



# **BERMUDA MONETARY AUTHORITY**

## **CONSULTATION PAPER**

### **SPECIAL PURPOSE INSURER ACCOUNTS, RETURNS AND SOLVENCY RULES 2019**

**31 OCTOBER 2019**

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RULES 2019**

**1B SPECIAL PURPOSE INSURER ACCOUNTS, RETURNS & SOLVENCY  
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## **I. INTRODUCTION**

1. This Consultation Paper sets out the Bermuda Monetary Authority's (the Authority or BMA) proposed Special Purpose Insurer Accounts, Returns and Solvency Rules 2019 (the Rules).
2. The BMA is proposing to formalise the annual return filing requirements applicable to Special Purpose Insurers (SPIs) by making these Rules in exercise of the power conferred to it by section 6A of the Insurance Act 1978 (the Act).

## **II. EXECUTIVE SUMMARY**

3. The proposed Rules do not represent a change in the existing filing requirements for SPIs. The proposed filing requirements in these Rules are consistent with the 2018 year-end filing requirements for SPIs. These Rules aim to simplify the Annual Returns filing cycle for SPIs largely by removing the need for modifications of the filing requirements of sections 15 to 18 of the Act.
4. Thank you in advance for your participation during this consultative process as the BMA advances its regime for the supervision of SPIs.
5. Comments are sought on this approach, together with suggestions for alternatives where issues are raised. Subject to the outcome of the consultation process, the BMA intends that new Rules will be effective from 1 January 2020.
6. Comments on the proposals outlined below should be submitted in writing to [riskanalytics@bma.bm](mailto:riskanalytics@bma.bm) no later than Friday 29 November 2019 with hardcopies delivered to the BMA's reception desk.

## **III. BACKGROUND**

7. The SPI class was introduced by the passage of the Insurance Amendment Act 2008 on 30 July 2008.
8. The current filing requirements for SPIs are laid out in sections 15 to 18 of the Act, alongside those for the other classes of insurers<sup>1</sup>. However, given the uniqueness of the SPI licensing class, and the wide range of structures and nuances within, it has become commonplace for SPIs to require modifications to these requirements and to apply annually for a Direction under section 56 (Section 56 Direction).
9. This initiative aims to codify the filing requirements for SPIs into a single comprehensive set of Rules, tailored to this unique insurance business model.

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<sup>1</sup> Unless otherwise indicated the term "insurer" includes "reinsurer", and "insurance" includes "reinsurance"

#### **IV. THE PROPOSED RULES**

10. Under the Rules, each SPI is required to annually file a Statutory Financial Return (SFR) in the Authority's Electronic Statutory Financial Return (ESFR) system.
11. Each SPI statutory balance sheet, statutory statement of income and statutory statement of capital and surplus within the SFR, is to be populated from the corresponding values in its GAAP<sup>2</sup> financial statements. The SFR is not required to be accompanied by the typical statutory note disclosures.
12. SPIs are required to have their GAAP financial statements audited unless they write only restricted special purpose business (as defined in the Act) or have been granted an audit exemption by the Authority.
  - (a) Where an SPI is not required by the Authority to have its GAAP financial statements audited, but it does so for any other purpose, it shall submit those audited financial statements to the Authority
  - (b) GAAP financial statements for each SPI are required to be attached to its SFR in all cases, even where the GAAP financial statements are unaudited
13. The SFR largely consists of the same Forms and Schedules as are standard under the current SPI filing requirements commonly granted by a Section 56 Direction, with the following amendments:
  - (a) The current separate requirements for a declaration signed by the SPIs' Directors and a letter from the principal representative have been combined into a single Annual Statutory Declaration and Solvency Certificate; this is to be signed by at least two Directors of the SPI, and the SPI's principal representative and attached within the ESFR
  - (b) Each SPI will be required to complete and submit the Authority's Schedules of:
    - i. Cyber Risk Management
    - ii. Compliance with Sanctions
    - iii. Schedule of Governance Structure
14. The proposed Special Purpose Insurer Accounts, Returns and Solvency Rules 2019 are attached to this Consultation Paper.

