31st October 2013

NOTICE

Insurance (Prudential Standards) (Class 4 and 3B Solvency Requirement) Amendment Rules 2013 (the "Rules")

The Bermuda Monetary Authority (the Authority) thanks the public for all responses received to the draft Rules which were published on 2nd July 2013 and confirms after review the following further and final amendments to the Schedules to the Rules:

1. In relation to fixed income investment risk, the Authority:
    a. Clarifies that for the purposes of the Schedule of fixed income and equity investments by Bermuda Solvency Capital Requirement (BSCR) ratings, bonds explicitly guaranteed by a sovereign government, whose debt is issued in its own currency and rated AA- or better, are qualified to have a BSCR rating of 0, with the exception of mortgage-backed securities; and
    b. Has amended the capital charge for mortgages not in good standing from 35% to 25%.

2. In the Schedule of Eligible Capital, the Authority:
    a. Has made provision for the inclusion of capital requirements associated with policyholder obligations to be offset against excess encumbered assets transferred from Tier 1 to Tier 2; and
    b. Advises a change in presentation for the calculation of the difference between encumbered assets for policyholder obligations and policyholder obligations.

3. The Authority advises that other minor amendments proposed to the Schedules to the Rules are generally housekeeping in nature and were made after further internal review by the Authority or after advice and assistance received during the consultation period with Industry.

4. Please be advised that in connection with the foregoing matters, the Authority has published a general stakeholder letter on its website, which sets out the Authority's response to various issues raised by the market during the consultation process.

5. As previously advised, the Authority proposes for all amendments to become effective as of 1st January 2014.

BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (CLASS 4 AND CLASS 3B SOLVENCY REQUIREMENT) AMENDMENT RULES 2013

BR / 2013

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

Citation and commencement

1. These Rules which amend the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Rules (the "principal Rules") may be cited as the Insurance (Prudential Standards) (Class 4 and Class 3B Solvency Requirement) Amendment Rules 2013 and shall come into operation on January 1, 2014.

Paragraph 6 amended

2. Paragraph 6 of the principal Rules are amended by inserting "IIA," after "II" where it occurs.

Revokes and replaces Schedules I through X

3. The Schedule to these Rules revokes and replaces Schedules I through X to the principal Rules.

Made this day of 2013

Gerald Simons

Chairman

Bermuda Monetary Authority

SCHEDULE I

(Paragraph 4)

BERMUDA SOLVENCY CAPITAL REQUIREMENT

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

$$BSCR = \sqrt{C_{fi}^{\,2} + C_{eq}^{\,2} + C_{\text{int}}^{\,2} + C_{prem}^{\,2} + \left(\frac{1}{2}C_{cred} + C_{rsvs}\right)^2 + \left(\frac{1}{2}C_{cred}\right)^2 + C_{cat}^{\,2}} + C_{op}$$

where-

C_{fi} = fixed income investment risk charge as calculated in accordance with paragraph 2;

C_{eq} = equity investment risk charge as calculated in accordance with paragraph 3;

C_{int} = interest rate / liquidity risk charge as calculated in accordance with paragraph 4;

C_{prem} = premium risk charge as calculated in accordance with paragraph 5;

C_{rsvs} = reserve risk charge as calculated in accordance with paragraph 6;

C_{cred} = credit risk charge as calculated in accordance with paragraph 7;

C_{cat} = catastrophe risk charge as calculated in accordance with paragraph 8; and

C_{op} = operational risk charge as calculated in accordance with paragraph 9.

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

$$C_{fi} = \sum_i \chi_i \times FIastclass_i$$, where-

χ_i = the capital charge factors prescribed in Table 1 for each type of $FIastclass_i$; and

$FIastclass_i$ = value of investment in corresponding asset Class *i*.

Table 1 – Capital charge factors for $FIastclass_i$

Type of fixed income investments	**Statement Source**	**Capital Factor**
$FIastclass_i$	The Insurance Accounts Regulations 1980 or These Rules	χ_i

Corporate and Sovereign Bonds		
BSCR rating 0	Schedule II & IIA, Line 1, Column (1)	0.0%
BSCR rating 1	Schedule II & IIA, Line 2, Column (1)	0.4%
BSCR rating 2	Schedule II & IIA, Line 3, Column (1)	0.8%
BSCR rating 3	Schedule II & IIA, Line 4, Column (1)	1.5%
BSCR rating 4	Schedule II & IIA, Line 5, Column (1)	3.0%
BSCR rating 5	Schedule II & IIA, Line 6, Column (1)	8.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (1)	15.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (1)	26.3%
BSCR rating 8	Schedule II & IIA, Line 9, Column (1)	35.0%
Residential Mortgage-Backed Securities		
BSCR rating 1	Schedule II & IIA, Line 2, Column (3)	0.6%
BSCR rating 2	Schedule II & IIA, Line 3, Column (3)	1.2%
BSCR rating 3	Schedule II & IIA, Line 4, Column (3)	2.0%
BSCR rating 4	Schedule II & IIA, Line 5, Column (3)	4.0%
BSCR rating 5	Schedule II & IIA, Line 6, Column (3)	11.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (3)	25.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (3)	35.0%
BSCR rating 8	Schedule II & IIA, Line 9, Column (3)	35.0%
Commercial Mortgage-Backed Securities/Asset-Backed Securities		
BSCR rating 1	Schedule II & IIA, Line 2, Column (5)	0.5%
BSCR rating 2	Schedule II & IIA, Line 3, Column (5)	1.0%
BSCR rating 3	Schedule II & IIA, Line 4, Column (5)	1.8%
BSCR rating 4	Schedule II & IIA, Line 5, Column (5)	3.5%
BSCR rating 5	Schedule II & IIA, Line 6, Column (5)	10.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (5)	20.0%

BSCR rating 7	Schedule II & IIA, Line 8, Column (5)	30.0%
BSCR rating 8	Schedule II & IIA, Line 9, Column (5)	35.0%
Bond Mutual Funds		
BSCR rating 0	Schedule II & IIA, Line 1, Column (7)	0.0%
BSCR rating 1	Schedule II & IIA, Line 2, Column (7)	0.4%
BSCR rating 2	Schedule II & IIA, Line 3, Column (7)	0.8%
BSCR rating 3	Schedule II & IIA, Line 4, Column (7)	1.5%
BSCR rating 4	Schedule II & IIA, Line 5, Column (7)	3.0%
BSCR rating 5	Schedule II & IIA, Line 6, Column (7)	8.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (7)	15.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (7)	26.3%
BSCR rating 8	Schedule II & IIA, Line 9, Column (7)	35.0%
Mortgage Loans		
Insured/guaranteed mortgages	Schedule II & IIA, Line 22, Column (1)	0.3%
Other commercial and farm mortgages	Schedule II & IIA, Line 23, Column (1)	5.0%
Other residential mortgages	Schedule II & IIA, Line 24, Column (1)	1.5%
Mortgages not in good standing	Schedule II & IIA, Line 25, Column (1)	25.0%
Other Fixed Income Investments		
Other loans	Form 1A, Line 8	5.0%
Cash and time deposits	Form 1A, Line 1 & Schedule IIA, Line 27, Column (1)	0.3%

INSTRUCTIONS AFFECTING TABLE 1: Capital charge factors for $FIastclass_i$

(a) all assets comprising of bonds and debentures, loans, and other miscellaneous investments that are subject to capital charges within the fixed income investment risk charge shall be included;

(b) all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge; and

(c) all bonds and debentures, loans, and other miscellaneous investments shall be reported on a basis consistent with that used for purposes of statutory financial reporting.

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

$$C_{eq} = \sum_i \chi_i \times Eqastclass_i \ , \qquad \text{where-}$$

χ_i = the capital charge factors prescribed in Table 2 for each type of $Eqastclass_i$; and

$Eqastclass_i$ = value of investment in corresponding asset Class *i*.

Table 2 – Capital charge factors for $Eqastclass_i$

Type of equity investments $Eqastclass_i$	**Statement Source** Insurance Accounts Regulations 1980 or these Rules	**Capital Factor** χ_i
Common stocks		
Non-affiliated (quoted) common stock	Schedule II & IIA, Line 19, Column (1)	14.4%
Non-affiliated (unquoted) common stock	Schedule II & IIA, Line 20, Column (1)	14.4%
Equity mutual funds	Schedule II & IIA, Line 21, Column (5)	14.4%
Preferred stocks		
BSCR rating 1	Schedule II & IIA, Line 11, Column (3)	0.6%

BSCR rating 2	Schedule II & IIA, Line 12, Column (3)	1.2%
BSCR rating 3	Schedule II & IIA, Line 13, Column (3)	2.0%
BSCR rating 4	Schedule II & IIA, Line 14, Column (3)	4.0%
BSCR rating 5	Schedule II & IIA, Line 15, Column (3)	11.0%
BSCR rating 6	Schedule II & IIA, Line 16, Column (3)	25.0%
BSCR rating 7	Schedule II & IIA, Line 17, Column (3)	35.0%
BSCR rating 8	Schedule II & IIA, Line 18, Column (3)	35.0%
Other equity investments		
Company-occupied real estate less: encumbrances	Form 1A, Line 7(a)	10.0%
Real estate investments less: encumbrances	Form 1A, Line 7(b)	20.0%
Other equity investments	Form 1A, Lines 2(e) & 3(e)	20.0%
Other tangible assets – net of segregated accounts companies	Form 1A, Lines 13(e) & 14(d) Less Line 13(b)	20.0%
Investments in affiliates		
Unregulated entities that conduct ancillary services	Form 1A, Line 4(a)	5.0%
Unregulated non-financial operating entities	Form 1A, Line 4(b)	5.0%
Unregulated financial operating entities	Form 1A, Line 4(c)	5.0%

Regulated non-insurance financial operating entities	Form 1A, Line 4(d)	5.0%
Regulated insurance financial operating entities	Form 1A, Line 4(e)	5.0%

INSTRUCTIONS AFFECTING TABLE 2: Capital charge factors for $Eqastclass_i$

(a) all assets comprising of common stock, preferred stock, real estate, and other miscellaneous investments that are subject to capital charges within the equity investment risk charge shall be included;

(b) all non-affiliated quoted and unquoted common and preferred stock shall be included in the equity investment risk charge; and

(c) all common and preferred stock, real estate, and other miscellaneous investments shall be reported on a basis consistent with that used for purposes of statutory financial reporting.

4. The interest rate / liquidity risk charge calculation shall be established in accordance with the following formula-

$C_{\text{int}} = bonds \times duration \times marketdecline$, where-

$bonds$ = quoted and unquoted value of other bonds and debentures, preferred stock, or mortgage loans;

$duration$ = the higher of

(a) 1; or

(b) the insurer's effective asset duration less the insurer's effective liability duration; or

(c) the insurer's effective liability duration less the insurer's effective asset duration;

(d) the statement source for effective asset duration and effective liability duration is Schedule V paragraphs (d) and (e), respectively, of these Rules; and

$marketdecline$ = assumed interest rate adjustment prescribed in Table 3.

