14th November 2012

NOTICE

Insurance (Prudential Standards) (Class 3A Solvency Requirement) Amendment Rules 2012 (the "Rules")

There were no industry comments on the proposed amendments to the Rules posted in 15th June 2012. However, the Authority advises that the following additional amendments will be included in the Rules to address housekeeping matters identified by the Authority:

1. A declaration provision has been inserted as this is an omission that is being regularized. There has always been the expectation of the Authority and industry for two directors and a principal representative to execute the capital and solvency return of the insurer. This provision is proposed to be the exact wording and requirement as set out for existing classes of commercial insurers.

2. Additional amendments to the Schedules to the Rules have been made to ensure that changes to the on line version of the Authority's filing model is reflected in the Rules. Such changes have been either consulted on with Industry or have been made by the Authority to ensure that there is consistency with the law. These include changes to the Eligible Capital Rules to clarify the required information to be submitted by insurers when populating the online model and do not constitute a change in policy nor proposals discussed and agreed with stakeholders previously.

3. The Authority advises that the proposed amendments to the Rules made herein are final, unless there are substantive policy issues deemed by the Authority to be reviewed and/or revised accordingly.

4. All proposed amendments are to come into operation as of 1st January 2013.

BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (CLASS 3A SOLVENCY REQUIREMENT) AMENDMENT RULES 2012

BR / 2012

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SCHEDULE

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

Citation

1 These Rules, which amend the Insurance (Prudential Standards) (Class 3A Solvency Requirement) Rules 2011 (the "principal Rules"), may be cited as the Insurance (Prudential Standards) (Class 3A Solvency Requirement) Amendment Rules 2012.

Amends paragraph 2

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

" "policyholder obligations" for the purposes of these Rules, mean the aggregate Lines of 16, 17(a) and 18 of Form 1A under Schedule I of the Insurance Accounts Regulations 1980;".

Inserts paragraph 6A

3 The principal Rules are amended by inserting the following after paragraph 6—

"Declaration of capital and solvency returns

6A Every capital and solvency return made by an insurer under paragraph 6 shall be accompanied with a declaration signed by two directors of the insurer and by the insurer's principal representative declaring that to the best of their knowledge and belief, the return fairly represents the financial condition of the insurer in all material respects.".

Revokes and replaces Schedule I

4 Schedule I to the principal Rules is revoked and replaced.

Amends Schedule VI

5 Schedule VI to the principal Rules is amended—

(a) in paragraph (b)(vi) by inserting the word "and" at the end of the sentence; and

(b) by revoking paragraph (b)(vii).

Revokes and replaces Schedule VII

6 Schedule VII to the principal Rules is revoked and replaced.

Revokes and replaces Schedule VIII

7 Schedule VIII to the principal Rules is revoked and replaced.

Revokes and replaces Schedule X

8 Schedule X to the principal Rules is revoked and replaced.

Commencement

9 These Rules come into operation on 1 January 2013.

SCHEDULE

(paragraphs 4, 6, 7, and 8)

The replaced Schedules I, VII, VIII and X
have been omitted from these Rules.
They are available for inspection at the offices of
the Bermuda Monetary Authority or
on the website: www.bma.bm

Made this day of 2012

Chairman
The Bermuda Monetary Authority

AMENDMENTS TO SCHEDULES TO INSURANCE (PRUDENTIAL STANDARDS) (CLASS 3A SOLVENCY REQUIREMENT) AMENDMENT RULES 2012

Schedule I repealed and replaced

1. The principal Rules are amended by repealing Schedule I and replacing it with the following—

"**SCHEDULE I** (**paragraph 4**)

BERMUDA SOLVENCY CAPITAL REQUIREMENT - SMALL AND MEDIUM-SIZED ENTITIES (BSCR-SME)

