

**A BILL**

**Entitled**

**INSURANCE AMENDMENT ACT 2011**

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WHEREAS it is expedient to amend the Insurance Act 1978, and to make consequential amendments;

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

**Citation**

1 This Act, which amends the Insurance Act 1978 (the "principal Act"), may be cited as the Insurance Amendment Act 2011.

**Amends section 1**

2 The principal Act is amended—

- (a) in the definition of "participating company" by deleting "regulations" and substituting "rules"; and
- (b) in the definition of "insurance groups" by deleting ", exclusively or mainly".

**Amends section 6**

3 Section 6 of the principal Act is amended—

- (a) in subsection (4) by inserting "Class 3A" before "Class 3B"; and
- (b) in subsection (5) by inserting "Class 3A" before "Class 3B" where it occurs.

**Amends section 6C**

4 Section 6C of the principal Act is amended—

- (a) in subsection (1) by inserting "or where the Authority has made a determination," after "designated insurer,"; and
- (b) in subsection (3) by deleting the word "applicant".

**Amends section 7**

5 Section 7 (1) (i) of the principal Act is amended by deleting "\$500,000" and substituting "\$250,000".

**Amends section 8A**

6 Section 8A (2) of the principal Act is amended by deleting the "." after subsection (h) and inserting —

- (i) in relation to a Class C insurer, where the limit on total assets of less than \$250 million imposed by section 4ED is exceeded;
- (j) in relation to a Class D insurer, where the limit on total assets of less than \$500 million imposed by section 4EE is exceeded."

**Amends section 14**

7 Section 14 of the principal Act is amended—

- (a) by repealing subsection (4) and inserting —  
"(4) The registration fee payable by an insurer shall be remitted—  
(a) by 25% where an insurer is registered after 31st March and before 30th

June in any year;

(b) by 50% where an insurer is registered after 30th June and before 30th September in any year;

(c) by 75% where an insurer is registered after 30th September in any year.”

(b) by deleting in subsection (5) “The Authority, if satisfied that in the particular circumstances of an insurer, the payment of the annual fee in whole or in part would be detrimental to its business may—”; and substituting, “The Authority if satisfied that payment of the annual fee in whole or in part is inappropriate after taking into account the diminution in the level of insurance business may—”.

**Amends section 17A**

8 Subsections (1), (5) and (7)(a) of section 17A of the principal Act are amended in each case by deleting “Class 3B or Class 4” and substituting “Class 3A, Class 3B, Class 4 or Class E”.

**Amends section 18A**

9 Section 18A of the principal Act is amended in subsection (5) by deleting “shall” and substituting “may”; by deleting “Class 3B or 4 insurer” and substituting “insurer”; and by inserting “where applicable” before “fails”.

**Amends section 27B**

10 Subsection (9) (a) of section 27B of the principal Act is amended by deleting “a Class 3B or Class 4 insurer” and substituting “a Class 3A, Class 3B, Class 4 or Class E insurer”.

**Amends section 30JA**

11 Subsection (1) (b) of section 30JA of the principal Act is amended by deleting “firm” and substituting “company”.

**Amends section 31A**

12 Section 31A of the principal Act is amended in subsection (1) by deleting “A Class 3, Class 3A, Class 3B or Class 4 insurer or Special Purpose Insurer or a Class C, Class D, Class E insurer” and substituting “An insurer”.

**Amends section 31C**

13 Section 31C of the principal Act is amended-

(a) in subsection (1) by inserting “Class 3A,” before “Class 3B”; and “Class C and Class D after “Class 3B”; and

(b) in subsection (4) by deleting “, Class 3A,” and “, Class C or Class D” and inserting “or” after “Class A.”

**Insert new sections 31AC and 31AD**

14 The principal Act is amended by inserting after section 31AB—

**“Class C: exceeding total assets limitation**

31AC Where a Class C insurer exceeds its total assets of \$250 million as imposed on that class by section 4ED, the insurer shall, notwithstanding such excess, be entitled to carry on insurance business in that class if—

- (a) its principal representative notifies the Authority of an event mentioned in section 8A (2) (i); and
- (b) the insurer makes application under section 56 for a direction that section 4ED would continue to apply to it notwithstanding the excess; and
- (c) the Authority does not require the insurer to be classified as a Class D insurer.