Table 3 – Interest rate adjustment for $bonds$

Type of investments $bonds$	**Statement Source** Insurance Accounts Regulations 1980	**Estimated duration**	**200 basis point interest rate increase** $marketdecline$
Other bonds and debentures	Form 1A, Lines 2(a)(ii) and 3(a)(ii)	$duration$	2.0%
Preferred stock	Form 1A, Lines 2(c)(ii) and 3(c)(ii)	$duration$	2.0%
Mortgage loans	Form 1A, Line 5(c)	$duration$	2.0%

INSTRUCTIONS AFFECTING TABLE 3: Interest rate adjustment for $bonds$

(a) all assets comprising of other bonds and debentures, preferred stock, and mortgage loans investments that are subject to capital charges within the interest rate / liquidity risk charge shall be included;

(b) all quoted and unquoted non-affiliated other bonds and debentures and preferred stock shall be included in the interest rate/liquidity risk charge; and

(c) all other bonds and debentures, preferred stock, and mortgage loans investments shall be reported on a basis consistent with that used for purposes of statutory financial reporting.

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

$$C_{prem} = \left[\sum_{i>1} \alpha_i \times lineprem_i\right] \times \left[\max_{i>1}\left\{\frac{lineprem_i}{totalprem}\right\} \times \mu + \vartheta\right] - \left[avgpremcap \times \frac{avgannloss}{catlossratio}\right]$$

where-

α_i = individual $lineprem_i$ risk capital charge factor as prescribed in this Schedule;

$totalprem$ = total premium measure over all lines of business (except Property Catastrophe), i.e. $\sum_{i>1} lineprem_i$;

$lineprem_i$ = premium measure for line of business i prescribed in Table 4;

$avgpremcap$ = weighted average premium risk capital charge factor (after concentration adjustment);

$avgannloss$ = average annual loss estimated with catastrophe models;

$catlossratio$ = expected industry average catastrophe loss ratio prescribed by the Authority;

μ = additional concentration adjustment factor taking into consideration an insurer's diversified lines of business equal to 40%; and

ϑ = minimum concentration adjustment factor is equal to 60%.

Table 4 – Capital charge factors for $lineprem_i$

Line of business $lineprem_i$	**Statement Source** These Rules	**Capital Factor** α_i
Property catastrophe	Schedule IV, Line 1	0.0%
Property	Schedule IV, Line 2	49.7%
Property non-proportional	Schedule IV, Line 3	51.6%
Personal accident	Schedule IV, Line 4	34.1%
Personal accident non-proportional	Schedule IV, Line 5	41.2%
Aviation	Schedule IV, Line 6	48.2%
Aviation non-proportional	Schedule IV, Line 7	48.2%
Credit / surety	Schedule IV, Line 8	39.8%
Credit / surety non-proportional	Schedule IV, Line 9	45.4%
Energy offshore / marine	Schedule IV, Line 10	42.1%
Energy offshore / marine non-proportional	Schedule IV, Line 11	47.0%

US casualty	Schedule IV, Line 12	50.3%
US casualty non-proportional	Schedule IV, Line 13	55.6%
US professional	Schedule IV, Line 14	51.2%
US professional non-proportional	Schedule IV, Line 15	53.8%
US specialty	Schedule IV, Line 16	51.4%
US specialty non-proportional	Schedule IV, Line 17	52.7%
International motor	Schedule IV, Line 18	42.2%
International motor non-proportional	Schedule IV, Line 19	48.2%
International casualty non-motor	Schedule IV, Line 20	50.0%
International casualty non-motor non-proportional	Schedule IV, Line 21	53.6%
Retro property	Schedule IV, Line 22	50.8%
Structured / finite reinsurance	Schedule IV, Line 23	27.2%
Health	Schedule IV, Line 24	15.0%

INSTRUCTIONS AFFECTING TABLE 4: Capital charge factors for $lineprem_i$

(a) all reported net premiums written for the relevant year by statutory line of business as prescribed in this Schedule that are subject to capital charges within the premium risk charge shall be included; and

(b) all net premiums written by statutory line of business shall be reported on a basis consistent with that used for purposes of statutory financial reporting.

6. The reserve risk charge calculation shall be established in accordance with the following formula-

$$C_{rsvs} = \left[\sum_i \beta_i \times lineRSVS_i\right] \times \left[\max_i \left\{\frac{lineRSVS_i}{totalRSVS}\right\} \times \mu + \vartheta\right]$$

where-

β_i = individual $lineRSVS_i$ risk capital charge factor as prescribed in Table 5;

$totalRSVS$ = total reserves over all lines of business, i.e. $\sum_i lineRSVS_i$;

$lineRSVS_i$ = reserves for individual line of business *i*;

μ = additional concentration adjustment factor taking into consideration an insurer's diversified lines of business equal to 40%; and

ϑ = minimum concentration adjustment factor is equal to 60%.

Table 5 – Capital charge factors for $lineRSVS_i$

Line of business $lineRSVS_i$	**Statement Source** These Rules	**Capital Factor** β_i
Property catastrophe	Schedule III, Line 1	46.2%
Property	Schedule III, Line 2	43.8%
Property non-proportional	Schedule III, Line 3	49.7%
Personal accident	Schedule III, Line 4	29.7%
Personal accident non-proportional	Schedule III, Line 5	34.9%
Aviation	Schedule III, Line 6	46.0%
Aviation non-proportional	Schedule III, Line 7	48.3%
Credit / surety	Schedule III, Line 8	38.4%
Credit / surety non-proportional	Schedule III, Line 9	43.5%

Energy offshore / marine	Schedule III, Line 10	39.5%
Energy offshore / marine non-proportional	Schedule III, Line 11	43.9%
US casualty	Schedule III, Line 12	43.0%
US casualty non-proportional	Schedule III, Line 13	48.8%
US professional	Schedule III, Line 14	46.3%
US professional non-proportional	Schedule III, Line 15	51.5%
US specialty	Schedule III, Line 16	46.5%
US specialty non-proportional	Schedule III, Line 17	48.3%
International motor	Schedule III, Line 18	37.1%
International motor non-proportional	Schedule III, Line 19	43.5%
International casualty non-motor	Schedule III, Line 20	43.7%
International casualty non-motor non-proportional	Schedule III, Line 21	49.4%
Retro property	Schedule III, Line 22	47.8%
Structured / finite reinsurance	Schedule III, Line 23	24.1%
Health	Schedule III, Line 24	12.5%

INSTRUCTIONS AFFECTING TABLE 5: Capital charge factors for $lineRSVS_i$

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

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

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

$$C_{cred} = \sum_i \delta_i \times debtor_i \times \mu_r ,$$ where-

δ_i = the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 6;

$debtor_i$ = receivable amount from debtor *i* net of any collateral placed in favour of the insurer; and

μ_r = additional diversification adjustment factor applied to reinsurance balances only taking into consideration diversification by number of reinsurers, equal to 40%.

Table 6 – Capital charge factors for $debtor_i$

Type of debtor $debtor_i$	**Statement Source** Insurance Accounts Regulations 1980 or these Rules	**Capital Factor** δ_i
Accounts and Premiums Receivable		
In course of collection	Form 1A, Line 10(a)	5.0%
Deferred – not yet due	Form 1A, Line 10(b)	5.0%
Receivables from retrocessional contracts less: collateralised balances	Form 1A, Line 10(c) and instruction (c) below	10.0%
Particulars of reinsurance balances		
BSCR rating 0	Schedule V paragraph (c)	0.0%
BSCR rating 1	Schedule V paragraph (c)	0.7%
BSCR rating 2	Schedule V paragraph (c)	1.5%
BSCR rating 3	Schedule V paragraph (c)	3.5%

BSCR rating 4	Schedule V paragraph (c)	7.0%
BSCR rating 5	Schedule V paragraph (c)	12.0%
BSCR rating 6	Schedule V paragraph (c)	20.0%
BSCR rating 7	Schedule V paragraph (c)	27.0%
BSCR rating 8	Schedule V paragraph (c)	35.0%
Less: Diversification adjustment	Schedule V paragraph (c)	40.0%
All Other Receivables		
Accrued investment income	Form 1A, Line 9	2.5%
Advances to affiliates	Form 1A, Line 4(g)	5.0%

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

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

(b) all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;

(c) collateralised balances are assets pledged in favour of the insurer relating to accounts and premiums receivable;

(d) the net qualifying exposure comprises of reinsurance balances receivable and reinsurance recoverable balances less the corresponding reinsurance balances payable and other payables less the qualifying collateral issued in favour of the insurer in relation to the reinsurance balances;

(e) the net qualifying exposure in instruction (d) shall be subject to the prescribed credit risk capital factor;

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

(g) the diversification adjustment in instruction (f) is determined as 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure.

8. The catastrophe risk charge calculation shall be established in accordance with the following formula-

$$C_{cat} = NetPML - Netcatprem + CR_{PML}\,, \quad \text{where-}$$

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

$Netcatprem$ = average annual loss excluding property catastrophe as prescribed in Schedule V paragraph (i) / {(estimated industry catastrophe loss ratio of 40% as prescribed in this Schedule) + property catastrophe premium as included in Schedule IV, Line 1}; and

CR_{PML} = {(gross probable maximum loss as prescribed in Schedule V paragraph (g) – net probable maximum loss as prescribed in Schedule V paragraph (h) – arrangements with respect to property catastrophe recoverables as prescribed in Schedule V paragraph (k)(v) of these Rules) x (Credit risk charge, equal to 10%, associated with reinsurance recoveries of ceded catastrophe losses)}.

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

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

9. The operational risk charge calculation shall be established in accordance with the following formula:

$C_{op} = \rho * ACov$, where-

ρ = an amount between 1% and 10% as determined by the Authority in accordance with Table 7; and

$ACov$ = BSCR After Covariance amount or an amount approved by the Authority.

Table 7

Operational Risk Charge for ρ

Overall Score	**Applicable Operational Risk Charge ρ**
<=5200	10.0%
>5200 <=6000	9.0%
>6000 <=6650	8.0%
>6650 <=7250	7.0%
>7250 <=7650	6.0%
>7650 <=7850	5.0%
>7850 <=8050	4.0%
>8050 <=8250	3.0%
>8250 <=8450	2.0%
>8450	1.0%

INSTRUCTIONS AFFECTING TABLE 7:

In this table, "overall score" means an amount equal to the sum of the aggregate score derived from each of tables 7A, 7B, 7C, 7D, 7E, and 7F.

