BERMUDA MONETARY AUTHORITY

22nd January 2015

NOTICE

Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Amendment Rules 2015 (the "Rules")

The Bermuda Monetary Authority (the "Authority") proposes to amend the above Rules to reflect the changes proposed in the Consultation Paper on the "Economic Balance Sheet Framework" issued in December 2014. The key changes are the introduction of a new Schedule XIV setting out the requirements for the Economic Balance Sheet (EBS), along with consequential changes to other Schedules to ensure that the BSCR requirement is calculated based on the EBS. There is also the introduction of a new Schedule XV containing initial proposals covering the requirements for the Group Actuary's Opinion on the EBS technical provisions. This will also require significant revisions to the Group Actuary Guidance Note – and these will also be the subject of further consultations with interested parties over the next few months.

The Authority proposes for the aforementioned amendments to become effective for submissions made following the end of the financial year starting on or after 1st January 2016.

Comments on the Rules are invited by 27th February 2015 and should be sent to email address: policy@bma.bm.

BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) AMENDMENT RULES 2015

BR / 2015

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, which amend the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 (the "principal Rules"), may be cited as the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Amendment Rules 2015.

Paragraph 2 amended

2 Paragraph 2 of the principal Rules is amended by –

(a) deleting the words ""available statutory capital and surplus" has the meaning given in section 1(1) of the Act";

(b) inserting in alphabetical order the words ""available statutory economic capital and surplus" is the amount shown in Line 40 of Form 1EBS as set out in these Rules";

(c) deleting the words ""Form 1" means Form 1 set out in the Group (Supervision Rules) 2011";

(d) inserting in alphabetical order the words ""Form 1EBS" means Schedule XIV Group Statutory Economic Balance Sheet set out in these Rules;";

(e) deleting the words ""reserve risk" means the risk that an insurance group's reserves would be insufficient to satisfy its obligations"' and inserting the words ""reserve risk" means the risk that an insurance group's technical provisions would be insufficient to satisfy its obligations;".

Paragraph 3 amended

3 Paragraph 3 of the principal Rules is amended–

(a) in sub-paragraph (3) by deleting the words "available statutory capital and surplus" and inserting the words "available statutory economic capital and surplus";

(b) in sub-paragraph (4) by deleting the words "Form 1" and inserting the words "Form 1EBS".

(c) in sub-paragraph (4)(b) deleting the words “Schedule XI(D); and” and inserting the words “Schedule XI(D).”

(d) by deleting sub-paragraph (4)(c).

Paragraph 6 amended

4 Paragraph 6 of the principal Rules are amended by inserting “XIV” and “XV” after “XIII” where it occurs.

Schedule I amended

5 Schedule I of the principal Rules is amended:

(a) in Table 1- Capital Charge factors for $FIastclass_i$ under the heading *Other Fixed income Investments*:

(i) under item “Other loans” by deleting the words “Form 1” and inserting the words “Form 1EBS”;

(ii) under item “Cash and time deposits”:

(A) by deleting the words “Cash and time deposits” and inserting the words “Cash and cash equivalents”;

(B) in the “Statement Source” column by deleting the words “Form 1” and inserting the words “Form 1EBS”;

(b) in Table 2- Capital charge factors for $Eqastclass_i$ by:

(i) by deleting the words “Form 1” and inserting the words “Form 1EBS” where they occur;

(ii) by deleting item “Other tangible assets – net of segregated accounts and other adjustments for long-term business” and inserting the words “Other tangible assets – net of segregated accounts”;

(iii) by deleting the words “Form 1, Lines 13(g) & 14(d) Less 13(b), 13(c) and 13(d) and Schedule VII, Line 18, Columns (2), (3) and (4)” and inserting the words and “Form 1, Lines 13(l) & 14(d) Less 13(b), 13(c) and 13(d).

(c) in Table 3- Interest rate adjustment for $bonds_i$ by deleting the words “Form 1” and inserting the words “Form 1EBS” where they occur;

(d) in Table 6- Capital charge factor for $debtor_i$ by-

(i) deleting row “Deferred – not yet due”;

(ii) deleting the words “Form 1” and inserting the words “Form 1EBS” wherever they appear;

(e) under the heading “**INSTRUCTIONS AFFECTING TABLE 6**: Capital charge for $debtor_i$”, in paragraph (d) by deleting the words “Form 1” and inserting the words “EBS Schedule”.

Schedule II amended

6 Schedule II of the principal Rules is amended by deleting the words “Form 1” and inserting the words “Form 1EBS” where they occur.

Schedule IIA amended

7 Schedule IIA of the principal Rules is amended –

(a) by deleting the words “Cash and time deposits” and inserting the words “Cash and cash equivalents”;

(b) in paragraph (a) under the heading “**INSTRUCTIONS AFFECTING SCHEDULE IIA:”** by deleting the words “Form 1” and inserting the words “Form 1EBS”.

Schedule III amended

8 Schedule III of the principal Rules is amended in Line 25 by deleting the words “Form 1” and inserting the words “Form 1EBS”.

Schedule V amended

9 Schedule V of the principal Rules is amended—

(a) in paragraph (t) by deleting the words “statutory financial statements” and inserting the words “Form 1EBS Group Statutory Economic Balance Sheet”.

(b) under the heading “**INSTRUCTIONS AFFECTING SCHEDULE V**” as follows:

(i) in sub-paragraph (d) (iii) by deleting the words “Form 1” and inserting the words “Form 1EBS”;

(ii) in sub-paragraph (d) (iv) by deleting the words “Form 1” and inserting the words “Form 1EBS”;

(iii) in sub-paragraph (e) by deleting the words “Form 1” where they occur and inserting the words “Form 1EBS;”

(iv) in sub-paragraph (f) by deleting the words “Form 1” and inserting the words “Form 1EBS”;

(v) by deleting sub-paragraph (t) and replacing it as follows:

“(t) a reconciliation of amounts reported in total assets, total liabilities and total capital and surplus comprising any adjustments applied to the group’s GAAP financial statements to arrive at the Form 1 EBS;.”

Schedule VI amended

10 Schedule VI of the principal Rules is amended—

(a) in paragraph (a) by deleting the words “Form 1- Group Statutory Balance Sheet” and inserting the words “Form 1EBS Group Statutory Economic Balance Sheet”;

(b) in paragraph (b) (i) by deleting the words “Form 1- Group Statutory Balance Sheet and inserting the words “Form 1EBS”;

(c) in paragraph (b) (ii) by deleting the words “Form 1- Group Statutory Balance Sheet Lines 2 (b) and 3 (b)” and inserting the words “Form 1EBS Lines 2 (b) and 3 (b)”.

