

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D and CLASS E SOLVENCY REQUIREMENT) RULES 2011

SCHEDULE I (Paragraph 4)

Bermuda Solvency Capital Requirement (Class D and Class E BSCR)

1. The Class D and Class E BSCR shall be established, on an EBS Valuation basis, in accordance with the following formula-

$$BSCR = \sqrt{C_{fi}^2 + C_{eq}^2 + C_{LTint}^2 + C_{Curr}^2 + C_{Conc}^2 + C_{LTcred}^2 + (C_{LTmort} + C_{LTsl} + C_{LTTr})^2 + C_{LTmort}^2} \\ + \sqrt{C_{LTlong}^2 - .5 \times ((C_{LTmort} + C_{LTsl} + C_{LTTr}) \times C_{LTlong}) + C_{LTVA}^2 + C_{LTother}^2 + C_{op} + C_{adj}}$$

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_{LTint}	= long-term interest rate and liquidity risk charge as calculated in accordance with paragraph 4;
C_{Curr}	= currency risk charge as calculated in accordance with paragraph 5;
C_{Conc}	= concentration risk charge as calculated in accordance with paragraph 6;
C_{LTcred}	= credit risk charge as calculated in accordance with paragraph 7;
C_{LTmort}	= long-term insurance risk - mortality capital as calculated in accordance with paragraph 8;
C_{LTsl}	= long-term insurance risk - stop loss capital as calculated in accordance with paragraph 9;
C_{LTTr}	= long-term insurance risk - riders capital as calculated in accordance with paragraph 10;
C_{LTmorb}	= long-term insurance risk - morbidity and disability capital as calculated in accordance with paragraph 11;
C_{LTlong}	= long-term, insurance risk - longevity capital as calculated in accordance with paragraph 12;
C_{LTVA}	= long-term variable annuity guarantee risk capital as calculated in accordance with paragraph 13;
$C_{LTother}$	= long-term other insurance risk capital as calculated in accordance with paragraph 14;
C_{op}	= operational risk capital as calculated in accordance with paragraph 15; and
C_{adj}	=Regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 16.

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

$$C_{fi} = \sum_i \chi_i \times Flastclass_i \times \mu_r \text{ where}$$

χ_i	= the capital charge factors prescribed in Table 1 for each type of $Flastclass_i$; and
$Flastclass_i$	= value of investment in corresponding asset Class i
μ_r	= additional diversification adjustment factor applied to cash and cash equivalent balances, or 1 for other asset classes.

Table 1 – Capital charge factors for $Flastclass_i$

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Type of fixed income investments <i>Flastclass_i</i>	Statement Source These Rules	Capital Factor χ_i
<i>Corporate and Sovereign Bonds</i>		
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%
<i>Residential Mortgage-Backed Securities</i>		
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%
<i>Commercial Mortgage-Backed Securities/Asset-Backed Securities</i>		
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%
<i>Bond Mutual Funds</i>		
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%
<i>Mortgage Loans</i>		
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	Schedule II & IIA, Line 25, Column (1)	25.0%

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standing		
<i>Other Fixed Income Investments</i>		
Other loans	Form 4EBS, Line 8	5.0%
<i>Cash and cash equivalents</i>		
BSCR rating 0	Schedule XIX, Column A	0.0%
BSCR rating 1	Schedule XIX, Column A	0.1%
BSCR rating 2	Schedule XIX, Column A	0.2%
BSCR rating 3	Schedule XIX, Column A	0.3%
BSCR rating 4	Schedule XIX, Column A	0.5%
BSCR rating 5	Schedule XIX, Column A	1.5%
BSCR rating 6	Schedule XIX, Column A	4.0%
BSCR rating 7	Schedule XIX, Column A	6.0%
BSCR rating 8	Schedule XIX, Column A	9.0%
Less: Diversification adjustment	Schedule XIX, Column A	to a maximum of 40.0%

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

- 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;
- all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge;
- 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;
- the capital requirements relating to cash and cash equivalents shall be reduced by a diversification adjustment of up to a maximum of 40%;
- the diversification adjustment in paragraph (d) is determined as 40% multiplied by 1 minus the ratio of the largest cash and cash equivalent balance held with a single counterparty to the total of all cash and cash equivalent balance; and
- amounts are to be reported on an EBS Valuation basis.

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

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

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	Statement Source	Capital Factor
$Eqastclass_i$	These Rules	χ_i
<i>Common stocks</i>		
Non-affiliated (quoted)	Schedule II & IIA, Line 19, Column (1)	14.4%

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common stock		
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%
<i>Preferred stocks</i>		
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%
<i>Other equity investments</i>		
Company-occupied real estate less: encumbrances	Form 4EBS, Line 7(a)	10.0%
Real estate investments less: encumbrances	Form 4EBS, Line 7(b)	20.0%
Other equity investments	Form 4EBS, Lines 2(e), 3(e) and Schedule IIA, Line 21, Column (7)	20.0%
Other tangible assets – net of segregated accounts companies	Form 4EBS, Lines 13(k), 14(d) and 36(f) Less Line 13(b) and 13(c)	20.0%
<i>Investments in affiliates</i>		
Unregulated entities that conduct ancillary services	Form 4EBS, Line 4(a)	5.0%
Unregulated non- financial operating entities	Form 4EBS, Line 4(b)	20.0%
Unregulated financial operating entities	Form 4EBS, Line 4(c)	55.0%
Regulated insurance financial operating entities	Form 4EBS, Line 4(e)	20.0%

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;
- (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;
- (d) amounts are to be reported on an EBS Valuation basis.

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

$$C_{LT\ int} = (duration1 \times rateshock \times reserveshare \times assets \times 100\% - ALMCredit) + (duration2 \times rateshock \times (1 - reserveshare) \times assets) \text{ where}$$

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<i>duration1</i>	applies for business where the duration of assets and liabilities is known. <i>duration1</i> = the higher of (a) 1; or (b) the insurer's weighted average of the difference in asset duration and liability duration; (c) The statement source for the weighted average of the difference in asset duration and liability duration is Schedule V paragraph (f) of these Rules;
<i>duration2</i>	applies for business where the duration of assets and liabilities is not known. <i>duration2</i> is equal to 2;
<i>rateshock</i>	= assumed interest rate adjustment prescribed in Table 3;
<i>assets</i>	= quoted and unquoted value of total bonds and debentures, preferred stock, or mortgage loans; is the amount of reserves with known duration divided by the total
<i>reserveshare</i>	reserves. The statement source for <i>reserveshare</i> is Schedule V paragraph (h) of these Rules; and
<i>AMLCredit</i>	= the total factor determined in accordance with Table 4.

Table 3 – Interest rate adjustment for *assets*

Type of investments <i>assets</i>	Statement Source These Rules	200 basis point interest rate increase <i>rateshock</i>
Total Bonds and debentures	Schedule II and Schedule IIA, Column 9, Line 10	2.0%
Preferred stock	Schedule II and Schedule IIA, Column 3, Line 21	2.0%
Mortgage loans	Schedule II and Schedule IIA, Column 1, Line 26	2.0%

INSTRUCTIONS AFFECTING TABLE 3: Interest rate adjustment for *assets*

- all assets comprising of total 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;
- all quoted and unquoted non-affiliated total bonds and debentures and preferred stock shall be included in the interest rate/liquidity risk charge;
- total 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; and
- amounts are to be reported on an EBS Valuation basis.

Table 4 - Asset Liability Management ("ALM") Credit

Criterion	Implemented	Score for yes answers
Has the insurer implemented policies on ALM, including tolerances for deviation?	If yes, the answers to remaining questions are used, If no, the ALM Credit is zero	
Have clear roles and responsibilities for the execution of the ALM program been assigned?		10%
Are ALM positions / tolerances communicated to the investment function, senior management and the board on a timely basis?		10%
Have systems and procedures been		10%

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established to identify, report and promptly address ALM deficiencies?		
Are the ALM policies and procedures reviewed and reapproved or revised at least annually?		10%
Is the insurer's current ALM position in compliance with the insurer's policies?		10%
Total		XX%

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

$$C_{Curr} = \sum_i \chi_i \times (Currproxybscr_i + Currliab_i - Currast_i) \text{ where -}$$

χ_i = 25% where $(Currast_i - Currliab_i - Currproxybscr_i) < 0$ 0% otherwise

$Currency_i$ = refers to a currency used by the insurer

$GrossCurrast_i$ = value of assets corresponding to $Currency_i$ as reported on Form 4EBS Line 15

$Currast_i$ = value of assets corresponding to $Currency_i$ as reported on Form 4EBS Line 15 adjusted to allow for currency hedging arrangements

$GrossCurrliab_i$ = value of liabilities corresponding to $Currency_i$ as reported on Form 4EBS Line 39 .

$Currliab_i$ = value of liabilities corresponding to $Currency_i$ as reported on Form 4EBS Line 39 adjusted to allow for currency hedging arrangements

$Currproxybscr_i$ = refers to the product of $GrossCurrliab_i$ and BSCR Proxy factor

BSCR Proxy factor = greater of:
i. the Enhanced Capital Requirement divided by Form 4EBS Line 39 Total Liabilities for the preceding year;
ii. the average of the above ratio for the preceding 3 years.
where there are no prior submissions available, the BSCR proxy factor is the above ratio that would be obtained from the current submission without taking into account the currency risk charge.

Table 5 – Capital charge factors for Currency Risk

Currency	$GrossCurrast_i$	$Currast_i$	$GrossCurrliab_i$	$Currliab_i$	$Currproxybscr_i$
Currency 1	Schedule XX, Column A, Line 1	Schedule XX, Column B, Line 1	Schedule XX, Column C, Line 1	Schedule XX, Column D, Line 1	$GrossCurrliab_1$ x BSCR Proxy Factor
Currency 2	Schedule XX, Column A, Line 2	Schedule XX, Column B, Line 2	Schedule XX, Column C, Line 2	Schedule XX, Column D, Line 2	$GrossCurrliab_2$ x BSCR Proxy Factor
Currency 3	Schedule XX, Column A, Line 3	Schedule XX, Column B, Line 3	Schedule XX, Column C, Line 3	Schedule XX, Column D, Line 3	$GrossCurrliab_3$ x BSCR Proxy Factor

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Currency n	Schedule XX, Column A, Line n	Schedule XX, Column B, Line n	Schedule XX, Column C, Line n	Schedule XX, Column D, Line n	<i>GrossCurliab_n</i> x BSCR Proxy Factor
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INSTRUCTIONS AFFECTING TABLE 5: Capital charge factors for Currency Risk

- where the insurer uses currency hedging arrangements to manage its currency risk, then $Currast_i$ and $Curliab_i$ may reflect the impact of those arrangements on $GrossCurrast_i$ and $GrossCurliab_i$ of a 25% adverse movement in foreign exchange currency rates, otherwise the amounts $GrossCurrast_i$ and $GrossCurliab_i$ shall apply;
- any adjustment to reflect currency hedging arrangements shall not apply to the calculation of $Currproxybscr_i$;
- “currency hedging arrangements” means derivative or other risk mitigation arrangements designed to reduce losses due to foreign currency exchange movements, and which meet the Authority’s requirements to be classed as such;
- insurers are to report currencies representing at least 95% of their economic balance sheet liabilities; and
- amounts are to be reported on an EBS Valuation basis.

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

$$C_{Conc} = \sum_i \chi_i \times Concastclass_i$$

where -

χ_i = the capital charge factors prescribed in Table 6 for each type $Concastclass_i$ of and

$Concastclass_i$ = value of corresponding asset in Asset Class

Table 6 – Capital charge factors for $Concastclass_i$

Asset Class	Statement Source	Capital Factor
	These Rules	χ_i
<i>Cash and Cash Equivalents</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.1%
BSCR rating 2	Schedule XXI, Column D	0.2%
BSCR rating 3	Schedule XXI, Column D	0.3%
BSCR rating 4	Schedule XXI, Column D	0.5%
BSCR rating 5	Schedule XXI, Column D	1.5%
BSCR rating 6	Schedule XXI, Column D	4.0%
BSCR rating 7	Schedule XXI, Column D	6.0%
BSCR rating 8	Schedule XXI, Column D	9.0%
<i>Corporate & Sovereign Bonds</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.4%
BSCR rating 2	Schedule XXI, Column D	0.8%
BSCR rating 3	Schedule XXI, Column D	1.5%
BSCR rating 4	Schedule XXI, Column D	3.0%

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BSCR rating 5	Schedule XXI, Column D	8.0%
BSCR rating 6	Schedule XXI, Column D	4.0%
BSCR rating 7	Schedule XXI, Column D	6.0%
BSCR rating 8	Schedule XXI, Column D	9.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.6%
BSCR rating 2	Schedule XXI, Column D	1.2%
BSCR rating 3	Schedule XXI, Column D	2.0%
BSCR rating 4	Schedule XXI, Column D	4.0%
BSCR rating 5	Schedule XXI, Column D	11.0%
BSCR rating 6	Schedule XXI, Column D	25.0%
BSCR rating 7	Schedule XXI, Column D	35.0%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Commercial Mortgage-Backed Securities/Asset Backed Securities</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.5%
BSCR rating 2	Schedule XXI, Column D	1.0%
BSCR rating 3	Schedule XXI, Column D	1.8%
BSCR rating 4	Schedule XXI, Column D	3.5%
BSCR rating 5	Schedule XXI, Column D	10.0%
BSCR rating 6	Schedule XXI, Column D	20.0%
BSCR rating 7	Schedule XXI, Column D	30.0%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.4%
BSCR rating 2	Schedule XXI, Column D	0.8%
BSCR rating 3	Schedule XXI, Column D	1.5%
BSCR rating 4	Schedule XXI, Column D	3.0%
BSCR rating 5	Schedule XXI, Column D	8.0%
BSCR rating 6	Schedule XXI, Column D	15.0%
BSCR rating 7	Schedule XXI, Column D	26.3%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Preferred Shares</i>		
BSCR rating 1	Schedule XXI, Column D	0.6%
BSCR rating 2	Schedule XXI, Column D	1.2%
BSCR rating 3	Schedule XXI, Column D	2.0%
BSCR rating 4	Schedule XXI, Column D	4.0%
BSCR rating 5	Schedule XXI, Column D	11.0%
BSCR rating 6	Schedule XXI, Column D	25.0%
BSCR rating 7	Schedule XXI, Column D	35.0%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Mortgage Laons</i>		
Insured/Guaranteed Mortgages	Schedule XXI, Column D	0.3%
Other Commercial and Farm Mortgages	Schedule XXI, Column D	5.0%
Other Residential Mortgages	Schedule XXI, Column D	1.5%
Mortgages Not In Good Standing	Schedule XXI, Column D	25.0%
<i>Other Asset Classes</i>		
Quoted and Unquoted Common Stock and Mutual Funds	Schedule XXI, Column D	14.4%
Other Quoted and Unquoted Investments	Schedule XXI, Column D	20.0%

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Investment in Affiliates – Unregulated entities that conduct ancillary services	Schedule XXI, Column D	5.0%
Investment in Affiliates – Unregulated non-financial operating entities	Schedule XXI, Column D	20.0%
Investment in Affiliates – Unregulated financial operating entities	Schedule XXI, Column D	55.0%
Investment in Affiliates – Regulated non-insurance financial operating entities	Schedule XXI, Column D	55.0%
Investment in Affiliates – Regulated insurance financial operating entities	Schedule XXI, Column D	20.0%
Advances to Affiliates –	Schedule XXI, Column D	5.0%
Policy Loans	Schedule XXI, Column D	0.0%
Real Estate: Occupied by company	Schedule XXI, Column D	10.0%
Real Estate: Other properties	Schedule XXI, Column D	20.0%
Collateral Loans	Schedule XXI, Column D	5.0%

INSTRUCTIONS AFFECTING TABLE 6: Capital charge factors for *Concastclass_i*

- (a) *Concastclass_i* shall only apply to the insurers 10 largest counterparty exposures based on the aggregate of all instruments included in Table 6 related to that counterparty
- (b) a counterparty shall include all related/connected counterparties defined as:
- (i) control relationship: if the counterparty, directly or indirectly, has control over the other(s); or
 - (ii) economic interdependence: if one of the counterparties were to experience financial problems, in particular funding or repayment difficulties, the other(s) as a result, would also be likely to encounter funding or repayment difficulties; and
- (c) amounts are to be reported on an EBS Valuation basis.

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

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

δ_i = the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 7; and

$debtor_i$ = 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%.

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Table 7 – Capital charge factors for $debtor_i$

Type of debtor $debtor_i$	Statement Source These Rules	Capital Factor δ_i
<i>Accounts and Premiums Receivable</i>		
In course of collection	Form 4EBS, Line 10(a)	5.0%
Receivables from retrocessional contracts less: collateralized balances	Form 4EBS, Line 10(c) and instruction (c) below	10.0%
<i>All Other Receivables</i>		
Accrued investment income	Form 4EBS, Line 9	2.5%
Advances to affiliates	Form 4EBS, Line 4(g)	5.0%
Policy loans	Form 4EBS, Line 6	0.0%
<i>Particulars of reinsurance balances</i>		
BSCR rating 0	Schedule XVIII paragraph (d)	0.0%
BSCR rating 1	Schedule XVIII paragraph (d)	0.7%
BSCR rating 2	Schedule XVIII paragraph (d)	1.5%
BSCR rating 3	Schedule XVIII paragraph (d)	3.5%
BSCR rating 4	Schedule XVIII paragraph (d)	7.0%
BSCR rating 5	Schedule XVIII paragraph (d)	12.0%
BSCR rating 6	Schedule XVIII paragraph (d)	20.0%
BSCR rating 7	Schedule XVIII paragraph (d)	17.0%
BSCR rating 8	Schedule XVIII paragraph (d)	35.0%
Less: Diversification adjustment	Schedule XVIII paragraph (d)	40.0%

INSTRUCTIONS AFFECTING TABLE 7: Capital charge factors for $debtor_i$

- (a) all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;
- (b) all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- (c) collateralized balances 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%;
- (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; and
- (h) amounts are to be reported on an EBS Valuation basis.

8. The long-term insurance risk - mortality capital calculation shall be established in accordance with the following formula –

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$$C_{LTmort} = \left[\sum_{i>1} \alpha 1_i \times NAAR1_i \right] + \left[\sum_{i>1} \alpha 2_i \times NAAR2_i \right] \text{ Where}$$

- $\alpha 1_i$ = capital factor for adjustable life insurance business as prescribed in Table 8;
- $NAAR1_i$ = the Net Amount at Risk of all adjustable life insurance business. The statement source is Schedule VII, Column (9), Line 1 of these Rules;
- $\alpha 2_i$ = capital factor for non-adjustable business as prescribed in Table 6; and
- $NAAR2_i$ = the Net Amount at Risk of all non-adjustable life insurance business. The statement source is Schedule VII, Column (10), Line 1 of these Rules;

Table 8 – Capital charge factors for long-term insurance risk -mortality

Net Amount at Risk $NAAR1_i$ or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First \$1 billion	0.00199	0.00397
Next \$4 billion	0.00090	0.00180
Next \$5 billion	0.00072	0.00144
Next \$40 billion	0.00065	0.00129
Excess over \$50 billion	0.00057	0.00113

9. The long-term insurance risk – stop loss capital calculation shall be established in accordance with the following formula –

$$C_{LTsl} = 50\% \times \text{Net Annual Premium for stop loss covers as prescribed in Schedule VII, Column (11), Line 14 of these Rules.}$$

10. The long-term insurance risk – rider charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTl} = 25\% \times \text{Net Annual Premium for insurance product riders not included elsewhere as prescribed in Schedule VII, Column (11), Line 15 of these Rules.}$$

11. The long-term insurance risk – morbidity and disability capital calculation shall be established in accordance with the following formula –

$$C_{LTmorb} = (a) + (b) + (c) + (d) + (e) \text{ Where:}$$

$$C_{LTmorb} = (a) \text{ 7.00\% x BSCR adjusted reserves for disability income claims in payment on waiver of premium and long-term care as prescribed in Schedule VII, Column (7), Line 9 of these Rules}$$

plus

(b) 10% x BSCR adjusted reserves for disability income claims in payment on other accident and sickness products as prescribed in Schedule VII, Column (7), Line 10 of these Rules;

plus

$$(c) = \left[\sum_{i>1} \alpha_i \times NAP_i \right]$$

Where –

α_i = capital charge factor as prescribed in Table ;and

NAP_i = the Net Annual Premium for disability income business – active lives as described in Table 9;

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Table 9 – Capital charge factors for NAP_i

Net Annual Premium NAP_i	Statement Source These Rules	Capital Factor $\alpha 1_i$
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (9), Line 7(a)	9.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column (9), Line 7(b)	15.0%
Benefit period less than or equal to two years, premium guarantee of more than 5 years	Schedule VII, Column (9), Line 7(c)	22.5%
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (10), Line 7(a)	12.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column (10), Line 7(b)	20.0%
Benefit period less than or equal to two years, premium guarantee of more than 5 years	Schedule VII, Column (10), Line 7(c)	30.0%

(d) 12% x net annual premiums for disability income - active lives for other accident and sickness products as prescribed in Schedule VII, Column (11), Line 8; and

plus

$$(e) = \left[\sum_{i>1} \alpha 1_i \times NAAR1_i \right] + \left[\sum_{i>1} \alpha 2_i \times NAAR2_i \right]$$

Where –

$\alpha 1_i$ = capital factor as prescribed in Table 10;

$NAAR1_i$ = the Net Amount at Risk of all adjustable critical illness insurance business in force as in Schedule VII, Column (9), Line 2;

$\alpha 2_i$ = capital factor as prescribed in Table 10;

$NAAR2_i$ = the Net Amount at Risk of all non-adjustable critical illness insurance business in force as in Schedule VII, Column (10), Line 2.

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Table 10 – Capital charge factors for $NAAR1_i$ or $NAAR2_i$

Net Amount at Risk $NAAR1_i$ Or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First \$1 billion	0.00596	0.01191
Next \$4 billion	0.00270	0.00540
Next \$5 billion	0.00216	0.00432
Next \$40 billion	0.00194	0.00387
Excess over \$50 billion	0.00170	0.00339

12. The long-term insurance risk – longevity capital calculation shall be established in accordance with the following formula –

$$C_{LTlong} = \sum_{i>1} \alpha_i \times BAR_i \text{ Where:}$$

α_i = capital charge factor as prescribed in Table 11; and

BAR_i = the BSCR adjusted reserves for longevity risk as described in Table 11.

Table 11 – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Longevity (<i>immediate pay-out annuities, contingent annuities, pension blocks</i>) – Attained age of annuitant:		
0-55 years	Schedule VII, Column (7), Line 3(a)	2.0%
56-65 years	Schedule VII, Column (7), Line 3(b)	3.0%
66-70 years	Schedule VII, Column (7), Line 3(c)	4.0%
71-80 years	Schedule VII, Column (7), Line 3(d)	5.0%
81+ years	Schedule VII, Column (7), Line 3(e)	6.0%
Longevity (<i>deferred pay-out annuities, future contingent annuities, future pension pay-outs</i>) – Age at which annuity benefits commence:		
0-55 years	Schedule VII, Column (7), Line 4(a)	2.0%
56-60 years	Schedule VII, Column (7), Line 4(b)	3.0%
61-65 years	Schedule VII, Column (7), Line 4(c)	4.0%
66-70 years	Schedule VII, Column (7), Line 4(d)	5.0%
71-75 years	Schedule VII, Column (7), Line 4(e)	6.0%
76+ years	Schedule VII, Column (7), Line 4(e)	7.0%

INSTRUCTIONS AFFECTING TABLE 11: Capital charge factors for BAR_i

For joint and survivor annuities, the youngest age should be used.

13. The long-term variable annuity guarantee risk capital calculation shall be established in accordance with the following formula –

$$C_{LTVA} = \text{either } \sum_{i>1} (TotalBSRe q_i - TotalBAR - TotalGMB_{adj}) \text{ or } (IMCRe q_{LTVA})$$

Wherein:

- (i) $TotalBSRe q_i$ = higher of (a) $(\alpha 1_i \times GV1_i + \alpha 2_i \times GV2_i + \alpha 3_i \times GV3_i)$ and
(b) $(\alpha 4_i \times NAR1_i + \alpha 5_i \times NAR2_i + \alpha 6_i \times NAR3_i)$;

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- (ii) $TotalBAR$ = the total BSCR adjusted reserves for variable annuity guarantee risk. The statement source for $TotalBAR$ is Schedule VII, line 17, column (7) of these Rules;
- (iii) $TotalGMDB_{adj}$ = the capital requirement charged on guaranteed minimum death benefit (GMDB) policies multiplied by the percentage of GMDB with multiple guarantees. The statement source for the percentage of GMDB with multiple guarantees is Schedule VIII, line 32, column (4) of these Rules;
- (iv) $IMCRe q_{LTV A}$ = the capital requirement for variable annuity guarantee risk determined in accordance with an insurance group's internal capital model, if applicable. The statement source for $IMCRe q_{LTV A}$ is Schedule VIIIA, line 1, column (7) of these Rules;
- (v) $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$ have the statement source identified in Table 12; and
- (vi) $(\alpha1_i, \alpha2_i, \alpha3_i, \alpha4_i, \alpha5_i, \alpha6_i)$ are the capital factors as prescribed in Table 13.

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Table 12 – Capital charge factors for $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$

Variable Annuity Benefit Type	Statement Source These Rules $GV1_i$	Statement Source These Rules $GV2_i$	Statement Source These Rules $GV3_i$	Statement Source These Rules $Nar1_i$	Statement Source These Rules $Nar2_i$	Statement Source These Rules $Nar3_i$
Guaranteed minimum death benefit: Return of premium, ratchet and reset	Schedule VIII, lines 1 and 16, column (2)	Schedule VIII, lines 1 and 16, column (3)	Schedule VIII, lines 1 and 16, column (4)	Schedule VIII, lines 1, column (5)	Schedule VIII, lines 1, column (6)	Schedule VIII, lines 1, column (7)
Guaranteed minimum death benefit: Enhanced benefits (roll up)	Schedule VIII, Lines 2 and 17, column (2)	Schedule VIII, Lines 2 and 17, column (3)	Schedule VIII, Lines 2 and 17, column (4)	Schedule VIII, Lines 2, column (5)	Schedule VIII, Lines 2, column (6)	Schedule VIII, Lines 2, column (7)
Guaranteed minimum income benefit	Schedule VIII, Lines 3 and 18, column (2)	Schedule VIII, Lines 3 and 18, column (3)	Schedule VIII, Lines 3 and 18, column (4)	Schedule VIII, Lines 3, column (5)	Schedule VIII, Lines 3, column (6)	Schedule VIII, Lines 3, column (7)
Guaranteed minimum withdrawal benefit	Schedule VIII, Lines 4 and 19, column (2)	Schedule VIII, Lines 4 and 19, column (3)	Schedule VIII, Lines 4 and 19, column (4)	Schedule VIII, Lines 4, column (5)	Schedule VIII, Lines 4, column (6)	Schedule VIII, Lines 4, column (7)
Guaranteed enhanced earnings benefit	Schedule VIII, Lines 5 and 20, column (2)	Schedule VIII, Lines 5 and 20, column (3)	Schedule VIII, Lines 5 and 20, column (4)	Schedule VIII, Lines 5, column (5)	Schedule VIII, Lines 5, column (6)	Schedule VIII, Lines 5, column (7)
Guaranteed minimum accumulation benefit with 1 year or less to maturity	Schedule VIII, Lines 6 and 21, column (2)	Schedule VIII, Lines 6 and 21, column (3)	Schedule VIII, Lines 6 and 21, column (4)	Schedule VIII, Lines 6, column (5)	Schedule VIII, Lines 6, column (6)	Schedule VIII, Lines 6, column (7)
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	Schedule VIII, Lines 7 and 22, column (2)	Schedule VIII, Lines 7 and 22, column (3)	Schedule VIII, Lines 7 and 22, column (4)	Schedule VIII, Lines 7, column (5)	Schedule VIII, Lines 7, column (6)	Schedule VIII, Lines 7, column (7)
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	Schedule VIII, Lines 8 and 23, column (2)	Schedule VIII, Lines 8 and 23, column (3)	Schedule VIII, Lines 8 and 23, column (4)	Schedule VIII, Lines 8, column (5)	Schedule VIII, Lines 8, column (6)	Schedule VIII, Lines 8, column (7)
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	Schedule VIII, Lines 9 and 24, column (2)	Schedule VIII, Lines 9 and 24, column (3)	Schedule VIII, Lines 9 and 24, column (4)	Schedule VIII, Lines 9, column (5)	Schedule VIII, Lines 9, column (6)	Schedule VIII, Lines 9, column (7)
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	Schedule VIII, Lines 10 and 25, column (2)	Schedule VIII, Lines 10 and 25, column (3)	Schedule VIII, Lines 10 and 25, column (4)	Schedule VIII, Lines 10, column (5)	Schedule VIII, Lines 10, column (6)	Schedule VIII, Lines 10, column (7)
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	Schedule VIII, Lines 11 and 26, column (2)	Schedule VIII, Lines 11 and 26, column (3)	Schedule VIII, Lines 11 and 26, column (4)	Schedule VIII, Lines 11, column (5)	Schedule VIII, Lines 11, column (6)	Schedule VIII, Lines 11, column (7)
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	Schedule VIII, Lines 12 and	Schedule VIII, Lines 12 and	Schedule VIII, Lines 12 and	Schedule VIII, Lines	Schedule VIII, Lines	Schedule VIII, Lines 12,

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	27, column (2)	27, column (3)	27, column (4)	12, column (5)	12, column (6)	column (7)
Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	Schedule VIII, Lines 13 and 28, column (2)	Schedule VIII, Lines 13 and 28, column (3)	Schedule VIII, Lines 13 and 28, column (4)	Schedule VIII, Lines 13, column (5)	Schedule VIII, Lines 13, column (6)	Schedule VIII, Lines 13, column (7)
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	Schedule VIII, Lines 14 and 29, column (2)	Schedule VIII, Lines 14 and 29, column (3)	Schedule VIII, Lines 14 and 29, column (4)	Schedule VIII, Lines 14, column (5)	Schedule VIII, Lines 14, column (6)	Schedule VIII, Lines 14, column (7)
Guaranteed minimum accumulation benefit with more than 9 years to maturity	Schedule VIII, Lines 15 and 30, column (2)	Schedule VIII, Lines 15 and 30, column (3)	Schedule VIII, Lines 15 and 30, column (4)	Schedule VIII, Lines 15, column (5)	Schedule VIII, Lines 15, column (6)	Schedule VIII, Lines 15, column (7)

Table 13 – Capital charge factors for $(\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5, \alpha_6)$

Variable Annuity Benefit Type	Capital Charge α_1	Capital Charge α_2	Capital Charge α_3	Capital Charge α_4	Capital Charge α_5	Capital Charge α_6
Guaranteed minimum death benefit: Return of premium, ratchet and reset	0.25%	0.50%	0.75%	4.00%	8.50%	13.00%
Guaranteed minimum death benefit: Enhanced benefits (roll up)	0.75%	1.00%	1.25%	12.00%	16.50%	21.00%
Guaranteed minimum income benefit	5.00%	6.50%	8.00%	100.00%	130.00%	160.00%
Guaranteed minimum withdrawal benefit	3.25%	4.25%	5.00%	60.00%	75.00%	90.00%
Guaranteed enhanced earnings benefit	0.00%	0.50%	1.00%	1.00%	9.00%	17.00%
Guaranteed minimum accumulation benefit with 1 year or less to maturity	3.20%	5.00%	9.00%	90.00%	130.00%	250.00%
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	3.00%	5.00%	8.90%	80.00%	115.00%	200.00%
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	3.00%	5.00%	8.90%	70.00%	105.00%	160.00%
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	2.80%	5.00%	8.80%	60.00%	95.00%	135.00%
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	2.40%	4.30%	8.00%	55.00%	85.00%	115.00%
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	2.00%	3.50%	6.80%	50.00%	75.00%	100.00%
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	1.70%	2.80%	5.90%	45.00%	65.00%	90.00%
Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	1.40%	2.10%	4.90%	40.00%	55.00%	80.00%
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	1.10%	1.70%	4.30%	35.00%	50.00%	70.00%
Guaranteed minimum accumulation benefit with more than 9 years to maturity	1.00%	1.40%	3.90%	30.00%	45.00%	60.00%

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14. The long-term other insurance risk capital calculation shall be established in accordance with the following formula –

$$C_{LToth} = \sum_{i>1} \alpha_i \times NetBAR_i \text{ Where:}$$

α_i = capital charge factor as prescribed in Table 14; and

BAR_i = the BSCR adjusted reserves as described in Table 14.

