XXX	XXX
Zone 8	XXX	XXX
Zone 9	XXX	XXX
Zone 10	XXX	XXX
Zone 11	XXX	XXX
Zone 12	XXX	XXX
Zone 13	XXX	XXX
Zone 14	XXX	XXX
Zone 15	XXX	XXX
Zone 16	XXX	XXX
Zone 17	XXX	XXX
Zone 18	XXX	XXX
Zone 19	XXX	XXX
Zone 20	XXX	XXX
Total	**XXX**	**XXX**

17. Provide the information based on the residence of politically exposed persons (in accordance with the underwriting geographical zones set out in Table A); and the GPW for the relevant year:

Geographic Zone	Number of PEPs
Zone 1	XXX
Zone 2	XXX
Zone 3	XXX
Zone 4	XXX
Zone 5	XXX
Zone 6	XXX
Zone 7	XXX
Zone 8	XXX
Zone 9	XXX
Zone 10	XXX
Zone 11	XXX
Zone 12	XXX
Zone 13	XXX
Zone 14	XXX
Zone 15	XXX
Zone 16	XXX
Zone 17	XXX
Zone 18	XXX
Zone 19	XXX

Zone 20	XXX
Total	**XXX**

18. Confirm if the insurer screens policyholders and beneficiaries to determine if they are subject to directives imposed under Bermuda sanctions regime.

19. Provide the number of policyholders by the following risk assessment:

	Number of Policyholders	% of GPW
Low Risk	XXX	XXX
Medium Risk	XXX	XXX
High Risk	XXX	XXX
Unknown	XXX	XXX
Total	**XXX**	**XXX**

20. Confirm the frequency with which the insurer rates the AML/ATF risks of its policyholders.

21. Confirm whether senior management approval is required to approve new business, if the policyholder has been risk rated as:

Low	Medium	High
XXX	XXX	XXX

22. Confirm if senior management approval is required to retain an existing policyholder if the policyholder's risk rating has changed to:

Low	Medium	High
XXX	XXX	XXX

23. . Confirm the manner in which the insurer conducts business with its policyholders by percentage of the total business:

	% of policyholder
Directly with the policyholder	XXX%
Via intermediary arrangement	XXX%
Via unrelated intermediary arrangement	XXX%
Introduced from a member of an insurance group	XXX%
Other (provide examples)	XXX%
Total	**XXX%**

24. Provide the percentage of business conducted by each of the following methods:

	% of policyholders
Face to face with policyholders	XXX%
Via intermediary	XXX%
By phone, email, fax, or post	XXX%
Other (provide examples)	XXX%
Total	**XXX%**

25. If the insurer engages intermediaries, confirm if the insurer performs AML/ATF due diligence prior to the engagement.

26. Confirm the following information for each type of policyholder that is verified by an insurer prior to commencement of new business.

	Low Risk Policyholder	Medium Risk Policyholder	High Risk Policyholder	Non-Risk Rated Policyholder
Public company (i.e., Policyholders quoted on a stock exchange)				
Full legal name	XXX	XXX	XXX	XXX
Address of Policyholder	XXX	XXX	XXX	XXX
Nature of business	XXX	XXX	XXX	XXX
Evidence of exchange listing	XXX	XXX	XXX	XXX
Private company (i.e. Policyholders not quoted on a stock exchange)				
Legal name	XXX	XXX	XXX	XXX
Trading name	XXX	XXX	XXX	XXX
Registered trading address	XXX	XXX	XXX	XXX
Nature of business	XXX	XXX	XXX	XXX
Jurisdiction of operations	XXX	XXX	XXX	XXX
Identity of beneficial owner and whether identify is verified	XXX	XXX	XXX	XXX
Address of beneficial owners.	XXX	XXX	XXX	XXX
Identity of directors/senior executives and whether identity is verified.	XXX	XXX	XXX	XXX
Address of directors/senior executives	XXX	XXX	XXX	XXX
Natural Person				
Name	XXX	XXX	XXX	XXX
Address	XXX	XXX	XXX	XXX
D.O.B	XXX	XXX	XXX	XXX
Nationality	XXX	XXX	XXX	XXX
Gender	XXX	XXX	XXX	XXX
Occupation	XXX	XXX	XXX	XXX
Salary	XXX	XXX	XXX	XXX
Employer	XXX	XXX	XXX	XXX