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

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

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—

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

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 $FIastclass_i$	**Statement Source**	**Capital Factor** χ_i
Government bonds	Schedule II, Line (1)	0.3%
High investment grade bonds (AAA & AA)	Schedule II, Line (2)	0.8%
Medium investment grade bonds (A)	Schedule II, Line (3)	3.2%
Low investment grade bonds (BBB)	Schedule II, Line (4)	5.0%
Non-investment grade bonds	Schedule II, Line (5)	26.3%
Mortgage-backed securities	Schedule II, Line (6)	10.0%
Mutual funds	Schedule II, Line (7)	15.0%
Non-rated bonds	Schedule II, Line (8)	50.0%
Mortgage loans	Form 1A, Line (5c)	5.0%

Other loans	Form 1A, Line (8)	5.0%
Cash and time deposits	Form 1A, Line (1)	0.3%

(a) all assets comprising 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—

$$C_{eq} = \sum_i \chi_i \times Eqastclass_i \ ,$$

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**	**Capital Factor** χ_i
Non-affiliated (quoted) common stocks	Form 1A, Line 2 (c)(i)	14.4%
Non-affiliated (unquoted) common stocks	Form 1A, Line 3 (c)(i)	14.4%
Mutual funds	Form 1A, Lines 2(c)(iii)	14.4%

included in common stocks portfolio	and 3 (c)(iii)	
Non-affiliated (quoted) preferred stocks	Form 1A, Line 2 (c)(ii)	14.4%
Non-affiliated (unquoted) preferred stocks	Form 1A, Line 3(c)(ii)	14.4%
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	Form 1A, Lines 13 (e) & 14 (d) Less Line 13 (b)	20.0%

(a) all assets comprising of common stocks, preferred stocks, 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 stocks shall be included in the equity investment risk charge; and

(c) all common and preferred stocks, 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 stocks, or mortgage loans; and

$duration$ = 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; and not to exceed 3.5.

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

Table 3 – Interest rate adjustment for $bonds$

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

(a) all assets comprising other bonds and debentures, preferred stocks, 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 stocks shall be included in the interest rate/liquidity risk charge; and

(c) all other bonds and debentures, preferred stocks, 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—

$$C_{prem} = \sum\left[\alpha_i \times lineprem_i\right] \times \left[\left[\sum\left(\frac{lineprem_i}{totalprem}\right)^2 \times \mu + \vartheta\right] - \left[\varepsilon \times \mu\right]\right]$$

where—

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

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

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

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

ϑ = minimum concentration adjustment factor is equal to 60%; and

ε = CISSA risk mitigation factor

Table 4 – Capital charge factors for $lineprem_i$

Line of business $lineprem_i$	**Statement Source**	**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 /	Schedule IV, Line	42.1%

marine	(10)	
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%

(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—

$$C_{rsvs} = \sum[\beta_i \times linersvs_i] \times \left[\left[\sum\left(\frac{linersvs_i}{totalrsvs}\right)^2 \times \mu + \vartheta\right] - [\varepsilon \times \mu]\right]$$

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%;

ϑ = minimum concentration adjustment factor is equal to 60%; and

ε = CISSA risk mitigation factor.

Table 5 – Capital charge factors for $linervsvs_i$

Line of business $linersvs_i$	**Statement Source**	**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%

(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-

$$C_{cred} = \sum_i \delta_i \times creditor_i \ , \qquad \text{where—}$$

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

$creditor_i$ = receivable amount from creditor i.

Table 6 – Capital charge factors for $creditor_i$

Type of creditor $creditor_i$	**Statement Source**	**Capital Factor** δ_i
Accounts and Premiums Receivable		
In course of collection	Form 1A, Line 10a)	5.0%
Deferred – not yet due	Form 1A, Line 10 (b)	5.0%
Receivables from retrocessional contracts less: collateralized balances	Form 1A, Line 10(c) and (c) below	10.0%
Reinsurance Balances Receivable		
Foreign affiliates	Form 1A, Line 11 (a)	10.0%
Domestic affiliates	Form 1A, Line 11(b)	0.0%
Pools & associations	Form 1A, Line 11(c)	10.0%
All other insurers	Form 1A, Line 11(d)	9.4%
Less: letters of credit	See (d) below	9.0%
Less: funds held by company	Form 1A, Line 34 (c)	9.7%
All Other Receivables		
Funds held by ceding reinsurers– AAA & AA rating	Schedule V 1. , (k)	0.8%
Funds held by ceding reinsurers – A rating	Schedule V 1. , (k)	3.2%
Funds held by ceding reinsurers – Below A rating	Schedule V 1. , (k))	5.0%
Accrued investment income	Form 1A, Line (9)	2.5%