Table 7A

Corporate Governance Score Table

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

COMMENTS

INSTRUCTIONS AFFECTING TABLE 7A:

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

Table 7B

Risk Management Function ('RMF') Score Table

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

COMMENTS

INSTRUCTIONS AFFECTING TABLE 7B:

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

Table 7C

Risk Identification Processes ('RIP') Score Table

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

COMMENTS

INSTRUCTIONS AFFECTING TABLE 7C:

(a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RIP;

(b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and

(c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

Table 7D

Risk Measurement Processes ('RMP') Score Table

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

COMMENTS

INSTRUCTIONS AFFECTING TABLE 7D:

(a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RMP;

(b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and

(c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

Table 7E

Risk Response Processes ('RRP') Score Table

Progression		**Criterion**	**Operational Risk Areas**							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RRP are ad hoc								
2	100	RRP have been implemented but not standardised across the organisation								
3	150	RRP have been implemented, well								

		documented and understood by relevant staff, and standardised across the entire organisation								
4	200	In addition to Stage 3, RRP are reviewed at least annually with a view to assessing effectiveness and introducing improvements.								
		Total	**XX**	**XX**	**XX**	**XX**	**XX**	**XX**	**XX**	**XX**

COMMENTS

INSTRUCTIONS AFFECTING TABLE 7E:

(a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RRP;

(b) where the insurer's assessment of the operational risk area is in between stages (i.e. exceeds the criterion for given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and

(c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

Table 7F

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

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

COMMENTS

INSTRUCTIONS AFFECTING TABLE 7F:

(a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RMRP;

(b) where the insurer's assessment of the operational risk area is in between stages (i.e. exceeds the criterion for given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and

(c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

SCHEDULE II **(Paragraph 6)**

Schedule of fixed income and equity investments by BSCR rating

[*blank*] name of Company

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

All amounts are expressed in ______ (currency used)

Line no.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Quoted and unquoted bonds and debentures		Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Total (Form 1A, Lines 2(b) & 3(b))	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
1	BSCR rating 0										
2	BSCR rating 1										
3	BSCR rating 2										
4	BSCR rating 3										

5	BSCR rating 4										
6	BSCR rating 5										
7	BSCR rating 6										
8	BSCR rating 7										
9	BSCR rating 8										
10	Total										
Quoted and unquoted equities		Common stock (Form 1A, Lines 2(c)(i) & 3(c)(i))		Preferred stock (Form 1A, Lines 2(c)(ii) & 3(c)(ii))		Equity mutual funds (Form 1A, Lines 2(c)(iii) & 3(c)(iii))				Total (Form 1A, Lines 2(d) & 3(d))	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)			20xx (000)	20xx (000)
11	BSCR rating 1										
12	BSCR rating 2										
13	BSCR rating 3										
14	BSCR rating 4										
15	BSCR rating 5										
16	BSCR rating 6										

17	BSCR rating 7									
18	BSCR rating 8									
19	Quoted equity funds									
20	Unquoted equity funds									
21	Total									
Mortgage loans		Mortgage loans (Form 1A, Line 5(c))								
		20xx (000)	20xx (000)							
22	Insured/ guaranteed mortgages									
23	Other commercial and farm mortgages									
24	Other residential mortgages									

25	Mortgages not in good standing			
26	Total			

INSTRUCTIONS AFFECTING SCHEDULE II:

(a) fixed income investments, both quoted and unquoted, shall be categorized into corporate bonds and sovereign bonds, residential mortgage-backed securities, commercial mortgage-backed securities/asset-backed securities, and bond mutual funds and classified by BSCR rating;

(b) equity investments, both quoted and unquoted, shall be categorized into common stock, preferred stock and equity mutual funds;

(c) preferred stock shall be classified by BSCR rating;

(d) the latest available AM Best, S&P, Moody's, or Fitch ratings shall be used in determining the appropriate BSCR rating of any fixed income security or preferred stock;

(e) where the ratings of a security by different rating agencies differ, the insurer shall classify the security according to the most conservative rating;

(f) unrated securities shall be assigned a BSCR rating of 8;

(g) sovereign debt issued by a country in its own currency that is rated AA- or better shall be classified under BSCR rating 0 while all other sovereign bonds shall be classified in a similar manner as corporate bonds;

(h) debt issued by government-owned and related entities that were explicitly guaranteed by that government, with the exception of mortgage-backed securities, shall be assigned a BSCR rating of 0; and

(i) bond mutual funds shall be classified based on the underlying bond ratings as advised by the fund managers; equity mutual funds shall be classified in a similar manner as direct equity investments while money market funds shall be treated as cash and time deposits and assigned a BSCR rating of 0.

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 IIA **(Paragraph 6)**

Schedule of funds held by ceding reinsurers in segregated accounts/trusts by BSCR rating

[*blank*] name of Company
As at [*blank*] (day/month/year)
All amounts are expressed in ______ (currency used)

Line no.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Quoted and unquoted bonds and debentures		Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Total	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
1	BSCR rating 0										
2	BSCR rating 1										
3	BSCR rating 2										
4	BSCR rating 3										
5	BSCR rating 4										

6	BSCR rating 5										
7	BSCR rating 6										
8	BSCR rating 7										
9	BSCR rating 8										
10	Total										
Quoted and unquoted equities		Common stock		Preferred stock		Equity mutual funds				Total	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)			20xx (000)	20xx (000)
11	BSCR rating 1										
12	BSCR rating 2										
13	BSCR rating 3										
14	BSCR rating 4										
15	BSCR rating 5										
16	BSCR rating 6										
17	BSCR rating 7										
18	BSCR rating 8										

19	Quoted equity funds										
20	Unquoted equity funds										
21	Total										
Mortgage loans		Mortgage loans									
		20xx (000)	20xx (000)								
22	Insured/ guaranteed mortgages										
23	Other commercial and farm mortgages										
24	Other residential mortgages										
25	Mortgages not in good standing										
26	Total										

Cash and time deposits		Cash and time deposits		
		20xx (000)	20xx (000)	
27	Cash and time deposits			
28	Total funds held by ceding reinsurers in segregated accounts/trusts (Total of lines 10, 21, 26 and 27)			

INSTRUCTIONS AFFECTING SCHEDULE IIA:

(a) All funds held by ceding reinsurers (as reflected in Form 1A, Line 12(c)) in segregated accounts/trusts with identifiable assets, such as fixed income investments, equity investments, mortgage loans, and cash and time deposits, shall be included here;

(b) fixed income investments, both quoted and unquoted, shall be categorized into corporate bonds and sovereign bonds, residential mortgage-backed securities, commercial mortgage-backed securities/asset-backed securities, and bond mutual funds and classified by BSCR rating;

(c) equity investments, both quoted and unquoted, shall be categorized into common stock, preferred stock and equity mutual funds;

(d) preferred stock shall be classified by BSCR rating;

(e) the latest available AM Best, S&P, Moody's, or Fitch ratings shall be used in determining the appropriate BSCR rating of any fixed income security or preferred stock;

(f) where the ratings of a security by different rating agencies differ, the insurer shall classify the security according to the most conservative rating;

(g) unrated securities shall be assigned a BSCR rating of 8;

(h) sovereign debt issued by a country in its own currency that is rated AA- or better shall be classified under BSCR rating 0 while all other sovereign bonds shall be classified in a similar manner as corporate bonds;

(i) debt issued by government-owned and related entities that were explicitly guaranteed by that government, with the exception of mortgage-backed securities, shall be assigned a BSCR rating of 0; and

(j) bond mutual funds shall be classified based on the underlying bond ratings as advised by the fund manager; equity mutual funds shall be classified in a similar manner as direct equity investments while money market funds shall be treated as cash and time deposits and assigned a BSCR rating of 0.

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 III **(Paragraph 6)**

SCHEDULE OF NET LOSS AND LOSS EXPENSE PROVISIONS BY LINE OF BUSINESS

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

	Schedule	**General Business Reserves**	
	Line No.	**20XX**	**20XX**
1.	Property Catastrophe	XXX	XXX
2.	Property	XXX	XXX
3.	Property Non-Proportional	XXX	XXX
4.	Personal Accident	XXX	XXX
5.	Personal Accident Non-Proportional	XXX	XXX
6.	Aviation	XXX	XXX
7.	Aviation Non-Proportional	XXX	XXX
8.	Credit / Surety	XXX	XXX
9.	Credit / Surety Non-Proportional	XXX	XXX
10.	Energy Offshore / Marine	XXX	XXX
11.	Energy Offshore / Marine Non-Proportional	XXX	XXX
12.	US Casualty	XXX	XXX
13.	US Casualty Non-Proportional	XXX	XXX
14.	US Professional	XXX	XXX
15.	US Professional Non-Proportional	XXX	XXX
16.	US Specialty	XXX	XXX
17.	US Specialty Non-Proportional	XXX	XXX
18.	International Motor	XXX	XXX
19.	International Motor Non-Proportional	XXX	XXX
20.	International Casualty Non-Motor	XXX	XXX
21.	International Casualty Non Motor Non-Proportional	XXX	XXX
22.	Retro Property	XXX	XXX
23.	Structured / Finite Reinsurance	XXX	XXX
24.	Health	XXX	XXX
25.	Total [Form 1A Line 17(d)]	XXX	XXX

INSTRUCTIONS AFFECTING SCHEDULE III:

The statutory lines of business shall be defined as follows:

(a) the same definition shall be used for both proportional and non-proportional statutory lines of business below;

(b) where the BSCR risk factor charges differ in (a), insurers shall make a distinction when completing the statutory filing and using the BSCR model;

(c) statutory lines of business shall be mutually exclusive (e.g. “Retro casualty” is only to be placed into “Retro property” as prescribed, and not any of the other “casualty” related statutory lines, etc.);

(d) insurers may in good faith determine the allocation of the statutory lines;

(e) where an insurance contract involves multiple lines, the insurer shall assign to the various lines in accordance with the proportions written;

(f) where an insurer is unable to make this determination (e), the business shall be allocated to the line with the highest proportion;

(g) where the insurer is unable to make the determination in (f), then the business shall be assigned to the line with the highest capital risk charge; and

(h) support and assumptions used by management shall be available for review by the Authority.