Schedule VII amended

11 Schedule VII of the principal Rules is amended by—

(a) deleting columns (2), (3), (4), (5), (6) and (8);

(b) deleting the words in column (1) “Bermuda Statutory Reserve” and inserting the words “Bermuda EBS Best Estimate Provision”;

(c) deleting the words in column (7) and inserting the words “BSCR Adjusted Provisions [Greater of Column (1) and 0]”;

(d) inserting the following after Schedule VII:

"**INSTRUCTIONS AFFECTING SCHEDULE VII**:
Bermuda EBS best estimate provisions are to be calculated in accordance with Economic Balance Sheet valuation principals under Schedule XIV."

Schedule VIII amended

12 Schedule VIII of the principal Rules is amended by—

(a) deleting the words in column (1) "Bermuda Statutory Reserve" and inserting the words "Bermuda EBS Best Estimate Provision";

(b) inserting a new sub-paragraph "(f)" after subparagraph (e) under the **INSTRUCTIONS AFFECTING SCHEDULE VIII:** as follows:

"(e) Bermuda EBS best estimate provisions are to be calculated in accordance with Economic Balance Sheet valuation principals under Schedule XIV**.**

Schedule VIIIA amended

13 Schedule VIIIA of the principal Rules is amended by—

(a) by deleting the words in Column (1) "BSCR statutory reserve" and inserting the words "Bermuda EBS Best Estimate Provisions";

(b) inserting the following after Schedule VIIIA:

"**INSTRUCTIONS AFFECTING SCHEDULE VIIIA**:
Bermuda EBS best estimate provisions are to be calculated in accordance with Economic Balance Sheet valuation principals under Schedule XIV."

Schedule XIA amended

14 Schedule XIA of the principal Rules is amended in paragraph (j) under the heading "**INSTRUCTIONS AFFECTING SCHEDULE XIA:"** by deleting the words "Form 1" and inserting the words "Form 1EBS".

Schedule XIII repealed and replaced

15 Schedule XIII of the principal Rules is amended –

"SCHEDULE XIII (Paragraph 6) SCHEDULE

OF GROUP ELIGIBLE CAPITAL [*blank*]

name of Parent

as at [*blank*] (day/month/year)

All amounts are expressed in ______(currency used)

The schedule of eligible capital shall provide particulars of the following matters:

1. Tier 1, Tier 2 and Tier 3 eligible capital as prescribed in Table 17; and
2. Particulars of each capital instrument approved by the Authority as "Any other fixed capital" in accordance with Form 8, Line 1(c) of the Group Statutory Statement of Capital and Surplus under the Group Rules as prescribed in Schedule 1.

Table 17

SCHEDULE OF GROUP ELIGIBLE CAPITAL

Total available economic statutory capital and surplus Form 1EBS, Line 4 plus applicable adjustments)	XXX
Less: Encumbered assets not securing policyholders' obligations	

(Notes to Form 1EBS, Line 15) XXX

Less: Relative liability or contingent liability (included on Form 1EBS)

for which the encumbered assets are held XXX

Subtotal XXX

TIER 1-BASIC CAPITAL

(a) Fully paid common shares (Form 8, Line 1(a)(i)) XXX

(b) Contributed surplus or share premium (Form 8, Line 1(b)) XXX

(c) Statutory economic surplus - End of Year (Form 1EBS, Line 40 less Form 8, Line 1(d)XXX

(d) Capital adjustments XXX

(e) Hybrid capital instruments:

Perpetual or fixed term preference shares (Form 8, Line 1(a)(ii)) XXX

(f) Other: XXX

(g) Less: Treasury shares (Form 8, Line 1(a)(iii)) XXX

(h) Less: Difference between encumbered assets for policyholders' obligations and policyholders' obligations, calculated as follows:

	Policy holder obliga-tions (Column (A))	Encum-bered (pledged) assets (Column (B))	
(i) Contracts where pledged assets exceed the policyholder obligations	XXX	XXX	
(ii) Contracts where pledged assets are equal to the policyholder obligations	XXX	XXX	
(iii) Contracts where pledged assets are less than the policyholder obligations	XXX	XXX	
(iv) Contracts where policyholder obligations are not collateralized	XXX		
(v) Total	XXX	XXX	
(vi) Excess encumbered assets i.e. contracts where pledged assets exceed the policyholder obligations (Column (B)(i) - Column (A)(i))			XXX
(vii) Capital requirement applicable to the encumbered assets under (i) above (equal to the contribution of the pledged assets to the ECR)			XXX
(viii) Capital requirement applicable to the policyholder obligations under (i) above (equal to the contribution of the policyholder obligations to the ECR)			XXX
(ix) Excess encumbered assets transferable to Tier 2 ((vi)-(vii)-(viii))			XXX
(x) Policyholder obligations that are fully collateralized (Column (A)(i)+ Column (A)(ii) + Column (B)(iii))			XXX
(xi) Total policyholder obligations (Column (A)(v))			XXX
(xii) Proportion of policyholder obligations that are not collateralized (1 – (x)/(xi))			xx%
(xiii) Excess encumbered assets transferred to Tier 2 ((ix) x (xii))			XXX

(i) Less: Encumbered assets not securing policyholders' obligations (Notes to Form 1EBS, Line 15)	XXX
Less: Relative liability or contingent liability (included on Form 1EBS) for which the encumbered assets are held	XXX
(j) Less: Residual restricted assets in excess of capital requirements, reported in CISSA, to the extent that these amounts are not included in the encumbered assets for policyholder obligations and not for securing policyholder obligations	XXX
TIER 1-ANCILLARY CAPITAL	
(a) Perpetual or fixed term subordinated debt (Form 8, Line 1(c)(i))	XXX

TOTAL TIER 1 AVAILABLE CAPITAL	**XXX**
TIER 2-BASIC CAPITAL	
(a) Hybrid capital instruments:	
Perpetual or fixed term preference shares – Qualifying (Form 8, Line 1(a)(ii))	XXX
(b) Other:	XXX
(c) Add: Difference between encumbered assets for policyholders' obligations and policyholders' obligations deducted from Tier 1	XXX
TIER 2 ANCILLARY CAPITAL	
(a) Unpaid and callable common shares (Form 8, Line 1(c)(i))	XXX
(b) Qualifying unpaid and callable hybrid capital (Form 8, Line 1(c)(i))	XXX
(c) Qualifying unpaid and callable non-cumulative, perpetual preference shares (Form 8, Line 1(c)(i))	XXX
(d) Perpetual or fixed term subordinated debt (Form 8, Line 1(c)(i))	XXX
(e) Approved letters of credit (Form 8, Line 1(c)(ii))	XXX
(f) Approved guarantees (Form 8, Line 1(c)(ii))	XXX
TOTAL TIER 2 AVAILABLE CAPITAL	**XXX**
TIER 3 BASIC CAPITAL	
(a) Short-term hybrid capital instruments:	
Perpetual or fixed-term preference shares – Qualifying (Form 8, Line 1(a)(ii))	XXX
TIER 3 ANCILLARY CAPITAL	
(a) Short-term subordinated debt (Form 8, Line 1(c)(i))	XXX
(b) Approved letters of credit (Form 8, Line 1(c)(ii))	XXX
(c) Approved guarantees (Form 8, Line 1(c)(ii))	XXX
TOTAL TIER 3 AVAILABLE CAPITAL	**XXX**
TOTAL AVAILABLE STATUTORY ECONOMIC CAPITAL AND SURPLUS	**XXX**
REGULATORY CAPITAL LEVELS	
Minimum Margin of Solvency	**XXX**
Enhanced Capital Requirement	**XXX**