**Class D: exceeding total assets limitation**

31AD Where a Class D insurer exceeds its limit on total assets of less than \$500 million imposed on that class by section 4EE, the insurer shall, notwithstanding such excess, be entitled to carry on insurance business in that class if—

- (a) its principal representative notifies the Authority of an event mentioned in section 8A (2) (j) would continue to apply to it notwithstanding the excess; and
- (b) the insurer makes application under section 56 for a direction that section 4EE would continue to apply to it notwithstanding the excess; and
- (c) the Authority does not require the insurer to be classified as a Class E insurer.”

**Amends section 44A**

15 Section 44A of the principal Act is amended in subsection (1) by inserting “Where applicable” before “A registered person which is aggrieved by a decision of the Authority—”.

**Commencement**

16 This Act comes into operation on 31 December 2011.

[Assent Date:]

[Operative Date: 31 December 2011]

## **INSURANCE AMENDMENT ACT 2011**

### **EXPLANATORY MEMORANDUM**

This Bill seeks to amend the Insurance Act 1978 (the “principal Act”) by making a number of changes to the regulation of insurance business.

First, it imposes requirements on Class 3A insurers which previously were only applicable to Class 3B and 4 insurers; and

Second, it seeks to address housekeeping issues arising out of consultation with industry.

Clause 1 provides a citation for the Bill and defines “principal Act” as the Insurance Act 1978.

Clause 2 amends the Interpretation of the principle Act by inserting “rules” for “regulations” and amending the definition of insurance groups to adequately capture the nature of an insurance group in Bermuda.

Clause 3 amends sections 6 (4) and (5) “Further registration requirements” and proposes to make provision to allow the Authority to not register a Class 3A insurer under section 4 of the Act unless it is satisfied that the amount of the available statutory capital and surplus of the body corporate on the date of registration meets its minimum margin of solvency and its enhanced capital requirement. However, the amendment also proposes that the Authority may register an insurer as a Class 3A insurer if it is satisfied that it will meet the requirements of 6 (4) on the date it commences business.

Clause 4 amends section 6C “Authority may exempt insurers from standards”; to allow for the Authority to use its discretion to exempt an insurer from any obligations arising out of a rule made in accordance with section 6A (with conditions as appropriate). Previously this section only allowed for an exemption to be made upon application by an insurer to the Authority.

Clause 5 amends section 7 (1) (i) to make provision for the paid up share capital requirement for Classes C, D and E insurers to be \$250,000 as opposed to the current requirement of \$500,000. This is a housekeeping matter required to align this measure with the obligations of such insurers under Schedule III “Minimum Margin of Solvency” to the Insurance Returns and Solvency Regulations 1980; which was recently amended to allow for a transitioning period for insurers to meet relevant requirements.

Clause 6 amends section 8A (2) ‘Principal representative to report certain event’ to make provision for a principal representative to report (in addition to existing matters set out thereunder) to the Authority when a Class C insurer exceeds the limitations on its total assets of less than \$250 million; and where a Class D insurer exceeds the limitations on its total assets of less than \$500 million.

Clause 7 amends section 14 (4) “Fees” to allow for insurers to pay a more favorable prorated registration fee; and also makes provision for the Authority to have the power to take into consideration whether annual fees do not have to be paid based on the diminution in the level of insurance business conducted; as opposed to the former criteria of whether such payment would be detrimental to the insurance business conducted.

Clause 8 amends section 17A (1), (5) and (7) “additional financial statements prepared in accordance with GAAP” to roll in the Class 3A and Class E insurers whereby there shall now be an obligation on all Class 3A, 3B, Class 4 or Class E insurers to prepare in addition to

statutory financial statements required under section 15, financial statements (and comply with all requirements thereunder) currently required by Class 3B and 4 insurers under section 17A.

Clause 9 amends section 18A “Failure to file statutory statements or returns” to make provision for the Authority to use its discretion to appoint an inspector to investigate the affairs of any insurer (instead of requiring the Authority to do so) where any insurer fails within 3 months of its filing dates to file any statutory financial statements required under section 17, additional GAAP financial statements under section 17A (5), statutory financial returns under section 18 or capital or solvency returns required by rules made under section 6A.

Clause 10 amends section 27B “Group Supervisor” to revise the definition of “specified insurer” to include not only Class 3B and Class 4 insurers, but also Class 3A and Class E insurers; therefore extending the provisions of section 27B (i.e.; the determination of the BMA as group supervisor of an insurance group.) to such classes of insurer.