Table 14 – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Mortality (term insurance, whole life, universal life)	Schedule VII, Column (7), Line 1	2.0%
Critical illness (including accelerated critical illness products)	Schedule VII, Column (7), Line 2	2.0%
Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	Schedule VII, Column (7), Line 3(f)	0.5%
Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs)	Schedule VII, Column (7), Line 4(g)	0.5%
Annuities certain only	Schedule VII, Column (7), Line 5	0.5%
Deferred accumulation annuities	Schedule VII, Column (7), Line 6	0.5%
Disability income: active lives – including waiver of premium and long-term care	Schedule VII, Column (7), Line 7(d)	2.0%
Disability income: active lives – other accident and sickness	Schedule VII, Column (7), Line 8	2.0%
Disability income: claims in payment – including waiver of premium and long-term care	Schedule VII, Column (7), Line 9	0.5%
Disability income: claims in payment – other accident and sickness	Schedule VII, Column (7), Line 10	0.5%
Group life	Schedule VII, Column (7), Line 11	0.5%
Group disability	Schedule VII, Column (7), Line 12	0.5%
Group health	Schedule VII, Column (7), Line 13	0.5%
Stop loss	Schedule VII, Column (7), Line 14	2.0%
Rider (other product riders not included above)	Schedule VII, Column (7), Line 15	2.0%

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

$$C_{op} = \rho \times ACov \text{ where –}$$

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ρ = an amount between 1% and 10% as determined by the Authority in accordance with Table 15; and

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

Table 15 – Operational Risk Charge for ρ

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

INSTRUCTIONS AFFECTING TABLE 15

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 15A, 15B, 15C, 15D, 15E, and 15F.

TABLE 15A – 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 and/or procedures 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 15A

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

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TABLE 15B –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 organization		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 15B

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

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TABLE 15C –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 standardized across the organization								
3	150	RIP have been implemented, well documented and understood by relevant staff, and standardized across the organization								
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 15C

- (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.

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TABLE 15D - 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 standardized across the organization								
3	150	RMP have been implemented, well documented and understood by relevant staff, and standardized across the organization								
4	200	In addition to Stage 3, RMP 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 15D

- (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 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.

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TABLE 15E - 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 standardized across the organization								
3	150	RRP have been implemented, well documented and understood by relevant staff, and standardized across the organization								
4	200	In addition to Stage 3, RRP 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 15E

- (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 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.

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TABLE 15F - 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 standardized across the organization								
3	150	RMRP have been implemented, well documented and understood by relevant staff, and standardized across the organization								
4	200	In addition to Stage 3, RMRP 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 15F

- (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 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

16. The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Schedule XVI - "Schedule of Regulated Non-Insurance Financial Operating Entities". This amount shall be equal to the sum of the insurer's proportionate share of each entity's regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity is licensed or registered. The operational risk charge calculation shall be established in accordance with the following formula

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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 4EBS, 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 4EBS, Lines 2(c)(i) & 3(c)(i))		Preferred stock (Form 4EBS, Lines 2(c)(ii) & 3(c)(ii))		Equity mutual funds (Form 4EBS, Lines 2(c)(iii) & 3(c)(iii))				Total (Form 4EBS, 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										

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17	BSCR rating 7									
18	BSCR rating 8									
19	Quoted equity funds									
20	Unquoted equity funds									
21	Total									
Mortgage loans		Mortgage loans (Form 4EBS, 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;

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- (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;
- (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 cash equivalents; and
- (j) are to be reported on both an EBS Valuation and unconsolidated basis.

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-

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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 (Other Investments		Total	
		20xx (000)	20xx (000)	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										

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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 cash equivalents		Cash and cash equivalents									
		20xx (000)	20xx (000)								
27											
28											

INSTRUCTIONS AFFECTING SCHEDULE IIA:

- (a) All funds held by ceding reinsurers (as reflected in Form 4EBS, Line 12(c)) in segregated accounts/trusts with identifiable assets, such as fixed income investments, equity investments, mortgage loans, and cash and cash equivalents, 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;

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- (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;
- (j) 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 cash equivalents;
- (k) other investments shall include investments not reported as bond and debentures, common stock, preferred stock or equity mutual funds; and
- (l) amounts are to be reported both on an EBS Valuation and unconsolidated basis.

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-

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SCHEDULE IVA

(Paragraph 6)

SCHEDULE OF LONG-TERM BUSINESS PREMIUMS

All amounts expressed in (currency used)

Schedule		Gross Premiums Written						Net Premiums Written					
Line no		Form 5, Line 19(c)						Form 5, Line 19(e)(iv)					
		Unrelated		Related		Total		Adjustable/Benefit Period <=2 years		Adjustable/Benefit Period >2 years		Total	
		20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX
1.	Mortality	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
2.	Critical illness	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
3.	Longevity	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
4.	Deferred annuities	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
5.	Disability income Active lives with premium guarantee of											XXX	XXX
	(i) <=1 year	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	(ii) >1 year but	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	(iii) >5 years	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
6.	Disability income Active lives for other accident and sickness	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
7.	Disability income: Claims in payment	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
8.	Disability income: Claims in payment for other accident & sickness	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9.	Group life	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
10.	Group disability	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
11.	Group health	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
12.	Stop loss	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
13.	Rider	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
14.	Variable annuities	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
15.	Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

INSTRUCTIONS AFFECTING SCHEDULE IVA

Amounts are to be reported on both a consolidated and unconsolidated basis.

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D and CLASS E SOLVENCY REQUIREMENT) RULES 2011

SCHEDULE V

(Paragraph 6)

SCHEDULE OF RISK MANAGEMENT

The schedule of risk management shall disclose the Class D and E insurer's risk management program as 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) Revoked;
- (d) Effective duration of assets;
- (e) Effective duration of liabilities;
- (f) Weighted average of the difference in the asset duration and liability duration;
- (g) Description of the effective duration of assets and liabilities calculations and key assumptions;
- (h) Reserves with known duration as a percentage of total reserves;
- (i) Mutual fund disclosures;
- (j) Summary of projected performance;
- (k) Summary of product features and risks;
- (l) Financial impact and description of stress and scenario tests;
- (m) Investments and derivatives strategies and policy;
- (n) Modified co-insurance arrangements;
- (o) Deferred accumulation annuities disclosures;
- (p) Reconciliation from GAAP financial statements to Form 4EBS;
- (q) Revoked;
- (r) Revoked;
- (s) Revoked;
- (t) details of deposit assets and liabilities; and
- (u) details of segregated accounts.

INSTRUCTIONS AFFECTING SCHEDULE V:

Paragraphs (q), (r), and (s), are to be reported on both an EBS Valuation and unconsolidated basis. All other requirements are to be reported on an EBS Valuation basis only

- (a) Governance and group structure must disclose (on a legal entity and group basis where applicable)-
 - (i) the structure of the board of directors including names, role, residence and work experience;
 - (ii) the structure of the management of the insurer including names, roles, work experience, employee arrangement (for example confirm whether employees are hired or outsourced etc.) and description of responsibilities of the chief and senior executive;
 - (iii) terms of reference of the board of directors of the insurer and its sub-committees;
 - (iv) the jurisdiction(s) where the board of directors of the insurer primarily deliberates on activities including but not limited to—
 - (A) setting the strategic direction of the insurer;
 - (B) determining the (re)insurer's risk appetite;

- (C) choosing new lines of business, new products and market position;
 - (D) assessing solvency needs
- (v) details of every service provider of the insurer including name, jurisdiction of incorporation, and details of the insurer's operations which are primarily being performed in relation to—
 - (A) underwriting (re)insurance policies;
 - (B) risk management decisions and activities;
 - (C) investment decisions;
 - (D) actuarial functions;
 - (E) compliance audit;
 - (F) internal audit;
- (vi) number of employees resident in Bermuda (non-outsourced positions);
- (vii) the jurisdiction(s) where the parent board primarily deliberates on matters including, but not limited to—
 - (A) setting strategic decision;
 - (B) determining the group's risk appetite;
 - (C) choice of corporate structure, including amalgamations,
 - (D) acquisitions and strategic alliances;
 - (E) choice of new lines of business, new products, marketplace positioning;
 - (F) assessing solvency needs;
- (viii) the jurisdiction(s) where the parent board and chief and senior executives primarily reside;
- (ix) the jurisdiction where the insurance group's central control functions reside (i.e. group finance, actuarial, and risk management);
- (x) the insurance 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;
- (xi) the names of (re)insurers within the insurance 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 statements;
- (xii) the total values for subparagraph (xi)(A), (B) and (C);
- (xiii) the jurisdiction of incorporation of each reinsurer in subparagraph (xi);

- (xiv) explanation of any events which have occurred or decisions made subsequent to the relevant year-end that would materially change, or have, materially changed the information in subparagraphs (iv) through (xiii) (e.g., amalgamation or acquisition or restructuring, etc.): provide a detailed response and explanation;
- (xv) a copy of the latest group organizational chart.
- (b) intra-group transactions that the insurer is a party to and insurer's risk concentrations shall -
 - (i) details of material intra-group transactions between the insurer and other members of the group, 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 exposures including:
 - (A) aggregated values of the exposure limits (gross and net) by counterparties broken down by counterparty rating;
 - (AA) counterparties involved, including where they are located;
 - (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 arrangements;
 - (iii) Ten largest exposures to unaffiliated counterparties and any other unaffiliated counterparty exposures or series of linked unaffiliated counterparty exposures, excluding 10% of the insurer's statutory capital and surplus, including:
 - (A) name of counterparty;
 - (B) exposure values (face value or market value); and
 - (C) transaction type;
- (c) revoked;
 - (i) the name of reinsurer;
 - (ii) the BSCR rating;
 - (iii) the amount of reinsurance balances receivable, funds held by ceding reinsurers, and reinsurance recoverable balance (as reflected in Form 4EBS, Lines 11(e), 12(c) and 27(c));
 - (iv) funds held by ceding reinsurers (as reflected in Form 4EBS, Line 12(c), in paragraph (iii) above), shall be included only to the extent that they are not already included under Schedule IIA;
 - (v) the amount of reinsurance balances payable and other payables (as reflected in Form 4EBS, Lines 28, 29, 33, and 34(c)) to the extent that they are attributable to that particular reinsurer or reinsurance exposure balance;

- (d) The effective duration of assets must be determined using the aggregate of the bonds and debentures – other (as reflected in Form 4EBS, Lines 2(b) and 3(b)), preferred stock (as reflected in Form 4EBS, Lines 2(c)(ii) and 3(c)(ii)), and mortgage loans (as reflected in Form 4EBS, Line 5(c)) as a basis;
- (e) the effective duration of liabilities must be determined using the reserves (as reflected in Form 4EBS, Line 27(d)) as a basis;
- (f) The weighted average of the difference in asset duration and liability duration is the difference in the effective duration of assets and liabilities taking into account the carrying amount of the underlying assets and liabilities;
- (g) The 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;
- (h) The reserves with known duration as a percentage of total reserves is the amount of reserves with known duration divided by the total reserves used in the long-term interest rate and liquidity risk capital calculation;
- (i) mutual fund disclosures shall include the name, type and amount of each mutual fund used by the insurer;
- (j) the summary of projected performance for the year following the relevant year shall disclose -
 - (i) the insurer's latest estimate of new business premiums written;
 - (ii) estimated net income or loss either for the insurer or on a group basis with disclosure of the estimated percentage of the insurer's contribution relative to the group; and
 - (iii) a qualitative description of the insurer's business and underwriting strategy to be used in an attempt to achieve the estimates in (i) and (ii) above
- (k) Summary of product features and risks must cover the primary product features and benefits insured and any policyholder options or guarantees that could materially affect the insurer;
- (l) 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;
- (m) The investments and derivatives strategies and policies shall disclose—
 - (i) a description of the insurer's investment strategy governing selection and composition of investment portfolio;
 - (ii) a description of the strategies and policies surrounding the use of derivatives and other hedging instruments; and
 - (iii) the market value and nominal exposure of each derivative financial instrument with a nominal exposure greater than 5% of total assets listed by assets, liabilities, long and short positions, respectively;
- (n) modified co-insurance arrangements shall disclose details of such arrangements including—
 - (i) name of ceding company;
 - (ii) type of coverage;
 - (iii) amount of reserve; and
 - (iv) aggregate asset allocation (book value) and the related affiliated or unaffiliated cedant;

- (o) deferred accumulation annuities disclosures shall include—
 - (i) total reserves for deferred accumulation annuities;
 - (ii) total reserves for deferred accumulation annuities with contractual guaranteed annuitization rates;
 - (iii) total reserves for deferred accumulation annuities annuitized in the past year at contractual guaranteed rates (prior to annuitization); and
 - (iv) total reserves for deferred accumulation annuities annuitized in the past year at contractual guaranteed rates (post annuitization);
- (p) a reconciliation of amounts reported in total assets, total liabilities, net income and total statutory capital and surplus comprising of any adjustments applied to the GAAP financial statements to arrive at the Form 4EBS;
- (q) revoked;
- (r) revoked;
- (s) revoked;
- (t) In respect of business for which deposit accounting approaches have been followed: a description of business, total assets held in trust or other collateral, lines of business written, gross premiums written for the period, net premiums written for the period, limits (maximum exposure). For business that has limited exposure, provide the results at a 99.0% TVaR and for business with unlimited exposure, provide details of such business.
- (u) in respect of segregated account business, details of each by net loss reserves by statutory lines of business: segregated account cell name, total assets, total liabilities, statutory capital and surplus, cash and investments, net loss reserves, reinsurance recoverable, statutory lines of business written, gross premium written, net premium written, currency, details if the insurance or re-insurance contract has limited recourse language, details of inter-relationship between segregated account cells (if any), details of the segregated account cell's access to the general account (if any) and details where a segregated account cell is in a deficit, insolvent or subject to litigation.

SCHEDULE VI
Schedule of fixed income securities

(Paragraph 6)

The schedule of fixed income securities shall–

- (a) represent the amounts stated in the Form 4EBS, 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 4EBS, Lines 2(b) or (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;
- (c) include the effective duration and the convexity of the portfolio; and
- (d) amounts are to be reported both on an EBS Valuation and unconsolidated basis.

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SCHEDULE VII

(Paragraph 6)

SCHEDULE OF LONG-TERM BUSINESS DATA

All amounts expressed in (currency used)

		(1)	(7)	(9)	(10)	(11)
				Net Amount at Risk		
Line No	Description	Bermuda EBS Best Estimate Provision	BSCR Adjusted Reserve [Greater of Column (1) and 0	Adjustable Product/ Treaty (000)	Non-adjustable Product/ Treaty (000)	Total (000)
1.	Mortality (term assurance, whole life, universal life)					
2.	Critical illness (including accelerated critical illness products)					
3.	Longevity (immediate pay- out annuities, contingent annuities, pension pay- outs)					
	Attained age of annuitant:					
	(a) 0-55					
	(b) 55-65					
	(c) 66-70					
	(d) 71-80					
	(e) 81+					
	(f) Total					
4.	Longevity (deferred pay- out annuities, future contingent annuities, future pension pay-outs)					
	Age at which annuity benefits commence					
	(a) 0-55					
	(b) 55-60					
	(c) 61-65					
	(d) 66-70					
	(e) 71-75					
	(f) 75+					
	(g) Total					
5.	Deferred annuities					
6.	Deferred accumulation annuities					
7.	Disability income: active lives - including waiver of premium and long-term care					
	Length of premium guarantee:			Benefit Period <=2	Benefit Period >2	Total (000)
	(a) <=1 year					

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	(b) >1 year but					
	(c) >5 years					
	(d) Total					
8.	Disability income: active lives - other accident and sickness					
9.	Disability income: claims in payment – including waiver of premium and long-term care					
10.	Disability income: claims in payment – other accident and sickness					
11.	Group life					
12.	Group disability					
13.	Group health					
14.	Stop loss					
15.	Rider (other product riders not included above)					
16.	Total (excluding variable annuities)					
17.	Total for variable annuities					
18.	Total with variable annuities					

Annual
Premiums
(000)

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		(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Line No	Description	Bound But Not Incepted (BBNI) Premium	Best Estimate Provision In Respect to BBNI	Best Estimate Provision Using Transitional Arrangements	Equivalent of Column (14) if Transitional Arrangements were not used	Scenario Based approach Best Estimate For Technical Provisions	Equivalent of column (16) if the Scenario based approach were not used	Equivalent of column (16) if the Base Scenario were used	BBNI Premium	Best Estimate Provision In Respect to BBNI
		[Form 4EBS, note Line 27(d)-(i)]	[Form 4EBS, note Line 27(d)-(ii)]	[Form 4EBS, note Line 27(d)-(iii)]	[Form 4EBS, note Line 27(d)-(iv)]	[Form 4EBS, note Line 27(d)-(v)]	[Form 4EBS, note Line 27(d)-(vi)]	[Form 4EBS, note Line 27(d)-(vii)]	[Form 4EBS, note Line 27B(d)-(i)]	[Form 4EBS, note Line 27B(d)-(i)]
1.	Mortality (term assurance, whole									
2.	Critical illness (including accelerated critical illness products)									
3.	Longevity (immediate pay- out annuities, contingent annuities, Attained age of annuitant:									
	(a) 0-55									
	(b) 55-65									
	(c) 66-70									
	(d) 71-80									
	(e) 81+									
	(f) Total									
4.	Longevity (deferred pay- out annuities, future contingent									
	Age at which annuity benefits									
	(a) 0-55									
	(b) 55-60									
	(c) 61-65									
	(d) 66-70									
	(e) 71-75									
	(f) 75+									
	(g) Total									
5.	Deferred annuities									
6.	Deferred accumulation annuities									
7.	Disability income: active lives - including waiver of premium and									

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	Length of premium guarantee:									
	(a) ≤1 year									
	(b) >1 year but									
	(c) >5 years									
	(d) Total									
8.	Disability income: active lives -									
9.	Disability income: claims in payment – including waiver of									
10.	Disability income: claims in									
11.	Group life									
12.	Group disability									
13.	Group health									
14.	Stop loss									
15.	Rider (other product riders not									
16.	Total (excluding variable annuities)									
17.	Total for variable annuities									
18.	Total with variable annuities									

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SCHEDULE VIII

(Paragraph 6)

SCHEDULE OF LONG-TERM VARIABLE ANNUITY GUARANTEES DATA AND RECONCILIATION

All amounts expressed in (currency used)

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Bermuda EBS Best Estimate Provisions	Guaranteed Value			Net Amount at Risk		
			Volatility 0%-10%	Volatility 10%- 15%	Volatility >15%	Volatility 0%-10%	Volatility 10%- 15%	Volatility >15%
		(000)	(000)	(000)	(000)	(000)	(000)	(000)
	In-the-money							
1.	GMDB: Return of premium, ratchet & reset							
2.	GMDB: Enhanced benefits (roll up)							
3.	GMIB							
4.	GMWB							
5.	GEEB							
	GMAB							
6.	Time to maturity – 0-1 year							
7.	Time to maturity – 1-2 years							
8.	Time to maturity – 2-3 years							
9.	Time to maturity – 3-4 years							
10.	Time to maturity – 4-5 years							
11.	Time to maturity – 5-6 years							
12.	Time to maturity – 6-7 years							
13.	Time to maturity – 7-8 years							
14.	Time to maturity – 8-9 years							
15.	Time to maturity – >9 years							
16.	Out-the-money							
17.	GMDB: Return of premium, ratchet & reset							
18.	GMDB: Enhanced benefits (roll up)							
19.	GMIB							
20.	GMWB							
21.	GEEB							
	GMAB							
22.	Time to maturity – 0-1 year							
23.	Time to maturity – 1-2 years							
24.	Time to maturity – 2-3 years							
25.	Time to maturity – 3-4 years							
26.	Time to maturity – 4-5 years							
27.	Time to maturity – 5-6 years							
28.	Time to maturity – 6-7 years							
29.	Time to maturity – 7-8 years							
30.	Time to maturity – 8-9 years							

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31.	Time to maturity – >9 years							
32.	Percentage of GMDB with multiple guarantees							

INSTRUCTIONS AFFECTING SCHEDULE VIII:

1. Factors should be applied to NAR defined as:
 - (i) Guaranteed minimum accumulation benefit (GMAB) - Total claim payable if all contracts mature immediately
 - (ii) Guaranteed minimum death benefit (GMDB) - Total claim amount payable upon immediate death of all policyholders
 - (iii) Guaranteed minimum income benefit (GMIB) - Total claim payable upon full and immediate annuitization of all policies using an 80% factor applied to the GV (the 80% represents the ratio between current market annuitization factors and the guaranteed annuitization factors)
 - (iv) Guaranteed minimum withdrawal benefit (GMWB) - Total claim payable if 100% of the guaranteed withdrawal benefit base in excess of the current account value is withdrawn immediately
 - (v) Guaranteed enhanced earnings benefit (GEEB) - Total guaranteed enhanced payments upon immediate death of all policyholders
2. Where ratchets, resets and roll-ups exist, please use the roll-up category.
3. NAR is net of reinsurance.
4. The proportion used for the account value under reinsurance is the proportion used for NAR. and
5. For the purposes of Schedule VIII, “volatility” is defined as the annual volatility of the fund. In the case where there is no, or insufficient, history of the annual volatility of the fund available to determine volatility, the volatility of the benchmark (for the fund) should be used to determine volatility.
6. Amounts are to be reported on both an EBS Valuation and unconsolidated basis.
7. Bermuda EBS best estimate provisions are to be calculated according to the

Economic Balance Sheet valuation principles—

- (a) under Schedule XIV in relation to a Class D or Class E insurer;
- (b) Part XIV under Schedule XIII in relation to a Class C insurer.”

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SCHEDULE VIIIA (Paragraph 6)
SCHEDULE OF LONG-TERM VARIABLE ANNUITY GUARANTEES – INTERNAL CAPITAL MODEL

The Schedule of long-term variable annuity guarantees – internal capital model – shall provide particulars of the following matters—

(a) Information for each section (if applicable)—

	(1)	(2)	(3)	(4)	(5)
	Bermuda EBS Best Estimate Provisions	Policy count	Account value (000)	Guarantee value (000)	Net amount at risk (000)
By policy type:					
By number of years since issuance:					
By policy position (in the money vs. out of the money):					
By fund volatility					
By number of years to next maturity (for GMAB only) :					

(b) The capital requirement based on the insurer's internal capital model including—

Line Schedule No.	Description	(6)	(7)
		Without Hedging (000)	With Hedging (000)
1.	Internal model-based capital requirement		
2.	Prescribed economic stress tests:		
	(a) Equity – immediate shock of 20% to separate account funds		
	(b) Absolute immediate increase of 10% in implied volatility		
	(c) Interest rates – immediate parallel shift up/down by 100bps		
3.	Stresses to actuarial assumptions for mortality and policyholder behavior		
	(a) (Provide description)		
	(b) (Provide description)		
	(c) (Provide description)		
	(d) (Provide description)		

“INSTRUCTIONS AFFECTING SCHEDULE VIIIA

(a) Bermuda EBS best estimate provisions are to be calculated in accordance with Economic Balance Sheet valuation principals –

- (i) under Schedule XIV in relation to a Class D or Class E insurer;
- (ii) Part XIV under Schedule XIII in relation to a Class C insurer.

(b) Amounts are to be reported on both an EBS Valuation and unconsolidated basis.”.

SCHEDULE IX

(Paragraph 6)

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

The Schedule of CISSA shall provide particulars of the following matters on a consolidated basis:

- (a) Table 16: 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 16A: 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, governance and controls surrounding the model(s)/tool(s) used to compute the capital, assessment of risk appetite of an insurer
- (c) Table 16B: CISSA – Assessment of Material Risks of the Insurer disclosing the insurer's material risks and the determination of the quality and quantity of CISSA capital required to cover these risks.

TABLE 16

CISSA Capital Summary

Risk categories	CISSA capital	Regulatory capital
Insurance risk - mortality		
Insurance risk – longevity		
Insurance risk – morbidity		
Insurance risk – variable annuity guarantees		
Insurance risk – other		
Insurance risk – stop loss		
Insurance risk - rider		
Market risk		
Credit risk		
Interest rate and 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 regulatory capital determined from an approved internal model for regulatory purposes at 99.0% TVaR.

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)
 - target agency rating (e.g. "A-", "AA", etc.);

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- 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? (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. _____ (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 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	<u>XXX</u>

INSTRUCTIONS AFFECTING TABLE 16:

- (a) Total capital pre-diversification between risk categories is derived by aggregating all the risk;
- (b) 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”; and
- (c) Where a question/section is not applicable to an insurer or the options provided do not fully reflect the insurer’s position, the insurer shall include a brief description.

TABLE 16A

CISSA General Questions

1. CISSA Integration

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)

- 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 of directors, and chief and senior executives?

5. Has 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)

INSTRUCTIONS AFFECTING TABLE 16A:

- Where a question/section is not applicable to an insurer or the options provided do not fully reflect the insurer’s position, a brief description shall be included in the comment fields.
- 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.
- In relation to intra-group transactions, materiality will be defined as:

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- (i) an intra-group transaction whose impact can cause a reduction in the insurer's available statutory capital and surplus by 5% or more;
- (ii) a series of linked intra-group transactions that can cumulatively reduce an insurer's available capital and surplus by 10% or more; and
- (iii) Qualitative risk characteristics of the transaction: for example, a transaction may be assessed as high risk; however, the quantitative impact remains unknown.

TABLE 16B

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 the 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 the insurer's 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 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.

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- (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
(l) 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 16B:

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.

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**SCHEDULE XII
Schedule of Eligible Capital**

(Paragraph 6)

The schedule of eligible capital shall provide particulars of the following matters on an EBS Valuation basis:

- (a) Tier 1, Tier 2 and Tier 3 eligible capital (Table 17); 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 17

Total available statutory economic capital and surplus (Form 4EBS, line 40 plus applicable adjustments)	XXX
Less: Encumbered assets not securing policyholder obligations (Notes to Form 4EBS, STMT LINE 15)	XXX
Less: relative liability or contingent liability (Form 4EBS) 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 economic surplus- End of Year (Form 4EBS, line 40 less Form 8, STMT LINE 1(d))	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:	XXX

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

(i) Encumbered assets not securing policyholder obligations (Notes to Form 4EBS, STMT LINE 15)	XXX
Less: relative liability or contingent liability (Form 4EBS) for which the encumbered assets are held	

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(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	XXX
(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 17:

Table 17 inputs are subject to the Insurance (Eligible Capital) Rules 2012 (the “Eligible Capital Rules”) 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 17 in accordance with the provisions of Eligible Capital Rules.

Table 17A

Description of capital instrument	Date of issue	Maturity date (as applicable)	Date approved by the Authority	Value of the capital instrument	Eligible capital Tier
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INSTRUCTIONS AFFECTING TABLE 17A:

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 17A in accordance with the provisions of Eligible Capital Rules.