INSTRUCTIONS AFFECTING TABLE 17:

the insurance group shall include all components of the total available statutory capital and surplus (as reflected in Form 1EBS, Line 40) in accordance with the provisions of paragraphs 21 and 22 of the Group Rules. Adjustments under subparagraph 3(3)(b) to (d) shall be made to Tier 1 – basic capital (c) statutory surplus – end of year.

Table 17A

ADDITIONAL

DETAILS

Description of capital instrument	Date of issue	Maturity date (as applicable)	Date approved by the Authority	Value of the capital instrument	Eligible capital tier
				XXX	

INSTRUCTIONS AFFECTING TABLE 17A:

The insurance group shall include every capital instrument contributing to the amount reported in Form 8, Line 1(c) of the Group Statutory Statement of Capital and Surplus in Table 17A in accordance with the provisions of paragraphs 21 and 22 of the Group Rules."

Schedule XIV inserted

16 The principal Rules are amended by inserting a new "Schedule XIV Group Statutory Economic Balance Sheet" after Schedule XIII.

Schedule XV inserted

17 The principal Rules are amended by inserting a new "Schedule XV Group Actuary's Opinion" after Schedule XIV.

Commencement

18 These Rules come into operation on 31 December 2016.

Made this day of 2015.

Chairman
The Bermuda Monetary Authority

INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) AMENDMENT RULES 2015

SCHEDULE XIV (Paragraph 6)

GROUP STATUTORY ECONOMIC BALANCE SHEET

Schedule XIV Group Statutory Economic Balance Sheet (EBS), shall provide particulars of the following matters—

Form 1EBS

GROUP STATUTORY ECONOMIC BALANCE SHEET

[*blank*] name of Parent

as at [*blank*] (day/month/year)

expressed in [*blank*] (currency used)

Line No		20XX	20XX-1
1.	**CASH AND CASH EQUIVALENTS**	**XXX**	**XXX**
2.	**QUOTED INVESTMENTS:**		
(a)	Bonds and Debentures		
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
(b)	Total Bonds and Debentures	XXX	XXX
(c)	Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
(d)	Total equities	XXX	XXX
(e)	Other quoted investments	XXX	XXX
(f)	Total quoted investments	XXX	XXX

3.	**UNQUOTED INVESTMENTS:**		
(a)	Bonds and Debentures		
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
(b)	Total Bonds and Debentures	XXX	XXX
(c)	Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual Funds	XXX	XXX
(d)	Total equities	XXX	XXX
(e)	Other unquoted investments	XXX	XXX
(f)	Total unquoted investments	XXX	XXX
4.	**INVESTMENTS IN AND ADVANCES TO AFFILIATES**		
(a)	Unregulated entities that conduct ancillary services	XXX	XXX
(b)	Unregulated non-financial operating entities	XXX	XXX
(c)	Unregulated financial operating entities	XXX	XXX
(d)	Regulated non-insurance financial operating entities	XXX	XXX
(e)	Regulated insurance financial operating entities	XXX	XXX
(f)	Total investments in affiliates	XXX	XXX
(g)	Advances to affiliates	XXX	XXX
(h)	Total investments in and advances to affiliates	XXX	XXX
5.	**INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:**		
(a)	First liens	XXX	XXX
(b)	Other than first liens	XXX	XXX
(c)	Total investment in mortgage loans on real estate	XXX	XXX
6.	**POLICY LOANS**	**XXX**	**XXX**
7.	**REAL ESTATE:**		
(a)	Occupied by the group (less encumbrances)	XXX	XXX
(b)	Other properties (less encumbrances)	XXX	XXX
(c)	Total real estate	XXX	XXX
8.	**COLLATERAL LOANS**	**XXX**	**XXX**
9.	**INVESTMENT INCOME DUE**	**XXX**	**XXX**
10.	**ACCOUNTS AND PREMIUMS RECEIVABLE**		

(a)	In course of collection	XXX	XXX
(c)	Receivables from retrocessional contracts	XXX	XXX
(d)	Total accounts and premiums receivable	XXX	XXX
11.	**REINSURANCE BALANCES RECEIVABLE**		
(a)	Foreign affiliates	XXX	XXX
(b)	Domestic affiliates	XXX	XXX
(c)	Pools & associations	XXX	XXX
(d)	All other insurers	XXX	XXX
(e)	Total reinsurance balance receivable	XXX	XXX
12.	**FUNDS HELD BY CEDING REINSURERS**		
(a)	Affiliated	XXX	XXX
(b)	Non-affiliated	XXX	XXX
(c)	Total funds held by ceding reinsurers	XXX	XXX
13.	**SUNDRY ASSETS:**		
(a)	Derivative instruments	XXX	XXX
(b)	Segregated accounts - LT business – variable annuities	XXX	XXX
(c)	Segregated accounts - LT business - other	XXX	XXX
(d)	Segregated accounts - General business	XXX	XXX
(e)	Deposit assets	XXX	XXX
(f)	Balances receivable on sale of investments	XXX	XXX
(g)	Intangible assets	XXX	XXX
(h)	Deferred tax assets	XXX	XXX
(i)	Prepayments	XXX	XXX
(j)	Pension Benefit Surplus	XXX	XXX
(k)	Other (please specify)	XXX	XXX
(l)	Total other assets	XXX	XXX
14.	**LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS**		
(a)	Letters of credit	XXX	XXX
(b)	Guarantees	XXX	XXX
(c)	Other instruments	XXX	XXX
(d)	Total letters of credit, guarantees and other instruments	XXX	XXX
15.	**TOTAL ASSETS**	**XXX**	**XXX**

