



**BERMUDA**

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY  
REQUIREMENT) RULES 2011**

**BR 77 / 2011**

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SCHEDULES

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

**Citation**

1 These Rules may be cited as the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011.

**Interpretation**

2 In these Rules—

“accident and health insurance” means an insurance that pays a benefit or benefits in the event of the person insured incurring an insured injury, illness or infirmity;

“Act” means the Insurance Act 1978;

“annuity” means an insurance that provides savings or income benefits during the lifetime of the person insured or some limited period thereafter;

“approved group internal capital model” means a model approved under paragraph 5;

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“available statutory capital and surplus”*[revoked]*

“available statutory economic capital and surplus” means the amount shown in Line 40 of Form 1EBS as set out in these Rules”

“business continuity risk” includes a risk of an event that threatens or disrupts an insurer’s continuous operations;

“business processes risk” includes a risk of errors arising from data entry, data processing, or application design;

“catastrophe risk” means the risk of a single catastrophic event or series of catastrophic events that lead to a significant deviation in actual claims from the total expected claims;

“compliance risk” includes a risk of legal or regulatory breaches or both;

“concentration risk” means the risk of exposure to losses associated with inadequate diversification of portfolios of assets or obligations;

“credit risk” includes the risk of loss arising from an insurer’s inability to collect funds from debtors;

“critical illness insurance” means a form of accident and health insurance that pays a benefit if the person insured incurs a predefined major illness or injury;

“currency risk” means the risk of losses resulting from movements in foreign currency exchange risks

“deferred annuity” means an insurance that provides benefits at a future date which may be fixed deferred annuities where specified amounts are payable or variable annuities where the benefits are dependent on the performance of an investment fund or funds;

“disability income insurance” means an accident and health insurance that pays a benefit for a fixed period of time during disability;

“distribution channel risk” includes a risk of disruption to an insurer’s distribution channel arising from employment of inexperienced or incapable brokers or agents.

“double or multiple gearing” means the same capital being used towards satisfying regulatory capital requirements in two or more entities within an insurance group;

“ECR” means the enhanced capital requirement within the meaning of section 1(1) of the Act;

“encumbered assets” means assets held for security or as collateral against a liability or contingent liability of the insurance group or other person or any other use restriction, excluding encumbered assets for the insurance group’s policyholder obligations;

“encumbered assets for policy holder obligations” means the total assets held for security or as collateral or otherwise restricted to meet the liabilities to the policyholders of the insurance group in the event of a loss;

“Form 1”*[revoked]*

“Form 1EBS” means Schedule XIV Group Statutory Economic Balance Sheet set out in these Rules;

“fraud risk” includes a risk of misappropriation of assets, information theft, forgery or fraudulent claims;

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- “Group BSCR model” means the Bermuda Solvency Capital Requirement model established in accordance with paragraph 4 and Schedule I;
- “group life, health and disability insurance” means insurance that is issued to persons insured through a group arrangement such as through an employer or association;
- “group risk” means any risk of any kind, arising from membership of a group;
- “Group Rules” means the Insurance (Group Supervision) Rules 2011;
- “human resources (‘HR’) risk” includes a risk of employment of unethical staff, inexperienced or incapable staff, failure to train or retain experienced staff, and failure to adequately communicate with staff;
- “information technology (‘IT’) risk” includes a risk of unauthorized access to systems and data, data loss, utility disruptions, software and hardware failures, and inability to access information systems;
- “insurance” includes reinsurance;
- “insurance underwriting risk” means the risk of fluctuations or deterioration in the experience factors affecting the cost of benefits payable to policyholders or impacting upon the amounts held to provide for policyholder obligations including premium risk, catastrophe risk and reserve risk;
- “interest rate risk” means the risk that asset values are adversely affected by changes in current interest rates;
- “investment risk” means the risk that the actual return from an asset deviates from the expected return;
- “legal risk” means the risk arising from the failure of a parent or any member of the insurance group to—
- (a) comply with statutory or regulatory obligations;
  - (b) comply with its bye-laws; or
  - (c) comply with any contractual agreement;
- “life insurance” means insurance of risks on the mortality (risk of death) of the life insured; and term insurance, whole life insurance, and universal life insurance are construed accordingly;
- “liquidity risk” means—
- (a) the risk arising from an insurance group’s inability to meet its obligations as they fall due; or
  - (b) an insurance group’s inability to meet such obligations except at excessive cost;
- “longevity risk” means the risk of fluctuations or improvements in mortality that cause benefits on payout annuities to be paid for longer than expected;
- “market risk” means the risk arising from fluctuations in values of, or income from, assets or in interest rates or exchange rates and includes investment risk;;
- “material intra-group transaction” means—
- (a) an intra-group transaction where the total value is greater than or equal to 5% of the insurance group’s available capital and surplus;

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- (b) a series of linked intra-group transactions that have a cumulative value that is greater than or equal to 10% of the insurance group's available capital and surplus;  
or
  - (c) an intra-group transaction where the qualitative risk characteristics of an intra-group transaction are assessed as high risk (including liquidity and solvency risk implications) and may adversely impact existing policyholders even though the quantitative impact remains unknown;
- “morbidity risk” means the risk of fluctuations or deterioration of morbidity experience causing increased claims on accident and health insurance coverages;
- “mortality risk” means the risk of fluctuations or deterioration of mortality experience causing increased claims on life insurance coverages;
- “non-proportional insurance” means coverage of risk that is not shared at a given layer or that attach above an insured layer;
- “operational risk” means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk;
- “outsourcing risk” includes a risk of miscommunication of responsibilities in relation to outsourcing, breach of outsource service agreements or entering into inappropriate outsource service agreements.
- “parent company” or “parent” has the meaning given to it in paragraph 2 of the Group Rules;
- “payout annuity” including “contingent annuity” and “pension block” means an insurance that provides a series of payments to annuitants during their lifetime and/or for a fixed benefit period;
- “premium risk” means the risk that premium is insufficient to meet future obligations;
- “relevant year” in relation to an insurance group, means its financial year; and
- “reputational risk” includes risk of adverse publicity regarding an insurance group's business practices and associations;
- “reserve risk” means the risk that an insurance group's technical provisions would be insufficient to satisfy its obligations;
- “stop loss insurance risk” means the risk that total claims experience deteriorates or is more volatile than expected, thereby increasing the likelihood and amount by which actual claims experience exceeds a predefined level;
- “strategic risk” means the risk of a parent company's inability to implement appropriate business plans and strategies, make decisions, allocate resources, or adapt to changes in the business environment;
- “Tail Value-at-Risk” (or “TVaR”) means the conditional average potential given that the loss outcome exceeds a given threshold;
- “variable annuity guarantees” means insurance that provides a minimum investment guarantee on variable annuities.

*[Paragraph 2 definitions "available statutory capital and surplus" and "Form 1" revoked, "reserve risk" amended and "available statutory economic capital and surplus", "currency risk" and "Form 1EBS" inserted by BR 57 / 2015 rule 2 effective 1 January 2016]*

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**ECR**

3 (1) An insurance group's ECR shall be calculated at the end of its relevant year by reference to the following—

- (a) the Group BSCR model; or
- (b) an approved internal capital model,

provided that the ECR shall at all times be an amount equal to, or exceeding, the minimum margin of solvency within the meaning of paragraph 19 of the Group Rules.

(2) The ECR applicable to an insurance group shall be —

- (a) the ECR as calculated at the end of its most recent relevant year; or
- (b) the ECR calculated after an adjustment has been made by the Authority under section 6D of the Act and has not otherwise been suspended under section 44A (4) of the Act,

whichever is later.

(3) Every insurance group shall maintain available statutory economic capital and surplus to an amount that is equal to or exceeds the value of the ECR.

(4) Available statutory economic capital and surplus is determined by calculating the total capital and surplus reported on Form 1EBS, Line 40 and—

- (a) adding the capital contribution as applicable and entered by the insurance group and;
- (b) deducting capital reduction for entities with insufficient data as reported on Schedule XI(D).
- (c) *[revoked]*

(5) *[revoked]*

*[Paragraph 3 subparagraph (5) inserted by BR 94 / 2012 para. 2 effective 1 January 2013 ; subparagraphs (3) and (4) amended by BR 57 / 2015 rule 3 effective 1 January 2016; subparagraph (5) revoked by BR 9 / 2016 rule 2 effective 15 March 2016]*

**Group BSCR model**

4 The Group BSCR model, set out in Schedule I, has effect.

**Approved group internal capital model**

5 (1) A designated insurer may apply to the Authority on behalf of the group of which it is a member for approval of a group internal capital model to be used in substitution of the Group BSCR model.

(2) Where the Authority is satisfied, having regard to subparagraph (3) that it is appropriate to do so, it may approve the group internal capital model and may make its approval subject to conditions.

(3) In considering an application for approval of an group internal capital model the Authority shall have regard to the following matters—

- (a) the appropriateness of the internal capital model for the determination of the insurer's capital requirement;
- (b) the extent to which the internal capital model has been integrated into the insurance group's risk management program; and

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- (c) the appropriateness of controls applicable to the creation and maintenance of the insurance group's internal capital model.

(4) The Authority shall serve notice on the designated insurer of the following matters—

- (a) its decision to approve its group internal capital model; or
- (b) its decision to not approve its group internal capital model and the reason for its decision.

(5) A designated insurer served with a notice under subparagraph (4)(b) may, within a period of 28 days from the date of the notice, make written representations to the Authority; and where such representations have been made, the Authority shall take them into account in deciding whether to confirm its decision not to approve the group internal capital model.

(6) The Authority may revoke the approval given under subparagraph (2) if satisfied that the insurance group has breached a condition of the approval, or where the approved group internal capital model is deemed by the Authority no longer appropriate for the determination of the group's ECR.

(7) The Authority shall serve notice on the designated insurer of its proposal to revoke its approval of the insurance group's internal capital model and the reasons for its proposal.

(8) A designated insurer served with a notice under subparagraph (7) may, within a period of 28 days from the date of the notice, make written representations to the Authority; and where such representations have been made, the Authority shall take them into account in deciding whether to revoke its approval.

**Insurance Group capital and solvency return**

6 (1) Schedules II, IIA, IIB, IIC, IID, IIE, IIF, III, IIIA, IVA, IVB, IVC, IVD, IVE, V, VI, VII, VIII, VIIIA, IX, X, XIA, XIB, XIC, XID, XII, XIII, XIV, XV, XVIII, XIX, XIXA, XX, XXA, XXI, XXIA and XXIII have effect.

(2) Every insurance group must prepare a group capital and solvency return in accordance with Schedules I, II, IIA, IIB, IIC, IIE, IIF, III, IIIA, IVA, IVB, IVC, IVD, IVE, V, VI, VII, VIII, VIIIA, IX, X, XIA, XIB, XIC, XID, XII, XIII, XIV, XV, XVIII, XIX, XIXA, XX, XXA, XXI, XXIA and XXIII.

(3) An insurance group capital and solvency return shall comprise the following—

- (a) both an electronic version and a printed version of the Group BSCR model;
- (b) both an electronic version and a printed version of the returns prescribed in Schedules I, II, IIA, IIB, IIC, IID, IIE, IIF, III, IIIA, IVA, IVB, IVC, IVD, IVE, V, VI, VII, VIII, VIIIA, IX, X, XIA, XIB, XIC, XID, XII, XIII, XV, XVIII, XIX, XIXA, XX, XXA, XXI, XXIA and XXIII; and
- (c) where applicable, a printed copy of an approved group internal capital model.

(3A) Where the group maintains its accounts in foreign currency all amounts reported in a group capital and solvency return must be shown in the Bermuda equivalent.

(3B) For the purposes of subparagraph (3A)—

- (a) the Bermuda equivalent of an amount in foreign currency is the Bermuda dollar equivalent of that amount as converted into Bermudian dollars at the rate of exchange used by any licensed bank in Bermuda in relation to purchases by that bank of that foreign currency on the last day of the group's financial year;
- (b) notwithstanding clause (a), the Bermuda dollar equivalent of one U.S. dollar will be deemed to be one Bermuda dollar.

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(4) A designated insurer must furnish to the Authority an insurance group capital and solvency return in respect of the insurance group of which it is a member, on or before its filing date.

(5) A designated insurer shall keep a copy of the insurance group's capital and solvency return at its principal office for a period of five years beginning with its filing date, and shall produce it to the Authority, if so directed by it, on or before a date specified in the direction.

(6) In this paragraph, "filing date" has the meaning given in paragraph 25 of the Group Rules.

*[Paragraph 6 subparagraphs (3A) and (3B) inserted by BR 94 / 2012 para. 3 effective 1 January 2013; subparagraphs (1), (2) and (3)(b) amended by BR 114 / 2013 para. 2 effective 1 January 2014; subparagraphs (1), (2) and (3)(b) amended by BR 57 / 2015 rule 4 effective 1 January 2016; subparagraphs (1), (2) and (3)(b) amended by BR 73 / 2016 para. 2 effective 1 January 2017; subparagraphs (1), (2) and (3)(b) amended by BR 69 / 2018 para 2 effective 1 January 2019]*

**Declaration of insurance group capital and solvency return**

7 Every group capital and solvency return submitted by a designated insurer on behalf of the group of which it is a member shall be accompanied with a declaration signed by—

- (a) two directors of the parent company, one of which may be the chief executive; and
- (b) either the chief risk officer of the parent company, or the chief financial officer of the parent company,

declaring that to the best of their knowledge and belief, the return fairly represents the financial condition of the insurance group in all material respects.

*[Paragraph 7 revoked and replaced by BR 94 / 2012 para. 4 effective 1 January 2013; Paragraph 7(a) amended by BR 114 / 2013 para. 3 effective 1 January 2014]*

**Quarterly financial return**

8 (1) Every insurance group shall prepare and file quarterly financial returns no later than the end of the months of—

- (a) May for the first quarter;
- (b) August for the second quarter; and
- (c) November for the third quarter.

(2) A quarterly financial returns shall comprise the following—

- (a) quarterly unaudited (consolidated) group financial statements in respect of its business for each financial quarter, where such statements are the most recent produced by the group and must not reflect a financial position that exceeds two months; and
- (b) intra-group transactions and risk concentrations which will include—
  - i. details of material intra-group transactions that have materialized since the most recent quarterly or annual financial returns prepared and filed as the case may be, with the Authority by the insurer including (where applicable)—
    - (A) exposure value (face value or market value, if the latter is available);
    - (B) counterparties involved including where they are located;
    - (C) summary details of the transactions including purpose, terms and transaction costs;
    - (D) duration of the transaction; and
    - (E) performance triggers;

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- ii. details surrounding all intra-group reinsurance and retrocession arrangements, and other intra-group risk transfer insurance business arrangements that have materialized since the most recent quarterly or annual financial returns prepared and filed as the case may be, with the Authority by the insurer including—
  - (A) aggregated values of the exposure limits (gross and net) by counterparties broken down by counterparty rating;
  - (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 insurance business arrangements;
- iii. details of the ten largest exposures to unaffiliated counterparties and any other unaffiliated counterparty exposures or series of linked unaffiliated counterparty exposures exceeding 10% of the insurer's statutory capital and surplus, including—
  - (A) name of unaffiliated counterparty, including where the counterparty is located;
  - (B) exposure values (face value or market value, if the latter is available); and
  - (C) transaction type.

(3) Quarterly unaudited group financial statements shall minimally include a Balance Sheet and Income Statement.

(4) The information required to be included in the quarterly unaudited group financial statements shall be information calculated to fulfil (in addition to any other purposes for which Group Rules may require) the following purposes—

- (a) to give as early a warning as possible to any person examining the said statements (whether by way of notice of the observance or non-observance by the insurer of any ECR, or in any other way) of any financial or operational difficulties into which the insurance group's business has fallen or might appear likely to fall; and
- (b) to provide the basis on which the Authority or any other authority may in good time take action under the Act or any other statutory provision to exercise any statutory power available to it for the safeguarding of any element of the public interest involved in or affected by the insurance group's business.

*Paragraph 8 subparagraph (2)(b) revoked and replaced by BR 94 / 2012 para. 5 effective 1 January 2013]*

**Offences**

9 Every person who knowingly or recklessly makes a false or misleading statement or return shall be guilty of an offence and is liable on summary conviction to a fine up to \$50,000.

**Commencement**

- 10 (1) Except for paragraph 3, these Rules come into operation on 16 January 2012.
- (2) Paragraph 3 comes into operation on 1 January 2017.



**SCHEDULES**

*The Schedules to these Rules have been omitted.  
They are available for inspection at the offices of the Bermuda Monetary Authority or on the  
website [www.bma.bm](http://www.bma.bm)*

Made this 30th day of December, 2011  
Chairman  
Bermuda Monetary Authority

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*[Amended by:*

BR 94 / 2012  
BR 114 / 2013  
BR 91 / 2014  
BR 57 / 2015  
BR 9 / 2016  
BR 73 / 2016  
BR 117 / 2016  
BR 69 / 2018]

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**SCHEDULE I**

**(Paragraph 4)**

**Group Bermuda Solvency Capital Requirement**

1. The Group BSCR shall be established, on an EBS Valuation basis, in accordance with the following formula—

$$\begin{aligned}
 BSCR = & \sqrt{C_{fi}^2 + C_{eq}^2 + C_{int}^2 + C_{curr}^2 + C_{conc}^2 + C_{prem-gb}^2 + \left[\frac{1}{2}C_{cred} + C_{rsvs-gb}\right]^2 + \left[\frac{1}{2}C_{cred}\right]^2 + (C_{LTmort} + C_{LTsl} + C_{LTTr})^2} \\
 & \text{cont'd } \sqrt{-.5 \times (C_{LTmort} + C_{LTsl} + C_{LTTr}) \times C_{LTlong} + C_{LTlong}^2 + C_{LTmorb}^2 + C_{LTV A}^2 + C_{LTother}^2 + C_{cat-gb}^2 + C_{op} + C_{adj}} \\
 & + \left[ BSCR_{Corr} - \left( \sqrt{C_{fi}^2 + C_{eq}^2 + C_{int}^2 + C_{curr}^2 + C_{conc}^2 + C_{prem-gb}^2 + \left[\frac{1}{2}C_{cred} + C_{rsvs-gb}\right]^2 + \left[\frac{1}{2}C_{cred}\right]^2 + (C_{LTmort} + C_{LTsl} + C_{LTTr})^2} \right. \right. \\
 & \left. \left. \text{cont'd } \sqrt{-.5 \times (C_{LTmort} + C_{LTsl} + C_{LTTr}) \times C_{LTlong} + C_{LTlong}^2 + C_{LTmorb}^2 + C_{LTV A}^2 + C_{LTother}^2 + C_{cat-gb}^2 + C_{op} + C_{adj}} \right) \right] \\
 & \times \text{TransitionalFactor}
 \end{aligned}$$

Where—

$C_{fi}$	= fixed income investment risk charge as calculated in accordance with paragraph 2;
$C_{eq}$	= equity investment risk charge as calculated in accordance with paragraph 3;
$C_{int}$	= interest rate / liquidity risk charge as calculated in accordance with paragraph 4;
$C_{Curr}$	= currency risk charge as calculated in accordance with paragraph 5;
$C_{Conc}$	= concentration risk charge as calculated in accordance with paragraph 6;
$C_{prem-gb}$	= premium risk charge for general business as calculated in accordance with paragraph 7;
$C_{rsvs-gb}$	= reserve risk charge for general business as calculated in accordance with paragraph 8;
$C_{cred}$	= credit risk charge as calculated in accordance with paragraph 9;
$C_{cat-gb}$	= catastrophe risk charge for general business as calculated in accordance with paragraph 10;
$C_{LTother}$	= other insurance risk charge for long-term business as calculated in accordance with paragraph 11;
$C_{LTmort}$	= insurance risk - mortality charge for long-term business as calculated in accordance with paragraph 12;
$C_{LTsl}$	= insurance risk - stop loss charge for long-term business as calculated in accordance with paragraph 13;
$C_{LTTr}$	= insurance risk - riders charge for long-term business as calculated in accordance with paragraph 14;
$C_{LTmorb}$	= insurance risk - morbidity and disability charge for long-term business as calculated in accordance with paragraph 15;
$C_{LTlong}$	= insurance risk - longevity charge for long-term business as calculated in accordance with paragraph 16;
$C_{LTV A}$	= variable annuity guarantee risk charge for long-term business as calculated in accordance with paragraph 17;
$C_{op}$	= operational risk charge as calculated in accordance with paragraph 18; and
$C_{adj}$	= charge for capital adjustment, calculated as the sum of (i), (ii) and (iii) where:

- (i) Regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 19; and

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- (ii) Capital requirement for unregulated entities as determined in accordance with paragraph 20; and
- (iii) Capital adjustment for the loss-absorbing capacity of deferred taxes calculated as determined in accordance to paragraph 49;

$BSCR_{corr}$  = as calculated in accordance with paragraph 21 and

TransitionalFactor = The transitional factor is calculated in accordance to subparagraphs i to iii for insurance groups and increases in equal steps from 1/T on for the financial year beginning on or after 1<sup>st</sup> January 2019 to 100 % by the end of the transitional period T in financial year beginning on or after year 2018+T. The length of the transitional period, T, for insurance groups is based on relative proportions of long term and P&C risks and will be determined as follows:

- i. The proportions of insurance risks that apply only to P&C and only to long-term business are calculated as follows:  

$$LT \text{ Proportion} = \frac{C_{LT}}{(C_{LT} + C_{P\&C})}$$

$$P\&C \text{ Proportion} = 1 - LT \text{ Proportion}$$

Where—

$$C_{P\&C} = \text{The P\&C risk module charge as calculated in paragraph 24.}$$

$$C_{LT} = \text{The Long-Term risk module charge as calculated in paragraph 25.}$$
- ii. The transitional period is calculated by taking a weighted average of the three year P&C transitional period and the ten year LT transitional period, using as weights the P&C and LT Proportions, respectively, calculated in point i. above, and the result is rounded to the nearest integer. The transitional period is always between three and ten years.
- iii. The transitional period will remain fixed.

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

$$C_{fi} = \sum_i \chi_i \times FI_{astclass}_i \times \mu_r \text{ where}$$

$\chi_i$  = the capital charge factors prescribed in Table 1 for each type of  $FI_{astclass}_i$ ; and

$FI_{astclass}_i$  = value of investment in corresponding asset Class i

$\mu_r$  = additional diversification adjustment factor applied to cash and cash equivalent balances, or 1 for other asset classes..

**Table 1 – Capital charge factors for  $FI_{astclass}_i$**

Type of fixed income investments $FI_{astclass}_i$	Statement Source These Rules	Capital Factor $\chi_i$
<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%

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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 standing	Schedule II & IIA, Line 25, Column (1)	25.0%
<i>Other Fixed Income Investments</i>		
Other loans	Form 1EBS, 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%

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Less: Diversification adjustment	Schedule XIX, Column A	to a maximum of 40.0%
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**INSTRUCTIONS AFFECTING TABLE 1: Capital charge factors for *Flastclass<sub>i</sub>***

- (a) 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;
- (b) all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge; and
- (c) all bonds and debentures, loans, and other miscellaneous investments shall be reported on a basis consistent with that used for purposes of statutory financial reporting.
- (d) the capital requirements relating to cash and cash equivalents shall be reduced by a diversification adjustment of up to a maximum of 40%; and
- (e) 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

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

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

$\chi_i$  = the capital charge factors prescribed in Table 2 for each type *Eqastclass<sub>i</sub>* of and

*Eqastclass<sub>i</sub>* = value of investment in corresponding asset Class i.

**Table 2 – Capital charge factors for *Eqastclass<sub>i</sub>***

Type of equity investments <i>Eqastclass<sub>i</sub></i>	Statement Source These Rules	Capital Factor $\chi_i$
<i>Common stocks</i>		
Non-affiliated (quoted) common stock	Schedule II & IIA, Line 19, Column (1)	14.4%
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%

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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 1EBS, Line 7(a)	10.0%
Real estate investments less: encumbrances	Form 1EBS, Line 7(b)	20.0%
Other equity investments	Form 1EBS, Lines 2(e), 3(e), & Schedule IIA, Line 21 Column (7)	20.0%
Other tangible assets – net of segregated accounts	Form 1EBS, Lines 13(k), 14(d) & 36(f) Less 13(b), 13(c), 13(d) and 13(h)	20.0%
<i>Investments in affiliates</i>		
Unregulated entities that conduct ancillary services	Form 1EBS, Line 4(a)	5.0%
Unregulated non-financial operating entities	Form 1EBS, Line 4(b)	20.0%
Unregulated financial operating entities	Form 1EBS, Line 4(c)	55.0%
Regulated insurance financial operating entities	Form 1EBS, Line 4(e)	20.0%

**INSTRUCTIONS AFFECTING TABLE 2: Capital charge factors for *Eqastclass*<sub>i</sub>**

- (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; and
- (d) all investments in unregulated entities for which the insurance group exercises significant influence shall be included in the equity investment risk charge, except regulated non-insurance financial operating entities.

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

$$C_{int} = \text{bonds} \times \text{duration} \times \text{marketdecline} \text{ where}$$

*bonds* = quoted and unquoted value of total bonds and debenture , preferred stock, or mortgage loans;

*duration* = the higher of

- (a) 1; or

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- (b) the insurance group’s effective asset duration less the insurance group’s effective liability duration; or
- (c) the insurance group’s effective liability duration less the insurance group’s effective asset duration;
- (d) the statement source for the insurance group’s effective asset duration and effective liability duration is Schedule V paragraphs (e) and (f), respectively, of these Rules; and

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

**Table 3 – Interest rate adjustment for bond**

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

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

- (a) all assets comprising of total bonds and debentures (other), preferred stock, and mortgage loans investments that are subject to capital charges within the interest rate / liquidity risk charge shall be included;
- (b) all quoted and unquoted total bonds and debentures and preferred stock shall be included in the interest rate/liquidity risk charge; and
- (c) 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.

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

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

$\chi_i$  = 25% where  $(Currast_i - Currliab_i - Currproxyscr_i) < 0$   
0% otherwise

$Currency_i$  = refers to a currency used by the insurance group

$GrossCurrast_i$  = value of assets corresponding to  $Currency_i$  as reported on Form 1EBS Line 15

$Currast_i$  = value of assets corresponding to  $Currency_i$  as reported on Form 1EBS Line 15 adjusted to allow for currency hedging arrangements

$GrossCurriab_i$  = value of liabilities corresponding to  $Currency_i$  as reported on Form 1EBS Line 39 .

$Curriab_i$  = value of liabilities corresponding to  $Currency_i$  as reported on Form 1EBS Line 39 adjusted to allow for currency hedging arrangements

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

BSCR Proxy factor = greater of:

- the Enhanced Capital Requirement divided by Form 1EBS Line 39 Total Liabilities for the preceding year;
- 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 4 – Capital charge factors for Currency Risk**

Currency	$GrossCurrast_i$	$Currast_i$	$GrossCurrliab_i$	$Currliab_i$	$Currproxyscr_i$
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	$GrossCurrliab_1 \times$ 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	$GrossCurrliab_2 \times$ 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	$GrossCurrliab_3 \times$ BSCR Proxy Factor
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	$GrossCurrliab_n \times$ BSCR Proxy Factor

**INSTRUCTIONS AFFECTING TABLE 4: Capital charge factors for Currency Risk**

- where the insurance group 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;
- any adjustment to reflect currency hedging arrangements shall not apply to the calculation of  $Currproxyscr_i$ ;
- “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; and
- insurance groups are to report currencies representing at least 95% of their economic balance sheet liabilities

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

$$C_{conc} = \sum_i \chi_i \times Concastclass_i \text{ where -}$$



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$\chi_i$  = the capital charge factors prescribed in Table 5 for each type of *Concastclass*,  
and

*Concastclass<sub>i</sub>* = value of corresponding asset in Asset Class

**Table 5 – Capital charge factors for *Concastclass<sub>i</sub>***

<b>Asset Class</b>	<b>Statement Source These Rules</b>	<b>Capital Factor <math>\chi_i</math></b>
<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 &amp; 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%
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>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%

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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 Loans</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%
<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%
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 5: Capital charge factors for *Concastclass<sub>i</sub>***

- (a) *Concastclass<sub>i</sub>* shall only apply to the insurance group's 10 largest counterparty exposures based on the aggregate of all instruments included in Table 5 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

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- (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.

7. The premium risk charge calculation for general business shall be established in accordance with the following formula-

$$C_{prem} = \left[ \sum_{i>1} \alpha_i \times geolineprem_i \right] \times \left[ \max_i \left\{ \frac{geolineprem_i}{totalprem} \right\} \times \mu + \vartheta \right] - \left[ avgpremcap \times \frac{avgannloss}{catlossratio} \right]$$

where –

- $\alpha_i$  = individual general business  $geolineprem_i$  risk capital charge factor as prescribed in table 6;  
 $totalprem$  = total geographic diversification of premium measure over all lines of business (except Property Catastrophe) i.e.  $\sum_{i>1} geolineprem_i$  ;  
 $geolineprem_i$  = geographic diversification of premium measure for line of general business  $i$  as prescribed in Table 6;  
 $avgpremcap$  = weighted average general business premium risk capital charge factor (excluding the Property Catastrophe line of business and after concentration adjustment and allowing for geographic diversification);  
 $avgannloss$  = average annual loss estimated with catastrophe models for general business;  
 $catlossratio$  = expected industry average catastrophe loss ratio for general business prescribed by the Authority;  
 $\mu$  = additional concentration adjustment factor taking into consideration an insurance group’s diversified lines of general business equal to 40%; and  
 $\vartheta$  = minimum concentration adjustment factor is equal to 60%

**Table 6 – Capital charge factors for  $geolineprem_i$**

<b>Line of General Business</b> $geolineprem_i$	<b>Statement Source</b> These Rules	<b>Capital Factor</b> $\chi_i$
Property catastrophe	Schedule IVA, Line 1	0.0%
Property	Schedule IVA, Line 2	49.7%
Property non- proportional	Schedule IVA, Line 3	51.6%
Personal accident	Schedule IVA, Line 4	34.1%
Personal accident non-proportional	Schedule IVA, Line 5	41.2%
Aviation	Schedule IVA, Line 6	48.2%
Aviation non- proportional	Schedule IVA, Line 7	48.2%
Credit / surety	Schedule IVA, Line 8	39.8%
Credit / surety non- proportional	Schedule IVA, Line 9	54.4%
Energy offshore / marine	Schedule IVA, Line 10	42.1%
Energy offshore / marine non- proportional	Schedule IVA, Line 11	47.0%
US casualty	Schedule IVA, Line 12	50.3%
US casualty non- proportional	Schedule IVA, Line 13	55.6%
US professional	Schedule IVA, Line 14	51.2%
US professional non- proportional	Schedule IVA, Line 15	53.8%
US specialty	Schedule IVA, Line 16	51.4%
US specialty non- proportional	Schedule IVA, Line 17	52.7%
International motor	Schedule IVA, Line 18	42.2%
International motor non-proportional	Schedule IVA, Line 19	48.2%
International casualty non-motor	Schedule IVA, Line 20	50.0%

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International casualty non-motor non-proportional	Schedule IVA, Line 21	53.6%
Retro property	Schedule IVA, Line 22	50.8%
Structured / finite reinsurance	Schedule IVA, Line 23	27.2%
Health	Schedule IVA, Line 24	15.0%

**INSTRUCTIONS AFFECTING TABLE 6: Capital charge factors for  $geolineprem_i$**

- (a) all reported net premiums written for the relevant year by statutory line of business as prescribed in this Schedule that are subject to capital charges within the premium risk charge shall be included;
- (b) all net premiums written by statutory line of general business shall be reported on a basis consistent with that used for purposes of statutory financial reporting; and
- (c) a insurance group may provide premium exposure for all statutory lines of general business, or for particular statutory lines of general business, split by geographic zone as set out in Table 6A.  $geolineprem_i$  is then derived from the total premium for that line of business by reducing the total by 25% times

$$\frac{\sum x_i^2}{(\sum x_i)^2} \text{ where } x_i = \text{net premiums written in that line of business for } Zone_i ;$$

and where the summation covers all zones.

**Table 6A – Underwriting Geographic Zones**

<b>Underwriting Zone</b>	<b>Location</b>
Zone 1 - Central & Western Asia	Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Palestinian, 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

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	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)	Bermuda, Canada, Greenland, and St Pierre & Miquelon
Zone 12 - Caribbean & Central America	Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Costa Rica, Cuba, Dominica, Dominican, El Salvador, Grenada, Guadeloupe Guatemala, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Netherlands Antilles, Nicaragua, Panama, 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

8. The reserve risk charge calculation for general business shall be established in accordance with the following formula-

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$$C_{rsvs-gb} = \left[ \sum_i \beta_i \times geolinersvs_i \right] \times \left[ \max_i \left\{ \frac{geolinersvs_i}{totalrsvs} \right\} \times \mu + \mathcal{G} \right] \text{ where -}$$

- $\beta_i$  = individual  $geolinersvs_i$  risk capital charge factor as prescribed in Table 6;
- $totalrsvs$  = total geographic diversification of reserves over all lines of general business, i.e.  $\sum_i geolinersvs_i$ ;
- $geolinersvs_i$  = geographic diversification of reserves for individual line of general business  $i$  as prescribed in Table 7 ;
- $\mu$  = additional concentration adjustment factor taking into consideration an insurance group's diversified lines of general business equal to 40%; and
- $\mathcal{G}$  = minimum concentration adjustment factor is equal to 60%

**Table 7 – Capital charge factors for  $geolinersvs_i$**

Line of General Business $geolinersvs_i$	Statement Source These Rules	Capital Factor $\beta_i$
Property catastrophe	Schedule III, Line 1	46.2%
Property	Schedule III, Line 2	43.8%
Property non- proportional	Schedule III, Line 3	49.7%
Personal accident	Schedule III, Line 4	29.7%
Personal accident non-proportional	Schedule III, Line 5	34.9%
Aviation	Schedule III, Line 6	46.0%
Aviation non- proportional	Schedule III, Line 7	48.3%
Credit / surety	Schedule III, Line 8	38.4%
Credit / surety non- proportional	Schedule III, Line 9	43.5%
Energy offshore /marine	Schedule III, Line 10	39.5%
Energy offshore / marine non- proportional	Schedule III, Line 11	43.9%
US casualty	Schedule III, Line 12	43.0%
US casualty non- proportional	Schedule III, Line 13	48.8%
US professional	Schedule III, Line 14	46.3%
US professional non- proportional	Schedule III, Line 15	51.5%
US specialty	Schedule III, Line 16	46.5%
US specialty non- proportional	Schedule III, Line 17	48.3%
International motor	Schedule III, Line 18	37.1%
International motor non-proportional	Schedule III, Line 19	43.5%
International casualty non-motor	Schedule III, Line 20	43.7%
International casualty non-motor non-proportional	Schedule III, Line 21	49.4%
Retro property	Schedule III, Line 22	47.8%
Structured / finite reinsurance	Schedule III, Line 23	24.1%
Health	Schedule III, Line 24	12.5%

**INSTRUCTIONS AFFECTING TABLE 7: Capital charge factors for  $geolinersvs_i$**

- (a) all reported net loss and loss expense provisions for the relevant year by statutory line of general business as prescribed in this Schedule are subject to capital charges within the reserve risk charge shall be included;
- (b) all reported net loss and loss expense provisions by statutory line of general business shall be reported on a basis consistent with that used for purposes of statutory financial reporting; and

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- (c) a insurance group may provide loss and loss expense provisions exposure for all statutory lines of general business, or for particular statutory lines of general business, split by geographic zone as set out in Table 5A.  $geolinersvs_i$  is then derived from the total loss and loss expense provisions for that line of business by reducing the total by 25% times  $\frac{\sum x_i^2}{(\sum x_i)^2}$  where  $x_i$  = best estimate net loss and loss expense provisions in that line of business for  $Zone_i$ ; and where the summation covers all zones

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

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

- $\delta_i$  = the credit risk capital charge factor for type of  $debtor_i$  as prescribed in Table 8; and
- $debtor_i$  = receivable amount from debtor i net of any collateral placed in favour of the insurer; and.
- $\mu_r$  = additional diversification adjustment factor applied to reinsurance balances only taking into consideration diversification by number of reinsurers, equal to 40%.

**Table 8 – Capital charge factors for  $debtor_i$**

Type of debtor $debtor_i$	Statement Source These Rules	Capital Factor $\delta_i$
<i>Accounts and Premiums Receivable</i>		
In course of collection	Form 1EBS, Line 10(a)	5.0%
Receivables from retrocessional contracts less: collateralized balances	Form 1EBS, Line 10(c) and instruction (c) below	10.0%
<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%
<i>All Other Receivables</i>		
Accrued investment income	Form 1EBS, Line 9	2.5%
Advances to affiliates	Form 1EBS, Line 4(g)	5.0%
Policy loans	Form 1EBS, Line 6	0.0%

**INSTRUCTIONS AFFECTING TABLE 8: Capital charge factors for  $debtor_i$**

- (i) all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;

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- (ii) 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;
- (iii) collateralized balances are assets pledged in favour of the insurer relating to accounts and premiums receivable;
- (iv) assets accounted in Form 1EBS, Line 37 shall not be included in instruction (c);
- (v) 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;
- (vi) the net qualifying exposure in instruction (e) shall be subject to the prescribed credit risk capital factor;
- (vii) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%; and
- (viii) the diversification adjustment in instruction (vii) 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.