Clause 11 amends section 30JA “notification by registered persons and designated insurers of change of controller and officer” to revise the word “firm” to “company” as a housekeeping matter.

Clause 12 inserts new sections 31AC and 31AD to make provision for a ‘safe harbour’ for insurer Classes C and D to not be sanctioned by the Authority if such insurers exceed the threshold of their total asset limits in certain circumstances; and allow them to continue carrying on business (which is in line with the ‘safe harbor’ currently provided for Class 3 under the Act). This proposal is a housekeeping matter.

Clause 13 amends section 31A “Failure to meet solvency requirements” to extend such provisions to all classes of insurer. Insurers failing to meet their minimum margin of solvency shall within 30 days after becoming aware of the failure or having a reason to believe such failure has occurred, are required to file a report with the Authority regarding the manner, time and circumstances leading to the failure. Previously the obligations under section 31A were not imposed on insurer Classes 1, 2, A or B.

Clause 14 amends section 31C “Restrictions as to reductions of capital” to impose the standards and requirements of subsection (2) on Classes 3A, Class C and Class D insurers when applying to the Authority reduce its total statutory capital by 15%. Previously the reduced application requirements under subsection (4) would apply to such classes of insurer when making an application to reduce their capital by 15%. The proposed changes are required in line with the prudential solvency regime applicable to these classes.

Clause 15 amends section 44A “Rights of appeal” to clarify that the provisions under subsection (1) only apply to a registered insurer where applicable. This proposal is a housekeeping matter.

# BERMUDA

## INSURANCE ACCOUNTS AMENDMENT REGULATIONS 2011

BR / 2011

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1	Citation
2	Amends regulation 4
3	Amends regulation 8
4	Amends regulation 9
5	Schedule I amended
6	Schedule II amended
7	Schedule III amended
8	Schedule IV amended
9	Commencement
10	Schedules

The Minister of Finance, in exercise of the power conferred by section 53 of the Insurance Act 1978 makes the following regulations:

#### **Citation**

1 These Regulations which amend the Insurance Accounts Regulations 1980 (the “principal Regulations”) may be cited as the Insurance Accounts Amendment Regulations 2011.

#### **Amends regulation 4**

2 Regulation 4 of the principal Regulations is amended—

- (a) in paragraph (1) by deleting “ Class 3 or Class 3A,”; and inserting “or Class 3”; and
- (b) in paragraph (1A) by inserting “Class 3A,” before “Class 3B”.

#### **Amends regulation 8**

3 Regulation 8 of the principal Regulations is amended—

- (a) in paragraph (2) by deleting “, Class 3, Class 3A, Class 3B, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer,”; and inserting “and Class 3”.
- (b) in paragraph (3) by deleting “Class 3B or Class 4,” and inserting “Class 3A, Class 3B, Class 4, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer ”.

#### **Amends regulation 9**

4 Regulation 9 of the principal Regulations is amended—

- (a) in paragraph (2)(a) by deleting “, Class 3, Class 3A, Class 3B, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer,”; and substituting “and Class 3”;
- (b) in paragraph (2) (c) BY deleting “(a)” and substituting “(e)”; and by inserting “V” after “Part I”;
- (c) in paragraph 2 (d) by inserting “V” after “Part I”; and by deleting “Parts II and” substituting “Part”;
- (d) in paragraph (2)(e) by deleting “Class 3B or Class 4 insurer” and by substituting “,Class 3A, Class 3B, Class 4, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer”;
- (e) in paragraph (3) (a) by deleting “, Class 3, Class 3A, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer,”; and substituting “and Class 3”;
- (f) in paragraph (3) (c) by deleting “(a)” and substituting “(e)”; and by inserting “V” after “Part I”;
- (g) in paragraph (3) (d) by —
  - (i) inserting “and” before “Special”;
  - (ii) inserting “V” after Part I; and

(iii) deleting “Parts II and” substituting “Part”.

(h) in paragraph (3)(e) by deleting “Class 3B or Class 4 insurer” and inserting “,Class 3A, Class 3B, Class 4, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer”.