	GENERAL BUSINESS INSURANCE TECHNICAL PROVISIONS		
16.	**BEST ESTIMATE PREMIUM PROVISIONS**		
(a)	Gross premium provisions	XXX	XXX
(b)	Less: Reinsurance recoverable balance		
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other reinsurers	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Net premium provisions	XXX	XXX
17.	**BEST ESTIMATE LOSS AND LOSS EXPENSE PROVISIONS**		
(a)	Gross loss and loss expense provisions	XXX	XXX
(b)	Less: Reinsurance recoverable balance		
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other reinsurers	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Net loss and loss expenses provisions	XXX	XXX
18.	**RISK MARGIN – GENERAL INSURANCE BUSINESS**	**XXX**	**XXX**
19.	**TOTAL GENERAL BUSINESS INSURANCE TECHNICAL PROVISIONS**	**XXX**	**XXX**
	LONG-TERM BUSINESS INSURANCE TECHNICAL PROVISIONS		
20.	**BEST ESTIMATE RESERVES FOR REPORTED CLAIMS**	**XXX**	**XXX**
21.	**BEST ESTIMATE RESERVES FOR UNREPORTED CLAIMS**	**XXX**	**XXX**
22.	**BEST ESTIMATE POLICY RESERVES - LIFE**	**XXX**	**XXX**
23.	**BEST ESTIMATE POLICY RESERVES – ACCIDENT AND HEALTH**	**XXX**	**XXX**
24.	**BEST ESTIMATE POLICYHOLDERS' FUNDS ON DEPOSIT**	**XXX**	**XXX**
25.	**BEST ESTIMATE LIABILITY FOR FUTURE**	**XXX**	**XXX**

	POLICYHOLDERS' DIVIDENDS		
26.	**BEST ESTIMATE OTHER LONG-TERM BUSINESS INSURANCE RESERVES**	**XXX**	**XXX**
27.	**TOTAL BEST ESTIMATE LONG-TERM BUSINESS INSURANCE PROVISIONS**		
(a)	Total gross long-term business insurance provisions	XXX	XXX
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other insurer	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Total net long-term business insurance provisions	XXX	XXX
27A.	**RISK MARGIN – LONG-TERM INSURANCE BUSINESS**	**XXX**	**XXX**
27B.	**LONG-TERM TECHNICAL PROVISIONS CALCULATED AS A WHOLE**		
(a)	Total gross long-term business insurance technical provisions calculated as a whole	XXX	XXX
(b)	Less: Reinsurance recoverable balance on long-term business calculated as a whole		
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other insurer	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Total net long-term business insurance technical provisions calculated as a whole	XXX	XXX
27C.	**TOTAL LONG-TERM BUSINESS INSURANCE TECHNICAL PROVISIONS**	**XXX**	**XXX**
	OTHER LIABILITIES		
28.	**INSURANCE AND REINSURANCE BALANCES PAYABLE**	**XXX**	**XXX**
29.	**COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE**	**XXX**	**XXX**
30.	**LOANS AND NOTES PAYABLE**	**XXX**	**XXX**
31.	**TAX LIABILITIES**		
	(a) INCOME TAXES PAYABLE	XXX	XXX

	(b) DEFERRED INCOME TAXES	XXX	XXX
32.	**AMOUNTS DUE TO AFFILIATES**	**XXX**	**XXX**
33.	**ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**	**XXX**	**XXX**
34.	**FUNDS HELD UNDER REINSURANCE CONTRACTS**		
(a)	Affiliated	XXX	XXX
(b)	Non-affiliated	XXX	XXX
(c)	Total funds held under reinsurance contracts	XXX	XXX
35.	**DIVIDENDS PAYABLE**	**XXX**	**XXX**
36.	**SUNDRY LIABILITIES:**		
(a)	Derivative instruments – held for hedging purposes	XXX	XXX
(b)	Derivative instruments – not held for hedging purposes	XXX	XXX
(c)	Segregated accounts - LT business – variable annuities	XXX	XXX
(d)	Segregated accounts - LT business - other	XXX	XXX
(e)	Segregated accounts - General business	XXX	XXX
(f)	Deposit liabilities	XXX	XXX
(g)	Pension benefit obligations	XXX	XXX
(h)	Balances payable for purchase of investments	XXX	XXX
(i)	Other (please specify)	XXX	XXX
(j)	Total sundry liabilities	XXX	XXX
37.	**LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS**		
(a)	Letters of credit	XXX	XXX
(b)	Guarantees	XXX	XXX
(c)	Other instruments	XXX	XXX
(d)	Total letters of credit, guarantees and other instruments	XXX	XXX
38.	**TOTAL OTHER LIABILITIES**	**XXX**	**XXX**
39.	**TOTAL INSURANCE TECHNICAL PROVISIONS AND OTHER LIABILITIES**	**XXX**	**XXX**
	STATUTORY ECONOMIC CAPITAL AND SURPLUS		
40.	**TOTAL STATUTORY ECONOMIC CAPITAL AND SURPLUS**	**XXX**	**XXX**
41.	**TOTAL**	**XXX**	**XXX**

NOTES TO FORM 1(EBS)

The notes to the statutory economic balance sheet shall include the following, and any other information which in the opinion of the group's directors is required to be disclosed if the group statutory financial statements are not to be misleading -

Line 11(e)	Details of the amount of any collateral placed in favour of the members of the Group
Line 13(k)	Details of the assets included as "any other assets" as part of Line 13(k).
Line 15	The total amount of encumbered assets that are not securing policyholder obligations shall be disclosed, split between the following items, and stating the purpose of the encumbrance: Line 1: Cash and cash equivalents Line 2(f): Total quoted investments Line 3(f): Total unquoted investments Other assets
Line 16(c)	The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual disputes)
Line 16(d)	The amount of premium included as 'Bound but Not Incepted' in the calculation of line 16 Premium provisions, together with the amount of premium provision calculated on this business. The disclosure shall be split between lines of business used for the BSCR calculations of premium risk.
Line 17(c)-(i)	The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual disputes)
Line 17(c)-(ii)	Details of the amount of any collateral placed in favour of the members of the Group
Line 17(d)	The amount by which the loss and loss expense provisions was reduced as a result of discounting. The disclosure shall be split between lines of business used for the BSCR calculations of reserve risk.
Line 27(c)-(i)	The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual disputes)
Line 27(c)-(ii)	Details of the amount of any collateral placed in favour of the members of the Group
Line 27(d) – (i)	The amount of premium included as 'Bound but Not Incepted' in the calculation of line 27 Long-term business provisions, together with the amount of provision calculated on this business. The disclosure shall be split between lines of business used for the BSCR disclosure of long-term business premiums (Schedule IV(A)).
Line 27(d) – (ii)	The amount of best estimate provisions which have been calculated making use of the 20 year transitional arrangements, together with the

	corresponding best estimate provisions had the EBS valuation principles been applied in full. The disclosure shall be split between lines of business used for the BSCR disclosure of long-term business premiums (Schedule IV(A)).
Line 27B(c)-(i)	The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual disputes)
Line 27B(c)-(ii)	Details of the amount of any collateral placed in favour of the members of the Group
Line 27B(d)-(i)	The amount of premium included as 'Bound but Not Incepted' in the calculation of line 27B Long-term business technical provisions, together with the amount of technical provision calculated on this business. The disclosure shall be split between lines of business used for the BSCR disclosure of long-term business premiums (Schedule IV(A)).
Line 27B(d) – (ii)	The amount of technical provisions which have been calculated making use of the 20 year transitional arrangements, together with the corresponding technical provisions had the EBS valuation principles been applied in full. The disclosure shall be split between lines of business used for the BSCR disclosure of long-term business premiums (Schedule IV(A)).
Line 36(i)	Details of the liabilities included as "any other liabilities" as part of Line 36(i).
Line 37	Details of the basis used to derive the amounts disclosed on this line, including the undiscounted amounts of the liabilities.
Line 40	A reconciliation between Line 40 of Form 1EBS and Line 40 of Form 1 required under Schedule 1 of the Insurance (Group Supervision) Rules 2011