10. The catastrophe risk charge calculation for general business shall be established in accordance with the following formula-

$$C_{cat-gb} = NetPML - Netcatprem + CR_{PML} \text{ where -}$$

*NetPML* = net probable maximum loss as prescribed in Schedule V paragraph (i);

*Netcatprem* = average annual loss for general insurance excluding Property Catastrophe as prescribed in Schedule V paragraph (j) / {(estimated industry catastrophe loss ratio of 40% as prescribed in this Schedule) + property catastrophe premium as included in Schedule IVA, Line 1 of these rules}; and

*CR<sub>PML</sub>* = {(gross probable maximum loss as prescribed in Schedule V paragraph (h) less net probable maximum loss as prescribed in Schedule V paragraph (i) less arrangements with respect to property catastrophe recoverables as prescribed in Schedule V paragraph (l)(v) of these Rules) x (Credit risk charge, equal to 10%, associated with reinsurance recoveries of ceded catastrophe losses for general business)}.

- (a) all reported net probable maximum loss, gross probable maximum loss, average annual loss excluding property catastrophe, property catastrophe premium and arrangements with respect to property catastrophe recoverables as prescribed in Schedule V that are subject to capital charges within the catastrophe risk charge shall be included; and
- (b) the amount of collateral and other funded arrangements with respect to property catastrophe recoverables shall be reported and reduced by 2% to account for the market risk associated with the underlying collateral assets.

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

$$C_{LToth} = \sum_i \alpha_i \times BAR_i;$$

Where:

$\alpha_i$  = individual *BAR<sub>i</sub>* capital charge factor as prescribed in Table 9; and



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$BAR_i$  = the BSCR adjusted reserves for other insurance risk for long-term business as described in Table 9.

**Table 9 – Capital charge factors for  $BAR_i$**

<b>BSCR adjusted reserves <math>BAR_i</math></b>	<b>Statement Source These Rules</b>	<b>Capital Factor <math>\alpha_i</math></b>
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%

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

$$C_{LTmort} = \left[ \sum_i \alpha 1_i \times NAARI_i \right] + \left[ \sum_i \alpha 2_i \times NAAR2_i \right] \text{ Where}$$

$\alpha 1_i$  = capital charge factor for adjustable mortality long-term business as prescribed in Table 10;

$NAARI_i$  = the Net Amount at Risk of all adjustable mortality long-term business as prescribed in Schedule VII, Column (9), Line 1 of these Rules;

$\alpha 2_i$  = capital charge factor for non-adjustable mortality long-term business as prescribed in Table 10;

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$NAAR2_i$  = the Net Amount at Risk of all non-adjustable mortality long-term business as prescribed in Schedule VII, Column (10), Line 1 of these Rules;

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

Net Amount at Risk $NAAR1_i$ or $NAAR2_i$	Capital Factor $\alpha1_i$	Capital Factor $\alpha2_i$
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

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

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

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

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

15. The insurance risk – morbidity and disability charge calculation for long-term business shall be established in accordance with the following formula –

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

- (a) = 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;
- (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;
- (c) =  $\left[ \sum_i \alpha_i \times NAP_i \right]$

Where –

$\alpha_i$  = individual  $NAP_i$  capital charge factor as prescribed in Table 11;

$NAP_i$  = the Net Annual Premium for disability income business – active lives as described in Table 11;

**Table 11 – Capital charge factors for  $NAP_i$**

Net Annual Premium $NAP_i$	Statement Source These Rules	Capital Factor $\alpha1_i$
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%

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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 greater than two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (10), Line 7(a)	12.0%
Benefit period greater than 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 greater than 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

$$(e) = \left[ \sum_i \alpha 1_i \times NAAR1_i \right] + \left[ \sum_i \alpha 2_i \times NAAR2_i \right]$$

Where –

$\alpha 1_i$  = capital charge factor for adjustable critical illness insurance business as prescribed in Table 12;

$NAAR1_i$  = 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 charge factor for non-adjustable critical illness insurance business as prescribed in Table 12;

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

**Table 12 – 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

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

$$C_{LTlong} = \sum_i \alpha_i \times BAR_i \quad \text{Where:}$$

$\alpha_i$  = capital charge factor as prescribed in Table 13; and

$BAR_i$  = the BSCR adjusted reserves for longevity risk as described in Table 13.

**Table 13 – Capital charge factors for  $BAR_i$**

BSCR adjusted reserves $BAR_i$	Statement Source These Rules	Capital Factor $\alpha_i$
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Longevity (immediate pay-out annuities, contingent annuities, pension blocks) – 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 (deferred pay-out annuities, future contingent annuities, future pension pay-outs) – 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 13: Capital charge factors for  $BAR_i$**

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

17. The variable annuity guarantee risk charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTVA} = \text{either } \left( \sum_i TotalBSReq_i - TotalBAR - TotalGMB_{adj} \right) \text{ or } (IMCReq_{LTVA})$$

Wherein:

- (i)  $TotalBSReq_i$  = 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 Schedule 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 Schedule VIII, line 32, column (4) of these Rules;
- (iv)  $IMCReq_{LTVA}$  = 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  $IMCReq_{LTVA}$  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 14; and
- (vi)  $(\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5, \alpha_6)$  are the capital factors as prescribed in Table 15.

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**Table 14 – Capital charge factors for ( $GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i$ )**

<b>Variable Annuity Benefit Type</b>	<b>Statement Source These Rules <math>GV1_i</math></b>	<b>Statement Source These Rules <math>GV2_i</math></b>	<b>Statement Source These Rules <math>GV3_i</math></b>	<b>Statement Source These Rules <math>Nar1_i</math></b>	<b>Statement Source These Rules <math>Nar2_i</math></b>	<b>Statement Source These Rules <math>Nar3_i</math></b>
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 27, column (2)	Schedule VIII, Lines 12 and 27, column (3)	Schedule VIII, Lines 12 and 27, column (4)	Schedule VIII, Lines 12, column (5)	Schedule VIII, Lines 12, column (6)	Schedule VIII, Lines 12, 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)

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

<b>Variable Annuity Benefit Type</b>	<b>Capital Charge <math>\alpha_1</math></b>	<b>Capital Charge <math>\alpha_2</math></b>	<b>Capital Charge <math>\alpha_3</math></b>	<b>Capital Charge <math>\alpha_4</math></b>	<b>Capital Charge <math>\alpha_5</math></b>	<b>Capital Charge <math>\alpha_6</math></b>
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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18. The operational risk charge calculation shall be established in accordance with the following formula:

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

$\rho$  = an amount between 1% and 10% as determined by the Authority in accordance with Table 16; and

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

**Table 16 – Operational Risk Charge for  $\rho$**

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

**INSTRUCTIONS AFFECTING TABLE 16**

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 16A, 16B, 16C, 16D, 16E, and 16F.

**TABLE 16A – Insurance Group Corporate Governance Score Table**

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

**INSTRUCTIONS AFFECTING TABLE 16A**

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The total score is derived by adding the score for each criterion of an insurance group's corporate structure that the parent company's board has implemented.

**TABLE 16B – Insurance Group Risk Management Function ('RMF') Score Table**

<b>Criterion</b>	<b>Implemented</b>	<b>Score</b>
RMF is independent of other operational units and has direct access to the parent company's 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 parent company's Board of Directors		150
RMF ensures that the risk management policies and procedures are communicated throughout the insurance group		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 parent company's Board of Directors at least annually		150
<b>Total</b>		<b>XX</b>

<b>Comments</b>

**INSTRUCTIONS AFFECTING TABLE 16B**

The total score is derived by adding the score for each criterion of an insurance group's risk management function that the parent company's board has implemented.



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**TABLE 16C – Insurance Group 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 insurance group								
3	150	RIP have been implemented, well documented and understood by relevant staff, and standardized across the entire insurance group								
4	200	In addition to Stage 3, RIP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		<b>Total</b>	XX	XX	XX	XX	XX	XX	XX	<b>XX</b>

Comments

**INSTRUCTIONS AFFECTING TABLE 16C**

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group’s implementation in respect of its RIP;
- (b) where the insurance group’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 insurance group shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurance group’s operations, the insurance group 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 16D - Insurance Group Risk Measurement Processes ('RMP') Score Table**

<b>Progression</b>		<b>Criterion</b>	<b>Operational Risk Areas</b>							
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 insurance group								
3	150	RMP have been implemented, well documented and understood by relevant staff, and standardized across the entire insurance group								
4	200	In addition to Stage 3, RMP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		<b>Total</b>	XX	XX	XX	XX	XX	XX	XX	<b>XX</b>

<b>Comments</b>

**INSTRUCTIONS AFFECTING TABLE 16D**

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group’s implementation in respect of its RMP;
- (b) where the insurance group’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 insurance group shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurance group’s operations, the insurance group 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 16E - Insurance Group Risk Response Processes ('RRP') Score Table**

<b>Progression</b>		<b>Criterion</b>	<b>Operational Risk Areas</b>							
<b>Stage</b>	<b>Scoring</b>		<b>Fraud</b>	<b>HR</b>	<b>Outsourcing</b>	<b>Distribution Channels</b>	<b>Business Processes</b>	<b>Business Continuity</b>	<b>IT</b>	<b>Compliance</b>
1	50	RRP are ad hoc								
2	100	RRP have been implemented but not standardized across the insurance group								
3	150	RRP have been implemented, well documented and understood by relevant staff, and standardized across the entire insurance group								
4	200	In addition to Stage 3, RRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		<b>Total</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>	<b>XX</b>

<b>Comments</b>

**INSTRUCTIONS AFFECTING TABLE 16E**

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RRP;
- (b) where the insurance group'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 insurance group shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurance group's operations, the insurance group 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 16F - Insurance Group 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 insurance group								
3	150	RMRP have been implemented, well documented and understood by relevant staff, and standardized across the entire insurance group								
4	200	In addition to Stage 3, RMRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		<b>Total</b>	XX	XX	XX	XX	XX	XX	XX	<b>XX</b>

Comments

**INSTRUCTIONS AFFECTING TABLE 16F**

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RMRP;
- (b) where the insurance group'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 insurance group shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurance group's operations, the insurance group 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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19. The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Schedule XIA – “Schedule of regulated non-insurance financial operating entities”. This amount shall be equal to the sum of the insurance group’s proportionate share of each registered entity’s regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity was licensed or registered.

20. (1) The capital requirement for unregulated entities, where the parent company exercises control as defined in subparagraph 19(4) of the Group Rules, shall be determined in accordance with Schedule XIB – “Schedule of unregulated entities where the group exercises control”

(2) This amount shall be equal to the sum of the capital requirement based on the capital charges applied to each unregulated entity’s net assets as follows-

- (a) 0% to unregulated entities that conduct ancillary services to members of the group;
- (b) 15% to unregulated non-financial operating entities; and
- (c) 50% to unregulated financial operating entities.

21. The  $BSCR_{Corr}$  shall be established on an economic balance sheet (EBS) valuation basis in accordance with the following formula—

$$BSCR_{Corr} = Basic\ BSCR + C_{operation\&d} + C_{regulatory\&dj} + Adj_{Other} + Adj_{TP};$$

Where—

- $Basic\ BSCR$  = Basic BSCR risk module charge as calculated in accordance with paragraph 22;
- $C_{operation\&d}$  = operational risk charge as calculated in accordance with paragraph 45;
- $C_{regulatory\&dj}$  = regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraphs 46 and 47;
- $Adj_{TP}$  = adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 48 and
- $Adj_{Other}$  = adjustment for the loss absorbing capacity of deferred taxes as calculated in accordance with paragraph 49.

22. The Basic BSCR risk module charge calculation shall be determined in accordance with the following formula—

$$Basic\ BSCR = \sqrt{\sum_{i,j} CorrBBSCR_{i,j} \times C_i \times C_j};$$

Where—

- $CorrBBSCR_{i,j}$  = the correlation factors of the Basic BSCR correlation matrix in accordance with Table A;
- $i, j$  = the sum of the different terms should cover all possible combinations of  $i$  and  $j$ ;
- $C_i$  and  $C_j$  = risk module charge  $i$  and risk module charge  $j$  which are replaced by the following:  
 $C_{Market}, C_{P\&C}, C_{LT}, C_{Credit};$
- $C_{Market}$  = market risk module charge as calculated in accordance with paragraph 23;
- $C_{P\&C}$  = P&C risk module charge as calculated in accordance with paragraph 24;
- $C_{LT}$  = Long-Term risk module charge as calculated in accordance with paragraph 25 and

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$C_{Credit}$  = credit risk module charge as calculated in accordance with paragraph 36.

**Table A – Basic BSCR Correlation Matrix**

$CorrBBSCR_{i,j}$	$C_{Market}$	$C_{Credit}$	$C_{P\&C}$	$C_{LT}$
$C_{Market}$	1			
$C_{Credit}$	0.25	1		
$C_{P\&C}$	0.125	0.50	1	
$C_{LT}$	0.125	0.25	0.00	1

23. The market risk module risk module charge calculation shall be determined in accordance with the following formula—

$$C_{Market} = \sqrt{\sum_{i,j} Market_{i,j} \times C_i \times C_j}$$

Where—

- $CorrMarket_{i,j}$  = the correlation factors of the market risk module in accordance with Table B; where A = 0 if interest rate / liquidity risk charge is calculated using the shock-based approach in accordance with paragraph 29 and the risk charge is being determined based on the interest rate up shock, and A = 0.25 otherwise;
- $i,j$  = the sum of the different terms should cover all possible combinations of i and j;
- $C_i$  and  $C_j$  = risk charge i and risk charge j which are replaced by the following:  
 $C_{fixedIncome}$ ,  $C_{equity}$ ,  $C_{interest}$ ,  $C_{currency}$ ,  $C_{concentration}$ ;
- $C_{fixedIncome}$  = fixed income investment risk charge as calculated in accordance with paragraph 26;
- $C_{equity}$  = equity investment risk charge as calculated in accordance with paragraph 27;
- $C_{interest}$  = interest rate / liquidity risk charge as calculated in accordance with paragraph 29;
- $C_{currency}$  = currency risk charge as calculated in accordance with paragraph 30; and
- $C_{concentration}$  = concentration risk charge as calculated in accordance with paragraph 31.

**Table B – Market Risk Module Correlation Matrix**

$CorrMarket_{i,j}$	$C_{fixedIncome}$	$C_{equity}$	$C_{interest}$	$C_{currency}$	$C_{concentration}$
$C_{fixedIncome}$	1				
$C_{equity}$	0.50	1			
$C_{interest}$	A	A	1		
$C_{currency}$	0.25	0.25	0.25	1	
$C_{concentration}$	0.00	0.00	0.00	0.00	1

24. The P&C risk module charge calculation shall be determined in accordance with the following formula—

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$$C_{P\&C} = \sqrt{\sum_{i,j} CorrP\&C_{i,j} \times C_i \times C_j};$$

Where—

- $CorrP\&C_{i,j}$  = the correlation factors of the P&C risk module correlation matrix in accordance with Table C;  
 $i,j$  = the sum of the different terms should cover all possible combinations of  $i$  and  $j$ ;  
 $C_i$  and  $C_j$  = risk charge  $i$  and risk charge  $j$  which are replaced by the following:  
 $C_{premium}$ ,  $C_{reserve}$ ,  $C_{catastrophe}$ ;  
 $C_{premium}$  = premium risk charge as calculated in accordance with paragraph 32;  
 $C_{reserve}$  = reserve risk charge as calculated in accordance with paragraph 34; and  
 $C_{catastrophe}$  = catastrophe risk charge as calculated in accordance with paragraph 37.

**Table C - P&C Risk Module Correlation Matrix**

$CorrP\&C_{i,j}$	$C_{premium}$	$C_{reserve}$	$C_{catastrophe}$
$C_{premium}$	1		
$C_{reserve}$	0.25	1	
$C_{catastrophe}$	0.125	0.00	1

25.  
The  
Long-

Term risk module charge calculation shall be determined in accordance with the following formula-

$$C_{LT} = \sqrt{\sum_{i,j} CorrLT_{i,j} \times C_i \times C_j};$$

Where-

- $CorrLT_{i,j}$  = the correlation factors of the Long-Term risk module correlation matrix in accordance with table D;  
 $i,j$  = the sum of the different terms should cover all possible combinations of  $i$  and  $j$ ;  
 $C_i$  and  $C_j$  = risk charge  $i$  and risk charge  $j$  which are replaced by the following:  
 $C_{LTmortality}$ ,  $C_{LTstoploss}$ ,  $C_{LTtrider}$ ,  $C_{LTmorbidit}$ ,  $C_{LTlongevit}$ ,  
 $C_{LTVariableAnnuity}$ ,  $C_{LTOtherRisk}$ ;  
 $C_{LTmortality}$  = insurance risk – mortality charge for long-term business as calculated in accordance with paragraph 38;  
 $C_{LTstoploss}$  = insurance risk – stop loss charge for long-term business as calculated in accordance with paragraph 39;  
 $C_{LTtrider}$  = insurance risk – riders charge for long-term business as calculated in accordance with paragraph 40;  
 $C_{LTmorbidit}$  = insurance risk – morbidity and disability charge for long-term business as calculated in accordance with paragraph 41;  
 $C_{LTlongevit}$  = insurance risk – longevity charge for long-term business as calculated in accordance with paragraph 42;

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$C_{LTVariableAnnuity}$  = variable annuity guarantee risk charge for long-term business as calculated in accordance with paragraph 43; and  
 $C_{LTotherrisk}$  = other insurance risk charge for long-term business as calculated in accordance with paragraph 44.

**Table D – Long-Term Risk Module Correlation Matrix**

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

$Corr_{LT_{i,j}}$	$C_{LTmortality}$	$C_{LTstoploss}$	$C_{LTrider}$	$C_{LTmorbidiy}$	$C_{LTlongeviy}$	$C_{LTVariableAnnuity}$	$C_{LTotherrisk}$
$C_{LTmortality}$	1						
$C_{LTstoploss}$	0.75	1					
$C_{LTrider}$	0.75	0.75	1				
$C_{LTmorbidiy}$	0.25	0.00	0.00	1			
$C_{LTlongeviy}$	-0.50	-0.50	-0.50	0.00	1		
$C_{LTVariableAnnuity}$	0.00	0.00	0.00	0.00	0.00	1	
$C_{LTotherrisk}$	0.125	0.25	0.25	0.25	0.25	0.25	1

$$C_{fixedIncome} = \sum_i \chi_i \times FI_{astclass_i} \times \mu_r + Credit\ Derivatives ;$$

Where—

$\chi_i$  = the capital charge factors prescribed in Table 1A for each type of  $FI_{astclass_i}$  ;

$FI_{astclass_i}$  = value of investment in corresponding asset  $class_i$  ; and

$\mu_r$  = additional diversification adjustment factor applied to cash and cash equivalent balances, or 1 for other asset classes; and

$Credit\ Derivatives$  = the spread risk charge for credit derivatives calculated as per the following formula:

$CreditDerivatives$  = greater of:  
i.  $CreditDerivatives_{ShockUp}$ ;  
ii.  $CreditDerivatives_{ShockDown}$ ; and  
iii. 0.

$CreditDerivatives_{ShockUp}$  = the spread risk charge for credit derivatives resulting from an upward credit spread shock calculated as per the following formula:

$$CreditDerivatives_{ShockUp} = \sum_i [(LCD_i^{BShock} - LCD_i^{AShock}(\chi_i)) + (SCD_i^{BShock} - SCD_i^{AShock}(\chi_i))]$$

$CreditDerivatives_{ShockDown}$  = the spread risk charge for credit derivatives resulting from an downward credit spread shock calculated as per the following formula:

$$CreditDerivatives_{ShockDown} = \sum_i [(LCD_i^{BShock} - LCD_i^{AShock}(\chi_i)) + (SCD_i^{BShock} - SCD_i^{AShock}(\chi_i))]$$



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$LCD_i^{BShock}$	= refers to the valuation of long exposures for credit derivatives before applying the instantaneous shock $\chi_i$ as per table 1B
$LCD_i^{AShock}(\chi_i)$	= refers to the valuation of long exposures for credit derivatives after applying instantaneous shock $\chi_i$ as per table 1B
$SCD_i^{BShock}$	= refers to the valuation of short exposures for credit derivatives before applying the instantaneous shock $\chi_i$ as per table 1B
$SCD_i^{AShock}(\chi_i)$	= refers to the valuation of short exposures for credit derivatives after applying the instantaneous shock $\chi_i$ as per table 1B

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**Table 1A – Capital charge factors for *Flastclass<sub>i</sub>***

<b>Type of fixed income investments</b> <i>Flastclass<sub>i</sub></i>	<b>Statement Source</b>  These Rules	<b>Capital Factor</b>  $\chi_i$
<i>Corporate and Sovereign Bonds</i>		
BSCR rating 0	Schedule IIB, Column (1), Line 1, Schedule IIC, Column (1), Line 1, (Schedule IID, Column (1), Line 1 – Column (2), Line 1), Schedule IIE, Column (1), Line 1, Schedule IIF, Column (1), Line 1	0.0%
BSCR rating 1	Schedule IIB, Column (1), Line 2, Schedule IIC, Column (1), Line 2, (Schedule IID, Column (1), Line 2 – Column (2), Line 2), Schedule IIE, Column (1), Line 2, Schedule IIF, Column (1), Line 2	0.4%
BSCR rating 2	Schedule IIB, Column (1), Line 3, Schedule IIC, Column (1), Line 3, (Schedule IID, Column (1), Line 3 – Column (2), Line 3), Schedule IIE, Column (1), Line 3, Schedule IIF, Column (1), Line 3	0.8%
BSCR rating 3	Schedule IIB, Column (1), Line 4, Schedule IIC, Column (1), Line 4, (Schedule IID, Column (1), Line 4 – Column (2), Line 4), Schedule IIE, Column (1), Line 4, Schedule IIF, Column (1), Line 4	1.5%
BSCR rating 4	Schedule IIB, Column (1), Line 5, Schedule IIC, Column (1), Line 5, (Schedule IID, Column (1), Line 5 – Column (2), Line 5), Schedule IIE, Column (1), Line 5, Schedule IIF, Column (1), Line 5	3.0%
BSCR rating 5	Schedule IIB, Column (1), Line 6, Schedule IIC, Column (1), Line 6, (Schedule IID, Column (1), Line 6 – Column (2), Line 6), Schedule IIE, Column (1), Line 6, Schedule IIF, Column (1), Line 6	8.0%
BSCR rating 6	Schedule IIB, Column (1), Line 7, Schedule IIC, Column (1), Line 7, (Schedule IID, Column (1), Line 7 – Column (2), Line 7), Schedule IIE, Column (1), Line 7, Schedule IIF, Column (1), Line 7	15.0%
BSCR rating 7	Schedule IIB, Column (1), Line 8, Schedule IIC, Column (1), Line 8, (Schedule IID, Column (1), Line 8 – Column (2), Line 8), Schedule IIE, Column (1), Line 8, Schedule IIF, Column (1), Line 8	26.3%
BSCR rating 8	Schedule IIB, Column (1), Line 9, Schedule IIC, Column (1), Line 9, (Schedule IID, Column (1), Line 9 – Column (2), Line 9), Schedule IIE, Column (1), Line 9, Schedule IIF, Column (1), Line 9	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 1	Schedule IIB, Column (3), Line 2, Schedule IIC, Column (3), Line 2, (Schedule IID, Column (3), Line 2 – Column (4), Line 2), Schedule IIE, Column (3), Line 2, Schedule IIF, Column (3), Line 2	0.6%
BSCR rating 2	Schedule IIB, Column (3), Line 3, Schedule IIC, Column (3), Line 3, (Schedule IID, Column (3), Line 3 – Column (4), Line 3), Schedule IIE, Column (3), Line 3, Schedule IIF, Column (3), Line 3	1.2%
BSCR rating 3	Schedule IIB, Column (3), Line 4, Schedule IIC, Column (3), Line 4, (Schedule IID, Column (3), Line 4 – Column (4), Line 4), Schedule IIE, Column (3), Line 4, Schedule IIF, Column (3), Line 4	2.0%
BSCR rating 4	Schedule IIB, Column (3), Line 5, Schedule IIC, Column (3), Line 5, (Schedule IID, Column (3), Line 5 – Column (4), Line 5), Schedule IIE, Column (3), Line 5, Schedule IIF, Column (3), Line 5	4.0%
BSCR rating 5	Schedule IIB, Column (3), Line 6, Schedule IIC, Column (3), Line 6, (Schedule IID, Column (3), Line 6 – Column (4), Line 6), Schedule IIE, Column (3), Line 6, Schedule IIF, Column (3), Line 6	11.0%
BSCR rating 6	Schedule IIB, Column (3), Line 7, Schedule IIC, Column (3), Line 7, (Schedule IID, Column (3), Line 7 – Column (4), Line 7), Schedule IIE, Column (3), Line 7, Schedule IIF, Column (3), Line 7	25.0%
BSCR rating 7	Schedule IIB, Column (3), Line 8, Schedule IIC, Column (3), Line 8, (Schedule IID, Column (3), Line 8 – Column (4), Line 8), Schedule IIE, Column (3), Line 8, Schedule IIF, Column (3), Line 8	35.0%

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BSCR rating 8	Schedule IIB, Column (3), Line 9, Schedule IIC, Column (3), Line 9, (Schedule IID, Column (3), Line 9 – Column (4), Line 9), Schedule IIE, Column (3), Line 9, Schedule IIF, Column (3), Line 9	35.0%
<i>Commercial Mortgage-Backed Securities/Asset-Backed Securities</i>		
BSCR rating 1	Schedule IIB, Column (5), Line 2, Schedule IIC, Column (5), Line 2, (Schedule IID, Column (5), Line 2 – Column (6), Line 2), Schedule IIE, Column (5), Line 2, Schedule IIF, Column (5), Line 2	0.5%
BSCR rating 2	Schedule IIB, Column (5), Line 3, Schedule IIC, Column (5), Line 3, (Schedule IID, Column (5), Line 3 – Column (6), Line 3), Schedule IIE, Column (5), Line 3, Schedule IIF, Column (5), Line 3	1.0%
BSCR rating 3	Schedule IIB, Column (5), Line 4, Schedule IIC, Column (5), Line 4, (Schedule IID, Column (5), Line 4 – Column (6), Line 4), Schedule IIE, Column (5), Line 4, Schedule IIF, Column (5), Line 4	1.8%
BSCR rating 4	Schedule IIB, Column (5), Line 5, Schedule IIC, Column (5), Line 5, (Schedule IID, Column (5), Line 5 – Column (6), Line 5), Schedule IIE, Column (5), Line 5, Schedule IIF, Column (5), Line 5	3.5%
BSCR rating 5	Schedule IIB, Column (5), Line 6, Schedule IIC, Column (5), Line 6, (Schedule IID, Column (5), Line 6 – Column (6), Line 6), Schedule IIE, Column (5), Line 6, Schedule IIF, Column (5), Line 6	10.0%
BSCR rating 6	Schedule IIB, Column (5), Line 7, Schedule IIC, Column (5), Line 7, (Schedule IID, Column (5), Line 7 – Column (6), Line 7), Schedule IIE, Column (5), Line 7, Schedule IIF, Column (5), Line 7	20.0%
BSCR rating 7	Schedule IIB, Column (5), Line 8, Schedule IIC, Column (5), Line 8, (Schedule IID, Column (5), Line 8 – Column (6), Line 8), Schedule IIE, Column (5), Line 8, Schedule IIF, Column (5), Line 8	30.0%
BSCR rating 8	Schedule IIB, Column (5), Line 9, Schedule IIC, Column (5), Line 9, (Schedule IID, Column (5), Line 9 – Column (6), Line 9), Schedule IIE, Column (5), Line 9, Schedule IIF, Column (5), Line 9	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule IIB, Column (7), Line 1, Schedule IIC, Column (7), Line 1, (Schedule IID, Column (7), Line 1 – Column (8), Line 1), Schedule IIE, Column (7), Line 1, Schedule IIF, Column (7), Line 1	0.0%
BSCR rating 1	Schedule IIB, Column (7), Line 2, Schedule IIC, Column (7), Line 2, (Schedule IID, Column (7), Line 2 – Column (8), Line 2), Schedule IIE, Column (7), Line 2, Schedule IIF, Column (7), Line 2	0.4%
BSCR rating 2	Schedule IIB, Column (7), Line 3, Schedule IIC, Column (7), Line 3, (Schedule IID, Column (7), Line 3 – Column (8), Line 3), Schedule IIE, Column (7), Line 3, Schedule IIF, Column (7), Line 3	0.8%
BSCR rating 3	Schedule IIB, Column (7), Line 4, Schedule IIC, Column (7), Line 4, (Schedule IID, Column (7), Line 4 – Column (8), Line 4), Schedule IIE, Column (7), Line 4, Schedule IIF, Column (7), Line 4	1.5%
BSCR rating 4	Schedule IIB, Column (7), Line 5, Schedule IIC, Column (7), Line 5, (Schedule IID, Column (7), Line 5 – Column (8), Line 5), Schedule IIE, Column (7), Line 5, Schedule IIF, Column (7), Line 5	3.0%
BSCR rating 5	Schedule IIB, Column (7), Line 6, Schedule IIC, Column (7), Line 6, (Schedule IID, Column (7), Line 6 – Column (8), Line 6), Schedule IIE, Column (7), Line 6, Schedule IIF, Column (7), Line 6	8.0%
BSCR rating 6	Schedule IIB, Column (7), Line 7, Schedule IIC, Column (7), Line 7, (Schedule IID, Column (7), Line 7 – Column (8), Line 7), Schedule IIE, Column (7), Line 7, Schedule IIF, Column (7), Line 7	15.0%
BSCR rating 7	Schedule IIB, Column (7), Line 8, Schedule IIC, Column (7), Line 8, (Schedule IID, Column (7), Line 8 – Column (8), Line 8), Schedule IIE, Column (7), Line 8, Schedule IIF, Column (7), Line 8	26.3%
BSCR rating 8	Schedule IIB, Column (7), Line 9, Schedule IIC, Column (7), Line 9, (Schedule IID, Column (7), Line 9 – Column (8), Line 9), Schedule IIE, Column (7), Line 9, Schedule IIF, Column (7), Line 9	35.0%
<i>Mortgage Loans</i>		
Insured/guaranteed mortgages	Schedule IIB, Column (9), Line 10, Schedule IIC, Column (9), Line 10, (Schedule IID, Column (9), Line 10 – Column (10), Line 10), Schedule IIE, Column (9), Line 10, Schedule IIF, Column (9), Line 10	0.3%
Other commercial and farm mortgages	Schedule IIB, Column (9), Line 11, Schedule IIC, Column (9), Line 11, (Schedule IID, Column (9), Line 11 – Column (10), Line 11), Schedule IIE, Column (9), Line 11, Schedule IIF, Column (9), Line 11	5.0%

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Other residential mortgages	Schedule IIB, Column (9), Line 12, Schedule IIC, Column (9), Line 12, Line 12), (Schedule IID, Column (9), Line 12 – Column (10), Line 12), Schedule IIE, Column (9), Line 12, Schedule IIF, Column (9), Line 12	1.5%
Mortgages not in good standing	Schedule IIB, Column (9), Line 13, Schedule IIC, Column (9), Line 13, Line 13), (Schedule IID, Column (9), Line 13 – Column (10), Line 13), Schedule IIE, Column (9), Line 13, Schedule IIF, Column (9), Line 13	25.0%
<i>Other Fixed Income Investments</i>		
Other loans	Form 4EBS, Line 8	5.0%
<i>Cash and cash equivalents</i>		
BSCR rating 0	Schedule XIXA, Column A	0.0%
BSCR rating 1	Schedule XIXA, Column A	0.1%
BSCR rating 2	Schedule XIXA, Column A	0.2%
BSCR rating 3	Schedule XIXA, Column A	0.3%
BSCR rating 4	Schedule XIXA, Column A	0.5%
BSCR rating 5	Schedule XIXA, Column A	1.5%
BSCR rating 6	Schedule XIXA, Column A	4.0%
BSCR rating 7	Schedule XIXA, Column A	6.0%
BSCR rating 8	Schedule XIXA, Column A	9.0%

**INSTRUCTIONS AFFECTING TABLE 1A: Capital charge factors for *FIastclass<sub>i</sub>***

- (a) 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;
- (b) all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge;
- (c) all bonds and debentures, loans, and other miscellaneous investments shall include amounts reported for economic balance sheet reporting purposes and include fixed income risk exposures as determined by application of the “look-through” approach calculated in accordance with the criteria prescribed by the Authority for the following items:
  - (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
  - (ii) segregated accounts assets and liabilities;
  - (iii) deposit asset and liabilities;
  - (iv) assets and liabilities held by ceding insurers or under retrocession;
  - (v) other sundry assets and liabilities; and
  - (vi) derivatives.
- (d) The capital requirements relating to cash and cash equivalents shall be reduced by a diversification adjustment of up to a maximum of 40%;
- (e) 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;

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Table 1B – Spread risk shocks for credit derivatives	SPREAD UP				
	Long Exposures		Short Exposures		Shock basis points
	Before Shock	After Shock	Before Shock	After Shock	
Spread Up					$\chi_i$
BSCR rating 0	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 38	0
BSCR rating 1	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 39	130
BSCR rating 2	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 40	150
BSCR rating 3	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 41	260
BSCR rating 4	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 42	450
BSCR rating 5	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 43	840
BSCR rating 6	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 44	1620
BSCR rating 7	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 45	1620
BSCR rating 8	Schedules IIB, IIC, IID, IIE, and IIF, Column (1), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (2), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (3), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (4), Line 46	1620
Total Spread Up					
	SPREAD DOWN				
	Long Exposures		Short Exposures		Shock Rate
	Before Shock	After Shock	Before Shock	After Shock	
Spread Up					$\chi_i$
BSCR rating 0	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 38	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 38	0.0%
BSCR rating 1	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 39	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 39	-75.0%
BSCR rating 2	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 40	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 40	-75.0%
BSCR rating 3	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 41	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 41	-75.0%
BSCR rating 4	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 42	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 42	-75.0%
BSCR rating 5	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 43	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 43	-75.0%
BSCR rating 6	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 44	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 44	-75.0%
BSCR rating 7	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 45	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 45	-75.0%
BSCR rating 8	Schedules IIB, IIC, IID, IIE, and IIF, Column (6), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (7), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (8), Line 46	Schedules IIB, IIC, IID, IIE, and IIF, Column (9), Line 46	-75.0%
Total Spread Down					

**INSTRUCTIONS AFFECTING TABLE 1B: Spread risk shocks for credit derivatives**

(a) Amounts are to be reported on an EBS Valuation basis.