Statutory Lines of Business (Proportional and Non-Proportional)	Line of Business Mappings & Definitions
Property catastrophe	**Property catastrophe** – coverage of damage arising from a peril that triggers an event (or events) that causes $25 million or more in direct insured industry losses to property (or a loss value in accordance with the coverage provider’s stated policies) and that may affect a significant number of policyholders and insurers – peril could be hurricane, earthquake, tsunami, and tornado.
Property	**US property** – coverage of US risks including buildings, structures, equipment, business interruption, contents and All Risk (not included in other categories) related losses. **Crop / agriculture** – coverage of risks including on-shore/off-shore farms, livestock, agriculture and other food production related losses. **International property** – coverage of non-US risks including buildings, structures, equipment, business interruption, contents and All Risk (not included in other categories)

	related losses.
Personal accident	**Personal accident** – coverage of risks arising from an accident that causes loss of sight, loss of limb, other permanent disablement or death, including related medical expenses, etc.
Aviation	**Aviation** – coverage of risks arising from airport, fleet, or satellite property and operations related losses.
Credit / surety	**Credit / surety** – coverage of risks arising from various types of guarantees, commercial surety bonds, contractor bonds and various credit related losses.
Energy offshore / marine	**Energy offshore / marine** – coverage of risks arising from offshore exploration and production, refining, power generation and/or cargo, hull and other marine related losses.
US casualty	**US casualty motor** – coverage of US risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for motor related activities/actions, including auto liability. **US casualty – general** – coverage of US risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for non-motor related activities including theft, fraud, negligence, and workers' compensation. **Terrorism –** coverage of risks arising from acts of both certified and uncertified acts of terrorism (e.g. the calculated use or threat of violence against civilians to achieve an objective(s)) and related losses associated with act of terrorism. **Other** – business that does not fit in any other category.
US professional	**US casualty – professional** - coverage of US risks arising from injuries to persons and/or legal liability imposed upon the insured as a professional (e.g. Director of a Board, etc.) for negligent or fraudulent activities.
US specialty	**US casualty – medical malpractice** - coverage of US risks arising from injuries to persons and/or legal liability imposed upon the insured as a medical professional for negligent (or other) medical related activities.
International motor	**International casualty – motor** - coverage of non-US risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for motor related activities/actions, including auto liability.

International non-motor	**International casualty – non-motor** - coverage of non-US risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for non-motor related activities/actions, including professional, medical, and workers' compensation.
Retro property	**Retro property** – retrocession cover for risks including buildings, structures, equipment, business interruption, contents and All Risk (not included in other categories) related losses. **Retro casualty** – retrocession cover for risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for motor and non-motor related activities including theft, fraud, and negligence, etc.
Structured / finite reinsurance	**Structured / finite reinsurance** – limited risk transfer contract comprising reinsurance cover where there is not both significant relative timing AND significant relative underwriting risk transfer – there may be either significant timing OR significant underwriting risk transfer – OR a significant relative economic loss may be possible but not probable (extremely remote) - not including certain catastrophe covers, like earthquake, where the probability of a loss event is also remote.
Health	**Health** - Coverage of care, curative, or preventive medical treatment (or financial compensation) arising from illness, accident, disability, or frailty, including hospital, physician, dental, vision and extended benefits

SCHEDULE IV

(Paragraph 6)

SCHEDULE OF PREMIUMS WRITTEN BY LINE OF BUSINESS

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

Schedule Line No.	**Gross Premiums Written**						**Net Premiums Written**	
	Unrelated		**Related**		**Total**			
					Form 2A, Line 1(c)		**Form 2A, Line 3**	
	20XX	***20XX***	***20XX***	***20XX***	***20XX***	***20XX***	***20XX***	***20XX***
1. Property Catastrophe	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2. Property	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3. Property Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4. Personal Accident	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5. Personal Accident Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6. Aviation	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7. Aviation Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8. Credit / Surety	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9. Credit / Surety Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
10. Energy Offshore / Marine	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
11. Energy Offshore / Marine Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
12. US Casualty	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
13. US Casualty Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
14. US Professional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
15. US Professional Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
16. US Specialty	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
17. US Specialty Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

18. International Motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
19. International Motor Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
20. International Casualty Non-Motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
21. International Casualty Non Motor Non-Proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22. Retro Property	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
23. Structured / Finite Reinsurance	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
24. Health	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
25. Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

INSTRUCTIONS AFFECTING SCHEDULE IV:

(a) "gross premiums written" and "net premiums written" are such terms that are defined in The Insurance Accounts Regulations 1980;

(b) "group" means any two or more bodies, whether corporate or unincorporated, that are in association, and two bodies are deemed to be in association if one of them has control of the other or both are under the control of the same person or persons;

(c) "related", in relation to the insurer, means a body forming part of a group with that insurer; and

(d) "unrelated", in relation to the insurer, means any party that is not related.

SCHEDULE V

(Paragraph 6)

SCHEDULE OF RISK MANAGEMENT

The schedule of risk management of a Class 3B or Class 4 general business insurer shall disclose the following matters-

(a) governance and group structure;

(b) intra-group transactions that the insurer is a party to and the insurer's risk concentrations;

(c) particulars of reinsurance balances;

(d) effective duration of assets;

(e) effective duration of liabilities;

(f) description of the effective duration of assets and liabilities calculations and key assumptions;

(g) gross probable maximum loss;

(h) net probable maximum loss;

(i) average annual loss excluding property catastrophe;

(j) actual attritional losses and large claims losses in the relevant year;

(k) arrangements with respect to property catastrophe recoverables;

(l) summary of projected performance;

(m) financial impact and description of stress and scenario tests;

(n) investments and derivatives strategies and policy;

(o) description of the insurer's risk management program;

(p) the risk register; and

(q) list of statutory lines and statutory territories that have catastrophe exposures.

INSTRUCTIONS AFFECTING SCHEDULE V:

(a) the governance and group structure must disclose-

(i) the structure of the board of directors and executive management, including names, roles and work experience of officers;

(ii) terms of reference of the board of directors and its sub-committees; and

(iii) the name of the jurisdiction(s) where the group's board of directors primarily deliberates on matters including-

(A) setting strategic decision;

(B) determining the (re)insurer's risk appetite;

(C) choice of corporate structure, including amalgamations, acquisitions and strategic alliances;

(D) choice of new lines of business, new products, marketplace positioning; and

(E) assessing solvency needs;

(iv) the name of the jurisdictions where the group's board of directors and chief and senior executives primarily reside;

(v) the name of the jurisdiction where the group's central control functions reside (i.e., group finance, actuarial, and risk management);

(vi) the group's financial position based on its most recent audited general purpose financial statement regarding its-

(A) total assets;

(B) total reserves; and

(C) capital and surplus;

(vii) the name of reinsurers within the group that have the highest-

(A) total asset value;

(B) total insurance reserve value; and

(C) total capital and surplus based on the group's most recent audited general purpose financial statement;

(viii) the total values for subparagraph (vii)(A), (B) and (C);

(ix) the jurisdiction of incorporation of each reinsurer in subparagraph (vii);

(x) any events which have occurred or decisions made subsequent to the relevant year-end that would, or have, materially changed the information in subparagraphs (iii) through (ix) (e.g., amalgamation or acquisition or restructuring, etc.). Provide a detailed response and explanation; and

(xi) a copy of the latest group organisational chart;

(b) intra-group transactions that the insurer is a party to and the insurer's risk concentrations shall include-

(i) details of material intra-group transactions between the insurer and other members of the group for which it belongs, including (where applicable):

(A) exposure value (face value or market value, if the latter is available);

(B) counterparties involved including where they are located; and

(C) summary details of the transactions – including purpose, terms and transaction costs, duration of the transaction and performance triggers;

(ii) details surrounding all intra-group reinsurance and retrocession arrangements, and other intra-group risk transfer insurance business arrangements including:

(A) aggregated values of the exposure limits (gross and net) by counterparties broken down by counterparty rating;

(B) aggregated premium flows between counterparties (gross and net); and

(C) the proportion of the insurer's insurance business exposure covered by internal reinsurance, retrocession and other risk transfer insurance business arrangements;

(iii) details of the ten largest exposures to unaffiliated counterparties and any other unaffiliated counterparty exposures or series of linked unaffiliated counterparty exposures, excluding those reinsurance exposures disclosed in (c), exceeding 10% of the insurer's statutory capital and surplus, including:

(A) name of unaffiliated counterparty, including where the counterparty is located;

(B) exposure values (face value or market value, if the latter is available); and

(C) transaction type;

(c) the 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—

(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 1A, Lines 11(e), 12(c) and 17(c));

(iv) funds held by ceding reinsurers (as reflected in Form 1A, 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 1A, 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 1A, Lines 11(e) and 17(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 the 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 is the reinsurer is a domestic affiliate, it shall be assigned a BSCR rating of 0 regardless of its credit rating;

(d) where a reinsurer is not rated but is regulated in a jurisdiction that applies the International Association of Insurance Supervisors' Insurance Core Principles and in particular imposes both a minimum capital requirement 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-

(d) the effective duration of assets must be determined using the aggregate of the bonds and debentures (as reflected in Form 1A, Lines 2(a)(ii) and 3(a)(ii)), preferred stock (as reflected in Form 1A, Lines 2(c)(ii) and 3(c)(ii)), and mortgage loans portfolios (as reflected in Form 1A, Line 5(c)) as a basis;

(e) the effective duration of liabilities must be determined using the reserves (as reflected in Form 1A, Lines 17 & 18) as a basis;

(f) a description of the process used for determining the effective duration of assets calculation and effective duration of liabilities calculation, and key assumptions for these calculations;

(g) the gross probable maximum loss for natural catastrophe losses (prior to reinsurance) must be calculated at the 99.0% Tail Value-at-Risk level for annual aggregate exposure to all risks and all perils, including reinstatement premiums, for the year following the relevant year based upon the insurer's catastrophe model. The documentation used to derive the gross probable maximum loss must be retained for at least five years, once a capital and solvency return has been filed in accordance with paragraph 6, at the registered office of the insurer and shall be presented to the Authority upon request;

(h) the net probable maximum loss for natural catastrophe losses (after reinsurance) must be calculated at the 99.0% Tail Value-at-Risk level for annual aggregate exposure to all risks and all perils, including reinstatement premiums, for the year following the relevant year based on the insurer's catastrophe model. The support documentation used to derive the net probable maximum loss must be retained for at least five years, one a capital and solvency return has been filed in accordance with paragraph 6, at the registered office of the insurer and shall be presented to the Authority upon request;

(i) the average annual loss excluding property catastrophe must be calculated as follows-

(i) the expected net natural catastrophe loss (after reinsurance), including reinstatement premiums, for annual aggregate exposure to all risks and all perils other than those relating to the property catastrophe line of business (as described under the Instructions Affecting Schedule III) for the year following the relevant year based on the insurer's catastrophe model;

(ii) the calculation should be determined from the same underlying loss distribution used to determine the gross probable maximum loss and the net probable maximum loss (excluding the property catastrophe component); and

(iii) the supporting documentation relating to the calculation must be retained for at least five years, once a capital and solvency return has been filed in accordance with paragraph 6, at the registered office of the insurer and shall be presented to the Authority upon request;

(j) the actual attritional losses and large claims losses in the relevant year shall disclose the actual aggregate losses (classified by the insurer as attritional and large claims losses in accordance with its own policy) experienced by the insurer in the relevant year (not including prior year reserve releases or adverse development);

(k) the arrangements with respect to property catastrophe recoverables shall disclose the amounts of-

(i) collateral;

(ii) catastrophe bonds;

(iii) special purpose insurer (indemnity basis);

(iv) special purpose insurer (other basis); and

(v) total

(l) the summary of projected performance by the insurer for the year following the relevant year shall disclose-

(i) the insurer's latest estimate of annual net premiums written;