INSTRUCTIONS AFFECTING FORM 1(EBS)

Economic Balance Sheet valuation principles

1. Except where specifically mentioned below, assets and liabilities shall be assessed and fair-valued in line with the GAAP principles adopted by the Group, as notified to and agreed by the Authority.
2. For cases where the GAAP principles permit both a fair value model and a non-economic valuation model for valuing an asset or liability, the Group shall apply the fair value model.
3. For cases where the GAAP principles do not require an economic valuation the Group shall fair value the asset or liability using the following hierarchy of high level principles of valuation of assets and liabilities:
    - Groups must use quoted market prices in active markets for the same or similar assets or liabilities.
    - Where the use of quoted market prices for the same assets or liabilities is not possible, quoted market prices in active markets for similar assets and liabilities with adjustments to reflect differences shall be used.
    - If there are no quoted market prices in active markets available, Groups should use mark-to-model techniques, which are alternative valuation techniques that have to be benchmarked, extrapolated or otherwise calculated as far as possible from a market input.
    - Groups have to make maximum use of relevant observable inputs and market inputs and rely as little as possible on undertaking-specific inputs, minimising the use of unobservable inputs.
    - When valuing liabilities, no adjustments shall be made to take account of the own credit standing of the Group.
4. The exceptions to these principles are mainly related to line items affecting the valuation of insurance technical provisions.

Economic Balance Sheet valuation principles – technical provisions

5. Technical provisions shall be valued at an economic value using the best estimate of probability weighted cash flows, with an additional risk margin. Cash flows, for this purpose, shall take into account all future cash in and out flows required to settle the insurance obligations attributable to the lifetime of the policy. In particular, they shall include:
    - All claims payments / benefit payments expected to be made to policyholders, third party claimants or other beneficiaries
    - All expenses that are expected to be incurred in servicing insurance and reinsurance obligations over their lifetime, including:
        - Claims management expenses
        - Acquisition costs
        - Administrative expenses
        - Investment management expenses
        - Overhead costs associated with the above
    - Any expected future premiums due after the valuation date
    - Any expected salvage and subrogation recoveries
    - Any expected cash flows (both inwards and outwards) related to outwards reinsurance arrangements, making due allowance for any expected shortfall in amounts to be collected

due to counterparty default (for whatever reason, including reinsurer insolvency or contractual dispute).

6. Technical provisions shall be calculated gross of reinsurance, with a separate assessment of amounts expected to be recovered from reinsurers.

7. Where the Group has committed to write a policy with an inception date after the valuation date, and the terms of that policy cannot be changed unilaterally by the Group, then that policy shall be included in the best estimate (bound but not incepted business).

8. Assumptions underlying the calculation of technical provisions shall be based on current expected experience, using expert judgment where necessary, and shall reflect expected policyholder behaviour and future management actions.

9. The valuation shall reflect the time value of money, using a risk free discount rate curve, which may be adjusted to reflect certain risk characteristics of the liability. The Authority will supply risk free discount curves for a number of the major currencies, and these shall be used where appropriate. However Groups may use alternative risk free curves (eg those approved for use in Solvency II) provided they obtain prior approval from the Authority. Details of the approach used for determining the risk free discount rate curves will be directed by the Authority.

10. Groups will be permitted to include an adjustment to the risk-free rate to partially reflect the illiquidity premium implicit in typical underlying assets, as well as making allowance for the prevention of pro-cyclical investment behaviour (the 'standard approach'). The Authority will supply discount curves including this adjustment for a number of major currencies, and provide further details of the approach adopted so that Groups can produce rates for other currencies if needed. Details of the approach used for determining the 'standard approach' discount rate curves will be directed by the Authority.

11. Groups may also elect to adopt the 'scenario-based approach' that is designed to capture both the sensitivity to interest rates and the degree to which assets and liabilities are cash flow matched. Details of the approach, including the conditions under which it can be adopted will be directed by the Authority.

12. Where future cash flows associated with insurance obligations can be replicated reliably using financial instruments for which a reliable market value is observable, the value of technical provisions associated with those future cash flows shall be determined on the basis of the market price of those financial instruments. This approach to calculating technical provisions 'as a whole' does not then require the calculation of an explicit separate risk margin for such obligations.

13. The risk margin shall be calculated using the cost of capital method, and reflect the cost of holding an ECR level of capital in respect of insurance risk, credit risk, operational risk and market risk in respect of assets that are classified as 'held to maturity' or other assets that are held to qualify for adjustments to the risk free discount rate. A 6% cost of capital rate shall be used. The assessment shall cover the full period needed to run-off the insurance liabilities (excluding those determined based on the market prices of financial instruments that reliably replicate the insurance obligation cash flows), and be discounted using the risk free discount

curve. The risk margin may be calculated at an aggregate level for general business and long-term business separately, making allowance for the effects of the diversification of regulatory capital requirements within the Group.

14. Subject to prior approval of the Authority, Groups may elect to make use of transitional arrangements to calculate some or all of their technical provisions. This applies only for Long-term business for which the scenario based approach has not been applied. Under the transitional arrangement, the Group would calculate technical provisions using the EBS approach described above (and using the standard approach for the risk free discount rate), and also using approaches consistent with the current approach (defined as the valuation approach in force at 31 December 2016). The Group would then interpolate linearly between the 2 values, such that the current approach applies for year end 31 December 2016 and the full EBS approach would apply 20 years later at year end 31 December 2036.

15. Subject to prior approval of the Authority, Groups may elect to produce some or all of their EBS using Solvency II principles, or such other economic valuation principles that the Authority has approved in advance for this purpose.