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

$$C_{equity} = C_{equity}^{basic} + C_{equity}^{grandfathered}$$

Where-

$$C_{equity}^{basic} = \sqrt{\sum_{i,j} CorrEq_{i,j} \times C_i \times C_j}$$

$C_{equity}^{grandfathered}$  = the equity risk charge calculated according to paragraph 3 for equity exposures that are determined according to paragraph 28A;

$CorrEq_{i,j}$  = the correlation factors of the equity risk correlation matrix in accordance with Table 2A;

$i,j$  = the sum of the different terms should cover all possible combinations of correlation  $i$  and  $j$ ;

$C_i$  and  $C_j$  = risk charge  $i$  and risk charge  $j$  which are replaced by the following:

$$C_{Type1}, C_{Type2}, C_{Type3}, C_{Type4};$$

$C_{Type1}$  = Type1 equity risk charge as calculated in accordance with paragraph 28 for equity exposures not determined according to paragraph 28A;

$C_{Type2}$  = Type2 equity risk charge as calculated in accordance with paragraph 28 for equity exposures not determined according to paragraph 28A;

$C_{Type3}$  = Type3 equity risk charge as calculated in accordance with paragraph 28 for equity exposures not determined according to paragraph 28A;

$C_{Type4}$  = Type4 equity risk charge as calculated in accordance with paragraph 28 for equity exposures not determined according to paragraph 28A;

**Table 2A – Equity Risk Charge Correlation Matrix**

$CorrEq_{i,j}$	$C_{Type1}$	$C_{Type2}$	$C_{Type3}$	$C_{Type4}$
$C_{Type1}$	1			
$C_{Type2}$	0.75	1		
$C_{Type3}$	0.75	0.75	1	
$C_{Type4}$	0.5	0.5	0.5	1

28. Type1, Type2 Type3 and Type4 equity risk charges calculation shall be determined in accordance with the following formulas—

$$C_{Type1} = \max \left\{ \sum_{i \in Type1} \left[ \max(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0) + (SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)) + \dots \right. \right. \\ \left. \left. + \max(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0) - (BELiabilities_i^{BShock} - BELiabilities_i^{AShock}(\chi_i)) \right], 0 \right\}$$

$$C_{Type2} = \max \left\{ \sum_{i \in Type2} \left[ \max(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0) + (SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)) + \dots \right. \right. \\ \left. \left. + \max(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0) - (BELiabilities_i^{BShock} - BELiabilities_i^{AShock}(\chi_i)) \right], 0 \right\}$$

$$C_{Type3} = \max \left\{ \sum_{i \in Type3} \left[ \max(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0) + (SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)) + \dots \right. \right. \\ \left. \left. + \max(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0) - (BELiabilities_i^{BShock} - BELiabilities_i^{AShock}(\chi_i)) \right], 0 \right\}$$

$$C_{Type4} = \max \left\{ \sum_{i \in Type4} \left[ \max(LAssets_i^{BShock} - LAssets_i^{AShock}(\chi_i), 0) + (SQAssets_i^{BShock} - SQAssets_i^{AShock}(\chi_i)) + \dots \right. \right. \\ \left. \left. + \max(SNQAssets_i^{BShock} - SNQAssets_i^{AShock}(\chi_i), 0) - (BELiabilities_i^{BShock} - BELiabilities_i^{AShock}(\chi_i)) \right], 0 \right\}$$

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Where—

- $\chi_i$  = the instantaneous shocks prescribed in Table 2B for each type of equity class  $i$ ; and
- $LAssets^{BShock}$  = refers to the valuation of long asset exposures before applying shock
- $LAssets^{AShock}$  = refers to the valuation of long asset exposures after applying shock
- $SQAssets^{BShock}$  = refers to the valuation of short exposures for qualifying assets that are held for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority before applying shock
- $SQAssets^{AShock}$  = refers to the valuation of short exposures for qualifying assets that are held for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority after applying shock
- $SNQAssets^{BShock}$  = refers to the valuation of short exposures for assets that do not qualify for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority before applying shock
- $SNQAssets^{AShock}$  = refers to the valuation of short exposures for assets that do not qualify for risk mitigating purposes as determined in accordance with the criteria prescribed by the Authority after applying shock
- $BELiabilities^{BShock}$  = refers to the best estimate of insurance liabilities and other liabilities before applying shock
- $BELiabilities^{AShock}$  = refers to the best estimate of insurance liabilities and other liabilities after applying shock

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**Table 2B – Shocks for classes of equity**

Equity investments Equity class, <i>i</i>	Assets			Liabilities Without Management Action	Shock Factor $\chi_i$
	Long Exposures	Short Exposures			
		Qualifying as Assets held for risk-mitigation purposes	Not Qualifying as Assets held for risk-mitigation purposes		
<b>Type 1 Equity Holdings</b>					
Strategic Holdings – Listed	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 15	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 15	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 15	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 15	20.0%
Duration Based	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 16	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 16	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 16	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 16	20.0%
Listed Equity Securities in Developed Markets	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 17	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 17	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 17	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 17	35%
Preferred Stocks, Rating 1	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 18	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 18	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 18	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 18	0.6%
Preferred Stocks, Rating 2	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 19	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 19	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 19	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 19	1.2%
Preferred Stocks, Rating 3	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 20	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 20	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 20	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 20	2.0%
Preferred Stocks, Rating 4	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 21	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 21	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 21	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 21	4.0%
Preferred Stocks, Rating 5	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 22	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 22	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 22	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 22	11.0%
Preferred Stocks, Rating 6	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 23	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 23	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 23	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 23	25.0%
Preferred Stocks, Rating 7	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 24	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 24	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 24	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 24	35.0%
Preferred Stocks, Rating 8	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 25 Less	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 25 Less	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 25 Less	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 25 Less	35.0%





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Equity Real Estate 2	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 36	20.0%
Subtotal Type 4 Equity Holdings					
<b>Total Equity Risk before Diversification</b>					
<u>Aggregation of Risks</u>					
	<u>Correlation Matrix</u>	<u>Type 1</u>	<u>Type 2</u>	<u>Type 3</u>	<u>Type 4</u>
	Type 1	1			
	Type 2	0.75	1		
	Type 3	0.75	0.75	1	
	Type 4	0.50	0.50	0.50	1
Total Type 1 Risk without Management Actions					
Total Type 2 Risk without Management Actions					
Total Type 3 Risk without Management Actions					
Total Type 4 Risk without Management Actions					
<b>Total Equity Risk after Diversification</b>					

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**INSTRUCTIONS AFFECTING TABLE 2B: Shocks for  $Eq_{astclass_i}$**

- (a) all assets (except regulated non-insurance financial operating entities) and liabilities (except the risk margin) whose value is subject to equity risk shocks are to be reported on a basis consistent with that used for the purposes of economic balance sheet reporting. Such assets and liabilities shall include equity risk exposures determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for the following items:
  - (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
  - (ii) segregated accounts assets and liabilities;
  - (iii) deposit asset and liabilities;
  - (iv) assets and liabilities held by ceding insurers or under retrocession;
  - (v) other sundry assets and liabilities; and
  - (vi) derivatives.
- (b) for asset types referred to in paragraph (a) (i) to (vi) where the “look through” approach cannot be applied, the residual balance shall be included in “Equity Securities – Other Investments”;
- (c) short exposures qualifying as assets held for risk-mitigation purposes and short exposures not qualifying as assets held for risk-mitigation purposes, shall both be determined in accordance with criteria prescribed by the Authority.

28A. The equity investments that are eligible to be used in the calculation of  $C_{equity}^{grandfath\text{e}ed}$  as defined in paragraph 27 are determined as follows:

- i. The average value of equities as percentage of total assets over the prior three financial year ends before January 1<sup>st</sup> 2019 (i.e., over the financial years ending 2016 to 2018) is calculated.
  - a. Similarly, for each class of equities in accordance with Table 2B, the average amounts as a percentage of total equities shall be determined over the same prior three years, i.e. the allocations for each equity class.
- ii. The total amount of equities eligible to be used in the calculation of  $C_{equity}^{grandfath\text{e}ed}$  as defined in paragraph 27 at each year end is determined by multiplying the amount of legacy reserves by the equity percentage of paragraph i., where
  - a. “Legacy reserves” are defined as the long term best estimate liabilities, at the applicable point in time (financial year-end), for insurance business carried on as at December 31<sup>st</sup> 2018.
  - b. The total amount of equities eligible to be used in the calculation of  $C_{equity}^{grandfath\text{e}ed}$  as defined in paragraph 27 at each year end shall not be greater than the amount of the legacy reserves.
- iii. The equity investments eligible to being used in the calculation of  $C_{equity}^{grandfath\text{e}ed}$  as defined in paragraph 27 per equity class are calculated by multiplying the total amount in paragraph ii. by the equity class allocation in paragraph i.
- iv. Future applicable reserves shall be capped at the initial reserve. The amount of equities eligible to be used in the calculation of  $C_{equity}^{grandfath\text{e}ed}$  as defined in paragraph 27 can therefore never be greater than the initial amount.
- v. Equities that are eligible to be used being used in the calculation of  $C_{equity}^{grandfath\text{e}ed}$  **Error!**  
**Bookmark not defined.** as defined in paragraph 27 may be traded or replaced within a specific equity class and still receive the aforementioned treatment.

29 The interest rate and liquidity risk charge calculation may be calculated in accordance with paragraph 4 or the formula below. Where an insurance group decides to utilise the formula below, it will only be allowed to revert back and utilise the calculations prescribed in paragraph 4 where it has received the written approval of the Authority pursuant to an application made in accordance with section 6D of the Act.

$$C_{Interest} = \max\{\max(Shock_{IR,Down}, Shock_{IR,Up}) - Offset_{ScenarioBased}, 0\};$$

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Where—

$$Shock_{IR,\omega} = \sum_{CCY} Shock_{IR,\omega}^{CCY}$$

$$Shock_{IR,\omega}^{CCY} = (MVA_{Before}^{CCY,Q} - MVA_{After,\omega}^{CCY,Q}) + \max(MVA_{Before}^{CCY,NQ} - MVA_{After,\omega}^{CCY,NQ}, 0) - (MVL_{Before}^{CCY} - MVL_{After,\omega}^{CCY})$$

$\omega = \text{Down, Up}$

$$Offset_{ScenarioBased} = \min(0.5 \cdot (BELiability_{WorstScenario} - BELiability_{BaseScenario}), 0.75 \cdot C_{Interest}^{WithoutOffset})$$

$$C_{Interest}^{WithoutOffset} = \max(Shock_{IR,Down}, Shock_{IR,Up})$$

$MVA_{Before}^{CCY,Q}$

= refers to the market value of qualified assets including derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) before shock  $\omega$  ( $\omega$ =Up or Down) by currency type (CCY), that has been converted to the functional currency as reported in Form 1EBS;

$MVA_{After}^{CCY,Q}$

= refers to the revaluation of qualified assets including derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking interest rates by  $\chi(\text{CCY},\omega)$  where (CCY) refers to currency type,  $\omega$  refers to shock Down and Up, and  $\chi$  refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 1EBS prescribed in Table 3B;

$MVA_{Before}^{CCY,NQ}$

= refers to the market value of non-qualified assets which are derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) before shock  $\omega$  ( $\omega$ =Up or Down) by currency type (CCY), that has been converted to the functional currency as reported in Form 1EBS;

$MVA_{After}^{CCY,NQ}$

= refers to the revaluation of non-qualified assets which are derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking interest rates by  $\chi(\text{CCY},\omega)$  where (CCY) refers to currency type,  $\omega$  refers to shock Down and Up, and  $\chi$  refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 1EBS prescribed in Table 3B;

$MVL_{Before}^{CCY}$

= refers to the best estimate of insurance liabilities and other liabilities before shock  $\omega$  ( $\omega$ =Up or Down) by currency type that has been converted to the functional currency as reported in Form 1EBS;

$MVL_{After}^{CCY}$

= refers to the revaluation of the best estimate of insurance liabilities and other liabilities after shocking interest rates by  $\chi(\text{CCY},\omega)$  where (CCY) refers to currency type,  $\omega$  refers to shock Down and Up, and  $\chi$  refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 1EBS prescribed in Table 3B;

$BELiability_{BaseScenario}$

= refers to best estimate of liabilities in the base case scenario when using the scenario-based approach; and

$BELiability_{WorstScenario}$

= refers to best estimate of liabilities in the worst-case scenario when using the scenario-based approach.

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**Table 3B – Shock vectors for Interest Rate – Liquidity Risk**

<b>Currency</b>	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Down)$	
Interest Rate Down – Exposures without Derivatives				
United States Dollars	Schedule XXIII, Column A Line 1 Less Schedule XXIII Column B, Line 1	Schedule XXIII, Column C Line 1 Less Schedule XXIII Column D, Line 1	*	
Euro	Schedule XXIII, Column A Line 2 Less Schedule XXIII Column B, Line 2	Schedule XXIII, Column C Line 2 Less Schedule XXIII Column D, Line 2	*	
United Kingdom Pounds	Schedule XXIII, Column A Line 3 Less Schedule XXIII Column B, Line 3	Schedule XXIII, Column C Line 3 Less Schedule XXIII Column D, Line 3	*	
Japan Yen	Schedule XXIII, Column A Line 4 Less Schedule XXIII Column B, Line 4	Schedule XXIII, Column C Line 4 Less Schedule XXIII Column D, Line 4	*	
Canada Dollars	Schedule XXIII, Column A Line 5 Less Schedule XXIII Column B, Line 5	Schedule XXIII, Column C Line 5 Less Schedule XXIII Column D, Line 5	*	
Swiss Francs	Schedule XXIII, Column A Line 6 Less Schedule XXIII Column B, Line 6	Schedule XXIII, Column C Line 6 Less Schedule XXIII Column D, Line 6	*	
Australia Dollars	Schedule XXIII, Column A Line 7 Less Schedule XXIII Column B, Line 7	Schedule XXIII, Column C Line 7 Less Schedule XXIII Column D, Line 7	*	
New Zealand Dollars	Schedule XXIII, Column A Line 8 Less Schedule XXIII Column B, Line 8	Schedule XXIII, Column C Line 8 Less Schedule XXIII Column D, Line 8	*	
Other currency 1	Schedule XXIII, Column A Line 9 Less Schedule XXIII Column B, Line 9	Schedule XXIII, Column C Line 9 Less Schedule XXIII Column D, Line 9	*	
Other currency 2	Schedule XXIII, Column A Line 10 Less Schedule XXIII Column B, Line 10	Schedule XXIII, Column C Line 10 Less Schedule XXIII Column D, Line 10	*	
Other currency 3	Schedule XXIII, Column A Line 11 Less Schedule XXIII Column B, Line 11	Schedule XXIII, Column C Line 11 Less Schedule XXIII Column D, Line 11	*	
Other currency 4	Schedule XXIII, Column A Line 12 Less Schedule XXIII Column B, Line 12	Schedule XXIII, Column C Line 12 Less Schedule XXIII Column D, Line 12	*	
Other currency 5	Schedule XXIII, Column A Line 13 Less Schedule XXIII Column B, Line 13	Schedule XXIII, Column C Line 13 Less Schedule XXIII Column D, Line 13	*	
Other currency 6	Schedule XXIII, Column A Line 14 Less Schedule XXIII Column B, Line 14	Schedule XXIII, Column C Line 14 Less Schedule XXIII Column D, Line 14	*	
Other currency 7	Schedule XXIII, Column A Line 15 Less Schedule XXIII Column B, Line 15	Schedule XXIII, Column C Line 15 Less Schedule XXIII Column D, Line 15	*	
Other currency 8	Schedule XXIII, Column A Line 16 Less Schedule XXIII Column B, Line 16	Schedule XXIII, Column C Line 16 Less Schedule XXIII Column D, Line 16	*	
Other currency 9	Schedule XXIII, Column A Line 17 Less Schedule XXIII Column B, Line 17	Schedule XXIII, Column C Line 17 Less Schedule XXIII Column D, Line 17	*	
Other currency 10	Schedule XXIII, Column A Line 18 Less Schedule XXIII Column B, Line 18	Schedule XXIII, Column C Line 18 Less Schedule XXIII Column D, Line 18	*	
<b>Currency</b>	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVA_{Before}^{CCY,NQ} - MVA_{After}^{CCY,NQ}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Down)$

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Interest Rate Down – Derivative Exposure				
United States Dollars	Schedule XXIII, Column G Line 1 Less Schedule XXIII Column H, Line 1	Schedule XXIII, Column I Line 1 Less Schedule XXIII Column J, Line 1	Schedule XXIII, Column K Line 1 Less Schedule XXIII Column L, Line 1	*
Euro	Schedule XXIII, Column G Line 2 Less Schedule XXIII Column H, Line 2	Schedule XXIII, Column I Line 2 Less Schedule XXIII Column J, Line 2	Schedule XXIII, Column K Line 2 Less Schedule XXIII Column L, Line 2	*
United Kingdom Pounds	Schedule XXIII, Column G Line 3 Less Schedule XXIII Column H, Line 3	Schedule XXIII, Column I Line 3 Less Schedule XXIII Column J, Line 3	Schedule XXIII, Column K Line 3 Less Schedule XXIII Column L, Line 3	*
Japan Yen	Schedule XXIII, Column G Line 4 Less Schedule XXIII Column H, Line 4	Schedule XXIII, Column I Line 4 Less Schedule XXIII Column J, Line 4	Schedule XXIII, Column K Line 4 Less Schedule XXIII Column L, Line 4	*
Canada Dollars	Schedule XXIII, Column G Line 5 Less Schedule XXIII Column H, Line 5	Schedule XXIII, Column I Line 5 Less Schedule XXIII Column J, Line 5	Schedule XXIII, Column K Line 5 Less Schedule XXIII Column L, Line 5	*
Swiss Francs	Schedule XXIII, Column G Line 6 Less Schedule XXIII Column H, Line 6	Schedule XXIII, Column I Line 6 Less Schedule XXIII Column J, Line 6	Schedule XXIII, Column K Line 6 Less Schedule XXIII Column L, Line 6	*
Australia Dollars	Schedule XXIII, Column G Line 7 Less Schedule XXIII Column H, Line 7	Schedule XXIII, Column I Line 7 Less Schedule XXIII Column J, Line 7	Schedule XXIII, Column K Line 7 Less Schedule XXIII Column L, Line 7	*
New Zealand Dollars	Schedule XXIII, Column G Line 8 Less Schedule XXIII Column H, Line 8	Schedule XXIII, Column I Line 8 Less Schedule XXIII Column J, Line 8	Schedule XXIII, Column K Line 8 Less Schedule XXIII Column L, Line 8	*
Other currency 1	Schedule XXIII, Column G Line 9 Less Schedule XXIII Column H, Line 9	Schedule XXIII, Column I Line 9 Less Schedule XXIII Column J, Line 9	Schedule XXIII, Column K Line 9 Less Schedule XXIII Column L, Line 9	*
Other currency 2	Schedule XXIII, Column G Line 10 Less Schedule XXIII Column H, Line 10	Schedule XXIII, Column I Line 10 Less Schedule XXIII Column J, Line 10	Schedule XXIII, Column K Line 10 Less Schedule XXIII Column L, Line 10	*
Other currency 3	Schedule XXIII, Column G Line 11 Less Schedule XXIII Column H, Line 11	Schedule XXIII, Column I Line 11 Less Schedule XXIII Column J, Line 11	Schedule XXIII, Column K Line 11 Less Schedule XXIII Column L, Line 11	*
Other currency 4	Schedule XXIII, Column G Line 12 Less Schedule XXIII Column H, Line 12	Schedule XXIII, Column I Line 12 Less Schedule XXIII Column J, Line 12	Schedule XXIII, Column K Line 12 Less Schedule XXIII Column L, Line 12	*
Other currency 5	Schedule XXIII, Column G Line 13 Less Schedule XXIII Column H, Line 13	Schedule XXIII, Column I Line 13 Less Schedule XXIII Column J, Line 13	Schedule XXIII, Column K Line 13 Less Schedule XXIII Column L, Line 13	*
Other currency 6	Schedule XXIII, Column G Line 14 Less Schedule XXIII Column H, Line 14	Schedule XXIII, Column I Line 14 Less Schedule XXIII Column J, Line 14	Schedule XXIII, Column K Line 14 Less Schedule XXIII Column L, Line 14	*
Other currency 7	Schedule XXIII, Column G Line 15 Less Schedule XXIII Column H, Line 15	Schedule XXIII, Column I Line 15 Less Schedule XXIII Column J, Line 15	Schedule XXIII, Column K Line 15 Less Schedule XXIII Column L, Line 15	*
Other currency 8	Schedule XXIII, Column G Line 16 Less Schedule XXIII Column H, Line 16	Schedule XXIII, Column I Line 16 Less Schedule XXIII Column J, Line 16	Schedule XXIII, Column K Line 16 Less Schedule XXIII Column L, Line 16	*
Other currency 9	Schedule XXIII, Column G Line 17 Less Schedule XXIII Column H, Line 17	Schedule XXIII, Column I Line 17 Less Schedule XXIII Column J, Line 17	Schedule XXIII, Column K Line 17 Less Schedule XXIII Column L, Line 17	*
Other currency 10	Schedule XXIII, Column G Line 18 Less Schedule XXIII Column H, Line 18	Schedule XXIII, Column I Line 18 Less Schedule XXIII Column J, Line 18	Schedule XXIII, Column K Line 18 Less Schedule XXIII Column L, Line 18	*

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<b>Currency</b>	$MVA_{Before}^{CCY} - MVA_{After}^{CCY}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Up)$
Interest Rate Up – Exposures without Derivatives			
United States Dollars	Schedule XXIII, Column A Line 20 Less Schedule XXIII Column B, Line 20	Schedule XXIII, Column C Line 20 Less Schedule XXIII Column D, Line 20	*
Euro	Schedule XXIII, Column A Line 21 Less Schedule XXIII Column B, Line 21	Schedule XXIII, Column C Line 21 Less Schedule XXIII Column D, Line 21	*
United Kingdom Pounds	Schedule XXIII, Column A Line 22 Less Schedule XXIII Column B, Line 22	Schedule XXIII, Column C Line 22 Less Schedule XXIII Column D, Line 22	*
Japan Yen	Schedule XXIII, Column A Line 23 Less Schedule XXIII Column B, Line 23	Schedule XXIII, Column C Line 23 Less Schedule XXIII Column D, Line 23	*
Canada Dollars	Schedule XXIII, Column A Line 24 Less Schedule XXIII Column B, Line 24	Schedule XXIII, Column C Line 24 Less Schedule XXIII Column D, Line 24	*
Swiss Francs	Schedule XXIII, Column A Line 25 Less Schedule XXIII Column B, Line 25	Schedule XXIII, Column C Line 25 Less Schedule XXIII Column D, Line 25	*
Australia Dollars	Schedule XXIII, Column A Line 26 Less Schedule XXIII Column B, Line 26	Schedule XXIII, Column C Line 26 Less Schedule XXIII Column D, Line 26	*
New Zealand Dollars	Schedule XXIII, Column A Line 27 Less Schedule XXIII Column B, Line 27	Schedule XXIII, Column C Line 27 Less Schedule XXIII Column D, Line 27	*
Other currency 1	Schedule XXIII, Column A Line 28 Less Schedule XXIII Column B, Line 28	Schedule XXIII, Column C Line 28 Less Schedule XXIII Column D, Line 28	*
Other currency 2	Schedule XXIII, Column A Line 29 Less Schedule XXIII Column B, Line 29	Schedule XXIII, Column C Line 29 Less Schedule XXIII Column D, Line 29	*
Other currency 3	Schedule XXIII, Column A Line 30 Less Schedule XXIII Column B, Line 30	Schedule XXIII, Column C Line 30 Less Schedule XXIII Column D, Line 30	*
Other currency 4	Schedule XXIII, Column A Line 31 Less Schedule XXIII Column B, Line 31	Schedule XXIII, Column C Line 31 Less Schedule XXIII Column D, Line 31	*
Other currency 5	Schedule XXIII, Column A Line 32 Less Schedule XXIII Column B, Line 32	Schedule XXIII, Column C Line 32 Less Schedule XXIII Column D, Line 32	*
Other currency 6	Schedule XXIII, Column A Line 33 Less Schedule XXIII Column B, Line 33	Schedule XXIII, Column C Line 33 Less Schedule XXIII Column D, Line 33	*
Other currency 7	Schedule XXIII, Column A Line 34 Less Schedule XXIII Column B, Line 34	Schedule XXIII, Column C Line 34 Less Schedule XXIII Column D, Line 34	*
Other currency 8	Schedule XXIII, Column A Line 35 Less Schedule XXIII Column B, Line 35	Schedule XXIII, Column C Line 35 Less Schedule XXIII Column D, Line 35	*
Other currency 9	Schedule XXIII, Column A Line 36 Less Schedule XXIII Column B, Line 36	Schedule XXIII, Column C Line 36 Less Schedule XXIII Column D, Line 36	*
Other currency 10	Schedule XXIII, Column A Line 37 Less Schedule XXIII Column B, Line 37	Schedule XXIII, Column C Line 37 Less Schedule XXIII Column D, Line 37	*

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<b>Currency</b>	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVA_{Before}^{CCY,NQ} - MVA_{After}^{CCY,NQ}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Up)$
Interest Rate Up – Derivative Exposure				
United States Dollars	Schedule XXIII, Column G Line 20 Less Schedule XXIII Column H, Line 20	Schedule XXIII, Column I Line 20 Less Schedule XXIII Column J, Line 20	Schedule XXIII, Column K Line 20 Less Schedule XXIII Column L, Line 20	*
Euro	Schedule XXIII, Column G Line 21 Less Schedule XXIII Column H, Line 21	Schedule XXIII, Column I Line 21 Less Schedule XXIII Column J, Line 21	Schedule XXIII, Column K Line 21 Less Schedule XXIII Column L, Line 21	*
United Kingdom Pounds	Schedule XXIII, Column G Line 22 Less Schedule XXIII Column H, Line 22	Schedule XXIII, Column I Line 22 Less Schedule XXIII Column J, Line 22	Schedule XXIII, Column K Line 22 Less Schedule XXIII Column L, Line 22	*
Japan Yen	Schedule XXIII, Column G Line 23 Less Schedule XXIII Column H, Line 23	Schedule XXIII, Column I Line 23 Less Schedule XXIII Column J, Line 23	Schedule XXIII, Column K Line 23 Less Schedule XXIII Column L, Line 23	*
Canada Dollars	Schedule XXIII, Column G Line 24 Less Schedule XXIII Column H, Line 24	Schedule XXIII, Column I Line 24 Less Schedule XXIII Column J, Line 24	Schedule XXIII, Column K Line 24 Less Schedule XXIII Column L, Line 24	*
Swiss Francs	Schedule XXIII, Column G Line 25 Less Schedule XXIII Column H, Line 25	Schedule XXIII, Column I Line 25 Less Schedule XXIII Column J, Line 25	Schedule XXIII, Column K Line 25 Less Schedule XXIII Column L, Line 25	*
Australia Dollars	Schedule XXIII, Column G Line 26 Less Schedule XXIII Column H, Line 26	Schedule XXIII, Column I Line 26 Less Schedule XXIII Column J, Line 26	Schedule XXIII, Column K Line 26 Less Schedule XXIII Column L, Line 26	*
New Zealand Dollars	Schedule XXIII, Column G Line 27 Less Schedule XXIII Column H, Line 27	Schedule XXIII, Column I Line 27 Less Schedule XXIII Column J, Line 27	Schedule XXIII, Column K Line 27 Less Schedule XXIII Column L, Line 27	*
Other currency 1	Schedule XXIII, Column G Line 28 Less Schedule XXIII Column H, Line 28	Schedule XXIII, Column I Line 28 Less Schedule XXIII Column J, Line 28	Schedule XXIII, Column K Line 28 Less Schedule XXIII Column L, Line 28	*
Other currency 2	Schedule XXIII, Column G Line 29 Less Schedule XXIII Column H, Line 29	Schedule XXIII, Column I Line 29 Less Schedule XXIII Column J, Line 29	Schedule XXIII, Column K Line 29 Less Schedule XXIII Column L, Line 29	*
Other currency 3	Schedule XXIII, Column G Line 30 Less Schedule XXIII Column H, Line 30	Schedule XXIII, Column I Line 30 Less Schedule XXIII Column J, Line 30	Schedule XXIII, Column K Line 30 Less Schedule XXIII Column L, Line 30	*
Other currency 4	Schedule XXIII, Column G Line 31 Less Schedule XXIII Column H, Line 31	Schedule XXIII, Column I Line 31 Less Schedule XXIII Column J, Line 31	Schedule XXIII, Column K Line 31 Less Schedule XXIII Column L, Line 31	*
Other currency 5	Schedule XXIII, Column G Line 32 Less Schedule XXIII Column H, Line 32	Schedule XXIII, Column I Line 32 Less Schedule XXIII Column J, Line 32	Schedule XXIII, Column K Line 32 Less Schedule XXIII Column L, Line 32	*
Other currency 6	Schedule XXIII, Column G Line 33 Less Schedule XXIII Column H, Line 33	Schedule XXIII, Column I Line 33 Less Schedule XXIII Column J, Line 33	Schedule XXIII, Column K Line 33 Less Schedule XXIII Column L, Line 33	*
Other currency 7	Schedule XXIII, Column G Line 34 Less Schedule XXIII Column H, Line 34	Schedule XXIII, Column I Line 34 Less Schedule XXIII Column J, Line 34	Schedule XXIII, Column K Line 34 Less Schedule XXIII Column L, Line 34	*
Other currency 8	Schedule XXIII, Column G Line 35 Less Schedule XXIII Column H, Line 35	Schedule XXIII, Column I Line 35 Less Schedule XXIII Column J, Line 35	Schedule XXIII, Column K Line 35 Less Schedule XXIII Column L, Line 35	*
Other currency 9	Schedule XXIII, Column G Line 36 Less Schedule XXIII Column H, Line 36	Schedule XXIII, Column I Line 36 Less Schedule XXIII Column J, Line 36	Schedule XXIII, Column K Line 36 Less Schedule XXIII Column L, Line 36	*
Other currency 10	Schedule XXIII, Column G Line 37 Less Schedule XXIII Column H, Line 37	Schedule XXIII, Column I Line 37 Less Schedule XXIII Column J, Line 37	Schedule XXIII, Column K Line 37 Less Schedule XXIII Column L, Line 37	*

\* Shall be prescribed by the Authority.



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**INSTRUCTIONS AFFECTING TABLE 3B: Shock Vectors for Interest rate – Liquidity**

- (a) all assets sensitive to interest rates shall be included in the table, including but not limited to fixed income assets, hybrid instruments, deposits, loans (including mortgage and policyholder loans), reinsurance balance receivables and exposures as determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for the following items:
- (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
  - (ii) segregated accounts assets;
  - (iii) deposit asset;
  - (iv) other sundry;
  - (v) derivatives;
  - (vi) funds held by ceding insurers.
- (b) all liabilities sensitive to interest rates shall be included in the table, including but not limited to best estimate of insurance liabilities, other liabilities (except risk margin) and liability exposures determined by application of the “look-through” approach calculated in accordance with the criteria prescribed by the Authority for the following items:
- (i) segregated accounts liabilities;
  - (ii) deposit liabilities;
  - (iii) other sundry liabilities;
  - (iv) derivatives;
  - (v) funds held under retrocession.
- (c) amounts are to be reported on an EBS Valuation basis.

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

$$C_{\text{Currency}} = \sum_i \max \left\{ \begin{array}{l} (MVA_{i, \text{Before}} - MVA_{i, \text{After}}(\chi_i)) + (MVDL_{i, \text{Before}}^Q - MVDL_{i, \text{After}}^Q(\chi_i)) + \dots \\ + (MVDS_{i, \text{Before}}^Q - MVDS_{i, \text{After}}^Q(\chi_i)) + \max(MVDL_{i, \text{Before}}^{NQ} - MVDL_{i, \text{After}}^{NQ}(\chi_i), 0) + \dots \\ + \max(MVDS_{i, \text{Before}}^{NQ} - MVDS_{i, \text{After}}^{NQ}(\chi_i), 0) - (MVL_{i, \text{Before}} - MVL_{i, \text{After}}(\chi_i)) + \dots \\ + \text{Currproxybscr}_i \times \chi_i \end{array} \right\}, 0$$

Where—

- $\chi_i$  = the instantaneous shocks prescribed in Table 4A for each type of currency where  $(MVA_{i, \text{Before}} + MVDL_{i, \text{Before}}^Q + MVDS_{i, \text{Before}}^Q + MVDL_{i, \text{Before}}^{NQ} + MVDS_{i, \text{Before}}^{NQ} - MVL_{i, \text{Before}} - \text{Currproxybscr}_i) < 0$  and 0 otherwise;
- $\text{Currency}_i$  = refers to currency type that has been converted to the functional currency as reported in Form 1EBS
- $MVA_{i, \text{Before}}$  = refers to the market value of assets excluding currency-sensitive derivatives by currency type (CCY), that has been converted to the functional currency as reported in Form 1EBS;
- $MVA_{i, \text{After}}$  = refers to the revaluation of assets excluding currency-sensitive derivatives after shocking by  $\chi(\text{CCY})$  where (CCY) refers to currency type, and  $\chi$  refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 1EBS;
- $MVDL_{i, \text{Before}}^Q$  = refers to the market value of long positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 1EBS;

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$MVDL_{i,After}^Q$	= refers to the revaluation of long positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type, and $\chi$ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 1EBS;
$MVDS_{i,Before}^Q$	= refers to the market value of short positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 1EBS;
$MVDS_{i,After}^Q$	= refers to the revaluation of short positions in derivatives qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type, and $\chi$ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 1EBS;
$MVDL_{i,Before}^{NQ}$	= refers to the market value of long positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 1EBS;
$MVDL_{i,After}^{NQ}$	= refers to the revaluation of long positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type, and $\chi$ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 1EBS;
$MVDS_{i,Before}^{NQ}$	= refers to the market value of short positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) by currency type (CCY), that has been converted to the functional currency as reported in Form 1EBS;
$MVDS_{i,After}^{NQ}$	= refers to the revaluation of short positions in derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type, and $\chi$ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 1EBS;
$MVL_{i,Before}$	= refers to the market value of the best estimate of insurance liabilities and other liabilities by currency type that has been converted to the functional currency as reported in Form 1EBS;
$MVL_{i,After}$	= refers to the revaluation of the best estimate of insurance liabilities and other liabilities after shocking by $\chi(\text{CCY})$ where (CCY) refers to currency type and $\chi$ refers to the shock, where the revalued amount has been converted to the functional currency as reported in Form 1EBS;
$Currproxyscr_i$ BSCR Proxy factor	= refers to the product of $MVL_{i,Before}$ and BSCR Proxy factor = greater of paragraphs (a) and (b) below: (a) the ECR divided by Form 1EBS Line 39 Total Liabilities for the preceding year and (b) the average of the above ratio for the preceding three 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.