SCHEDULE XIII

Paragraph 2A PART I

Bermuda Solvency Capital Requirement (Class C BSCR)

1. The Class C BSCR shall be established, on and EBS Valuation basis, in accordance with the following formula-

$$BSCR = \sqrt{C_{fi}^2 + C_{eq}^2 + C_{LTint}^2 + C_{Curr}^2 + C_{Conc}^2 + C_{LTcred}^2 + (C_{LTmort} + C_{LTsl} + C_{LTTr})^2 + C_{LTmort}^2}$$

$$cont'd \sqrt{+C_{LTlong}^2 - .5 \times ((C_{LTmort} + C_{LTsl} + C_{LTTr}) \times C_{LTlong}) + C_{LTVA}^2 + C_{LTother}^2 + C_{op} + C_{adj}}$$

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_{LTint} = long-term interest rate and liquidity risk charge as calculated in accordance with paragraph 4;
- C_{Curr} = currency risk charge as calculated in accordance with paragraph 5;
- C_{Conc} = concentration risk charge as calculated in accordance with paragraph 6;
- C_{LTcred} = credit risk charge as calculated in accordance with paragraph 7;
- C_{LTmort} = long-term insurance risk - mortality capital as calculated in accordance with paragraph 8;
- C_{LTsl} = long-term insurance risk - stop loss capital as calculated in accordance with paragraph 9;
- C_{LTTr} = long-term insurance risk - riders capital as calculated in accordance with paragraph 10;
- $C_{LTmortb}$ = long-term insurance risk - morbidity and disability capital as calculated in accordance with paragraph 11;
- C_{LTlong} = long-term, insurance risk - longevity capital as calculated in accordance with paragraph 12;
- C_{LTVA} = long-term variable annuity guarantee risk capital as calculated in accordance with paragraph 13;
- $C_{LTother}$ = long-term other insurance risk capital as calculated in accordance with paragraph 14;
- C_{op} = operational risk capital as calculated in accordance with paragraph 15; and
- C_{adj} = Regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 16.

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

$$C_{fi} = \sum_i \chi_i \times Flastclass_i \times \mu_r \text{ where}$$

- χ_i = the capital charge factors prescribed in Table 1 for each type of $Flastclass_i$; and
- $Flastclass_i$ = value of investment in corresponding asset Class i
- μ_r = additional diversification adjustment factor applied to cash and cash equivalent balances, or 1 for other asset classes.

Table 1 – Capital charge factors for $Flastclass_i$

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Type of fixed income investments <i>Flastclass_i</i>	Statement Source These Rules	Capital Factor χ_i
<i>Corporate and Sovereign Bonds</i>		
BSCR rating 0	Part II & IIA, Line 1, Column (1)	0.0%
BSCR rating 1	Part II & IIA, Line 2, Column (1)	0.4%
BSCR rating 2	Part II & IIA, Line 3, Column (1)	0.8%
BSCR rating 3	Part II & IIA, Line 4, Column (1)	1.5%
BSCR rating 4	Part II & IIA, Line 5, Column (1)	3.0%
BSCR rating 5	Part II & IIA, Line 6, Column (1)	8.0%
BSCR rating 6	Part II & IIA, Line 7, Column (1)	15.0%
BSCR rating 7	Part II & IIA, Line 8, Column (1)	26.3%
BSCR rating 8	Part II & IIA, Line 9, Column (1)	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 1	Part II & IIA, Line 2, Column (3)	0.6%
BSCR rating 2	Part II & IIA, Line 3, Column (3)	1.2%
BSCR rating 3	Part II & IIA, Line 4, Column (3)	2.0%
BSCR rating 4	Part II & IIA, Line 5, Column (3)	4.0%
BSCR rating 5	Part II & IIA, Line 6, Column (3)	11.0%
BSCR rating 6	Part II & IIA, Line 7, Column (3)	25.0%
BSCR rating 7	Part II & IIA, Line 8, Column (3)	35.0%
BSCR rating 8	Part II & IIA, Line 9, Column (3)	35.0%
<i>Commercial Mortgage-Backed Securities/ Asset-Backed Securities</i>		
BSCR rating 1	Part II & IIA, Line 2, Column (5)	0.5%
BSCR rating 2	Part II & IIA, Line 3, Column (5)	1.0%
BSCR rating 3	Part II & IIA, Line 4, Column (5)	1.8%
BSCR rating 4	Part II & IIA, Line 5, Column (5)	3.5%
BSCR rating 5	Part II & IIA, Line 6, Column (5)	10.0%
BSCR rating 6	Part II & IIA, Line 7, Column (5)	20.0%
BSCR rating 7	Part II & IIA, Line 8, Column (5)	30.0%
BSCR rating 8	Part II & IIA, Line 9, Column (5)	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Part II & IIA, Line 1, Column (7)	0.0%
BSCR rating 1	Part II & IIA, Line 2, Column (7)	0.4%
BSCR rating 2	Part II & IIA, Line 3, Column (7)	0.8%
BSCR rating 3	Part II & IIA, Line 4, Column (7)	1.5%
BSCR rating 4	Part II & IIA, Line 5, Column (7)	3.0%
BSCR rating 5	Part II & IIA, Line 6, Column (7)	8.0%
BSCR rating 6	Part II & IIA, Line 7, Column (7)	15.0%
BSCR rating 7	Part II & IIA, Line 8, Column (7)	26.3%
BSCR rating 8	Part II & IIA, Line 9, Column (7)	35.0%
<i>Mortgage Loans</i>		
Insured/guaranteed mortgages	Part II & IIA, Line 22, Column (1)	0.3%
Other commercial and farm mortgages	Part II & IIA, Line 23, Column (1)	5.0%
Other residential mortgages	Part II & IIA, Line 24, Column (1)	1.5%
Mortgages not in good standing	Part II & IIA, Line 25, Column (1)	25.0%
<i>Other Fixed Income Investments</i>		
Other loans	Form 4EBS, Line 8	5.0%
<i>Cash and cash equivalents</i>		

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BSCR rating 0	Part XX, Column A	0.0%
BSCR rating 1	Part XX, Column A	0.1%
BSCR rating 2	Part XX, Column A	0.2%
BSCR rating 3	Part XX, Column A	0.3%
BSCR rating 4	Part XX, Column A	0.5%
BSCR rating 5	Part XX, Column A	1.5%
BSCR rating 6	Part XX, Column A	4.0%
BSCR rating 7	Part XX, Column A	6.0%
BSCR rating 8	Part XX, Column A	9.0%
Less: Diversification adjustment	Part XX, Column A	to a maximum of 40.0%

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

- 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;
- all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge;
- 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;
- the capital requirements relating to cash and cash equivalents shall be reduced by a diversification adjustment of up to a maximum of 40%;
- the diversification adjustment in paragraph (d) is determined as 40% multiplied by 1 minus the ratio of the largest cash and cash equivalent balance held with a single counterparty to the total of all cash and cash equivalent balance; and
- amounts are to be reported on an EBS Valuation basis.

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

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

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 These Rules	Capital Factor χ_i
<i>Common stocks</i>		
Non-affiliated (quoted) common stock	Part II & IIA, Line 19, Column (1)	14.4%
Non-affiliated (unquoted) common stock	Part II & IIA, Line 20, Column (1)	14.4%
Equity mutual funds	Part II & IIA, Line 21, Column (5)	14.4%
<i>Preferred stocks</i>		
BSCR rating 1	Part II & IIA, Line 11, Column (3)	0.6%
BSCR rating 2	Part II & IIA, Line 12, Column (3)	1.2%
BSCR rating 3	Part II & IIA, Line 13, Column (3)	2.0%

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BSCR rating 4	Part II & IIA, Line 14, Column (3)	4.0%
BSCR rating 5	Part II & IIA, Line 15, Column (3)	11.0%
BSCR rating 6	Part II & IIA, Line 16, Column (3)	25.0%
BSCR rating 7	Part II & IIA, Line 17, Column (3)	35.0%
BSCR rating 8	Part II & IIA, Line 18, Column (3)	35.0%
<i>Other equity investments</i>		
Company-occupied real estate less: encumbrances	Form 4EBS, Line 7(a)	10.0%
Real estate investments less: encumbrances	Form 4EBS, Line 7(b)	20.0%
Other equity investments	Form 4EBS, Lines 2(e), 3(e) and Schedule IIA, Line 21, Column (7)	20.0%
Other tangible assets – net of segregated accounts companies	Form 4EBS, Lines 13(k), 14(d) and 36(f) Less Line 13(b) and 13(c)	20.0%
<i>Investments in affiliates</i>		
Unregulated entities that conduct ancillary services	Form 4EBS, Line 4(a)	5.0%
Unregulated non- financial operating entities	Form 4EBS, Line 4(b)	20.0%
Unregulated financial operating entities	Form 4EBS, Line 4(c)	55.0%
Regulated insurance financial operating entities	Form 4EBS, Line 4(e)	20.0%

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

- 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;
- all non-affiliated quoted and unquoted common and preferred stock shall be included in the equity investment risk charge;
- 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;
- amounts are to be reported on an EBS Valuation basis.

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

$$C_{LT\text{ int}} = (\text{duration1} \times \text{rateshock} \times \text{reserveshare} \times \text{assets} \times 100\% - \text{ALMCredit}) + (\text{duration2} \times \text{rateshock} \times (1 - \text{reserveshare}) \times \text{assets}) \text{ where}$$

duration1 applies for business where the duration of assets and liabilities is known.
duration1 = the higher of
(a) 1; or
(b) the insurer's weighted average of the difference in asset duration and liability duration;
(c) The statement source for the weighted average of the difference in asset duration and liability duration is Schedule V paragraph (f) of these Rules;
duration2 applies for business where the duration of assets and liabilities is not known.
duration2 is equal to 2;
rateshock = assumed interest rate adjustment prescribed in Table 3;
assets = quoted and unquoted value of total bonds and debentures, preferred stock, or mortgage loans;

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*reserves*share is the amount of reserves with known duration divided by the total reserves.
*reserves*share The statement source for *reserves*share is Schedule V paragraph (h) of these Rules; and
AMLCredit = the total factor determined in accordance with Table 4.

Table 3 – Interest rate adjustment for *assets*

Type of investments <i>assets</i>	Statement Source These Rules	200 basis point interest rate increase <i>rateshock</i>
Total Bonds and debentures	Part II and Part IIA, Column 9, Line 10	2.0%
Preferred stock	Part II and Part IIA, Column 3, Line 21	2.0%
Mortgage loans	Part II and Part IIA, Column 1, Line 26	2.0%

INSTRUCTIONS AFFECTING TABLE 3: Interest rate adjustment for *assets*

- all assets comprising of total 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;
- all quoted and unquoted non-affiliated total bonds and debentures and preferred stock shall be included in the interest rate/liquidity risk charge;
- total 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; and
- amounts are to be reported on an EBS Valuation basis.

Table 4 - Asset Liability Management (“ALM”) Credit

Criterion	Implemented	Score for yes answers
Has the insurer implemented policies on ALM, including tolerances for deviation?	If yes, the answers to remaining questions are used, If no, the ALM Credit is zero	
Have clear roles and responsibilities for the execution of the ALM program been assigned?		10%
Are ALM positions / tolerances communicated to the investment function, senior management and the board on a timely basis?		10%
Have systems and procedures been established to identify, report and promptly address ALM deficiencies?		10%
Are the ALM policies and procedures reviewed and reapproved or revised at least annually?		10%
Is the insurer’s current ALM position in compliance with the insurer’s policies?		10%
Total		XX%

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

$$C_{Curr} = \sum_i \chi_i \times (Currproxyscr_i + Currliab_i - Currast_i) \text{ where -}$$

Currency_i = refers to a currency used by the insurer

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$GrossCurrast_i$	= value of assets corresponding to $Currency_i$ as reported on Form 4EBS Line 15
$Currast_i$	= value of assets corresponding to $Currency_i$ as reported on Form 4EBS Line 15 adjusted to allow for currency hedging arrangements
$GrossCurrliab_i$	= value of liabilities corresponding to $Currency_i$ as reported on Form 4EBS Line 39 .
$Currliab_i$	= value of liabilities corresponding to $Currency_i$ as reported on Form 4EBS Line 39 adjusted to allow for currency hedging arrangements
$Currproxybscr_i$	= refers to the product of $GrossCurrliab_i$ and BSCR Proxy factor
BSCR Proxy factor	= greater of: <ul style="list-style-type: none"> i. the Enhanced Capital Requirement divided by Form 4EBS Line 39 Total Liabilities for the preceding year; ii. the average of the above ratio for the preceding 3 years. where there are no prior submissions available, the BSCR proxy factor is the above ratio that would be obtained from the current submission without taking into account the currency risk charge.

Table 5 – Capital charge factors for Currency Risk

Currency	$GrossCurrast_i$	$Currast_i$	$GrossCurrliab_i$	$Currliab_i$	$Currproxybscr_i$
Currency 1	Part XXI, Column A, Line 1	Part XXI, Column B, Line 1	Part XXI, Column C, Line 1	Part XXI, Column D, Line 1	$GrossCurrliab_1$ x BSCR Proxy Factor
Currency 2	Part XXI, Column A, Line 2	Part XXI, Column B, Line 2	Part XXI, Column C, Line 2	Part XXI, Column D, Line 2	$GrossCurrliab_2$ x BSCR Proxy Factor
Currency 3	Part XXI, Column A, Line 3	Part XXI, Column B, Line 3	Part XXI, Column C, Line 3	Part XXI, Column D, Line 3	$GrossCurrliab_3$ x BSCR Proxy Factor
Currency n	Part XXI, Column A, Line n	Part XXI, Column B, Line n	Part XXI, Column C, Line n	Part XXI, Column D, Line n	$GrossCurrliab_n$ x BSCR Proxy Factor

INSTRUCTIONS AFFECTING TABLE 5: Capital charge factors for Currency Risk

- (a) where the insurer uses currency hedging arrangements to manage its currency risk, then $Currast_i$ and $Currliab_i$ may reflect the impact of those arrangements on $GrossCurrast_i$ and $GrossCurrliab_i$ of a 25% adverse movement in foreign exchange currency rates, otherwise the amounts $GrossCurrast_i$ and $GrossCurrliab_i$ shall apply;
- (b) any adjustment to reflect currency hedging arrangements shall not apply to the calculation of $Currproxybscr_i$;
- (c) “currency hedging arrangements” means derivative or other risk mitigation arrangements designed to reduce losses due to foreign currency exchange movements, and which meet the Authority’s requirements to be classed as such;

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(d) insurers are to report currencies representing at least 95% of their economic balance sheet liabilities; and

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

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

$$C_{Conc} = \sum_i \chi_i \times Conc_{astclass}_i$$

where -

χ_i = the capital charge factors prescribed in Table 6 for each type $Conc_{astclass}_i$
of and

$Conc_{astclass}_i$ = value of corresponding asset in Asset Class

Table 6 – Capital charge factors for $Conc_{astclass}_i$

Asset Class	Statement Source	Capital Factor
	These Rules	χ_i
<i>Cash and Cash Equivalents</i>		
BSCR rating 0	Part XXII, Column D	0.0%
BSCR rating 1	Part XXII, Column D	0.1%
BSCR rating 2	Part XXII, Column D	0.2%
BSCR rating 3	Part XXII, Column D	0.3%
BSCR rating 4	Part XXII, Column D	0.5%
BSCR rating 5	Part XXII, Column D	1.5%
BSCR rating 6	Part XXII, Column D	4.0%
BSCR rating 7	Part XXII, Column D	6.0%
BSCR rating 8	Part XXII, Column D	9.0%
<i>Corporate & Sovereign Bonds</i>		
BSCR rating 0	Part XXII, Column D	0.0%
BSCR rating 1	Part XXII, Column D	0.4%
BSCR rating 2	Part XXII, Column D	0.8%
BSCR rating 3	Part XXII, Column D	1.5%
BSCR rating 4	Part XXII, Column D	3.0%
BSCR rating 5	Part XXII, Column D	8.0%
BSCR rating 6	Part XXII, Column D	15.0%
BSCR rating 7	Part XXII, Column D	26.3%
BSCR rating 8	Part XXII, Column D	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 0	Part XXII, Column D	0.0%
BSCR rating 1	Part XXII, Column D	0.6%
BSCR rating 2	Part XXII, Column D	1.2%
BSCR rating 3	Part XXII, Column D	2.0%
BSCR rating 4	Part XXII, Column D	4.0%
BSCR rating 5	Part XXII, Column D	11.0%
BSCR rating 6	Part XXII, Column D	25.0%
BSCR rating 7	Part XXII, Column D	35.0%
BSCR rating 8	Part XXII, Column D	35.0%
<i>Commercial Mortgage-Backed Securities/ Asset Backed Securities</i>		
BSCR rating 0	Part XXII, Column D	0.0%
BSCR rating 1	Part XXII, Column D	0.5%
BSCR rating 2	Part XXII, Column D	1.0%
BSCR rating 3	Part XXII, Column D	1.8%
BSCR rating 4	Part XXII, Column D	3.5%

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BSCR rating 5	Part XXII, Column D	10.0%
BSCR rating 6	Part XXII, Column D	20.0%
BSCR rating 7	Part XXII, Column D	30.0%
BSCR rating 8	Part XXII, Column D	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Part XXII, Column D	0.0%
BSCR rating 1	Part XXII, Column D	0.4%
BSCR rating 2	Part XXII, Column D	0.8%
BSCR rating 3	Part XXII, Column D	1.5%
BSCR rating 4	Part XXII, Column D	3.0%
BSCR rating 5	Part XXII, Column D	8.0%
BSCR rating 6	Part XXII, Column D	15.0%
BSCR rating 7	Part XXII, Column D	26.3%
BSCR rating 8	Part XXII, Column D	35.0%
<i>Preferred Shares</i>		
BSCR rating 1	Part XXII, Column D	0.6%
BSCR rating 2	Part XXII, Column D	1.2%
BSCR rating 3	Part XXII, Column D	2.0%
BSCR rating 4	Part XXII, Column D	4.0%
BSCR rating 5	Part XXII, Column D	11.0%
BSCR rating 6	Part XXII, Column D	25.0%
BSCR rating 7	Part XXII, Column D	35.0%
BSCR rating 8	Part XXII, Column D	35.0%
<i>Mortgage Loans</i>		
Insured/Guaranteed Mortgages	Part XXII, Column D	0.3%
Other Commercial and Farm Mortgages	Part XXII, Column D	5.0
Other Residential Mortgages	Part XXII, Column D	1.5
Mortgages Not In Good Standing	Part XXII, Column D	25.0
<i>Other Asset Classes</i>		
Quoted and Unquoted Common Stock and Mutual Funds	Part XXII, Column D	14.4%
Other Quoted and Unquoted Investments	Part XXII, Column D	20.0%
Investment in Affiliates – Unregulated entities that conduct ancillary services	Part XXII, Column D	5.0%
Investment in Affiliates – Unregulated non-financial operating entities	Part XXII, Column D	20.0%
Investment in Affiliates – Unregulated financial operating entities	Part XXII, Column D	55.0%
Investment in Affiliates – Regulated non-insurance	Part XXII, Column D	55.0%

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financial operating entities		
Investment in Affiliates – Regulated insurance financial operating entities	Part XXII, Column D	20.0%
Advances to Affiliates –	Part XXII, Column D	5.0%
Policy Loans	Part XXII, Column D	0.0%
Real Estate: Occupied by company	Part XXII, Column D	10.0%
Real Estate: Other properties	Part XXII, Column D	20.0%
Collateral Loans	Part XXII, Column D	5.0%

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

- (a) $Concastclass_i$ shall only apply to the insurers 10 largest counterparty exposures based on the aggregate of all instruments included in Table 6 related to that counterparty
- (b) a counterparty shall include all related/connected counterparties defined as:
 - (i) control relationship: if the counterparty, directly or indirectly, has control over the other(s); or
 - (ii) economic interdependence: if one of the counterparties were to experience financial problems, in particular funding or repayment difficulties, the other(s) as a result, would also be likely to encounter funding or repayment difficulties; and
- (c) amounts are to be reported on an EBS Valuation basis.

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

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

δ_i = the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 7; and

$debtor_i$ = 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 7 – Capital charge factors for $debtor_i$

Type of debtor $debtor_i$	Statement Source These Rules	Capital Factor δ_i
<i>Accounts and Premiums Receivable</i>		
In course of collection	Form 4EBS, Line 10(a)	5.0%
Receivables from retrocessional contracts less: collateralized balances	Form 4EBS, Line 10(c) and instruction (c) below	10.0%
<i>All Other Receivables</i>		
Accrued investment income	Form 4EBS, Line 9	2.5%
Advances to affiliates	Form 4EBS, Line 4(g)	5.0%
Policy loans	Form 4EBS, Line 6	0.0%

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<i>Particulars of reinsurance balances</i>		
BSCR rating 0	Part XIX paragraph (d)	0.0%
BSCR rating 1	Part XIX paragraph (d)	0.7%
BSCR rating 2	Part XIX paragraph (d)	1.5%
BSCR rating 3	Part XIX paragraph (d)	3.5%
BSCR rating 4	Part XIX paragraph (d)	7.0%
BSCR rating 5	Part XIX paragraph (d)	12.0%
BSCR rating 6	Part XIX paragraph (d)	20.0%
BSCR rating 7	Part XIX paragraph (d)	17.0%
BSCR rating 8	Part XIX paragraph (d)	35.0%
Less: Diversification adjustment	Part XIX paragraph (d)	40.0%

INSTRUCTIONS AFFECTING TABLE 7: Capital charge factors for *debtor_i*

- (a) all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;
- (b) all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- (c) collateralized balances 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.
- (h) amounts are to be reported on an EBS Valuation basis.

8. The long-term insurance risk - mortality capital calculation shall be established in accordance with the following formula –

$$C_{LTmort} = \left[\sum_{i>1} \alpha 1_i \times NAAR1_i \right] + \left[\sum_{i>1} \alpha 2_i \times NAAR2_i \right] \text{ Where}$$

$\alpha 1_i$ = capital factor for adjustable life insurance business as prescribed in Table 8;

$NAAR1_i$ = the Net Amount at Risk of all adjustable life insurance business. The statement source is Part VII, Column (9), Line 1 of these Rules;

$\alpha 2_i$ = capital factor for non-adjustable business as prescribed in Table 8; and

$NAAR2_i$ = the Net Amount at Risk of all non-adjustable life insurance business. The statement source is Part VII, Column (10), Line 1 of these Rules;

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Table 8 – Capital charge factors for long-term insurance risk -mortality

Net Amount at Risk $NAAR1_i$ or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First \$1 billion	0.00199	0.00397
Next \$4 billion	0.00090	0.00180
Next \$5 billion	0.00072	0.00144
Next \$40 billion	0.00065	0.00129
Excess over \$50 billion	0.00057	0.00113

9. The long-term insurance risk – stop loss capital calculation shall be established in accordance with the following formula –

$$C_{LTsl} = 50\% \times \text{Net Annual Premium for stop loss covers as prescribed in Part VII, Column (11), Line 14 of these Rules.}$$

10. The long-term insurance risk – rider charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTTr} = 25\% \times \text{Net Annual Premium for insurance product riders not included elsewhere as prescribed in Part VII, Column (11), Line 15 of these Rules.}$$

11. The long-term insurance risk – morbidity and disability capital calculation shall be established in accordance with the following formula –

$$C_{LTmorb} = (a) + (b) + (c) + (d) + (e) \text{ Where:}$$

$$C_{LTmorb} = (a) \text{ 7.00\% x BSCR adjusted reserves for disability income claims in payment on waiver of premium and long-term care as prescribed in Part VII, Column (7), Line 9 of these Rules}$$

plus

$$(b) \text{ 10\% x BSCR adjusted reserves for disability income claims in payment on other accident and sickness products as prescribed in Part VII, Column (7), Line 10 of these Rules;}$$

plus

$$(c) = \left[\sum_{i>1} \alpha_i \times NAP_i \right]$$

Where –

α_i = capital charge factor as prescribed in Table 9; and

NAP_i = the Net Annual Premium for disability income business – active lives as described in Table 9;

Table 9 – Capital charge factors for NAP_i

Net Annual Premium NAP_i	Statement Source These Rules	Capital Factor $\alpha 1_i$
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Part VII, Column (9), Line 7(a)	9.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Part VII, Column (9), Line 7(b)	15.0%

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Benefit period less than or equal to two years, premium guarantee of more than 5 years	Part VII, Column (9), Line 7(c)	22.5%
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Part VII, Column (10), Line 7(a)	12.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Part VII, Column (10), Line 7(b)	20.0%
Benefit period less than or equal to two years, premium guarantee of more than 5 years	Part VII, Column (10), Line 7(c)	30.0%

(d) 12% x net annual premiums for disability income - active lives for other accident and sickness products as prescribed in Part VII, Column (11), Line 8; and
plus

$$(e) = \left[\sum_{i>1} \alpha 1_i \times NAAR1_i \right] + \left[\sum_{i>1} \alpha 2_i \times NAAR2_i \right]$$

Where –

$\alpha 1_i$ = capital factor as prescribed in Table 10;

$NAAR1_i$ = the Net Amount at Risk of all adjustable critical illness insurance business in force as in Part VII, Column (9), Line 2;

$\alpha 2_i$ = capital factor as prescribed in Table 10;

$NAAR2_i$ = the Net Amount at Risk of all non-adjustable critical illness insurance business in force as in Part VII, Column (10), Line 2.

Table 10 – Capital charge factors for $NAAR1_i$ or $NAAR2_i$

Net Amount at Risk $NAAR1_i$ Or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First \$1 billion	0.00596	0.01191
Next \$4 billion	0.00270	0.00540
Next \$5 billion	0.00216	0.00432
Next \$40 billion	0.00194	0.00387
Excess over \$50 billion	0.00170	0.00339

12. The long-term insurance risk – longevity capital calculation shall be established in accordance with the following formula –

$$C_{LLong} = \sum_{i>1} \alpha_i \times BAR_i \text{ Where:}$$

α_i = capital charge factor as prescribed in Table 11; and

BAR_i = the BSCR adjusted reserves for longevity risk as described in Table 11.

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Table 11 – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Longevity (immediate pay-out annuities, contingent annuities, pension blocks) – Attained age of annuitant:		
0-55 years	Part VII, Column (7), Line 3(a)	2.0%
56-65 years	Part VII, Column (7), Line 3(b)	3.0%
66-70 years	Part VII, Column (7), Line 3(c)	4.0%
71-80 years	Part VII, Column (7), Line 3(d)	5.0%
81+ years	Part VII, Column (7), Line 3(e)	6.0%
Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs) – Age at which annuity benefits commence:		
0-55 years	Part VII, Column (7), Line 4(a)	2.0%
56-60 years	Part VII, Column (7), Line 4(b)	3.0%
61-65 years	Part VII, Column (7), Line 4(c)	4.0%
66-70 years	Part VII, Column (7), Line 4(d)	5.0%
71-75 years	Part VII, Column (7), Line 4(e)	6.0%
76+ years	Part VII, Column (7), Line 4(e)	7.0%

INSTRUCTIONS AFFECTING TABLE 11: Capital charge factors for BAR_i

For joint and survivor annuities, the youngest age should be used.

13. The long-term variable annuity guarantee risk capital calculation shall be established in accordance with the following formula –

$$C_{LTVA} = \text{either} \sum_{i>1} (TotalBSRe q_i - TotalBAR - TotalGMB_{adj}) \text{ or } (IMCRe q_{LTVA})$$

Wherein:

- (i) $TotalBSRe q_i$ = higher of (a) $(\alpha_1 \times GV1_i + \alpha_2 \times GV2_i + \alpha_3 \times GV3_i)$ and
(b) $(\alpha_4 \times NAR1_i + \alpha_5 \times NAR2_i + \alpha_6 \times NAR3_i)$;
- (ii) $TotalBAR$ = the total BSCR adjusted reserves for variable annuity guarantee risk. The statement source for $TotalBAR$ is Part VII, line 17, column (7) of these Rules;
- (iii) $TotalGMB_{adj}$ = the capital requirement charged on guaranteed minimum death benefit (GMDB) policies multiplied by the percentage of GMDB with multiple guarantees. The statement source for the percentage of GMDB with multiple guarantees is Part VIII, line 32, column (4) of these Rules;
- (iv) $IMCRe q_{LTVA}$ = the capital requirement for variable annuity guarantee risk determined in accordance with an insurance group's internal capital model, if applicable. The statement source for $IMCRe q_{LTVA}$ is Part VIIIA, line 1, column (7) of these Rules;
- (v) $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$ have the statement source identified in Table 12; and
- (vi) $(\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5, \alpha_6)$ are the capital factors as prescribed in Table 13.