Investments in and advances to affiliates	Form 1A, Line 4 (h)	5.0%
Reinsurance Recoverable Balance		
Foreign affiliates	Form 1A, Line 17 (b)(i)	10.0%
Domestic affiliates	Form 1A, Line 17 (b)(ii)	0.0%
Pools & associations	Form 1A, Line 17 (b)(iii)	10.0%
All other insurers	Form 1A, Line 17 (b)(iv)	9.4%

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

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

(c) collateralized balances are all collaterals issued in favour of the insurer relating to accounts and premiums receivable;

(d) assets accounted in Form 1A, Line 34 shall not be included in (c);

(e) letters of credit are the amount of the letters of credit issued in favour of the insurer relating to reinsurance receivable; and

(f) assets accounted for in Form 1A, Line 14 shall not be included in (e).

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

$$C_{cat} = NetPML - Netcatprem + CR_{PML},$$ where—

$NetPML$ = net probable maximum loss as prescribed in Schedule V;

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

CR_{PML} = {(gross probable maximum loss as prescribed in Schedule V – net probable maximum loss) x (Credit risk charge, equal to

12.2%, associated with reinsurance recoveries of ceded catastrophe losses)}.

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

9. The operational risk capital 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-SME After Covariance amount or an amount approved by the Authority.

Table 7 — Operational Risk Charge for ρ

Overall Score	Applicable Operational Risk Charge ρ
<=800	10%
>800 <=1,200	9%
>1,200 <=1,400	8%
>1,400 <=1,600	7%
>1,600 <=1,800	6%
>1,800 <=2,000	5%
>2,000 <=2,200	4%
>2,200 <=2,400	3%
>2,400 <=2,600	2%
>2,600	1%

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 and 7B.

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		200
Board ensures they are communicated to relevant business units		200
Board monitors adherence to operational risk tolerance limits more regularly than annually		200
Board receives, at least annually, reports on the effectiveness of material operational risk internal controls as well as management’s plans to address related weaknesses		200
Board ensures that systems or procedures, or both, are in place to identify, report and promptly address internal control deficiencies related to		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 governance 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		200

RMF is entrenched in strategic planning, decision making and the budgeting process		200
RMF ensures that the risk management procedures and policies are well documented and approved by the Board of Directors		200
RMF ensures that the risk managements policies and procedures are communicated throughout the organization		200
RMF ensures that operational risk management processes and procedures are reviewed at least annually		200
RMF ensures that loss events arising from operational risks are documented and loss event data is integrated into the risk management strategy		200
RMF ensures that risk management recommendations are documented for operational units, ensures that deficiencies have remedial plans and that progress on the execution of such plans are reported to the Board of Directors at least annually		200
Total		XX

COMMENTS

INSTRUCTIONS AFFECTING TABLE 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."

Schedule VI amended

2. The principal Rules are amended in Schedule VI by repealing paragraph (b) (vii).

Schedule VII repealed and replaced

3. The principal Rules are amended by repealing Schedule VII and replacing it with the following—

"SCHEDULE IX (paragraph 6)

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

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

(a) Table 8A: CISSA capital summary disclosing the insurer's own capital computations, insurer's plans for raising additional capital and contingency arrangements impacting the available capital.

(b) Table 8B: 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 8C: CISSA assessment of material risks of the insurer, determining both the quality and quantity of capital required to cover its risks, the forward looking analysis and its ability to manage its capital needs and the review and approval of CISSA.

INSTRUCTIONS AFFECTING SCHEDULE IX Table 8A:

CISSA Capital Summary

Risk categories	**(a) CISSA Capital**	**(b) Regulatory Capital**
Underwriting 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 and before operational risk		
Operational risk		
Total capital after 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-SME or an approved internal capital model at 99.0% Tail Value-at-Risk ("TVaR") over a one year time horizon.