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**Table 4A – Shocks for Currency Risk**

Currency	$MVA_{i, Before} - MVA_{i, After}$	Long Exposure		Short Exposure		$MVL_{i, Before} - MVL_{i, After}$	Shock	
		$MVDL_{i, Before}^Q - MVDL_{i, After}^Q$	$MVDL_{i, Before}^{NQ} - MVDL_{i, After}^{NQ}$	$MVDS_{i, Before}^Q - MVDS_{i, After}^Q$	$MVDS_{i, Before}^{NQ} - MVDS_{i, After}^{NQ}$		If reporting currency $\chi_i$	Other wise $\chi_i$
United States Dollar	Schedule XXA, Column A, Line 1 Less Schedule XXA, Column G, Line 1	Schedule XXA, Column B, Line 1 Less Schedule XXA, Column H, Line 1	Schedule XXA, Column C, Line 1 Less Schedule XXA, Column I, Line 1	Schedule XXA, Column D, Line 1 Less Schedule XXA, Column J, Line 1	Schedule XXA, Column E, Line 1 Less Schedule XXA, Column K, Line 1	Schedule XXA, Column F, Line 1 Less Schedule XXA, Column L, Line 1	0%	A
Bermuda Dollar	Schedule XXA, Column A, Line 2 Less Schedule XXA, Column G, Line 2	Schedule XXA, Column B, Line 2 Less Schedule XXA, Column H, Line 2	Schedule XXA, Column C, Line 2 Less Schedule XXA, Column I, Line 2	Schedule XXA, Column D, Line 2 Less Schedule XXA, Column J, Line 2	Schedule XXA, Column E, Line 2 Less Schedule XXA, Column K, Line 2	Schedule XXA, Column F, Line 2 Less Schedule XXA, Column L, Line 2	0%	B
Qatari Riyal	Schedule XXA, Column A, Line 3 Less Schedule XXA, Column G, Line 3	Schedule XXA, Column B, Line 3 Less Schedule XXA, Column H, Line 3	Schedule XXA, Column C, Line 3 Less Schedule XXA, Column I, Line 3	Schedule XXA, Column D, Line 3 Less Schedule XXA, Column J, Line 3	Schedule XXA, Column E, Line 3 Less Schedule XXA, Column K, Line 3	Schedule XXA, Column F, Line 3 Less Schedule XXA, Column L, Line 3	0%	C
Hong Kong Dollar	Schedule XXA, Column A, Line 4 Less Schedule XXA, Column G, Line 4	Schedule XXA, Column B, Line 4 Less Schedule XXA, Column H, Line 4	Schedule XXA, Column C, Line 4 Less Schedule XXA, Column I, Line 4	Schedule XXA, Column D, Line 4 Less Schedule XXA, Column J, Line 4	Schedule XXA, Column E, Line 4 Less Schedule XXA, Column K, Line 4	Schedule XXA, Column F, Line 4 Less Schedule XXA, Column L, Line 4	0%	D
Euro	Schedule XXA, Column A, Line 5 Less Schedule XXA, Column G, Line 5	Schedule XXA, Column B, Line 5 Less Schedule XXA, Column H, Line 5	Schedule XXA, Column C, Line 5 Less Schedule XXA, Column I, Line 5	Schedule XXA, Column D, Line 5 Less Schedule XXA, Column J, Line 5	Schedule XXA, Column E, Line 5 Less Schedule XXA, Column K, Line 5	Schedule XXA, Column F, Line 5 Less Schedule XXA, Column L, Line 5	0%	E
Danish Krone	Schedule XXA, Column A, Line 6 Less Schedule XXA, Column G, Line 6	Schedule XXA, Column B, Line 6 Less Schedule XXA, Column H, Line 6	Schedule XXA, Column C, Line 6 Less Schedule XXA, Column I, Line 6	Schedule XXA, Column D, Line 6 Less Schedule XXA, Column J, Line 6	Schedule XXA, Column E, Line 6 Less Schedule XXA, Column K, Line 6	Schedule XXA, Column F, Line 6 Less Schedule XXA, Column L, Line 6	0%	F
Bulgarian Lev	Schedule XXA, Column A, Line 7 Less Schedule XXA, Column G, Line 7	Schedule XXA, Column B, Line 7 Less Schedule XXA, Column H, Line 7	Schedule XXA, Column C, Line 7 Less Schedule XXA, Column I, Line 7	Schedule XXA, Column D, Line 7 Less Schedule XXA, Column J, Line 7	Schedule XXA, Column E, Line 7 Less Schedule XXA, Column K, Line 7	Schedule XXA, Column F, Line 7 Less Schedule XXA, Column L, Line 7	0%	G
West African CFA Franc	Schedule XXA, Column A, Line 8 Less Schedule XXA, Column G, Line 8	Schedule XXA, Column B, Line 8 Less Schedule XXA, Column H, Line 8	Schedule XXA, Column C, Line 8 Less Schedule XXA, Column I, Line 8	Schedule XXA, Column D, Line 8 Less Schedule XXA, Column J, Line 8	Schedule XXA, Column E, Line 8 Less Schedule XXA, Column K, Line 8	Schedule XXA, Column F, Line 8 Less Schedule XXA, Column L, Line 8	0%	H
Central African CFA Franc	Schedule XXA, Column A, Line 9 Less Schedule XXA, Column G, Line 9	Schedule XXA, Column B, Line 9 Less Schedule XXA, Column H, Line 9	Schedule XXA, Column C, Line 9 Less Schedule XXA, Column I, Line 9	Schedule XXA, Column D, Line 9 Less Schedule XXA, Column J, Line 9	Schedule XXA, Column E, Line 9 Less Schedule XXA, Column K, Line 9	Schedule XXA, Column F, Line 9 Less Schedule XXA, Column L, Line 9	0%	I
Comorian Franc	Schedule XXA, Column A, Line 10 Less Schedule XXA, Column G, Line 10	Schedule XXA, Column B, Line 10 Less Schedule XXA, Column H, Line 10	Schedule XXA, Column C, Line 10 Less Schedule XXA, Column I, Line 10	Schedule XXA, Column D, Line 10 Less Schedule XXA, Column J, Line 10	Schedule XXA, Column E, Line 10 Less Schedule XXA, Column K, Line 10	Schedule XXA, Column F, Line 10 Less Schedule XXA, Column L, Line 10	0%	J



**INSTRUCTIONS AFFECTING TABLE 4A: Shock factors for Currency Risk**

(a) The initials “A” to “J” on the column labeled “Shock Otherwise  $\chi_i$ ” shall be replaced by the following shock values:

- “A” by:
  - “0%” if the reporting currency is the Bermuda Dollar or,
  - “5.00%” if the reporting currency is the Qatari Riyal or,
  - “1.00%” if the reporting currency is the Hong Kong Dollar or,
  - “25%” otherwise.
- “B” by:
  - “0%” if the reporting currency is the United States Dollar or,
  - “25%” otherwise.
- “C” by:
  - “5.00%” if the reporting currency is the United States Dollar or,
  - “25%” otherwise.
- “D” by:
  - “1.00%” if reporting currency is the United States Dollar or,
  - “25%” otherwise.
- “E” by:
  - “0.39%” if the reporting currency is the Danish Krone or,
  - “1.81%” if the reporting currency is the Bulgarian Lev or,
  - “2.18%” if the reporting currency is the West African CFA Franc or,
  - “1.96%” if the reporting currency is the Central African CFA Franc or,
  - “2.00%” if the reporting currency is the Comorian Franc or,
  - “25%” otherwise.
- “F” by:
  - “0.39%” if reporting currency is the Euro or,
  - “25%” otherwise.
- “G” by:
  - “1.81%” if reporting currency is the Euro or,
  - “25%” otherwise.
- “H” by:
  - “2.18%” if reporting currency is the Euro or,
  - “25%” otherwise.
- “I” by:
  - “1.96%” if reporting currency is the Euro or,
  - “25%” otherwise.
- “J” by:
  - “2.00%” if reporting currency is the Euro or,
  - “25%” otherwise.

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- (b) all assets and liabilities (except the risk margin) whose value is subject to currency risk shocks shall be reported on a basis consistent with that used for purposes of economic balance sheet reporting. These assets and liabilities shall include currency risk exposures determined by application of the “look-through approach” calculated in accordance with criteria prescribed by the Authority for the following items:
- i. collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
  - ii. segregated accounts assets and liabilities;
  - iii. deposit asset and liabilities;
  - iv. assets and liabilities held by ceding insurers or under retrocession;
  - v. other sundry assets and liabilities; and
  - vi. derivatives.
- (c) where the reporting currency is the United States Dollar, the capital factor  $\chi_i$  charge shall be reduced to:
- i. 0.00% for the Bermuda Dollar;
  - ii. 5.00% for the Qatari Riyal;
  - iii. 1.00% for the Hong Kong Dollar.
- (d) where the reporting currency is the Bermuda Dollar the capital factor  $\chi_i$  charge shall be reduced to 0.00% for the United States Dollar.
- (e) where the reporting currency is the Qatari Riyal the capital factor  $\chi_i$  charge shall be reduced to 5.00% for the United States Dollar.
- (f) where the reporting currency is the Hong Kong Dollar the capital factor  $\chi_i$  charge shall be reduced to 1.00% for the United States Dollar.
- (g) where the reporting currency is Euros, the capital factor  $\chi_i$  shall be reduced to:
- i. 0.39% for the Danish Krone;
  - ii. 1.81% for the Bulgarian Lev;
  - iii. 2.18% for the West African CFA Franc;
  - iv. 1.96% for the Central African CFA Franc;
  - v. 2.00% for the Comorian Franc.
- (h) where the reporting currency is the Danish Krone the capital factor  $\chi_i$  charge shall be reduced to 0.39% for the Euro.
- (i) where the reporting currency is the Bulgarian Lev the capital factor  $\chi_i$  charge shall be reduced to 1.81% for the Euro.
- (j) where the reporting currency is the West African CFA Franc the capital factor  $\chi_i$  charge shall be reduced to 2.18% for the Euro.
- (k) where the reporting currency is the Central African CFA Franc the capital factor  $\chi_i$  charge shall be reduced to 1.96% for the Euro.
- (l) where the reporting currency is the Comorian Franc the capital factor  $\chi_i$  charge shall be reduced to 2.00% for the Euro.

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- (m) insurance groups are to report currencies representing at least 95% of their economic balance sheet liabilities; and
- (n) amounts are to be reported on an EBS Valuation basis.

31. The concentration risk charge calculation shall be determined in accordance with the following formula-

$$C_{Concentration} = \sum_i \chi_i \times Concastclass_i;$$

Where—

- $\chi_i$  = the capital charge factors prescribed in Table 5A for each type of *Concastclass<sub>i</sub>* or in table 5 for each type of *Concastclass<sub>i</sub>* for equity exposures that are grandfathered according to paragraph 28A and
- Concastclass<sub>i</sub>* = the value of the corresponding asset prescribed in Table 5A, for each type of Asset Class; or the value of the corresponding asset prescribed in Table 5, for each type of Asset Class for equity exposures that are grandfathered according to paragraph 28A.

**Table 5A – Capital charge factors for *Concastclass<sub>i</sub>***

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

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BSCR rating 0	Schedule XXIA, Column D	0.0%
BSCR rating 1	Schedule XXIA, Column D	0.5%
BSCR rating 2	Schedule XXIA, Column D	1.0%
BSCR rating 3	Schedule XXIA, Column D	1.8%
BSCR rating 4	Schedule XXIA, Column D	3.5%
BSCR rating 5	Schedule XXIA, Column D	10.0%
BSCR rating 6	Schedule XXIA, Column D	20.0%
BSCR rating 7	Schedule XXIA, Column D	30.0%
BSCR rating 8	Schedule XXIA, Column D	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule XXIA, Column D	0.0%
BSCR rating 1	Schedule XXIA, Column D	0.4%
BSCR rating 2	Schedule XXIA, Column D	0.8%
BSCR rating 3	Schedule XXIA, Column D	1.5%
BSCR rating 4	Schedule XXIA, Column D	3.0%
BSCR rating 5	Schedule XXIA, Column D	8.0%
BSCR rating 6	Schedule XXIA, Column D	15.0%
BSCR rating 7	Schedule XXIA, Column D	26.3%
BSCR rating 8	Schedule XXIA, Column D	35.0%
<i>Preferred Shares</i>		
BSCR rating 1	Schedule XXIA, Column D	0.6%
BSCR rating 2	Schedule XXIA, Column D	1.2%
BSCR rating 3	Schedule XXIA, Column D	2.0%
BSCR rating 4	Schedule XXIA, Column D	4.0%
BSCR rating 5	Schedule XXIA, Column D	11.0%
BSCR rating 6	Schedule XXIA, Column D	25.0%
BSCR rating 7	Schedule XXIA, Column D	35.0%
BSCR rating 8	Schedule XXIA, Column D	35.0%
<i>Mortgage Loans</i>		
Insured/Guaranteed Mortgages	Schedule XXIA, Column D	0.3%
Other Commercial and Farm Mortgages	Schedule XXIA, Column D	5.0%
Other Residential Mortgages	Schedule XXIA, Column D	1.5%
Mortgages Not In Good Standing	Schedule XXIA, Column D	25%
<i>Other Asset Classes</i>		
Infrastructure	Schedule XXIA, Column D	25.0%
Listed Equity Securities in Developed Markets	Schedule XXIA, Column D	35.0%
Other Equities	Schedule XXIA, Column D	45.0%
Strategic Holdings	Schedule XXIA, Column D	20.0%
Duration Based	Schedule XXIA, Column D	20.0%
Letters of Credit	Schedule XXIA, Column D	20.0%
Advances to Affiliates	Schedule XXIA, Column D	5.0%
Policy Loans	Schedule XXIA, Column D	0.0%
Equity Real Estate 1	Schedule XXIA, Column D	10.0%
Equity Real Estate 2	Schedule XXIA, Column D	20.0%
Collateral Loans	Schedule XXIA, Column D	5.0%

**INSTRUCTIONS AFFECTING TABLE 5A: Capital factor charge for *Concastclass<sub>i</sub>***

- (a) *Concastclass<sub>i</sub>* shall only apply to an insurance groups' ten largest counterparty exposures based on the aggregate of all assets set out in the in Table 5A relating to that counterparty;



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- (b) for the purposes of Table 5A, a counterparty exposure shall be reported on the valuation of individually underlying assets i.e. determined by application of the “look through” approach in accordance with criteria prescribed by the Authority for all amounts reported on the balance sheet;
- (c) for the purposes of Table 5A, a counterparty shall include all related or connected counterparties captured by either of the following criteria:
  - (i) controller relationship: if a counterparty, directly or indirectly, has control of (as a result of its majority shareholding in or effective management) which it is a subsidiary company; or
  - (ii) economic interdependence: if one of the counterparties were to experience financial difficulties which directly or indirectly affect the ability of any or all of the remaining counterparties to perform their financial obligations (for example where a counterparty becomes unable to fund or repay certain financial contractual obligations, and as a result, other counterparties, are likely to be unable to fund or repay certain obligations imposed on them);

32. The premium risk charge calculation shall be established in accordance with the following formula-

$$C_{Premium} = \sqrt{\sum_{i,j} CorrPrem_{i,j} \times C_i \times C_j} - avgpremcap \times \frac{avgannloss}{catlossratio}$$

Where—

- $CorrPrem_{i,j}$  = the correlation factors of the premium risk module correlation matrix in accordance with Table 6B;
- $i,j$  = the sum of the different terms should cover all possible combinations of i and j; and
- $C_i$  and  $C_j$  = risk charge  $i$  and risk charge  $j$  which are replaced by the following:  
 $C_{premium_i}$ ,  $C_{premium_j}$  as calculated in accordance with paragraph 33;
- $avgpremcap$  = weighted average premium risk capital charge factor for  $BaseExp_i$ , as defined below, (excluding the Property Catastrophe line of business and after correlation adjustment, allowing for geographic diversification);
- $avgannloss$  = average annual loss estimated with catastrophe models;
- $catlossratio$  = expected industry average catastrophe loss ratio prescribed by the Authority.

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**Table 6B – Premium Risk Module Correlation Matrix**

<i>CorrPrem<sub>i,j</sub></i>	Prop Cat	Prop	Prop NP	PA	PA NP	Aviat n	Aviatn NP	C/S	C/S NP	Ergy O/M	Ergy O/M NP	US Cas	US Cas NP	US Prof	US Prof NP	US Spec	US Spec NP	Int Motor	Int Motor NP	Int Cas	Int Cas NP	Retro Prop	Str/Fin Re	Health
Prop Cat	1																							
Prop	0.25	1																						
Prop NP	0.25	0.5	1																					
PA	0.25	0.25	0.25	1																				
PA NP	0.25	0.25	0.25	0.5	1																			
Aviat n	0.25	0.25	0.25	0.25	0.25	1																		
Aviatn NP	0.25	0.25	0.25	0.25	0.25	0.5	1																	
C/S	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1																
C/S NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1															
Ergy O/M	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1														
Ergy O/MNP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1													
US Cas	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1												
US CasNP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1											
US Prof	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	1										
US Prof NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	1									
US Spec	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1								
US Spec NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1							
Int Motor	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1						
Int Motor NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1					
Int Cas	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	0.5	0.25	0.25	0.25	0.25	1				
Int Cas NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	0.5	0.25	0.25	0.25	0.25	0.5	1			
Retro Prop	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1		
Str / Fin Re	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1
Health	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1

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33. The Line of Business premium risk charge  $C_{premium_i}$  calculation shall be determined in accordance with the following formula:

$$C_{premium_i} = [(\chi_i^1 \times BaseExp_i) + (\chi_i^2 \times FPExisting_i) + (\chi_i^3 \times FPFuture_i)] \frac{ExposureMeasure_i}{geolineprem_i}$$

Where—

$\chi_i^1$	=	individual $BaseExp_i$ risk capital charge factor as prescribed in Table 6C;
$BaseExp_i$	=	the greater of premium written in reporting period and the estimate of the net premiums to be earned by the insurance group during the next twelve month accounting period;
$geolineprem_i$	=	geographic diversification of premium exposure measure for line of business $i$ as prescribed in Table 6D;
$\chi_i^2$	=	individual $FPExisting_i$ risk capital charge factor as prescribed in Table 6C;
$FPExisting_i$	=	expected present value of premiums to be earned by the insurance group after the next twelve month reporting period for existing qualifying multi-year insurance policies for line of business $i$ as prescribed in Table 6C;
$\chi_i^3$	=	individual $FPFuture_i$ risk capital charge factor as prescribed in Table 6C;
$FPFuture_i$	=	expected present value of net premiums to be earned by the insurance group after the next twelve month reporting period for qualifying multi-year insurance policies where the initial recognition date falls in the following twelve months for line of business $i$ as prescribed in Table 6C;
$ExposureMeasure_i$	=	the sum of $BaseExp_i$ , $FPExisting_i$ and $FPFuture_i$

**Table 6C – Capital charge factors for Premium Risk**

	(1)	(2)	(3)	(4)	(5)	(6)
<b>Line of business</b>	<b>Statement Source</b> These Rules $BaseExp_i$	<b>Capital Factor</b> $\chi_i^1$	<b>Statement Source</b> These Rules $FPExisting_i$	<b>Capital Factor</b> $\chi_i^2$	<b>Statement Source</b> These Rules $FPFuture_i$	<b>Capital Factor</b> $\chi_i^3$
Property catastrophe	Schedule IVD, Line 1, Column (C)	0.0%	Schedule IVD, Line 1, Column (D)	11.5%	Schedule IVD, Line 1, Column (E)	5.8%
Property	Schedule IVD, Line 2, Column (C)	49.7%	Schedule IVD, Line 2, Column (D)	12.4%	Schedule IVD, Line 2, Column (E)	6.2%
Property non-proportional	Schedule IVD, Line 3, Column (C)	51.6%	Schedule IVD, Line 3, Column (D)	12.9%	Schedule IVD, Line 3, Column (E)	6.5%
Personal accident	Schedule IVD, Line 4, Column (C)	34.1%	Schedule IVD, Line 4, Column (D)	8.5%	Schedule IVD, Line 4, Column (E)	4.3%
Personal accident non-proportional	Schedule IVD, Line 5, Column (C)	41.2%	Schedule IVD, Line 5, Column (D)	12.4%	Schedule IVD, Line 5, Column (E)	6.2%
Aviation	Schedule IVD, Line 6, Column (C)	48.2%	Schedule IVD, Line 6, Column (D)	14.5%	Schedule IVD, Line 6, Column (E)	7.2%
Aviation non-proportional	Schedule IVD, Line 7, Column (C)	48.2%	Schedule IVD, Line 7, Column (D)	14.5%	Schedule IVD, Line 7, Column (E)	7.2%
Credit / surety	Schedule IVD, Line 8, Column (C)	39.8%	Schedule IVD, Line 8, Column (D)	11.9%	Schedule IVD, Line 8, Column (E)	6.0%
Credit / surety non-proportional	Schedule IVD, Line 9, Column (C)	45.4%	Schedule IVD, Line 9, Column (D)	13.6%	Schedule IVD, Line 9, Column (E)	6.8%
Energy offshore /marine	Schedule IVD, Line 10, Column (C)	42.1%	Schedule IVD, Line 10, Column (D)	12.6%	Schedule IVD, Line 10, Column (E)	6.3%

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Energy offshore / marine non-proportional	Schedule IVD, Line 11, Column (C)	47.0%	Schedule IVD, Line 11, Column (D)	14.1%	Schedule IVD, Line 11, Column (E)	7.1%
US casualty	Schedule IVD, Line 12, Column (C)	50.3%	Schedule IVD, Line 12, Column (D)	25.1%	Schedule IVD, Line 12, Column (E)	12.6%
US casualty non-proportional	Schedule IVD, Line 13, Column (C)	55.6%	Schedule IVD, Line 13, Column (D)	27.8%	Schedule IVD, Line 13, Column (E)	13.9%
US professional	Schedule IVD, Line 14, Column (C)	51.2%	Schedule IVD, Line 14, Column (D)	25.6%	Schedule IVD, Line 14, Column (E)	12.8%
US professional non-proportional	Schedule IVD, Line 15, Column (C)	53.8%	Schedule IVD, Line 15, Column (D)	26.9%	Schedule IVD, Line 15, Column (E)	13.5%
US specialty	Schedule IVD, Line 16, Column (C)	51.4%	Schedule IVD, Line 16, Column (D)	25.7%	Schedule IVD, Line 16, Column (E)	12.9%
US specialty non-proportional	Schedule IVD, Line 17, Column (C)	52.7%	Schedule IVD, Line 17, Column (D)	26.3%	Schedule IVD, Line 17, Column (E)	13.2%
International motor	Schedule IVD, Line 18, Column (C)	42.2%	Schedule IVD, Line 18, Column (D)	12.7%	Schedule IVD, Line 18, Column (E)	6.3%
International motor non-proportional	Schedule IVD, Line 19, Column (C)	48.2%	Schedule IVD, Line 19, Column (D)	24.1%	Schedule IVD, Line 19, Column (E)	12.1%
International casualty non-motor	Schedule IVD, Line 20, Column (C)	50.0%	Schedule IVD, Line 20, Column (D)	25.0%	Schedule IVD, Line 20, Column (E)	12.5%
International casualty non-motor non-proportional	Schedule IVD, Line 21, Column (C)	53.6%	Schedule IVD, Line 21, Column (D)	26.8%	Schedule IVD, Line 21, Column (E)	13.4%
Retro property	Schedule IVD, Line 22, Column (C)	50.8%	Schedule IVD, Line 22, Column (D)	12.7%	Schedule IVD, Line 22, Column (E)	6.4%
Structured / finite reinsurance	Schedule IVD, Line 23, Column (C)	27.2%	Schedule IVD, Line 23, Column (D)	6.8%	Schedule IVD, Line 23, Column (E)	3.4%
Health	Schedule IVD, Line 24, Column (C)	15.0%	Schedule IVD, Line 24, Column (D)	3.8%	Schedule IVD, Line 24, Column (E)	1.9%

**INSTRUCTIONS AFFECTING TABLE 6C: Capital charge factors for Premium Risk**

- (a) all reported net premium exposure measures as prescribed in Schedule IVD that are subject to capital charges within the premium risk charge shall be included;
- (b) “qualifying multi-year insurance policies” means those insurance policies with a term longer than twelve months after allowing for the criteria prescribed by the Authority;
- (c) all net premium exposure measures by statutory Line of Business shall be reported on a basis consistent with that prescribed in Schedule IVD; and
- (d) an insurance group may provide net premium exposure measures for all statutory Lines of General Business, or for particular statutory Lines of General Business, split by geographic zone as set out in Table 6D.  $geolineprem_i$  is then derived from the total premium for that Line of Business by reducing the total by 25% times  $\frac{\sum x_i^2}{(\sum x_i)^2}$  where  $x_i$  = the net premium exposure measure in the Line of Business for  $Zone_i$ ; and where the summation covers all zones; and

**Table 6D – Underwriting Geographical Zones**

<b>Underwriting Zone</b>	<b>Location</b>
Zone 1 - Central & Western Asia	Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Palestinian, 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,

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	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)	Bermuda, Canada, Greenland, and St Pierre & Miquelon
Zone 12 - Caribbean & Central America	Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Costa Rica, Cuba, Dominica, Dominican, El Salvador, Grenada, Guadeloupe, Guatemala, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Netherlands Antilles, Nicaragua, Panama, 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

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34. The reserve risk charge calculation shall be established in accordance with the following formula—

$$C_{reserve} = \sqrt{\sum_{i,j} Corr Reserve_{i,j} \times C_i \times C_j} ;$$

Where—

$Corr Reserve_{i,j}$  = the correlation factors of the reserve risk module correlation matrix in accordance with table 7A;

$i,j$  = the sum of the different terms should cover all possible combinations of  $i$  and  $j$ ;

$C_i$  and  $C_j$  = risk charge  $i$  and risk charge  $j$  which are replaced by the following:  
 $C_{reserve_i}$ ,  $C_{reserve_j}$  as calculated in accordance with paragraph 35.

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**Table 7A – Reserve Risk Module Correlation Matrix**

<i>Corr Reserve<sub>i,j</sub></i>	Prop Cat	Prop	Prop NP	PA	PA NP	Aviat n	Aviatn NP	C/S	C/S NP	Ergy O/ M	Ergy O/M NP	US Cas	US Cas NP	US Prof	US Prof NP	US Spec	US Spec NP	Int Mot or	Int Motor NP	Int Cas	Int Cas NP	Retro Prop	Str/ Fin Re	Health	
Prop Cat	1																								
Prop	0.25	1																							
Prop NP	0.25	0.5	1																						
PA	0.25	0.25	0.25	1																					
PA NP	0.25	0.25	0.25	0.5	1																				
Aviat n	0.25	0.25	0.25	0.25	0.25	1																			
Aviatn NP	0.25	0.25	0.25	0.25	0.25	0.5	1																		
C/S	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1																	
C/S NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1																
Ergy O/M	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1															
Ergy O/MNP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1														
US Cas	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1													
US CasNP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1												
US Prof	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	1											
US Prof NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	1										
US Spec	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1									
US Spec NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1								
Int Motor	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1							
Int Motor NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	1						
Int Cas	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	0.5	0.25	0.25	0.25	0.25	1					
Int Cas NP	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.5	0.5	0.5	0.5	0.25	0.25	0.25	0.25	0.5	1				
Retro Prop	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1			
Str / Fin Re	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1		
Health	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	1	

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35. The Line of Business reserve risk charge  $C_{reserve_i}$  calculation shall be determined in accordance with the following formula—

$$C_{reserve_i} = \beta_i \times geolinersvs_i;$$

Where—

- $\beta_i$  = individual  $geolinersvs_i$  risk capital charge factor as prescribed in Table 7B;
- $geolinersvs_i$  = geographic diversification of reserves for individual Lines of Business  $i$  as prescribed in Table 6D;

**Table 7B – Capital charge factors for  $geolinersvs_i$**

Line of business $geolinersvs_i$	Statement Source These Rules	Capital Factor $\beta_i$
Property catastrophe	Schedule III, Line 1	46.2%
Property	Schedule III, Line 2	43.8%
Property non- proportional	Schedule III, Line 3	49.7%
Personal accident	Schedule III, Line 4	29.7%
Personal accident non-proportional	Schedule III, Line 5	34.9%
Aviation	Schedule III, Line 6	46.0%
Aviation non- proportional	Schedule III, Line 7	48.3%
Credit / surety	Schedule III, Line 8	38.4%
Credit / surety non- proportional	Schedule III, Line 9	43.5%
Energy offshore / marine	Schedule III, Line 10	39.5%
Energy offshore / marine non- proportional	Schedule III, Line 11	43.9%
US casualty	Schedule III, Line 12	43.0%
US casualty non- proportional	Schedule III, Line 13	48.8%
US professional	Schedule III, Line 14	46.3%
US professional non- proportional	Schedule III, Line 15	51.5%
US specialty	Schedule III, Line 16	46.5%
US specialty non- proportional	Schedule III, Line 17	48.3%
International motor	Schedule III, Line 18	37.1%
International motor non-proportional	Schedule III, Line 19	43.5%
International casualty non-motor	Schedule III, Line 20	43.7%
International casualty non-motor non-proportional	Schedule III, Line 21	49.4%
Retro property	Schedule III, Line 22	47.8%
Structured / finite reinsurance	Schedule III, Line 23	24.1%
Health	Schedule III, Line 24	12.5%

**INSTRUCTIONS AFFECTING TABLE 7B: Capital charge factors for  $geolinersvs_i$**

- (a) all reported net loss and loss expense provisions for the relevant year by statutory Line of Business as prescribed in this Schedule are subject to capital charges within the reserve risk charge and shall be included;
- (b) all reported net loss and loss expense provisions by statutory Line of Business shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- (c) an insurance group may provide loss and loss expense provisions exposure for all statutory Lines of General Business, or for particular statutory Lines of General Business, split by geographic zone as set out in Table 6D.  $geolinersvs_i$  is then derived from the total loss and

loss expense provisions for that Line of Business by reducing the total by 25% times  $\frac{\sum x_i^2}{(\sum x_i)^2}$

where  $x_i$  = best estimate net loss and loss expense provisions in that line of business for  $Zone_i$ ; and where the summation covers all zones; and



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

36. The credit risk charge calculation shall be established in accordance with the following formula—

$$C_{credit} = \sum_i \delta_i \times debtor_i \times \mu_r + CCROTC;$$

Where—

$\delta_i$  = the credit risk capital charge factor for type of *debtor<sub>i</sub>* as prescribed in Table 8A;

*debtor<sub>i</sub>* = receivable amount from *debtor<sub>i</sub>* net of any collateral in favour of the insurance group;

$\mu_r$  = additional diversification adjustment factor applied to reinsurance balances only taking into consideration diversification by number of reinsurers, equal to 40%.

CCROTC = counterparty default risk for over-the-counter derivatives calculated as per the following formula:

$$CCROTC = \sum_i \text{Max}(0, MVDerivativeP_i - (1 - \beta_i) \text{Min}(MVderivativeP_i, MVCollateral_i)) \times \alpha_i$$

*MVDerivativeP<sub>i</sub>* = Market value of over-the-counter derivatives with positive market values and BSCR rating *i*,

$\beta_i$  = collateral factor as prescribed in Table 8B;

$\alpha_i$  = capital factor for the BSCR rating *i* as prescribed in Table 8B;

*MVCollateral<sub>i</sub>* = market value of collateral of over-the-counter derivatives with positive market values and BSCR rating *i*.

**Table 8A – Capital charge factors for *debtor<sub>i</sub>***

Type of debtor <i>debtor<sub>i</sub></i>	Statement Source These Rules	Capital Factor $\delta_i$
<i>Accounts and Premiums Receivable</i>		
In course of collection	Form 1EBS, Line 10(a)	5.0%
Deferred - Not Yet Due	Form 1SFS, Line 10 (b)	5.0%
Receivables from retrocessional contracts less collateralized balances	Form 1EBS, Line 10(c) and instruction (c) below	10.0%
<i>All Other Receivables</i>		
Accrued investment income	Form 1EBS, Line 9	2.5%
Advances to affiliates	Form 1EBS, Line 4(g)	5.0%
Balances receivable on sale of investments	Form 1EBS, Line 13(f)	2.5%
<i>Particulars of reinsurance balances shall be the maximum of the amounts calculated from paragraphs (i) and (ii) below:</i>		
<i>(i) Particulars of reinsurance balances for current year by BSCR Rating</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%

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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%	
<i>(ii) Particulars of reinsurance balances for future premium by BSCR Rating</i>			
Premium Risk Capital Charge (Gross)	As prescribed in paragraph (d)(ii)(B)		
Premium Risk Capital Charge (Net)	Premium Risk Charge as prescribed in paragraph 32		
Premium Risk Capital Charge (Ceded)	Premium Risk Capital Charge (Gross) less Premium Risk Capital Charge (Net)		
<b>Type of debtor</b> <i>debtor<sub>i</sub></i>	<b>Statement Source</b> These Rules	<b>Debtor Allocation</b>	<b>Capital Factor</b> $\delta_i$
BSCR rating 0	paragraph (i) BSCR Rating 0 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	0.0%
BSCR rating 1	paragraph (i) BSCR Rating 1 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	0.7%
BSCR rating 2	paragraph (i) BSCR Rating 2 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	1.5%
BSCR rating 3	paragraph (i) BSCR Rating 3 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	3.5%
BSCR rating 4	paragraph (i) BSCR Rating 4 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	7.0%
BSCR rating 5	paragraph (i) BSCR Rating 5 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	12.0%
BSCR rating 6	paragraph (i) BSCR Rating 6 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	20.0%
BSCR rating 7	paragraph (i) BSCR Rating 7 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	17.0%
BSCR rating 8	paragraph (i) BSCR Rating 8 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	35.0%
Less: Diversification adjustment	Schedule XVIII paragraph (d)		40.0%

**INSTRUCTIONS AFFECTING TABLE 8A: Capital charge factors for *debtor<sub>i</sub>***

- (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” for the purposes of this paragraph shall mean assets pledged in favor of the insurance group relating to accounts and premiums receivable under Table 8A – Capital charge factors for *debtor<sub>i</sub>*;
- (d) Particulars of reinsurance balances shall be the greater of paragraphs (i) and (ii) below
  - (i) Particulars of reinsurance balances for current year by BSCR rating are as follows:

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- (A) the net qualifying exposure which is comprised of reinsurance balances receivable and reinsurance balances recoverable, less the corresponding reinsurance balances payable and other payables less the qualifying collateral issued in favor of the insurance group in relation to the reinsurance balances;
- (B) the “net qualifying exposure” referenced in paragraph (d)(i)(A) above shall be subject to the prescribed credit risk capital factor under Table 8A;
- (C) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%;
- (D) the “diversification” adjustment” referenced in paragraph (d)(i)(C) above shall be determined by calculating 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure;
- (ii) Particulars of reinsurance balances for future premium by BSCR rating are as follows:
- (A) the Premium Risk Capital Charge (Gross), as prescribed in paragraph (d)(ii)(B) below, less the Premium Risk Capital Charge (Net), as prescribed in paragraph 32, shall be referred to as the “Premium Risk Capital Charge (Ceded)”. Such amount shall be allocated to type of debtor (*debtor<sub>i</sub>*) by BSCR rating Net Qualifying Exposure Measure as reported on Schedule XVIII;
- (B) the Premium Risk Capital Charge (Gross) is calculated in the same manner as Premium Risk Capital Charge (Net) using the Gross Premium Exposure Measure (Schedule IVD, Column G) rather than the Net Premium Exposure Measure (Schedule IVD, Column F) as the input *ExposureMeasure<sub>i</sub>* parameter in paragraph 33. *ExposureMeasure<sub>i</sub>* is allocated to *BaseExp<sub>i</sub>*, *FPEExisting<sub>i</sub>* and *FPPFuture<sub>i</sub>* for the Premium Risk Capital Charge (Gross) calculation in the same proportions as in the Premium Risk Capital Charge (Net) calculation.
- (C) the Premium Risk Capital Charge (Ceded) shall be subject to the prescribed credit risk capital charge factor under Table 8A.
- (D) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%;
- (E) the “diversification” adjustment” referenced in paragraph (d)(i)(C) above shall be determined by calculating 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure;

**Table 8B – Capital charge factors for Default Risk for over-the-counter Derivatives**

Rating of over-the-counter Derivatives Counterparty	Capital Factor $\alpha_i$	Capital charge factors on Collateral $\beta_i$
BSCR Rating 0	0.0%	3.0%
BSCR Rating 1	0.4%	3.0%
BSCR Rating 2	0.8%	3.0%
BSCR Rating 3	1.5%	3.0%
BSCR Rating 4	3.0%	3.0%
BSCR Rating 5	8.0%	3.0%
BSCR Rating 6	15.0%	3.0%
BSCR Rating 7	26.3%	3.0%
BSCR Rating 8	35.0%	3.0%

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

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$$C_{catastrophe} = NetPML - Netcatprem + CR_{PML};$$

Where—

- NetPML* = net probable maximum loss as prescribed in Schedule V paragraph (h);
- Netcatprem* = average annual loss excluding property catastrophe as prescribed in Schedule V paragraph (i) divided by {(estimated industry catastrophe loss ratio of 40% as prescribed in this Schedule) plus property catastrophe premium as included in Schedule IVD, Line 1, Column B}; and
- CR<sub>PML</sub>* = {(gross probable maximum loss as prescribed in Schedule V paragraph (g); minus net probable maximum loss as prescribed in Schedule V paragraph (h); minus arrangements with respect to property catastrophe recoverables as prescribed in Schedule V paragraph (k)(v) of these Rules); times (Credit risk charge, equal to 10%, associated with reinsurance recoveries of ceded catastrophe losses)}:
- (a) all reported net probable maximum loss, gross probable maximum loss, average annual loss excluding property catastrophe, property catastrophe premium and arrangements with respect to property catastrophe recoverables as prescribed in Schedule V that are subject to capital charges herein shall be included; and
  - (b) the amount of collateral and other funded arrangements with respect to property catastrophe recoverables shall be reported and reduced by 2% to account for the market risk associated with the underlying collateral assets.

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

$$C_{LTmort} = \left[ \sum_i \alpha 1_i \times NAAR1_i \right] + \left[ \sum_i \alpha 2_i \times NAAR2_i \right];$$

Where —

- $\alpha 1_i$  = capital charge factor for adjustable mortality long-term business as prescribed in Table 9A;
- $NAAR1_i$  = the Net Amount at Risk of all adjustable mortality long-term business prescribed in Schedule VII, Column (9), Line 1 of these Rules;
- $\alpha 2_i$  = capital charge factor for non-adjustable mortality long-term business prescribed in Table 9A;
- $NAAR2_i$  = the Net Amount at Risk of all non-adjustable mortality long-term business prescribed in Schedule VII, Column (10), Line 1 of these Rules;

**Table 9A – Capital charge factors for  $NAAR1_i$  or  $NAAR2_i$**

<b>Net Amount at Risk</b> <i>NAAR1<sub>i</sub> or NAAR2<sub>i</sub></i>	<b>Capital Factor</b> $\alpha 1_i$	<b>Capital Factor</b> $\alpha 2_i$
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

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

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

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

$C_{LTr}$	= 25% x net annual premium for insurance product riders not included elsewhere as prescribed in Schedule VII, Column (11), Line 15 of these Rules.
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41. The insurance risk – morbidity and disability charge calculation for long-term business shall be established in accordance with the following formula –

$C_{LTrmorb} = (a) + (b) + (c) + (d) + (e)$
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Where—

- (a) = 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;
- (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;
- (c) =  $\left[ \sum_i \alpha_i \times NAP_i \right]$

Where –

$\alpha_i$  = individual  $NAP_i$  capital charge factor as prescribed in Table 10A;

$NAP_i$  = the Net Annual Premium for disability income business – active lives as described in Table 10A;

**Table 10A – Capital charge factors for  $NAP_i$**

Net Annual Premium $NAP_i$	Statement Source These Rules	Capital Factor $\alpha_i$
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 greater than two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (10), Line 7(a)	12.0%
Benefit period greater than 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 greater than 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

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$$(e) = \left[ \sum_i \alpha 1_i \times NAAR1_i \right] + \left[ \sum_i \alpha 2_i \times NAAR2_i \right]$$

Where –

$\alpha 1_i$  = capital charge factor for adjustable critical illness insurance business as prescribed in Table 11A;

$NAAR1_i$  = 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 charge factor for non-adjustable critical illness insurance business as prescribed in Table 11A;

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

**Table 11A – 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

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

$$C_{LTlong} = \sum_i \alpha_i \times BAR_i ;$$

Where—

$\alpha_i$  = capital charge factor as prescribed in Table 12A; and

$BAR_i$  = the BSCR adjusted reserves for longevity risk as described in Table 12A.