(ii) the estimated underwriting profit or loss;

(iii) the estimated net income or loss for the insurer or on a group basis with disclosure of the estimated percentage of the insurer's contribution relative to the group; and

(iv) a qualitative description of the insurer's business and underwriting strategy to be used in an attempt to achieve the estimates in (i) and (iii) above;

(m) the financial impact and description of stress and scenario tests shall disclose the results from the stress and scenario tests prescribed by the Authority annually and published in such manner as the Authority directs;

(n) the investments and derivatives strategies and policy must disclose-

(i) a description of the insurer's investment strategy governing investment selection and composition of the insurer's investment portfolio; and

(ii) a description of the policies and strategies surrounding the use of derivatives and other hedging instruments;

(o) the description of the insurer's risk management program shall disclose-

(i) a description of the risk management process, including how the risk management program is used for strategic management decision-making, capital allocation and capital adequacy;

(ii) a description of the governance surrounding the risk management process including the identification of the owners of the process and the extent of the board of directors' involvement;

(iii) a description of the risk appetite including the process for setting and embedding risk limits, and the identification of the types of stress testing carried out to ascertain the suitability of the risk appetite; and

(iv) a description of the process undertaken to monitor material risk concentration;

(p) risk register disclosing-

(i) a description of the insurer's material risks;

(ii) owners of the respective risks;

(iii) the impact and probability of the risk and the overall risk crystallising expressed as quantitative or qualitative measures;

(iv) a summary of risk mitigation/controls in place and an assessment of their effectiveness in reducing the probability and/or impact of the risk; and

(v) overall assessment of the impact and probability of the residual risk expressed as quantitative or qualitative measures;

(q) the list of statutory lines and statutory territories that have catastrophe exposures as set out below-

Zone	**Territories**
1	Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, the District of Columbia, Alabama, Arkansas, Louisiana, Mississippi, Texas, Florida, Georgia, North Carolina, and South Carolina
2	Caribbean
3	Arizona, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Montana, Minnesota, Missouri, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Utah, Wisconsin, and Wyoming
4	California
5	Oregon, Washington
6	Hawaii
7	Canada, Alaska
8	United Kingdom, Continental Europe
9	Australia / New Zealand

10	Japan
11	Nationwide covers
12	Worldwide covers
13	All exposures not included in Zones 1 to 12

SCHEDULE VI

(Paragraph 6)

Schedule of fixed income securities

The schedule of fixed income securities shall–

(a) represent the amounts stated in the Form 1A - Statutory Balance Sheet (general business – Class 3B or Class 4) Lines 2(b) and 3(b);

(b) include the following information according to security type–

(i) security type;

(ii) amount contributing to (as reflected in) the Form 1A - Statutory Balance Sheet balance on Lines 2(b) or 3(b);

(iii) face value;

(iv) fair value;

(v) average effective yield to maturity;

(vi) average rating of the security type (if applicable);

(vii) average duration and convexity; and

(c) include the effective duration and the convexity of the portfolio.

SCHEDULE IX
SCHEDULE OF COMMERCIAL INSURER'S SOLVENCY SELF-ASSESSMENT (CISSA)

The Schedule of CISSA shall provide particulars of the following matters –

(a) Table 8: CISSA capital summary disclosing the insurer's own capital and contingency arrangements impacting the available capital.

(b) Table 8A: CISSA general questions relating to an insurer's risk management and governance program, the review and approval of CISSA, integration of CISSA into the strategic decision making process.

(c) Table 8B: CISSA assessment of material risks of the insurer, the determination of both the quality and quantity of capital required to cover its risks, the forward looking analysis and its ability to manage its capital needs, the review and approval of CISSA and the governance and controls surrounding model(s)/tool(s) used to compute the CISSA capital.

TABLE 8
CISSA Capital Summary

Risk categories	(a) CISSA capital	(b) Regulatory capital
Premium risk		
Reserve risk		
Catastrophe risk		
Market risk		
Credit risk		
Liquidity risk		
Group, Concentration, Reputational and Strategic risk		
Other (specify)		
Total capital pre-diversification between risk categories		

Diversification credit between risk categories		
Total capital after diversification between risk categories before operational risk		
Operational risk		
Total capital after diversification and operational risk		

Where:

(a) CISSA capital is the amount of capital the insurer has determined that it requires to achieve its strategic goals upon undertaking an assessment of all material (reasonably foreseeable) risks arising from its operations or operating environment; and

(b) Regulatory capital is determined by the BSCR or an approved internal capital model at 99.0% Tail Value-at-Risk ("TVaR") over a one year time horizon.

Table 8 Cont'd
ADDITIONAL INFORMATION

1. What is the primary reason(s) (select multiple responses where applicable) for aiming at the disclosed CISSA amount? (select all that apply)

   - target agency rating (e.g. "A-", "AA", etc.);
   - market share;
   - business expansion;
   - nature of product(s) (e.g. risk characteristics);
   - manage downgrade risk;
   - regulatory capital requirements; and
   - others. ____________________ (Please provide a description)

2. What methodology is used to aggregate the risk categories in deriving the CISSA capital? (select all that apply)

   - correlation matrix;

- linear correlations;
- T copulas;
- gumbel copulas;
- clayton copulas;
- causal drivers approach e.g., inflation, cycles; and
- others.______________________(Please provide a description)

3. What contingency plans are in place for raising additional capital under stress situations? (select all that apply)

    - parental guarantees;
    - revolving letters of credit;
    - issue subordinated debt;
    - issue preference shares;
    - float additional shares;
    - capital injections from parent;
    - contingent surplus notes;
    - catastrophe derivatives (e.g. bonds, swaps and options); and
    - others

4. Does the insurer have arrangements / contractual commitments to provide support, including forward purchase arrangements or guarantees, to affiliates/other companies in stressed situations? (Yes or No)

    If yes, briefly describe the arrangement(s) and the aggregate exposure.

5. Has the insurer down streamed debt to establish equity positions (participations), or engaged in double or multiple gearing? (Yes or No)

    If yes, provide details and amount of capital.

6. Has debt been down streamed to establish equity positions in the insurer, or is the insurer using capital that is double or multiple geared? (Yes or No)

    If yes, provide details and amount of capital.

7. Are there any assets of a subsidiary of the insurer that are restricted for use that cannot be transferred to another subsidiary or the insurer, that were not included in the encumbered

assets (both for policyholder obligations and not for policyholder obligations) reported in the Schedule of Eligible Capital? (Yes or No)

If yes, provide:

Total restricted assets	XXX
Less: Regulatory capital requirements for members for which the assets pertain	XXX
Restricted assets in excess of capital requirements to the Extent that these amounts are not included in the Encumbered assets reported in the Schedule of Eligible Capital	**XXX**

TABLE 8A
CISSA General Questions

1. Is the CISSA and its underlying information integrated (i.e.; considered when making key strategic decisions) into the insurer's strategic and risk management decision-making processes? (Yes or No)

   If yes, how is CISSA and its underlying information used? (select all that apply by choosing Yes/No)

   - Strategic planning
   - Annual business planning
   - Setting risk limits
   - Defining risk appetite
   - Evaluation of capital adequacy
   - Allocation of capital to business segments and lines of business
   - Capital management
   - Determination of rates of return for pricing and underwriting guidelines
   - Reinsurance purchase
   - Determination of investment policies and strategies
   - Meeting regulatory requirements
   - Improving credit rating
   - Improving investor relations
   - Assessing risk adjusted product profitability
   - Performance measurement and assessment
   - Improving mergers and acquisition decisions
   - Others (provide description)

2. Has the insurer applied reverse stress testing to both identify the scenarios that could cause business failure and the required actions to manage such situations? (Yes or No)

3. Is the CISSA process clearly documented and regularly amended for changes in strategic direction, risk management framework, and market developments? (Yes or No)

4. How often is the information underlying CISSA discussed and reviewed by the board and chief and senior executives?

5. Have the board and chief and senior executives ensured that an appropriate oversight process is in place, including an appropriate level of independent verification, whereby material deficiencies are reported on a timely basis and suitable actions taken? (Yes or No)

Optionally, the insurer may provide brief comments.

INSTRUCTIONS AFFECTING TABLE 8A:

- The insurer shall select the appropriate response. Where an optional attachment is provided to disclose additional information, an insurer shall include references (e.g. page number, paragraph number) of where the information can be located within the attachment.
- Independent verification shall be conducted by an internal or external auditor or any other appropriately skilled internal or external function; as long as they have not been responsible for the part of the CISSA process they review, and are therefore deemed to be independent in their assessment.

TABLE 8B
CISSA Assessment of Material Risks of the Insurer

The board must review policies, processes, and procedures to assess its material risks and self-determine the capital requirement it would need to support its insurance undertaking, at least annually. Minimally, the assessment should:

- Be an integral part of the insurer's risk management framework;
- Be clearly documented, reviewed, and evaluated regularly by the board and the chief and senior executives to ensure continual advancement in light of changes in the strategic direction, risk management framework, and market developments; and
- Ensure an appropriate oversight process whereby material deficiencies are reported on a timely basis and suitable actions taken.

The insurer shall undertake and file with the Authority the insurer's most recent report ("insurer-specific report") comprising a solvency self-assessment of its material risks and the determination of both the quality (types of capital) and quantity of capital required to cover these risks, while remaining solvent and achieving the insurer's business goals.

The insurer-specific report should minimally include:

1. Date the assessment was completed and the insurer-specific report last updated.
2. A description of the insurer's business and strategy.
3. The identification and assessment of all reasonably foreseeable material risks, including those specified in the Insurance Code of Conduct (i.e. insurance underwriting risk;

investment, liquidity, and concentration risk; market risk; credit risk; operational risk; group risk; strategic risk; reputational risk; and legal risk).