### Amends Schedule I

5 Schedule I of the principal Regulations is amended—

- (a) in the subheading of Form 1A by inserting “Class 3A,” before “Class 3B”; and deleting “ASSESTS and inserting “ASSETS;”
- (b) in the subheading of Form 2A by inserting “Class 3A,” before “Class 3B”;
- (c) by deleting Form 4 and substituting “Form 4” in Schedule 1;
- (d) by deleting Form 5 and substituting “Form 5” in Schedule 2;
- (e) by deleting Form 6 and substituting “Form 6” in Schedule 3;
- (f) by deleting Form 7 and substituting “Form 7” in Schedule 4 ;and
- (g) by deleting Form 8 and substituting “Form 8” in Schedule 5.

### Amends Schedule II

7 Schedule II of the principal Regulations is amended—

- (a) in the subheading of Part II by inserting “- Class 1, Class 2 and Class 3 insurers” after “Sheet”;
- (b) in the subheading of Part III by inserting “- Class 1, Class 2 and Class 3 insurers” after “Income”;
- (c) in the subheading of Part V by deleting “Class 3B or Class 4 insurer” and substituting “,Class 3A, Class 3B, Class 4, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer”;
- (d) in Part V line item 8 by deleting “Collateralized loans” and substituting “Collateral loans”;
- (e) in Part V line item 17 by inserting:

“(c) For the loss and loss expense provisions the following must be disclosed, if any –

- (i) Total restricted assets – an amount equal to the value of all that are held for security or collateral against a liability or contingent liability; and
- (ii) Unsecured policyholder obligations – an amount equal to all policyholder obligations that are not secured by assets or collateral.”

- (f) in Part V after “Table (Line 17(a))” and before line item 28, inserting:

For the long-term business insurance reserves the following must be disclosed, if any –

- (a) Total restricted assets – an amount equal to the value of all assets that are held for security or collateral against a liability or contingent liability; and
- (b) Unsecured policyholder obligations – an amount equal to all policyholder obligations that are not secured by assets or collateral.

- (g) by deleting the following line number references and paragraphs to the statutory balance sheet:

- “(i) 20. **Reserves for report claims**
- (i) 21. **Reserves for unreported claims**
- (iii) 22. **Policy reserves life**
- (iv) 23. **Policy reserves accident and health**
- (v) 25. **Liability for future policy holders’ dividends**
- (vi) 26. **Other insurance reserves- long term”**

- (h) in the subheading of Part VI by deleting “Class 3B or Class 4 insurer” and substituting “,Class 3A, Class 3B, Class 4, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer”.

### Amends Schedule III

8 Schedule III of the principal Regulations is amended- -

- (a) in the subheading of Part I by deleting “, Class 3, Class 3A, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer,”; and substituting “and Class 3”;
- (b) in the subheading of Part II by deleting “Class 3, Class 3A, section 24 (6) composite and Special Purpose Insurer,”; and substituting “and Class 3”;
- (c) in Part III by deleting the following line number references and paragraphs to the statutory balance sheet:
  - 10. **Accounts and premiums receivable**
  - 11. **Reinsurance balances receivable”;**

(d) in Part III by inserting before “20. **Reserves for reported claims**”;-

“19A. **Gross long-term business insurance reserves**

This line shall disclose the gross amount of reserves under contract of reinsurance in respect of the gross amount provided for.

There shall be disclosed severally –

- (i) gross loss and loss expense provisions;
- (ii) foreign affiliates reinsurance recoverable balance;
- (iii) domestic affiliates reinsurance recoverable balance;
- (iv) pools and associations reinsurance recoverable balance;
- (v) all other insurers reinsurance recoverable balance;
- (vi) the total reinsurance recoverable balance of (ii) to (v);
- (vii) net long-term business insurance reserves - the total of (i) and (vi).” ; and

(e) in the subheading of Part IV by deleting “Class 3B or Class 4 insurer” and substituting “,Class 3A, Class 3B, Class 4, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer”.