Table 8A, continued

ADDITIONAL INFORMATION

1. What is the primary reason(s) (select multiple responses where applicable) for aiming at the disclosed CISSA capital amount? (select all that apply):
   - º target agency rating (e.g. "A-", "AA", etc);
   - º market share;
   - º business expansion;
   - º nature of product(s) (e.g. risk characteristics);

º manage downgrade risk;
º regulatory capital requirement; and
º others: ________________________(please provide a description)

2. What methodology is used to aggregate the risk categories in deriving the CISSA capital?
   º correlation matrix;
   º linear correlations;
   º T copulas;
   º gumbel copulas;
   º clayton copulas;
   º causal drivers approach e.g. inflation, cycles; and
   º others. ____________________ (Please provide a description)

3. What contingency plans are in place for raising additional capital under stress situations? (select all that apply)
   º parental guarantees;
   º revolving letters of credit;
   º issue subordinated debt;
   º issue preference shares;
   º float additional shares;
   º capital injections from parent;
   º contingent surplus notes;
   º catastrophe derivatives (e.g. bonds, swaps and options); and/or
   º others: _____________________(Please provide a description).

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 gearing? (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**

Instructions affecting Table 8A

- Total capital pre-diversification between risk categories shall be derived by aggregating all the risk categories prior to recognition of diversification between the risk categories (i.e. prior to "top of the house" diversification).
- Total capital after diversification between risk categories shall be derived by deducting the diversification benefit (calculated by an insurer) from the "Total capital pre- diversification between risk categories".
- 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.

Table 8B
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?

   If yes, how is CISSA and its underlying information used? (select all that apply)
   - 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

- º Improving credit rating
- º Improving investor relations
- º Assessing risk adjusted product profitability
- º Performance measurement and assessment
- º Improving amalgamations and acquisition decisions
- º (Others provide description)

<u>Table 8B cont'd</u>

2. CISSA Mitigation Risk:

This section will automatically score and aggregate the results

- º Is there a potential for the insurer to have an accumulation of losses to material lines of business outside of the property catastrophe line that will threaten the solvency of the insurer? If yes, what are the potential cause(s) of the accumulation of losses - list below? (Egs. a severe event; a series of many small events or individual claims; over concentration of exposure to one product, one source of business, to one line; or a common cause across many underwriting years (e.g. asbestos, pollution, silicon, etc.))
- º Does the insurer have absolute limitations set on individual policies or groups of policies to avoid threatening its solvency (such as limitations on a geographical basis, product basis, line of business basis, source of business basis, etc.)?
- º If yes to the above, are the limitations assessed for reasonableness and effectiveness in reducing the threat to solvency?
- º Does the insurer have procedures in place to assess the adequacy of the reinsurance purchased both from a severity and frequency perspective for solvency purposes, and ensure that there are no significant mismatches between the policies issued by the insurer and the reinsurance programme (e.g. that basis risk does not exist, etc.)?
- º Does the insurer have access to additional capital and surplus to cover loss and loss adjustment expenses (eg. letters of credit, parental guarantees, other contingent capital sources, etc.)?
- º Are policies, processes and procedures in place that employ benchmarking and stress and scenario testing to assess, review, and approve underwriting strategies and tolerance limits?
- º Are policies, processes and procedures in place to ensure that underwriting strategies are effectively aligned with risk tolerance levels?
- º Are policies, processes and procedures in place to identify, evaluate, and monitor risks arising from insurance policies, and ensure compliance with risk tolerance levels?
- º Are systems in place to capture, maintain, and analyse underwriting data; and ensure that relevant and accurate data is used to price underwriting contracts, establish adequate reserves, and appropriately settle claims?

3. Related Business:
   - º What percentage of the gross premiums written cover an ultimate related policyholder?

- Comments (optionally, the insurer may provide comments in the box below to support its responses above):

4. 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)
5. Is the CISSA process clearly documented and regularly amended for changes in strategic direction, risk management framework, and market developments? (Yes or No)
6. How often is the information underlying CISSA discussed and reviewed by the Board of directors and chief and senior executives?
7. Have the board of directors 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 8B

- The insurer shall select the appropriate yes or no 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 8C
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") assessing its material risks and the determination of both the quality (types of capital) and quantity of CISSA capital required to cover these risks, while remaining solvent and achieving its business goals.