Line of statutory economic balance sheet	**Instructions**	
1. Cash and cash equivalents	Cash and cash equivalents (maturities of less than 90 days) as at balance sheet shall be included here. This includes restricted cash	
2. Quoted investments	There shall be disclosed severally -	
	(a)	Bonds and debentures
	(i)	held to maturity: quoted fixed maturities
	(ii)	other: quoted fixed maturities
	(b)	Total bonds and debentures: The total of (a) (i) and (ii);
	(c)	Equities –
	(i)	common stock: investments in quoted common shares
	(ii)	preferred shares: investments in quoted preferred shares; and
	(iii)	mutual funds: investments in quoted mutual funds, etc
	(d)	Total equities: The total of (c)(i), (ii) and (iii).
	(e)	Other quoted investments: Other quoted investments not included in 2(b) and 2(d) e.g. alternative funds.
	(f)	Total quoted investments: The total of 2(b), (d) and (e).
3. Unquoted investments	There shall be disclosed severally -	

	(a)	Bonds and debentures -
	(i)	held to maturity: unquoted fixed maturities
	(ii)	other: unquoted fixed maturities
	(b)	Total bonds and debentures: The total of (i) and (ii).
	(c)	Equities –
	(i)	common stock: investments in unquoted common shares
	(ii)	preferred shares: investments in unquoted preferred shares; and
	(iii)	mutual funds: investments in unquoted mutual funds, etc
	(d)	Total equities: The total of (c)(i), (ii) and (iii).
	(e)	Other unquoted investments: Other unquoted investments not included in 3(b) and 3(d) e.g. alternative funds.
	(f)	Total unquoted investments: The total of 3(b), (d) and (e).
4. Investment in and advances to affiliates	All investments where the Group does not hold a majority equity interest but has the ability to exercise significant influence (generally at least a 20% interest or a general partner interest) over operating and financial matters shall be included here and should be accounted for under the equity method of accounting. Economic Balance Sheet valuation principles shall be applied to the affiliates before deriving values to be included here. There shall be disclosed severally	
	(a)	Unregulated entities that conduct ancillary services : All unregulated entities that conduct ancillary services accounted for under equity method shall be included here;
	(b)	Unregulated non-financial operating entities: All unregulated non-financial operating entities accounted for under equity method shall be included here;
	(c)	Unregulated financial operating entities: All unregulated financial operating entities accounted for under equity method shall be included here;
	(d)	Regulated non-insurance financial operating entities: All regulated non-insurance financial operating entities accounted for both under control and equity method shall be included here;
	(e)	Regulated insurance financial operating entities: All regulated insurance financial operating entities accounted for under equity method shall be included here.
	(f)	Total investments in affiliates: The total of (a) to (e) inclusive.

5. Investments in mortgage loans on real estate	Residential and commercial investment loans shall be included here. There shall be disclosed severally	
	(a)	First liens.
	(b)	Liens other than first liens.
	(c)	Total investments in mortgage loans on real estate: The total of (a) and (b).
6. Policy loans	Loans to policyholders on the security of cash surrender value of the policyholder's long-term insurance policy shall be included here.	
7. Real estate	Commercial investments occupied by group members shall be included here.	
	(a)	Occupied by any member of the group (less encumbrances): Both land and buildings and any other commercial investments occupied by group members shall be included here.
	(b)	Other properties (less encumbrances): Other residential and commercial investments.
	(c)	Total real estate: The total of (a) and (b).
8. Collateral loans	Other loans shall be included here.	
9. Investment income due and accrued	Accrued investment income shall be included here.	
10. Accounts and premiums receivable	Amounts due in more than one year shall be discounted at the relevant risk free rate. There shall be disclosed severally:	
	(a)	In course of collection: Insurance balances receivable and accounts receivable. Note that amounts not yet due should not be included here as they will be reflected in the insurance technical provisions
	(c)	Receivables from retrocessional contracts: Insurance balances receivable
	(d)	Total accounts and premiums receivable: The total of (a) to (c) inclusive.
11. Reinsurance balances receivable	Amounts due in more than one year shall be discounted at the relevant risk free rate. The amount of any collateral placed in favour of members of the Group shall be disclosed in a supplementary note. There shall be disclosed severally -	
	(a)	Foreign affiliates: reinsurance balance received from foreign affiliates
	(b)	Domestic affiliates: reinsurance balance received from domestic affiliates
	(c)	Pools and associations: Reinsurance balances receivables from pools and associations
	(d)	All other insurers
	(e)	Total reinsurance balances receivable:

		The total of (a) to (d) inclusive.
12. Funds held by ceding	Funds held by ceding reinsurers shall be included here. Any amounts deemed uncollectible shall be deducted.	
13. Sundry assets	Any asset not accounted for in lines 1 to 12 and 14 may be included here if it has a readily realisable value. There shall be disclosed severally –	
	(a)	Derivative instruments: Derivative instruments with a favourable position shall be included here
	(b)	Segregated accounts – LT business – variable annuities
	(c)	Segregated accounts – LT business - other
	(d)	Segregated accounts – General business
	(e)	Deposit assets.
	(f)	Balances receivable on the sale of investments
	(g)	Intangible assets These shall only be recognised if it is probable that the expected future economic benefits will flow to the insurer and the value of the assets can be reliably measured. The assets must be separable and there should be evidence of exchange transactions for the same or similar assets indicating they are saleable in the market place. If a fair value assessment of an intangible asset is not possible then such asset should be valued at nil. Goodwill shall be valued at nil.
	(h)	Deferred tax assets
	(i)	Prepayments
	(j)	Pension Benefit surplus
	(k)	Any other assets – please provide details in a supplementary note
	(l)	Total sundry assets: The total of (a) to (k) inclusive.
14. Letters of credit, guarantees and other instruments	These are contractual rights arising from off-balance sheet arrangements to receive financial assets through:	
	(a)	Letters of Credit
	(b)	Guarantees
	(c)	Other instruments
	(d)	Total letters of credit, guarantees and other instruments: The total of (a) to (c).
	Such assets may, with the approval of the Authority obtained on an application made for that purpose, be recorded and the capital increased by a corresponding amount. Letters of credit, guarantees or other instruments in favour of the group which relate to insurance or reinsurance contracts shall not be recorded.	
15. Total Assets	This shall be the total of lines 1 to 14 inclusive.	