**Amends Schedule IV**

9 Schedule IV of the principal Regulations is amended–

- (a) in the subheading of Part I by deleting “, Class 3, Class 3A, Class A, Class B, Class C, Class D and Class E insurers, section 24 (6) composite and Special Purpose Insurer,”; and substituting “and Class 3”; and
- (b) in the subheading of Part II by deleting “, Class 3, Class 3A, Class A, Class B, Class C, Class D and Class E insurers, section 24 (6) composite and Special Purpose Insurer,”; and substituting “and Class 3”; and
- (c) in Part III by deleting “19. **Premiums and other considerations**” and substituting -

**“Gross premiums and other considerations**

These shall be gross premiums and other considerations. The amount shall be disclosed severally in the following categories

- (a) Direct gross premiums and other considerations;
- (b) Assumed gross premiums and other considerations;
- (c) This shall be the total of 19(a) and 19(b);
- (d) 19(c) shall be deducted by the total reinsurance ceded under contracts of reinsurance during the relevant year, net of related taxes. The result will be net premiums and considerations.

(e) This income derived from (d) above shall be disclosed severally in the following categories—

- (i) life;
- (ii) annuities;
- (iii) accident and health;
- (iv) the total of (a) to (c) inclusive”; and

(d) in the subheading of Part IV by deleting “Class 3B or Class 4 insurer” and substituting “,Class 3A, Class 3B, Class 4, Class A, Class B, Class C, Class D and Class E insurer, section 24 (6) composite and Special Purpose Insurer”

**Commencement**

11 These Regulations come into operation on 31 December 2011.

Made this day of 2011

Ministry of Finance

## FORM 4

## "FORM 4

## STATUTORY BALANCE SHEET (Long-term Business)

[blank] name of Company

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

expressed in [blank] (currency used (vide Reg. 10(2)))

		—	—
		—	—
<b>ASSETS</b>			
<b>STMT.</b>			
<b>LINE No.</b>		<b>20XX</b>	<b>20XX</b>
1.	CASH AND TIME DEPOSITS	XXX	XXX
2.	QUOTED INVESTMENTS:	—	—
		—	—
		—	—
	Bonds and Debentures		
	(a) Bonds and debentures		
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
	(b) Total bonds and debentures	XXX	XXX
	(c) Equities	—	—
	(i) Common stocks	<del>XXX</del>	<del>XXX</del>
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
	(d) Total equity investments	XXX	XXX
	(e) Other quoted investments	XXX	XXX
	(f) Total quoted investments	XXX	XXX
3.	UNQUOTED INVESTMENTS:	—	—
		—	—
	Bonds and Debentures		
	(a) Bonds and debentures		
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
	(b) Total bonds and debentures	XXX	XXX
	(c) Equities		
	(i) Common stocks	<u>XXX</u>	<u>XXX</u>
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
	(d) Total equity investments	XXX	XXX
	(e) Other unquoted investments	XXX	XXX
	(f) Total unquoted investments	XXX	XXX
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES:		
	(a) Investments in affiliates (cost or equity)	XXX	XXX
	(b) Advances to affiliates	XXX	XXX
	(c) 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 company (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
	(b) Deferred - not yet due	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 and associations	XXX	XXX
	(d) All other insurers	XXX	XXX
	(e) Total reinsurance balances receivable	XXX	XXX
12.	FUNDS HELD BY CEDING REINSURERS:	XXX	XXX
	(a) Affiliates	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 companies	XXX	XXX
	(c) Deposit Assets	XXX	XXX
	(d)	XXX	XXX
	(e) Total sundry assets	XXX	XXX
14.	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
15.	TOTAL	XXX	XXX

**LONG-TERM BUSINESS INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS**

<b>STMT.</b>	<b>20XX</b>	<b>20XX</b>
	—	—

**LINE No.**

**LONG-TERM BUSINESS INSURANCE RESERVES**

20.	RESERVES FOR REPORTED CLAIMS	XXX	XXX
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21.	RESERVES FOR UNREPORTED CLAIMS	XXX	XXX
22.	POLICY RESERVES — LIFE	XXX	XXX
23.	POLICY RESERVES — ACCIDENT AND HEALTH	XXX	XXX
24.	POLICYHOLDERS' FUNDS ON DEPOSIT	XXX	XXX
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	XXX	XXX
26.	OTHER INSURANCE RESERVES — LONG-TERM	XXX	XXX
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES:		
	(a) Gross long-term business insurance reserves	XXX	XXX
	(b) Less: Reinsurance recoverable balance:		
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other insurers	XXX	XXX
	(c) Total reinsurance recoverable balance	XXX	XXX
	(d) Net long-term business insurance reserves	XXX	XXX
	<b>OTHER LIABILITIES</b>		
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.	(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	XXX	XXX
	(b) Segregated accounts companies	XXX	XXX
	(c) Deposit liabilities	XXX	XXX
	(d) _____	XXX	XXX
	(e) 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 GENERAL BUSINESS INSURANCE RESERVES AND OTHER LIABILITIES	<u>XXX</u>	<u>XXX</u>
	<b>STATUTORY CAPITAL AND SURPLUS</b>		
40.	TOTAL STATUTORY CAPITAL AND SURPLUS	XXX	XXX
41.	TOTAL	XXX	XXX"