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<sup>2</sup> Generally Accepted Accounting Principles that apply in Bermuda, Canada, the United Kingdom the United States of America, Condensed GAAP prepared in accordance with the Insurance Accounts Rules 2016 or such other GAAP as the Authority may recognise.

**BERMUDA**

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2019**

**BR 8 / 2019**

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SCHEDULE

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

**Citation**

1 These Rules may be cited as the Special Purpose Insurer Accounts, Return and Solvency Rules 2019.

**Interpretation**

2 In these Rules:

“the Act” means the Insurance Act 1978;

“financial return” or “return” means statutory financial return;

“GAAP” means generally accepting accounting principles as defined in Section 17A of the Act;

“general business” is as understood in the Act;

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“IFRS” means International Financial Reporting Standards;

“insurance” has the same meaning as the expression “insurance business” has in the Act;

“SPI” means a special purpose insurer;

“relevant year” has the meaning assigned to it in Rule 5.

### **SPIs to make statutory financial returns in accordance with these Rules**

3 (1) Except as otherwise allowed by a direction made under Section 56 of the Act affecting any SPI, the form of statutory financial return that every SPI is to send to the Authority pursuant to Section 18(1) of the Act is the form that is prescribed in these Rules; and, except as aforesaid, it shall be the duty of every SPI to send to the Authority pursuant to Section 18(1) of the Act a return in that form.

(2) Every SPI is required to prepare and file an annual statutory financial return four months after the end of the financial year to which the return relates.

(3) Or such longer period, not exceeding seven months, as the Authority may allow in the case of that SPI on an application made to it for that purpose.

### **Statutory financial return to relate to relevant year**

4 (1) Every statutory financial return prepared in accordance with these Rules shall relate to the relevant year.

(2) In these Rules, “relevant year” in relation to a statutory financial return means the financial year to which the statutory financial return relates which are required to be available or filed under section 18 of the Act.

### **Content of statutory financial returns**

5 (1) The statutory financial return shall consist of the following forms, schedules and attachments —

(2) Forms in the case of general business SPIs:

- (a) a statutory balance sheet;
- (b) a statutory statement of income;
- (c) a statutory statement of capital and surplus;
- (d) a company information form; and
- (e) a statement of control and changes of control form.

(3) Forms in the case of long term SPIs:

- (a) a statutory balance sheet;
- (b) a statutory statement of income;
- (c) a statutory statement of capital and surplus;
- (d) a company information form; and
- (e) a statement of control and changes of control form.

(4) An SPI’s statutory balance sheet, statutory statement of income and statutory statement of capital and surplus shall be prepared on the basis of IFRS; GAAP that applies in Bermuda, Canada, the United Kingdom or the United States of America; or such other GAAP as the Authority may recognise.

(5) Schedules in the case of general business SPIs and long term SPIs:

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- (a) an own risk assessment schedule; and
  - (b) an annual statutory declaration and solvency certificate.
- (6) Attachments in the case of general business SPIs and long term SPIs:
- (a) GAAP financial statements;
  - (b) Account statement(s) produced by the trustee, custodian, grantor or party responsible for the holding of the assets held for the purpose of the special purpose business;
  - (c) Alternative Capital Schedule;
  - (d) Schedule of Cyber Risk Management;
  - (e) Schedule of Compliance with Sanctions; and
  - (f) Schedule of Governance Structure.
- (7) Rules 7 through 15, have effect as to the form of the above forms, schedules and attachments.

### **GAAP financial statements**

- 6 (1) Every SPI shall, in accordance with these Rules, prepare GAAP financial statements, in respect of its insurance business for each financial year.
- (2) Such financial statements shall be prepared in accordance with:
- (a) IFRS;
  - (b) GAAP that applies in Bermuda, Canada, the United Kingdom or the United States of America;
  - (c) Condensed GAAP prepared in accordance with the Insurance Accounts Rules 2016; or
  - (d) such other GAAP as the Authority may recognise.
- (3) GAAP financial statements filed by SPIs writing unrestricted special purpose business (as defined in the Act) shall be audited.
- (4) GAAP financial statements filed by SPIs writing restricted special purpose business (as defined in the Act) shall be unaudited.