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Table 12 – Capital charge factors for $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$

Variable Annuity Benefit Type	Statement Source These Rules $GV1_i$	Statement Source These Rules $GV2_i$	Statement Source These Rules $GV3_i$	Statement Source These Rules $Nar1_i$	Statement Source These Rules $Nar2_i$	Statement Source These Rules $Nar3_i$
Guaranteed minimum death benefit: Return of premium, ratchet and reset	Part VIII, lines 1 and 16, column (2)	Part VIII, lines 1 and 16, column (3)	Part VIII, lines 1 and 16, column (4)	Part VIII, lines 1, column (5)	Part VIII, lines 1, column (6)	Part VIII, lines 1, column (7)
Guaranteed minimum death benefit: Enhanced benefits (roll up)	Part VIII, Lines 2 and 17, column (2)	Part VIII, Lines 2 and 17, column (3)	Part VIII, Lines 2 and 17, column (4)	Part VIII, Lines 2, column (5)	Part VIII, Lines 2, column (6)	Part VIII, Lines 2, column (7)
Guaranteed minimum income benefit	Part VIII, Lines 3 and 18, column (2)	Part VIII, Lines 3 and 18, column (3)	Part VIII, Lines 3 and 18, column (4)	Part VIII, Lines 3, column (5)	Part VIII, Lines 3, column (6)	Part VIII, Lines 3, column (7)
Guaranteed minimum withdrawal benefit	Part VIII, Lines 4 and 19, column (2)	Part VIII, Lines 4 and 19, column (3)	Part VIII, Lines 4 and 19, column (4)	Part VIII, Lines 4, column (5)	Part VIII, Lines 4, column (6)	Part VIII, Lines 4, column (7)
Guaranteed enhanced earnings benefit	Part VIII, Lines 5 and 20, column (2)	Part VIII, Lines 5 and 20, column (3)	Part VIII, Lines 5 and 20, column (4)	Part VIII, Lines 5, column (5)	Part VIII, Lines 5, column (6)	Part VIII, Lines 5, column (7)
Guaranteed minimum accumulation benefit with 1 year or less to maturity	Part VIII, Lines 6 and 21, column (2)	Part VIII, Lines 6 and 21, column (3)	Part VIII, Lines 6 and 21, column (4)	Part VIII, Lines 6, column (5)	Part VIII, Lines 6, column (6)	Part VIII, Lines 6, column (7)
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	Part VIII, Lines 7 and 22, column (2)	Part VIII, Lines 7 and 22, column (3)	Part VIII, Lines 7 and 22, column (4)	Part VIII, Lines 7, column (5)	Part VIII, Lines 7, column (6)	Part VIII, Lines 7, column (7)
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	Part VIII, Lines 8 and 23, column (2)	Part VIII, Lines 8 and 23, column (3)	Part VIII, Lines 8 and 23, column (4)	Part VIII, Lines 8, column (5)	Part VIII, Lines 8, column (6)	Part VIII, Lines 8, column (7)
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	Part VIII, Lines 9 and 24, column (2)	Part VIII, Lines 9 and 24, column (3)	Part VIII, Lines 9 and 24, column (4)	Part VIII, Lines 9, column (5)	Part VIII, Lines 9, column (6)	Part VIII, Lines 9, column (7)
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	Part VIII, Lines 10 and 25, column (2)	Part VIII, Lines 10 and 25, column (3)	Part VIII, Lines 10 and 25, column (4)	Part VIII, Lines 10, column (5)	Part VIII, Lines 10, column (6)	Part VIII, Lines 10, column (7)
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	Part VIII, Lines 11 and 26, column (2)	Part VIII, Lines 11 and 26, column (3)	Part VIII, Lines 11 and 26, column (4)	Part VIII, Lines 11, column (5)	Part VIII, Lines 11, column (6)	Part VIII, Lines 11, column (7)
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	Part VIII, Lines 12 and 27, column (2)	Part VIII, Lines 12 and 27, column (3)	Part VIII, Lines 12 and 27, column (4)	Part VIII, Lines 12, column (5)	Part VIII, Lines 12, column (6)	Part VIII, Lines 12, column (7)
Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	Part VIII, Lines 13 and 28, column (2)	Part VIII, Lines 13 and 28, column (3)	Part VIII, Lines 13 and 28, column (4)	Part VIII, Lines 13, column (5)	Part VIII, Lines 13, column (6)	Part VIII, Lines 13, column (7)

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Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	Part VIII, Lines 14 and 29, column (2)	Part VIII, Lines 14 and 29, column (3)	Part VIII, Lines 14 and 29, column (4)	Part VIII, Lines 14, column (5)	Part VIII, Lines 14, column (6)	Part VIII, Lines 14, column (7)
Guaranteed minimum accumulation benefit with more than 9 years to maturity	Part VIII, Lines 15 and 30, column (2)	Part VIII, Lines 15 and 30, column (3)	Part VIII, Lines 15 and 30, column (4)	Part VIII, Lines 15, column (5)	Part VIII, Lines 15, column (6)	Part VIII, Lines 15, column (7)

Table 13 – Capital charge factors for $(\alpha 1_i, \alpha 2_i, \alpha 3_i, \alpha 4_i, \alpha 5_i, \alpha 6_i)$

Variable Annuity Benefit Type	Capital Charge $\alpha 1$	Capital Charge $\alpha 2$	Capital Charge $\alpha 3$	Capital Charge $\alpha 4$	Capital Charge $\alpha 5$	Capital Charge $\alpha 6$
Guaranteed minimum death benefit: Return of premium, ratchet and reset	0.25%	0.50%	0.75%	4.00%	8.50%	13.00%
Guaranteed minimum death benefit: Enhanced benefits (roll up)	0.75%	1.00%	1.25%	12.00%	16.50%	21.00%
Guaranteed minimum income benefit	5.00%	6.50%	8.00%	100.00%	130.00%	160.00%
Guaranteed minimum withdrawal benefit	3.25%	4.25%	5.00%	60.00%	75.00%	90.00%
Guaranteed enhanced earnings benefit	0.00%	0.50%	1.00%	1.00%	9.00%	17.00%
Guaranteed minimum accumulation benefit with 1 year or less to maturity	3.20%	5.00%	9.00%	90.00%	130.00%	250.00%
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	3.00%	5.00%	8.90%	80.00%	115.00%	200.00%
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	3.00%	5.00%	8.90%	70.00%	105.00%	160.00%
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	2.80%	5.00%	8.80%	60.00%	95.00%	135.00%
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	2.40%	4.30%	8.00%	55.00%	85.00%	115.00%
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	2.00%	3.50%	6.80%	50.00%	75.00%	100.00%
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	1.70%	2.80%	5.90%	45.00%	65.00%	90.00%
Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	1.40%	2.10%	4.90%	40.00%	55.00%	80.00%
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	1.10%	1.70%	4.30%	35.00%	50.00%	70.00%
Guaranteed minimum accumulation benefit with more than 9 years to maturity	1.00%	1.40%	3.90%	30.00%	45.00%	60.00%

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14. The long-term other insurance risk capital calculation shall be established in accordance with the following formula –

$$C_{LToth} = \sum_{i>1} \alpha_i \times NetBAR_i \text{ Where:}$$

α_i = capital charge factor as prescribed in Table 14; and

BAR_i = the BSCR adjusted reserves as described in Table 14.

Table 14 – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Mortality (term insurance, whole life, universal life)	Part VII, Column (7), Line 1	2.0%
Critical illness (including accelerated critical illness products)	Part VII, Column (7), Line 2	2.0%
Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	Part VII, Column (7), Line 3(f)	0.5%
Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs)	Part VII, Column (7), Line 4(g)	0.5%
Annuities certain only	Part VII, Column (7), Line 5	0.5%
Deferred accumulation annuities	Part VII, Column (7), Line 6	0.5%
Disability income: active lives – including waiver of premium and long-term care	Part VII, Column (7), Line 7(d)	2.0%
Disability income: active lives – other accident and sickness	Part VII, Column (7), Line 8	2.0%
Disability income: claims in payment – including waiver of premium and long-term care	Part VII, Column (7), Line 9	0.5%
Disability income: claims in payment – other accident and sickness	Part VII, Column (7), Line 10	0.5%
Group life	Part VII, Column (7), Line 11	0.5%
Group disability	Part VII, Column (7), Line 12	0.5%
Group health	Part VII, Column (7), Line 13	0.5%
Stop loss	Part VII, Column (7), Line 14	2.0%
Rider (other product riders not included above)	Part VII, Column (7), Line 15	2.0%

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

$$C_{op} = \rho \times ACov \text{ where –}$$

ρ = an amount between 1% and 10% as determined by the Authority in accordance with Table 15; and

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

Table 15 – Operational Risk Charge for ρ

Overall Score	Applicable Operational Risk Charge ρ
≤ 800	10.0%
$> 800 \leq 1,200$	9.0%
$> 1,200 \leq 1,400$	8.0%
$> 1,400 \leq 1,600$	7.0%
$> 1,600 \leq 1,800$	6.0%
$> 1,800 \leq 2,000$	5.0%
$> 2,000 \leq 2,200$	4.0%
$> 2,200 \leq 2,400$	3.0%
$> 2,400 \leq 2,600$	2.0%
$> 2,600$	1.0%

INSTRUCTIONS AFFECTING TABLE 9

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 15A, and 15B.

**TABLE 15A
Corporate Governance Score Table**

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

Comments

INSTRUCTIONS AFFECTING TABLE 15A

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

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TABLE 15B
Risk Management Function ('RMF') Score Table

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

Comments

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INSTRUCTIONS AFFECTING TABLE 15B

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

16. The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Part XVI - "Schedule of Regulated Non-Insurance Financial Operating Entities". This amount shall be equal to the sum of the insurer's proportionate share of each entity's regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity is licensed or registered. The operational risk charge calculation shall be established in accordance with the following formula.

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Part 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 4EBS, 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 4EBS, Lines 2(c)(i) & 3(c)(i))		Preferred stock (Form 4EBS, Lines 2(c)(ii) & 3(c)(ii))		Equity mutual funds (Form 4EBS, Lines 2(c)(iii) & 3(c)(iii))				Total (Form 4EBS, 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										

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19	Quoted equity funds								
20	Unquoted equity funds								
21	Total								
Mortgage loans		Mortgage loans (Form 4EBS, 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 PART 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;

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- (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;
- (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 cash equivalents; and
- (j) amounts are to be reported on both an EBS Valuation and unconsolidated basis.

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-

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PART 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 (Other Investments		Total	
		20xx (000)	20xx (000)	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										

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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 cash equivalents		Cash and cash equivalents									
		20xx (000)	20xx (000)								
27											
28											

INSTRUCTIONS AFFECTING PART IIA:

- All funds held by ceding reinsurers (as reflected in Form 4EBS, Line 12(c)) in segregated accounts/trusts with identifiable assets, such as fixed income investments, equity investments, mortgage loans, and cash and cash equivalents, shall be included here;
- 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;
- equity investments, both quoted and unquoted, shall be categorized into common stock, preferred stock and equity mutual funds;
- preferred stock shall be classified by BSCR rating;
- 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;

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- (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;
- (j) 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 equivalents;
- (k) other investments shall include investments not reported as bond and debentures, common stock, preferred stock or equity mutual funds and
- (l) amounts are to be reported on both an EBS Valuation and unconsolidated basis

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-

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PART IVA

(Paragraph 6)

SCHEDULE OF LONG-TERM BUSINESS PREMIUMS

[blank] name of Company

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

All amounts expressed in (currency used)

Schedule		Gross Premiums Written						Net Premiums Written					
Line no		Form 5, Line 19(c)						Form 5, Line 19(e)(iv)					
		Unrelated		Related		Total		Adjustable/Benefit Period <=2 years		Adjustable/Benefit Period >2 years		Total	
		20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX
1.	Mortality	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
2.	Critical illness	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
3.	Longevity	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
4.	Deferred annuities	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
5.	Disability income Active lives with premium guarantee of											XXX	XXX
	(i) <=1 year	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	(ii) >1 year but	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
	(iii) >5 years	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
6.	Disability income Active lives for other accident and sickness	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
7.	Disability income: Claims in payment	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
8.	Disability income: Claims in payment for other accident & sickness	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
9.	Group life	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
10.	Group disability	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
11.	Group health	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
12.	Stop loss	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
13.	Rider	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
14.	Variable annuities	XXX	XXX	XXX	XXX	XXX	XXX					XXX	XXX
15.	Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

INSTRUCTIONS AFFECTING PART IVA

Amounts are to be reported on both a consolidated and unconsolidated basis.

PART V
SCHEDULE OF RISK MANAGEMENT

(Paragraph 6)

The schedule of risk management shall disclose the Class C insurer's risk management program as 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) Revoked;
- (d) Effective duration of assets;
- (e) Effective duration of liabilities;
- (f) Weighted average of the difference in the asset duration and liability duration;
- (g) Reserves with known duration as a percentage of total reserves;
- (h) Mutual fund disclosures;
- (i) Summary of projected performance;
- (j) Financial impact and description of stress and scenario tests;
- (k) Modified co-insurance arrangements;
- (l) Deferred accumulation annuities disclosures;
- (m) Reconciliation from GAAP financial statements to Form 4EBS;
- (n) Revoked;
- (o) Revoked;
- (p) Revoked;
- (q) Details of deposit assets and liabilities; and
- (r) Details of segregated accounts.

INSTRUCTIONS AFFECTING PART V:

Paragraphs ((n), (o) and (p)), are to be reported on both an EBS Valuation and unconsolidated basis. All other requirements are to be reported on an EBS Valuation basis only

- (a) Governance and group structure must disclose (on a legal entity and group basis where applicable)-
 - (i) the structure of the board of directors including names, role, residence and work experience;
 - (ii) the structure of the management of the insurer including names, roles, work experience, employee arrangement (for example confirm whether employees are hired or outsourced etc.) and description of responsibilities of the chief and senior executive;
 - (iii) terms of reference of the board of directors of the insurer and its sub-committees;
 - (iv) the jurisdiction(s) where the board of directors of the insurer primarily deliberates on activities including but not limited to—
 - (A) setting the strategic direction of the insurer;
 - (B) determining the (re)insurer's risk appetite;
 - (C) choosing new lines of business, new products and market position;
 - (D) assessing solvency needs
 - (v) details of every service provider of the insurer including name, jurisdiction of incorporation, and details of the insurer's operations which are primarily being performed in relation to—
 - (A) underwriting (re)insurance policies;

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- (B) risk management decisions and activities;
 - (C) investment decisions;
 - (D) actuarial functions;
 - (E) compliance audit;
 - (F) internal audit;
 - (vi) number of employees resident in Bermuda (non-outsourced positions);
 - (vii) the jurisdiction(s) where the parent board primarily deliberates on matters including, but not limited to—
 - (A) setting strategic decision;
 - (B) determining the group's risk appetite;
 - (C) choice of corporate structure, including amalgamations,
 - (D) acquisitions and strategic alliances;
 - (E) choice of new lines of business, new products, marketplace positioning;
 - (F) assessing solvency needs;
 - (viii) the jurisdiction(s) where the parent board and chief and senior executives primarily reside;
 - (ix) the jurisdiction where the insurance group's central control functions reside (i.e. group finance, actuarial, and risk management);
 - (x) the insurance 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;
 - (xi) the names of (re)insurers within the insurance 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 statements;
 - (xii) the total values for subparagraph (xi)(A), (B) and (C);
 - (xiii) the jurisdiction of incorporation of each reinsurer in subparagraph (xi);
 - (xiv) explanation of any events which have occurred or decisions made subsequent to the relevant year-end that would materially change, or have, materially changed the information in subparagraphs (iv) through (xiii) (e.g., amalgamation or acquisition or restructuring, etc.): provide a detailed response and explanation;
 - (xv) a copy of the latest group organizational chart.
- (b) intra-group transactions that the insurer is a party to and insurer's risk concentrations shall -
- (i) details of material intra-group transactions between the insurer and other members of the group, including (where applicable):
 - (A) exposure value (face value or market value, if the latter is available);

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- (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 exposures including:
 - (A) aggregated values of the exposure limits (gross and net) by counterparties broken down by counterparty rating;
 - (AA) counterparties involved, including where they are located;
 - (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 arrangements;
- (iii) Ten largest exposures to unaffiliated counterparties and any other unaffiliated counterparty exposures or series of linked unaffiliated counterparty exposures, excluding 10% of the insurer's statutory capital and surplus, including:
 - (A) name of counterparty;
 - (B) exposure values (face value or market value); and
 - (C) transaction type;
- (c) revoked;
- (d) The effective duration of assets must be determined using the aggregate of the bonds and debentures – other (as reflected in Form 4EBS, Lines 2(b) and 3(b)), preferred stock (as reflected in Form 4EBS, Lines 2(c)(ii) and 3(c)(ii)), and mortgage loans (as reflected in Form 4EBS, Line 5(c)) as a basis;
- (e) the effective duration of liabilities must be determined using the reserves (as reflected in Form 4EBS, Line 27(d)) as a basis;
- (f) The weighted average of the difference in asset duration and liability duration is the difference in the effective duration of assets and liabilities taking into account the carrying amount of the underlying assets and liabilities;
- (g) The reserves with known duration as a percentage of total reserves is the amount of reserves with known duration divided by the total reserves used in the long-term interest rate and liquidity risk capital calculation;
- (h) mutual fund disclosures shall include the name, type and amount of each mutual fund used by the insurer;
- (i) the summary of projected performance for the year following the relevant year shall disclose -
 - (i) the insurer's latest estimate of new business premiums written;
 - (ii) estimated net income or loss either for the insurer or on a group basis with disclosure of the estimated percentage of the insurer's contribution relative to the group; and
- (j) 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;
- (k) modified co-insurance arrangements shall disclose details of such arrangements including—
 - (i) name of ceding company;
 - (ii) type of coverage;
 - (iii) amount of reserve; and

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- (iv) aggregate asset allocation (book value) and the related affiliated or unaffiliated cedant;
- (l) deferred accumulation annuities disclosures shall include—
 - (i) total reserves for deferred accumulation annuities;
 - (ii) total reserves for deferred accumulation annuities with contractual guaranteed annuitization rates;
 - (iii) total reserves for deferred accumulation annuities annuitized in the past year at contractual guaranteed rates (prior to annuitization); and
 - (iv) total reserves for deferred accumulation annuities annuitized in the past year at contractual guaranteed rates (post annuitization);
- (m) a reconciliation of amounts reported in total assets, total liabilities, net income and total statutory capital and surplus comprising of any adjustments applied to the GAAP financial statements to arrive at the Form 4EBS;
- (n) revoked;
- (o) revoked;
- (p) revoked;
- (q) In respect of business for which deposit accounting approaches have been followed: a description of business, total assets held in trust or other collateral, lines of business written, gross premiums written for the period, net premiums written for the period, limits (maximum exposure). For business that has limited exposure, provide the results at a 99.0% TVaR and for business with unlimited exposure, provide details of such business.
- (r) in respect of segregated account business, details of each by net loss reserves by statutory lines of business: segregated account cell name, total assets, total liabilities, statutory capital and surplus, cash and investments, net loss reserves, reinsurance recoverable, statutory lines of business written, gross premium written, net premium written, currency, details if the insurance or re-insurance contract has limited recourse language, details of inter-relationship between segregated account cells (if any), details of the segregated account cell's access to the general account (if any) and details where a segregated account cell is in a deficit, insolvent or subject to litigation

PART VI
Schedule of fixed income securities

(Paragraph 6)

The schedule of fixed income securities shall—

- (a) represent the amounts stated in the Form 4EBS, Lines 2(b) and 3(b);
- (b) include the following information according to security type—
 - (i) amount reflected in the Form 4EBS balance on Lines 2(b) and 3(b);
 - (ii) amount contributing to (as reflected in) the Form 4EBS, Lines 2(b) and 3(b);
 - (iii) face value;
 - (iv) fair value;
 - (v) average effective yield to maturity;
 - (vi) average rating of the security type (if applicable);and
- (c) amounts are to be reported both on an EBS Valuation and unconsolidated basis.

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**PART VII
SCHEDULE OF LONG-TERM BUSINESS DATA**

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

		(1)	(7)	(9)	(10)	(11)
				Net Amount at Risk		
Line No	Description	Bermuda EBS Best Estimate Provision	BSCR Adjusted Reserve [Greater of Column (1) and 0	Adjustable Product/Treaty (000)	Non-adjustable Product/Treaty (000)	Total (000)
1.	Mortality (term assurance, whole life, universal life)					
2.	Critical illness (including accelerated critical illness products)					
3.	Longevity (immediate pay- out annuities, contingent annuities, pension pay- outs)					
	Attained age of annuitant:					
	(a) 0-55					
	(b) 55-65					
	(c) 66-70					
	(d) 71-80					
	(e) 81+					
	(f) Total					
4.	Longevity (deferred pay- out annuities, future contingent annuities, future pension pay-outs)					
	Age at which annuity benefits commence					
	(a) 0-55					
	(b) 55-60					
	(c) 61-65					
	(d) 66-70					
	(e) 71-75					
	(f) 75+					
	(g) Total					
5.	Deferred annuities					
6.	Deferred accumulation annuities					
7.	Disability income: active lives - including waiver of premium and long-term care					

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	Length of premium guarantee:			Benefit Period <=2	Benefit Period >2	Total (000)
	(a) <=1 year					
	(b) >1 year but					
	(c) >5 years					
	(d) Total					
8.	Disability income: active lives - other accident and sickness					
9.	Disability income: claims in payment – including waiver of premium and long-term care					
10.	Disability income: claims in payment – other accident and sickness					
11.	Group life					
12.	Group disability					
13.	Group health					
14.	Stop loss					
15.	Rider (other product riders not included above)					
16.	Total (excluding variable annuities)					
17.	Total for variable annuities					
18.	Total with variable annuities					

Annual Premiums (000)

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		(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
Line No	Description	Bound But Not Incepted (BBNI) Premium	Best Estimate Provision In Respect to BBNI	Best Estimate Provision Using Transitional Arrangements	Equivalent of Column (14) if Transitional Arrangements were not used	Scenario Based approach Best Estimate For Technical Provisions	Equivalent of column (16) if the Scenario based approach were not used	Equivalent of column (16) if the Base Scenario were used	BBNI Premium	Best Estimate Provision In Respect to BBNI
		[Form 4EBS, note Line 27(d)-(i)]	[Form 4EBS, note Line 27(d)-(ii)]	[Form 4EBS, note Line 27(d)-(iii)]	[Form 4EBS, note Line 27(d)-(iv)]	[Form 4EBS, note Line 27(d)-(v)]	[Form 4EBS, note Line 27(d)-(vi)]	[Form 4EBS, note Line 27(d)-(vii)]	[Form 4EBS, note Line 27B(d)-(i)]	[Form 4EBS, note Line 27B(d)-(ii)]
1.	Mortality (term assurance, whole									
2.	Critical illness (including accelerated critical illness products)									
3.	Longevity (immediate pay- out annuities, contingent annuities, Attained age of annuitant:									
	(a) 0-55									
	(b) 55-65									
	(c) 66-70									
	(d) 71-80									
	(e) 81+									
	(f) Total									
4.	Longevity (deferred pay- out annuities, future contingent									
	Age at which annuity benefits									
	(a) 0-55									
	(b) 55-60									
	(c) 61-65									
	(d) 66-70									
	(e) 71-75									
	(f) 75+									
	(g) Total									
5.	Deferred annuities									
6.	Deferred accumulation annuities									
7.	Disability income: active lives - including waiver of premium and									

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	Length of premium guarantee:									
	(a) <=1 year									
	(b) >1 year but									
	(c) >5 years									
	(d) Total									
8.	Disability income: active lives -									
9.	Disability income: claims in payment – including waiver of									
10.	Disability income: claims in									
11.	Group life									
12.	Group disability									
13.	Group health									
14.	Stop loss									
15.	Rider (other product riders not									
16.	Total (excluding variable annuities)									
17.	Total for variable annuities									
18.	Total with variable annuities									

INSTRUCTIONS AFFECTING PART VII

- (a) Bermuda EBS best estimate provisions are to be calculated according to the Economic Balance Sheet valuation principles under Part XIV;
- (b) Information in respect of columns (1),(7),(9),and (10) are to be provided on both an EBS Valuation and unconsolidated basis – the other columns just on a consolidated basis;
- (c) The amounts in column s (12) to (20) shall be the line of business breakdown of the relevant amounts shown in the Notes to Form 4EBS as set out in Part XIV

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PART VIII

(Paragraph 6)

SCHEDULE OF LONG-TERM VARIABLE ANNUITY GUARANTEES DATA AND RECONCILIATION

[blank] name of Company

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

All amounts expressed in (currency used)

Line No.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		Guaranteed Value				Net Amount at Risk		
		Bermuda EBS Best Estimate Provision	Volatility 0%-10%	Volatility 10%- 15%	Volatility >15%	Volatility 0%-10%	Volatility 10%- 15%	Volatility >15%
		(000)	(000)	(000)	(000)	(000)	(000)	(000)
	In-the-money							
1.	GMDB: Return of premium, ratchet & reset							
2.	GMDB: Enhanced benefits (roll up)							
3.	GMIB							
4.	GMWB							
5.	GEEB							
	GMAB							
6.	Time to maturity – 0-1 year							
7.	Time to maturity – 1-2 years							
8.	Time to maturity – 2-3 years							
9.	Time to maturity – 3-4 years							
10.	Time to maturity – 4-5 years							
11.	Time to maturity – 5-6 years							
12.	Time to maturity – 6-7 years							
13.	Time to maturity – 7-8 years							
14.	Time to maturity – 8-9 years							
15.	Time to maturity – >9 years							
16.	Out-the-money							
17.	GMDB: Return of premium, ratchet & reset							
18.	GMDB: Enhanced benefits (roll up)							
19.	GMIB							
20.	GMWB							
21.	GEEB							
	GMAB							
22.	Time to maturity – 0-1 year							
23.	Time to maturity – 1-2 years							
24.	Time to maturity – 2-3 years							
25.	Time to maturity – 3-4 years							
26.	Time to maturity – 4-5 years							
27.	Time to maturity – 5-6 years							
28.	Time to maturity – 6-7 years							

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29.	Time to maturity – 7-8 years							
30.	Time to maturity – 8-9 years							
31.	Time to maturity – >9 years							
32.	Percentage of GMDB with multiple guarantees							

INSTRUCTIONS AFFECTING PART VIII:

1. Factors should be applied to NAR defined as:
 - (i) Guaranteed minimum accumulation benefit (GMAB) - Total claim payable if all contracts mature immediately
 - (ii) Guaranteed minimum death benefit (GMDB) - Total claim amount payable upon immediate death of all policyholders
 - (iii) Guaranteed minimum income benefit (GMIB) - Total claim payable upon full and immediate annuitization of all policies using an 80% factor applied to the GV (the 80% represents the ratio between current market annuitization factors and the guaranteed annuitization factors)
 - (iv) Guaranteed minimum withdrawal benefit (GMWB) - Total claim payable if 100% of the guaranteed withdrawal benefit base in excess of the current account value is withdrawn immediately
 - (v) Guaranteed enhanced earnings benefit (GEEB) - Total guaranteed enhanced payments upon immediate death of all policyholders
2. Where ratchets, resets and roll-ups exist, please use the roll-up category.
3. NAR is net of reinsurance.
4. The proportion used for the account value under reinsurance is the proportion used for NAR.
5. For the purposes of Schedule VIII, “volatility” is defined as the annual volatility of the fund. In the case where there is no, or insufficient, history of the annual volatility of the fund available to determine volatility, the volatility of the benchmark (for the fund) should be used to determine volatility.
6. Amounts are to be reported on both an EBS Valuation and unconsolidated basis.
7. Bermuda EBS best estimate provisions [are those requirements calculated to the best of the insurer’s ability at the time such insurer is required to comply with Form 4EBS requirements.

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PART VIIIA **(Paragraph 6)**
SCHEDULE OF LONG-TERM VARIABLE ANNUITY GUARANTEES – INTERNAL CAPITAL MODEL

The Schedule of long-term variable annuity guarantees – internal capital model – shall provide particulars of the following matters—

(a) Information for each section (if applicable)—

	(1)	(2)	(3)	(4)	(5)
	Bermuda EBS Best Estimate Provision	Policy count	Account value (000)	Guarantee value (000)	Net amount at risk (000)
By policy type:					
By number of years since issuance:					
By policy position (in the money vs. out of the money):					
By fund volatility					
By number of years to next maturity (for GMAB only) :					

(b) The capital requirement based on the insurer's internal capital model including—

Line Schedule No.	Description	(6)	(7)
		Without Hedging (000)	With Hedging (000)
1.	Internal model-based capital requirement		
2.	Prescribed economic stress tests:		
	(a) Equity – immediate shock of 20% to separate account funds		
	(b) Absolute immediate increase of 10% in implied volatility		
	(c) Interest rates – immediate parallel shift up/down by 100bps		
3.	Stresses to actuarial assumptions for mortality and policyholder behavior		
	(a) (Provide description)		
	(b) (Provide description)		
	(c) (Provide description)		
	(d) (Provide description)		

INSTRUCTIONS AFFECTING PART VIIIA

- (a) Bermuda EBS best estimate provisions are those requirements calculated to the best of the insurer's ability at the time such insurer is required to comply with Form 4EBS requirements.
- (b) Amounts are to be reported on both an EBS Valuation and unconsolidated basis.

PART IX

(Paragraph 6)

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

The Schedule of CISSA shall provide particulars of the following matters on a consolidated basis:

- (a) Table 16: 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 16A: 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, governance and controls surrounding the model(s)/tool(s) used to compute the capital, assessment of risk appetite of an insurer
- (c) Table 16B: CISSA – Assessment of Material Risks of the Insurer disclosing the insurer's material risks and the determination of the quality and quantity of CISSA capital required to cover these risks.

TABLE 16

CISSA Capital Summary

Risk categories	CISSA capital	Regulatory capital
Insurance risk		
Market risk		
Credit risk		
Interest rate and 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 Class BSCR as prescribed in Part XIII or regulatory capital determined from an approved internal model for regulatory purposes at 99.0% TVaR.

ADDITIONAL INFORMATION

8. What is the primary reason(s) (select multiple responses where applicable) for aiming at the disclosed CISSA Capital 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)

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9. What methodology is used to aggregate the risk categories? (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)

10. 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. _____ (Please provide a description)

11. 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.

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

If yes, provide details and amount of capital.

13. 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.

14. 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	<u>XXX</u>

INSTRUCTIONS AFFECTING TABLE 16:

- (d) Total capital pre-diversification between risk categories is derived by aggregating all the risk;
- (e) 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"; and
- (f) Where a question/section is not applicable to an insurer or the options provided do not fully reflect the insurer's position, the insurer shall include a brief description.

TABLE 16A
CISSA General Questions

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

INSTRUCTIONS AFFECTING TABLE 16A:

- Where a question/section is not applicable to an insurer or the options provided do not fully reflect the insurer's position, a brief description shall be included in the comment fields.
- 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.
- In relation to intra-group transactions, materiality will be defined as:
 - (i) an intra-group transaction whose impact can cause a reduction in the insurer's available statutory capital and surplus by 5% or more;
 - (ii) a series of linked intra-group transactions that can cumulatively reduce an insurer's available capital and surplus by 10% or more; and
 - (iii) Qualitative risk characteristics of the transaction: for example, a transaction may be assessed as high risk; however, the quantitative impact remains unknown.

TABLE 16B

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 the 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 the insurer's 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 the insurer's business goals.

1. Date the assessment was completed.
2. A description of the insurer's business and strategy.
3. The identification and assessment of all reasonably foreseeable material risks (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.
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 the submission should minimally include:

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PART XII
Schedule of Eligible Capital

(Paragraph 6)

The schedule of eligible capital shall provide particulars of the following matters on a consolidated basis:

- (a) Tier 1, Tier 2 and Tier 3 eligible capital (Table 17); 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 17

Total available statutory economic capital and surplus (Form 4EBS, line 40 plus applicable adjustments)	XXX
Less: Encumbered assets not securing policyholder obligations (Notes to Form 1EBS, STMT LINE 15)	XXX
Less: relative liability or contingent liability (Form 4EBS) 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 economic surplus- End of Year (Form 4EBS, line 40 less Form 8, STMT LINE 1(d))	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:	XXX

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

(i) Encumbered assets not securing policyholder obligations (Notes to Form 4EBS, STMT LINE 15)	XXX
Less: relative liability or contingent liability (Form 4EBS) for which the encumbered assets are held	

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(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	XXX
(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 17:

Table 17 inputs are subject to the Insurance (Eligible Capital) Rules 2012 (the “Eligible Capital Rules”) 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 17 in accordance with the provisions of Eligible Capital Rules.