	The total amount of encumbered assets that are not securing policyholder obligations shall be disclosed, stating the purpose of the encumbrance.	
General Business Insurance Technical Provisions		
16. Best Estimate Premium Provisions	Best estimate premium provisions shall be assessed using the Economic Balance Sheet valuation principles, and shall cover all claims events that are expected to be incurred after the valuation date in respect of all contracts written on or before the valuation date – this includes business which has been written on or before the valuation date and incepts after the valuation date ('bound but not incepted' business). They shall also take into account any guaranteed options included in these contracts for future coverage on rates and terms and conditions which are fixed and which the Group is unable to change. Cash flows to be considered here include loss and loss expense payments, any other future expense payments that are expected to be paid out, and also any future premiums expected to be received or refunded, including appropriate allowance for expected uncollectable amounts. Expected cash flows to and from any reinsurers shall also be taken into account. There shall be disclosed severally -	
	(a)	Gross premium provisions: Gross premium provisions assessed on the Economic Balance Sheet valuation principles
	(b)	Less: reinsurance recoverable balances): Amounts expected to be recoverable from reinsurers assessed on the Economic Balance Sheet valuation principles on a basis consistent with the gross assessment. Allowance shall be made for any reinstatement premiums that may be payable to reinsurers. Allowance shall be made for expected uncollectable amounts (for whatever reason). The amounts shall be subdivided between:
	(i)	Foreign affiliates
	(ii)	Domestic affiliates
	(iii)	Pools and associations
	(iv)	All other reinsurers
	(c)	Total reinsurance recoverable balance: The total of (b) (i) to (iv) The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default shall be disclosed in a supplementary note.
	(d)	Net premium provisions: The total of (a) and (c).
17. Best Estimate Loss and loss expense provisions	Best Estimate loss and loss expense provisions shall be assessed on the Economic Balance Sheet valuation principles. It shall include all unpaid amounts in respect of claim events that have	

	occurred on or before the valuation date, whether reported to the Group or not. There shall be disclosed severally -	
	(a)	Gross loss and loss expense provisions: Gross unpaid loss and loss expenses assessed on the Economic Balance Sheet valuation principles
	(b)	Less: reinsurance recoverable balances): Losses and loss expenses recoverable shall be assessed on the Economic Balance Sheet valuation principles on a basis consistent with the gross assessment. Allowance shall be made for any reinstatement premiums that may be payable to reinsurers. Allowance shall be made for expected uncollectable amounts (for whatever reason). The amounts shall be subdivided between:
	(i)	Foreign affiliates
	(ii)	Domestic affiliates
	(iii)	Pools and associations
	(iv)	All other reinsurers
	(c)	Total reinsurance recoverable balance: The total of (b) (i) to (iv) The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default shall be disclosed in a supplementary note. The amount of any collateral placed in favour of members of the Group shall be disclosed in a supplementary note.
	(d)	Net loss and loss expense provisions: The total of (a) and (c).
18. Risk Margin – General Insurance Business	The risk margin shall be calculated using the cost of capital method, using a 6% cost of capital, as per the Economic Balance Sheet valuation principles. It shall not be split between premium provisions, loss provisions and other reserves, and may be calculated at an aggregate level for general business, making allowance for the effects of the diversification effects of regulatory capital requirements within the general business of the Group.	
19. Total general insurance business technical provisions	This shall be the total of lines 16(d), 17(d), and 18 inclusive.	
Long-term Business Insurance Technical Provisions		
20. Best Estimate Reserves for reported claims	Best estimate reserves, calculated in line with Economic Balance Sheet valuation principles, to meet unpaid claims at the valuation date and made under long-term insurance policies in respect of incidents occurring and reported to the insurer before the valuation date, net of any expected recoverable amounts	
21. Best Estimate Reserves for unreported claims	Best estimate reserves, calculated in line with Economic Balance Sheet valuation principles, to meet unpaid claims at the valuation date and made under long-term insurance policies in respect of incidents occurring but not reported to the insurer before the valuation date, net of any expected recoverable amounts.	
22. Best Estimate Policy	Best estimate provisions, calculated in line with Economic	

reserves - life		Balance Sheet valuation principles, in respect of future guaranteed benefits as they become payable under the provisions of life insurance policies in force, including any 'bound but not incepted' business. These may also include amounts applicable to other life contract benefits (such as disability waiver of premium, disability income benefits and additional accidental death benefits). These amounts are net of any expected recoverable balances.
23. Best Estimate Policy reserves – accident and health		Best estimate provisions, calculated in line with Economic Balance Sheet valuation principles, in respect of accident and health policies, including any 'bound but not incepted' business. These amounts are net of any expected recoverable balances
24. Best Estimate Policyholders' funds on deposit		These consist of premiums paid in advance of the due date, and shall be valued in line with Economic Balance Sheet valuation principles.
25. Best Estimate Liability for future policyholders' dividends		Best estimate dividends payable, as declared by the directors, on participating life policies which qualify for such dividends, and valued in line with Economic Balance Sheet valuation principles.
26. Best Estimate Other long-term business insurance reserves		Best estimate reserves not included in lines 20 to 25, and valued in line with Economic Balance Sheet valuation principles, including any 'bound but not incepted' business.
27. Total Best Estimate long-term business insurance provisions		Best estimate Long-term business insurance provisions calculated in line with Economic Balance Sheet valuation principles (and are not included on Form1EBS, Line 27B). It comprises the total of lines 20 to 26 inclusive, showing an analysis between the gross and net positions. There shall be disclosed severally -
	(a)	Total gross long-term business insurance provisions: Gross unpaid loss and loss expenses assessed on the Economic Balance Sheet valuation principles
	(b)	Less: reinsurance recoverable balances): The amount of recoverables shall be assessed on the Economic Balance Sheet valuation principles on a basis consistent with the gross assessment. Allowance shall be made for any reinstatement premiums that may be payable to reinsurers. Allowance shall be made for expected uncollectable amounts (for whatever reason). The amounts shall be subdivided between:
	(i)	Foreign affiliates
	(ii)	Domestic affiliates
	(iii)	Pools and associations
	(iv)	All other reinsurers
	(c)	Total reinsurance recoverable balance: The total of (b) (i) to (iv) The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default shall be disclosed in a supplementary note. The amount of any collateral placed in favour of members of the Group shall be disclosed in a supplementary note.
	(d)	Net long term business provisions: The total of (a) and (c) – which is also the same as the sum

		of lines 20 to 26 inclusive.
27A. Risk Margin – Long-term insurance business	The risk margin shall be calculated using the cost of capital method, using a 6% cost of capital, as per the Economic Balance Sheet valuation principles. It shall not be split between the line items 20-26, and shall be calculated at an aggregate level for long-term insurance business, making allowance for the effects of the diversification effects of regulatory capital requirements within the long-term business of the Group.	
27B. Long-term technical provisions calculated as a whole	This line shall contain the total of all technical provisions calculated as a whole, which have been determined based on the market price of financial instruments that reliably replicate the cash flows of the insurance obligations. There shall be disclosed severally -	
	(a)	Total gross long-term business insurance reserves calculated as a whole.
	(b)	Less: reinsurance recoverable balances): The amount of recoverables shall be assessed on a basis consistent with the gross assessment. Allowance shall be made for any reinstatement premiums that may be payable to reinsurers. Allowance shall be made for expected uncollectable amounts (for whatever reason). The amounts shall be subdivided between:
	(i)	Foreign affiliates
	(ii)	Domestic affiliates
	(iii)	Pools and associations
	(iv)	All other reinsurers
	(c)	Total reinsurance recoverable balance: The total of (b) (i) to (iv) The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default shall be disclosed in a supplementary note. The amount of any collateral placed in favour of members of the Group shall be disclosed in a supplementary note.
	(d)	Net long term business technical provisions: The total of (a) and (c).
27C. Total Long-term insurance business technical provisions	This shall be the total of lines 27(d), 27A and 27B(d).	
Other Liabilities		
28. Insurance and Reinsurance balances payable	These are amounts payable to reinsurers (eg, premiums received in advance, reinsurance premiums payable. etc.) Amounts payable in more than one year shall be discounted at the relevant risk free rate.	
29. Commissions, expenses, fees and taxes payable	All unearned commissions shall be included here. Amounts payable in more than one year shall be discounted at the relevant risk free rate.	