**Table 12A – Capital charge factors for  $BAR_i$**

BSCR adjusted reserves $BAR_i$	Statement Source These Rules	Capital Factor $\alpha_i$
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 12A: Capital charge factors for  $BAR_i$**

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

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43. The variable annuity guarantee risk charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTVA} = \text{either } \left( \sum_i TotalBSReq_i - TotalBAR - TotalGMB_{adj} \right) \text{ or } (IMCReq_{LTVA})$$

Where—

- (i)  $TotalBSReq_i$  = higher of (a)  $(\alpha 1_i \times GV1_i + \alpha 2_i \times GV2_i + \alpha 3_i \times GV3_i)$  and (b)  $(\alpha 4_i \times NAR1_i + \alpha 5_i \times NAR2_i + \alpha 6_i \times NAR3_i)$ ;
- (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)  $TotalGMB_{adj}$  = 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 Schedule VIII, line 32, column (4) of these Rules;
- (iv)  $IMCReq_{LTVA}$  = 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  $IMCReq_{LTVA}$  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 13A; and
- (vi)  $(\alpha 1_i, \alpha 2_i, \alpha 3_i, \alpha 4_i, \alpha 5_i, \alpha 6_i)$  are the capital factors as prescribed in Table 14A.

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**Table 13A – Capital charge factors for ( $GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i$ )**

<b>Variable Annuity Benefit Type</b>	<b>Statement Source These Rules <math>GV1_i</math></b>	<b>Statement Source These Rules <math>GV2_i</math></b>	<b>Statement Source These Rules <math>GV3_i</math></b>	<b>Statement Source These Rules <math>Nar1_i</math></b>	<b>Statement Source These Rules <math>Nar2_i</math></b>	<b>Statement Source These Rules <math>Nar3_i</math></b>
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 27, column (2)	Schedule VIII, Lines 12 and 27, column (3)	Schedule VIII, Lines 12 and 27, column (4)	Schedule VIII, Lines 12, column (5)	Schedule VIII, Lines 12, column (6)	Schedule VIII, Lines 12, 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)



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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 14A – Capital charge factors for ( $\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5, \alpha_6$ )**

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

$$C_{LTOTH} = \sum_i \alpha_i \times BAR_i;$$

Where—

$\alpha_i$  = individual  $BAR_i$  capital charge factor as prescribed in Table 15A; and  
 $BAR_i$  = the BSCR adjusted reserves for other insurance risk for long-term business as described in Table 15A.

**Table 15A – Capital charge factors for  $BAR_i$**

<b>BSCR adjusted reserves <math>BAR_i</math></b>	<b>Statement Source These Rules</b>	<b>Capital Factor <math>\alpha_i</math></b>
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%

45. The operational risk charge calculation shall be established in accordance with the following formula—

$$C_{Operational} = \rho \times (Basic\ BSCR + Adj_{TP});$$

Where —

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- $\rho$  = an amount between 1% and 20% as determined by the Authority in accordance with Table 16G;
- Basic BSCR* = Basic BSCR risk module charge as calculated in accordance with paragraph 22;
- Adj<sub>TP</sub>* = adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 48;

**Table 16G – Operational Risk Charge for  $\rho$**

Overall Score	Applicable Operational Risk Charge $\rho$
<=4000	20.0%
>4000 <=5200	18.0%
>5200 <=6000	15.0%
>6000 <=6650	12.0%
>6650 <=7250	9.0%
>7250 <=7650	7.0%
>7650 <=7850	5.0%
>7850 <=8050	3.0%
>8050 <=8250	2.0%
>8250	1.0%

**INSTRUCTIONS AFFECTING TABLE 16G**

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 16H, 16I, 16J, 16K, 16L, and 16M.

**TABLE 16H  
Corporate Governance Score Table**

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

Comments

**INSTRUCTIONS AFFECTING TABLE 16H**

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The total score is derived by adding the score for each criterion of corporate governance that the parent company's board has implemented.

**TABLE 16I  
Risk Management Function ('RMF') Score Table**

<b>Criterion</b>	<b>Implemented</b>	<b>Score</b>
RMF is independent of other operational units and has direct access to the parent company's 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 parent company's Board of Directors		150
RMF ensures that the risk management policies and procedures are communicated throughout the insurance group		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 parent company's Board of Directors at least annually		150
<b>Total</b>		<b>XX</b>
<b>Comments</b>		

**INSTRUCTIONS AFFECTING TABLE 16I**

The total score is derived by adding the score for each criterion of an insurance group's risk management function that the parent company's board has implemented.

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**TABLE 16J  
Risk Identification Processes ('RIP') Score Table**

<b>Progression</b>		<b>Criterion</b>	<b>Operational Risk Areas</b>							
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 insurance group								
3	150	RIP have been implemented, well documented and understood by relevant staff, and standardized across the entire insurance group								
4	200	In addition to Stage 3, RIP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
<b>Total</b>			XX	XX	XX	XX	XX	XX	XX	<b>XX</b>

<b>Comments</b>

**INSTRUCTIONS AFFECTING TABLE 16J**

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RIP;
- (b) where the insurance group'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 insurance group shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurance group's operations, the insurance group 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 16K  
Risk Measurement Processes ('RMP') Score Table**

<b>Progression</b>		<b>Criterion</b>	<b>Operational Risk Areas</b>							
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 insurance group								
3	150	RMP have been implemented, well documented and understood by relevant staff, and standardized across the entire insurance group								
4	200	In addition to Stage 3, RMP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		<b>Total</b>	XX	XX	XX	XX	XX	XX	XX	<b>XX</b>

<b>Comments</b>

**INSTRUCTIONS AFFECTING TABLE 16K**

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RMP;
- (b) where the insurance group'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 insurance group shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurance group's operations, the insurance group 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 16L  
Risk Response Processes ('RRP') Score Table**

<b>Progression</b>		<b>Criterion</b>	<b>Operational Risk Areas</b>							
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 insurance group								
3	150	RRP have been implemented, well documented and understood by relevant staff, and standardized across the entire insurance group								
4	200	In addition to Stage 3, RRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		<b>Total</b>	XX	XX	XX	XX	XX	XX	XX	<b>XX</b>

<b>Comments</b>

**INSTRUCTIONS AFFECTING TABLE 16L**

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RRP;
- (b) where the insurance group'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 insurance group shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurance group's operations, the insurance group 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 16M  
Risk Monitoring and Reporting Processes ('RMRP') Score Table**

<b>Progression</b>		<b>Criterion</b>	<b>Operational Risk Areas</b>							
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 insurance group								
3	150	RMRP have been implemented, well documented and understood by relevant staff, and standardized across the entire insurance group								
4	200	In addition to Stage 3, RMRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		<b>Total</b>	XX	XX	XX	XX	XX	XX	XX	<b>XX</b>

<b>Comments</b>

**INSTRUCTIONS AFFECTING TABLE 16M**

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RMRP;
- (b) where the insurance group'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 insurance group shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurance group's operations, the insurance group 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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46. The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Schedule XIA – “Schedule of regulated non-insurance financial operating entities”. This amount shall be equal to the sum of the insurance group’s proportionate share of each registered entity’s regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity was licensed or registered.

47. (1) The capital requirement for unregulated entities, where the parent company exercises control as defined in subparagraph 19(4) of the Group Rules, shall be determined in accordance with Schedule XIB – “Schedule of unregulated entities where the group exercises control”

(2) This amount shall be equal to the sum of the capital requirement based on the capital charges applied to each unregulated entity’s net assets as follows-

- (a) 0% to unregulated entities that conduct ancillary services to members of the insurance group;
- (b) 15% to unregulated non-financial operating entities; and
- (c) 50% to unregulated financial operating entities.

48. The capital charge adjustment for the loss-absorbing capacity of technical provisions due to management actions shall be established in accordance with the following formula—

$$Adj_{TP} = - \max(\min(Basic\ BSCR - Basic\ nBSCR, FDB), 0);$$

Where—

$$Basic\ BSCR = \sqrt{\sum_{i,j} CorrBBSCR_{i,j} \times C_i \times C_j}$$

$$Basic\ nBSCR = \sqrt{\sum_{i,j} CorrBBSCR_{i,j} \times nC_i \times nC_j}$$

$CorrBBSCR_{i,j}$  = the correlation factors of the Basic BSCR correlation matrix in accordance with Table A of Paragraph 22;

$C_i$  = risk module charge  $i$  which are replaced by the following:

$$C_{Market}, C_{P\&C}, C_{LT}, C_{Credit};$$

$C_{Market}$  = market risk module charge as calculated in accordance with paragraph 23;

$C_{P\&C}$  = P&C risk module charge as calculated in accordance with paragraph 24;

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$C_{LT}$	=	and Long-Term risk module charge as calculated in accordance with paragraph 25;
$C_{Credit}$	=	credit risk module charge as calculated in accordance with paragraph 36.
$nC_i$	=	net risk module charge $i$ which are calculated the same way as $C_i$ but by allowing the future discretionary benefits to change and by allowing managements actions to be performed in accordance to with the criteria prescribed by the Authority and which are replaced by the following: $nC_{Market}$ , $nC_{P\&C}$ , $nC_{LT\ Insurance}$ , $nC_{Credit}$ ;
$FDB$	=	net present value of future bonuses and other discretionary benefits.

49. The adjustment for the loss-absorbing capacity of deferred taxes shall be established in accordance with the following formula—

$$C_{otheradj} = \text{Min} \left( (Basic\ BSCR + C_{operation\&} + C_{regulator\&} + Adj_{TP}) \times t, \text{Limit}, (Basic\ BSCR + C_{operation\&} + C_{regulator\&} + Adj_{TP}) \times 20\% \right)$$

Where —

$Basic\ BSCR$	=	Basic BSCR risk module charge as calculated in accordance with paragraph 22;
$C_{operation\&}$	=	operational risk charge as calculated in accordance with paragraph 45;
$C_{regulator\&}adj$	=	regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraphs 46 and 47;
$Adj_{TP}$	=	= adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 48
$t$	=	insurance group's effective (federal) tax rate
$Limit$	=	$PastLAC + CurrentLAC + FutureLAC$
$PastLAC$	=	Loss Carryback Provision multiplied by $t$ ;
$CurrentLAC$	=	Current Deferred Tax Liabilities minus Current Deferred Tax Assets and
$FutureLAC$	=	Risk Margin as reported on Form 1EBS Line 18 multiplied by $t$ .

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**SCHEDULE II**

**(Paragraph 6)**

**Schedule of fixed income and equity investments by BSCR rating**

**[blank] name of Parent**

**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 1EBS, 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 1EBS, Lines 2(c)(i) & 3(c)(i))		Preferred stock (Form 1EBS, Lines 2(c)(ii) & 3(c)(ii))		Equity mutual funds (Form 1EBS, Lines 2(c)(iii) & 3(c)(iii))				Total (Form 1EBS, Lines 2(d) & 3(d))	
		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										

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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 1EBS, 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;

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

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- (e) where the ratings of a security by different rating agencies differ, the insurance group 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; and
- (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.

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-

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IIA**

**(Paragraph 6)**

**Schedule of funds held by ceding reinsurers in segregated accounts/trusts by BSCR rating**

**[blank] name of Parent**

**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										

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

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 1EBS, Line 12) 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;

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

- (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; and
- (k) other investments shall include investments not reported as bond and debentures, common stock, preferred stock or equity mutual funds.

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-



**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IIB**

**(Paragraph 6)**

**Schedule of fixed income and equity investments by BSCR rating**

**[blank] name of Parent**

**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)	(11)	(12)
	Quoted and unquoted bonds and debentures	Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
		20xx (000)	20xx (000)	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	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		ASSETS						LIABILITIES					
		Long Exposures		Short Exposures				Without Management Actions		With Management Actions		Total Assets	
				Qualified as Assets held for risk mitigation purposes		Not Qualified as Assets held for risk mitigation purposes							

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY  
REQUIREMENT) RULES 2011**

Equity Holdings		Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	After Shock	Before Shock	After Shock
15	Strategic Holdings – Listed											
16	Duration Based											
17	Listed Equity Securities in Developed Markets											
18	Preferred Stocks, BSCR Rating 1											
19	Preferred Stocks, BSCR Rating 2											
20	Preferred Stocks, BSCR Rating 3											
21	Preferred Stocks, BSCR Rating 4											
22	Preferred Stocks, BSCR Rating 5											
23	Preferred Stocks, BSCR Rating 6											
24	Preferred Stocks, BSCR Rating 7											
25	Preferred Stocks, BSCR Rating 8											
26	Equity Derivatives on Type 1 Equities											
27	Strategic Holdings – Unlisted											
28	Other Equities/ Other Assets											
29	Equity Real Estate 1											
30	Equity Real Estate 2											
31	Letters of Credit											
32	Intangible assets											
33	Pension Benefit Surplus											
34	Equity Derivatives on Type 2 Equities											

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

35	Infrastructure											
36	Derivatives on Infrastructure											
37	Total Equity Holdings											
Credit Derivatives		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock (bps)						
	Spread Up Risk for Credit Derivatives											
38	BSCR rating 0					0						
39	BSCR rating 1					130						
40	BSCR rating 2					150						
41	BSCR rating 3					260						
42	BSCR rating 4					450						
43	BSCR rating 5					840						
44	BSCR rating 6					1620						
45	BSCR rating 7					1620						
46	BSCR rating 8					1620						
47	Total Spread Up											
		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock Rate						
	Spread Down Risk for Credit Derivatives											
48	BSCR rating 0					0						
49	BSCR rating 1					-75%						
50	BSCR rating 2					-75%						
51	BSCR rating 3					-75%						
52	BSCR rating 4					-75%						
53	BSCR rating 5					-75%						
54	BSCR rating 6					-75%						
55	BSCR rating 7					-75%						
56	BSCR rating 8					-75%						
57	Total Spread Down											

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over-collateralization	
	<b>Counterparty Default Risk for over-the-counter Derivatives</b>				
58	BSCR rating 0				
59	BSCR rating 1				
60	BSCR rating 2				
61	BSCR rating 3				
62	BSCR rating 4				
63	BSCR rating 5				
64	BSCR rating 6				
65	BSCR rating 7				
66	BSCR rating 8				
67	Total Default Risk for over-the-counter Derivatives				

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

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**INSTRUCTIONS AFFECTING SCHEDULE IIB:**

- (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 long exposures, short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (c) preferred stocks are required to 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 a security is rated differently by various rating agencies, the insurance group shall classify the security according to the most conservative rating assigned;
- (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 are required to be classified in a manner similar to corporate bonds;
- (h) debt issued by government-owned or entities that are explicitly guaranteed by that government, (except government issued mortgage-backed securities), shall be assigned a BSCR rating of 0;
- (i) "exposures" shall include those determined by the application of the "look-through" approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (j) "strategic holdings" refers to holdings in qualifying equity investments of a strategic nature which meet the criteria prescribed by the Authority for such holdings. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting criteria prescribed by the Authority, then such investments will be classified as "Type 1". Investments that do not meet such criterion shall be classified as "Type 2".
- (k) "infrastructure" refers to holdings in qualifying equity infrastructure investments which meet criteria prescribed by the Authority for such investments that are non-strategic holdings.
- (l) "listed equity securities in developed markets" refers to holdings in equity securities listed on designated stock exchanges or investments in certain funds prescribed by the Authority.

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

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- (m) “other equities” shall include holdings in quoted and unquoted equity investments that are not reported in accordance with the requirements of paragraphs “(j)” and “(l)” above; or not listed herein as an “Equity Holding” in this Schedule i.e., equities not listed on a designated stock exchange prescribed by the Authority, hedge funds, commodities and other alternative investments;
- (n) best estimate insurance liabilities and other liabilities (excluding risk margin) whose value is subject to equity risk are to be included in Lines 15 to 36;
- (o) exposures qualifying as assets held for risk-mitigation purposes, and exposures not qualifying as assets held for risk-mitigation purposes; shall be determined in accordance with criteria prescribed by the Authority; and
- (p) fixed income investments and preferred stocks shall be classified by the following BSCR Ratings:

BSCR Rating	Standard & Poor’s	Moody’s	AM Best	Fitch
1	AAA	Aaa	aaa	AAA
2	AA+ to AA-	Aa1 to Aa3	aa+ to aa-	AA+ to AA-
3	A+ to A-	A1 to A3	a+ to a-	A+ to A-
4	BBB+ to BBB-	Baa1 to Baa3	bbb+ to bbb-	BBB+ to BBB-
5	BB+ to BB-	Ba1 to Ba3	bb+ to bb-	BB+ to BB-
6	B+ to B-	B1 to B3	b+ to b-	B+ to B-
7	CCC+ to CCC-	Caa1 to Caa3	ccc+ to ccc-	CCC+ to CCC-
8	Below CCC-	Below Caa3	Below ccc-	Below CCC-

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IIC**

**(Paragraph 6)**

**Schedule of funds held by ceding insurers and funds held under retrocession by BSCR rating**

**[blank] name of Parent**

**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)	(11)	(12)
	Quoted and unquoted bonds and debentures	Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
		20xx (000)	20xx (000)	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	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		ASSETS						LIABILITIES					
		Long Exposures		Short Exposures				Without Management Actions		With Management Actions		Total Assets	
				Qualified as Assets held for risk mitigation purposes		Not Qualified as Assets held for risk mitigation purposes							

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY  
REQUIREMENT) RULES 2011**

Equity Holdings		Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	After Shock	Before Shock	After Shock
15	Strategic Holdings – Listed											
16	Duration Based											
17	Listed Equity Securities in Developed Markets											
18	Preferred Stocks, BSCR Rating 1											
19	Preferred Stocks, BSCR Rating 2											
20	Preferred Stocks, BSCR Rating 3											
21	Preferred Stocks, BSCR Rating 4											
22	Preferred Stocks, BSCR Rating 5											
23	Preferred Stocks, BSCR Rating 6											
24	Preferred Stocks, BSCR Rating 7											
25	Preferred Stocks, BSCR Rating 8											
26	Equity Derivatives on Type 1 Equities											
27	Strategic Holdings – Unlisted											
28	Other Equities/ Other Assets											
29	Equity Real Estate 1											
30	Equity Real Estate 2											
31	Letters of Credit											
32	Intangible assets											
33	Pension Benefit Surplus											
34	Equity Derivatives on Type 2 Equities											



**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

35	Infrastructure											
36	Derivatives on Infrastructure											
37	Total Equity Holdings											
Credit derivatives		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock (bps)						
Spread Up Risk for Credit Derivatives												
38	BSCR rating 0					0						
39	BSCR rating 1					130						
40	BSCR rating 2					150						
41	BSCR rating 3					260						
42	BSCR rating 4					450						
43	BSCR rating 5					840						
44	BSCR rating 6					1620						
45	BSCR rating 7					1620						
46	BSCR rating 8					1620						
47	Total Spread Up											
		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock Rate						
Spread Down Risk for Credit Derivatives												
48	BSCR rating 0					0						
49	BSCR rating 1					-75%						
50	BSCR rating 2					-75%						
51	BSCR rating 3					-75%						
52	BSCR rating 4					-75%						
53	BSCR rating 5					-75%						
54	BSCR rating 6					-75%						
55	BSCR rating 7					-75%						
56	BSCR rating 8					-75%						
57	Total Spread Down											

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over-collateralization			
	<b>Counterparty Default Risk for over-the-counter Derivatives</b>						
58	BSCR rating 0						
59	BSCR rating 1						
60	BSCR rating 2						
61	BSCR rating 3						
62	BSCR rating 4						
63	BSCR rating 5						
64	BSCR rating 6						
65	BSCR rating 7						
66	BSCR rating 8						
67	Total Default Risk for over-the-counter Derivatives						
68	Cash and Cash Equivalents						
69	Total Funds Held						

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

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**INSTRUCTIONS AFFECTING SCHEDULE IIC:**

- (a) All funds held by ceding reinsurers (as reported in Form 1EBS, Line 12(c)) and funds held under retrocession (as reported in Form 1EBS, Line 34(c)) with identifiable assets and liabilities, such as fixed income investments, equity investments, mortgage loans, and cash and cash equivalents, are required to 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 long exposures; short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes, in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (d) preferred stocks are required to 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 a security is rated differently by various rating agencies, the insurance group shall classify the security according to the most conservative rating assigned;
- (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 are required to be classified in a manner similar to corporate bonds;
- (i) debt issued by government-owned or entities that are explicitly guaranteed by that government, (except government debt issued mortgage-backed securities), shall be assigned a BSCR rating of 0;
- (j) exposures shall include those determined by application of the "look-through" approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (k) "strategic holdings" refers to holdings in qualifying equity investments of a strategic nature which meet criteria prescribed by the Authority for such holdings. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting criteria as prescribed by the Authority, then such investments shall be classified as "Type 1". Investments that do not qualify shall be classified as "Type 2".
- (l) "infrastructure" refers to holdings in qualifying equity infrastructure investments in accordance which meet criteria prescribed by the Authority and which are non-strategic holdings.

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

- (m) “listed equity securities in developed markets” refer to holdings in equity securities listed on designated stock exchanges or investments in certain funds both as prescribed by the Authority.
- (n) “other equities” shall include holdings in quoted and unquoted equity investments that are not reported in accordance with the requirements of paragraphs “(k)” and “(m)” above or not listed herein as an “Equity Holding” in this Schedule i.e., equities not listed on a designated stock exchange as prescribed by the Authority, hedge funds, commodities and other alternative investments;
- (o) Liabilities held under retrocession whose value is subject to equity risk are to be included in Lines 15 to 36;
- (p) exposures qualifying as assets held for risk-mitigation purposes and exposures not qualifying as assets held for risk-mitigation purposes shall be determined in accordance with criteria prescribed by the Authority; and
- (q) fixed income investments and preferred stocks shall be classified by the following BSCR Ratings:

BSCR Rating	Standard & Poor’s	Moody’s	AM Best	Fitch
1	AAA	Aaa	aaa	AAA
2	AA+ to AA-	Aa1 to Aa3	aa+ to aa-	AA+ to AA-
3	A+ to A-	A1 to A3	a+ to a-	A+ to A-
4	BBB+ to BBB-	Baa1 to Baa3	bbb+ to bbb-	BBB+ to BBB-
5	BB+ to BB-	Ba1 to Ba3	bb+ to bb-	BB+ to BB-
6	B+ to B-	B1 to B3	b+ to b-	B+ to B-
7	CCC+ to CCC-	Caa1 to Caa3	ccc+ to ccc-	CCC+ to CCC-
8	Below CCC-	Below Caa3	Below ccc-	Below CCC-

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IID**

**(Paragraph 6)**

**Schedule of segregated account companies assets and liabilities by BSCR rating**

**[blank] name of Parent**

**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)	(11)	(12)
	Quoted and unquoted bonds and debentures	Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
		20xx (000)	20xx (000)	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	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		ASSETS						LIABILITIES					
		Long Exposures		Short Exposures				Without Management Actions		With Management Actions		Total Assets	
				Qualified as Assets held for risk mitigation purposes		Not Qualified as Assets held for risk mitigation purposes							

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

Equity Holdings		Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	After Shock	Before Shock	After Shock
15	Strategic Holdings – Listed											
16	Duration Based											
17	Listed Equity Securities in Developed Markets											
18	Preferred Stocks, BSCR Rating 1											
19	Preferred Stocks, BSCR Rating 2											
20	Preferred Stocks, BSCR Rating 3											
21	Preferred Stocks, BSCR Rating 4											
22	Preferred Stocks, BSCR Rating 5											
23	Preferred Stocks, BSCR Rating 6											
24	Preferred Stocks, BSCR Rating 7											
25	Preferred Stocks, BSCR Rating 8											
26	Equity Derivatives on Type 1 Equities											
27	Strategic Holdings – Unlisted											
28	Other Equities/ Other Assets											
29	Equity Real Estate 1											
30	Equity Real Estate 2											
31	Letters of Credit											
32	Intangible assets											
33	Pension Benefit Surplus											
34	Equity Derivatives on Type 2 Equities											
35	Infrastructure											

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

36	Derivatives on Infrastructure											
37	Total Equity Holdings											
Credit derivatives		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock (bps)						
Spread Up Risk for Credit Derivatives												
38	BSCR rating 0					0						
39	BSCR rating 1					130						
40	BSCR rating 2					150						
41	BSCR rating 3					260						
42	BSCR rating 4					450						
43	BSCR rating 5					840						
44	BSCR rating 6					1620						
45	BSCR rating 7					1620						
46	BSCR rating 8					1620						
47	Total Spread Up											
		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock Rate						
Spread Down Risk for Credit Derivatives												
48	BSCR rating 0					0						
49	BSCR rating 1					-75%						
50	BSCR rating 2					-75%						
51	BSCR rating 3					-75%						
52	BSCR rating 4					-75%						
53	BSCR rating 5					-75%						
54	BSCR rating 6					-75%						
55	BSCR rating 7					-75%						
56	BSCR rating 8					-75%						
57	Total Spread Down											

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over-collateralization	
	<b>Counterparty Default Risk for over-the-counter Derivatives</b>				
58	BSCR rating 0				
59	BSCR rating 1				
60	BSCR rating 2				
61	BSCR rating 3				
62	BSCR rating 4				
63	BSCR rating 5				
64	BSCR rating 6				
65	BSCR rating 7				
66	BSCR rating 8				
67	Total Default Risk for over-the-counter Derivatives				
68	Cash and Cash Equivalents				
69	Total Segregated Account Companies Assets				



**INSTRUCTIONS AFFECTING SCHEDULE IID:**

- (a) All segregated account companies with identifiable assets (as reported in Form 1EBS, Lines 13(b), (c), (d)) and liabilities (as reported in Form 1EBS, Lines 36(c), (d), (e)), 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 long exposures, short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (d) preferred stock are required to 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 a security is rated differently by various rating agencies, the insurance group shall classify the security according to the most conservative rating assigned;
- (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 are required to be classified in a manner similar to corporate bonds;
- (i) debt issued by government-owned and entities explicitly guaranteed by that government, (except government issued mortgage-backed securities), shall be assigned a BSCR rating of 0;
- (j) exposures shall include those determined by the application of the "look-through" approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (k) "strategic holdings" refers to holdings in qualifying equity investments of a strategic nature which meet criteria prescribed by the Authority. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting criteria prescribed by the Authority, then these investments will be classified as "Type 1". Investments that do not qualify shall be classified as "Type 2".
- (l) "infrastructure" refers to amounts in qualifying equity infrastructure investments which meets the criteria prescribed by the Authority that are non-strategic holdings.
- (m) "listed equity securities in developed markets" refers to amounts in equity securities listed on a designated stock exchange or in investments in certain funds both as prescribed by the Authority.

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

- (n) “other equities” shall include holdings in quoted and unquoted equity investments that are not reported in accordance with the requirements of paragraphs “(k)” and “(m)” above or not listed herein as an “Equity Holding” in this Schedule i.e., equities not listed on a designated stock exchange as prescribed by the Authority, hedge funds, commodities and other alternative investments;
- (o) liabilities held under segregated account companies whose value is subject to equity risk are to be included in Lines 15 to 36;
- (p) exposures qualifying as assets held for risk-mitigation purposes and exposures not qualified as assets held for risk-mitigation purposes shall be determined in accordance with criteria prescribed by the Authority; and
- (q) fixed income investments and preferred stocks shall be classified by the following BSCR Ratings:

BSCR Rating	Standard & Poor’s	Moody’s	AM Best	Fitch
1	AAA	Aaa	aaa	AAA
2	AA+ to AA-	Aa1 to Aa3	aa+ to aa-	AA+ to AA-
3	A+ to A-	A1 to A3	a+ to a-	A+ to A-
4	BBB+ to BBB-	Baa1 to Baa3	bbb+ to bbb-	BBB+ to BBB-
5	BB+ to BB-	Ba1 to Ba3	bb+ to bb-	BB+ to BB-
6	B+ to B-	B1 to B3	b+ to b-	B+ to B-
7	CCC+ to CCC-	Caa1 to Caa3	ccc+ to ccc-	CCC+ to CCC-
8	Below CCC-	Below Caa3	Below ccc-	Below CCC-

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IIE**

**(Paragraph 6)**

**Schedule of deposit assets and liabilities by BSCR rating**

**[blank] name of Parent**

**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)	(11)	(12)
Quoted and unquoted bonds and debentures		Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
		20xx (000)	20xx (000)	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	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		<b>ASSETS</b>						<b>LIABILITIES</b>					
		<b>Long Exposures</b>		<b>Short Exposures</b>				<b>Without Management Actions</b>		<b>With Management Actions</b>		<b>Total Assets</b>	<b>Total Assets</b>
				<b>Qualified as Assets held for risk mitigation purposes</b>		<b>Not Qualified as Assets held for risk mitigation purposes</b>							

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

Equity Holdings		Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	After Shock	Before Shock	After Shock
15	Strategic Holdings – Listed											
16	Duration Based											
17	Listed Equity Securities in Developed Markets											
18	Preferred Stocks, BSCR Rating 1											
19	Preferred Stocks, BSCR Rating 2											
20	Preferred Stocks, BSCR Rating 3											
21	Preferred Stocks, BSCR Rating 4											
22	Preferred Stocks, BSCR Rating 5											
23	Preferred Stocks, BSCR Rating 6											
24	Preferred Stocks, BSCR Rating 7											
25	Preferred Stocks, BSCR Rating 8											
26	Equity Derivatives on Type 1 Equities											
27	Strategic Holdings – Unlisted											
28	Other Equities/ Other Assets											
29	Equity Real Estate 1											
30	Equity Real Estate 2											
31	Letters of Credit											
32	Intangible assets											
33	Pension Benefit Surplus											
34	Equity Derivatives on Type 2 Equities											
35	Infrastructure											

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

36	Derivatives on Infrastructure											
37	Total Equity Holdings											
Credit derivatives		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock (bps)						
Spread Up Risk for Credit Derivatives												
38	BSCR rating 0					0						
39	BSCR rating 1					130						
40	BSCR rating 2					150						
41	BSCR rating 3					260						
42	BSCR rating 4					450						
43	BSCR rating 5					840						
44	BSCR rating 6					1620						
45	BSCR rating 7					1620						
46	BSCR rating 8					1620						
47	Total Spread Up											
		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock Rate						
Spread Down Risk for Credit Derivatives												
48	BSCR rating 0					0						
49	BSCR rating 1					-75%						
50	BSCR rating 2					-75%						
51	BSCR rating 3					-75%						
52	BSCR rating 4					-75%						
53	BSCR rating 5					-75%						
54	BSCR rating 6					-75%						
55	BSCR rating 7					-75%						
56	BSCR rating 8					-75%						
57	Total Spread Down											

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over-collateralization	
	<b>Counterparty Default Risk for over-the-counter Derivatives</b>				
58	BSCR rating 0				
59	BSCR rating 1				
60	BSCR rating 2				
61	BSCR rating 3				
62	BSCR rating 4				
63	BSCR rating 5				
64	BSCR rating 6				
65	BSCR rating 7				
66	BSCR rating 8				
67	Total Default Risk for over-the-counter Derivatives				
68	Cash and Cash Equivalents				
69	Total Deposit Assets				

**INSTRUCTIONS AFFECTING SCHEDULE IIE:**

- (a) All deposit assets and liabilities with identifiable assets (as reported in Form 1EBS, Lines 13(e)) and liabilities (as reported in Form 1EBS, Lines 36 (f)), such as fixed income investments, equity investments, mortgage loans, and cash and cash equivalents, are required to 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 long exposures, short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (d) preferred stocks are required to 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 a security is rated differently by various rating agencies, the insurance group shall classify the security according to the most conservative rating assigned;
- (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 are required to be classified in a manner similar to corporate bonds;
- (i) debt issued by government-owned and entities explicitly guaranteed by that government, (except government issued mortgage-backed securities), shall be assigned a BSCR rating of 0;
- (j) "exposures" shall include those determined by application of the "look-through" approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (k) "strategic holdings" refers to holdings in qualifying equity investments of a strategic nature in accordance which meet criteria prescribed by the Authority. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting the criteria as prescribed by the Authority, then these investments shall be classified as "Type 1". Investments that do not qualify shall be classified as "Type 2".
- (l) "infrastructure" refers to holdings in qualifying equity infrastructure investments which meet criteria prescribed by the Authority that are non-strategic holdings.
- (m) "listed equity securities in developed markets" refers to holdings in equity securities listed on designated stock exchanges or investments in certain funds both as prescribed by the Authority.

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

- (n) “other equities” shall include holdings in quoted and unquoted equity investments that are not reported in accordance with the requirements of paragraphs “(k)” and “(m)” above or not listed herein as an “Equity Holding” in this Schedule i.e., equities not listed on a designated stock exchange as prescribed by the Authority, hedge funds, commodities and other alternative investments;
- (o) deposit liabilities whose value is subject to equity risk are to be included in Lines 15 to 36;
- (p) exposures qualifying as assets held for risk-mitigation purposes and exposures not qualifying as assets held for risk-mitigation purposes shall be determined in accordance with criteria prescribed by the Authority; and
- (q) fixed income investments and preferred stocks shall be classified by the following BSCR Ratings

BSCR Rating	Standard & Poor’s	Moody’s	AM Best	Fitch
1	AAA	Aaa	aaa	AAA
2	AA+ to AA-	Aa1 to Aa3	aa+ to aa-	AA+ to AA-
3	A+ to A-	A1 to A3	a+ to a-	A+ to A-
4	BBB+ to BBB-	Baa1 to Baa3	bbb+ to bbb-	BBB+ to BBB-
5	BB+ to BB-	Ba1 to Ba3	bb+ to bb-	BB+ to BB-
6	B+ to B-	B1 to B3	b+ to b-	B+ to B-
7	CCC+ to CCC-	Caa1 to Caa3	ccc+ to ccc-	CCC+ to CCC-
8	Below CCC-	Below Caa3	Below ccc-	Below CCC-



**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IIF**

**(Paragraph 6)**

**Schedule of other sundry assets and liabilities by BSCR rating**

**[blank] name of Parent**

**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)	(11)	(12)
Quoted and unquoted bonds and debentures		Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
		20xx (000)	20xx (000)	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	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		ASSETS						LIABILITIES					
		Long Exposures			Short Exposures								

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

				Qualified as Assets held for risk mitigation purposes		Not Qualified as Assets held for risk mitigation purposes		Without Management Actions		With Management Actions	Total Assets	Total Assets
		Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	After Shock	Before Shock	After Shock
Equity Holdings												
15	Strategic Holdings – Listed											
16	Duration Based											
17	Listed Equity Securities in Developed Markets											
18	Preferred Stocks, BSCR Rating 1											
19	Preferred Stocks, BSCR Rating 2											
20	Preferred Stocks, BSCR Rating 3											
21	Preferred Stocks, BSCR Rating 4											
22	Preferred Stocks, BSCR Rating 5											
23	Preferred Stocks, BSCR Rating 6											
24	Preferred Stocks, BSCR Rating 7											
25	Preferred Stocks, BSCR Rating 8											
26	Equity Derivatives on Type 1 Equities											
27	Strategic Holdings – Unlisted											
28	Other Equities/ Other Assets											
29	Equity Real Estate 1											
30	Equity Real Estate 2											
31	Letters of Credit											
32	Intangible assets											
33	Pension Benefit Surplus											

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

34	Equity Derivatives on Type 2 Equities											
35	Infrastructure											
36	Derivatives on Infrastructure											
37	Total Equity Holdings											
Credit derivatives		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock (bps)						
Spread Up Risk for Credit Derivatives												
38	BSCR rating 0					0						
39	BSCR rating 1					130						
40	BSCR rating 2					150						
41	BSCR rating 3					260						
42	BSCR rating 4					450						
43	BSCR rating 5					840						
44	BSCR rating 6					1620						
45	BSCR rating 7					1620						
46	BSCR rating 8					1620						
47	Total Spread Up											
		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock Rate						
Spread Down Risk for Credit Derivatives												
48	BSCR rating 0					0						
49	BSCR rating 1					-75%						
50	BSCR rating 2					-75%						
51	BSCR rating 3					-75%						
52	BSCR rating 4					-75%						
53	BSCR rating 5					-75%						
54	BSCR rating 6					-75%						
55	BSCR rating 7					-75%						
56	BSCR rating 8					-75%						

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

57	Total Spread Down							
		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over-collateralization				
	<b>Counterparty Default Risk for over-the-counter Derivatives</b>							
58	BSCR rating 0							
59	BSCR rating 1							
60	BSCR rating 2							
61	BSCR rating 3							
62	BSCR rating 4							
63	BSCR rating 5							
64	BSCR rating 6							
65	BSCR rating 7							
66	BSCR rating 8							
67	Total Default Risk for over-the-counter Derivatives							
68	Cash and Cash Equivalents							
69	Total Sundry Assets							

**INSTRUCTIONS AFFECTING SCHEDULE IIF:**

- (a) All other sundry assets and liabilities with identifiable assets (as reported in Form 1EBS, Lines 13(j)) and liabilities (as reported in Form 1EBS, Lines 36 (i)), 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 long exposures, short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (d) preferred stock are required to 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 a security is rated differently by various rating agencies, the insurance group shall classify the security according to the most conservative rating assigned;
- (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 are required to be classified in a manner similar to corporate bonds;
- (i) debt issued by government-owned and entities explicitly guaranteed by that government, (except government debt issued mortgage-backed securities, shall be assigned a BSCR rating of 0;
- (j) exposures include those determined by application of the "look-through" approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (k) "strategic holdings" refers to holdings in qualifying equity investments of a strategic nature in accordance which meet criteria prescribed by the Authority. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting criteria as prescribed by the Authority, then such investments shall be classified as "Type 1". Investments that do not qualify will be classified as "Type 2".
- (l) "infrastructure" refers to holdings in qualifying equity infrastructure investments which meet criteria prescribed by the Authority and which are non-strategic holdings.
- (m) "listed equity securities in developed markets" refers to holdings in equity securities listed on a designated stock exchange or in investments in certain funds both as prescribed by the Authority.