Table 17A

Description of capital instrument	Date of issue	Maturity date (as applicable)	Date approved by the Authority	Value of the capital instrument	Eligible capital Tier
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INSTRUCTIONS AFFECTING TABLE 17A:

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 17A in accordance with the provisions of Eligible Capital Rules.

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PART XIV (Paragraph 6)

CLASS C STATUTORY ECONOMIC BALANCE SHEET

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

Form 4EBS

CLASS C STATUTORY ECONOMIC BALANCE SHEET

[blank] name of insurer

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

expressed in [blank] (currency used)

Line No		20XX	20XX-1
1.	CASH AND CASH EQUIVALENTS	XXX	XXX
2.	QUOTED INVESTMENTS:		
(b)	Total Bonds and Debentures	XXX	XXX
(c)	Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
(d)	Total equities	XXX	XXX
(e)	Other quoted investments	XXX	XXX
(f)	Total quoted investments	XXX	XXX
3.	UNQUOTED INVESTMENTS:		
(b)	Total Bonds and Debentures	XXX	XXX
(c)	Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual Funds	XXX	XXX
(d)	Total equities	XXX	XXX
(e)	Other unquoted investments	XXX	XXX
(f)	Total unquoted investments	XXX	XXX
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services	XXX	XXX
(b)	Unregulated non-financial operating entities	XXX	XXX
(c)	Unregulated financial operating entities	XXX	XXX
(d)	Regulated non-insurance financial operating entities	XXX	XXX
(e)	Regulated insurance financial operating entities	XXX	XXX
(f)	Total investments in affiliates	XXX	XXX

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(g)	Advances to affiliates	XXX	XXX
(h)	Total investments in and advances to affiliates	XXX	XXX
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens	XXX	XXX
(b)	Other than first liens	XXX	XXX
(c)	Total investment in mortgage loans on real estate	XXX	XXX
6.	POLICY LOANS	XXX	XXX
7.	REAL ESTATE:		
(a)	Occupied by the insurer (less encumbrances)	XXX	XXX
(b)	Other properties (less encumbrances)	XXX	XXX
(c)	Total real estate	XXX	XXX
8.	COLLATERAL LOANS	XXX	XXX
9.	INVESTMENT INCOME DUE AND ACCRUED	XXX	XXX
10.	ACCOUNTS AND PREMIUMS RECEIVABLE		
(a)	In course of collection	XXX	XXX
(c)	Receivables from retrocessional contracts	XXX	XXX
(d)	Total accounts and premiums receivable	XXX	XXX
11.	REINSURANCE BALANCES RECEIVABLE		
(a)	Foreign affiliates	XXX	XXX
(b)	Domestic affiliates	XXX	XXX
(c)	Pools & associations	XXX	XXX
(d)	All other insurers	XXX	XXX
(e)	Total reinsurance balance receivable	XXX	XXX
12.	FUNDS HELD BY CEDING REINSURERS		
(a)	Affiliated	XXX	XXX
(b)	Non-affiliated	XXX	XXX
(c)	Total funds held by ceding reinsurers	XXX	XXX
13.	SUNDRY ASSETS:		
(a)	Derivative instruments	XXX	XXX
(b)	Segregated accounts - LT business – variable annuities	XXX	XXX
(c)	Segregated accounts - LT business - other	XXX	XXX
(e)	Deposit assets	XXX	XXX
(f)	Balances receivable on sale of investments	XXX	XXX
(g)	Intangible assets	XXX	XXX
(h)	Deferred tax assets	XXX	XXX
(i)	Pension Benefit Surplus	XXX	XXX
(j)	Other sundry assets (please specify)	XXX	XXX
(k)	Total other assets	XXX	XXX
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER		

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	INSTRUMENTS		
(a)	Letters of credit	XXX	XXX
(b)	Guarantees	XXX	XXX
(c)	Other instruments	XXX	XXX
(d)	Total letters of credit, guarantees and other instruments	XXX	XXX
15.	TOTAL ASSETS	XXX	XXX
	LONG-TERM BUSINESS INSURANCE TECHNICAL PROVISIONS		
20.	BEST ESTIMATE RESERVES FOR REPORTED CLAIMS	XXX	XXX
21.	BEST ESTIMATE RESERVES FOR UNREPORTED CLAIMS	XXX	XXX
22.	BEST ESTIMATE POLICY RESERVES - LIFE	XXX	XXX
23.	BEST ESTIMATE POLICY RESERVES - ACCIDENT AND HEALTH	XXX	XXX
24.	BEST ESTIMATE POLICYHOLDERS' FUNDS ON DEPOSIT	XXX	XXX
25.	BEST ESTIMATE LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	XXX	XXX
26.	BEST ESTIMATE OTHER LONG-TERM BUSINESS INSURANCE RESERVES	XXX	XXX
27.	BEST ESTIMATE TOTAL LONG-TERM BUSINESS INSURANCE PROVISIONS		
(a)	Total gross long-term business insurance provisions	XXX	XXX
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other insurer	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Total net long-term business insurance provisions	XXX	XXX
27A.	RISK MARGIN - LONG-TERM INSURANCE BUSINESS	XXX	XXX
27B.	LONG-TERM TECHNICAL PROVISIONS CALCULATED AS A WHOLE	XXX	XXX
27C.	TOTAL LONG-TERM BUSINESS INSURANCE TECHNICAL PROVISIONS		
(a)	Total gross long-term business insurance provisions	XXX	XXX
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX

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	(iii) Pools & associations	XXX	XXX
	(iv) All other insurer	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Total net long-term business insurance provisions	XXX	XXX
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	XXX	XXX
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	XXX	XXX
30.	LOANS AND NOTES PAYABLE	XXX	XXX
31.	TAX LIABILITIES		
	(a) INCOME TAXES PAYABLE	XXX	XXX
	(b) DEFERRED INCOME TAXES	XXX	XXX
32.	AMOUNTS DUE TO AFFILIATES	XXX	XXX
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	XXX	XXX
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS		
(a)	Affiliated	XXX	XXX
(b)	Non-affiliated	XXX	XXX
(c)	Total funds held under reinsurance contracts	XXX	XXX
35.	DIVIDENDS PAYABLE	XXX	XXX
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments – held for hedging purposes	XXX	XXX
(b)	Derivative instruments – not held for hedging purposes	XXX	XXX
(c)	Segregated accounts - LT business – variable annuities	XXX	XXX
(d)	Segregated accounts - LT business - other	XXX	XXX
(f)	Deposit liabilities	XXX	XXX
(g)	Pension benefit obligations	XXX	XXX
(h)	Balances payable for purchase of investments	XXX	XXX
(i)	Other sundry liabilities (please specify)	XXX	XXX
(j)	Total sundry liabilities	XXX	XXX
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit	XXX	XXX
(b)	Guarantees	XXX	XXX
(c)	Other instruments	XXX	XXX
(d)	Total letters of credit, guarantees and other instruments	XXX	XXX
38.	TOTAL OTHER LIABILITIES	XXX	XXX
39.	TOTAL INSURANCE TECHNICAL PROVISIONS AND OTHER LIABILITIES	XXX	XXX

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	STATUTORY ECONOMIC CAPITAL AND SURPLUS		
40.	TOTAL STATUTORY ECONOMIC CAPITAL AND SURPLUS	XXX	XXX
41.	TOTAL	XXX	XXX

NOTES TO FORM 4EBS

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

Additional Disclosures		20XX
Line 10	Details of the amount of any collateral placed in favour of the insurer	XXX
Line 11(e)	Details of the amount of any collateral placed in favour of the insurer	XXX
Line 27(c)-(ii)	Details of the amount of any collateral placed in favour of the insurer	XXX
Line 27B(c)-(ii)	Details of the amount of any collateral placed in favour of the insurer	XXX
Line 13(j)	Details of the assets included as “other sundry assets” as part of Line 13(j).	XXX
Line 36(i)	Details of the liabilities included as “other sundry liabilities” as part of Line 36(i).	XXX
Line 15	The total amount of encumbered assets that are not securing policyholder obligations shall be disclosed, split between the following items, and stating the purpose of the encumbrance: Line 1: Cash and cash equivalents Line 2(f): Total quoted investments Line 3(f): Total unquoted investments Line 12: Funds held by ceding reinsurers Other assets	XXX
Line 13(e)	Details of business treated under deposit accounting techniques as an asset	XXX
Line 36(f)	Details of business treated under deposit accounting techniques as a liability	XXX
Line 37	Details of the basis used to derive the amounts disclosed on this line, including the undiscounted amounts of the liabilities.	XXX
Line 40	A reconciliation between Line 40 of Form 4EBS and Line 40 of Form 4 required under Schedule I of the Insurance Accounts Regulations 1980	XXX

Long-Term Business Provisions Additional Disclosures		
Line 27(c)-(i)	The adjustment included in the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual disputes)	XXX
Line 27(d) – (i)	The amount of premium included as ‘Bound but Not Incepted’ (as defined in paragraph 11 of the Instructions Affecting Form 4EBS) in the calculation of line 27 Long-term business provisions. The amount shall be separately split between the statutory lines of business set out Part IVA.	XXX
Line 27(d) – (ii)	The amount of best estimate provision included in line 27(d) in respect of the ‘Bound But Not Incepted’ business identified above. The amount shall be separately split between lines of business set out	XXX

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	in Part IVA.	
Line 27(d) – (iii)	The amount of best estimate provisions which have been calculated making use of the 16 year transitional arrangements (as defined in paragraph 19 of the Instructions Affecting Form 4EBS) The amount shall be split between the statutory lines of business set out in Part IVA.	XXX
Line 27(d) – (iv)	In respect of the amount identified in the above note (Line 27(d)-(iii)), the amount of best estimate provisions which would have resulted had the transitional arrangements not been applied. The amount shall be separately split between the lines of business set out in Part IVA.	XXX
Line 27(d) – (v)	Where the ‘Scenario-based approach’ (as defined in paragraph 16 of the Instructions Affecting Form 4EBS) has been used for some of its business, the insurer shall disclose the amount of best estimate technical provisions included in line 27(d) relating to that business. The amount shall be separately split between the lines of business set out in Part IVA.	XXX
Line 27(d) – (vi)	Where the ‘Scenario-based approach’ (as defined in paragraph 16 of the Instructions Affecting Form 4EBS), the insurer shall disclose the amount of best estimate technical provisions relating to that business had the ‘standard approach’ (as defined in paragraph 15 of the Instructions Affecting Form 4EBS) been used. The amount shall be separately split between the lines of business set out in Part IVA.	XXX
Line 27(d) – (vii)	Where the ‘Scenario-based approach’ (as defined in paragraph 16 of the Instructions Affecting Form 4EBS), the insurer shall disclose the amount of best estimate technical provisions relating to that business if only the ‘base scenario’ only were used. The amount shall be separately split between the lines of business set out in Part IV(A).	XXX
Line 27B(c)-(i)	The adjustment included in the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual disputes)	XXX
Line 27B(d)-(i)	The amount of premium included as ‘Bound but Not Incepted’ (as defined in paragraph 11 of the Instructions Affecting Form 4EBS)	XXX
Line 27B(d) – (ii)	The amount of technical provision included in line 27B(d) in respect of the ‘Bound But Not Incepted’ business identified above.	XXX

INSTRUCTIONS AFFECTING FORM 4EBS

Economic Balance Sheet valuation principles

1. The economic balance sheet (EBS) shall be produced on a consolidated basis in line with GAAP principles adopted by the insurer, as notified and agreed by the Authority ("GAAP Principles"). Except where specifically mentioned below, the consolidated assets and liabilities shall be assessed and fair-valued in line with the GAAP principles adopted by the insurer, as notified to and agreed by the Authority.
2. For cases where the GAAP principles permit both a fair value model and a non-economic valuation model for valuing an asset or liability, the insurer shall apply the fair value model.
3. For cases where the GAAP principles do not require an economic valuation the insurer shall fair value the asset or liability using the following hierarchy of high level principles of valuation of assets and liabilities:
 - (a) Quoted market prices in active markets for the same or similar assets or liabilities must be used whenever possible;
 - (b) Where the use of quoted market prices for the same assets or liabilities is not possible, quoted market prices in active markets for similar assets and liabilities with adjustments to reflect differences shall be used;
 - (c) If there are no quoted market prices in active markets available, mark-to-model techniques, which are alternative valuation techniques that have to be benchmarked, extrapolated or otherwise calculated as far as possible from a market input should be used; and
 - (d) Maximum use must be made of relevant observable inputs and market inputs and rely as little as possible on undertaking-specific inputs, minimising the use of unobservable inputs.
4. When valuing liabilities, no adjustments shall be made to take account of the own credit standing of the insurer.
5. Insurers shall follow the GAAP principles it has adopted in the treatment of insurance contracts that do not transfer significant insurance risk,
6. The exceptions to these principles are mainly related to line items affecting the valuation of insurance technical provisions.
7. All contractual liabilities or contingent liabilities arising from off-balance sheet arrangements are to be recognised on the EBS. Contractual liabilities should be valued consistently with GAAP principles. In cases where the GAAP principles do not require fair value, the insurer should value the contractual liabilities using the valuation hierarchy in paragraph 3. Contingent liabilities shall be valued based on the expected present value of future cash-flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate. Where the present value of contingent obligations cannot be determined, the liability should be valued at its undiscounted value.

Economic Balance Sheet valuation principles – technical provisions

8. Technical provisions shall be valued at an economic value using the best estimate of probability weighted cash flows, with an additional risk margin. Cash flows, for this purpose, shall take into account all future cash in and out flows required to settle the insurance obligations attributable to the remaining lifetime of the policy. In particular, they shall include:

- (a) All claims payments / benefit payments expected to be made to policyholders, third party claimants or other beneficiaries;
 - (b) All expenses that are expected to be incurred in servicing insurance and reinsurance obligations over their lifetime, including:
 - (i) Claims management expenses;
 - (ii) Acquisition costs;
 - (iii) Administrative expenses;
 - (iv) Investment management expenses;
 - (v) Overhead costs associated with the above;
 - (c) Any expected future premiums due after the valuation date;
 - (d) Any expected salvage and subrogation recoveries;
 - (e) Any taxation payments which are, or are expected to be, charged to policyholders or are required to settle the insurance obligations; and
 - (f) Any expected cash flows (both inwards and outwards) related to outwards reinsurance arrangements, making due allowance for any expected shortfall in amounts to be collected due to counterparty default (for whatever reason, including reinsurer insolvency or contractual dispute).
9. The remaining lifetime of the policy referred to in paragraph 8 above is defined to continue up to the point at which:
- (a) The insurer is no longer required to provide coverage;
 - (b) The insurer has the right or the practical ability to reassess the risk of the particular policyholder and, as a result, can set a price that fully reflects that risk; and
 - (c) The insurer has the right or the practical ability to reassess the risk of the portfolio that contains the policy and, as a result can set a price that fully reflects the risk of that portfolio.
10. Technical provisions shall be calculated gross of reinsurance, with a separate assessment of amounts expected to be recovered from reinsurers consistent with the gross assessment.
11. Where the insurer has committed to write a policy with an inception date after the valuation date, and the terms of that policy cannot be changed unilaterally by the insurer, then that policy shall be included in the best estimate ("Bound But Not Incepted" business or BBNI business).
12. Assumptions underlying the calculation of technical provisions shall be based on current expected experience, using expert judgment where necessary, and shall reflect expected policyholder behavior and future management actions.
13. The best estimate shall take into account all material guarantees and contractual options included in the policy, and in particular those whose value could be influenced by changes in prevailing economic conditions. This shall include non-balance sheet reserves such as those set out under Modified Coinsurance arrangements under paragraph "(k)" of THE INSTRUCTIONS AFFECTING PART V: The corresponding assets supporting these modified coinsurance arrangements shall be included in Lines 1 to 15 of Form 4EBS.
14. The valuation shall reflect the time value of money, using a risk free discount rate curve, which may be adjusted to reflect certain risk characteristics of the liability. The Authority will supply risk free discount curves for a number of the major currencies, and these shall be used where appropriate. However insurer may use alternative risk free curves (eg those approved for use in Solvency II) provided that they obtain prior approval from the Authority. Details of the approach used for determining the risk free discount rate curves will be directed by the Authority.

15. Insurers will be permitted to include an adjustment to the risk-free discount rate curve to partially reflect the illiquidity premium implicit in typical underlying assets, as well as making allowance for the prevention of pro-cyclical investment behaviour (the 'standard approach'). The Authority will supply discount curves including this adjustment for a number of major currencies, and provide further details of the approach adopted so that insurers can produce rates for other currencies if needed. Details of the approach used for determining the 'standard approach' discount rate curves will be directed by the Authority.
16. Insurers may also elect to adopt the 'scenario based approach' for some or all of their business. This approach is designed to capture both the sensitivity to interest rates and the degree to which assets and liabilities are cash flow matched. It consists of a base scenario using the actual portfolio of assets supporting the business (adjusted for expected default costs) and a range of interest rate stresses to determine the amount by which the market yield should be reduced to reflect interest rate risk and asset-liability mismatching. Details of the approach, including the conditions under which it may be adopted will be directed by the Authority.
17. Where future cash flows associated with Long-Term insurance obligations can be replicated reliably using financial instruments for which a reliable market value is observable, the value of technical provisions associated with those future cash flows may be determined on the basis of the market price of those financial instruments. This approach to calculating technical provisions 'as a whole' does not then require the calculation of an explicit separate risk margin.
18. The risk margin shall be calculated using the cost of capital method, and reflect the cost of holding an ECR level of capital in respect of insurance risk, credit risk, and operational risk. A 6% cost of capital rate shall be used. The assessment shall cover the full period needed to run-off the insurance liabilities (excluding those determined based on the approach set out in paragraph 17 and be discounted using the risk free discount curve. The risk margin shall be calculated at separately for general business and Long-Term business making allowance for the effects of the diversification of regulatory capital requirements within the insurer.
19. Subject to prior approval of the Authority, insurers may elect to make use of transitional arrangements to calculate some or all of their best estimate Long-Term business insurance provisions. This applies only for Long-term business in force at 31 December 2015 for which the standard based approach has been applied. Under the transitional arrangement, the insurer would calculate technical provisions using the EBS approach set out in paragraphs 8-15 above (and using the standard approach for the risk free discount rate), and also using approaches consistent with the current approach (defined as the valuation approach in force at 31 December 2015). The insurer would then interpolate linearly between the 2 values, such that the current approach applies for year end 31 December 2015 and the full EBS approach would apply 16 years later at year end 31 December 2032.
20. Subject to prior approval of the Authority, insurers may elect to produce some or all of their EBS using Solvency II principles, or such other economic valuation principles that the Authority has approved in advance for this purpose.

Line of statutory economic balance sheet	Instructions
1. Cash and cash equivalents	Cash and cash equivalents (maturities of less than 90 days) as at balance sheet shall be included here. This includes restricted cash
2. Quoted investments	There shall be disclosed severally -
	(b) Total bonds and debentures;

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	(c)	Equities –
	(i)	common stock: investments in quoted common shares
	(ii)	preferred shares: investments in quoted preferred shares; and
	(iii)	mutual funds: investments in quoted mutual funds, etc
	(d)	Total equities: The total of (c)(i), (ii) and (iii).
	(e)	Other quoted investments: Other quoted investments not included in 2(b) and 2(d) e.g. alternative funds.
	(f)	Total quoted investments: The total of 2(b), (d) and (e).
3. Unquoted investments	There shall be disclosed severally -	
	(b)	Total bonds and debentures;
	(c)	Equities –
	(i)	common stock: investments in unquoted common shares
	(ii)	preferred shares: investments in unquoted preferred shares; and
	(iii)	mutual funds: investments in unquoted mutual funds, etc
	(d)	Total equities: The total of (c)(i), (ii) and (iii).
	(e)	Other unquoted investments: Other unquoted investments not included in 3(b) and 3(d) e.g. alternative funds.
	(f)	Total unquoted investments: The total of 3(b), (d) and (e).
4. Investment in and advances to affiliates (equity)	<p>All investments where the insurer does not hold a majority equity interest but has the ability to exercise significant influence (generally at least a 20% interest or a general partner interest) over operating and financial matters shall be included here and should be accounted for under the equity method of accounting.</p> <p>Economic Balance Sheet valuation principles shall be applied to the affiliates before deriving values to be included here.</p> <p>There shall be disclosed severally:</p>	
	(a)	Unregulated entities that conduct ancillary services : All unregulated entities that conduct ancillary services accounted for under equity method shall be included here;
	(b)	Unregulated non-financial operating entities: All unregulated non-financial operating entities accounted for under equity method shall be included here;
	(c)	Unregulated financial operating entities: All unregulated financial operating entities accounted for under equity method shall be included here;
	(d)	Regulated non-insurance financial operating entities: All regulated non-insurance financial operating entities accounted for both under control and equity method shall be included here;
	(e)	Regulated insurance financial operating entities: All regulated insurance financial operating entities accounted for under equity method shall be included here.

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

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	(c)	This shall be the total of (a) and (b)
13. Sundry assets	Any asset not accounted for in lines 1 to 12 and 14 may be included here if it has a readily realisable value. There shall be disclosed severally –	
	(a)	Derivative instruments: Derivative instruments with a favourable position shall be included here
	(b)	Segregated accounts – LT business – variable annuities
	(c)	Segregated accounts – LT business - other
	(e)	Deposit assets.
	(f)	Balances receivable on the sale of investments
	(g)	Intangible assets These shall only be recognised if it is probable that the expected future economic benefits will flow to the insurer and the value of the assets can be reliably measured. The assets must be separable and there should be evidence of exchange transactions for the same or similar assets indicating they are saleable in the market place. If a fair value assessment of an intangible asset is not possible then such asset should be valued at nil. Goodwill shall be valued at nil.
	(h)	Deferred tax assets
	(i)	Prepayments
	(j)	Pension Benefit surplus
	(k)	Any other assets – please provide details in a supplementary note
	(l)	Total sundry assets: The total of (a) to (k) inclusive.
14. Letters of credit, guarantees and other instruments	These are contractual rights arising from off-balance sheet arrangements to receive financial assets through:	
	(a)	Letters of Credit
	(b)	Guarantees
	(c)	Other instruments
	(d)	Total letters of credit, guarantees and other instruments: The total of (a) to (c).
	Such assets may, with the approval of the Authority obtained on an application made for that purpose, be recorded and the capital increased by a corresponding amount. Letters of credit, guarantees or other instruments in favour of the group which relate to insurance or reinsurance contracts shall not be recorded.	
15. Total Assets	This shall be the total of lines 1 to 14 inclusive.	
Long-term Business Insurance Technical Provisions		
20. Best Estimate Reserves for reported claims	Best estimate reserves, calculated in line with Economic Balance Sheet valuation principles, to meet unpaid claims at the valuation date and made under long-term insurance policies in respect of incidents occurring and reported to the insurer before the valuation date, net of any expected recoverable amounts	
21. Best Estimate Reserves for unreported claims	Best estimate reserves, calculated in line with Economic Balance Sheet valuation principles, to meet unpaid claims at the valuation date and made under long-term insurance policies in respect of incidents occurring but not reported to the insurer before the valuation date, net of any expected recoverable amounts.	
22. Best Estimate Policy	Best estimate provisions, calculated in line with Economic	

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reserves - life	<p>Balance Sheet valuation principles, in respect of future guaranteed benefits as they become payable under the provisions of life insurance policies in force, including any 'bound but not incepted' business. These may also include amounts applicable to other life contract benefits (such as disability waiver of premium, disability income benefits and additional accidental death benefits).</p> <p>These amounts are net of any expected recoverable balances.</p>	
23. Best Estimate Policy reserves – accident and health	<p>Best estimate provisions, calculated in line with Economic Balance Sheet valuation principles, in respect of accident and health policies, including any 'bound but not incepted business.</p> <p>These amounts are net of any expected recoverable balances</p>	
24. Best Estimate Policyholders' funds on deposit	<p>These consist of premiums paid in advance of the due date, and shall be valued in line with Economic Balance Sheet valuation principles.</p>	
25. Best Estimate Liability for future policyholders' dividends	<p>Best estimate dividends payable, as declared by the directors, on participating life policies which qualify for such dividends, and valued in line with Economic Balance Sheet valuation principles.</p>	
26. Best Estimate Other long-term business insurance reserves	<p>Best estimate reserves not included in lines 20 to 25 and valued in line with Economic Balance Sheet valuation principles, including any 'bound but not incepted' business.</p>	
27. Total Best Estimate long-term business insurance provisions	<p>Best estimate long-term business insurance provisions calculated in line with Economic Balance Sheet valuation principles (and that are not included on Form 4EBS, Line 27B). It comprises the total of lines 20 to 26 inclusive, showing an analysis between the gross and net positions.</p> <p>There shall be disclosed severally -</p>	
	(a)	Total gross long-term business insurance provisions: Gross unpaid loss and loss expenses
	(b)	Less: reinsurance recoverable balances: The amount of recoverables shall be assessed on the Economic Balance Sheet valuation principles on a basis consistent with the gross assessment. Allowance shall be made for any reinstatement premiums that may be payable to reinsurers. Allowance shall be made for expected uncollectable amounts (for whatever reason). The amount shall be subdivided between:
	(i)	Foreign affiliates
	(ii)	Domestic affiliates
	(iii)	Pools and associations
	(iv)	All other reinsurers
	(c)	<p>Total reinsurance recoverable balance: The total of (b) (i) to (iv).</p> <p>The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default shall be disclosed in a supplementary note.</p> <p>The amount of any collateral placed in favour of the insurer shall be disclosed in a supplementary note.</p>
	(d)	<p>Net long term business provisions: The total of (a) and (c) – which is also the same as the sum of lines 20 to 26 inclusive.</p>
27A. Risk Margin – Long-term insurance business	<p>The risk margin shall be calculated using the cost of capital method, using a 6% cost of capital, as per the Economic Balance Sheet valuation principles. It shall not be split between the line items 20-26, and shall be calculated at an aggregate level for long-</p>	

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	term insurance business, making allowance for the effects of the diversification effects of regulatory capital requirements within the long-term business of the insurer.	
27B. Long-term technical provisions calculated as a whole	This line shall contain the total of all technical provisions calculated as a whole which have been determined based on the market price of financial instruments that reliably replicate the cash flows of the insurance obligations.	
	(a)	Total gross long-term business insurance provisions: Gross unpaid loss and loss expenses
	(b)	Less: reinsurance recoverable balances: The amount of recoverables shall be assessed on the Economic Balance Sheet valuation principles on a basis consistent with the gross assessment. Allowance shall be made for any reinstatement premiums that may be payable to reinsurers. Allowance shall be made for expected uncollectable amounts (for whatever reason). The amount shall be subdivided between:
	(i)	Foreign affiliates
	(ii)	Domestic affiliates
	(iii)	Pools and associations
	(iv)	All other reinsurers
	(c)	Total reinsurance recoverable balance: The total of (b) (i) to (iv). The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default shall be disclosed in a supplementary note. The amount of any collateral placed in favour of the insurer shall be disclosed in a supplementary note.
	(d)	Net long term business provisions: The total of (a) and (c).
27C. Total Long-term insurance business technical provisions	This shall be the total of lines 27(d), 27A and 27B(d).	
Other Liabilities		
28. Insurance and Reinsurance balances payable	These are amounts payable to reinsurers (eg, premiums received in advance, reinsurance premiums payable. etc.) Amounts payable in more than one year shall be discounted at the relevant risk free rate.	
29. Commissions, expenses, fees and taxes payable	All unearned commissions shall be included here. Amounts payable in more than one year shall be discounted at the relevant risk free rate.	
30. Loans and notes payable	Loans and notes payable shall be included here. This shall include subordinated debt. Amounts payable in more than one year shall be discounted at the relevant risk free rate.	
31. Tax liabilities		Amounts payable in more than one year shall be discounted at the relevant risk free rate. There shall be disclosed severally:
	(a)	Income taxes payable
	(b)	Deferred income taxes

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32. Amounts due to affiliates	All amounts due to affiliates shall be included here. Amounts payable in more than one year shall be discounted at the relevant risk free rate.	
33. Accounts payable and accrued liabilities	All accounts payable and accrued liabilities shall be included here Amounts payable in more than one year shall be discounted at the relevant risk free rate.	
34. Funds held under reinsurance contracts	Funds held under reinsurance contracts shall be included here, and shall be included at amounts consistent with the fair value of the underlying assets.	
	(a)	Affiliated reinsurers
	(b)	Non-affiliated reinsurers
	(c)	This shall be the total of (a) and (b)
35. Dividends payable	All dividends payable shall be included here	
36. Sundry liabilities	There shall be disclosed severally:	
	(a)	Those derivative instruments which are held for hedging purposes, with an unfavourable position shall be included here.
	(b)	Other derivative instruments (ie those which are not held for hedging purposes), with an unfavourable position shall be included here.
	(c)	Segregated accounts – LT business – variable annuities
	(d)	Segregated accounts – LT business - other
	(f)	Deposit liabilities
	(g)	Pension benefit obligations
	(h)	Balances payable for purchase of investments
	(i)	Any other liabilities – please provide details in a supplementary note
	(j)	This shall be the total of (a) to (i) inclusive
37. Letters of credit, guarantees and other instruments	<p>All contractual liabilities or contingent liabilities arising from off-balance sheet arrangements are reported in this line. A liability is recorded decreasing the statutory capital and surplus equal to the expected present value of such contingent obligations discounted to take into consideration the time value of money at an appropriate rate (to be disclosed).</p> <p>Material contingent liabilities shall be recognised and recorded on this line. The Contingent liabilities shall be valued based on the expected present value of future cash-flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate.</p> <p>Where the present value of contingent obligations cannot be determined, the amount of the liability must be recorded at its undiscounted value. Letters of credit, guarantees or other instruments not in favour of the insurer which relate to the insurer's insurance or reinsurance contracts shall not be recorded.</p> <p>Details of the basis used to derive the amounts disclosed on this line, including the undiscounted amounts of the liabilities shall be shown in a supplementary note.</p> <p>There shall be disclosed severally -</p>	
	(a)	Letters of credit
	(b)	Guarantees
	(c)	Other instruments
	(d)	This shall be the total of (a) to (c) inclusive

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38. Total other liabilities	This shall be the total of lines 28 to 37 inclusive
39. Total insurance technical provisions and other liabilities	This shall be the total of lines 27C and 38 inclusive
40. Total statutory economic capital and surplus	This is the capital and surplus total as at the valuation date. It is derived as Line 15 less Line 39. A reconciliation between this amount and Line 40 for Form 4 as required under Schedule I of the Insurance Accounts Regulations 1980 shall be shown in a supplementary note.
41. Total	This shall be the total of lines 39 and 40 It should equal line 15

PART XV (Paragraph 6)

APPROVED ACTUARY'S OPINION

- 1 The approved actuary's Opinion must state whether or not, in the opinion of the approved actuary, the aggregate amount of technical provisions shown at Line 27C in the Statutory Economic Balance Sheet as at the end of the relevant financial year:
 - (a) meets the requirements of the Insurance Act 1978 and related rules and regulations;
 - (b) makes reasonable provision for the total technical provisions of the insurer under the terms of its insurance contracts and agreements.
- 2 The approved actuary shall state their own best estimates (and/or ranges for the best estimates) and confirm that such estimates have been determined in accordance with the requirements set out in Schedule XIV. The approved actuary shall also state (but is not limited to) their best estimates for following matters (as applicable):
 - (a) Line 27(a)
 - (b) Line 27(d)
 - (c) Line 27B(a)
 - (d) Line 27B(d)
- 3 The approved actuary is required to state their estimates for the risk margin (Line 27A) and state whether or not, in their opinion, this amount has been calculated in accordance with the requirements of Part XIV.
- 4 In relation to Lines 27(a) and 27B(a), the approved actuary shall provide commentary on the assumptions made in relation to Bound But Not Incepted business, as described in paragraph 11 of the Economic Balance Sheet valuation principles set out in Part XIV
- 5 The approved actuary shall provide commentary for Lines 27(d) and 27B(d) on the assumptions made for expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual dispute) in relation to reinsurance recoveries.
- 6 In relation to Lines 27B (a) and 27B(d), the approved actuary shall provide commentary on the nature of the business valued 'as a whole' and whether or not their approach is in accordance with the requirements of Part XIV.
- 7 Where the approved actuary has not used risk discount curves provided by the Authority they shall state the rates used for calculation and provide commentary on how they were derived.
- 8 Where the Insurer has made use of the 16 year transitional arrangements for certain insurance business, the approved actuary shall provide estimates for that business for both the EBS approach and the approach consistent with the valuation approach in force before EBS requirements came into force as referred to in paragraph 19 of the Economic Balance Sheet valuation principles as set out in Part XIV.
- 9 The approved actuary shall provide commentary on any aspects of the technical provisions of the insurer which give rise to greater levels of uncertainty than would typically be associated with the insurer's business.
- 10 The approved actuary's Opinion shall further confirm:
 - (a) the approved actuary's name, employer and professional designations attained (which qualifies them to issue the opinion and formed the basis for their

application to the Authority for approval as Approved Actuary) ;

- (b) whether or not the approved actuary continues to be a qualified member in good standing of all official actuarial bodies included in their application to the Authority for approval;
 - (c) whether or not the approved actuary is in full compliance with the most recent Continuing Professional Development requirements of their official actuarial body;
 - (d) whether or not the approved actuary has any perceived conflicts of interest relative to providing the opinion.
 - (e) whether or not the work supporting the Opinion complies with applicable standards of actuarial practice.
- 11 Working papers supporting the approved actuary's Opinion are required to be made available to the Authority by the approved actuary upon request and should be sufficient in and of themselves to enable the completion of an independent review of the Opinion and supporting analysis by another unrelated but experienced actuary.
- 12 The opinion shall be signed and dated by the approved actuary and must include their current contact information, including but not limited to, telephone number and email address.