Minimally, the insurer-specific report should 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 all material risks, their relationship with one another, 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. The risk measure, time horizon, and confidence level (if any) used to determine the CISSA capital.
12. 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%.

Schedule VIII repealed and replaced

4. The principal Rules are amended by repealing Schedule VIII and replacing it with the following—

"SCHEDULE X (paragraph 6)

CATASTROPHE RISK RETURN (to be completed by insurers writing property catastrophe line of business)

The schedule of catastrophe risk return shall provide particulars of the following matters for policies in-force on the first day of the year following the relevant year:

(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:

º Atlantic basin hurricane;
º North American earthquake;
º European windstorm;
º Japanese earthquake; and
º 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) shall provide details of the features of accumulation methodologies, the catastrophe models used and the frequency of conducting accumulations.

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

(g) Reinsurance disclosures (Table 9F) 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, or Radiological (NBCR) terrorism exposure separately at different levels of geographical resolution.

º Conventional terrorism: Insurers shall disclose information on the ten largest150 metre accumulations of exposure to conventional terrorism losses on a gross basis;

º NBCR insurance terrorism exposure: Insurers shall disclose terrorism exposure information on the ten largest US states or countries outside of the USA 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): 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:		

<u>Instructions affecting Table 9</u>

- 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

Loss return period (years)	**Gross**		**Net loss**	
	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:		

<u>Instructions affecting Table 9A</u>

- The responses for the "Exceedance probability information" section shall consist of amounts in 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.

<u>Table 9B</u>:
<u>EP Curve for Region-Perils</u>

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

° Atlantic basin hurricane

° North American earthquake

° European windstorm

° Japanese earthquake

º Japanese typhoon

Exceedance probability information
Which model(s) is used for EP Curve?

Indicate the model version

Loss return period (years)	**Gross loss**		**Net loss**	
	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 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		

<u>Instructions affecting Table 9B</u>

The responses for the "Exceedance probability information" section shall consist of amounts in USD $millions.

<u>Table 9C</u>:
<u>Region-Peril Exposure to Zones and Statutory Lines of Business</u>

The insurer shall select the statutory zones (Schedule V(o)) 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(o))

	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 ($M)	Net limit provided ($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 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)
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 ($M)	Net limit provided ($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 utilizing 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

Conventional terrorism exposure		U.S. State/ Province (if applicable)	Country	Direct terrorism property exposure ($M)	Total gross exposure ($M)	TRIP or other terror pool recoverables if any ($M)	Reinsurance recoveries if any ($M)	Total net exposure ($M)	Target location (if known)
	1								
	2								
	3								
	4								
	5								
	6								
	7								
	8								
	9								
	10								

Table 9G
NBCR Insurance Terrorism Exposure – State/Country

		U.S. State/ Province (if applicable)	Country	Direct terrorism property exposure ($M)	Total gross exposure ($M)	TRIP or other sovereign terror pool recoverables 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):

- o Direct terrorism property exposure
- o Indirect terrorism property exposure
- o Value of lives exposed
- o 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 X repealed and replaced

5. The principal Rules are amended by repealing Schedule X and replacing it with the following—

"SCHEDULE XII
SCHEDULE OF ELIGIBLE CAPITAL (paragraph 6)

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

(a) Tier 1, Tier 2 and Tier 3 eligible capital (Table 10); and

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

Table10

Total statutory capital and surplus (Form 8, Line 3)		XXX
	Less: Encumbered assets not securing policyholder obligations (Form 1A, STMT Line 15)	XXX
	Less: relative liability or contingent liability (Form 1A) for which the encumbered assets are held	XXX
	Subtotal:	<u>XXX</u>
Tier 1 – basic capital		
(a)	Fully paid common shares (Form 8, Line 1(a))	XXX
(b)	Contributed surplus or share premium (Form 8, Line 1(b))	XXX
(c)	Statutory surplus - End of Year (Form 8, Line 2(h) (deficit) or retained earnings)	XXX
(d)	Capital adjustments	XXX
(e)	Hybrid capital instruments: Perpetual or fixed term preference shares (Form 8, Line 1(a)(ii)	XXX
(f)	Other:	XXX
(g)	Less: Treasury shares (Form 8, Line 1(a)(iii)	XXX
(h)	Less: Difference between encumbered assets for policyholder obligations and policyholder obligations, calculated as follows:	
	(i) Encumbered assets where the pledged assets exceed policyholder obligations (per contract	XXX
	(ii) Policyholder obligations where the pledged assets exceed policyholder obligations (per contract)	XXX