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

- (n) “other equities” shall include holdings in quoted and unquoted equity investments that are not reported in accordance with the requirements of paragraphs “(k)” and “(m)” above or not listed herein as an “Equity Holding” in this Schedule i.e., equities not listed on a designated stock exchange as prescribed by the Authority, hedge funds, commodities and other alternative investments;
- (o) other liabilities whose value is subject to equity risk are to be included in Lines 15 to 36;
- (p) exposures qualifying as assets held for risk-mitigation purposes and exposures not qualifying as assets held for risk-mitigation purposes shall be determined in accordance with criteria prescribed by the Authority; and
- (q) fixed income investments and preferred stocks shall be classified by the following BSCR Ratings:

BSCR Rating	Standard & Poor’s	Moody’s	AM Best	Fitch
1	AAA	Aaa	aaa	AAA
2	AA+ to AA-	Aa1 to Aa3	aa+ to aa-	AA+ to AA-
3	A+ to A-	A1 to A3	a+ to a-	A+ to A-
4	BBB+ to BBB-	Baa1 to Baa3	bbb+ to bbb-	BBB+ to BBB-
5	BB+ to BB-	Ba1 to Ba3	bb+ to bb-	BB+ to BB-
6	B+ to B-	B1 to B3	b+ to b-	B+ to B-
7	CCC+ to CCC-	Caa1 to Caa3	ccc+ to ccc-	CCC+ to CCC-
8	Below CCC-	Below Caa3	Below ccc-	Below CCC-

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE III Paragraph 6  
SCHEDULE OF NET LOSS AND LOSS EXPENSE PROVISIONS BY GENERAL BUSINESS**

[blank] name of Parent

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

All amounts expressed in ..... (currency used)

Schedule Line no	Gross Loss Reserves	Net Loss Reserves	Supplemental Notes to FORM1EBS				
			<i>geoliner</i> svs;			Best Estimate Premium Provision In Respect of BBNI	Discount included in Best Estimate Loss and Loss Expense Provisions
			Geo Loss Reserves	[Schedule IIIA GEO LR]			
[Form 1 EBS, Line 17(a)]	[Form 1 EBS, Line 17(d)]	[Schedule IIIA GEO LR]	[Form 1EBS,note Line 16(d)-(i)]	[Form 1EBS,note Line 16(d)-(ii)]	[Form 1EBS, Note Line 17(d)-(i)]		
1.	Property catastrophe	XXX	XXX	XXX	XXX	XXX	XXX
2.	Property	XXX	XXX	XXX	XXX	XXX	XXX
3.	Property non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
4.	Personal accident	XXX	XXX	XXX	XXX	XXX	XXX
5.	Personal accident non-	XXX	XXX	XXX	XXX	XXX	XXX
6.	Aviation	XXX	XXX	XXX	XXX	XXX	XXX
7.	Aviation non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
8.	Credit / surety	XXX	XXX	XXX	XXX	XXX	XXX
9.	Credit / surety non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
10.	Energy offshore /marine	XXX	XXX	XXX	XXX	XXX	XXX
11.	Energy offshore / marine non-	XXX	XXX	XXX	XXX	XXX	XXX
12.	US casualty	XXX	XXX	XXX	XXX	XXX	XXX
13.	US casualty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
14.	US professional	XXX	XXX	XXX	XXX	XXX	XXX
15.	US professional non-	XXX	XXX	XXX	XXX	XXX	XXX
16.	US specialty	XXX	XXX	XXX	XXX	XXX	XXX
17.	US specialty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
18.	International motor	XXX	XXX	XXX	XXX	XXX	XXX
19.	International motor non-	XXX	XXX	XXX	XXX	XXX	XXX
20.	International casualty non-motor	XXX	XXX	XXX	XXX	XXX	XXX
21.	International casualty non-motor	XXX	XXX	XXX	XXX	XXX	XXX
22.	Retro property	XXX	XXX	XXX	XXX	XXX	XXX
23.	Structured / finite reinsurance	XXX	XXX	XXX	XXX	XXX	XXX
24.	Health	XXX	XXX	XXX	XXX	XXX	XXX
25.	Total	XXX	XXX	XXX	XXX	XXX	XXX

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**INSTRUCTIONS AFFECTING SCHEDULE III:**

**The statutory lines of general business shall be defined as follows:**

- (a) the same definition below shall be applied to both proportional and non-proportional statutory lines of general business below;
- (b) where the Group BSCR risk factor charges differ in instruction (a), insurance groups shall make a distinction when completing the statutory filing and using the Group BSCR model;
- (c) statutory lines of general business shall be mutually exclusive (e.g. “Retro casualty” is only to be placed into “Retro property” as prescribed, and not any of the other “casualty” related statutory lines, etc.);
- (d) insurance groups may in good faith determine the allocation of the statutory lines;
- (e) where an insurance contract involves multiple lines, the insurance group shall assign to the various lines in accordance with the proportions written;
- (f) where an insurance group is unable to make this determination in instruction (e), the business shall be allocated to the line with the highest proportion;
- (g) where the insurance group is unable to make the determination in instruction (f), then the business shall be assigned to the line with the highest capital risk charge; and
- (h) the support and assumptions used by senior management shall be available for review by the Authority.

<b>Statutory Lines of General Business (Proportional and Non-Proportional)</b>	<b>Line of General Business Mappings &amp; Definitions</b>
<b>Property Catastrophe</b>	<b>Property catastrophe</b> - coverage of damage arising from a peril that triggers an event (or events) that causes \$25 million or more indirect insured industry losses to property (or a loss value in accordance with the coverage provider’s stated policies) and that may affect a significant number of policyholders and insurers - peril could be hurricane, earthquake, tsunami, and tornado.
<b>Property</b>	<p><b>U.S. property</b> - coverage of U.S. risks including buildings, structures, equipment, business interruption, contents and All Risk (not included in other categories) related losses.</p> <p><b>Crop / agriculture</b> - coverage of risks including on-shore/off-shore farms, livestock, agriculture and other food production related losses.</p> <p><b>International property</b> - coverage of non-U.S. risks including buildings, structures, equipment, business interruption, contents and All Risk (not included in other categories) related losses.</p>
<b>Personal Accident</b>	<b>Personal accident</b> - coverage of risks arising from an accident that causes loss of sight, loss of limb, other permanent disablement or death, including related medical expenses, etc.
<b>Aviation</b>	<b>Aviation</b> - coverage of risks arising from airport, fleet, or satellite property and operations related losses.
<b>Credit/Surety</b>	<b>Credit / surety</b> - coverage of risks arising from various types of guarantees, commercial surety bonds, contractor bonds and various credit related losses.



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<b>Energy Offshore/Marine</b>	<b>Energy offshore/marine</b> - coverage of risks arising from offshore exploration and production, refining, power generation and/or cargo, hull and other marine related losses.
<b>U.S. Casualty</b>	<p><b>U.S. casualty motor</b> - coverage of U.S. risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for motor related activities/actions, including auto liability.</p> <p><b>U.S. casualty - general</b> - coverage of U.S. risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for non-motor related activities including theft, fraud, negligence, and workers' compensation.</p> <p><b>Terrorism</b> - coverage of risks arising from acts of both certified and uncertified acts of terrorism (e.g. the calculated use or threat of violence against civilians to achieve an objective(s)) and related losses associated with act of terrorism.</p> <p><b>Other</b> - business that does not fit in any other category.</p>
<b>U.S. Professional</b>	<b>U.S. casualty - professional</b> - coverage of U.S. risks arising from injuries to persons and/or legal liability imposed upon the insured as a professional (e.g. Director of a Board, etc.) for negligent or fraudulent activities.
<b>U.S. Specialty</b>	<b>U.S. casualty - medical malpractice</b> - coverage of U.S. risks arising from injuries to persons and/or legal liability imposed upon the insured as a medical professional for negligent (or other) medical related activities.
<b>International Motor</b>	<b>International casualty - motor</b> - coverage of non-U.S. risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for motor related activities/actions, including auto liability.
<b>International Casualty Non-motor</b>	<b>International casualty - non-motor</b> - coverage of non-U.S. risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for non-motor related activities/actions, including professional, medical, and workers' compensation.
<b>Retro Property</b>	<p><b>Retro property</b> - retrocession cover for risks including buildings, structures, equipment, business interruption, contents and All Risk (not included in other categories) related losses.</p> <p><b>Retro casualty</b> - retrocession cover for risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for motor and non-motor related activities including theft, fraud, and negligence, etc.</p>

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

<b>Structured/Finite Reinsurance</b>	<b>Structured / finite reinsurance</b> - limited risk transfer contract comprising reinsurance cover where there is not both significant relative timing AND significant relative underwriting risk transfer - there may be either significant timing OR significant underwriting risk transfer - OR a significant relative economic loss may be possible but not probable (extremely remote) - not including certain catastrophe covers, like earthquake, where the probability of a loss event is also remote.
<b>Health</b>	<b>Health</b> – coverage of care, curative, or preventive medical treatment or financial compensation arising from illness, accident, disability, or frailty, including hospital, physician, dental, vision and extended benefits.

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IIIA (Paragraph 6)**

**SCHEDULE OF GEOGRAPHIC DIVERSIFICATION OF NET LOSS AND LOSS EXPENSE PROVISIONS BY GENERAL BUSINESS**

[blank] name of Parent

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

All amounts expressed in ..... (currency used)

	<b>GEO LR</b>	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zone 8</b>	<b>Zone 9</b>	<b>Zone 10</b>	<b>Zone 11</b>	<b>Zone 12</b>	<b>Zone 13</b>	<b>Zone 14</b>	<b>Zone 15</b>	<b>Zone 16</b>	<b>Zone 17</b>	<b>Zone 18</b>	
1. Property catastrophe	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2. Property	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3. Property non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4. Personal accident	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5. Personal accident non-	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6. Aviation	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7. Aviation non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8. Credit / surety	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9. Credit / surety non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
10. Energy offshore /marine	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
11. Energy offshore / marine non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
12. US casualty	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
13. US casualty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
14. US professional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
15. US professional non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
16. US specialty	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
17. US specialty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
18. International motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
19. International motor non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
20. International casualty non-motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
21. International casualty non-motor non-	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22. Retro property	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
23. Structured / finite	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
24. Health	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY  
REQUIREMENT) RULES 2011**

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**INSTRUCTIONS AFFECTING SCHEDULE IIIA:**

- (a) For each line of business, the net loss reserves stated in Schedule III may be split between the 18 geographic zones set out in Table 6A. If included, the total of amounts in zones 1-18 for a given line of business shall equal the corresponding amount of net loss reserves shown in Schedule III;
- (b) GEO LR for a line of business shall be set as the amount  $geoliner_{svs_i}$  in line with sub-paragraph (c) of the Instructions affecting Table 7.

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IVA (Paragraph 6)  
SCHEDULE OF PREMIUMS WRITTEN BY LINE OF BUSINESS OF GENERAL BUSINESS**

[blank] name of Parent

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

All amounts expressed in ..... (currency used)

Schedule Line no		Gross Premiums Written						Net Premiums		geolinepremi Geo NPW Schedule IVC
		Unrelated		Related		Total		Form 2, Line 3		20XX
		20XX	20X	20XX	20XX	Form 2, Line 1(c)		20XX	20XX	
					20XX	20XX				
1.	Property catastrophe	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2.	Property	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3.	Property non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4.	Personal accident	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5.	Personal accident non-proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6.	Aviation	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7.	Aviation non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8.	Credit / surety	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9.	Credit / surety non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
10.	Energy offshore /marine	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
11.	Energy offshore / marine non-	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
12.	US casualty	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
13.	US casualty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
14.	US professional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
15.	US professional non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
16.	US specialty	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
17.	US specialty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
18.	International motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
19.	International motor non-proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
20.	International casualty non-motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
21.	International casualty non-motor non-	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22.	Retro property	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
23.	Structured / finite reinsurance	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
24.	Health	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
25.	Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IVA (Paragraph 6)  
SCHEDULE OF CONSOLIDATED PREMIUMS WRITTEN BY LINE OF BUSINESS OF GENERAL BUSINESS**

[blank] name of Parent

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

All amounts expressed in ..... (currency used)

Schedule Line no		Gross Premiums Written						Net Premiums Written	
		Unrelated		Related		Total		Form 2, Line 3	
		20XX	20XX	20XX	20XX	20XX	20XX	20XX	20XX
1.	Property catastrophe	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2.	Property	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3.	Property non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4.	Personal accident	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5.	Personal accident non-proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6.	Aviation	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7.	Aviation non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8.	Credit / surety	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9.	Credit / surety non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
10.	Energy offshore /marine	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
11.	Energy offshore / marine non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
12.	US casualty	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
13.	US casualty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
14.	US professional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
15.	US professional non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
16.	US specialty	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
17.	US specialty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
18.	International motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
19.	International motor non-proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
20.	International casualty non-motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
21.	International casualty non-motor non-	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22.	Retro property	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
23.	Structured / finite reinsurance	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
24.	Health	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
25.	Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IVB**

**(Paragraph 6)**

**SCHEDULE OF LONG-TERM BUSINESS PREMIUMS**

All amounts expressed in ..... (currency used)

Schedule Line no		Gross Premiums Written Form 2, Line 12(c)						Net Premiums Written Form 2, Line 14(d)						
		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	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	

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IVC (Paragraph 6)**

**SCHEDULE OF GEOGRAPHIC DIVERSIFICATION OF NET PREMIUMS WRITTEN BY GENERAL BUSINESS**

[blank] name of Parent

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

All amounts expressed in ..... (currency used)

	<b>GEO NPW</b>	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zone 8</b>	<b>Zone 9</b>	<b>Zone 10</b>	<b>Zone 11</b>	<b>Zone 12</b>	<b>Zone 13</b>	<b>Zone 14</b>	<b>Zone 15</b>	<b>Zone 16</b>	<b>Zone 17</b>	<b>Zone 18</b>	
1. Property catastrophe	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
2. Property	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
3. Property non-	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
4. Personal accident	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
5. Personal accident	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
6. Aviation	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
7. Aviation non-	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
8. Credit / surety	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
9. Credit / surety non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
10. Energy offshore	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
11. Energy offshore / marine non-	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
12. US casualty	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
13. US casualty non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
14. US professional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
15. US professional non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
16. US specialty	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
17. US specialty non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
18. International motor	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
19. International motor non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
20. International casualty non-motor	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
21. International casualty non-motor	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
22. Retro property	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
23. Structured / finite	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
24. Health	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx



**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY  
REQUIREMENT) RULES 2011**

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**INSTRUCTIONS AFFECTING SCHEDULE IVC:**

- (a) For each line of business, the net written premiums for the current year stated in Schedule IVA may be split between the 18 geographic zones set out in Table 6A. If included, the total of amounts in zones 1-18 for a given line of business shall equal the corresponding amount of net written premiums shown in Schedule IVA;
- (b) GEO NPW for a line of business shall be set as the amount  $geolinepremi$  in line with sub-paragraph (c) of the Instructions affecting Table 6

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

**SCHEDULE IVD (Paragraph 6)**

**Schedule of consolidated premium exposure measure by line of business of general business**

[blank] name of Parent

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

All amounts expressed in ..... (currency used)

Schedule Line no	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	Net Premiums Written	Est. of Net Earned Premiums for Next 12	Net Base Exposure	Net FP (Existing)	Net FP (Future)	Net Premium Exposure Measure	Gross Premium Exposure Measure	Geo Net Premium Exposure Measure
	20XX	20XX+1	20XX+1	20XX+1	20XX+1	20XX+1	20XX+1	20XX+1
1.	Property catastrophe	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2.	Property	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3.	Property non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
4.	Personal accident	XXX	XXX	XXX	XXX	XXX	XXX	XXX
5.	Personal accident non-proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
6.	Aviation	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7.	Aviation non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
8.	Credit / surety	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9.	Credit / surety non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
10.	Energy offshore /marine	XXX	XXX	XXX	XXX	XXX	XXX	XXX
11.	Energy offshore / marine non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
12.	US casualty	XXX	XXX	XXX	XXX	XXX	XXX	XXX
13.	US casualty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
14.	US professional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
15.	US professional non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
16.	US specialty	XXX	XXX	XXX	XXX	XXX	XXX	XXX
17.	US specialty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
18.	International motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX
19.	International motor non-proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
20.	International casualty non-motor	XXX	XXX	XXX	XXX	XXX	XXX	XXX
21.	International casualty non-motor non- proportional	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22.	Retro property	XXX	XXX	XXX	XXX	XXX	XXX	XXX
23.	Structured / finite reinsurance	XXX	XXX	XXX	XXX	XXX	XXX	XXX
24.	Health	XXX	XXX	XXX	XXX	XXX	XXX	XXX
25.	Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX

**INSTRUCTIONS AFFECTING SCHEDULE IVD:**

**INSURANCE (PRUDENTIAL STANDARDS) (INSURANCE GROUP SOLVENCY REQUIREMENT) RULES 2011**

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- (a) “Net Premiums Written” means the consolidated net premiums written for the reporting period;
- (b) “Estimate of Net Earned Premiums” for the next twelve months; means the net premiums earned for the next twelve months including exposures to bound but not incepted premiums;
- (c) “Net Base Premium Exposure” means the greater of the amounts calculated under Lines of Business in paragraphs (a) and (b) above;
- (d) “Net FP (existing)” means the expected present value of net premiums to be earned by the insurance group after the next twelve months reporting period for existing qualifying multi-year insurance policies, where ‘qualifying multi-year insurance policies’ are prescribed by the Authority;
- (e) “Net FP (future)” means the expected present value of net premiums to be earned by the insurance group after the next twelve months reporting period for qualifying multi-year insurance policies (as defined in paragraph (d) above) where the initial recognition date falls in the following twelve months;
- (f) “Net Premium Exposure Measure” means the total derived from paragraphs (c), (d) and (e) above;
- (g) “Gross Premium Exposure Measure” means the amount calculated in paragraph (f) above but on a gross of reinsurance basis; and
- (h) “Geographic Net Premium Exposure Measure” means the total shown on Schedule IVE.

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**SCHEDULE IVE (Paragraph 6)**

**Schedule of geographic diversification of net premium exposure measure on a consolidated basis**

[blank] name of Parent

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

All amounts expressed in ..... (currency used)

		<b>GEO</b>																		
		<b>Net Exp</b>	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>	<b>Zone 4</b>	<b>Zone 5</b>	<b>Zone 6</b>	<b>Zone 7</b>	<b>Zone 8</b>	<b>Zone 9</b>	<b>Zone 10</b>	<b>Zone 11</b>	<b>Zone 12</b>	<b>Zone 13</b>	<b>Zone 14</b>	<b>Zone 15</b>	<b>Zone 16</b>	<b>Zone 17</b>	<b>Zone 18</b>
1.	Property catastrophe	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
2.	Property	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
3.	Property non-	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
4.	Personal accident	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
5.	Personal accident	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
6.	Aviation	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
7.	Aviation non-	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
8.	Credit / surety	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
9.	Credit / surety non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
10.	Energy offshore	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
11.	Energy offshore / marine non-	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
12.	US casualty	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
13.	US casualty non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
14.	US professional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
15.	US professional non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
16.	US specialty	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
17.	US specialty non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
18.	International motor	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
19.	International motor non-proportional	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
20.	International casualty non-motor	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
21.	International casualty non-motor	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
22.	Retro property	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
23.	Structured / finite	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
24.	Health	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
	Total	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

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**INSTRUCTIONS AFFECTING SCHEDULE IVE:**

- (a) for each line of business, the net premium exposure measure stated in Schedule IVD may be split between the eighteen geographic zones set out in Table 6D. If included, the total of amounts in zones 1-18 for a given Line of Business shall equal the corresponding amount of net premium exposure measure shown in Schedule IVD; and
- (b) GEO net premium exposure measure for a Line of Business shall be set as the amount  $geolinepremi$  in line with sub-paragraph (c) of the Instructions affecting Table 6C.

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**SCHEDULE V  
SCHEDULE OF RISK MANAGEMENT**

**(Paragraph 6)**

The schedule of risk management of an insurance group shall disclose the following matters-

- (a) governance;
- (b) group structure;
- (c) intra-group transactions and insurance group's risk concentrations;
- (d) Revoked;
- (e) effective duration of assets;
- (f) effective duration of liabilities;
- (g) description of the effective duration of assets and liabilities calculations and key assumptions;
- (h) gross probable maximum loss;
- (i) net probable maximum loss;
- (j) average annual loss for general insurance business excluding property catastrophe;
- (k) actual attritional losses and large claims losses in the relevant year;
- (l) arrangements with respect to property catastrophe recoverables;
- (m) mutual fund disclosures;
- (n) summary of projected performance;
- (o) summary of long-term product features and risks;
- (p) financial impact and description of stress and scenario tests;
- (q) investments and derivatives strategies and policy;
- (r) modified co-insurance arrangements;
- (s) deferred accumulation annuities disclosures;
- (t) reconciliation from group financial statements to group Form 1EBS;
- (u) description of the insurance group's risk management program;
- (v) the risk register;
- (w) list of statutory lines and statutory territories that have catastrophe exposures;
- (x) Revoked;
- (y) Revoked;
- (z) Revoked; and
- (aa) details of deposit assets and liabilities.

**INSTRUCTIONS AFFECTING SCHEDULE V:**

- (a) the governance structure must disclose-
  - (i) the name of the parent company;

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- (ii) the structure of the parent company’s board of directors, including names role, residence, and work experience;
  - (iii) the management structure of the parent company; including names, role, work experience, employee arrangement and description of responsibilities of the chief and senior executive;
  - (iv) terms of reference of the parent company board and its sub-committees;
  - (v) all major shareholder controllers; and
  - (vi) the group organisational chart.
- (b) the group structure must disclose-
- (i) list of regulated entities, the sectors in which they operate in and their place of incorporation grouped by country or state (for United States);
  - (ii) list of unregulated entities, the sectors in which they operate in and their place of incorporation grouped by country or state (for United States);
  - (iii) the description of the strategic purpose of each entity;
  - (iv) the type of each entity categorized either as a holding entity, operating entity, branch, or other;
  - (v) the description of the products and services sold to external parties;
  - (vi) the total assets of each entity;
  - (vii) the total net assets or equity of each entity;
  - (viii) the gross and net premiums written of each entity, if applicable;
  - (ix) group’s participation share (percentage) of each entity; and
  - (x) sector classification is as follows:

<b>Sector</b>	<b>Industries in Sector</b>
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 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

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- (c) intra-group transactions that the insurance group's risk concentrations shall include the following-
  - (i) details of material intra-group transactions between and among the 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 transfer insurance business arrangements 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 group's insurance business exposure covered by internal reinsurance, retrocession and other risk transfer insurance business arrangements;
  - (iii) details of the ten largest exposures to unaffiliated counterparties and any other unaffiliated counterparty exposures or series of linked unaffiliated counterparty exposures, excluding 10% of the group's statutory capital and surplus, including:
    - (A) name of unaffiliated counterparty, including where the counterparty is located;
    - (B) exposure values (face value or market value, if the latter is available); and
    - (C) transaction type;
- (d) Revoked;
- (e) the effective duration of assets must be determined using the aggregate of the bonds and debentures (as reflected in Form 1EBS, Lines 2(b) and 3(b)), preferred stock (as reflected in Form 1EBS, Lines 2(c)(ii) and 3(c)(ii)), and mortgage loans portfolios (as reflected in Form 1EBS, Line 5(c)) as a basis;
- (f) the effective duration of liabilities must be determined using the reserves (as reflected in Form 1EBS, Lines 17(d) and 27(d)) as a basis;
- (g) a 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 gross probable maximum loss for natural catastrophe losses arising from general business (prior to reinsurance) must be calculated at the 99.0% Tail Value-at-Risk level for annual aggregate exposure to all risks and all perils, including reinstatement premiums, for the year following the relevant year based upon the insurance group's catastrophe model. The documentation used to derive the gross probable maximum loss must be retained for at least 5 years from the date required at the designated insurer's office and made available to the Authority upon request;
- (i) the net probable maximum loss for natural catastrophe losses arising from general business (after reinsurance) must be calculated at the 99.0% TVaR level for annual aggregate exposure to all risks and all perils, including reinstatement premiums, for



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- the year following the relevant year based on the insurance group's catastrophe model, with the documentation used to derive the net probable maximum loss be retained for at least 5 years commencing from the date required at the designated insurer's office and made available to the Authority upon request;
- (j) the average annual loss for general business excluding property catastrophe must be calculated as follows-
    - (i) the expected net natural catastrophe loss arising from general business (after reinsurance), including reinstatement premiums, for annual aggregate exposure to all risks and all perils other than those relating to the property catastrophe statutory line of general insurance business (as described under the Instructions Affecting Schedule III) for the year following the relevant year based on the insurance group's catastrophe model;
    - (ii) the calculation should be determined from the same underlying loss distribution used to determine the gross probable maximum loss and the net probable maximum loss (excluding the property catastrophe component); and
    - (iii) the supporting documentation used to derive the average annual loss must be retained for at least 5 years commencing from the date required at the designated insurer's office and made available to the Authority upon request.
  - (k) the actual attritional losses and large claims losses in the relevant year shall disclose the actual aggregate losses (classified by the insurance group as attritional and large claims losses in accordance with its own policy) experienced by the insurance group in the relevant year (not including prior year reserve releases or adverse development);
  - (l) the arrangements with respect to property catastrophe recoverables shall disclose the amounts of-
    - (i) collateral;
    - (ii) catastrophe bonds;
    - (iii) special purpose insurer (indemnity basis);
    - (iv) special purpose insurer (other basis); and
    - (v) total
  - (m) mutual fund disclosures shall include the name, type and amount of each mutual fund used by the members of the group;
  - (n) the summary of projected performance by the insurance group for the year following the relevant year shall disclose -
    - (i) the insurance group's latest estimate of annual net premiums written;
    - (ii) the estimated underwriting profit or loss;
    - (iii) the estimated net income or loss; and
    - (iv) a qualitative description of the insurance group's business and underwriting strategy to be used in an attempt to achieve the estimates in (i) and (iii) above;
  - (o) the summary of long-term product features and risks must cover the primary long-term product features and benefits provided and any policyholder options or guarantees that could materially affect the insurance group;
  - (p) 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;

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- (q) the investments and derivatives strategies and policy must disclose –
  - (i) a description of the insurance group’s investment strategy governing investment selection and composition of the group’s investment portfolio; and
  - (ii) a description of the policies and strategies surrounding the use of derivatives and other hedging instruments;
- (r) 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;
- (s) 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);
- (t) 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 group’s GAAP financial statements to arrive at the Form 1EBS;
- (u) the description of the insurance group’s risk management program shall disclose -
  - (i) a description of the risk management process, including how the risk management program is used for strategic management decision- making, capital allocation and capital adequacy;
  - (ii) a description of the governance surrounding the risk management process including the identification of the owners of the process and the extent of the board of directors’ involvement;
  - (iii) a description of the risk appetite including the process for setting and embedding risk limits, and the identification of the types of stress testing carried out to ascertain the suitability of the risk appetite; and
  - (iv) a description of the process undertaken to monitor material risk concentration;
- (v) risk register disclosing -
  - (i) a description of the insurer’s material risks;
  - (ii) owners of the respective risks;
  - (iii) the impact and probability of the risk and the overall risk crystallizing expressed as quantitative or qualitative measures;
  - (iv) a summary of risk mitigation/controls in place and an assessment of their effectiveness in reducing the probability and/or impact of the risk; and

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(v) overall assessment of the impact and probability of the residual risk expressed as quantitative or qualitative measures;

(w) the list of statutory lines and statutory territories that have catastrophe exposures as set out below-

<b>Zone</b>	<b>Territories</b>
1	Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, the District of Columbia, Alabama, Arkansas, Louisiana, Mississippi, Texas, Florida, Georgia, North Carolina, and South Carolina
2	Caribbean
3	Arizona, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Montana, Minnesota, Missouri, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Utah, Wisconsin, and Wyoming
4	California
5	Oregon, Washington
6	Hawaii
7	Canada, Alaska
8	United Kingdom, Continental Europe
9	Australia / New Zealand
10	Japan
11	Nationwide covers
12	Worldwide covers
13	All exposures not included in Zones 1 to 12

(x) Revoked

(y) Revoked

(z) Revoked

(aa) In respect of business for which deposit accounting approaches have been followed: a description of business, total assets held in trust or other collateral, 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.”.

**SCHEDULE VI**  
**Schedule of fixed income securities**

**(Paragraph 6)**

The schedule of fixed income securities shall-

- (a) represent the amounts stated in the Form 1EBS, 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 1EBS, 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; and
- (c) include the effective duration and the convexity of the portfolio;

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**SCHEDULE VII**

**(Paragraph 6)**

**SCHEDULE OF LONG-TERM BUSINESS DATA AND RECONCILIATION**

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)

**INSTRUCTIONS AFFECTING SCHEDULE VII:**

- (a) Bermuda EBS best estimate provisions are to be calculated in accordance with Economic Balance Sheet valuation principles under Schedule XIV;
- (b) The amounts in columns (12) to (20) shall be the line of business breakdowns of the relevant amounts shown in the Notes to Form 1EBS as set out in Schedule XIV.

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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)
	<b>In-the-money</b>							
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.	<b>Out-the-money</b>							
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								

Line No	Description	(12) Bound But Not Incepted (BBNI) Premium	(13) Best Estimate Provision In Respect to BBNI	(14) Best Estimate Provision Using Transitional Arrangements	(15) Equivalent of Column (14) if Transitional Arrangements were not used	(16) Scenario Based approach Best Estimate For Technical Provisions	(17) Equivalent of column (16) if the Scenario based approach were not used	(18) Equivalent of column (16) if the Base Scenario were used	(19) BBNI Premium	(20) Re to
		[Form 1EBS,note Line 27(d)-(i)]	[Form 1EBS,note Line 27(d)-(ii)]	[Form 1EBS,note Line 27(d)-(iii)]	[Form 1EBS,note Line 27(d)-(iv)]	[Form 1EBS,note Line 27(d)-(v)]	[Form 1EBS,note Line 27(d)-(vi)]	[Form 1EBS,note Line 27(d)-(vii)]	[Form 1EBS,note Line 27B(d)-(i)]	[Form 1EBS,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 annuities, Age at which annuity benefits									
	(a) 0-55									
	(b) 55-60									
	(c) 61-65									
	(d) 66-70									
	(e) 71-75									
	(f) 75+									
	(g) Total									



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5.	Deferred annuities									
6.	Deferred accumulation annuities									
7.	Disability income: active lives - including waiver of premium and									
	Length of premium guarantee:									
	(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									
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									
16.	Total (excluding variable annuities)									
17.	Total for variable annuities									
18.	Total with variable annuities									

**INSTRUCTIONS AFFECTING SCHEDULE VIII:**

(a) 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)

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- (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
- (b) Where ratchets, resets and roll-ups exist, please use the roll-up category.
- (c) NAR is net of reinsurance.
- (d) The proportion used for the account value under reinsurance is the proportion used for NAR.
- (e) 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; and
- (f) Bermuda EBS best estimate provisions are to be calculated in accordance with Economic Balance Sheet valuation principals under Schedule XIV

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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 ( <b>for GMAB only</b> ):					

- (b) The capital requirement based on the insurance group’s internal capital model including—

Line Schedule No.	Description	(6)	(7)
		Without Hedging (000)	With Hedging (000)
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)		

- (c) An actuarial memorandum—The insurance group must file with the Authority an actuarial memorandum that should minimally include the particulars described below. When the information is already available in other documents within the Capital and Solvency Return, it is acceptable to attach those documents and simply make reference to them in the actuarial

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memorandum. The insurance group should indicate any significant changes from the last memorandum filed with the Authority

Line No.	Section	<b>Provide a brief summary or description of the following details under each section:</b>
1.	Executive summary	Required capital amount and drivers of result; Key risks and associated risk mitigation techniques; and The modeling methods used.
2.	Overview of business	Type of business; and Key product features and specifications
3.	Key risk exposures	Qualitative description of key risk exposures, such as economic, mortality, surrender, annuitisation, withdrawal, expense and counterparty risks
4.	Description of model	The approach used to calculate total assets and required capital; Key model details, including: - Source of asset and liability data; - Aggregations used to generate model cells; - Allocation of assets to variable annuity blocks; - The reserve basis; - Timestep of model (e.g. monthly); - The rate used to accumulate and discount cash flows; and -The treatment of interim solvency (e.g. how are periods of negative cash flows followed by positive cash flows allowed for)
5.	Description of assumptions	Basis for economic scenarios, including underlying model and parameters; Information on the average return and volatility on the equity investment funds; For mortality and all policyholder behavior assumptions (e.g. premium payments, withdrawals, annuitizations, and lapses): - Source of data (e.g. company-specific experience); - Any margins for conservatism that were used; and - Any future mortality improvement; Approach to investment fund mapping; Insurer's crediting strategy; Expenses and commissions; Treatment of taxes; and Future management actions (other than hedging and reinsurance
6.	Reinsurance	Reinsurance (both assumed and ceded), including a list of counterparties; Nature of arrangements, including caps, floors and recapture provisions;

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		The approach to modeling these arrangements; and Collateral requirements, if relevant.
7.	Hedging	Business covered; Hedge target; Hedged parameters (i.e. Greeks) managed/monitored by the insurer; Internal governance procedures; Currently-held derivatives and range of derivatives approved for trading; Unhedged exposures; Historical hedge effectiveness; Sample attribution reports; and How hedging is reflected in the determination of required capital and stress tests, including how any modeling limitations or simplifications are addressed.
8.	Risk mitigation arrangements other than hedging	Business covered; Nature of arrangements; Internal governance procedures; and Other supporting details such as internal analyses, historical results, etc.
9.	Results and model output	Capital results (summarised also in Line 1 of the Table under b)) and commentary; Results of stress tests (summarised also in Lines 2 and 3 of the Table under b)) with description and justification for tests selected and commentary on results; Sensitivity results for key assumptions/risk exposures; and The output from model for a single scenario in the tail (e.g. that which most closely corresponds to the TVaR 95% result) showing cash flows by guaranteed rider type, accumulation and discounting of cash flows, and total assets required for that scenario.
10.	Reviewer and signatory	The memorandum is required to be reviewed and signed by the Approved Actuary

**INSTRUCTIONS AFFECTING SCHEDULE VIII A**

Bermuda EBS best estimate provisions are to be calculated in accordance with Economic Balance Sheet valuation principals under Schedule XIV

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**SCHEDULE IX (Paragraph 6)  
SCHEDULE OF GROUP'S SOLVENCY SELF ASSESSMENT (GSSA)**

The Schedule of GSSA shall provide particulars of the following matters:

- (a) Table 15: GSSA capital summary disclosing the insurance group's own capital computations, insurance group's plans for raising additional capital and contingency arrangements impacting the available capital.
- (b) Table 15A: GSSA general questions relating to an insurance group's risk management and governance program, the review and approval of GSSA, integration of GSSA into the strategic decision making process of an insurance group.
- (c) Table 15B: GSSA assessment of material risks of the insurance group, the determination of both the quality and quantity of capital required to cover its risks, the forward looking analysis and its ability to manage its capital needs, the review and approval of GSSA and the governance and controls surrounding model(s)/tool(s) used to compute the GSSA capital.