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PART XVI

(Paragraph 6)

Schedule Of Regulated Non-Insurance Financial Operating Entities

Entity name	Jurisdiction	Sector classification	Strategic purpose	Entity type	Products & services offered	Participation	Percentage of participating interest	Total assets	Investment amount (equity method)	Regulatory capital requirement for regulated entities (RCR) (100%)	Applicable share of the RCR
							x.x%	XXX	XXX	XXX	XXX
							x.x%	XXX	XXX	XXX	XXX
							x.x%	XXX	XXX	XXX	XXX
								XXX	XXX	XXX	XXX

INSTRUCTIONS AFFECTING PART XVI:

- (a) the insurer's regulatory capital requirement for regulated non-insurance financial operating entities, where the insurer exercises either control or significant influence, shall be calculated in accordance with Schedule XIII and shall form part of the insurer's BSCR – where “control” and “significant influence” has the same meaning given in sub-paragraph 19(4) of the Insurance (Group Supervision) Rules 2011”;
- (b) the name of the entity and its jurisdiction of incorporation are required to be provided;
- (c) the “Sector” and “Industries in Sector” classification of each of the insurer's “Regulated non-insurance financial operating entities” are as follows:

Sector	Industries in Sector
Energy	Oil, gas, consumable fuels and energy equipment
Materials	Chemicals; Construction materials, containers and packing; Metals and mining; and Paper and forest products
Industrial	Machinery and equipment; Construction, engineering and building products; Commercial and professional services; and Transportation (air, road and water)
Consumer Discretionary	Automobile and components; Consumer durables and textile apparel; Hotels and restaurants; Consumer services; and retailing Media
Consumer Staples	Food and staples retailing; Agricultural products; beverage and

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	tobacco; Household and personal products
Healthcare	Healthcare equipment and services; Pharmaceuticals, biotechnology and life sciences
Financial	Banks; Diversified financials; Insurance; Real Estate; Capital markets
Information Technology	Software and internet services; Technology hardware and equipment; IT services, computer components and semiconductor equipment
Telecommunications Services	Telecommunications services
Utilities	Electric, water and gas utilities
Other	Unspecified industry group

- (d) the description of the strategic purpose of each entity is required to be provided;
- (e) the entity type is required to be provided(i.e., holding company; operating entity or branch);
- (f) the description of the products and services offered to external parties of each entity is required to be provided;
- (g) the insurer's participation should be categorized as to whether control or significant influence is exerted over each entity is listed;
- (h) the percent of participating interest of the insurer on each entity is required to be provided;
- (i) the total assets of each entity is required to be provided;
- (j) the investment amount shall be the equity value of the insurer's investment in such entities where the insurance group has significant influence and has accounted under the equity method of accounting as aggregated in Form 4EBS, Line 4(d); and the net asset value of the insurer's investment in such entities where the insurer exercises control or significant influence shall be provided;
- (k) the regulatory capital requirement (RCR) shall be provided based on the jurisdiction's solvency laws for the regulated sector in which the entity is licensed to conduct non-insurance financial business;
- (l) the insurer's proportionate share of each entity's RCR.

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PART XVII (paragraph 6)

SCHEDULE OF SOLVENCY

[blank] name of Insurer

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

All amounts are expressed in _(currency used)

Affiliate Name	Jurisdiction	Entity Type	Percent of Participation Interest	Gross Premiums Written	Net Premiums Written	Total Assets	Net Assets	Regulatory Capital Requirement

INSTRUCTIONS AFFECTING PART XVII:

The insurer shall provide the following information to calculate the minimum margin of solvency the:

- (a) name of the entity over whom the insurer exercises control or significant influence;
- (b) name of the jurisdiction in which the entity is registered;
- (c) entity type (i.e., holding company; operating entity or branch);
- (d) percentage of participation interest by the insurer in each entity;
- (e) gross and net premium written for each the entity;
- (f) total assets of the subsidiaries of the insurer using the valuation basis required in the jurisdictions where the subsidiary is licensed;
- (g) “net asset valuation” of the subsidiaries of the insurer using the valuation basis required in the jurisdictions where the subsidiary is licensed;
- (h) regulatory capital requirement for each registered entity as determined by the jurisdiction where the entity is licensed or registered.

SCHEDULE XXII
SCHEDULE OF ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING
("AML/ATF")

Every insurer that writes long-term business shall be required to complete the questions set out in the Schedule of Anti-Money Laundering/Anti-Terrorist Financing ("Schedule") in relation to its long term business but excluding any reinsurance business and provide particulars of its gross written premiums on a consolidated basis for the relevant year. The Schedule is comprised of the following:

- (a) Table I – Insurers are required to complete in order to provide the Authority with the data required to determine the extent of an insurer's exposure or potential exposure to Money Laundering ("ML") and Terrorist Financing ("TF") risks.
- (b) Table II - Insurers are required to complete in order to provide the Authority with an understanding of the insurer's AML/ATF corporate governance framework, including but not limited to; employee training, knowledge, integrity, and compliance with established AML/ATF policies and procedures.

Table I

AML/ATF

INSURER INFORMATION

- 1. Confirm if the insurer is registered as a segregated accounts company ("SAC") in accordance with the requirements of the Segregated Accounts Act 2000 or has created separate accounts in accordance with the provisions relating to the business of the insurer under any Private Act. If the answer is "yes", provide the number of:
 - (a) active accounts; and
 - (b) non-active accounts .
- 2. Provide the Gross Premium Written (GPW) for the relevant year. In addition:
 - (a) provide the percentage of GPW corresponding to any unrelated business written by the insurer.
 - (b) if applicable, confirm the percentage of incidental general business written by the insurer.
 - (c) provide GPW by line of business:

Lines of Business	Insurance		Reinsurance	
	GPW	Number of	GPW	Number of
	US\$	Policies	US\$	Policies
(a) Mortality				
(i) Term assurance	XXX	XXX	XXX	XXX
(ii) Whole Life	XXX	XXX	XXX	XXX
(iii) Universal Life	XXX	XXX	XXX	XXX
(b) Critical illness (including accelerated	XXX	XXX	XXX	XXX

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

3. Confirm if the insurer has in force designated investment contracts approved by the Authority in accordance with the provisions of section 57A of the Act ;or in accordance with the provisions of any Private Act relating to the business of the insurer. If yes, provide the:

- (a) number of designated investment contracts approved;
- (b) net account value of the designated investments contracts at year-end.

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

Lines of Business	Insurance		Reinsurance	
	Paid US\$	Number of Policies	Paid US\$	Number of Policies
(a) Mortality				
(i) Term Assurance	XXX	XXX	XXX	XXX
(ii) Whole Life	XXX	XXX	XXX	XXX
(iii) Universal Life	XXX	XXX	XXX	XXX
(b) Critical Illness (including accelerated critical illness products)	XXX	XXX	XXX	XXX
(c) Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	XXX	XXX	XXX	XXX
(d) Longevity (deferred pay- out annuities, future contingent annuities, future pension pay-outs)	XXX	XXX	XXX	XXX
(e) Annuities certain only	XXX	XXX	XXX	XXX
(f) Deferred accumulation annuities	XXX	XXX	XXX	XXX
(g) Disability Income: active lives - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(h) Disability income: active lives - other accident and sickness	XXX	XXX	XXX	XXX
(i) Disability income: claims in payment - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(j) Disability income: claims in payment - other accident and sickness	XXX	XXX	XXX	XXX
(k) Group Life	XXX	XXX	XXX	XXX
(l) Group Disability	XXX	XXX	XXX	XXX
(m) Group Health	XXX	XXX	XXX	XXX
(n) Stop Loss	XXX	XXX	XXX	XXX
(o) Rider (other product riders not included above)	XXX	XXX	XXX	XXX
(p) Variable Annuities	XXX	XXX	XXX	XXX
(q) Other Lines of Business				
(i) General Business	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(ii) any other lines of business	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>

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Total **XXX** **XXX** **XXX** **XXX**

5. Confirm if the corporate governance framework or procedure manuals of the insurer relating to ML/AF risks are up to date and aligned with current AML/ATF requirements.
6. Confirm the frequency with which the AML/ATF policies, procedures or manual are reviewed by the insurer.
7. Confirm if the insurer provides employees with training in relating to money laundering (“ML”) and terrorism financing (“TF”). If yes, confirm if:
 - (a) ML/TF training is included in the induction program of new employees.
 - (b) the ML/TF training provided is specific to the business of insurance conducted by the insurer or is of general application.
 - (c) the frequency that employees must undertake ML/TF training.
8. Provide the experience and professional designations of the following employees:

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

9. Confirm if the insurer’s Senior Compliance Officer is located in Bermuda.
10. Confirm if the insurer’s ML/TF Reporting Officer is located in Bermuda.
11. Confirm if the insurer’s Senior Compliance Officer is a member of the senior management of the insurer.
12. Confirm the actions taken by an insurer prior to hiring employees:

<u>Verification of:</u>	Yes/No
Name	XXX
Residential address	XXX
Whether the individual should be considered as or is, a PEP	XXX
Whether individual is subject to international sanctions lists	XXX
Whether there is negative press concerning the proposed employee	XXX
Employment history	XXX
Professional references	XXX
Whether details have been requested regarding regulatory action taken against the individual	XXX

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Details of any criminal conviction for fraud or other dishonesty	XXX
The individual's financial solvency	XXX

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

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

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

	Filed Internally	With FIA
201X	XXX	XXX
201X-1	XXX	XXX
201X-2	XXX	XXX
201X-3	XXX	XXX
201X-4	XXX	XXX
Total	<u>XXX</u>	<u>XXX</u>

POLICYHOLDER AND BENEFICIARY INFORMATION

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

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

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

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

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

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

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Zone 19	XXX
Zone 20	XXX

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

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

	Number of Policyholders	% of GPW
Low Risk	XXX	XXX
Medium Risk	XXX	XXX
High Risk	XXX	XXX
Unknown	<u>XXX</u>	<u>XXX</u>
Total	XXX	XXX

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

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

Low	Medium	High
XXX	XXX	XXX

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

Low	Medium	High
XXX	XXX	XXX

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

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

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

	% of policyholders
Face to face with policyholders	XXX%

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Via intermediary	XXX%
By phone, email, fax, or post	XXX%
Other (provide examples)	XXX%

Total **XXX%**

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

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

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

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

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

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

Table A – Underwriting Geographical Zones

Underwriting Zone	Location
Zone 1 - Central & Western Asia	Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Saudi Arab Republic, Tajikistan, Turkey, Turkmenistan, United Arab Emirates and Uzbekistan
Zone 2 - Eastern Asia	China, Hong Kong, Japan, Macao, Mongolia, North Korea, South Korea, and Taiwan
Zone 3 - South and South-Eastern Asia	Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, India, Indonesia, Iran, Lao PDR, Malaysia, Maldives, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Timor-Leste, and Vietnam
Zone 4 - Oceania	American Samoa, Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Norfolk Island, N. Mariana Islands, Palau, Papua New Guinea, Pitcairn, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis & Futuna Island
Zone 5 - Northern Africa	Algeria, Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Cote d' Ivoire, Egypt, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, Saint Helena, Senegal, Sierra Leone, Sudan, Togo, Tunisia, and Western Sahara
Zone 6 - Southern Africa	Angola, Botswana, Burundi, Democratic Republic of Congo, Comoros, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mayotte, Mozambique, Namibia, Republic of Congo, Reunion, Rwanda, Sao Tome & Principe, Seychelles, Somalia, South Africa, Swaziland, Uganda, United Republic of Tanzania, Zambia, and Zimbabwe
Zone 7 - Eastern Europe	Belarus, Bulgaria, Czech Republic, Hungary, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine
Zone 8 - Northern Europe	Aland Islands, Channel Islands, Denmark, Estonia, Faeroe Islands, Finland Guernsey, Iceland, Republic of Ireland, Isle of Man, Jersey, Latvia, Lithuania, Norway, Svalbard, Jan Mayen, Sweden, United Kingdom
Zone 9 - Southern Europe	Albania, Andorra, Bosnia, Croatia, Cyprus, Gibraltar, Greece, Italy fYR of Macedonia, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain, and Vatican City
Zone 10 - Western Europe	Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, and Switzerland
Zone 11 - Northern America (Excluding USA)	Canada, Greenland, and St Pierre & Miquelon

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Zone 12 - Caribbean	Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican, El Salvador, Grenada, Guadeloupe, Haiti, Montserrat, Netherlands Antilles, Puerto Rico, St. Barthelemy, St Kitts & Nevis, St Lucia, St Martin, St Vincent, Trinidad & Tobago, Turks & Caicos Islands, and US Virgin Islands
Zone 13 - Eastern South America	Brazil, Falkland Islands, French Guiana, Guyana, Paraguay, Suriname, and Uruguay
Zone 14 - Northern, Southern and Western South America	Argentina, Bolivia, Chile, Colombia, Ecuador, Peru, and Venezuela
Zone 15 - North-East United States	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
Zone 16 - South-East United States	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia, and West Virginia
Zone 17 - Mid-West United States	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin
Zone 18 - Western United States	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming
Zone 19 - Central America	Belize, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama
Zone 20 - Bermuda	Bermuda

Table II
AML/ATF

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

Corporate Governance	
1	Whether the powers, roles, responsibilities and accountabilities between the board of directors of the insurer ("Board") and senior management are clearly defined, segregated and understood.
2	Whether the Board and senior management understand how the insurer operates through structures which may impede transparency.
3	That the insurer reviews and monitors the structure, size and composition of the Board and recommends improvements to ensure its compliance with the applicable laws, regulations, listing rules and insurer's policies.
4	That the Audit and Risk Management Committee of the Board or any related Board committee, assists the Board in fulfilling its oversight function through the review and evaluation of the financial reporting process and adequacy and effectiveness of the system of internal controls; including financial reporting and information technology security controls.
5	Confirmation that the Board receives sufficient AML/ATF information to assess and understand the senior executive's process for evaluating the insurer's system of internal controls.
6	Whether the Board ensures that the insurer complies with all relevant laws and regulations and endeavors to adopt accepted best business practices.
7	That the Board and senior management declare any personal dealings to HR and the Compliance department when applicable or required.
8	That the Board provides oversight to the insurer with regard to enterprise

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	risk management and identifies key risk areas and key performance indicators and monitor these factors with due diligence.
9	Whether Board members ensure there is appropriate oversight by the senior management that is consistent with the insurer's policies and procedures.
10	Whether the Board sets and enforces clear lines of responsibility and accountability throughout the organization.
11	That at least annually the Board monitors the senior management's compliance with policies set by the Board and its performance based on approved targets and objectives.
12	That the Board receives advice on all major financing transactions, principal agreements and capitalization requiring Board approval and makes appropriate recommendations for their consideration
13	Whether the compliance and audit function are independent of all operational and business functions as far as practicable and have direct lines of communication to the senior management.
14	That the insurer has instituted policies or procedures to provide for the Senior Compliance Officer to have regular contact with and direct access to, the senior management; to ensure that the senior management is able to satisfy itself that the insurer's statutory obligations are being met and the measures taken to prevent risks of ML/TF are sufficiently robust
Employee Integrity	
15	Whether the insurer has established and, maintains and operates appropriate procedures in order to be satisfied of the integrity of new employees.
16	That appropriate mechanisms have been established to ensure the protection of the insurer's employee to report suspicious transactions and other actions to comply with AML/ATF/AFT obligations.
17	That adequate procedures or management information systems are in place to provide relevant employees with timely information which may include information regarding connected accounts or relationships.
18	Whether adequate procedures or document information systems are in place to ensure relevant legal obligations are understood and practiced by employees and adequate guidance and training is provided by the insurer to employees.
19	Whether the incidences of financial crime committed by employees (e.g. theft, fraud) is low.
Employee Knowledge	
20	That all employees are aware of the identity of the Reporting Officer and how to report suspicious activity.
21	Confirm whether training programs are designed to cover the AML/ATF/risks of the insurer.
22	Whether the insurer has an appropriate number of suitably trained employees and other resources necessary to implement and operate its AML/ATF program.
23	Whether employees fully comply with all AML/ATF procedures in respect of customer identification, account monitoring, record keeping and reporting.
24	That employees are expected to remain vigilant to the possibility of ML.
25	Whether employees who violate any of the AML/ATF regulations and or policies and procedures outlined in the insurer's handbook will be subject to disciplinary action.
26	That all employees are required to (at least annually) undertake training to ensure that their knowledge of AML/ATF laws, policies and procedure is current

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27	Whether employees are updated on money laundering schemes and typologies on a regular basis.
28	That employees are required to declare personal dealings relevant in the jurisdictions that the insurer operates in on a regular basis (at least annually).
Employee Compliance	
29	Whether the insurer ensures that the Senior Compliance Officer is the focal point for the oversight of all activities relating to the prevention and detection of ML/TF.
30	That the Senior Compliance Officer is fully conversant and trained in up to date regulatory requirements and ML/TF risks arising from the insurer's business.
31	That the Board monitors compliance with corporate governance regulations and guidelines.
32	Whether the Board supports the senior management's scope of AML/ATF internal control assessment and receives regular (at least annually) reports from the senior management..
Insurer Data	
33	the date the insurer last performed an entity-wide AML/ATF risk assessment.
34	the date the insurer last had an independent review of its AML/ATF program.
35	the date of the last Compliance/ Reporting Officer report on the operation and effectiveness of the insurer's AML/ATF policies, procedures and controls.
36	if the insurer documents the ML/TF risk assessment associated with a product/service prior to launch.
37	if the insurer is listed on a stock exchange.
	If yes, please provide details of the stock exchange(s).

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

INSTRUCTIONS TO the Schedule:

For the purposes of this Schedule, "relevant year" means in relation to an insurer its financial year.
"POCA Regulations" means the Proceeds of Crime (Anti-money laundering and Anti-Terrorist Financing) Regulations 2008

For the purposes of Table I:

- a) In Paragraph 1 "active SAC" means a segregated account cell that is undertaking transactions of business and "non active SAC" means a segregated account cell that is not undertaking any transactions of business.
- b) In paragraph 2 "unrelated business" means insurance business consisting of insuring risks of persons who are not shareholders or affiliates of the insurer.
- c) in paragraph 2 "incidental general business" has the limitations imposed on the meaning of "general business" and "long-term business" as set out under section 1(4)(aa) of the Act;
- d) "reporting officer" for the purposes of paragraph 7 has the meaning given under paragraph 2 of POCA Regulations;
- e) in paragraph 11, "negative press" means any public information about the proposed employee that raises concerns about, amongst other things, the probity, fitness for the position or source of wealth of such person;

- f) for the purposes of completing 11, “criminal conviction” means all non-expunged criminal offences;
- g) for the purposes of completing the questions under paragraphs 10 and 19; “senior management” shall be interpreted in accordance with the provisions of POCA Regulations
- h) in paragraph 15, “policyholder” means the individual or entity covered by an insurance policy issued by the insurer;
- i) for the purposes of paragraph 16, a “beneficiary” means a beneficiary as defined under paragraph 6(7) of POCA Regulations;
- j) in paragraph 19, “risk assessment” means the assessment of AML/ATF risks determined by the insurer of a policy holder of the insurer in accordance with POCA Regulations and the relevant Guidance Notes issued by the Authority.

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

INSTRUCTIONS TO TABLE II:

For the purposes of Table II:

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

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PART XIX - Schedule of Particulars of Ceded Reinsurance

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

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

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

INSTRUCTIONS AFFECTING PART XIX:

- (a) Particulars of reinsurance balances shall disclose at least the ten largest reinsurance exposures with the remaining reinsurance exposures grouped according to BSCR ratings and/or a single consolidated reinsurance exposure, including basis —
- (i) the name of reinsurer;
 - (ii) the BSCR rating;
 - (iii) the amount of reinsurance balances receivable, funds held by ceding reinsurers, and reinsurance recoverable balance (as reflected in Form 4EBS, Lines 11(e), 12(c) and 27(c));

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- (iv) funds held by ceding reinsurers (as reflected in Form 4EBS, Line 12(c), in paragraph (iii) above), shall be included only to the extent that they are not already included under Schedule IIA;
- (v) the amount of reinsurance balances payable and other payables (as reflected in Form 4EBS, Lines 28, 29, 33, and 34(c)) to the extent that they are attributable to that particular reinsurer or reinsurance exposure balance;
- (vi) the amount of any collateral placed in favour of the insurer relating to the reinsurance balances (as reflected in Notes to Form 4EBS, Lines 11(e) and 27(c));
- (vii) the amount of qualifying collateral shall be the collateral amount in (vi) less a 2% reduction to account for the market risk associated with the underlying collateral assets but, at all times, the qualifying collateral shall not exceed the net exposure, which is the difference between amounts in (iii) and (v);
- (viii) the net qualifying exposure shall be the amount under (iii) less the amounts under both (v) and (vii) above; and
- (ix) for the purposes of this Schedule, the appropriate BSCR rating shall be determined as follows—
 - (A) based on either the rating of the reinsurer or the rating of the letters of credit issuer, if any, whichever is higher;
 - (B) where the letters of credit does not relate to the entire reinsurance exposure, the reinsurance exposure should be separated to reflect the rating of that portion of the exposure which is covered by the letters of credit and the rating of that portion of the exposure which is not;
 - (C) where the reinsurer is a domestic affiliate, it shall be assigned a BSCR rating of 0 regardless of
 - (D) where a reinsurer is not rated but is regulated in a jurisdiction that applies the International Association of Insurance Supervisors' Insurance Core Principles ("IAIS' ICPs") and in particular imposes both a minimum capital requirement ("MCR") and a prescribed capital requirement ("PCR") and fully meets its PCR in that jurisdiction, it shall be assigned a BSCR rating of 4 or otherwise, it shall be assigned a BSCR rating of 8; and
 - (E) where the insurer has disclosed a single consolidated reinsurance exposure, that exposure shall be assigned a BSCR rating of 8;

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

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Part XX - Schedule of Cash and Cash Equivalent Counterparty Analysis

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

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

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

INSTRUCTIONS AFFECTING PART XX:

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

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

Part XXI - Schedule of Currency Risk

[blank] name of Company

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

All amounts expressed in (currency used)

Currency	<i>GrossCurrast_i</i> (A)	<i>Currast_i</i> (B)	<i>GrossCurliab_i</i> (C)	<i>Curliab_i</i> (D)
Financial Year	Liabilities	ECR Charge		
	<u>Form 4EBS, Line 39</u>	<u>Summary Schedule</u>		
XXX-1				
XXX-2				
XXX-3				

INSTRUCTIONS AFFECTING PART XXI:

- (i) Insurers are to report currencies representing at least 95% of their economic balance sheet liabilities
- (ii) *GrossCurrast_i* and *GrossCurliab_i* shall be valued in line with the Economic Balance Sheet principles set out in Part XIV;
- (iii) where an insurer uses currency hedging arrangements to manage its currency risk, then *Currast_i* and *Curliab_i* may be adjusted to reflect the impact of those arrangements on *GrossCurrast_i* and *GrossCurliab_i* of a 25% adverse movement in foreign exchange rates, otherwise the amounts *GrossCurrast_i* and *GrossCurliab_i* shall apply;
- (iv) a 'currency hedging arrangement' means derivative or other risk mitigation arrangements designed to reduce losses due to foreign currency exchange movements, and which meet the Authority's requirements to be classed as such"; and
- (v) amounts shall be reported on both an EBS Valuation and unconsolidated basis.

Part XXII - Schedule of Concentration Risk

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

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

INSTRUCTIONS AFFECTING PART XXII:

- (i) Disclosure of an insurer's 10 largest exposures to single counterparty risk by reporting the name, the exposure and allocation by asset type, bond / mortgage type (if applicable), BSCR Rating (if applicable) and asset value consistent with Form 4EBS.
- (ii) a counterparty shall include all related/connected counterparties defined as:
 - (A) Control relationship: if the counterparty, directly or indirectly, has control over the other(s); or
 - (B) Economic interdependence: if one of the counterparties were to experience financial problems, in particular funding or repayment difficulties, the other(s) as a result, would also be likely to encounter funding or repayment difficulties.
- (iii) Asset Type (Column A) shall be one of the following lines taken from Form 4EBS;
 - (A) Cash and cash equivalents (Line 1)
 - (B) Quoted Investments (Line 2)
 - (C) Unquoted investments (Line 3)
 - (D) Investments in and Advances to Affiliates (Line 4)
 - (E) Investments in Mortgage Loans on Real estate (Line 5)
 - (F) Policy Loans (Line 6)
 - (G) Real Estate (Line 7)
 - (H) Collateral Loans (Line 8)
 - (I) Funds held by ceding reinsurers (Line 12)
- (iv) Asset sub-type (Column B) shall provide further details of the type of asset as included in Table 1, Table 2 or Table 8 as appropriate;
- (v) BSCR Rating (Column C) shall be the BSCR rating that was allocated to the asset when it was included in Table 1, Table 2 or Table 8 as appropriate;
- (vi) Asset Value (Column D) shall be the value of the asset as required by the Economic Balance Sheet valuation principles as set out in Part XIV; and
- (vii) Amounts shall be reported on both an EBS Valuation and unconsolidated basis.