### **Company Information**

- 7 (1) The company information form shall –
- (a) bear the name of the SPI and the title “Statutory Financial Return”;
  - (b) state the certificate of registration number;
  - (c) state the class or classes of registration;
  - (d) state the period covered by the return;
  - (e) state the currency in which amounts are shown in the SPI’s statutory financial statements and whether that currency is the currency in which those amounts are shown;
  - (f) state the name of the SPI’s ultimate parent;
  - (g) state the name of the SPI’s parent company;
  - (h) state the industry sector of the SPI’s parent;
  - (i) state the SPI’s ownership structure (for example, mutual company, company limited by shares, limited partnership, permit company, branch insurer, trust company, owned by a government or a government agency);
  - (j) state the SPI’s company structure;
  - (k) state the nature of the insurance business carried on by the SPI, including but not limited to—
    - (i) whether the SPI is an affiliated reinsurer;

- (ii) whether the SPI is a member of an insurance group;
- (iii) whether the SPI has segregated accounts;
- (iv) whether the SPI is in run-off;
- (l) state the conditions, if any, which have been imposed on the SPI's registration under section 4 of the Act;
- (m) state the particulars, if any, of any direction issued by the Authority;
- (n) state the lines of business written and separated by Line of Business type, Gross Premium Written, Premium Ceded, Net Premium Written, Net Earned Premium, Net Loss and Loss Expense Provision, and Net Loss Incurred but Not Reported;
- (o) state any non-Bermuda branches or subsidiaries within the insurance group (if applicable).

**Statement of control and changes of control**

8 (1) An SPI shall complete the Statement of Control and Changes of Control relating to the relevant year which shall:

- (a) confirm any change of an SPI's shareholder controllers since the last statutory financial return;
- (b) state the year-end date;
- (c) attach a register of shareholder controllers of the SPI, confirming the following:
  - i. any increase or decrease in the number of shareholder controllers;
  - ii. changes to the position that a shareholder controller is appointed to or holds an office in;
  - iii. changes in the ownership percentage of a shareholder controller (whether increase or decrease);
  - iv. the date a person became a new shareholder controller;
  - v. the date a person ceased to be a shareholder controller;
- (d) state the name of the ultimate parent company;
- (e) state the industry of operation of the ultimate parent company;
- (f) state the jurisdiction of the direct parent company;
- (g) state the jurisdiction of the ultimate parent company;

**Own risk assessment**

9 (1) An SPI's own risk assessment shall provide:

- (a) an overview of the insurance programme (including but not limited to affiliated, third party, source of business, and details of policy limits or aggregate limits);
- (b) details of any significant changes planned for the next 12 months;
- (c) confirmation of fronting insurer or insurers, if applicable;
- (d) details of any collateral including but not limited to:
  - i. collateral posted to contracts written to policy limits;
  - ii. collateral (for example, funds withheld or letters of credit);
  - iii. form of collateral;
  - iv. amount of collateral provided;
  - v. amount of assets encumbered;
- (e) details of the number of employees of the SPI residing in Bermuda;
- (f) details of known or notified legal actions, disputes or arbitration;
- (g) risk register;
- (h) risk appetite;
- (i) investment guidelines.