**TABLE 15  
GSSA Capital Summary**

Risk categories	GSSA capital	Regulatory capital
Insurance Underwriting Risk		
Market risk		
Credit risk		
Liquidity risk		
Group, Concentration, Reputational and Strategic risk		
Other (specify)		
Total capital pre-diversification between risk categories		
Diversification credit between risk categories		
Total capital after diversification between risk categories before operational risk		
Operational risk		
Total capital after diversification and operational risk		

Where:

- (a) GSSA capital is the amount of capital the insurance group 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

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- (b) Regulatory capital is determined by the Group BSCR or an approved group internal capital model at 99.0% Tail Value-at-Risk (“TVaR”) over a one year time horizon.
- (c) Insurance underwriting risk shall include the following as defined in paragraph 2:
- 1) Premium risk;
  - 2) Reserve risk;
  - 3) Catastrophe Risk;
  - 4) Other insurance risk;
  - 5) Insurance risk – mortality;
  - 6) Insurance risk – stop loss;
  - 7) Insurance risk – riders;
  - 8) Insurance risk – mortality and disability;
  - 9) Insurance risk – longevity; and
  - 10) Variability annuity guarantee risk

**Table 15 Cont’d**  
**ADDITIONAL INFORMATION**

1. What is the primary reason(s) (select multiple responses where applicable) for aiming at the disclosed GSSA amount? (select all that apply by choosing Yes/No)
  - 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)
2. What methodology is used to aggregate the risk categories in deriving the GSSA capital? (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)

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3. What contingency plans are in place for raising additional capital under stress situations? (select all that apply by choosing Yes/No)
- 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 insurance group 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 parent down streamed debt to establish equity positions (participations), or engaged in double or multiple gearing? (Yes or No)

If yes, provide details and amount of capital.

6. Has debt been down streamed to establish equity positions in the parent, or is its parent 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 group that are restricted for use that cannot be transferred to another subsidiary or the parent, 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:

Name and jurisdiction(s) of the subsidiary(ies):

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	<b>XXX</b>

**INSTRUCTIONS AFFECTING TABLE 15:**

- (a) Total capital pre-diversification between risk categories is derived by aggregating all the risk categories prior to recognition of diversification between the risk categories (i.e., prior to “top of the house” diversification);
- (b) Total capital after diversification between risk categories shall be derived by deducting the diversification benefit (calculated by an insurance group) from the “Total capital pre- diversification between risk categories”; and



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- (c) Where a question/section is not applicable to an insurance group or the options provided do not fully reflect the insurance group's position, the insurance group shall include a brief description.

**TABLE 15A**  
**GSSA General Questions**

1. Is the GSSA and its underlying information integrated (i.e.; considered when making key strategic decisions) into the insurance group's strategic and risk management decision-making processes? (Yes or No)

If yes, how is GSSA and its underlying information used? (select all that apply by choosing Yes/No)

- 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 insurance group 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 GSSA 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 GSSA discussed and reviewed by the board of directors, and chief and senior executives of the insurance group?
5. Have the parent's board and chief and senior executives of the insurance group ensured that an appropriate oversight process is in place, including an appropriate level of independent verification, whereby material deficiencies are reported on a timely basis and suitable actions taken? (Yes or No)

Optionally, the insurance group may provide brief comments.

**INSTRUCTIONS AFFECTING TABLE 15A:**

- Where a question/section is not applicable to an insurance group or the options provided do not fully reflect the insurance group's position, a brief description shall be included; and
- 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 GSSA process they review, and are therefore deemed to be independent in their assessment.

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**TABLE 15B**

**GSSA Assessment of Material Risks of the Insurance Group**

The parent 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 group, at least annually. Minimally, the assessment should:

- Be an integral part of the insurance group's risk management framework;
- Be clearly documented, reviewed, and evaluated regularly by the parent 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 insurance group shall undertake and file with the Authority the group's most recent report ("group-specific report") comprising a solvency self-assessment of its material risks and the determination of both the quality (types of capital) and quantity of GSSA capital required to cover these risks, while remaining solvent and achieving the insurance group's business goals.

1. Date the assessment was completed.
2. A description of the insurance group'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 insurance group'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 insurance group 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 insurance group 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 2 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 GSSA 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 and how the testing results were used to inform the self-assessment and determination of GSSA capital.
  - (h) A description of measures taken to transfer or otherwise mitigate the risk.
  - (i) Quantification of the risk if the insurance group is holding capital against it both pre and post diversification.

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- (j) An explanation of the primary reasons for any material deviations between the GSSA capital as it pertains to the risk and the associated capital (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 GSSA capital

The designated insurer shall ensure that the insurance group of which it is a member has reviewed and provided answers to the following questions on the model(s)/tools used to calculate the GSSA capital. It should provide a brief description or any additional documents in support of its response. Where additional documentation is provided, it should identify where the information is located within the document or attachment, including references (e.g. page number, paragraph number).

<b>Governance</b>
(a) Does the parent’s board of directors, chief and senior executives approve the design, maintenance and use of the model(s)/tool(s)?
(b) How often does the parent’s 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 of the insurance group have a general understanding of the key assumptions/elements and the implications of the outputs (including limitations) of the model(s)/tool(s)?
<b>Validation</b>
(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.
<b>Documentation</b>
(g) Does the insurance group 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 parent’s board of directors or chief and senior executives review and approve the model/input documentation?
<b>Internal controls</b>
(j) How does the insurance group 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?
<b>Others</b>
(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 GSSA capital?

**INSTRUCTIONS AFFECTING TABLE 15B:**

Where a question/section is not applicable to an insurance group or does not fully reflect the insurance group’s position, a brief description shall be included.

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**SCHEDULE X**

**(Paragraph 6)**

**GROUP GENERAL BUSINESS CATASTROPHE RISK RETURN**

The schedule of group general business catastrophe risk return shall provide particulars of the following matters on a consolidated basis:

- (a) Total exceedance probability (“EP”) curves (Table 9): This represents an insurance group’s exposure to loss arising from natural catastrophe from all insurance and reinsurance operations including the impact of any insurance-linked securities for all perils combined for the year following the relevant year based upon the insurance group’s catastrophe model.
- (b) EP curve for insurance (Table 9A): This EP curve shall be required only when the percentage of net insurance premiums written to total net premiums written (including insurance and reinsurance) is greater than 10%.
- (c) EP curves for region-perils (Table 9B): Insurance groups shall provide information on EP curves for the following region-perils:
  - Atlantic basin hurricane;
  - North American earthquake;
  - European windstorm;
  - Japanese earthquake; and
  - Japanese typhoon.
- (d) Region-peril exposure to zones and statutory lines of business (Table 16C): Insurance groups shall disclose the statutory zones and the statutory lines of business to which it is exposed.
- (e) Accumulations overview (Table 9D): This shall provide details of the features of accumulation methodologies, the catastrophe models used and the frequency of conducting accumulations.
- (f) Data analysis (Table 9E): This shall consist of information on modeled versus non-modeled catastrophe risk, the quality and comprehensiveness of data and how data is considered in accumulations and pricing.
- (g) Reinsurance disclosures (Table 9F): This seeks to obtain information on the type of protection (reinsurance or retro) purchased against natural catastrophe losses.
- (h) Insurance terror exposure (Table 9G): For insurance business that has terrorism exposure, insurers shall disclose their exposure to conventional terrorism exposure and on Nuclear, Biological, Chemical and Radiological (NBCR) terrorism exposure separately at different levels of geographical resolution.
  - Conventional terrorism: insurance groups shall disclose information on the ten largest 150 metre accumulations of exposure to conventional terrorism losses on a gross and net basis.
  - NBCR insurance terrorism exposure: Insurers shall disclose terrorism exposure information on the ten largest US states or countries outside of the US for accumulations of exposure to NBCR terrorism losses. The exposure calculation should include all exposures within and outside the US and assume a total loss to insurance commitments within the area.
- (i) Reinsurance terrorism limits (Table 9H): insurance groups shall disclose the top ten reinsurance limits exposed within or outside the US for conventional and NBCR acts of terrorism.
- (j) Assumed exchange rates (Table 9I): This contains information on all exchange rates used in compiling the EP curve information.

**TABLE 16**

**EP Curve Total**

- 1. Exceedance probability information

Loss return period (years)	Gross Loss		Net Loss	
	Gross per occurrence loss TVaR	Gross aggregate TVaR	Net per occurrence loss TVaR	Net aggregate TVaR
	(\$M)	(\$M)	(\$M)	(\$M)
50				
100				
250				
500				
1000				

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	<b>Gross loss (\$M)</b>		<b>Net loss (\$M)</b>
Annual average aggregate gross loss		Annual average aggregate net loss (net of reinstatements terms)	
Standard deviation of annual aggregate gross loss		Standard deviation of annual aggregate net loss (net of reinstatements terms)	
Total gross statutory property catastrophe premium modeled		Total net statutory property catastrophe premium modeled	
Total gross all other premium modeled		Total net all other premium modeled	
Total gross statutory property catastrophe limits exposed – modeled		Total net statutory property catastrophe limits exposed – modeled	
Total gross statutory property catastrophe limits exposed - not modeled		Total net statutory property catastrophe limits exposed – not modeled	
Total gross all other lines limits exposed - modeled		Total net all other lines limits exposed – modeled	
Total gross all other lines limits exposed - not modeled		Total net all other lines limits exposed - not modeled	
Total gross premium without an occurrence or aggregate limit		Total net premium without an occurrence or aggregate limit	
Total gross premium with non determinable Total Insured Value (“TIV”)		Total net premium with non determinable TIV	

2. Significant sources of catastrophe risk and associated loss included in the EP Curves:

	<b>Select</b>	<b>If no, briefly explain</b>
Allocated loss adjustment expense		
Property – buildings		
Property – contents		
Additional living expenses		
Business interruption		
Auto physical damage		
Worker's compensation		
Personal accident		
Life insurance		
Onshore energy		
Offshore energy		
Ocean marine		
Inland marine		
Flood		
Crop		
Other primary insurance		

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3. Assumed reinsurance information

	<b>Select</b>	<b>If no, briefly explain</b>
Proportional - quota share		
Proportional - surplus share		
Non-proportional - catastrophe		
Non-proportional - per risk		
Other reinsurance assumed		

4. Pools and assessments information

	<b>Select</b>	<b>If no, briefly explain</b>
Voluntary pools and/or assessments		
Involuntary pools and/or assessments		

5. Supplemental perils and model options

	<b>Select</b>	<b>If no, briefly explain</b>
Fire following		
Sprinkler leakage		
Storm surge		
Demand surge		
Secondary uncertainty		
Atlantic multi-decadal oscillation selection		

6. Other adjustments information

	<b>Select</b>	<b>If no, briefly explain</b>
Adjustments for exposure data quality		
Adjustments for insurance to value		
Adjustments for exposure growth		
Supplemental losses for non-modeled line of business		
Adjustments for model deficiencies severity		
Adjustments for model deficiencies frequency		
Additional demand surge loadings		
Other factors for prudence		
Average loading factor applied to ground up loss for all adjustments applied:		
Is this average loading factor determined analytically or estimated?		
Which vendor catastrophe models ("cat model") do you include in this modeling:		
Which version of the model or version of the region-peril models are used for each cat model as appropriate:		

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**INSTRUCTIONS AFFECTING TABLE 16:**

- The responses for the “exceedance probability information” section shall consist of amounts in United States Dollars (USD) \$millions.
- Except for the cat model and average loading factor questions in the section “Other adjustments information”, where the response shall include amounts, responses to sections 2 through 6 shall include selecting the appropriate response that best reflects the insurance group’s position. Where the response is “no”, the insurance group shall provide a brief description.

**TABLE 16A**  
**EP Curve Total**

1. Exceedance probability information

Loss return period (years)	Gross Loss		Net Loss	
	Gross per occurrence loss TVaR	Gross aggregate TVaR	Net per occurrence loss TVaR	Net aggregate TVaR
	(\$M)	(\$M)	(\$M)	(\$M)
50				
100				
250				
500				
1000				

	Gross loss (\$M)		Net loss (\$M)
Annual average aggregate gross loss		Annual average aggregate net loss (net of reinstatements terms)	
Standard deviation of annual aggregate gross loss		Standard deviation of annual aggregate net loss (net of reinstatements terms)	
Total gross statutory property catastrophe premium modeled		Total net statutory property catastrophe premium modeled	
Total gross all other premium modeled		Total net all other premium modeled	
Total gross statutory property catastrophe limits exposed – modeled		Total net statutory property catastrophe limits exposed – modeled	
Total gross statutory property catastrophe limits exposed - not modeled		Total net statutory property catastrophe limits exposed – not modeled	
Total gross all other lines limits exposed - modeled		Total net all other lines limits exposed – modeled	
Total gross all other lines limits exposed - not modeled		Total net all other lines limits exposed - not modeled	
Total gross premium without an occurrence or aggregate limit		Total net premium without an occurrence or aggregate limit	
Total gross premium with non determinable Total Insured Value (“TIV”)		Total net premium with non determinable TIV	

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2. Significant sources of catastrophe risk and associated loss included in the EP Curves:

	<b>Select</b>	<b>If no, briefly explain</b>
Allocated loss adjustment expense		
Property – buildings		
Property – contents		
Additional living expenses		
Business interruption		
Auto physical damage		
Worker's compensation		
Personal accident		
Life insurance		
Onshore energy		
Offshore energy		
Ocean marine		
Inland marine		
Flood		
Crop		
Other primary insurance		

3. Assumed reinsurance information

	<b>Select</b>	<b>If no, briefly explain</b>
Proportional - quota share		
Proportional - surplus share		
Non-proportional - catastrophe		
Non-proportional - per risk		
Other reinsurance assumed		

4. Pools and assessments information

	<b>Select</b>	<b>If no, briefly explain</b>
Voluntary pools and/or assessments		
Involuntary pools and/or assessments		

5. Supplemental perils and model options

	<b>Select</b>	<b>If no, briefly explain</b>
Fire following		
Sprinkler leakage		
Storm surge		
Demand surge		
Secondary uncertainty		
Atlantic multi-decadal oscillation selection		



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6. Other adjustments information

	<b>Select</b>	<b>If no, briefly explain</b>
Adjustments for exposure data quality		
Adjustments for insurance to value		
Adjustments for exposure growth		
Supplemental losses for non-modeled line of business		
Adjustments for model deficiencies severity		
Adjustments for model deficiencies frequency		
Additional demand surge loadings		
Other factors for prudence		
Average loading factor applied to ground up loss for all adjustments applied:		
Is this average loading factor determined analytically or estimated?		
Which vendor catastrophe models (“cat model”) do you include in this modeling:		
Which version of the model or version of the region-peril models are used for each cat model as appropriate:		

**INSTRUCTIONS AFFECTING TABLE 16A:**

- The responses for the “exceedance probability information” section shall consist of amounts in United States Dollars (USD) \$millions.
- Except for the question on cat model and average loading factor questions in the section “Other adjustments information” where the response shall include amounts, responses to sections 2 through 6 shall include selecting the appropriate response that best reflects the insurance group’s position. Where the response is “no”, the insurance group shall provide a brief description.

**TABLE 16B**  
**EP Curves for Region-Perils**

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

- Atlantic basin hurricane;
- North American earthquake;
- European windstorm;
- Japanese earthquake; and
- Japanese typhoon.

**Exceedance probability information**

**Which model(s) is used for EP Curve?**

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Indicate the model version

Loss return period (years)	Gross Loss		Net Loss	
	Gross per occurrence loss TVaR	Gross aggregate TVaR	Net per occurrence loss TVaR	Net aggregate TVaR
	(\$M)	(\$M)	(\$M)	(\$M)
50				
100				
250				
500				
1000				

Exposure to each region-peril	Gross loss	Net loss
	(\$M)	(\$M)
Total statutory property catastrophe premium		
Total all other statutory premium		
Total statutory property catastrophe limits		
Total all other statutory limits		

**INSTRUCTIONS AFFECTING TABLE 16B:**

The responses for the “exceedance probability information” section shall consist of amounts in United States Dollars (USD) \$millions.

**TABLE 16C**

**Region-Peril Exposure to Zones and Statutory Lines of Business**

The insurer shall select the statutory zones (Schedule V paragraph (q)) and statutory lines of business (Schedule IV) that is exposed to with regards to the following region-perils.

(a) Exposure to statutory zones (Schedule V paragraph (w))

	EP Curve Atlantic Basin Hurricane	EP Curve North American Earthquake	EP Curve European Windstorm	EP Curve Japanese Earthquake	EP Curve Japanese Typhoon	EP Curve All Other Perils
Zone 1						
Zone 2						
Zone 3						
Zone 4						
Zone 5						
Zone 6						
Zone 7						
Zone 8						
Zone 9						
Zone 10						
Zone 11						
Zone 12						
Zone 13						

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(b) Exposure to statutory lines of business (Schedule IVA)

	<b>EP Curve Atlantic Basin Hurricane</b>	<b>EP Curve North American Earthquake</b>	<b>EP Curve European Windstorm</b>	<b>EP Curve Japanese Earthquake</b>	<b>EP Curve Japanese Typhoon</b>	<b>EP Curve All Other Perils</b>
Line 1						
Line 2						
Line 3						
Line 4						
Line 5						
Line 6						
Line 7						
Line 8						
Line 9						
Line 10						
Line 11						
Line 12						
Line 13						
Line 14						
Line 15						
Line 16						
Line 17						
Line 18						
Line 19						
Line 20						
Line 21						
Line 22						
Line 23						
Line 24						

**INSTRUCTIONS AFFECTING TABLE 16C:**

“All Other Perils” shall consist of the residual natural catastrophe exposure retained by the insurer for all other region-perils except Atlantic basin hurricane, North American earthquake, European windstorm, Japanese earthquake, and Japanese typhoon.

**TABLE 16D**  
**Accumulations Overview**

1. What frequency best describes the update process of accumulations?
2. Are there any differences in the frequency of accumulations for various business units? If yes, briefly describe.
3. Which vendor catastrophe models does the insurance group license?
4. Does the insurance group incorporate internally developed stochastic catastrophe models within the accumulations that capture correlation across contracts or lines of business?
5. Which methodology best describes an insurance group’s accumulation methodology?

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6. Where more than one catastrophe model is used in the accumulations, which methodology best describes how multiple models are considered?

If other, please explain:

7. Is the insurance group's pricing and accumulations fully consistent?
8. What percentage of the total premium (other than insurance business) is written without occurrence limits?
9. Do members of the insurance group provide reinsurance to both affiliated companies and unaffiliated companies?
10. If there is more than 2.5% of premium written without occurrence limits (other than insurance business) briefly describe this business, including information on territorial exposure, potential for correlation of losses across contracts/policies and the assessment of maximum loss potential for these exposures.
11. How are outwards reinsurance protections considered in accumulation calculations?

**INSTRUCTIONS AFFECTING TABLE 16D:**

Item 7 requires insurance groups to provide a response on whether the annual expected loss implied in the accumulations is equal to the annual expected loss at the time of underwriting.

**TABLE 16E**  
**Data Analysis**

**1. For all contracts written by the insurance group, provide splits of those that are:**

	US specific contracts – all exposures			All other contracts – all exposures			Total		
	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)
Modelable									
Not modelable									
Total									

**2. For those contracts that are written by the insurance group that may be modelled, provide splits of those that are:**

	US specific contracts – all exposures			All other contracts – all exposures			Total		
	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)
Modeled									
Not Modeled									
Total									

**3. For those contracts that are written by the insurance group that are modeled, provide splits of those that are:**

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	US specific contracts - all exposures			All other contracts - all exposures			Total		
	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)
Detailed exposure data									
Aggregate exposure data									
A proxy peer insurer is selected and losses are derived from this insurer									
Derived from an industry loss curve utilizing market share									
Other									
Total									

If other is selected, describe the methodology as appropriate:

**4. For those contracts that are written by the insurance group that may be modeled (but are not), provide splits of those that are:**

	US specific contracts - all exposures			All other contracts - all exposures			Total		
	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)
Data deficient									
Model deficient									
Other									
Total									

If other is selected, describe the reasons for not modeling the contract(s).

**5. For contracts that are written by the insurance group that may be modeled, but are not modeled, describe what the members of the insurance group do from an accumulation perspective :**

**6. For contracts that are written by the insurance group that are unable to be modeled, provide splits of those that are :**

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	US specific contracts – all exposures			All other contracts – all exposures			Total		
	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)	Contract count	Gross limit provided (\$M)	Net limit provided (\$M)
Data deficient									
No catastrophe model exists									
Model deficient									
Other									
Total									

If other is selected, describe the reasons that the contract(s) is unable to be modeled:

**7. What percentage of total net premiums written represents contracts with no limits?**

**8. For contracts that are written by the insurance group that are not modelable, describe what the members of the insurance group do from an accumulation perspective :**

**9. If there are contracts that are written by the insurance group that have no occurrence limits or where TIV has not been included in the exposure in the above exhibits, describe how this exposure is included in the above data :**

**INSTRUCTIONS AFFECTING TABLE 16E:**

In this Table, where applicable, the responses shall include: inputting the amount (in USD \$millions) / number and/or providing a brief description in the comment fields.

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**TABLE 9F**  
**Reinsurance Disclosures**

Reinsurance or Retro information:

	<b>US Specific Contracts</b>		<b>Worldwide contracts</b>		<b>All other contracts</b>	
	Premium (\$M)	Occurrence Limit provided (\$M)	Premium (\$M)	Occurrence Limit provided (\$M)	Premium (\$M)	Occurrence Limit provided (\$M)
Insurance Linked Securities protection						
Industry Loss Warranties contracts						
Other contracts and non- traditional methods of risk mitigation/assumption						
Property catastrophe contracts						
Catastrophe swaps						
Property per risk contracts						
Property retro contracts						
Quota share contracts						
Surplus share contracts						
Total						

If there are reinsurance or retro contracts that are purchased by the insurance group that have no occurrence or aggregate limits provide details below for the total premium ceded, description of the underlying lines of business covered, territorial coverage limitations and details of the natural, man-made and pandemic perils covered on aggregate basis.

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**TABLE 16G**  
**Conventional Insurance Terrorism Exposure – 150m Defined Geographical Radius**

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

**TABLE 16G cont'd**  
**NBCR Insurance Terrorism Exposure – State/Country**

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



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**INSTRUCTIONS AFFECTING TABLE 16G:**

Total gross exposure is the sum of (in USD \$millions):

- Direct terrorism property exposure
- Indirect terrorism property exposure
- Value of lives exposed
- Other insured exposures

**TABLE 16H**

**Reinsurance Terrorism Limits**

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

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**TABLE 16H cont'd**

NBCR terrorism exposure		U.S. State/ Province (if applicable)	Country	Direct reinsurance limits exposed to terrorism (\$M)	Total gross reinsurance limits exposed to terrorism (\$M)	TRIP or other terror pool recoverables if any (\$M)	Reinsurance recoveries if any (\$M)	Total net reinsurance limits exposed to terrorism (\$M)
	1							
	2							
	3							
	4							
	5							
	6							
	7							
	8							
	9							
	10							

**INSTRUCTIONS AFFECTING TABLE 16H:**

- The total gross exposure is derived by the sum of all reinsurance limits exposed to terrorism.
- Total net reinsurance limits exposed to terrorism is derived by subtracting the TRIP or other terror pool recoverables and reinsurance recoveries from the total gross reinsurance limits exposed to terrorism.

**TABLE 16I**

**Assumed Exchange Rates**

Currency	EP Curve Total all perils combined
USD	1.00
USD:EUR	
USD:GBP	
USD:Yen	
USD:CHF	
USD:Other(s)	

**INSTRUCTIONS AFFECTING TABLE 16I:**

In this table, the designated insurer of the insurance group shall input the exchange rates used to translate the EP curves.

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**SCHEDULE XIA**

**(Paragraph 6)**

**Schedule Of Regulated Non-Insurance Financial Operating Entities**

Group member 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
								<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>

**INSTRUCTIONS AFFECTING SCHEDULE XIA:**

- (a) the insurance group’s regulatory capital requirement for regulated non-insurance financial operating entities, where the parent company exercises either control or significant influence, shall be calculated in accordance with Schedule XIA and shall form part of the insurance group’s BSCR – where “control” and “significant influence” has the same meaning given in subparagraph 19(4) of the Group Rules;
- (b) the name of the entity and its jurisdiction of incorporation shall be provided;
- (c) the sector classification of each of the insurance group’s regulated non-insurance financial operating entities shall be provided as prescribed in the Instructions Affecting Schedule V paragraph (b);
- (d) the description of the strategic purpose of each entity shall be provided;
- (e) the entity type shall be provided;
- (f) the description of the products and services offered to external parties of each entity shall be provided;
- (g) the insurance group’s participation categorised, whether control or significant influence, on each registered entity shall be provided;
- (h) the percent of participating interest of the insurance group on each registered entity shall be provided;
- (i) the total assets of each entity shall be provided;
- (j) the investment amount shall be (1) the equity value of the insurance group’s investment in such regulated entities where the insurance group has significant influence and has accounted under the equity method of accounting as aggregated in Form 1EBS, Line 4(d) and (2) the net asset value of the group’s investment in these regulated entities where the group exercises control 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; and
- (l) the insurance group’s proportionate share of each entity’s RCR.

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**SCHEDULE XIB**

**(Paragraph 6)**

**Unregulated Entities Where The Parent Exercises Control**

Group member name	Jurisdiction	Sector classification	Strategic purpose	Entity type	Products & services offered	Group member category	Percentage of participating interest	Total assets	Net assets	Applicable capital charges	Capital requirement
							x.x%	XXX	XXX		XXX
							x.x%	XXX	XXX		XXX
							x.x%	XXX	XXX		XXX
								<b>XXX</b>	<b>XXX</b>		<b>XXX</b>

**INSTRUCTIONS AFFECTING SCHEDULE XIB:**

- (a) the insurance group’s capital requirement for unregulated entities where the parent company exercises control over these entities shall be calculated in accordance with Schedule XIB and shall form part of the insurance group’s BSCR – where “control” has the same meaning given in subparagraph 19(4) of the Group Rules;
- (b) the name of the entity and its jurisdiction of incorporation shall be provided;
- (c) the sector classification of each of the insurance group’s unregulated entities where the group exercise control shall be provided as prescribed in the Instructions Affecting Schedule V paragraph (b);
- (d) the description of the strategic purpose of each entity shall be provided;
- (e) the entity type shall be provided;
- (f) the description of the products and services offered to external parties of each entity shall be provided;
- (g) the unregulated entities where the parent company exercises control shall be categorized based on the nature of its business activities, as follows: unregulated entities that conduct ancillary services, unregulated non-financial operating entities or unregulated financial operating entities;
- (h) the percentage of participating interest on each unregulated entity where the insurance group exercises control shall be provided;
- (i) the total assets of each unregulated entity shall be provided;
- (j) the net asset value of the group’s investment in these unregulated entities shall be provided;
- (k) the capital charge applied to each unregulated entity are as follows: 0% to unregulated entities that conduct ancillary services; 15% to unregulated non-financial operating entities; and 50% to unregulated financial operating entities; and
- (l) the insurance group’s proportionate share of each unregulated entity’s capital.

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**SCHEDULE XIC**

**(Paragraph 6)**

**Schedule Of Unregulated Entities Where the Parent Exercises Significant Influence**

Group member name	Jurisdiction	Sector classification	Strategic purpose	Entity type	Products & services offered	Group member category	Percentage of participating interest	Total assets	Proportionate share of the investment amount (equity method)
							x.x%	XXX	XXX
							x.x%	XXX	XXX
							x.x%	XXX	XXX
								<b>XXX</b>	<b>XXX</b>

**INSTRUCTIONS AFFECTING SCHEDULE XIC:**

- (a) the insurance group’s capital requirement for unregulated entities where the parent company exercises significant influence shall be calculated in accordance with paragraph 3 under the equity investment risk charge – where “significant influence” has the same meaning given in subparagraph 19(4) of the Group Rules – and Schedule XIC shall provide particulars of these entities;
- (b) the name of the entity and its jurisdiction of incorporation shall be provided;
- (c) the sector classification of each of the insurance group’s unregulated entities (significant influence) shall be provided as prescribed in the Instructions Affecting Schedule V paragraph (b);
- (d) the description of the strategic purpose of each entity shall be provided;
- (e) the entity type shall be provided;
- (f) the description of the products and services offered to external parties of each entity shall be provided;
- (g) the unregulated entities where the parent company exercises significant influence shall be categorized based on the nature of its business activities, as follows: unregulated entities that conduct ancillary services, unregulated non-financial operating entities or unregulated financial operating entities;
- (h) the percent of participating interest on each unregulated entity (significant influence) shall be provided;
- (i) the total assets of each entity shall be provided;
- (j) the insurance group’s proportionate share of the carrying investment amount/value under the equity method.

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**SCHEDULE XID  
Schedule of Entities' Capital Deducted From**

**(Paragraph 6)**

Group member name	Jurisdiction	Sector classification	Strategic purpose	Entity type	Products & services offered	Participation	Group member category	Reason for data deficiency	Total assets	Net assets
							x.x%		XXX	XXX
							x.x%		XXX	XXX
							x.x%		XXX	XXX
									<b>XXX</b>	<b>XXX</b>

**INSTRUCTIONS AFFECTING SCHEDULE XID:**

- (a) for entities where an insurance group cannot supply the necessary data for the Authority to determine a risk profile or to calculate contributions of these entities to the group's eligible capital, Schedule XID shall be used to calculate these entities' capital to be deducted from the insurance group's available statutory capital and surplus;
- (b) the insurance group shall provide the name and jurisdiction of these entities;
- (c) the sector classification of each of the group's member entities shall be provided as prescribed in the Instructions Affecting Schedule V paragraph (b);
- (d) the description of the strategic purpose of each entity shall be provided;
- (e) the entity type shall be provided;
- (f) the description of the products and services offered to external parties of each entity shall be provided;
- (g) the parent company's participation categorised, whether control or significant influence, on each entity shall be provided;
- (h) the entities shall be categorised based on the nature of its business activities, as follows: unregulated entities that conduct ancillary services, unregulated non-financial operating entities, unregulated financial operating entities, regulated insurance financial operating entities, regulated non-insurance financial operating entities;
- (i) the reason for data deficiency shall be included, as follows: unknown strategic purpose/nature of operations or insufficient information surrounding eligible capital;
- (j) the total assets of these entities shall be provided; and
- (k) the net asset or equity values of these entities shall be provided.

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**SCHEDULE XII**  
**Schedule of Group Minimum Margin of Solvency**

**(Paragraph 6)**

Group member name	Jurisdiction	Entity type	Participation Type	Percentage of participating interest	Net Premiums Written	Total assets	Minimum Margin of Solvency (MSM)	Proportionate Share on the MSM

**INSTRUCTIONS AFFECTING SCHEDULE XII:**

The insurance group shall provide the following information to calculate the insurance group’s minimum margin of solvency:

- (a) the name of the registered entity for which the parent company exercises control or significant influence – where “control” and “significant influence” has the same meaning given in subparagraph 19(4) of the Group Rules;
- (b) the name of the jurisdiction in which the entity is licensed or registered;
- (c) the entity type shall be provided;
- (d) the group’s participation interest of each registered entity;
- (e) the minimum margin of solvency for each registered entity as determined by the jurisdiction where the group’s entity is licensed or registered;
- (f) the insurance group’s proportionate share of the registered entity’s minimum margin of solvency requirement, as prescribed in subparagraph 19(1) and subparagraph 19(2) of the Group Rules; and
- (g) the highest regulatory capital requirement level (ECR equivalent) for each registered entity as determined by the jurisdiction where the group’s entity is licensed or registered.

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**SCHEDULE XIII**

**SCHEDULE OF GROUP ELIGIBLE CAPITAL**

**[blank] name of Parent**

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

**All amounts are expressed in \_\_\_\_\_(currency used)**

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

1. Tier 1, Tier 2 and Tier 3 eligible capital as prescribed in Table 17; and
2. Particulars of each capital instrument approved by the Authority as “Any other fixed capital” in accordance with Form 8, Line 1(c) of the Group Statutory Statement of Capital and Surplus under the Group Rules as prescribed in Schedule 1.

**Table 17**

**SCHEDULE OF GROUP ELIGIBLE CAPITAL**

**SCHEDULE OF GROUP ELIGIBLE CAPITAL**

Total available economic statutory capital and surplus Form 1EBS, Line 4 plus applicable adjustments)	XXX
Less: Encumbered assets not securing policyholders’ obligations (Notes to Form 1EBS, Line 15)	XXX
Less: Relative liability or contingent liability (included on Form 1EBS) for which the encumbered assets are held	XXX
Subtotal	XXX

**TIER 1-BASIC CAPITAL**

(a) Fully paid common shares (Form 8, Line 1(a)(i))	XXX
(b) Contributed surplus or share premium (Form 8, Line 1(b))	XXX
(c) Statutory economic surplus - End of Year (Form 1EBS, Line 40 less Form 8, Line 1(d))	XXX
(d) Capital adjustments	XXX
Hybrid capital instruments	
(e) Perpetual or fixed term preference shares (Form 8, Line 1(a)(ii))	XXX
(f) Other	XXX
(g) Less: Treasury shares (Form 8, Line 1(a)(iii))	XXX
(h) Less: Difference between encumbered assets for policyholders’ obligations and policyholders’ obligations, calculated as follows	

	Policy holder 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		
(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



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(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))	XX%
(xiii)	Excess encumbered assets transferred to Tier 2 ((ix) x (xii))	XXX
(i)	Less: Encumbered assets not securing policyholders' obligations (Notes to Form 1EBS, Line 15)	XXX
	Less: Relative liability or contingent liability (included on Form 1EBS) for which the encumbered assets are held	XXX
(j)	Less: Residual restricted assets in excess of capital requirements, reported in CISSA, to the extent that these amounts are not included in the encumbered assets for policyholder obligations and not for securing policyholder obligations	XXX
<b>TIER 1-ANCILLARY CAPITAL</b>		
(a)	Perpetual or fixed term subordinated debt (Form 8, Line 1(c)(i))	XXX
<b>TOTAL TIER 1 AVAILABLE CAPITAL</b>		<b>XXX</b>
<b>TIER 2-BASIC CAPITAL</b>		
Hybrid capital instruments:		
(a)	Perpetual or fixed term preference shares – Qualifying (Form 8, Line 1(a)(ii))	XXX
(b)	Other	XXX
(c)	Add: Difference between encumbered assets for policyholders' obligations and policyholders' obligations deducted from Tier 1	XXX
<b>TIER 2 ANCILLARY CAPITAL</b>		
(a)	Unpaid and callable common shares (Form 8, Line 1(c)(i))	XXX
(b)	Qualifying unpaid and callable hybrid capital (Form 8, Line 1(c)(i))	XXX
(c)	Qualifying unpaid and callable non-cumulative, perpetual preference shares (Form 8, Line 1(c)(i))	XXX
(d)	Perpetual or fixed term subordinated debt (Form 8, Line 1(c)(i))	XXX
(e)	Approved letters of credit (Form 8, Line 1(c)(ii))	XXX
(f)	Approved guarantees (Form 8, Line 1(c)(ii))	XXX
<b>TOTAL TIER 2 AVAILABLE CAPITAL</b>		<b>XXX</b>
<b>TIER 3 BASIC CAPITAL</b>		
Short-term hybrid capital instruments:		
(a)	Perpetual or fixed-term preference shares – Qualifying (Form 8, Line 1(a)(ii))	XXX
<b>THE 3 ANCILLARY CAPITAL</b>		
(a)	Short-term subordinated debt (Form 8, Line 1(c)(i))	XXX
(b)	Approved letters of credit (Form 8, Line 1(c)(ii))	XXX
(c)	Approved guarantees (Form 8, Line 1(c)(ii))	XXX
<b>TOTAL TIER 3 AVAILABLE CAPITAL</b>		<b>XXX</b>
<b>TOTAL AVAILABLE STATUTORY ECONOMIC CAPITAL AND SURPLUS</b>		<b>XXX</b>
<b>REGULATORY CAPITAL LEVELS</b>		
<b>Minimum Margin of Solvency</b>		<b>XXX</b>
<b>Enhanced Capital Requirement</b>		<b>XXX</b>

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**INSTRUCTIONS AFFECTING TABLE 17:**

the insurance group shall include all components of the total available statutory capital and surplus (as reflected in Form 1EBS, Line 40) in accordance with the provisions of paragraphs 21 and 22 of the Group Rules. Adjustments under subparagraph 3(3)(b) to (d) shall be made to Tier 1 – basic capital (c) statutory surplus – end of year.

**Table 17A**

**ADDITIONAL**

**DETAILS**

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

**INSTRUCTIONS AFFECTING TABLE 17A:**

The insurance group shall include every capital instrument contributing to the amount reported in Form 8, Line 1(c) of the Group Statutory Statement of Capital and Surplus in Table 17A in accordance with the provisions of paragraphs 21 and 22 of the Group Rules.”