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SCHEDULE XIV (Paragraph 6)

CLASS D AND CLASS E STATUTORY ECONOMIC BALANCE SHEET

Schedule XIV Class D and Class E Statutory Economic Balance Sheet (EBS), shall provide particulars of the following matters—

Form 4EBS

CLASS D AND CLASS E STATUTORY ECONOMIC BALANCE SHEET

[blank] name of insurer

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

expressed in [blank] (currency used)

Line No		20XX	20XX-1
1.	CASH AND CASH EQUIVALENTS	XXX	XXX
2.	QUOTED INVESTMENTS:		
(b)	Total Bonds and Debentures	XXX	XXX
(c)	Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
(d)	Total equities	XXX	XXX
(e)	Other quoted investments	XXX	XXX
(f)	Total quoted investments	XXX	XXX
3.	UNQUOTED INVESTMENTS:		
(b)	Total Bonds and Debentures	XXX	XXX
(c)	Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual Funds	XXX	XXX
(d)	Total equities	XXX	XXX
(e)	Other unquoted investments	XXX	XXX
(f)	Total unquoted investments	XXX	XXX
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services	XXX	XXX
(b)	Unregulated non-financial operating entities	XXX	XXX
(c)	Unregulated financial operating entities	XXX	XXX
(d)	Regulated non-insurance financial operating entities	XXX	XXX
(e)	Regulated insurance financial operating entities	XXX	XXX
(f)	Total investments in affiliates	XXX	XXX

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(g)	Advances to affiliates	XXX	XXX
(h)	Total investments in and advances to affiliates	XXX	XXX
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens	XXX	XXX
(b)	Other than first liens	XXX	XXX
(c)	Total investment in mortgage loans on real estate	XXX	XXX
6.	POLICY LOANS	XXX	XXX
7.	REAL ESTATE:		
(a)	Occupied by the insurer (less encumbrances)	XXX	XXX
(b)	Other properties (less encumbrances)	XXX	XXX
(c)	Total real estate	XXX	XXX
8.	COLLATERAL LOANS	XXX	XXX
9.	INVESTMENT INCOME DUE AND ACCRUED	XXX	XXX
10.	ACCOUNTS AND PREMIUMS RECEIVABLE		
(a)	In course of collection	XXX	XXX
(c)	Receivables from retrocessional contracts	XXX	XXX
(d)	Total accounts and premiums receivable	XXX	XXX
11.	REINSURANCE BALANCES RECEIVABLE		
(a)	Foreign affiliates	XXX	XXX
(b)	Domestic affiliates	XXX	XXX
(c)	Pools & associations	XXX	XXX
(d)	All other insurers	XXX	XXX
(e)	Total reinsurance balance receivable	XXX	XXX
12.	FUNDS HELD BY CEDING REINSURERS		
(a)	Affiliated	XXX	XXX
(b)	Non-affiliated	XXX	XXX
(c)	Total funds held by ceding reinsurers	XXX	XXX
13.	SUNDRY ASSETS:		
(a)	Derivative instruments	XXX	XXX
(b)	Segregated accounts - LT business – variable annuities	XXX	XXX
(c)	Segregated accounts - LT business - other	XXX	XXX
(e)	Deposit assets	XXX	XXX
(f)	Balances receivable on sale of investments	XXX	XXX
(g)	Intangible assets	XXX	XXX
(h)	Deferred tax assets	XXX	XXX
(i)	Pension Benefit Surplus	XXX	XXX
(j)	Other sundry assets (please specify)	XXX	XXX
(k)	Total other assets	XXX	XXX
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER		

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	INSTRUMENTS		
(a)	Letters of credit	XXX	XXX
(b)	Guarantees	XXX	XXX
(c)	Other instruments	XXX	XXX
(d)	Total letters of credit, guarantees and other instruments	XXX	XXX
15.	TOTAL ASSETS	XXX	XXX
	LONG-TERM BUSINESS INSURANCE TECHNICAL PROVISIONS		
20.	BEST ESTIMATE RESERVES FOR REPORTED CLAIMS	XXX	XXX
21.	BEST ESTIMATE RESERVES FOR UNREPORTED CLAIMS	XXX	XXX
22.	BEST ESTIMATE POLICY RESERVES - LIFE	XXX	XXX
23.	BEST ESTIMATE POLICY RESERVES - ACCIDENT AND HEALTH	XXX	XXX
24.	BEST ESTIMATE POLICYHOLDERS' FUNDS ON DEPOSIT	XXX	XXX
25.	BEST ESTIMATE LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	XXX	XXX
26.	BEST ESTIMATE OTHER LONG-TERM BUSINESS INSURANCE RESERVES	XXX	XXX
27.	BEST ESTIMATE TOTAL LONG-TERM BUSINESS INSURANCE PROVISIONS		
(a)	Total gross long-term business insurance provisions	XXX	XXX
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other insurer	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Total net long-term business insurance provisions	XXX	XXX
27A.	RISK MARGIN - LONG-TERM INSURANCE BUSINESS	XXX	XXX
27B.	LONG-TERM TECHNICAL PROVISIONS CALCULATED AS A WHOLE	XXX	XXX
27C.	TOTAL LONG-TERM BUSINESS INSURANCE TECHNICAL PROVISIONS		
(a)	Total gross long-term business insurance provisions	XXX	XXX
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX

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	(iii) Pools & associations	XXX	XXX
	(iv) All other insurer	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Total net long-term business insurance provisions	XXX	XXX
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	XXX	XXX
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	XXX	XXX
30.	LOANS AND NOTES PAYABLE	XXX	XXX
31.	TAX LIABILITIES		
	(a) INCOME TAXES PAYABLE	XXX	XXX
	(b) DEFERRED INCOME TAXES	XXX	XXX
32.	AMOUNTS DUE TO AFFILIATES	XXX	XXX
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	XXX	XXX
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS		
(a)	Affiliated	XXX	XXX
(b)	Non-affiliated	XXX	XXX
(c)	Total funds held under reinsurance contracts	XXX	XXX
35.	DIVIDENDS PAYABLE	XXX	XXX
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments – held for hedging purposes	XXX	XXX
(b)	Derivative instruments – not held for hedging purposes	XXX	XXX
(c)	Segregated accounts - LT business – variable annuities	XXX	XXX
(d)	Segregated accounts - LT business - other	XXX	XXX
(f)	Deposit liabilities	XXX	XXX
(g)	Pension benefit obligations	XXX	XXX
(h)	Balances payable for purchase of investments	XXX	XXX
(i)	Other sundry liabilities (please specify)	XXX	XXX
(j)	Total sundry liabilities	XXX	XXX
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit	XXX	XXX
(b)	Guarantees	XXX	XXX
(c)	Other instruments	XXX	XXX
(d)	Total letters of credit, guarantees and other instruments	XXX	XXX
38.	TOTAL OTHER LIABILITIES	XXX	XXX
39.	TOTAL INSURANCE TECHNICAL PROVISIONS AND OTHER LIABILITIES	XXX	XXX

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	STATUTORY ECONOMIC CAPITAL AND SURPLUS		
40.	TOTAL STATUTORY ECONOMIC CAPITAL AND SURPLUS	XXX	XXX
41.	TOTAL	XXX	XXX

NOTES TO FORM 4EBS

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

Additional Disclosures		20XX
Line 10	Details of the amount of any collateral placed in favour of the insurer	XXX
Line 11(e)	Details of the amount of any collateral placed in favour of the insurer	XXX
Line 27(c)-(ii)	Details of the amount of any collateral placed in favour of the insurer	XXX
Line 27B(c)-(ii)	Details of the amount of any collateral placed in favour of the insurer	XXX
Line 13(j)	Details of the assets included as “other sundry assets” as part of Line 13(j).	XXX
Line 36(i)	Details of the liabilities included as “other sundry liabilities” as part of Line 36(i).	XXX
Line 15	The total amount of encumbered assets that are not securing policyholder obligations shall be disclosed, split between the following items, and stating the purpose of the encumbrance: Line 1: Cash and cash equivalents Line 2(f): Total quoted investments Line 3(f): Total unquoted investments Line 12: Funds held by ceding reinsurers Other assets	XXX
Line 13(e)	Details of business treated under deposit accounting techniques as an asset	XXX
Line 36(f)	Details of business treated under deposit accounting techniques as a liability	XXX
Line 37	Details of the basis used to derive the amounts disclosed on this line, including the undiscounted amounts of the liabilities.	XXX
Line 40	A reconciliation between Line 40 of Form 4EBS and Line 40 of Form 4 required under Schedule I of the Insurance Accounts Regulations 1980	XXX

Long-Term Business Provisions Additional Disclosures		
Line 27(c)-(i)	The adjustment included in the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual disputes)	XXX
Line 27(d) – (i)	The amount of premium included as ‘Bound but Not Incepted’ (as defined in paragraph 11 of the Instructions Affecting Form 4EBS) in the calculation of line 27 Long-term business provisions. The amount shall be separately split between the statutory lines of business set out Schedule IVA.	XXX
Line 27(d) – (ii)	The amount of best estimate provision included in line 27(d) in respect of the ‘Bound But Not Incepted’ business identified above. The amount shall be separately split between lines of business set out in Schedule IVA.	XXX

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Line 27(d) – (iii)	The amount of best estimate provisions which have been calculated making use of the 16 year transitional arrangements (as defined in paragraph 19 of the Instructions Affecting Form 4EBS) The amount shall be split between the statutory lines of business set out in Schedule IVA.	XXX
Line 27(d) – (iv)	In respect of the amount identified in the above note (Line 27(d)-(iii), the amount of best estimate provisions which would have resulted had the transitional arrangements not been applied. The amount shall be separately split between the lines of business set out in Schedule IVA.	XXX
Line 27(d) – (v)	Where the ‘Scenario-based approach’ (as defined in paragraph 16 of the Instructions Affecting Form 4EBS) has been used for some of its business, the insurer shall disclose the amount of best estimate technical provisions included in line 27(d) relating to that business. The amount shall be separately split between the lines of business set out in Schedule IVA.	XXX
Line 27(d) – (vi)	Where the ‘Scenario-based approach’ (as defined in paragraph 16 of the Instructions Affecting Form 4EBS), the insurer shall disclose the amount of best estimate technical provisions relating to that business had the ‘standard approach’ (as defined in paragraph 15 of the Instructions Affecting Form 4EBS) been used. The amount shall be separately split between the lines of business set out in Schedule IVA.	XXX
Line 27(d) – (vii)	Where the ‘Scenario-based approach’ (as defined in paragraph 16 of the Instructions Affecting Form 4EBS), the insurer shall disclose the amount of best estimate technical provisions relating to that business if only the ‘base scenario’ only were used. The amount shall be separately split between the lines of business set out in Schedule IVA.	XXX
Line 27B(c)-(i)	The adjustment included in the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual disputes)	XXX
Line 27B(d)-(i)	The amount of premium included as ‘Bound but Not Incepted’ (as defined in paragraph 11 of the Instructions Affecting Form 4EBS)	XXX
Line 27B(d) – (ii)	The amount of technical provision included in line 27B(d) in respect of the ‘Bound But Not Incepted’ business identified above.	XXX

INSTRUCTIONS AFFECTING FORM 4EBS

Economic Balance Sheet valuation principles

1. The economic balance sheet (EBS) shall be produced on a consolidated basis in line with GAAP principles adopted by the insurer, as notified and agreed by the Authority (“GAAP Principles”). Except where specifically mentioned below, the consolidated assets and liabilities shall be assessed and fair-valued in line with the GAAP principles adopted by the insurer, as notified to and agreed by the Authority.
2. For cases where the GAAP principles permit both a fair value model and a non-economic valuation model for valuing an asset or liability, the insurer shall apply the fair value model.
3. For cases where the GAAP principles do not require an economic valuation the insurer shall fair value the asset or liability using the following hierarchy of high level principles of valuation of assets and liabilities:
 - (a) Quoted market prices in active markets for the same or similar assets or liabilities must be used whenever possible;
 - (b) Where the use of quoted market prices for the same assets or liabilities is not possible, quoted market prices in active markets for similar assets and liabilities with adjustments to reflect differences shall be used;
 - (c) If there are no quoted market prices in active markets available, mark-to-model techniques, which are alternative valuation techniques that have to be benchmarked, extrapolated or otherwise calculated as far as possible from a market input should be used; and
 - (d) Maximum use must be made of relevant observable inputs and market inputs and rely as little as possible on undertaking-specific inputs, minimising the use of unobservable inputs.
4. When valuing liabilities, no adjustments shall be made to take account of the own credit standing of the insurer.
5. Insurers shall follow the GAAP principles it has adopted in the treatment of insurance contracts that do not transfer significant insurance risk,
6. The exceptions to these principles are mainly related to line items affecting the valuation of insurance technical provisions.
7. All contractual liabilities or contingent liabilities arising from off-balance sheet arrangements are to be recognised on the EBS. Contractual liabilities should be valued consistently with GAAP principles. In cases where the GAAP principles do not require fair value, the insurer should value the contractual liabilities using the valuation hierarchy in paragraph 3. Contingent liabilities shall be valued based on the expected present value of future cash-flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate. Where the present value of contingent obligations cannot be determined, the liability should be valued at its undiscounted value.

Economic Balance Sheet valuation principles – technical provisions

8. Technical provisions shall be valued at an economic value using the best estimate of probability weighted cash flows, with an additional risk margin. Cash flows, for this purpose, shall take into account all future cash in and out flows required to settle the insurance obligations attributable to the remaining lifetime of the policy. In particular, they shall include:
 - (a) All claims payments / benefit payments expected to be made to policyholders, third party claimants or other beneficiaries;

- (b) All expenses that are expected to be incurred in servicing insurance and reinsurance obligations over their lifetime, including:
 - (i) Claims management expenses;
 - (ii) Acquisition costs;
 - (iii) Administrative expenses;
 - (iv) Investment management expenses;
 - (v) Overhead costs associated with the above;
 - (c) Any expected future premiums due after the valuation date;
 - (d) Any expected salvage and subrogation recoveries;
 - (e) Any taxation payments which are, or are expected to be, charged to policyholders or are required to settle the insurance obligations; and
 - (f) Any expected cash flows (both inwards and outwards) related to outwards reinsurance arrangements, making due allowance for any expected shortfall in amounts to be collected due to counterparty default (for whatever reason, including reinsurer insolvency or contractual dispute).
9. The remaining lifetime of the policy referred to in paragraph 8 above is defined to continue up to the point at which:
- (a) The insurer is no longer required to provide coverage;
 - (b) The insurer has the right or the practical ability to reassess the risk of the particular policyholder and, as a result, can set a price that fully reflects that risk; and
 - (c) The insurer has the right or the practical ability to reassess the risk of the portfolio that contains the policy and, as a result can set a price that fully reflects the risk of that portfolio.
10. Technical provisions shall be calculated gross of reinsurance, with a separate assessment of amounts expected to be recovered from reinsurers consistent with the gross assessment.
11. Where the insurer has committed to write a policy with an inception date after the valuation date, and the terms of that policy cannot be changed unilaterally by the insurer, then that policy shall be included in the best estimate ("Bound But Not Incepted" business or BBNI business).
12. Assumptions underlying the calculation of technical provisions shall be based on current expected experience, using expert judgment where necessary, and shall reflect expected policyholder behavior and future management actions.
13. The best estimate shall take into account all material guarantees and contractual options included in the policy, and in particular those whose value could be influenced by changes in prevailing economic conditions. This shall include non-balance sheet reserves such as those set out under Modified Coinsurance arrangements under paragraph "(n)" of THE INSTRUCTIONS AFFECTING SCHEDULE V: The corresponding assets supporting these modified coinsurance arrangements shall be included in Lines 1 to 15 of Form 4EBS.
14. The valuation shall reflect the time value of money, using a risk free discount rate curve, which may be adjusted to reflect certain risk characteristics of the liability. The Authority will supply risk free discount curves for a number of the major currencies, and these shall be used where appropriate. However insurer may use alternative risk free curves (eg those approved for use in Solvency II) provided that they obtain prior approval from the Authority. Details of the approach used for determining the risk free discount rate curves will be directed by the Authority.
15. Insurers will be permitted to include an adjustment to the risk-free discount rate curve to partially reflect the illiquidity premium implicit in typical underlying assets, as well as making

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allowance for the prevention of pro-cyclical investment behaviour (the 'standard approach'). The Authority will supply discount curves including this adjustment for a number of major currencies, and provide further details of the approach adopted so that insurers can produce rates for other currencies if needed. Details of the approach used for determining the 'standard approach' discount rate curves will be directed by the Authority.

16. Insurers may also elect to adopt the 'scenario based approach' for some or all of their business. This approach is designed to capture both the sensitivity to interest rates and the degree to which assets and liabilities are cash flow matched. It consists of a base scenario using the actual portfolio of assets supporting the business (adjusted for expected default costs) and a range of interest rate stresses to determine the amount by which the market yield should be reduced to reflect interest rate risk and asset-liability mismatching. Details of the approach, including the conditions under which it may be adopted will be directed by the Authority.
17. Where future cash flows associated with Long-Term insurance obligations can be replicated reliably using financial instruments for which a reliable market value is observable, the value of technical provisions associated with those future cash flows may be determined on the basis of the market price of those financial instruments. This approach to calculating technical provisions 'as a whole' does not then require the calculation of an explicit separate risk margin.
18. The risk margin shall be calculated using the cost of capital method, and reflect the cost of holding an ECR level of capital in respect of insurance risk, credit risk, and operational risk. A 6% cost of capital rate shall be used. The assessment shall cover the full period needed to run-off the insurance liabilities (excluding those determined based on the approach set out in paragraph 17 and be discounted using the risk free discount curve. The risk margin shall be calculated at separately for general business and Long-Term business making allowance for the effects of the diversification of regulatory capital requirements within the insurer.
19. Subject to prior approval of the Authority, insurers may elect to make use of transitional arrangements to calculate some or all of their best estimate Long-Term business insurance provisions. This applies only for Long-term business in force at 31 December 2015 for which the standard based approach has been applied. Under the transitional arrangement, the insurer would calculate technical provisions using the EBS approach set out in paragraphs 8-15 above (and using the standard approach for the risk free discount rate), and also using approaches consistent with the current approach (defined as the valuation approach in force at 31 December 2015). The insurer would then interpolate linearly between the 2 values, such that the current approach applies for year end 31 December 2015 and the full EBS approach would apply 16 years later at year end 31 December 2032.
20. Subject to prior approval of the Authority, insurers may elect to produce some or all of their EBS using Solvency II principles, or such other economic valuation principles that the Authority has approved in advance for this purpose.

Line of statutory economic balance sheet	Instructions	
1. Cash and cash equivalents	Cash and cash equivalents (maturities of less than 90 days) as at balance sheet shall be included here. This includes restricted cash	
2. Quoted investments	There shall be disclosed severally -	
	(b)	Total bonds and debentures;
	(c)	Equities –
	(i)	common stock:

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		investments in quoted common shares
	(ii)	preferred shares: investments in quoted preferred shares; and
	(iii)	mutual funds: investments in quoted mutual funds, etc
	(d)	Total equities: The total of (c)(i), (ii) and (iii).
	(e)	Other quoted investments: Other quoted investments not included in 2(b) and 2(d) e.g. alternative funds.
	(f)	Total quoted investments: The total of 2(b), (d) and (e).
3. Unquoted investments	There shall be disclosed severally -	
	(b)	Total bonds and debentures;
	(c)	Equities –
	(i)	common stock: investments in unquoted common shares
	(ii)	preferred shares: investments in unquoted preferred shares; and
	(iii)	mutual funds: investments in unquoted mutual funds, etc
	(d)	Total equities: The total of (c)(i), (ii) and (iii).
	(e)	Other unquoted investments: Other unquoted investments not included in 3(b) and 3(d) e.g. alternative funds.
	(f)	Total unquoted investments: The total of 3(b), (d) and (e).
4. Investment in and advances to affiliates (equity)	<p>All investments where the insurer does not hold a majority equity interest but has the ability to exercise significant influence (generally at least a 20% interest or a general partner interest) over operating and financial matters shall be included here and should be accounted for under the equity method of accounting.</p> <p>Economic Balance Sheet valuation principles shall be applied to the affiliates before deriving values to be included here.</p> <p>There shall be disclosed severally:</p>	
	(a)	Unregulated entities that conduct ancillary services : All unregulated entities that conduct ancillary services accounted for under equity method shall be included here;
	(b)	Unregulated non-financial operating entities: All unregulated non-financial operating entities accounted for under equity method shall be included here;
	(c)	Unregulated financial operating entities: All unregulated financial operating entities accounted for under equity method shall be included here;
	(d)	Regulated non-insurance financial operating entities: All regulated non-insurance financial operating entities accounted for both under control and equity method shall be included here;
	(e)	Regulated insurance financial operating entities: All regulated insurance financial operating entities accounted for under equity method shall be included here.
	(f)	Total investments in affiliates: The total of (a) to (e) inclusive.

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5. Investments in mortgage loans on real estate	Residential and commercial investment loans shall be included here. There shall be disclosed severally	
	(a)	First liens.
	(b)	Liens other than first liens.
	(c)	Total investments in mortgage loans on real estate: The total of (a) and (b).
6. Policy loans	Loans to policyholders on the security of cash surrender value of the policyholder's long-term insurance policy shall be included here.	
7. Real estate	Commercial investments occupied by group members shall be included here.	
	(a)	Occupied by any member of the insurer or its consolidated entities (less encumbrances): Both land and buildings and any other commercial investments occupied by the insurer or its consolidated entities shall be included here.
	(b)	Other properties (less encumbrances): Other residential and commercial investments.
	(c)	Total real estate: The total of (a) and (b).
8. Collateral loans	Other loans shall be included here.	
9. Investment income due and accrued	Accrued investment income shall be included here.	
10. Accounts and premiums receivable	Amounts due in more than one year shall be discounted at the relevant risk free rate. There shall be disclosed severally:	
	(a)	In course of collection: Insurance balances receivable and accounts receivable. Note that amounts not yet due should not be included here as they will be reflected in the insurance technical provisions
	(c)	Receivables from retrocessional contracts: Insurance balances receivable
	(d)	Total accounts and premiums receivable: The total of (a) to (c) inclusive.
11. Reinsurance balances receivable	Amounts due in more than one year shall be discounted at the relevant risk free rate. There shall be disclosed severally -	
	(a)	Foreign affiliates: reinsurance balance received from foreign affiliates
	(b)	Domestic affiliates: reinsurance balance received from domestic affiliates
	(c)	Pools and associations: Reinsurance balances receivables from pools and associations
	(d)	All other insurers
	(e)	Total reinsurance balances receivable: The total of (a) to (d) inclusive.
12. Funds held by ceding	Funds held by ceding reinsurers shall be included here. Any amounts deemed uncollectible shall be deducted.	
	(a)	Affiliated reinsurers
	(b)	Non-affiliated reinsurers
	(c)	This shall be the total of (a) and (b)
13. Sundry assets	Any asset not accounted for in lines 1 to 12 and 14 may be	

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	included here if it has a readily realisable value.	
	There shall be disclosed severally –	
	(a)	Derivative instruments: Derivative instruments with a favourable position shall be included here
	(b)	Segregated accounts – LT business – variable annuities
	(c)	Segregated accounts – LT business - other
	(e)	Deposit assets.
	(f)	Balances receivable on the sale of investments
	(g)	Intangible assets These shall only be recognised if it is probable that the expected future economic benefits will flow to the insurer and the value of the assets can be reliably measured. The assets must be separable and there should be evidence of exchange transactions for the same or similar assets indicating they are saleable in the market place. If a fair value assessment of an intangible asset is not possible then such asset should be valued at nil. Goodwill shall be valued at nil.
	(h)	Deferred tax assets
	(i)	Prepayments
	(j)	Pension Benefit surplus
	(k)	Any other assets – please provide details in a supplementary note
	(l)	Total sundry assets: The total of (a) to (k) inclusive.
14. Letters of credit, guarantees and other instruments	These are contractual rights arising from off-balance sheet arrangements to receive financial assets through:	
	(a)	Letters of Credit
	(b)	Guarantees
	(c)	Other instruments
	(d)	Total letters of credit, guarantees and other instruments: The total of (a) to (c).
	Such assets may, with the approval of the Authority obtained on an application made for that purpose, be recorded and the capital increased by a corresponding amount. Letters of credit, guarantees or other instruments in favour of the group which relate to insurance or reinsurance contracts shall not be recorded.	
15. Total Assets	This shall be the total of lines 1 to 14 inclusive.	
Long-term Business Insurance Technical Provisions		
20. Best Estimate Reserves for reported claims	Best estimate reserves, calculated in line with Economic Balance Sheet valuation principles, to meet unpaid claims at the valuation date and made under long-term insurance policies in respect of incidents occurring and reported to the insurer before the valuation date, net of any expected recoverable amounts	
21. Best Estimate Reserves for unreported claims	Best estimate reserves, calculated in line with Economic Balance Sheet valuation principles, to meet unpaid claims at the valuation date and made under long-term insurance policies in respect of incidents occurring but not reported to the insurer before the valuation date, net of any expected recoverable amounts.	
22. Best Estimate Policy reserves - life	Best estimate provisions, calculated in line with Economic Balance Sheet valuation principles, in respect of future guaranteed benefits as they become payable under the provisions of life insurance policies in force, including any 'bound but not	

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	<p>incepted' business. These may also include amounts applicable to other life contract benefits (such as disability waiver of premium, disability income benefits and additional accidental death benefits).</p> <p>These amounts are net of any expected recoverable balances.</p>	
23. Best Estimate Policy reserves – accident and health	<p>Best estimate provisions, calculated in line with Economic Balance Sheet valuation principles, in respect of accident and health policies, including any 'bound but not incepted business.</p> <p>These amounts are net of any expected recoverable balances</p>	
24. Best Estimate Policyholders' funds on deposit	<p>These consist of premiums paid in advance of the due date, and shall be valued in line with Economic Balance Sheet valuation principles.</p>	
25. Best Estimate Liability for future policyholders' dividends	<p>Best estimate dividends payable, as declared by the directors, on participating life policies which qualify for such dividends, and valued in line with Economic Balance Sheet valuation principles.</p>	
26. Best Estimate Other long-term business insurance reserves	<p>Best estimate reserves not included in lines 20 to 25 and valued in line with Economic Balance Sheet valuation principles, including any 'bound but not incepted' business.</p>	
27. Total Best Estimate long-term business insurance provisions	<p>Best estimate long-term business insurance provisions calculated in line with Economic Balance Sheet valuation principles (and that are not included on Form 4EBS, Line 27B). It comprises the total of lines 20 to 26 inclusive, showing an analysis between the gross and net positions.</p> <p>There shall be disclosed severally -</p>	
	(a)	Total gross long-term business insurance provisions: Gross unpaid loss and loss expenses
	(b)	Less: reinsurance recoverable balances: The amount of recoverables shall be assessed on the Economic Balance Sheet valuation principles on a basis consistent with the gross assessment. Allowance shall be made for any reinstatement premiums that may be payable to reinsurers. Allowance shall be made for expected uncollectable amounts (for whatever reason). The amount shall be subdivided between:
	(i)	Foreign affiliates
	(ii)	Domestic affiliates
	(iii)	Pools and associations
	(iv)	All other reinsurers
	(c)	<p>Total reinsurance recoverable balance: The total of (b) (i) to (iv).</p> <p>The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default shall be disclosed in a supplementary note.</p> <p>The amount of any collateral placed in favour of the insurer shall be disclosed in a supplementary note.</p>
	(d)	<p>Net long term business provisions: The total of (a) and (c) – which is also the same as the sum of lines 20 to 26 inclusive.</p>
27A. Risk Margin – Long-term insurance business	<p>The risk margin shall be calculated using the cost of capital method, using a 6% cost of capital, as per the Economic Balance Sheet valuation principles. It shall not be split between the line items 20-26, and shall be calculated at an aggregate level for long-term insurance business, making allowance for the effects of the diversification effects of regulatory capital requirements within the long-term business of the insurer.</p>	

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27B. Long-term technical provisions calculated as a whole	This line shall contain the total of all technical provisions calculated as a whole which have been determined based on the market price of financial instruments that reliably replicate the cash flows of the insurance obligations.	
	(a)	Total gross long-term business insurance provisions: Gross unpaid loss and loss expenses
	(b)	Less: reinsurance recoverable balances: The amount of recoverables shall be assessed on the Economic Balance Sheet valuation principles on a basis consistent with the gross assessment. Allowance shall be made for any reinstatement premiums that may be payable to reinsurers. Allowance shall be made for expected uncollectable amounts (for whatever reason). The amount shall be subdivided between:
	(i)	Foreign affiliates
	(ii)	Domestic affiliates
	(iii)	Pools and associations
	(iv)	All other reinsurers
	(c)	Total reinsurance recoverable balance: The total of (b) (i) to (iv). The adjustment to the best estimate of reinsurance recoveries that was made to reflect expected losses due to counterparty default shall be disclosed in a supplementary note. The amount of any collateral placed in favour of the insurer shall be disclosed in a supplementary note.
	(d)	Net long term business provisions: The total of (a) and (c).
27C. Total Long-term insurance business technical provisions	This shall be the total of lines 27(d), 27A and 27B(d).	
Other Liabilities		
28. Insurance and Reinsurance balances payable	These are amounts payable to reinsurers (eg, premiums received in advance, reinsurance premiums payable. etc.) Amounts payable in more than one year shall be discounted at the relevant risk free rate.	
29. Commissions, expenses, fees and taxes payable	All unearned commissions shall be included here. Amounts payable in more than one year shall be discounted at the relevant risk free rate.	
30. Loans and notes payable	Loans and notes payable shall be included here. This shall include subordinated debt. Amounts payable in more than one year shall be discounted at the relevant risk free rate.	
31. Tax liabilities		Amounts payable in more than one year shall be discounted at the relevant risk free rate. There shall be disclosed severally:
	(a)	Income taxes payable
	(b)	Deferred income taxes
32. Amounts due to affiliates	All amounts due to affiliates shall be included here. Amounts payable in more than one year shall be discounted at	