4. The identification of the relationships of the material risks with one another, and the quantity and type of capital required to cover the risks.
5. A description of the insurer's risk appetite, including limits imposed, how they are enforced, and their key performance indicators.
6. Assumptions and methodology used to assess and aggregate risks.
7. A forward-looking analysis of the risks faced by the insurer over its planning horizon and an analysis demonstrating the ability to manage its business and capital needs in adverse circumstances and still meet regulatory capital requirements.
8. An evaluation of whether the insurer has sufficient capital and liquidity available, including an assessment of whether capital is fungible and assets are transferable, to achieve its strategic goals over its planning horizon and any potential adverse consequences if insufficient.
9. A description of business continuity and disaster plans.
10. A description of how the results of the self-assessment are integrated into the management and strategic decision making process.
11. For each material risk identified under 3 above, the submission should minimally include:
    (a) Identification of the risk owner, qualifications and responsibilities.
    (b) The key performance indicators used to monitor compliance with the risk appetite.
    (c) The risk drivers (e.g. for catastrophe risk the drivers could be US earthquake, European windstorm, terrorism, etc.)
    (d) The primary model(s)/tool(s) used to calculate the CISSA capital for the risk, where applicable.
    (e) The primary sources of data used as inputs to the model(s)/tool(s).
    (f) The key assumptions used in the assessment of the risk.
    (g) A description and quantitative impact of stress and scenario testing (if any) on capital including key assumptions.
    (h) A description of measures taken to transfer or otherwise mitigate the risk.
    (i) Quantification of the risk if the insurer is holding capital against it both pre and post diversification.
    (j) An explanation of the primary reasons for any material deviations between the CISSA capital as it pertains to the risk (if holding capital against the risk) and the regulatory capital charge for the risk, if the deviation is greater than 15%.
12. Model(s)/tool(s) used to calculate the CISSA capital
    The insurer should review and provide answers to the following questions on the model(s)/tool(s) used to calculate the CISSA capital

Governance	
(a)	Does the board of directors, chief and senior executives approve the design, maintenance and use of the model(s)/tool(s)?
(b)	How often does the board or relevant board committees review outputs, changes and issues arising from the model(s)/tool(s) (review should be documented e.g. minutes,

	presentations etc.)?
(c)	Does the board and chief and senior executives have a general understanding of the key assumptions/elements and the implications of the outputs (including limitations) of the model(s)/tool(s)?
Validation	
d) Is the model(s)/tool(s) subject to a regular cycle of validation; which includes the monitoring of performance, review of appropriateness of model specifications and testing of forecast results against actual results?	
e) How often is the validation of the model(s)/tool(s) performed?	
f) Does the validation process demonstrate that the model(s)/tool(s) remain suitable during changing conditions (e.g. changes in inflation, interest rate, etc.)? If no, provide comments.	
Documentation	
g) Does the insurer have formal documentation of the structure, design, operational details, input assumptions, parameters, governance process and controls of the model(s)/tool(s)?	
h) If yes, to what extent is the model(s)/tool(s) documented such that it can be used by new personnel with limited user experience? (include comments for partial or no documentations)	
i) How often does the board of directors or chief and senior executives review and approve the model/input documentation?	
Internal controls	
j) How does the insurer rate the effectiveness of the controls in place to monitor and evaluate the operation and maintenance of the model(s)/tool(s)?	
k) Are there strict protocols in place restricting access to the model(s)/tool(s) and ability to make adjustments thereto?	
Others	
I) What is the risk measure (VaR, TVaR etc.), confidence interval (95%, 99.95% etc.) and time horizon (1 year, 3 years etc.) used to derive the CISSA capital?	

INSTRUCTIONS AFFECTING TABLE 8B:

The insurer shall select the appropriate response. Where an optional attachment is provided to disclose additional information, an insurer shall include references (e.g. page number, paragraph number) of where the information can be located within the attachment.

SCHEDULE X (paragraph 6)

CATASTROPHE RISK RETURN

The schedule of catastrophe risk return shall provide particulars of the following matters:

(a) Total exceedance probability (“EP”) curves (Table 9): This represents an insurer’s exposure to loss arising from natural catastrophe from all insurance and reinsurance operations including the impact of any insurance-linked securities for all perils combined for the year following the relevant year based upon the insurer’s catastrophe model.

(b) EP curve for insurance (Table 9A): This EP curve shall be required only when the percentage of net insurance premiums written to total net premiums written (including insurance and reinsurance) is greater than 10%.

(c) EP curves for region-perils (Table 9B): Insurers shall provide information on EP curves for the following region-perils:
- Atlantic basin hurricane;
- North American earthquake;
- European windstorm;
- Japanese earthquake; and
- Japanese typhoon.

(d) Region-peril exposure to zones and statutory lines of business (Table 9C): Insurers shall disclose the statutory zones and the statutory lines of business to which it is exposed.

(e) Accumulations overview (Table 9D): This shall provide details of the features of accumulation methodologies, the catastrophe models used and the frequency of conducting accumulations.

(f) Data analysis (Table 9E): This shall consist of information on modeled versus non-modeled catastrophe risk, the quality and comprehensiveness of data and how data is considered in accumulations and pricing.

(g) Reinsurance disclosures (Table 9F): This seeks to obtain information on the type of protection (reinsurance or retro) purchased against natural catastrophe losses.

(h) Insurance terror exposure (Table 9G): For insurance business that has terrorism exposure, insurers shall disclose their exposure to conventional terrorism exposure and on Nuclear, Biological, Chemical and Radiological (NBCR) terrorism exposure separately at different levels of geographical resolution.
- Conventional terrorism: Insurers shall disclose information on the ten largest 150 metre accumulations of exposure to conventional terrorism losses on a gross and net basis.
- NBCR insurance terrorism exposure: Insurers shall disclose terrorism exposure information on the ten largest US states or countries outside of the US for accumulations of exposure to NBCR terrorism losses. The exposure calculation should include all exposures within and outside the US and assume a total loss to insurance commitments within the area.

(i) Reinsurance terrorism limits (Table 9H): Insurers shall disclose the top ten reinsurance limits exposed within or outside the US for conventional and NBCR acts of terrorism.

(j) Assumed exchange rates (Table 9I): This contains information on all exchange rates used in compiling the EP curve information.

Table 9
EP Curve Total

1. Exceedance probability information

		Gross loss		**Net loss**	
	Loss return period (years)	**Gross per occurrence loss TVaR**	**Gross aggregate TVaR**	**Net per occurrence loss TVaR**	**Net aggregate TVaR**
		($M)	($M)	($M)	($M)
	50				
	100				
	250				
	500				
	1000				

	Gross loss ($M)		Net loss ($M)
Annual average aggregate gross loss		**Annual average aggregate net loss (net of reinstatements terms)**	
Standard deviation of annual aggregate gross loss		**Standard deviation of annual aggregate net loss (net of reinstatements terms)**	
Total gross statutory property catastrophe premium modeled		**Total net statutory property catastrophe premium modeled**	
Total gross all other premium modeled		**Total net all other premium modeled**	
Total gross statutory property catastrophe limits exposed – modeled		**Total net statutory property catastrophe limits exposed – modeled**	
Total gross statutory property catastrophe limits exposed - not modeled		**Total net statutory property catastrophe limits exposed– not modeled**	
Total gross all other lines limits exposed - modeled		**Total net all other lines limits exposed – modeled**	
Total gross all other lines limits exposed - not modeled		**Total net all other lines limits exposed - not modeled**	
Total gross premium without an occurrence or aggregate limit		**Total net premium without an occurrence or aggregate limit**	
Total gross premium with non determinable Total Insured Value ("TIV")		**Total net premium with non determinable TIV**	

2. Significant sources of catastrophe risk and associated loss included in the EP Curves:

	Select	If no, briefly explain
Allocated loss adjustment expense		
Property – buildings		
Property – contents		
Additional living expenses		
Business interruption		
Auto physical damage		
Worker's compensation		
Personal accident		
Life insurance		
Onshore energy		
Offshore energy		
Ocean marine		
Inland marine		
Flood		
Crop		
Other primary insurance		

3. Assumed reinsurance information

	Select	If no, briefly explain
Proportional - quota share		
Proportional - surplus share		
Non-proportional - catastrophe		
Non-proportional - per risk		
Other reinsurance assumed		

4. Pools and assessments information

	Select	If no, briefly explain
Voluntary pools and/or assessments		
Involuntary pools and/or assessments		

5. Supplemental perils and model options

	Select	If no, briefly explain
Fire following		
Sprinkler leakage		
Storm surge		
Demand surge		
Secondary uncertainty		
Atlantic multi-decadal oscillation selection		

6. Other adjustments information

	Select	If no, briefly explain
Adjustments for exposure data quality		
Adjustments for insurance to value		
Adjustments for exposure growth		
Supplemental losses for non-modeled line of business		
Adjustments for model deficiencies – severity		
Adjustments for model deficiencies – frequency		
Additional demand surge loadings		
Other factors for prudence		
Average loading factor applied to ground up loss for all adjustments applied:		
Is this average loading factor determined analytically or estimated?		
Which vendor catastrophe models ("cat model") do you include in this modeling:		
Which version of the model or version of the region-peril models are used for each cat model as appropriate:		

INSTRUCTIONS AFFECTING TABLE 9:

- The responses for the "exceedance probability information" section shall consist of amounts in United States Dollars (USD) $millions.
- Except for the catastrophe model and average loading factor questions in the section "Other adjustments information", where the response shall include amounts, responses to sections 2 through 6 shall include selecting the appropriate response that best reflects the insurer's position. Where the response is "no", the insurer shall provide a brief description.

Table 9A
EP Curve Insurance

1. Exceedance probability information

		Gross loss		**Net loss**	
	Loss return period (years)	**Gross per occurrence loss TVaR**	**Gross aggregate TVaR**	**Net per occurrence loss TVaR**	**Net aggregate TVaR**
		($M)	($M)	($M)	($M)
	50				
	100				
	250				
	500				
	1000				

	Gross loss ($M)		Net loss ($M)
Annual average aggregate gross loss		**Annual average aggregate net loss (net of reinstatements terms)**	
Standard deviation of annual aggregate gross loss		**Standard deviation of annual aggregate net loss (net of reinstatements terms)**	
Total gross statutory property catastrophe premium modeled		**Total net statutory property catastrophe premium modeled**	
Total gross all other premium modeled		**Total net all other premium modeled**	
Total gross statutory property catastrophe limits exposed – modeled		**Total net statutory property catastrophe limits exposed – modeled**	
Total gross statutory property catastrophe limits exposed - not modeled		**Total net statutory property catastrophe limits exposed– not modeled**	
Total gross all other lines limits exposed - modeled		**Total net all other lines limits exposed – modeled**	
Total gross all other lines limits exposed - not modeled		**Total net all other lines limits exposed - not modeled**	
Total gross premium without an occurrence or aggregate limit		**Total net premium without an occurrence or aggregate limit**	
Total gross premium with non determinable Total Insured Value ("TIV")		**Total net premium with non determinable TIV**	

2. Significant sources of catastrophe risk and associated loss included in the EP Curves:

	Select	If no, briefly explain
Allocated loss adjustment expense		
Property - buildings		
Property - contents		
Additional living expenses		
Business interruption		
Auto physical damage		
Worker's compensation		
Personal accident		
Life insurance		
Onshore energy		
Offshore energy		
Ocean marine		
Inland marine		
Flood		
Crop		
Other primary insurance		

3. Assumed reinsurance information

	Select	If no, briefly explain
Proportional - quota share		
Proportional - surplus share		
Non-proportional - catastrophe		
Non-proportional - per risk		
Other reinsurance assumed		

4. Pools and assessments information

	Select	If no, briefly explain
Voluntary pools and/or assessments		
Involuntary pools and/or assessments		

5. Supplemental perils and model options

	Select	If no, briefly explain
Fire following		
Sprinkler leakage		
Storm surge		
Demand surge		
Secondary uncertainty		
Atlantic multi-decadal oscillation selection		

6. Other adjustments information

	Select	If no, briefly explain
Adjustments for exposure data quality		
Adjustments for insurance to value		
Adjustments for exposure growth		
Supplemental losses for non-modeled line of business		
Adjustments for model deficiencies – severity		
Adjustments for model deficiencies – frequency		
Additional demand surge loadings		
Other factors for prudence		
Average loading factor applied to ground up loss for all adjustments applied:		
Is this average loading factor determined analytically or estimated?		
Which vendor catastrophe models ("cat model") do you include in this modeling:		
Which version of the model or version of the region-peril models are used for each cat model as appropriate:		

INSTRUCTIONS AFFECTING TABLE 9A:

- The responses for the "exceedance probability information" section shall consist of amounts in United States Dollars (USD) $millions.
- Except for the catastrophe model and average loading factor questions in the section "Other adjustments information", where the response shall include amounts, responses to sections 2 through 6 shall include selecting the appropriate response that best reflects the insurer's position. Where the response is "no", the insurer shall provide a brief description.