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**SCHEDULE XIV (Paragraph 6)**

**GROUP STATUTORY ECONOMIC BALANCE SHEET**

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

**Form 1EBS**

**GROUP STATUTORY ECONOMIC BALANCE SHEET**

[blank] name of Parent

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

expressed in [blank] (currency used)

Line No		20XX	20XX-1
<b>1.</b>	<b>CASH AND CASH EQUIVALENTS</b>	<b>XXX</b>	<b>XXX</b>
<b>2.</b>	<b>QUOTED INVESTMENTS:</b>		
(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
<b>3.</b>	<b>UNQUOTED INVESTMENTS:</b>		
(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
<b>4.</b>	<b>INVESTMENTS IN AND ADVANCES TO AFFILIATES (Equity)</b>		
(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
(g)	Advances to affiliates	XXX	XXX

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(h)	Total investments in and advances to affiliates (equity)	XXX	XXX
<b>5.</b>	<b>INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:</b>		
(a)	First liens	XXX	XXX
(b)	Other than first liens	XXX	XXX
(c)	Total investment in mortgage loans on real estate	XXX	XXX
<b>6.</b>	<b>POLICY LOANS</b>	<b>XXX</b>	<b>XXX</b>
<b>7.</b>	<b>REAL ESTATE:</b>		
(a)	Occupied by the group (less encumbrances)	XXX	XXX
(b)	Other properties (less encumbrances)	XXX	XXX
(c)	Total real estate	XXX	XXX
<b>8.</b>	<b>COLLATERAL LOANS</b>	<b>XXX</b>	<b>XXX</b>
<b>9.</b>	<b>INVESTMENT INCOME DUE AND ACCRUED</b>	<b>XXX</b>	<b>XXX</b>
<b>10.</b>	<b>ACCOUNTS AND PREMIUMS RECEIVABLE</b>		
(a)	In course of collection	XXX	XXX
(c)	Receivables from retrocessional contracts	XXX	XXX
(d)	Total accounts and premiums receivable	XXX	XXX
<b>11.</b>	<b>REINSURANCE BALANCES RECEIVABLE</b>		
(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
<b>12.</b>	<b>FUNDS HELD BY CEDING REINSURERS</b>		
(a)	Affiliated	XXX	XXX
(b)	Non-affiliated	XXX	XXX
(c)	Total funds held by ceding reinsurers	XXX	XXX
<b>13.</b>	<b>SUNDRY ASSETS:</b>		
(a)	Derivative instruments	XXX	XXX
(b)	Segregated accounts - LT business - variable annuities	XXX	XXX
(c)	Segregated accounts - LT business - other	XXX	XXX
(d)	Segregated accounts - General business	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
<b>14.</b>	<b>LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS</b>		

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(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
<b>15.</b>	<b>TOTAL ASSETS</b>	<b>XXX</b>	<b>XXX</b>
	<b>GENERAL BUSINESS INSURANCE TECHNICAL PROVISIONS</b>		
<b>16.</b>	<b>BEST ESTIMATE PREMIUM PROVISIONS</b>		
(a)	Gross premium provisions	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 reinsurers	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Net premium provisions	XXX	XXX
<b>17.</b>	<b>BEST ESTIMATE LOSS AND LOSS EXPENSE PROVISIONS</b>		
(a)	Gross loss and loss expense provisions	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 reinsurers	XXX	XXX
(c)	Total reinsurance recoverable balance	XXX	XXX
(d)	Net loss and loss expenses provisions	XXX	XXX
<b>18.</b>	<b>RISK MARGIN - GENERAL INSURANCE BUSINESS</b>	<b>XXX</b>	<b>XXX</b>
<b>19.</b>	<b>TOTAL GENERAL BUSINESS INSURANCE TECHNICAL PROVISIONS</b>	<b>XXX</b>	<b>XXX</b>
	<b>LONG-TERM BUSINESS INSURANCE TECHNICAL PROVISIONS</b>		
<b>20.</b>	<b>BEST ESTIMATE RESERVES FOR REPORTED CLAIMS</b>	<b>XXX</b>	<b>XXX</b>
<b>21.</b>	<b>BEST ESTIMATE RESERVES FOR UNREPORTED CLAIMS</b>	<b>XXX</b>	<b>XXX</b>
<b>22.</b>	<b>BEST ESTIMATE POLICY RESERVES - LIFE</b>	<b>XXX</b>	<b>XXX</b>
<b>23.</b>	<b>BEST ESTIMATE POLICY RESERVES - ACCIDENT AND HEALTH</b>	<b>XXX</b>	<b>XXX</b>
<b>24.</b>	<b>BEST ESTIMATE POLICYHOLDERS' FUNDS ON DEPOSIT</b>	<b>XXX</b>	<b>XXX</b>

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<b>25.</b>	<b>BEST ESTIMATE LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS</b>	<b>XXX</b>	<b>XXX</b>
<b>26.</b>	<b>BEST ESTIMATE OTHER LONG-TERM BUSINESS INSURANCE RESERVES</b>	<b>XXX</b>	<b>XXX</b>
<b>27.</b>	<b>TOTAL BEST ESTIMATE LONG-TERM BUSINESS INSURANCE PROVISIONS</b>		
(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
<b>27A.</b>	<b>RISK MARGIN - LONG-TERM INSURANCE BUSINESS</b>	<b>XXX</b>	<b>XXX</b>
<b>27B.</b>	<b>LONG-TERM TECHNICAL PROVISIONS CALCULATED AS A WHOLE</b>		
(a)	Total gross long-term business insurance technical provisions calculated as a whole	XXX	XXX
(b)	Less: Reinsurance recoverable balance on long-term business calculated as a whole		
	(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 technical provisions calculated as a whole	XXX	XXX
<b>27C.</b>	<b>TOTAL LONG-TERM BUSINESS INSURANCE TECHNICAL PROVISIONS</b>	<b>XXX</b>	<b>XXX</b>
	<b>OTHER LIABILITIES</b>		
<b>28.</b>	<b>INSURANCE AND REINSURANCE BALANCES PAYABLE</b>	<b>XXX</b>	<b>XXX</b>
<b>29.</b>	<b>COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE</b>	<b>XXX</b>	<b>XXX</b>
<b>30.</b>	<b>LOANS AND NOTES PAYABLE</b>	<b>XXX</b>	<b>XXX</b>
<b>31.</b>	<b>TAX LIABILITIES</b>		
	(a) INCOME TAXES PAYABLE	XXX	XXX
	(b) DEFERRED INCOME TAXES	XXX	XXX
<b>32.</b>	<b>AMOUNTS DUE TO AFFILIATES</b>	<b>XXX</b>	<b>XXX</b>
<b>33.</b>	<b>ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b>	<b>XXX</b>	<b>XXX</b>
<b>34.</b>	<b>FUNDS HELD UNDER REINSURANCE CONTRACTS</b>		
(a)	Affiliated	XXX	XXX
(b)	Non-affiliated	XXX	XXX

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(c)	Total funds held under reinsurance contracts	XXX	XXX
<b>35.</b>	<b>DIVIDENDS PAYABLE</b>	<b>XXX</b>	<b>XXX</b>
<b>36.</b>	<b>SUNDRY LIABILITIES:</b>		
(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
(e)	Segregated accounts - General business	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
<b>37.</b>	<b>LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS</b>		
(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
<b>38.</b>	<b>TOTAL OTHER LIABILITIES</b>	<b>XXX</b>	<b>XXX</b>
<b>39.</b>	<b>TOTAL INSURANCE TECHNICAL PROVISIONS AND OTHER LIABILITIES</b>	<b>XXX</b>	<b>XXX</b>
	<b>STATUTORY ECONOMIC CAPITAL AND SURPLUS</b>		
<b>40.</b>	<b>TOTAL STATUTORY ECONOMIC CAPITAL AND SURPLUS</b>	<b>XXX</b>	<b>XXX</b>
<b>41.</b>	<b>TOTAL</b>	<b>XXX</b>	<b>XXX</b>

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**NOTES TO FORM 1EBS**

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

<b>Additional Disclosures</b>		20XX
Line 10	Details of the amount of any collateral placed in favour of the members of the Group	XXX
Line 11(e)	Details of the amount of any collateral placed in favour of the members of the Group	XXX
Line 17(c)-(ii)	Details of the amount of any collateral placed in favour of the members of the Group	XXX
Line 27(c)-(ii)	Details of the amount of any collateral placed in favour of the members of the Group	XXX
Line 27B(c)-(ii)	Details of the amount of any collateral placed in favour of the members of the Group	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 1EBS and Line 40 of Form 1 required under Schedule 1 of the Insurance (Group Supervision) Rules 2011	XXX

<b>General Business Provisions Additional Disclosures</b>		
Line 16(c)	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 17(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 16(d)-(i)	The amount of premium included as ‘Bound But Not Incepted’ (as defined in paragraph 12 of the Instructions Affecting Form 1EBS) in the calculation of line 16(d),	XXX
Line 16(d)-(ii)	The amount of best estimate premium provision included in line 16(d) in respect of the ‘Bound but Not Incepted’ business identified above. The amount shall be separately split between the statutory lines of general business set out in Schedule III.	XXX



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Line 17(d)-(i)	The amount by which the best estimate loss and loss expense provisions were reduced as a result of discounting.	XXX
Line 17(d)-(ii)	The amount of best estimate loss and loss expense provisions calculated using the scenario-based approach (as set out in paragraph 17 of the Instructions Affecting Form 1EBS) included in line 17(d), along with details of the business it was applied to.	XXX

<b>Long-Term Business Provisions Additional Disclosures</b>		
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 12 of the Instructions Affecting Form 1EBS) 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 IVB.	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 IVB.	XXX
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 20 of the Instructions Affecting Form 1EBS) The amount shall be split between the statutory lines of business set out in Schedule IVB.	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 IVB.	XXX
Line 27(d) – (v)	Where the ‘Scenario-based approach’ (as defined in paragraph 17 of the Instructions Affecting Form 1EBS) has been used for some of its business, the Group 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 IVB.	XXX
Line 27(d) – (vi)	Where the ‘Scenario-based approach’ (as defined in paragraph 17 of the Instructions Affecting Form 1EBS), the Group shall disclose the amount of best estimate technical provisions relating to that business had the ‘standard approach’ (as defined in paragraph 16 of the Instructions Affecting Form 1EBS) been used. The amount shall be separately split between the lines of business set out in Schedule IVB.	XXX
Line 27(d) – (vii)	Where the ‘Scenario-based approach’ (as defined in paragraph 17 of the Instructions Affecting Form 1EBS), the Group shall disclose the amount of best estimate technical provisions relating to that business if only the ‘base scenario’ were used. The amount shall be separately split between the lines of business set out in Schedule IVB.	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

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Line 27B(d)-(i)	The amount of premium included as 'Bound but Not Incepted' (as defined in paragraph 12 of the Instructions Affecting Form 1EBS)	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

**General Business Reserves:**

	20XX
Net best estimate loss and loss expense provisions at start of year (line 17(d) prior year)	XXX
Net loss and loss expenses incurred related to business written in prior years	XXX
Foreign exchange and other adjustments	XXX
Unwind discount (start year discount curve)	XXX
Impact of change in discount curve	XXX
Net loss and loss expenses incurred related to prior years	XXX
Net best estimate loss and loss expense provisions at end of year related to prior years	XXX
Net loss and loss expenses incurred related to business written in current year	XXX
Net loss and loss expenses paid or payable related to current year	XXX
Net best estimate loss and loss expense provisions at end of year related to current year	XXX
Net best estimate loss and loss expense provisions at end of year (line 17(d))	XXX

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## **INSTRUCTIONS AFFECTING FORM 1EBS**

### **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 insurance group, 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 Group, 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 insurance group shall apply the fair value model.
3. For cases where the GAAP principles do not require an economic valuation the insurance group 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 insurance group.
5. Insurance groups 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;

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- (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 received 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 insurance group is no longer required to provide coverage;
  - (b) The insurance group 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 insurance group 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. For general business, best estimate provisions shall be determined separately in respect of business for which claims have yet to occur (premium provisions) and for claims which have already occurred whether reported to the insurance group or not (loss and loss expense provisions).
12. Where the insurance group 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 insurance group, then that policy shall be included in the best estimate (“bound but not incepted” or BBNI business).
13. Assumptions underlying the calculation of technical provisions shall be based on current expected experience, using expert judgment where necessary, and shall reflect expected policyholder behaviour and future management actions.
14. 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 (r) of THE INSTRUCTIONS AFFECTING SCHEDULE V: The corresponding assets supporting these modified continuance arrangements shall be included in Lines 1 to 15 of Form 1EBS.
15. 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 insurance groups 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.
16. Insurance groups 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 insurance groups 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.

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17. Insurance groups 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.
18. 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 .
19. 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 18), and be discounted using the risk free discount curve. The risk margin shall be calculated separately for general business and Long-Term business, making allowance for the effects of the diversification of regulatory capital requirements within the insurance group. For general business, the risk margin shall not be split between premium provisions and loss and loss expense provisions.
20. Subject to prior approval of the Authority, insurance groups 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 approach has been applied. Under the transitional arrangement, the insurance group would calculate technical provisions using the EBS approach set out in paragraphs 8-16 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 insurance group would then interpolate linearly between the 2 values, such that the current approach applies for year end 31 December 2016 and the full EBS approach would apply 16 years later at year end 31 December 2032.
21. Subject to prior approval of the Authority, insurance groups 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.

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

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		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).
<b>3. Unquoted investments</b>		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).
<b>4. Investment in and advances to affiliates (equity)</b>		All investments where the Group 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.  Economic Balance Sheet valuation principles shall be applied to the affiliates before deriving values to be included here.  There shall be disclosed severally
	(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.
<b>5. Investments in mortgage loans on real estate</b>		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).
<b>6. Policy loans</b>		Loans to policyholders on the security of cash surrender value of the policyholder's long-term insurance policy shall be included here.

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<b>7. Real estate</b>	Commercial investments occupied by group members shall be included here.	
	(a)	Occupied by any member of the group (less encumbrances): Both land and buildings and any other commercial investments occupied by group members shall be included here.
	(b)	Other properties (less encumbrances): Other residential and commercial investments.
	(c)	Total real estate: The total of (a) and (b).
<b>8. Collateral loans</b>	Other loans shall be included here.	
<b>9. Investment income due and accrued</b>	Accrued investment income shall be included here.	
<b>10. Accounts and premiums receivable</b>	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.
<b>11. Reinsurance balances receivable</b>	Amounts due in more than one year shall be discounted at the relevant risk free rate. The amount of any collateral placed in favour of members of the Group shall be disclosed in a supplementary note. 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.
<b>12. Funds held by ceding</b>	Funds held by ceding reinsurers shall be included here. Any amounts deemed uncollectible shall be deducted.	
	(a)	Affiliated;
	(b)	Non-affiliated;
	(c)	The total of (i) and (ii)
<b>13. Sundry assets</b>	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
	(d)	Segregated accounts - General business

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	(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)	Pension Benefit surplus
	(j)	Any other assets – please provide details in a supplementary note
	(k)	Total sundry assets: The total of (a) to (j) inclusive.
<b>14. Letters of credit, guarantees and other instruments</b>		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.
<b>15. Total Assets</b>		This shall be the total of lines 1 to 14 inclusive. The total amount of encumbered assets that are not securing policyholder obligations shall be disclosed, stating the purpose of the encumbrance.
<b>General Business Insurance Technical Provisions</b>		
<b>16. Best Estimate Premium Provisions</b>		Best estimate premium provisions shall be assessed using the Economic Balance Sheet valuation principles, and shall cover all claims events that are expected to be incurred after the valuation date in respect of all contracts written on or before the valuation date – this includes business which has been written on or before the valuation date and incepts after the valuation date ('bound but not incepted' business). They shall also take into account any guaranteed options included in these contracts for future coverage on rates and terms and conditions which are fixed and which the Group is unable to change.  Cash flows to be considered here include all those referred to in paragraph 8 of the EBS valuation principles  There shall be disclosed severally -
	(a)	Gross premium provisions: Gross premium provisions assessed on the Economic Balance Sheet valuation principles
	(b)	Less: reinsurance recoverable balances): Amounts expected to be recoverable from reinsurers assessed on the Economic Balance Sheet valuation principles on a basis consistent with the gross assessment.



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		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 amounts 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.
	(d)	Net premium provisions: The total of (a) and (c).
<b>17. Best Estimate Loss and loss expense provisions</b>		Best Estimate loss and loss expense provisions shall be assessed on the Economic Balance Sheet valuation principles. It shall include all unpaid amounts in respect of claim events that have occurred on or before the valuation date, whether reported to the Group or not.  There shall be disclosed severally -
	(a)	Gross loss and loss expense provisions: Gross unpaid loss and loss expenses assessed on the Economic Balance Sheet valuation principles
	(b)	Less: reinsurance recoverable balances): Losses and loss expenses recoverable 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 amounts 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 members of the Group shall be disclosed in a supplementary note.
	(d)	Net loss and loss expense provisions: The total of (a) and (c).
<b>18. Risk Margin – General Insurance Business</b>		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 premium provisions, loss provisions and other reserves, and may be calculated at an aggregate level for general business, making allowance for the effects of the diversification effects of regulatory capital requirements within the general business of the Group.
<b>19. Total general insurance business technical provisions</b>		This shall be the total of lines 16(d), 17(d), and 18 inclusive.

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<b>Long-term Business Insurance Technical Provisions</b>	
<b>20. Best Estimate Reserves for reported claims</b>	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
<b>21. Best Estimate Reserves for unreported claims</b>	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.
<b>22. Best Estimate Policy reserves - life</b>	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 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). These amounts are net of any expected recoverable balances.
<b>23. Best Estimate Policy reserves – accident and health</b>	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. These amounts are net of any expected recoverable balances
<b>24. Best Estimate Policyholders' funds on deposit</b>	These consist of premiums paid in advance of the due date, and shall be valued in line with Economic Balance Sheet valuation principles.
<b>25. Best Estimate Liability for future policyholders' dividends</b>	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.
<b>26. Best Estimate Other long-term business insurance reserves</b>	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.
<b>27. Total Best Estimate long-term business insurance provisions</b>	Best estimate Long-term business insurance provisions calculated in line with Economic Balance Sheet valuation principles (and are not included on Form1EBS, Line 27B). It comprises the total of lines 20 to 26 inclusive, showing an analysis between the gross and net positions. There shall be disclosed severally -
	(a) Total gross long-term business insurance provisions: Gross unpaid loss and loss expenses assessed on the Economic Balance Sheet valuation principles
	(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 amounts 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 members of the Group shall be disclosed in a supplementary note.
	(d) Net long term business provisions:

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		The total of (a) and (c) – which is also the same as the sum of lines 20 to 26 inclusive.
<b>27A. Risk Margin – Long-term insurance business</b>		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 Group.
<b>27B. Long-term technical provisions calculated as a whole</b>		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. There shall be disclosed severally -
	(a)	Total gross long-term business insurance reserves calculated as a whole.
	(b)	Less: reinsurance recoverable balances): The amount of recoverables shall be assessed 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 amounts 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 members of the Group shall be disclosed in a supplementary note.
	(d)	Net long term business technical provisions: The total of (a) and (c).
<b>27C. Total Long-term insurance business technical provisions</b>		This shall be the total of lines 27(d), 27A and 27B(d).
<b>Other Liabilities</b>		
<b>28. Insurance and Reinsurance balances payable</b>		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.
<b>29. Commissions, expenses, fees and taxes payable</b>		All unearned commissions shall be included here. Amounts payable in more than one year shall be discounted at the relevant risk free rate.
<b>30. Loans and notes payable</b>		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.
<b>31. Tax liabilities</b>		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

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	(b)	Deferred income taxes
<b>32. Amounts due to affiliates</b>	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.	
<b>33. Accounts payable and accrued liabilities</b>	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.	
<b>34. Funds held under reinsurance contracts</b>	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)
<b>35. Dividends payable</b>	All dividends payable shall be included here	
<b>36. Sundry liabilities</b>	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
	(e)	Segregated accounts – General business
	(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
<b>37. Letters of credit, guarantees and other instruments</b>	<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 a member of the group which relate to the group’s insurance or reinsurance contracts shall not be recorded.</p> <p>Details of the basis used to derive amounts disclosed shall be set out in a supplementary note, including the undiscounted amounts of the liabilities.</p> <p>There shall be disclosed severally -</p>	
	(a)	Letters of credit
	(b)	Guarantees
	(c)	Other instruments

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	(d)	This shall be the total of (a) to (c) inclusive
<b>38. Total other liabilities</b>		This shall be the total of lines 28 to 37 inclusive
<b>39. Total insurance technical provisions and other liabilities</b>		This shall be the total of lines 19, 27C and 38 inclusive
<b>40. Total statutory economic capital and surplus</b>		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 1 required under Schedule 1 of the Insurance (Group Supervision) Rules 2011 shall be shown in a supplementary note.
<b>41. Total</b>		This shall be the total of lines 39 and 40 It should equal line 15

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**SCHEDULE XV (Paragraph 6)**

**GROUP ACTUARY'S OPINION**

- 1 The group actuary's Opinion must state whether or not, in the opinion of the group actuary, the aggregate amount of technical provisions shown at Line 19 and Line 27C in the Group 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 group under the terms of its insurance contracts and agreements.
  
- 2 The group 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 group actuary shall also state (but is not limited to) their best estimates for following matters (as applicable):
  - (a) Line 16(a)
  - (b) Line 16(d)
  - (c) Line 17(a)
  - (d) Line 17(d)
  - (e) Line 27(a)
  - (f) Line 27(d)
  - (g) Line 27B(a)
  - (h) Line 27B(d)
  
- 3 The group actuary is required to state their estimates for the risk margin (Line 18 and line 27A) and state whether or not, in their opinion, these amounts have been calculated in accordance with the requirements of Schedule XIV.
  
- 4 In relation to Lines 16(a), 27(a) and 27B(a), the group actuary shall provide commentary on the assumptions made in relation to Bound But Not Incepted business, as described in paragraph 12 of the Economic Balance Sheet valuation principles set out in Schedule XIV.
  
- 5 The group actuary shall provide commentary for Lines 16(d), 17(d), 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 group 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 group 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 Group has made use of the 16 year transitional arrangements for certain insurance business, the group 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 20 of the Economic Balance Sheet valuation principles set out in Schedule XIV
  
- 9 The group actuary shall provide commentary on any aspects of the technical provisions of the Group which give rise to greater levels of uncertainty than would typically be associated with the group's business.
  
- 10 The group actuary's Opinion shall further confirm:
  - (a) the group 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 Group Actuary) ;
  - (b) whether or not the group actuary continues to be a qualified member in good standing

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- of all official actuarial bodies included in their application to the Authority for approval;
- (c) whether or not the group actuary is in full compliance with the most recent Continuing Professional Development requirements of their official actuarial body;
  - (d) whether or not the group 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 group actuary's Opinion are required to be made available to the Authority by the group 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 group actuary and must include their current contact information, including but not limited to, telephone number and email address.

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**SCHEDULE XVIII - EXPANDED PARTICULARS OF CEDED REINSURANCE**

**(Paragraph 6)**

[blank] name of Company  
 As at [blank] (day/month/year)

All amounts expressed in ..... (currency used)

	<b>(A)</b>	<b>(B)</b>	<b>(C)</b>	<b>(D)</b>	<b>(E)</b>	<b>(F)</b>	<b>(G)</b>
<b>Name of Reinsurer</b>	<b>Rating</b>	<b>Rating Agency</b>	<b>BSCR Rating</b>	<b>Jurisdiction</b>	<b>Premiums Ceded During the Year</b> (Form 2, Lines 2 &13)	<b>Reinsurance Recoverable</b> (Form 1EBS, Lines 11, 12, 17(c) & 27(c))	<b>Market Risk</b> (Form 1EBS, Line 12)

<b>(H)</b>	<b>(I)</b>	<b>(J)</b>	<b>(K)</b>	<b>(L)</b>	<b>(M)</b>	<b>(N)</b>	<b>(O)</b>
<b>Adjusted Reinsurance Recoverable</b> [(F) Less (G)]	<b>Reinsurance Payable</b> Form 1EBS Line 28, 29, 33 and 34(c)	<b>Net Reinsurance Recoverable</b> [(F) Less (I)]	<b>Net Reinsurance Recoverable Due For Less than 180 Days</b>	<b>Net Reinsurance Recoverable Due For More than 180 Days</b>	<b>Collateral</b> Notes to Form 1EBS Line 11(e) and Line 17(c)	<b>Qualifying Collateral</b>	<b>Net Qualifying Exposure</b>



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	<b>(F)</b>	<b>(G)</b>	<b>(H)</b>	<b>(I)</b>	<b>(J)</b>	<b>(M)</b>	<b>(N)</b>	<b>(O)</b>
<b>Exposure By BSCR Rating</b>	<b>Reinsurance Recoverable</b> (Form 1EBS, Lines 11, 12, 17(c) & 27(c))	<b>Market Risk</b> (Form 1EBS, Line 12)	<b>Adjusted Reinsurance Recoverable</b> [(F) Less (G)]	<b>Reinsurance Payable</b> Form 1EBS Line 28, 29, 33 and 34(c)	<b>Net Reinsurance Recoverable</b> [(F) Less (I)]	<b>Collateral</b> Notes to Form 1EBS Line 11(e) and Line 17(c)	<b>Qualifying Collateral</b>	<b>Net Qualifying Exposure</b>
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								

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**INSTRUCTIONS AFFECTING SCHEDULE XVIII:**

- (a) the expanded particulars of ceded reinsurance shall disclose the top 10 unaffiliated reinsurers for which the group has the highest recoverable balance and any reinsurer with recoverable balance exceeding 15% of the insurance group's statutory capital and surplus, as prescribed in Schedule 2 of the Group Rules, including—
- (i) any remaining recoverable balance not included above shall be grouped according to BSCR ratings and/or a single consolidated recoverable balance;
  - (ii) the BSCR rating;
  - (iii) the amount of reinsurance recoverable from it in the form of funds held by ceding reinsurers (as reflected in Form 1EBS, Line 12);
  - (iv) the amount of any collateral placed in favour of the members of the group relating to the recoverable balances (as reflected in Notes to Form 1EBS, Lines 11(e), 17(c), and 27(c));
  - (v) the amount of qualifying collateral shall be the collateral amount in iv) 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 reinsurance recoverable and reinsurance balances payable;
  - (vi) the net qualifying exposure shall be the determined as the net exposure less any funds held by ceding reinsurers included under Schedule IIA and the qualifying collateral; and
  - (vii) 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 a reinsurer is not rated but is regulated in a jurisdiction that applies the International Association of Insurance Supervisors' Insurance Core Principles and in particular imposes both a minimum capital requirement 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
    - (D) where the insurance group 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 insurance group may disclose at least the top 10 cash and cash counterparty exposures (as reflected in Form 1EBS 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; and
- (vi) insurance groups may allocate BSCR Rating based on the table below or with the allocation detailed in Schedule II.

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			

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**Schedule XIXA - Schedule of Cash and Cash Equivalent Counterparty Analysis  
(Paragraph 6)**

**[blank] name of Parent  
As at [blank] (day/month/year)**

All amounts expressed in ..... (currency used)

<b>Cash and Cash Counterparty Balance for 10 Largest Exposures</b>	<b>BSCR Rating</b>	<b>Asset Value (A)</b>

<b>Exposure By BSCR Rating</b>	<b>Asset Value (A)</b>
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 XIXA:**

- (i) cash and cash equivalent balances are to be reported based on its BSCR Rating;
- (ii) an insurance group may disclose at least the top 10 cash and cash counterparty exposures (as reflected in Form 1EBS and Schedules IIB to IIF Column 1, Line 58);
- (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) insurance groups may allocate BSCR Rating based on the table below or with the allocation detailed in Schedule IIB; and
- (vii) amounts shall be reported on an EBS Valuation basis.

<b>BSCR Ratings</b>	<b>Standard &amp; Poor's</b>	<b>Moody's</b>	<b>AM Best</b>	<b>Fitch</b>
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			

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**SCHEDULE XX - SCHEDULE OF CURRENCY RISK**

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in ..... (currency used)

<b>Currency</b>	<i>GrossCurrast<sub>i</sub></i> (A)	<i>Currast<sub>i</sub></i> (B)	<i>GrossCurrliab<sub>i</sub></i> (C)	<i>Currliab<sub>i</sub></i> (D)
Financial Year	<b><u>Liabilities</u></b>	<b><u>ECR Charge</u></b>		
	<u>Form 1EBS, Line 39</u>	<u>Summary Schedule</u>		
XXX-1				
XXX-2				
XXX-3				

**INSTRUCTIONS AFFECTING SCHEDULE XX:**

- (i) insurance groups are to report currencies representing at least 95% of their economic balance sheet liabilities
- (ii) *GrossCurrast<sub>i</sub>* and *GrossCurrliab<sub>i</sub>* shall be valued in line with the Economic Balance Sheet principles set out in Schedule XIV;
- (iii) where an insurance group uses currency hedging arrangements to manage its currency risk, then *Currast<sub>i</sub>* and *Currliab<sub>i</sub>* may be adjusted to reflect the impact of those arrangements on *GrossCurrast<sub>i</sub>* and *GrossCurrliab<sub>i</sub>* of a 25% adverse movement in foreign exchange rates, otherwise the amounts *GrossCurrast<sub>i</sub>* and *GrossCurrliab<sub>i</sub>* shall apply; and
- (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’.

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**Schedule XXA - Schedule of Currency Risk**

[blank] name of Parent													
As at [blank] (day/month/year)													
All amounts expressed in ..... (currency used)													
Currency	MARKET VALUE BEFORE SHOCK						MARKET VALUE AFTER SHOCK						
	Assets - Excluding currency-derivatives	Long Exposures		Short Exposures		Liabilities without Management Actions	Assets - Excluding currency-derivatives	Long Exposures		Short Exposures		Liabilities without Management Actions	Liabilities with Management Actions
		Currency Derivatives Qualifying as held for risk-mitigation purposes	Currency Derivatives Not Qualifying as held for risk-mitigation purposes	Currency Derivatives Qualifying as held for risk-mitigation purposes	Currency Derivatives Not Qualifying as held for risk-mitigation purposes			Currency Derivatives Qualifying as held for risk-mitigation purposes	Currency Derivatives Not Qualifying as held for risk-mitigation purposes	Currency Derivatives Qualifying as held for risk-mitigation purposes	Currency Derivatives Not Qualifying as held for risk-mitigation purposes		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
United States Dollars													
Bermuda Dollars													
Qatari Riyals													
Hong Kong Dollars													
Euros													
Danish Kroner													
Bulgarian Levs													
West African CFA Francs													
Central African CFA Francs													
Comorian Francs													
United Kingdom Pounds													

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Canada Dollars													
Japan Yens													
Other currency 1													
Other currency 2													
Other currency 3													
Other currency 4													
Other currency 5													
Other currency 6													
Other currency 7													
Other currency 8													
Other currency 9													
Other currency 10													
Financial Year	<b><u>Liabilities</u></b>		<b><u>ECR Charge</u></b>										
	<u>Form 1EBS, Line 39</u>		<u>Summary Schedule</u>										
XXX-1													
XXX-2													

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XXX-3													
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**INSTRUCTIONS AFFECTING SCHEDULE XXA:**

- (i) insurance groups shall report currencies representing not less than 95% of their economic balance sheet liabilities;
- (ii) assets qualifying as held for risk mitigation purposes; assets not qualifying for risk mitigation purposes and liabilities without management actions shall be valued in line with the Economic Balance Sheet principles set out in Schedule XIV and in accordance with criteria prescribed by the Authority; and
- (iii) liabilities with management actions shall be valued in accordance to criteria prescribed by the Authority in relation to the valuation of future bonuses and other discretionary benefits.



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**SCHEDULE XXI - SCHEDULE OF CONCENTRATION RISK**

**(Paragraph 6)**

**[blank] name of Company**

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

All amounts expressed in ..... (currency used)

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

**INSTRUCTIONS AFFECTING SCHEDULE XXI:**

- (i) Disclosure of an insurance group’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 1EBS.
- (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 1EBS;
  - (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; and

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- (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.

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**Schedule XXIA - Schedule of Concentration Risk**

**(Paragraph 6)**

**[blank] name of Parent**  
**As at [blank] (day/month/year)**

All amounts expressed in ..... (currency used)

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

**INSTRUCTIONS AFFECTING SCHEDULE XXIA:**

- (i) disclosure of an insurance group’s ten largest exposures to single counterparty risk by reporting the name, the exposure and allocation by asset type, bond or mortgage type (if applicable), BSCR Rating (if applicable) and asset value consistent with Form 1EBS.
- (ii) for the purposes of this Schedule, a counterparty shall include all related or connected counterparties captured by either of the following criteria:
  - (i) controller relationship: if a counterparty, directly or indirectly, has control of (as a result of its majority shareholding in or significant influence) the other counterparties; or
  - (ii) economic interdependence: if one of the counterparties were to experience financial difficulties which directly or indirectly affect the ability of any or all of the remaining counterparties to perform their financial obligations (for example where a counterparty becomes unable to fund or repay certain financial contractual obligations, and as a result, other counterparties, are likely to be unable to fund or repay certain obligations imposed on them);
- (iii) asset Type (Column A) shall be determined by the insurer as one of the following:
  - (i) cash and cash equivalents (as defined in Schedule XIX Column B Schedules IIB, IIC, IID, IIE, and IIF Column (1), Line 68);
  - (ii) quoted and Unquoted Investments (as defined in Schedules IIB, IIC, IID, IIE, and IIF Column (11), Line 14);
  - (iii) equity holdings (as defined in Schedules IIB, IIC, IID, IIE, and IIF Column (11), Line 37);
  - (iv) advances to Affiliates (reported on Form 1EBS, Line 4(g));
  - (v) policy Loans (reported on Form 1EBS, Line 6);

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- (vi) real Estate 1 (reported on Form 1EBS, Line 7(a));
- (vii) real Estate 2 (reported on Form 1EBS, Line 7(b));
- (viii) collateral Loans (reported on Form 1EBS, Line 8);
- (ix) for equity exposures that are grandfathered according to paragraph 28A, the appropriate asset type given in Instructions affecting Schedule XXI, point (iii).
- (iv) when reporting asset sub-type (under Column B) shall provide further details of the type of asset as included in Table 1, Table 2 or Table 8 as appropriate;
- (v) when applying the BSCR Rating (under Column C) the designated insurer shall apply the BSCR rating that was allocated to the asset when it was included in Table 1, Table 2 or Table 8 as appropriate; and
- (vi) asset value (under Column D) shall be the value of the asset as required by the Economic Balance Sheet valuation principles as set out in Schedule XIV.

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**Schedule XXIII - Schedule of Interest Rate Sensitive Assets and Liabilities**

[blank] name of Parent												
As at [blank] (day/month/year)												
All amounts expressed in ..... (currency used)												
INTEREST RATE DOWN SHOCK												
Currency	Exposures other than derivatives					Derivative exposures						
	Assets		Liabilities	Liabilities without Management Actions	Liabilities with Management Actions	Assets – Not Qualifying as held for risk-mitigation purposes		Assets – Not Qualifying as held for risk-mitigation purposes		Liabilities	Liabilities without Management Actions	Liabilities with Management Actions
	Before Shock	After Shock	Before Shock	After Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	After Shock
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
United States Dollars												
Euro												
United Kingdom Pounds												
Japan Yen												
Canada Dollars												
Swiss Francs												
Australia Dollar												
New Zealand Dollar												
Other currency 1												
Other currency 2												
Other currency 3												
Other currency 4												
Other currency 5												
Other currency 6												
Other currency 7												

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Other currency 8												
Other currency 9												
Other currency 10												
Interest Down Shock Total												
<b>INTEREST RATE UP SHOCK</b>												
<b>Exposures other than derivatives</b>												
<b>Derivative exposures</b>												
Currency	Assets		Liabilities	Liabilities	Liabilities without Management Actions	Assets – Not Qualifying as held for risk-mitigation purposes		Assets – Not Qualifying as held for risk-mitigation purposes		Liabilities	Liabilities without Management Actions	Liabilities with Management Actions
	Before Shock	After Shock	Before Shock	After Shock		Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	After Shock
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
United States Dollars												
Euros												
United Kingdom Pounds												
Japan Yens												
Canada Dollars												
Swiss Francs												
Australia Dollars												
New Zealand Dollars												
Other currency 1												
Other currency 2												
Other currency 3												
Other currency 4												
Other currency 5												
Other currency 6												
Other currency 7												

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Other currency 8												
Other currency 9												
Other currency 10												
Interest Up Shock Total												

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**INSTRUCTIONS AFFECTING SCHEDULE XXIII:**

- (a) insurance groups are required to report all interest rate sensitive assets including but not limited to fixed income assets, hybrid instruments, deposits, loans (including mortgage and policyholder loans), reinsurance balance receivables and exposures as determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for the following items:
  - i. collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
  - ii. segregated account companies assets;
  - iii. deposit asset;
  - iv. other sundry;
  - v. derivatives;
  - vi. funds held by ceding insurers.
  
- (b) insurance groups are required to report all interest rate sensitive liabilities including but not limited to best estimate of insurance liabilities, other liabilities and liability exposures as determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for the following items:
  - i. segregated account companies liabilities;
  - ii. deposit liabilities;
  - iii. other sundry liabilities;
  - iv. derivatives;
  - v. funds held under retrocession.
  
- (c) Assets qualified as held for risk mitigating purposes and assets not qualified as held for risk mitigating purposes shall be determined in accordance with criteria prescribed by the Authority.
  
- (d) liabilities with management actions shall be determined in accordance with criteria prescribed by the Authority.