

**SCHEDULE I (Paragraph 3)**

**SCHEDULE OF FINANCIAL CONDITION REPORT**

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The schedule of financial condition report of a Class 3A, Class 3B, Class 4, Class C, Class D or Class E insurer shall provide particulars of the following matters-

- (a) business and performance;
- (b) governance structure;
- (c) risk profile;
- (d) solvency valuation;
- (e) capital management;
- (f) subsequent event.

**INSTRUCTIONS AFFECTING SCHEDULE I**

**i. Business and Performance**

Class 3A, Class 3B, Class 4, Class C, Class D or Class E insurers shall provide particulars regarding the organisational structure, insurance business activities and financial performance as follows:

- a. Name of the insurer;
- b. Name and contact details of the insurance supervisor and group supervisor;
- c. Name and contact details of the approved auditor;
- d. A description of the ownership details including proportion of ownership interest;
- e. Where the insurer is part of a group, a group structure chart showing where the insurer fits within the group structure;
- f. Insurance business written by business segment and by geographical region during the reporting period;
- g. Performance of investments, by asset class and details on material income and expenses incurred during the reporting period;
- h. Any other material information.

**ii. Governance Structure**

Class 3A, Class 3B, Class 4, Class C, Class D or Class E insurers shall provide particulars of corporate governance, risk management and solvency self-assessment frameworks; and should provide information where applicable and appropriate, on the following:

- a. Board and Senior Executive:

SCHEDULE TO THE INSURANCE (PUBLIC DISCLOSURE) RULES 2015

- i. a description of the structure of the board and senior executive, the roles, responsibilities and segregation of these responsibilities;
  - ii. a description of remuneration policy and practices and performance-based criteria governing the board, senior executive and employees;
  - iii. a description of the supplementary pension or early retirement schemes for members, the board and senior executive; and
  - iv. any material transactions with shareholder controllers, persons who exercise significant influence, the board or senior executive.
- b. Fitness and Propriety Requirements:
- i. a description of the fit and proper process in assessing the board and senior executive; and
  - ii. a description of the professional qualifications, skills, and expertise of the board and senior executives to carry out their functions.
- c. Risk Management and Solvency Self-Assessment:
- i. a description of the risk management process and procedures to effectively identify, measure, manage and report on risk exposures;
  - ii. a description of how the risk management and solvency self-assessment systems are implemented and integrated into the insurer's operations; including strategic planning and organisational and decision making process;
  - iii. a description of the relationship between the solvency self-assessment, solvency needs, and capital and risk management systems; and
  - iv. a description of the solvency self-assessment approval process including the level of oversight and independent verification by the board and senior executives.
- d. Internal Controls:
- i. a description of the internal control system; and
  - ii. a description of how the compliance function is executed;
- e. Internal Audit - a description of how the internal audit function is implemented and how it maintains its independence and objectivity when conducting its functions.
- f. Actuarial Function – a description of how the actuarial function is implemented.
- g. Outsourcing:
- i. a description of the outsourcing policy and information on any key or important functions that have been outsourced; and
  - ii. a description of material intra-group outsourcing.
- h. Any other material information.

iii. **Risk Profile**

Class 3A, Class 3B, Class 4, Class C, Class D or Class E insurers shall provide particulars on exposures on underwriting risk, market risk including off balance sheet exposures, credit risk, liquidity risk, operational risk and other material risks; and shall also include information on how these risk areas are assessed and managed as follows:

SCHEDULE TO THE INSURANCE (PUBLIC DISCLOSURE) RULES 2015

- a. Material risks that the insurer is exposed to, including how these risks are measured and any material changes that have occurred during the reporting period;
- b. How risks are mitigated including the methods used and the process to monitor the effectiveness of these methods;
- c. Material risk concentrations;
- d. How assets are invested in accordance with the prudent person principle as stated in Paragraph 5.1.2 of the Code;
- e. The stress testing and sensitivity analysis to assess material risks, including the methods and assumptions used, and the outcomes;
- f. Any other material information.

iv. **Solvency Valuation**

Class 3A, Class 3B, Class 4, Class C, Class D or Class E insurers shall provide particulars of the valuation bases, methods and assumptions on the inputs used to determine solvency; and include details, where applicable and appropriate, on the following:

- a. The valuation bases, assumptions and methods used to derive the value of each asset class;
- b. The valuation bases, assumptions and methods used to derive the value of technical provisions and the amount of the best estimate. The amount of the risk margin as well as the level of uncertainty to determine the value of the technical provisions should be included;
- c. A description of recoverables from reinsurance contracts, including special purpose insurers and other risk transfer mechanisms;
- d. The valuation bases, assumptions and methods used to derive the value of other liabilities;
- e. Any other material information.

v. **Capital Management**

Class 3A, Class 3B, Class 4, Class C, Class D or Class E insurers shall provide particulars regarding an assessment of capital needs and regulatory capital requirements; and include details where applicable and appropriate, on the following:

- a. Eligible Capital:
  - i. a description of the capital management policy and process to determine capital needs for business planning, how capital is managed and any material changes during the reporting period;
  - ii. a description of the eligible capital categorised by tiers in accordance with the Eligible Capital Rules;
  - iii. a description of the eligible capital categorised by tiers, in accordance with the Eligible Capital Rules used to meet the Enhanced Capital Requirement ("ECR") and the Minimum Margin of Solvency ("MSM") defined in accordance with section (1) (1) of the Act;
  - iv. confirmation that eligible capital is subject to transitional arrangements as required under the Eligible Capital Rules;

SCHEDULE TO THE INSURANCE (PUBLIC DISCLOSURE) RULES 2015

- v. identification of any factors affecting encumbrances affecting the availability and transferability of capital to meet the ECR;
  - vi. identification of ancillary capital instruments that have been approved by the Authority;
  - vii. identification of differences in shareholder's equity as stated in the financial statements versus available statutory capital and surplus.
- b. Regulatory Capital Requirements:
- i. Identification of the amount of the ECR and MSM at the end of the reporting period;
  - ii. Identification of any non-compliance with the MSM and the ECR;
  - iii. A description of the amount and circumstances surrounding the non-compliance, the remedial measures taken and their effectiveness; and
  - iv. Where the non-compliance has not been resolved, a description of the amount of the non-compliance at the end of the reporting period.
- c. Approved Internal Capital Model used to derive the ECR:
- i. A description of the purpose and scope of the business and risk areas where the internal model is used;
  - ii. Where a partial internal model is used, a description of how it is integrated with the BSCR Model;
  - iii. A description of methods used in the internal model to calculate the ECR;
  - iv. A description of aggregation methodologies and diversification effects;
  - v. A description of the main differences in the methods and assumptions used for the risk areas in the internal model versus the BSCR Model; and
  - vi. A description of the nature and suitability of the data used in the internal model;
  - vii. Any other material information.
- vi. **Subsequent Event**
- ii. In accordance with paragraph 4 (1) , every Class 3A, Class 3B, Class 4, Class C, Class D and Class E insurer shall provide detailed particulars and explanations of a significant event including, but not limited to the following:
    - a. a description of the significant event;
    - b. approximate date(s) or proposed timing of the significant event;
    - c. confirmation of how the significant event has impacted or will impact, any information provided in the most recent financial condition report filed with the Authority;
    - d. any other material information.