



2018 Alternative Capital Schedule Instructions

The Bermuda Monetary Authority (the Authority) issued a Notice dated 22 January 2018. The Notice requires all insurers that conduct business that is financed by alternative capital to complete and file the Alternative Capital Schedule (Schedule) on an annual basis. More specifically, the Schedule is applicable to Insurers that conduct business that is financed by a mechanism other than shareholders' capital of the (re)insurance company. This may take various forms such as catastrophe (cat) bonds, industry loss warranties, sidecars, collateralised reinsurers, longevity and mortality bond/swaps, hybrid securities such as preference shares, swaps, and contingent capital such as letters of credit, among others.

I. GENERAL INSTRUCTIONS

- A. *Submission:* **(i) Commercial insurers** (Classes 3A, 3B, 4, C, D and E) the Schedule must be completed and attached within the Bermuda Solvency and Capital Requirement (BSCR), under the attachments tab. **(ii) Limited Purpose Insurers** ((Classes 1, 2, 3, A, and B) and Special Purpose Insurers) the Schedule must be completed and attached within the Electronic Statutory Filing System (E-SFR) under the attachments tab.
- B. *Prescribed format:* The completed Schedule must be attached to the respective filing, i.e. BSCR or E-SFR in the prescribed Microsoft Excel format. Any supporting content (e.g. calculations, reconciliation etc.) may be added on a new worksheet and saved within the Schedule.
- C. *Data:* All rows should be completed on a per contract basis.
- D. *Figures Format:* All figures should be recorded in units.
- E. *Currency:* All amounts must be United States Dollars

II. SECTION 1 FILING DETAILS INSTRUCTIONS

- 1) *Name of Insurer* – The Insurers' full name as it appears on their licenses should be entered in this box. This is a type text box.

- 2) *Structure of the Insurer* – Select the most predominant structure from the drop down options provided i.e. Cat bond, Sidecar, Collateralised Re or Other. If "Other" is selected, additional comments about the structure must be provided under “General Comments” type text box.
- 3) *Year-Ending* – Specify the insurer’s financial year-end date which is also the cut-off date for the data submitted in the Schedule. This is a type text box; type the date in the following format (dd/mm/yyyy).
- 4) *Enter Number of Rows Required*: This is a type box and you can type any figure from 1-1500. Then click the apply button.

III. SECTION 2 TRANSACTION DETAILS INSTRUCTIONS

COLUMN B: *Name of cedant* – Name of insurance or reinsurance company transferring risk to the insurer.

COLUMN C: *Type of coverage* – Use drop down options to select the nature of contract in place to transfer the risk.

COLUMN D: *Statutory Line of business written* – Use drop down option to select the line of business which characterizes the underlying risk appropriately.

COLUMN E: *Location of cover* - Use drop down option to select the geographical region which the underlying exposure relates to. Note this is NOT the jurisdiction of the reinsured.

COLUMN F: *Aggregate maximum limit as at inception date*– The total **gross** initial limit per the (re)insurance contract as at the inception date.

COLUMN G: *Net aggregate maximum limit* – The total outstanding limit per the (re)insurance contract as at the financial year end date. This should be net of any claims paid, adjustments or any other offset that impact the initial limit per the (re)insurance contract. Provide additional comments if this amount does not equal the collateral amount recorded in COLUMN T.

COLUMN H: *Inception date of cover period* – Enter date in the format (dd/mm/yyyy). This should be the date which the cover period begins.

COLUMN I: *Effective date of contract* – Enter date in the format (dd/mm/yyyy). Date the contract is executed/takes effect and the Company is contractually bound.

COLUMN J: *Expiry date of cover period* - Enter date in the format (dd/mm/yyyy).

COLUMN K: *Gross premium written for the cover period*

COLUMN L: *Net premium written for the cover period*

COLUMN M: *Aggregate losses outstanding at the beginning of the financial year* – losses from the prior year that are not settled as of the first day of the Company’s financial year.

COLUMN N: *Aggregate losses incurred during the financial year* - both paid during the year and outstanding at the end of the Company’s financial year.

COLUMN O: *Aggregate losses outstanding at the end of the year* – Total unpaid losses as at the Company’s financial year end.

COLUMN P: *Reserved buffer collateral* - Record any additional collateral withheld above the loss amount for potential loss developments. This amount is usually outlined in and governed by the buffer loss factor table or equivalent.

COLUMN Q: *Currency of exposure* – The currency which the original of exposure is determined in.

COLUMN R: *Nature of collateral* – Use drop down options to select the form collateral is held in. Provide *additional comments* if the option selected is “Other”.

COLUMN S: *Average collateral rating* – Use issuer’s rating or bank’s rating if collateral is held securities such as letters of credit or cash deposits.

COLUMN T: *Amount of Collateral* – The amount of collateral at the Company’s year-end date. Provide *additional comments* if collateral amount differs from that recorded in COLUMN G, Net aggregate maximum limit.

COLUMN U: *Additional comments* – This section is optional as should be used to supplement any data provided per the respective row.

GENERAL COMMENTS: This section should be completed to supplement the contract by contract information with general explanatory comments about the insurer, its structure, model etc. in order to help the reviewer interpret the data more accurately.