Table 9B
EP Curves for Region-Perils

The insurer shall complete the table below for each of the following region-perils:

- Atlantic basin hurricane
- North American earthquake
- European windstorm
- Japanese earthquake
- Japanese typhoon

Exceedance probability information

Which model(s) is used for EP Curve?

Indicate the model version

	Gross loss		**Net loss**	
Loss return period (years)	**Gross per occurrence loss TVaR**	**Gross aggregate TVaR**	**Net per occurrence loss TVaR**	**Net aggregate TVaR**
	($M)	($M)	($M)	($M)
50				
100				
250				
500				
1000				

Exposure to each region-peril	**Gross**	**Net**
	($M)	($M)
Total statutory property catastrophe premium		
Total all other statutory premium		
Total statutory property catastrophe limits		
Total all other statutory limits		

INSTRUCTIONS AFFECTING TABLE 9B:

The responses for the “exceedance probability information” section shall consist of amounts in United States Dollars (USD) $millions.

Table 9C
Region-Peril Exposure to Zones and Statutory Lines of Business

The insurer shall select the statutory zones (Schedule V paragraph (q)) and statutory lines of business (Schedule IV) that is exposed to with regards to the following region-perils.

(a) Exposure to statutory zones (Schedule V paragraph (q))

	EP Curve Atlantic Basin Hurricane	**EP Curve North American Earthquake**	**EP Curve European Windstorm**	**EP Curve Japanese Earthquake**	**EP Curve Japanese Typhoon**	**EP Curve All Other Perils**
Zone 1						
Zone 2						

Zone 3						
Zone 4						
Zone 5						
Zone 6						
Zone 7						
Zone 8						
Zone 9						
Zone 10						
Zone 11						
Zone 12						
Zone 13						

(b) Exposure to statutory lines of business (Schedule IV)

	EP Curve Atlantic Basin Hurricane	**EP Curve North American Earthquake**	**EP Curve European Windstorm**	**EP Curve Japanese Earthquake**	**EP Curve Japanese Typhoon**	**EP Curve All Other Perils**
Line 1						
Line 2						
Line 3						
Line 4						
Line 5						
Line 6						
Line 7						
Line 8						
Line 9						
Line 10						
Line 11						
Line 12						
Line 13						
Line 14						
Line 15						
Line 16						
Line 17						
Line 18						
Line 19						
Line 20						
Line 21						
Line 22						
Line 23						
Line 24						

INSTRUCTIONS AFFECTING TABLE 9C:

"All Other Perils" shall consist of the residual natural catastrophe exposure retained by the insurer for all other region-perils except Atlantic basin hurricane, North American earthquake, European windstorm, Japanese earthquake, and Japanese typhoon.

Table 9D
Accumulations Overview

1. What frequency best describes the update process of accumulations?

2. Are there any differences in the frequency of accumulations for various business units? If yes, briefly describe.

3. Which vendor catastrophe models does the insurer license?

4. Does the insurer incorporate internally developed stochastic catastrophe models within the accumulations that capture correlation across contracts or lines of business?

5. Which methodology best describes an insurer's accumulation methodology?

6. Where more than one catastrophe model is used in the accumulations, which methodology best describes how multiple models are considered?

   If other, please explain:

7. Is the insurer's pricing and accumulations fully consistent?

8. What percentage of the total premium (other than insurance business) is written without occurrence limits?

9. Does the insurer provide reinsurance to both affiliated companies and unaffiliated companies?

10. If there is more than 2.5% of premium written without occurrence limits (other than insurance business) briefly describe this business, including information on territorial exposure, potential for correlation of losses across contracts/policies and the assessment of maximum loss potential for these exposures.

11. How are outwards reinsurance protections considered in accumulation calculations?

INSTRUCTIONS AFFECTING TABLE 9D:

Item 7 requires insurers to provide a response on whether the annual expected loss implied in the accumulations is equal to the annual expected loss at the time of underwriting.

Table 9E
Data Analysis

1. For all contracts written by the insurer, provide splits of those that are:

	US specific contracts - all exposures			All other contracts – all exposures			Total		
	Contract count	Gross limit provided ($M)	Net limit provid-ed ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)
Modelable									
Not modelable									
Total									

2. For those contracts that are written by the insurer that may be modelled, provide splits of those that are:

	US specific contracts - all exposures			All other contracts – all exposures			Total		
	Contract count	Gross limit provided ($M)	Net limit provid-ed ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)
Modeled									
Not modeled									
Total									

3. For those contracts that are written by the insurer that are modeled, provide splits of those that are:

	US specific contracts - all exposures			All other contracts – all exposures			Total		
	Contract count	Gross limit provided ($M)	Net limit provide d ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)
Detailed exposure data									
Aggregate exposure data									
A proxy peer									

insurer is selected and losses are derived from this insurer									
Derived from an industry loss curve utilising market share									
Other									
Total									

If other is selected, describe the methodology as appropriate:

4. For those contracts that are written by the insurer that may be modeled (but are not), provide splits of those that are:

	US specific contracts - all exposures			**All other contracts – all exposures**			**Total**		
	Contract count	Gross limit provided ($M)	Net limit provided ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)
Data deficient									
Model deficient									
Other									
Total									

If other is selected, describe the reasons for not modeling the contract(s).

5. For contracts that are written by the insurer that may be modeled, but are not modeled, describe what the insurer does from an accumulation perspective :

6. For contracts that are written by the insurer that are unable to be modeled, provide splits of those that are :

US specific contracts - all exposures			**All other contracts – all exposures**			**Total**		
Contract count	Gross limit provided ($M)	Net limit provided ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)	Contract count	Gross limit provided ($M)	Net limit provided ($M)

Data deficient									
No catastrophe model exists									
Model deficient									
Other									
Total									

If other is selected, describe the reasons that the contract(s) is unable to be modeled:

7. What percentage of total net premiums written represents contracts with no limits?

8. For contracts that are written by the insurer that are not modelable, describe what the insurer does from an accumulation perspective :

9. If there are contracts that are written by the insurer that have no occurrence limits or where TIV has not been included in the exposure in the above exhibits, describe how this exposure is included in the above data :

INSTRUCTIONS AFFECTING TABLE 9E:

In this Table, where applicable, the responses shall include: inputting the amount (in USD $millions) / number and/or providing a brief description in the comment fields.

Table 9F
Reinsurance Disclosures

Reinsurance or Retro information:

	US specific contracts		**Worldwide contracts**		**All other contracts**	
	Premium	Occurrence Limit provided	Premium	Occurrence Limit provided	Premium	Occurrence Limit provided
	($M)	($M)	($M)	($M)	($M)	($M)
Insurance Linked Securities protection						
Industry Loss Warranties contracts						
Other contracts and non-traditional methods of risk mitigation/assumption						
Property catastrophe contracts						
Catastrophe swaps						
Property per risk contracts						
Property retro contracts						
Quota share contracts						
Surplus share contracts						
Total						

If there are reinsurance or retro contracts that are purchased by the insurer that have no occurrence or aggregate limits provide details below for the total premium ceded, description of the underlying lines of business covered, territorial coverage limitations and details of the natural, man-made and pandemic perils covered on aggregate basis.

INSTRUCTIONS AFFECTING TABLE 9F:

In this Table, the amounts shall be in USD $millions.

Table 9G
Conventional Insurance Terrorism Exposure – 150m Defined Geographical Radius

		U.S. State/ Province (if applic-able)	Country	Direct terrorism property exposure ($M)	Total gross exposure ($M)	TRIP or other terror pool recoverables if any ($M)	Re-insurance recoveries if any ($M)	Total net exposure ($M)	Target loca-tion (if kno-wn)
Conventional terrorism exposure	1								
	2								
	3								
	4								
	5								
	6								
	7								
	8								
	9								
	10								

Table 9G cont'd
NBCR Insurance Terrorism Exposure – State/Country

		U.S. State/ Province (if applicab le)	Coun-try	Direct terrorism property exposure ($M)	Total gross exposure ($M)	TRIP or other sovereign terror pool recoverable s if any ($M))	Reinsurance recoverable limits if any ($M)	Total net exposure ($M)
NBCR terrorism exposure	1							
	2							
	3							
	4							
	5							
	6							
	7							
	8							
	9							
	10							

INSTRUCTIONS AFFECTING TABLE 9G:

Total gross exposure is the sum of (in USD $millions):

- Direct terrorism property exposure
- Indirect terrorism property exposure
- Value of lives exposed
- Other insured exposures

Table 9H
Reinsurance Terrorism Limits

		U.S. State/Province	Country	Direct reinsurance limits exposed to terrorism ($M)	Total gross reinsurance limits exposed to terrorism ($M)	TRIP or other terror pool recoverables if any ($M)	Reinsurance or retro recoveries if any ($M)	Total net reinsurance limits exposed to terrorism ($M)
Conventional terrorism exposure	1							
	2							
	3							
	4							
	5							
	6							
	7							
	8							
	9							
	10							

Table 9H, Cont'd

		U.S. State/ Province	Country	Direct reinsurance limits exposed to terrorism ($M)	Total gross reinsurance limits exposed to terrorism ($M)	TRIP or other terror pool recoverables if any ($M)	Reinsurance or retro recoveries if any ($M)	Total net reinsurance limits exposed to terrorism ($M)
NBCR terrorism exposure	1							
	2							
	3							
	4							
	5							
	6							
	7							
	8							
	9							
	10							

INSTRUCTIONS AFFECTING TABLE 9H:

- The total gross exposure is derived by the sum of all reinsurance limits exposed to terrorism.
- Total net reinsurance limits exposed to terrorism is derived by subtracting the TRIP or other terror pool recoverables and reinsurance recoveries from the total gross reinsurance limits exposed to terrorism.
- Amounts shall be in USD $millions.