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**Schedule 2 (Regulation 5)  
Form 5**

**“Form 5**

**STATUTORY STATEMENT OF INCOME (Long-term Business)**

[*blank*] name of Company  
as at [*blank*] (day/month/year)  
expressed in [*blank*] (currency used (vide Reg. 10(2)))

<b>STMT. LINE No.</b>		<b>20XX</b>	<b>20XX</b>
19.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations	XXX	XXX
	(b) Assumed gross premiums and other considerations	XXX	XXX
	(c) Total gross premiums and other considerations	XXX	XXX
	(d) REINSURANCE CEDED	XXX	XXX
	(e) NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(i) Life	XXX	XXX
	(ii) Annuities	XXX	XXX
	(iii) Accident and Health	XXX	XXX
	(iv) Total Net Premiums and Other Considerations	XXX	XXX
20.	LONG-TERM BUSINESS INVESTMENT INCOME — NET	XXX	XXX
21.	OTHER INSURANCE INCOME	XXX	XXX
22.		XXX	XXX
	<b>DEDUCTIONS</b>		
23.	Claims — Life	XXX	XXX
24.	Policyholders' Dividends	XXX	XXX
25.	Surrenders	XXX	XXX
26.	Maturities	XXX	XXX
27.	Annuities	XXX	XXX
28.	Accident and Health Benefits	XXX	XXX
29.	Commissions	XXX	XXX
30.	Other	XXX	XXX

31.		XXX	XXX
32.	OPERATING EXPENSES	XXX	XXX
33.		XXX	XXX
34.	(INCREASE) DECREASE IN POLICY RESERVES (Actuarial Liabilities):		
	(a) Life	XXX	XXX
	(b) Annuities	XXX	XXX
	(c) Accident and Health	XXX	XXX
	(d) Total (Increase) Decrease in policy reserves	XXX	XXX
35.	INCOME BEFORE THE UNDERNOTED ITEMS	XXX	XXX
37.	OTHER INCOME (DEDUCTIONS)	XXX	XXX
38.	INCOME BEFORE TAXES	XXX	XXX
39.	INCOME TAXES (IF APPLICABLE):		
	(a) Current	XXX	XXX
	(b) Deferred	XXX	XXX
	(c) Total	XXX	XXX
40.	INCOME BEFORE REALIZED GAINS (LOSSES)		
41.	REALIZED GAINS (LOSSES)	XXX	XXX
42.	NET INCOME	XXX	XXX"

**“FORM 6**

**STATUTORY BALANCE SHEET**

**(Section 24(6) Composite and Special Purpose Insurer)**

[blank] name of Company

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

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expressed in [blank] (currency used (vide Reg. 10(2)))

**ASSETS**

<b>STMT. LINE No.</b>		<u>      </u> <b>20XX</b>	<u>      </u> <b>20XX</b>
1.	CASH AND TIME DEPOSITS	XXX	XXX
2.	QUOTED INVESTMENTS:		
	(a) Bonds and Debentures	XXX	XXX
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
	(b) Total Bonds and Debentures	XXX	XXX
	(c) Equities	<u>XXX</u>	<u>XXX</u>
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	<u>XXX</u>	<u>XXX</u>
	(d) Total equity investments	XXX	XXX
	(e) Other quoted investments	XXX	XXX
	(f) Total quoted investments	<u>XXX</u>	<u>XXX</u>
3.	UNQUOTED INVESTMENTS:		
	(a) Bonds and Debentures	XXX	XXX
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
	(b) Total Bonds and Debentures	XXX	XXX
	(c) Equities	XXX	XXX
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
	(d) Total equity investments	XXX	XXX
	(e) Other unquoted investments	XXX	XXX
	(f) Total unquoted investments	XXX	XXX
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES:	XXX	XXX
	(a) Investments in affiliates (cost or equity)	XXX	XXX
	(b) Advances to affiliates	<u>XXX</u>	<u>XXX</u>
	(c) 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 company (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	XXX	XXX
	(a) In course of collection	XXX	XXX
	(b) Deferred - not yet due	XXX	XXX
	(c) Receivables from retrocessional contracts	XXX	XXX
	(d) Total accounts and premiums receivable	XXX	XXX
	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 balances receivable	XXX	XXX
12.	FUNDS HELD BY CEDING REINSURERS:		
	(a) Affiliates	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 companies	XXX	XXX
	(c) Deposit assets	XXX	XXX
	(d) _____	XXX	XXX
	(e) Total sundry assets	XXX	XXX
14.	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
15.	TOTAL	XXX	XXX