Source of funds	XXX	XXX	XXX	XXX
Source of wealth	XXX	XXX	XXX	XXX
Reason for application	XXX	XXX	XXX	XXX
Expected activities	XXX	XXX	XXX	XXX

27. Confirm the mechanism(s) used by the insurer to receive premium and pay claims:

	Premium	Claims
Bank transfer	XXX	XXX
Cash	XXX	XXX
Cheque	XXX	XXX
Credit/debit card	XXX	XXX
Virtual currencies	XXX	XXX
Other (provide examples)	XXX	XXX

28. Provide any additional information or comments that could be relevant to this report or which may further clarify any information provided by the insurer.

Table A – Underwriting Geographical Zones

Underwriting Zone	**Location**
Zone 1 - Central & Western Asia	Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Palestine, 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	Aland Islands, Channel Islands, Denmark, Estonia, Faeroe Islands,

Europe	Finland Guernsey, 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)	Canada, Greenland, and St Pierre & Miquelon
Zone 12 - Caribbean	Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican, El Salvador, Grenada, Guadeloupe, Haiti, Montserrat, Netherlands Antilles, 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
Zone 19 - Central America	Belize, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama
Zone 20 - Bermuda	Bermuda

Table II

AML/ATF

The insurer shall confirm the following information as at the reporting period:

	Corporate Governance
1	Whether the powers, roles, responsibilities and accountabilities between the board of directors of the insurer ("Board") and senior management are clearly defined, segregated and understood.
2	Whether the Board and senior management understand how the insurer operates through structures which may impede transparency.
3	That the insurer reviews and monitors the structure, size and composition of the Board and recommends improvements to ensure its compliance with the applicable laws, regulations, listing rules and insurer's policies.
4	That the Audit and Risk Management Committee of the Board or any related Board committee, assists the Board in fulfilling its oversight function through the review and evaluation of the financial reporting process and adequacy

	and effectiveness of the system of internal controls; including financial reporting and information technology security controls.
5	Confirmation that the Board receives sufficient AML/ATF information to assess and understand the senior executive's process for evaluating the insurer's system of internal controls.
6	Whether the Board ensures that the insurer complies with all relevant laws and regulations and endeavors to adopt accepted best business practices.
7	That the Board and senior management declare any personal dealings to HR and the Compliance department when applicable or required.
8	That the Board provides oversight to the insurer with regard to enterprise risk management and identifies key risk areas and key performance indicators and monitor these factors with due diligence.
9	Whether Board members ensure there is appropriate oversight by the senior management that is consistent with the insurer's policies and procedures.
10	Whether the Board sets and enforces clear lines of responsibility and accountability throughout the organization.
11	That at least annually the Board monitors the senior management's compliance with policies set by the Board and its performance based on approved targets and objectives.
12	That the Board receives advice on all major financing transactions, principal agreements and capitalization requiring Board approval and makes appropriate recommendations for their consideration
13	Whether the compliance and audit function are independent of all operational and business functions as far as practicable and have direct lines of communication to the senior management.
14	That the insurer has instituted policies or procedures to provide for the Senior Compliance Officer to have regular contact with and direct access to, the senior management; to ensure that the senior management is able to satisfy itself that the insurer's statutory obligations are being met and the measures taken to prevent risks of ML/TF are sufficiently robust
Employee Integrity	
15	Whether the insurer has established and, maintains and operates appropriate procedures in order to be satisfied of the integrity of new employees.
16	That appropriate mechanisms have been established to ensure the protection of the insurer's employee to report suspicious transactions and other actions to comply with AML/ATF/AFT obligations.
17	That adequate procedures or management information systems are in place to provide relevant employees with timely information which may include information regarding connected accounts or relationships.
18	Whether adequate procedures or document information systems are in place to ensure relevant legal obligations are understood and practiced by employees and adequate guidance and training is provided by the insurer to employees.
19	Whether the incidences of financial crime committed by employees (e.g. theft, fraud) is low.
Employee Knowledge	
20	That all employees are aware of the identity of the Reporting Officer and how to report suspicious activity.
21	Confirm whether training programs are designed to cover the AML/ATF/ risks of the insurer.
22	Whether the insurer has an appropriate number of suitably trained employees and other resources necessary to implement and operate its