Table 9I
Assumed Exchange Rates

Currency	EP Curve Total all perils combined
USD	1.00
USD:EUR	
USD:GBP	
USD:Yen	
USD:CHF	
USD:Other(s)	

INSTRUCTIONS AFFECTING TABLE 9I:

In this Table, the insurer shall input the exchange rates used to translate the EP curves.

Schedule XI (paragraph 6)

Schedule of Loss Triangles or Reconciliation of Net Loss Reserves

a) The insurer shall provide either loss triangles (Table 10) or a reconciliation of its beginning and ending net loss reserve balances (Table 11) for the following 8 statutory lines of business:

Number	Loss triangle lines of business	Number	Statutory line of business (Schedule III)
1	Property Catastrophe	1	Property Catastrophe
2	Property	2	Property
		6	Aviation
		10	Energy Offshore / Marine
		18	International Motor
		22	Retro Property
3	Property Non-Proportional	3	Property Non-Proportional
		7	Aviation Non-Proportional
		11	Energy Offshore / Marine Non-Proportional
		19	International Motor Non-Proportional
4	Casualty	4	Personal Accident
		12	US Casualty
		14	US Professional
		20 24	International Casualty Non-Motor Health
5	Casualty Non-Proportional	5	Personal Accident Non-Proportional
		13	US Casualty Non-Proportional
		15	US Professional Non-Proportional
		21	International Casualty Non-Motor Non-Proportional
6	Financial lines	8	Credit / Surety
		9	Credit / Surety Non-Proportional
7	Other specialty lines	16	US Specialty
		17	US Specialty Non-Proportional
8	Structured/Finite lines	23	Structured / Finite Reinsurance

Table 10: Loss Triangles

Insurers shall complete the Table below for the 8 statutory lines of business.

Insurers may use either "Accident Year or Underwriting Year" and shall notify the Authority which has been used.

	Accounting Basis:	INCURRED (ESTIMATED ULTIMATE) NET LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES REPORTED AT YEAR END ($000)										11	12	13
	Years in Which Losses Were Incurred	1	2	3	4	5	6	7	8	9	10	Ultimate Catastrophe		
												Losses	Development One Year	Development Two Year
		20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	Development	Development
L1	Prior													
L2	20xx													
L3	20xx	XX												

L4	20xx	XX	XXX											
L5	20xx	XX	XXX	XXX										
L6	20xx	XX	XXX	XXX	XXX									
L7	20xx	XX	XXX	XXX	XXX	XXX								
L8	20xx	XX	XXX	XXX	XXX	XXX	XXX							
L9	20xx	XX	XXX	XXX	XXX	XXX	XXX	XXX						
L10	20xx	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX					XXX
L11	20xx	XX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			XXX	XXX
L12	Totals													

Table 10: Loss Triangles, cont'd

	Years in Which Policies Were Written	CUMULATIVE PAID NET LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES REPORTED AT YEAR END ($000)										24
		14	15	16	17	18	19	20	21	22	23	Paid Catastrophe Losses
		20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx
L13	Prior											
L14	20xx											
L15	20xx	XXX										
L16	20xx	XXX	XXX									
L17	20xx	XXX	XXX	XXX								
L18	20xx	XXX	XXX	XXX	XXX							
L19	20xx	XXX	XXX	XXX	XXX	XXX						
L20	20xx	XXX	XXX	XXX	XXX	XXX	XXX					
L21	20xx	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
L22	20xx	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
L23	20xx	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
L24	Totals											

Table 10: Loss Triangles, cont'd

	Years in Which Policies Were Written	BULK & IBNR RESERVES ON NET LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES REPORTED AT YEAR END ($000)										35
		25	26	27	28	29	30	31	32	33	34	Losses Bulk & IBNR Reserves
		20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx	20xx
L25	Prior											
L26	20xx											

L27	20xx	XXX										
L28	20xx	XXX	XXX									
L29	20xx	XXX	XXX	XXX								
L30	20xx	XXX	XXX	XXX	XXX							
L31	20xx	XXX	XXX	XXX	XXX	XXX						
L32	20xx	XXX	XXX	XXX	XXX	XXX	XXX					
L33	20xx	XXX	XXX	XXX	XXX	XXX	XXX	XXX				
L34	20xx	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX			
L35	20xx	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
L36	Totals											

Table 10: Loss Triangles, cont'd

		36	37	38	39	Unallocated Loss Adjustment Expenses			42	43	44	45
						40	41					
	Years in which Premiums Were Earned and Losses Were Incurred	Gross Premiums Written	Gross Premiums Earned	Net Premiums Written	Net Premiums Earned	Paid	Incurred	Calendar Year	Commission and Brokerage Expense (Form 2A, Line 9)	General and Administrative Expense (Form 2A, Line 10)	Personnel Costs (Form 2A, Line 11)	Other Expense (Form 2A, Line 12)
L37	Prior	XXX	XXX	XXX	XXX			Prior				
L38	20xx							20xx				
L39	20xx							20xx				
L40	20xx							20xx				
L41	20xx							20xx				
L42	20xx							20xx				
L43	20xx							20xx				
L44	20xx							20xx				
L45	20xx							20xx				
L46	20xx							20xx				
L47	20xx							20xx				
L48	20xx	XXX	XXX	XXX	XXX			Totals				

COMMENTS

INSTRUCTIONS AFFECTING TABLE 10:

- Insurers shall disclose the accounting basis (accident year or underwriting year).
- Insurers only have to complete Table 10 or Table 11, not both. For Table 10, insurers must complete loss triangles by broad line of business groupings: 'Property catastrophe', 'Property', 'Property Non-proportional', 'Casualty', 'Casualty Non-proportional', 'Financial Lines', 'Other Specialty' and 'Structured/finite Reinsurance' as defined in the Schedule of Loss Triangles or Reconciliation of Net Loss Reserves."

Table 11: Net Loss Reserve Reconciliation by Lines of Business

The insurer shall provide a reconciliation of its beginning and ending net loss reserve balances for the 8 statutory lines of business, as an alternative to the loss triangles (Table 10).

	20XX	**20XX**
Gross loss and loss expense provisions at beginning of year	XXX	XXX
Less: Reinsurance recoverable at beginning of year	XXX	XXX
Net loss and loss expense provisions at beginning of year	XXX	XXX
Net losses incurred and net loss expenses incurred related to:		
Current year	XXX	XXX
Prior years	XXX	XXX
Total net incurred losses and loss expenses	XXX	XXX
Net losses and loss expenses paid or payable related to:		
Current year	XXX	XXX
Prior years	XXX	XXX
Total losses and loss expenses paid or payable	XXX	XXX
Foreign exchange and other	XXX	XXX
Net loss and loss expense provisions at end of year	XXX	XXX
Add: Reinsurance recoverable at end of year	XXX	XXX
Gross loss and loss expense provisions at end of year	XXX	XXX

Schedule XII (paragraph 6)

Schedule of Eligible Capital

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

a) Tier 1, Tier 2 and Tier 3 eligible capital (Table 12); and

b) Particulars of each capital instrument approved by the Authority as "Any other fixed capital" (in accordance with Form 8, STMT LINE 1(c) under the Insurance Accounts Regulations 1980).

Table 12

Total statutory capital and surplus (Form 8, STMT LINE 3 plus applicable adjustments)	XXX
Less: Encumbered assets not securing policyholder obligations (Notes to Form 1A, STMT LINE 15)	XXX
Less: relative liability or contingent liability (Form 1A) for which the encumbered assets are held	XXX
Subtotal:	XXX

Tier 1 – basic capital

(a)	Fully paid common shares (Form 8, STMT LINE 1(a)(i))	XXX
(b)	Contributed surplus or share premium (Form 8, STMT LINE 1(b))	XXX
(c)	Statutory surplus- End of Year (Form 8, STMT LINE 2(h) (deficit) or retained earnings]	XXX
(d)	Capital adjustments	XXX
(e)	Hybrid capital instruments: Perpetual or fixed term preference shares (Form 8, STMT LINE 1(a)(ii))	XXX
(f)	Other:	XXX
(g)	Less: Treasury shares (Form 8, STMT LINE 1(a)(iii))	XXX
(h)	Less: Difference between encumbered assets for policyholder obligations and policyholder 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	XXX	XXX

	equal to the policyholder obligations			
(iii)	Contracts where pledged assets are less than the policyholder obligations	XXX	XXX	
(iv)	Contracts where policyholder obligations are not collateralised	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 collateralised (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 collateralised (1 – (x)/(xi))			xx%
(xiii)	Excess encumbered assets transferred to Tier 2 ((ix) x (xii))			XXX

(i) Less: Encumbered assets not securing policyholder obligations (Notes to Form 1A, STMT LINE 15)

Less: relative liability or contingent liability (Form 1A) for which the encumbered assets are held XXX

(j) Less: Restricted assets in excess of capital requirements, reported in CISSA, to the extent that these amounts are not included in the encumbered assets both for policyholder obligations and not for securing policyholder obligations XXX

Tier 1 – ancillary capital

(a) Perpetual or fixed term subordinated debt (Form 8, STMT 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 (Form 8, STMT LINE 1(a)(ii)) XXX

(b) Other: Briefly describe XXX

(c) Add: Difference between encumbered assets for policyholder obligations and policyholder obligations deducted from Tier 1 XXX

Tier 2 -ancillary capital

(a) Unpaid and callable common shares (Form 8, STMT LINE 1(c)(i)) XXX

(b) Qualifying unpaid and callable hybrid capital (Form 8, STMT LINE 1(c)(i)) XXX

(c) Qualifying unpaid and callable perpetual or fixed term preference shares (Form 8, STMT LINE 1(c)(i)) XXX

(d) Perpetual or fixed term subordinated debt (Form 8, STMT LINE 1(c)(i)) XXX

(e) Approved letters of credit (Form 8, STMT LINE 1(c)(ii)) XXX

(f) Approved guarantees (Form 8, STMT 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 (Form 8, STMT LINE 1(a)(ii)) XXX

Tier 3- ancillary capital

(a) Short-term subordinated debt (Form 8, STMT LINE 1(c)(i)) XXX

(b) Approved letters of credit (Form 8, STMT LINE 1(c)(ii)) XXX

(c) Approved guarantees (Form 8, STMT LINE 1(c)(ii)) XXX

Total Tier 3 available capital **XXX**

INSTRUCTIONS AFFECTING TABLE 12:

Table 12 inputs are subject to Insurance (Eligible Capital) Rules 2012 made under Section 6A of the Act.

The insurer shall include all components of total statutory capital and surplus (as reflected in Form 8, Line 3 of the Insurance Accounts Regulations 1980) subject to adjustments made under Section 6D of the Act in Table 12 in accordance with the provisions of Eligible Capital Rules.

Table 12A

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

XXX

INSTRUCTIONS AFFECTING TABLE 12A:

The insurer to include every capital instrument contributing to the amount reported in Form 8, STMT LINE 1(c) of the Insurance Accounts Regulations 1980 in Table 12A in accordance with the provisions of Eligible Capital Rules."