**GENERAL BUSINESS INSURANCE RESERVES, LONG-TERM BUSINESS  
INSURANCE RESERVES, OTHER LIABILITIES AND  
STATUTORY CAPITAL AND SURPLUS**

**STMT.  
LINE No.**

**20XX**

**20XX**

**GENERAL BUSINESS INSURANCE RESERVES**

16.	UNEARNED PREMIUMS	XXX	XXX
17.	LOSS AND LOSS EXPENSES PROVISIONS:		
	(a) Gross loss and loss expense provisions	XXX	XXX
	(b) Less: Reinsurance recoverable balance	XXX	XXX
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other insurers	XXX	XXX
	(c) Total reinsurance recoverable balance	XXX	XXX
	(d) Net loss and loss expense provisions	XXX	XXX
18.	OTHER INSURANCE RESERVES — GENERAL BUSINESS	XXX	XXX
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	XXX	XXX
	<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>	—	—
20.	RESERVES FOR REPORTED CLAIMS	XXX	XXX
21.	RESERVES FOR UNREPORTED CLAIMS	XXX	XXX
22.	POLICY RESERVES — LIFE	XXX	XXX
23.	POLICY RESERVES — ACCIDENT AND HEALTH	XXX	XXX
24.	POLICYHOLDERS' FUNDS ON DEPOSIT	XXX	XXX
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	XXX	XXX
26.	OTHER INSURANCE RESERVES — LONG-TERM	XXX	XXX
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES:	—	—
	(a) Gross long-term business insurance reserves	XXX	XXX
	(b) Less: Reinsurance recoverable balance	XXX	XXX
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other insurers	XXX	XXX
	(c) Total reinsurance recoverable balance	XXX	XXX
	(d) Net long-term business insurance reserves	XXX	XXX
	<b>OTHER LIABILITIES</b>		
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.	(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	XXX	XXX
	(b) Segregated accounts companies	XXX	XXX
	(c) Deposit liabilities	XXX	XXX
	(d) _____	XXX	XXX
	(e) 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 GENERAL BUSINESS INSURANCE RESERVES AND OTHER LIABILITIES	XXX	XXX
	<b>STATUTORY CAPITAL AND SURPLUS</b>		
40.	TOTAL STATUTORY CAPITAL AND SURPLUS	XXX	XXX
41.	TOTAL	XXX	XXX"

## "FORM 7

**STATUTORY STATEMENT OF INCOME**  
**(Section 24(6) Composite and Special Purpose Insurer)**

[blank] name of Company

for the year ended [blank] (day/month/year)

expressed in [blank] (currency used (vide Reg. 10(2)))

<b>STMT. LINE No.</b>		<b>20XX</b>	<b>20XX</b>
	<b>UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN:		
	(a) Direct gross premiums written	XXX	XXX
	(b) Assumed gross premiums written	XXX	XXX
	(c) TOTAL GROSS PREMIUMS WRITTEN	XXX	XXX
2.	REINSURANCE PREMIUMS CEDED	XXX	XXX
3.	NET PREMIUMS WRITTEN	XXX	XXX
4.	(INCREASE) DECREASE IN UNEARNED PREMIUMS	XXX	XXX
5.	NET PREMIUMS EARNED	XXX	XXX
6.	OTHER INSURANCE INCOME	XXX	XXX
7.		XXX	XXX
	<b>UNDERWRITING EXPENSES</b>		
8.	NET LOSS INCURRED AND NET LOSS EXPENSES INCURRED	XXX	XXX
9.	COMMISSIONS AND BROKERAGE	XXX	XXX
	<b>OTHER UNDERWRITING EXPENSES</b>		
10.	GENERAL ADMINISTRATIVE	XXX	XXX
11.	PERSONNEL COSTS	XXX	XXX
12.	OTHER	XXX	XXX
13.		XXX	XXX
14.	UNDERWRITING PROFIT (LOSS)	XXX	XXX
15.	TRANSFERRED FROM (TO) OPEN YEAR BUSINESS REVENUE STATEMENT	XXX	XXX
16.	NET UNDERWRITING PROFIT (LOSS)	XXX	XXX
17.	GENERAL BUSINESS INVESTMENT INCOME — NET	XXX	XXX
18.	INCOME FROM GENERAL BUSINESS BEFORE THE UNDERNOTED ITEMS	XXX	XXX
19.	GROSS PREMIUMS AND OTHER		