30. Loans and notes payable		Loans and notes payable shall be included here. This shall include subordinated debt. Amounts payable in more than one year shall be discounted at the relevant risk free rate.
31. Tax liabilities		Amounts payable in more than one year shall be discounted at the relevant risk free rate. There shall be disclosed severally:
	(a)	Income taxes payable
	(b)	Deferred income taxes
32. Amounts due to affiliates		All amounts due to affiliates shall be included here. Amounts payable in more than one year shall be discounted at the relevant risk free rate.
33. Accounts payable and accrued liabilities		All accounts payable and accrued liabilities shall be included here Amounts payable in more than one year shall be discounted at the relevant risk free rate.
34. Funds held under reinsurance contracts		Funds held under reinsurance contracts shall be included here, and shall be included at amounts consistent with the fair value of the underlying assets.
	(a)	Affiliated reinsurers
	(b)	Non-affiliated reinsurers
	(c)	This shall be the total of (a) and (b)
35. Dividends payable		All dividends payable shall be included here
36. Sundry liabilities		There shall be disclosed severally:
	(a)	Those derivative instruments which are held for hedging purposes, with an unfavourable position shall be included here;
	(b)	Other derivative instruments (ie those which are not held for hedging purposes), with an unfavourable position shall be included here;
	(c)	Segregated accounts – LT business – variable annuities
	(d)	Segregated accounts – LT business - other
	(e)	Segregated accounts – General business
	(f)	Deposit liabilities
	(g)	Pension benefit obligations
	(h)	Balances payable for purchase of investments
	(i)	Any other liabilities – please provide details in a supplementary note
	(j)	This shall be the total of (a) to (i) inclusive
37. Letters of credit, guarantees and other instruments		All contractual liabilities or contingent liabilities arising from off-balance sheet arrangements are reported in this line. A liability is recorded decreasing the statutory capital and surplus equal to the expected present value of such contingent obligations discounted to take into consideration the time value of money at an appropriate rate (to be disclosed). Material contingent liabilities shall be recognised and recorded on

	this line. The Contingent liabilities shall be valued based on the expected present value of future cash-flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate. Where the present value of contingent obligations cannot be determined, the amount of the liability must be recorded at its undiscounted value. Letters of credit, guarantees or other instruments not in favour of a member of the group which relate to the group's insurance or reinsurance contracts shall not be recorded. Details of the basis used to derive amounts disclosed shall be set out in a supplementary note, including the undiscounted amounts of the liabilities. There shall be disclosed severally -	
	(a)	Letters of credit
	(b)	Guarantees
	(c)	Other instruments
	(d)	This shall be the total of (a) to (c) inclusive
38. Total other liabilities	This shall be the total of lines 28 to 37 inclusive	
39. Total insurance technical provisions and other liabilities	This shall be the total of lines 19, 27C and 38 inclusive	
40. Total statutory economic capital and surplus	This is the capital and surplus total as at the valuation date. It is derived as line 15 less line 39 A reconciliation between this amount and line 40 for Form 1 required under Schedule 1 of the Insurance (Group Supervision) Rules 2011 shall be shown in a supplementary note.	
41. Total	This shall be the total of lines 39 and 40 It should equal line 15	

SCHEDULE XV (Paragraph 6)

GROUP ACTUARY'S OPINION

1 The group actuary's opinion must state whether or not, in the opinion of the group actuary, the aggregate amount of technical provisions shown at Line 19 and Line 27C in the Group Statutory Economic Balance Sheet as at the end of the relevant financial year:

- meets the requirements of the Insurance Act 1978 and related rules and regulations;
- makes adequate provision for the total technical provisions of the group under the terms of its insurance contracts and agreements.

2 The group actuary shall state their own best estimates (and/or ranges for the best estimates) and confirm that such estimates have been determined in accordance with the requirements set out in Schedule XIV. The group actuary shall also state (but is not limited to) their best estimates for following matters (as applicable):

(a) Line 16(a)
(b) Line 16(d)
(c) Line 17(a)
(d) Line 17(d)
(e) Line 27(a)
(f) Line 27(d)
(g) Line 27B(a)
(h) Line 27B(d)

3 The group actuary is required to state their estimates for the risk margin (Line 18 and line 27A) and state whether or not, in their opinion, these amounts have been calculated in accordance with the requirements of Schedule XIV.

4 In relation to Lines 16(a), 27(a) and 27B(a), the group actuary shall provide commentary on the assumptions made in relation to bound but not incepted business, as described in paragraph 8 of the Group EBS.

5 The group actuary shall provide commentary for Lines 16(d), 17(d), 27(d) and 27B(d on the assumptions made for expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual dispute) in relation to reinsurance recoveries.

6 In relation to Lines 27B (a) and 27B(d), the group actuary shall provide commentary on the nature of the business valued 'as a whole' and whether or not their approach is in accordance with the requirements of Schedule XIV.

7 Where the group actuary has not used "risk discount curves" provided by the Authority they shall state the rates used for calculation and provide commentary on how they were derived.

8 Where the Group has made use of the 20 year transitional arrangements for certain insurance business, the group actuary shall provide estimates for that business for both the EBS approach and the approach consistent with the valuation approach in force before EBS requirements came into force.

9 The group actuary shall provide commentary on any aspects of the technical provisions of the Group which give rise to greater levels of uncertainty than would typically be associated with the group's business.

10 The group actuary's opinion shall further confirm:

- the group actuary's name, employer and professional designations attained (which qualifies them to issue the opinion and formed the basis for their application to the Authority for approval as Group Actuary) ;
- whether or not the group actuary continues to be a qualified member in good standing of all official actuarial bodies included in their application to the Authority for approval;
- whether or not the group actuary is in full compliance with the most recent Continuing Professional Development requirements of their official actuarial body;
- whether or not the group actuary has any perceived conflicts of interest relative to providing the opinion.

11 Working papers supporting the group actuary's opinion which are required to be made available to the Authority by the group actuary upon request should be sufficient in and of themselves to enable the completion of an independent review of the Opinion by another unrelated but experienced actuary.

12 The opinion shall be signed and dated by the group actuary and must include their current contact information; including but not limited to, telephone number and email address.