	AML/ATF program.
23	Whether employees fully comply with all AML/ATF procedures in respect of customer identification, account monitoring, record keeping and reporting.
24	That employees are expected to remain vigilant to the possibility of ML.
25	Whether employees who violate any of the AML/ATF regulations and or policies and procedures outlined in the insurer's handbook will be subject to disciplinary action.
26	That all employees are required to (at least annually) undertake training to ensure that their knowledge of AML/ATF laws, policies and procedure is current
27	Whether employees are updated on money laundering schemes and typologies on a regular basis.
28	That employees are required to declare personal dealings relevant in the jurisdictions that the insurer operates in on a regular basis (at least annually).
Employee Compliance	
29	Whether the insurer ensures that the Senior Compliance Officer is the focal point for the oversight of all activities relating to the prevention and detection of ML/TF.
30	That the Senior Compliance Officer is fully conversant and trained in up to date regulatory requirements and ML/TF risks arising from the insurer's business.
31	That the Board monitors compliance with corporate governance regulations and guidelines.
32	Whether the Board supports the senior management's scope of AML/ATF internal control assessment and receives regular (at least annually) reports from the senior management..
Insurer Data	
33	the date the insurer last performed an entity-wide AML/ATF risk assessment.
34	the date the insurer last had an independent review of its AML/ATF program.
35	the date of the last Compliance/ Reporting Officer report on the operation and effectiveness of the insurer's AML/ATF policies, procedures and controls.
36	if the insurer documents the ML/TF risk assessment associated with a product/service prior to launch.
37	if the insurer is listed on a stock exchange.
	If yes, please provide details of the stock exchange(s).

Please include any additional information/comments which the insurer is of the view may be relevant.

INSTRUCTIONS TO the Schedule:

For the purposes of this Schedule, "relevant year" means in relation to an insurer its financial year.

"POCA Regulations" means the Proceeds of Crime (Anti-money laundering and Anti-Terrorist Financing) Regulations 2008

For the purposes of Table I:

a) In Paragraph 1 "active SAC" means a segregated account cell that is undertaking transactions of business and "non active SAC" means a segregated account cell that is not undertaking any transactions of business.

b) In paragraph 2 "unrelated business" means insurance business consisting of insuring risks of persons who are not shareholders or affiliates of the insurer.

c) in paragraph 2 “incidental general business” has the limitations imposed on the meaning of “general business” and “long-term business” as set out under section 1(4)(aa) of the Act;
d) “reporting officer” for the purposes of paragraph 7 has the meaning given under paragraph 2 of POCA Regulations;
e) in paragraph 11, “negative press” means any public information about the proposed employee that raises concerns about, amongst other things, the probity, fitness for the position or source of wealth of such person;
f) for the purposes of completing 11, “criminal conviction” means all non-expunged criminal offences;
g) for the purposes of completing the questions under paragraphs 10 and 19; “senior management” shall be interpreted in accordance with the provisions of POCA Regulations
h) in paragraph 15, “policyholder” means the individual or entity covered by an insurance policy issued by the insurer;
i) for the purposes of paragraph 16, a “beneficiary” means a beneficiary as defined under paragraph 6(7) of POCA Regulations;
j) in paragraph 19, “risk assessment” means the assessment of AML/ATF risks determined by the insurer of a policy holder of the insurer in accordance with POCA Regulations and the relevant Guidance Notes issued by the Authority.

k) for the purposes of paragraph 23, ”non-risk rated policyholder” means a policyholder who has not been “risk rated” in line with the AML/ATF risk assessment requirement imposed under POCA Regulations and the relevant Guidance Notes issued by the Authority.

INSTRUCTIONS TO TABLE II:

For the purposes of Table II:

In paragraphs 21 and 35 “reporting officer” has the meaning given under paragraph 2 of POCA.