CONSIDERATIONS:			
	(a) Direct gross premiums and other considerations	XXX	XXX
	(b) Assumed gross premiums and other considerations	XXX	XXX
	(c) Total gross premiums and other considerations	XXX	XXX
	(d) REINSURANCE CEDED	XXX	XXX
	(e) NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(i) Life	XXX	XXX
	(ii) Annuities	XXX	XXX
	(iii) Accident and Health	XXX	XXX
	(iv) Total Net Premiums and Other Considerations	XXX	XXX
20.	LONG-TERM BUSINESS INVESTMENT INCOME — Net	XXX	XXX
21.	OTHER INSURANCE INCOME	XXX	XXX
22.		XXX	XXX
	<b>DEDUCTIONS</b>		
23.	Claims — Life	XXX	XXX
24.	Policyholders' Dividends	XXX	XXX
25.	Surrenders	XXX	XXX
26.	Maturities	XXX	XXX
27.	Annuities	XXX	XXX
28.	Accident and Health Benefits	XXX	XXX
29.	Commissions	XXX	XXX
30.	Other	XXX	XXX
31.		XXX	XXX
32.	OPERATING EXPENSES	XXX	XXX
33.		XXX	XXX
34.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	XXX	XXX
	(b) Annuities	XXX	XXX
	(c) Accident and Health	XXX	XXX
	(d) Total Increase (Decrease) in policy reserves	XXX	XXX
35.	INCOME BEFORE THE UNDERNOTED ITEMS	XXX	XXX

**COMBINED INCOME AND UNALLOCATED ITEMS**

<b>STMT. LINE No.</b>		<b>20XX</b>	<b>20XX</b>
	<b>INCOME BEFORE UNALLOCATED ITEMS</b>		
18.	GENERAL BUSINESS	XXX	XXX
35.	LONG-TERM BUSINESS	XXX	XXX
36.	COMBINED INCOME	XXX	XXX
37.	OTHER INCOME (DEDUCTIONS)	XXX	XXX
38.	INCOME BEFORE TAXES	XXX	XXX
39.	INCOME TAXES (IF APPLICABLE):		
	(a) Current	XXX	XXX
	(b) Deferred	XXX	XXX
	(c) Total	XXX	XXX
40.	INCOME BEFORE REALIZED GAINS (LOSSES)		
		XXX	XXX
41.	REALIZED GAINS (LOSSES)	XXX	XXX
42.	NET INCOME	XXX	XXX"

**Schedule 5 (Regulation 5)**

**“FORM 8**

**STATUTORY STATEMENT OF CAPITAL AND  
SURPLUS**

[*blank*] name of Company

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

expressed in [*blank*] (currency used (vide Reg. 10(2)))

**STMT.**

<b>LINE No.</b>		<b>20XX</b>	<b>20XX</b>
1.	STATUTORY CAPITAL:		
	(a) Capital Stock		
	(i) Common Stock		
	Authorized shares of par Value each issued and fully paid shares	XXX	XXX
	(ii) Preferred Stock		
	authorized shares of par value each issued and fully paid shares	XXX	XXX
	(b) Contributed surplus	XXX	XXX
	(c) Any other fixed capital		
	(d) Total Statutory Capital	XXX	XXX
2.	STATUTORY SURPLUS:		
	Statutory Surplus — Beginning of Year	XXX	XXX
	(b) Add: Income for the year	XXX	XXX
	(c) Less: Dividends paid and payable	XXX	XXX
	(d) Add (Deduct) change in unrealized appreciation (depreciation)		