(iii)	Capital requirement applicable to encumbered assets for policyholder obligations under (i) above (equal to the contribution of the pledged assets to the ECR)	XXX
(iv)	Subtotal (equal to (i) minus the higher of (ii) and (iii) above)	XXX
(v)	Total policyholder obligations where the pledged assets are equal or exceed policyholder obligations (per contract)	XXX
(vi)	Total encumbered assets where policyholder obligations exceed the pledged assets (per contract)	XXX
(vii)	Subtotal (equal to the sum of (v) and (vi) above)	XXX
(viii)	Total policyholder obligations (Form 1A, Lines 16, 17(a) and 18)	XXX
(ix)	Proportion of non-collateralized policyholder obligations	XXX
(x)	Subtotal (equal to the product of (iv) and (ix) above)	XXX

(i)	Less: Encumbered assets not securing policyholder obligations (Notes to Form 1A, Line 15	XXX
	Less: relative liability or contingent liability (Form 1A) for which the encumbered assets are held)	XXX
(j)	Less: Restricted assets not securing 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

Perpetual or fixed term subordinated debt (Form 8 Line 1(c))	XXX
Total Tier 1 available capital	**XXX**

Tier 2 - basic capital

(a)	Hybrid capital instruments: Perpetual or fixed term preference shares (Form 8, Line 1(a)(ii)	XXX
(b)	Other: Briefly describe	XXX
(c)	Add: Difference between encumbered assets for policyholder obligations and policyholder obligations (Form 1A, Lines 16, 17(a) and 18) deducted from Tier 1	XXX

Tier 2 ancillary capital

(a)	Unpaid and callable common shares (Form 8, Line 1(c))	XXX

(b)	Qualifying unpaid and callable hybrid capital (Form 8 Line 1(c)(i))	XXX
(c)	Qualifying unpaid and callable perpetual or fixed term preference shares (Form 8 Line 1(c)(i))	XXX
(d)	Perpetual or fixed term subordinated debt (Form 8 Line 1(c)(i))	XXX
(e)	Approved letters of credit (Form 8, Line 1(c)(ii))	XXX
(f)	Approved guarantees (Form 8, Line 1(c)(ii))	XXX
	Total Tier 2 available capital	**XXX**

Tier 3 - basic capital

Short-term hybrid capital instruments: Perpetual or fixed term preference shares	XXX

Tier 3 - ancillary capital

(a) Short-term subordinated debt (Form 8, Line 1(c)(i))	XXX
(b) Approved letters of credit (Form 8, Line 1(c)(ii))	XXX
(c) Approved guarantees (Form 8, Line 1(c)(ii))	XXX
Total Tier 3 available capital	**XXX**

Instructions affecting Table 10

- Table 10 inputs are subject to Insurance (Eligible Capital) Rules 2012 made under Section 6A of the Act ("Eligible Capital Rules").
- The insurer shall include all components of total statutory capital and surplus (Form 8 Line 3 of the Insurance Accounts Regulations 1980) subject to adjustments made under Section 6D of the Act in Table 10 in accordance with the provisions of Eligible Capital Rules.

Table 10A

For the year ending expressed in ________, 20XX

1) Enter number of capital instruments

2) Enter description of each capital instrument

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

Total available capital and surplus	XXX

Instructions affecting Table 10A

The insurer to include every capital instrument contributing to the amount reported in Form 8 Line 1(c) of the Insurance Accounts Regulations 1980 in Table 10A in accordance with the provisions of Eligible Capital Rules.”