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	the relevant risk free rate.
33. Accounts payable and accrued liabilities	All accounts payable and accrued liabilities shall be included here Amounts payable in more than one year shall be discounted at the relevant risk free rate.
34. Funds held under reinsurance contracts	Funds held under reinsurance contracts shall be included here, and shall be included at amounts consistent with the fair value of the underlying assets.
	(a) Affiliated reinsurers
	(b) Non-affiliated reinsurers
	(c) This shall be the total of (a) and (b)
35. Dividends payable	All dividends payable shall be included here
36. Sundry liabilities	There shall be disclosed severally:
	(a) Those derivative instruments which are held for hedging purposes, with an unfavourable position shall be included here.
	(b) Other derivative instruments (ie those which are not held for hedging purposes), with an unfavourable position shall be included here.
	(c) Segregated accounts – LT business – variable annuities
	(d) Segregated accounts – LT business - other
	(f) Deposit liabilities
	(g) Pension benefit obligations
	(h) Balances payable for purchase of investments
	(i) Any other liabilities – please provide details in a supplementary note
	(j) This shall be the total of (a) to (i) inclusive
37. Letters of credit, guarantees and other instruments	All contractual liabilities or contingent liabilities arising from off-balance sheet arrangements are reported in this line. A liability is recorded decreasing the statutory capital and surplus equal to the expected present value of such contingent obligations discounted to take into consideration the time value of money at an appropriate rate (to be disclosed). Material contingent liabilities shall be recognised and recorded on this line. The Contingent liabilities shall be valued based on the expected present value of future cash-flows required to settle the contingent liability over the lifetime of that contingent liability, using the basic risk-free interest rate. Where the present value of contingent obligations cannot be determined, the amount of the liability must be recorded at its undiscounted value. Letters of credit, guarantees or other instruments not in favour of the insurer which relate to the insurer's insurance or reinsurance contracts shall not be recorded. Details of the basis used to derive the amounts disclosed on this line, including the undiscounted amounts of the liabilities shall be shown in a supplementary note. There shall be disclosed severally -
	(a) Letters of credit
	(b) Guarantees
	(c) Other instruments
	(d) This shall be the total of (a) to (c) inclusive
38. Total other liabilities	This shall be the total of lines 28 to 37 inclusive
39. Total insurance technical provisions and	This shall be the total of lines 27C and 38 inclusive

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other liabilities	
40. Total statutory economic capital and surplus	This is the capital and surplus total as at the valuation date. It is derived as Line 15 less Line 39. A reconciliation between this amount and Line 40 for Form 4 as required under Schedule I of the Insurance Accounts Regulations 1980 shall be shown in a supplementary note.
41. Total	This shall be the total of lines 39 and 40 It should equal line 15

SCHEDULE XV (Paragraph 6)

APPROVED ACTUARY'S OPINION

- 1 The approved actuary's Opinion must state whether or not, in the opinion of the approved actuary, the aggregate amount of technical provisions shown at Line 27C in the Statutory Economic Balance Sheet as at the end of the relevant financial year:
 - (c) meets the requirements of the Insurance Act 1978 and related rules and regulations;
 - (d) makes reasonable provision for the total technical provisions of the insurer under the terms of its insurance contracts and agreements.
- 2 The approved actuary shall state their own best estimates (and/or ranges for the best estimates) and confirm that such estimates have been determined in accordance with the requirements set out in Schedule XIV. The approved actuary shall also state (but is not limited to) their best estimates for following matters (as applicable):
 - (a) Line 27(a)
 - (b) Line 27(d)
 - (c) Line 27B(a)
 - (d) Line 27B(d)
- 3 The approved actuary is required to state their estimates for the risk margin (Line 27A) and state whether or not, in their opinion, this amount has been calculated in accordance with the requirements of Schedule XIV.
- 4 In relation to Lines 27(a) and 27B(a), the approved actuary shall provide commentary on the assumptions made in relation to Bound But Not Incepted business, as described in paragraph 11 of the Economic Balance Sheet valuation principles set out in Schedule XIV
- 5 The approved actuary shall provide commentary for Lines 27(d) and 27B(d) on the assumptions made for expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual dispute) in relation to reinsurance recoveries.
- 6 In relation to Lines 27B (a) and 27B(d), the approved actuary shall provide commentary on the nature of the business valued 'as a whole' and whether or not their approach is in accordance with the requirements of Schedule XIV.
- 7 Where the approved actuary has not used "risk discount curves" provided by the Authority they shall state the rates used for calculation and provide commentary on how they were derived.
- 8 Where the Insurer has made use of the 16 year transitional arrangements for certain insurance business, the approved actuary shall provide estimates for that business for both the EBS approach and the approach consistent with the valuation approach in force before EBS requirements came into force as referred to in paragraph 19 of the Economic Balance Sheet valuation principles set out in Schedule XIV.
- 9 The approved actuary shall provide commentary on any aspects of the technical provisions of the insurer which give rise to greater levels of uncertainty than would typically be associated with the insurer's business.
- 10 The approved actuary's Opinion shall further confirm:
 - (a) the approved actuary's name, employer and professional designations attained (which qualifies them to issue the opinion and formed the basis for their application to the Authority for approval as Approved Actuary) ;

- (b) whether or not the approved actuary continues to be a qualified member in good standing of all official actuarial bodies included in their application to the Authority for approval;
 - (c) whether or not the approved actuary is in full compliance with the most recent Continuing Professional Development requirements of their official actuarial body;
 - (d) whether or not the approved actuary has any perceived conflicts of interest relative to providing the opinion.
 - (e) whether or not the work supporting the Opinion complies with applicable standards of actuarial practice.
- 11 Working papers supporting the approved actuary's Opinion are required to be made available to the Authority by the approved actuary upon request and should be sufficient in and of themselves to enable the completion of an independent review of the Opinion and supporting analysis by another unrelated but experienced actuary.
- 12 The opinion shall be signed and dated by the approved actuary and must include their current contact information, including but not limited to, telephone number and email address.

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SCHEDULE XVI

(Paragraph 6)

Schedule Of Regulated Non-Insurance Financial Operating Entities

Entity name	Jurisdiction	Sector classification	Strategic purpose	Entity type	Products & services offered	Participation	Percentage of participating interest	Total assets	Investment amount (equity method)	Regulatory capital requirement for regulated entities (RCR) (100%)	Applicable share of the RCR
							x.x%	XXX	XXX	XXX	XXX
							x.x%	XXX	XXX	XXX	XXX
							x.x%	XXX	XXX	XXX	XXX
								XXX	XXX	XXX	XXX

INSTRUCTIONS AFFECTING SCHEDULE XVI:

- (a) the insurer's regulatory capital requirement for regulated non-insurance financial operating entities, where the insurer exercises either control or significant influence, shall be calculated in accordance with Schedule XIII and shall form part of the insurer's BSCR – where “control” and “significant influence” has the same meaning given in sub-paragraph 19(4) of the Insurance (Group Supervision) Rules 2011”;
- (b) the name of the entity and its jurisdiction of incorporation are required to be provided;
- (c) the “Sector” and “Industries in Sector” classification of each of the insurer's “Regulated non-insurance financial operating entities” are as follows:

Sector	Industries in Sector
Energy	Oil, gas, consumable fuels and energy equipment
Materials	Chemicals; Construction materials, containers and packing; Metals and mining; and Paper and forest products
Industrial	Machinery and equipment; Construction, engineering and building products; Commercial and professional services; and Transportation (air, road and water)
Consumer Discretionary	Automobile and components; Consumer durables and textile apparel; Hotels and restaurants; Consumer services; and retailing Media
Consumer Staples	Food and staples retailing; Agricultural products; beverage and

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	tobacco; Household and personal products
Healthcare	Healthcare equipment and services; Pharmaceuticals, biotechnology and life sciences
Financial	Banks; Diversified financials; Insurance; Real Estate; Capital markets
Information Technology	Software and internet services; Technology hardware and equipment; IT services, computer components and semiconductor equipment
Telecommunications Services	Telecommunications services
Utilities	Electric, water and gas utilities
Other	Unspecified industry group

- (d) the description of the strategic purpose of each entity is required to be provided;
- (e) the entity type is required to be provided(i.e., holding company; operating entity or branch);
- (f) the description of the products and services offered to external parties of each entity is required to be provided;
- (g) the insurer's participation should be categorized as to whether control or significant influence is exerted over each entity is listed;
- (h) the percent of participating interest of the insurer on each entity is required to be provided;
- (i) the total assets of each entity is required to be provided;
- (j) the investment amount shall be the equity value of the insurer's investment in such entities where the insurance group has significant influence and has accounted under the equity method of accounting as aggregated in Form 4EBS, Line 4(d); and the net asset value of the insurer's investment in such entities where the insurer exercises control or significant influence shall be provided;
- (k) the regulatory capital requirement (RCR) shall be provided based on the jurisdiction's solvency laws for the regulated sector in which the entity is licensed to conduct non-insurance financial business;
- (l) the insurer's proportionate share of each entity's RCR.

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SCHEDULE XVII (paragraph 6)

SCHEDULE OF SOLVENCY

[blank] name of Insurer

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

All amounts are expressed in _(currency used)

Affiliate Name	Jurisdiction	Entity Type	Percent of Participation Interest	Gross Premiums Written	Net Premiums Written	Total Assets	Net Assets	Regulatory Capital Requirement

INSTRUCTIONS AFFECTING SCHEDULE XVII:

The insurer shall provide the following information to calculate the minimum margin of solvency the:

- (a) name of the entity over whom the insurer exercises control or significant influence;
- (b) name of the jurisdiction in which the entity is registered;
- (c) entity type (i.e., holding company; operating entity or branch);
- (d) percentage of participation interest by the insurer in each entity;
- (e) gross and net premium written for each the entity;
- (f) total assets of the subsidiaries of the insurer using the valuation basis required in the jurisdictions where the subsidiary is licensed;
- (g) “net asset valuation” of the subsidiaries of the insurer using the valuation basis required in the jurisdictions where the subsidiary is licensed;
- (h) regulatory capital requirement for each registered entity as determined by the jurisdiction where the entity is licensed or registered.

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Schedule XVIII - Schedule of Particulars of Ceded Reinsurance

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

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

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

INSTRUCTIONS AFFECTING SCHEDULE XVIII:

- (a) Particulars of reinsurance balances shall disclose at least the ten largest reinsurance exposures with the remaining reinsurance exposures grouped according to BSCR ratings and/or a single consolidated reinsurance exposure, including basis —
- (i) the name of reinsurer;
 - (ii) the BSCR rating;
 - (iii) the amount of reinsurance balances receivable, funds held by ceding reinsurers, and reinsurance recoverable balance (as reflected in Form 4EBS, Lines 11(e), 12(c) and 27(c));

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- (iv) funds held by ceding reinsurers (as reflected in Form 4EBS, Line 12(c), in paragraph (iii) above), shall be included only to the extent that they are not already included under Schedule IIA;
- (v) the amount of reinsurance balances payable and other payables (as reflected in Form 4EBS, Lines 28, 29, 33, and 34(c)) to the extent that they are attributable to that particular reinsurer or reinsurance exposure balance;
- (vi) the amount of any collateral placed in favour of the insurer relating to the reinsurance balances (as reflected in Notes to Form 4EBS, Lines 11(e) and 27(c));
- (vii) the amount of qualifying collateral shall be the collateral amount in (vi) less a 2% reduction to account for the market risk associated with the underlying collateral assets but, at all times, the qualifying collateral shall not exceed the net exposure, which is the difference between amounts in (iii) and (v);
- (viii) the net qualifying exposure shall be the amount under (iii) less the amounts under both (v) and (vii) above; and
- (ix) for the purposes of this Schedule, the appropriate BSCR rating shall be determined as follows—
 - (A) based on either the rating of the reinsurer or the rating of the letters of credit issuer, if any, whichever is higher;
 - (B) where the letters of credit does not relate to the entire reinsurance exposure, the reinsurance exposure should be separated to reflect the rating of that portion of the exposure which is covered by the letters of credit and the rating of that portion of the exposure which is not;
 - (C) where the reinsurer is a domestic affiliate, it shall be assigned a BSCR rating of 0 regardless of
 - (D) where a reinsurer is not rated but is regulated in a jurisdiction that applies the International Association of Insurance Supervisors' Insurance Core Principles ("IAIS' ICPs") and in particular imposes both a minimum capital requirement ("MCR") and a prescribed capital requirement ("PCR") and fully meets its PCR in that jurisdiction, it shall be assigned a BSCR rating of 4 or otherwise, it shall be assigned a BSCR rating of 8; and
 - (E) where the insurer has disclosed a single consolidated reinsurance exposure, that exposure shall be assigned a BSCR rating of 8;

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

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Schedule XIX - Schedule of Cash and Cash Equivalent Counterparty Analysis

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

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

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

INSTRUCTIONS AFFECTING SCHEDULE XIX:

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

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

Schedule XX - Schedule of Currency Risk

[blank] name of Company

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

All amounts expressed in (currency used)

Currency	<i>GrossCurrast_i</i> (A)	<i>Currast_i</i> (B)	<i>GrossCurliab_i</i> (C)	<i>Curliab_i</i> (D)
Financial Year	<u>Liabilities</u>	<u>ECR Charge</u>		
	<u>Form 4EBS, Line 39</u>	<u>Summary Schedule</u>		
XXX-1				
XXX-2				
XXX-3				

INSTRUCTIONS AFFECTING SCHEDULE XX:

- (i) Insurers are to report currencies representing at least 95% of their economic balance sheet liabilities
- (ii) *GrossCurrast_i* and *GrossCurliab_i* shall be valued in line with the Economic Balance Sheet principles set out in Schedule XIV;
- (iii) where an insurer uses currency hedging arrangements to manage its currency risk, then *Currast_i* and *Curliab_i* may be adjusted to reflect the impact of those arrangements on *GrossCurrast_i* and *GrossCurliab_i* of a 25% adverse movement in foreign exchange rates, otherwise the amounts *GrossCurrast_i* and *GrossCurliab_i* shall apply;
- (iv) a 'currency hedging arrangement' means derivative or other risk mitigation arrangements designed to reduce losses due to foreign currency exchange movements, and which meet the Authority's requirements to be classed as such"; and
- (v) amounts shall be reported on both an EBS Valuation and unconsolidated basis.

Schedule XXI - Schedule of Concentration Risk

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

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

INSTRUCTIONS AFFECTING SCHEDULE XXI:

- (i) Disclosure of an insurer's 10 largest exposures to single counterparty risk by reporting the name, the exposure and allocation by asset type, bond / mortgage type (if applicable), BSCR Rating (if applicable) and asset value consistent with Form 4EBS.
- (ii) a counterparty shall include all related/connected counterparties defined as:
 - (A) Control relationship: if the counterparty, directly or indirectly, has control over the other(s); or
 - (B) Economic interdependence: if one of the counterparties were to experience financial problems, in particular funding or repayment difficulties, the other(s) as a result, would also be likely to encounter funding or repayment difficulties.
- (iii) Asset Type (Column A) shall be one of the following lines taken from Form 4EBS;
 - (A) Cash and cash equivalents (Line 1)
 - (B) Quoted Investments (Line 2)
 - (C) Unquoted investments (Line 3)
 - (D) Investments in and Advances to Affiliates (Line 4)
 - (E) Investments in Mortgage Loans on Real estate (Line 5)
 - (F) Policy Loans (Line 6)
 - (G) Real Estate (Line 7)
 - (H) Collateral Loans (Line 8)
 - (I) Funds held by ceding reinsurers (Line 12)
- (iv) Asset sub-type (Column B) shall provide further details of the type of asset as included in Table 1, Table 2 or Table 8 as appropriate;
- (v) BSCR Rating (Column C) shall be the BSCR rating that was allocated to the asset when it was included in Table 1, Table 2 or Table 8 as appropriate;
- (vi) Asset Value (Column D) shall be the value of the asset as required by the Economic Balance Sheet valuation principles as set out in Schedule XIV; and
- (vii) Amounts shall be reported on both an EBS Valuation and unconsolidated basis.

SCHEDULE XXII
SCHEDULE OF ANTI-MONEY LAUNDERING AND ANTI-TERRORIST FINANCING
("AML/ATF")

Every insurer that writes long-term business shall be required to complete the questions set out in the Schedule of Anti-Money Laundering/Anti-Terrorist Financing ("Schedule") in relation to its long term business but excluding any reinsurance business and provide particulars of its gross written premiums on a consolidated basis for the relevant year. The Schedule is comprised of the following:

- (a) Table I – Insurers are required to complete in order to provide the Authority with the data required to determine the extent of an insurer's exposure or potential exposure to Money Laundering ("ML") and Terrorist Financing ("TF") risks.
- (b) Table II - Insurers are required to complete in order to provide the Authority with an understanding of the insurer's AML/ATF corporate governance framework, including but not limited to; employee training, knowledge, integrity, and compliance with established AML/ATF policies and procedures.

Table I

AML/ATF

INSURER INFORMATION

- 1. Confirm if the insurer is registered as a segregated accounts company ("SAC") in accordance with the requirements of the Segregated Accounts Act 2000 or has created separate accounts in accordance with the provisions relating to the business of the insurer under any Private Act. If the answer is "yes", provide the number of:
 - (a) active accounts; and
 - (b) non-active accounts .
- 2. Provide the Gross Premium Written (GPW) for the relevant year. In addition:
 - (a) provide the percentage of GPW corresponding to any unrelated business written by the insurer.
 - (b) if applicable, confirm the percentage of incidental general business written by the insurer.

- (c) provide GPW by line of business:

Lines of Business	Insurance		Reinsurance	
	GPW	Number of	GPW	Number of
	US\$	Policies	US\$	Policies
(a) Mortality				
(i) Term assurance	XXX	XXX	XXX	XXX
(ii) Whole Life	XXX	XXX	XXX	XXX
(iii) Universal Life	XXX	XXX	XXX	XXX
(b) Critical illness	XXX	XXX	XXX	XXX
(including accelerated critical illness products)				

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

3. Confirm if the insurer has in force designated investment contracts approved by the Authority in accordance with the provisions of section 57A of the Act ;or in accordance with the provisions of any Private Act relating to the business of the insurer. If yes, provide the:
 - (a) number of designated investment contracts approved;
 - (b) net account value of the designated investments contracts at year-end.
4. Provide claims paid (gross) for the reporting period. Additionally, provide claims paid by line of business:

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Lines of Business	Insurance		Reinsurance	
	Paid US\$	Number of Policies	Paid US\$	Number of Policies
(a) Mortality				
(i) Term Assurance	XXX	XXX	XXX	XXX
(ii) Whole Life	XXX	XXX	XXX	XXX
(iii) Universal Life	XXX	XXX	XXX	XXX
(b) Critical Illness (including accelerated critical illness products)	XXX	XXX	XXX	XXX
(c) Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	XXX	XXX	XXX	XXX
(d) Longevity (deferred pay- out annuities, future contingent annuities, future pension pay-outs)	XXX	XXX	XXX	XXX
(e) Annuities certain only	XXX	XXX	XXX	XXX
(f) Deferred accumulation annuities	XXX	XXX	XXX	XXX
(g) Disability Income: active lives - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(h) Disability income: active lives - other accident and sickness	XXX	XXX	XXX	XXX
(i) Disability income: claims in payment - including waiver of premium and long-term care	XXX	XXX	XXX	XXX
(j) Disability income: claims in payment - other accident and sickness	XXX	XXX	XXX	XXX
(k) Group Life	XXX	XXX	XXX	XXX
(l) Group Disability	XXX	XXX	XXX	XXX
(m) Group Health	XXX	XXX	XXX	XXX
(n) Stop Loss	XXX	XXX	XXX	XXX
(o) Rider (other product riders not included above)	XXX	XXX	XXX	XXX
(p) Variable Annuities	XXX	XXX	XXX	XXX
(q) Other Lines of Business				
(i) General Business	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(ii) any other lines of business	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Total	XXX	XXX	XXX	XXX

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

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6. Confirm the frequency with which the AML/ATF policies, procedures or manual are reviewed by the insurer.
7. Confirm if the insurer provides employees with training in relating to money laundering ("ML") and terrorism financing ("TF"). If yes, confirm if:
- (a) ML/TF training is included in the induction program of new employees.
- (b) the ML/TF training provided is specific to the business of insurance conducted by the insurer or is of general application.
- (c) the frequency that employees must undertake ML/TF training.
8. Provide the experience and professional designations of the following employees:

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

9. Confirm if the insurer's Senior Compliance Officer is located in Bermuda.
10. Confirm if the insurer's ML/TF Reporting Officer is located in Bermuda.
11. Confirm if the insurer's Senior Compliance Officer is a member of the senior management of the insurer.
12. Confirm the actions taken by an insurer prior to hiring employees:

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

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13. Confirm if the insurer monitors the transactions of its policyholders against their risk profile for suspicious activity.
14. Confirm if the insurer is registered with the Financial Intelligence Agency's ("FIA") "Go AML" Program and if so, provide the date of registration.
15. Confirm the number of Suspicious Activity Reports filed by the insurer from the year 2011 to date.

	Filed Internally	With FIA
201X	XXX	XXX
201X-1	XXX	XXX
201X-2	XXX	XXX
201X-3	XXX	XXX
201X-4	XXX	XXX
Total	<u>XXX</u>	<u>XXX</u>

POLICYHOLDER AND BENEFICIARY INFORMATION

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

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

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

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

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

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

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

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

	Number of Policyholders	% of GPW
Low Risk	XXX	XXX
Medium Risk	XXX	XXX
High Risk	XXX	XXX
Unknown	<u>XXX</u>	<u>XXX</u>
Total	XXX	XXX

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

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

Low	Medium	High
XXX	XXX	XXX

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

Low	Medium	High
XXX	XXX	XXX

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

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

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

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

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

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

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

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

	Premium	Claims
Bank transfer	XXX	XXX
Cash	XXX	XXX
Cheque	XXX	XXX
Credit/debit card	XXX	XXX
Virtual currencies	XXX	XXX

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Other (provide examples)

XXX

XXX

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

Table A – Underwriting Geographical Zones

Underwriting Zone	Location
Zone 1 - Central & Western Asia	Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, Saudi Arab Republic, Tajikistan, Turkey, Turkmenistan, United Arab Emirates and Uzbekistan
Zone 2 - Eastern Asia	China, Hong Kong, Japan, Macao, Mongolia, North Korea, South Korea, and Taiwan
Zone 3 - South and South-Eastern Asia	Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, India, Indonesia, Iran, Lao PDR, Malaysia, Maldives, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Timor-Leste, and Vietnam
Zone 4 - Oceania	American Samoa, Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Norfolk Island, N. Mariana Islands, Palau, Papua New Guinea, Pitcairn, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis & Futuna Island
Zone 5 - Northern Africa	Algeria, Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Cote d' Ivoire, Egypt, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, Saint Helena, Senegal, Sierra Leone, Sudan, Togo, Tunisia, and Western Sahara
Zone 6 - Southern Africa	Angola, Botswana, Burundi, Democratic Republic of Congo, Comoros, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mayotte, Mozambique, Namibia, Republic of Congo, Reunion, Rwanda, Sao Tome & Principe, Seychelles, Somalia, South Africa, Swaziland, Uganda, United Republic of Tanzania, Zambia, and Zimbabwe
Zone 7 - Eastern Europe	Belarus, Bulgaria, Czech Republic, Hungary, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine
Zone 8 - Northern Europe	Aland Islands, Channel Islands, Denmark, Estonia, Faeroe Islands, Finland, Guernsey, Iceland, Republic of Ireland, Isle of Man, Jersey, Latvia, Lithuania, Norway, Svalbard, Jan Mayen, Sweden, United Kingdom
Zone 9 - Southern Europe	Albania, Andorra, Bosnia, Croatia, Cyprus, Gibraltar, Greece, Italy, fYR of Macedonia, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain, and Vatican City
Zone 10 - Western Europe	Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, and Switzerland
Zone 11 - Northern America (Excluding USA)	Canada, Greenland, and St Pierre & Miquelon
Zone 12 - Caribbean	Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, British Virgin Islands, Cayman Islands, Cuba, Dominica, Dominican, El Salvador, Grenada, Guadeloupe, Haiti, Montserrat, Netherlands Antilles, Puerto Rico, St. Barthelemy, St Kitts & Nevis, St Lucia, St Martin, St Vincent, Trinidad & Tobago, Turks & Caicos Islands, and US Virgin Islands
Zone 13 - Eastern South America	Brazil, Falkland Islands, French Guiana, Guyana, Paraguay, Suriname, and Uruguay
Zone 14 - Northern,	Argentina, Bolivia, Chile, Colombia, Ecuador, Peru, and Venezuela

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Southern and Western South America	
Zone 15 - North-East United States	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
Zone 16 - South-East United States	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia, and West Virginia
Zone 17 - Mid-West United States	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin
Zone 18 - Western United States	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming
Zone 19 - Central America	Belize, Costa Rica, Guatemala, Honduras, Mexico, Nicaragua, Panama
Zone 20 - Bermuda	Bermuda

Table II
AML/ATF

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

Corporate Governance	
1	Whether the powers, roles, responsibilities and accountabilities between the board of directors of the insurer ("Board") and senior management are clearly defined, segregated and understood.
2	Whether the Board and senior management understand how the insurer operates through structures which may impede transparency.
3	That the insurer reviews and monitors the structure, size and composition of the Board and recommends improvements to ensure its compliance with the applicable laws, regulations, listing rules and insurer's policies.
4	That the Audit and Risk Management Committee of the Board or any related Board committee, assists the Board in fulfilling its oversight function through the review and evaluation of the financial reporting process and adequacy and effectiveness of the system of internal controls; including financial reporting and information technology security controls.
5	Confirmation that the Board receives sufficient AML/ATF information to assess and understand the senior executive's process for evaluating the insurer's system of internal controls.
6	Whether the Board ensures that the insurer complies with all relevant laws and regulations and endeavors to adopt accepted best business practices.
7	That the Board and senior management declare any personal dealings to HR and the Compliance department when applicable or required.
8	That the Board provides oversight to the insurer with regard to enterprise risk management and identifies key risk areas and key performance indicators and monitor these factors with due diligence.
9	Whether Board members ensure there is appropriate oversight by the senior management that is consistent with the insurer's policies and procedures.
10	Whether the Board sets and enforces clear lines of responsibility and accountability throughout the organization.
11	That at least annually the Board monitors the senior management's compliance with policies set by the Board and its performance based on

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	approved targets and objectives.
12	That the Board receives advice on all major financing transactions, principal agreements and capitalization requiring Board approval and makes appropriate recommendations for their consideration
13	Whether the compliance and audit function are independent of all operational and business functions as far as practicable and have direct lines of communication to the senior management.
14	That the insurer has instituted policies or procedures to provide for the Senior Compliance Officer to have regular contact with and direct access to, the senior management; to ensure that the senior management is able to satisfy itself that the insurer's statutory obligations are being met and the measures taken to prevent risks of ML/TF are sufficiently robust
Employee Integrity	
15	Whether the insurer has established and, maintains and operates appropriate procedures in order to be satisfied of the integrity of new employees.
16	That appropriate mechanisms have been established to ensure the protection of the insurer's employee to report suspicious transactions and other actions to comply with AML/ATF/AFT obligations.
17	That adequate procedures or management information systems are in place to provide relevant employees with timely information which may include information regarding connected accounts or relationships.
18	Whether adequate procedures or document information systems are in place to ensure relevant legal obligations are understood and practiced by employees and adequate guidance and training is provided by the insurer to employees.
19	Whether the incidences of financial crime committed by employees (e.g. theft, fraud) is low.
Employee Knowledge	
20	That all employees are aware of the identity of the Reporting Officer and how to report suspicious activity.
21	Confirm whether training programs are designed to cover the AML/ATF/risks of the insurer.
22	Whether the insurer has an appropriate number of suitably trained employees and other resources necessary to implement and operate its AML/ATF program.
23	Whether employees fully comply with all AML/ATF procedures in respect of customer identification, account monitoring, record keeping and reporting.
24	That employees are expected to remain vigilant to the possibility of ML.
25	Whether employees who violate any of the AML/ATF regulations and or policies and procedures outlined in the insurer's handbook will be subject to disciplinary action.
26	That all employees are required to (at least annually) undertake training to ensure that their knowledge of AML/ATF laws, policies and procedure is current
27	Whether employees are updated on money laundering schemes and typologies on a regular basis.
28	That employees are required to declare personal dealings relevant in the jurisdictions that the insurer operates in on a regular basis (at least annually).
Employee Compliance	
29	Whether the insurer ensures that the Senior Compliance Officer is the focal point for the oversight of all activities relating to the prevention and detection

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	of ML/TF.
30	That the Senior Compliance Officer is fully conversant and trained in up to date regulatory requirements and ML/TF risks arising from the insurer's business.
31	That the Board monitors compliance with corporate governance regulations and guidelines.
32	Whether the Board supports the senior management's scope of AML/ATF internal control assessment and receives regular (at least annually) reports from the senior management..
Insurer Data	
33	the date the insurer last performed an entity-wide AML/ATF risk assessment.
34	the date the insurer last had an independent review of its AML/ATF program.
35	the date of the last Compliance/ Reporting Officer report on the operation and effectiveness of the insurer's AML/ATF policies, procedures and controls.
36	if the insurer documents the ML/TF risk assessment associated with a product/service prior to launch.
37	if the insurer is listed on a stock exchange.
	If yes, please provide details of the stock exchange(s).

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

INSTRUCTIONS TO the Schedule:

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

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

For the purposes of Table I:

- a) In Paragraph 1 "active SAC" means a segregated account cell that is undertaking transactions of business and "non active SAC" means a segregated account cell that is not undertaking any transactions of business.
- b) In paragraph 2 "unrelated business" means insurance business consisting of insuring risks of persons who are not shareholders or affiliates of the insurer.
- c) in paragraph 2 "incidental general business" has the limitations imposed on the meaning of "general business" and "long-term business" as set out under section 1(4)(aa) of the Act;
- d) "reporting officer" for the purposes of paragraph 7 has the meaning given under paragraph 2 of POCA Regulations;
- e) in paragraph 11, "negative press" means any public information about the proposed employee that raises concerns about, amongst other things, the probity, fitness for the position or source of wealth of such person;
- f) for the purposes of completing 11, "criminal conviction" means all non-expunged criminal offences;
- g) for the purposes of completing the questions under paragraphs 10 and 19; "senior management" shall be interpreted in accordance with the provisions of POCA Regulations
- h) in paragraph 15, "policyholder" means the individual or entity covered by an insurance policy issued by the insurer;

- i) for the purposes of paragraph 16, a “beneficiary” means a beneficiary as defined under paragraph 6(7) of POCA Regulations;
- j) in paragraph 19, “risk assessment” means the assessment of AML/ATF risks determined by the insurer of a policy holder of the insurer in accordance with POCA Regulations and the relevant Guidance Notes issued by the Authority.
- k) for the purposes of paragraph 23, “non-risk rated policyholder” means a policyholder who has not been “risk rated” in line with the AML/ATF risk assessment requirement imposed under POCA Regulations and the relevant Guidance Notes issued by the Authority.

INSTRUCTIONS TO TABLE II:

For the purposes of Table II:

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