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### **Annual statutory declaration and solvency certificate**

10 (1) An annual statutory declaration and solvency certificate shall be signed by at least two directors of the SPI and by the SPI's principal representative in Bermuda, and shall state:

- (a) whether or not the SPI has prepared a statutory financial return in respect of the relevant year;
- (b) whether or not the said return is available at the SPI's principle office in Bermuda pursuant to section 17(1) or, as the case may be, have been filed pursuant to section 17(3) of the Act;
- (c) whether or not the SPI has complied with every condition attached to its certificate of registration;
- (d) the aggregate value of the SPI's assets as shown in the statutory financial return for the relevant year, in this sub-paragraph called "the statutory financial return assets value", and whether or not in the opinion of those signing the certificate:
  - i. the statutory financial return assets value was determined in accordance with the requirements of the Act and of any applicable rules and regulations;
  - ii. the value of the SPI's assets at the end of the relevant year was in the aggregate at least equal to the statutory financial return assets value;
- (e) whether or not in the opinion of those signing the certificate the aggregate amount of the SPI's liabilities at the end of the relevant year (after taking into account all prospective and contingent liabilities, but not liabilities in respect of share capital) is not more than the aggregate amount of the liabilities as shown in the statutory financial return for that year;
- (f) the following amounts as shown in the SPI's statutory financial return for the relevant year:
  - i. the aggregate amount of the gross premiums written;
  - ii. the aggregate amount of the reinsurance premiums ceded;
  - iii. the aggregate amount of the net premiums written; and
  - iv. the aggregate amount of the premiums and other considerations shown in the statutory statement of income.
- (g) whether any returns of the SPI for the relevant year have been audited for any purpose other than the purposes of the Act or any other rules and regulations;
- (h) the minimum margin of solvency prescribed by rule 18, and whether that margin was met;
- (i) whether the SPI's special purpose business is fully collateralised in accordance with the definition of special purpose business in section 1 of the Act;
- (j) the aggregate amount of the statutory capital and surplus as shown on line 3 of the statutory statement of capital and surplus for the relevant year;
- (k) the currency in which amounts in the SPI's statutory financial return for the relevant year have been shown;
- (l) the rate of exchange used, in compliance with paragraphs (2) and (3) of rule 16, for the purposes of any statement called for by this rule;

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- (m) whether the information in the latest statutory financial return, including any supporting schedules and attachments, fairly represents the financial condition and position of the SPI in all material respects and are in compliance with the Act, any applicable rules and regulations, the Insurance Code of Conduct and any direction, condition or restriction imposed on the SPI by the Authority;
- (n) whether the SPI has sufficient resources as at the date of the latest statutory financial return to enable the SPI to continue as a going concern, and to satisfy its obligations as and when they fall due for a period of twelve months past the relevant statutory financial return date;
- (o) If any question in sub-paragraph (c), (h), (i), (m) or (n) of this paragraph has been answered in the negative, whether or not the SPI has taken corrective action in any case and, where the SPI has taken such action, a description of the action in a statement attached to the certificate.

### **Alternative Capital Schedule**

11 (1) Every SPI shall file along with their Annual Statutory Financial Statements the following information in relation to all contracts of insurance which were in force and for which an SPI was required to hold collateral during its relevant financial year:

- (a) name of cedant;
- (b) contract reference number;
- (c) type of coverage;
- (d) statutory line of business written;
- (e) location of exposure covered;
- (f) aggregate maximum exposure as at inception;
- (g) net aggregate maximum limit at the end of financial year;
- (h) inception date of coverage period;
- (i) effective date of contract;
- (j) expiry date of cover period;
- (k) gross premium written for the cover period;
- (l) net premium written for the cover period;
- (m) attachment point;
- (n) aggregate losses outstanding at the beginning of the financial year;
- (o) aggregate losses incurred during the financial year;
- (p) aggregate losses outstanding at the end of the financial year;
- (q) reserved buffer collateral;
- (r) currency of exposure;
- (s) nature of collateral;
- (t) average collateral rating;
- (u) amount of collateral;
- (v) additional comments;

in the form of an Alternative Capital Schedule.

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**Schedule of Cyber Risk Management**

12 (1) Where an SPI is managed by an insurance manager and primarily uses the insurance manager’s cyber security systems, controls and processes, the SPI shall be waived from this requirement. The waiver from this requirement is subject to the insurance manager filing the schedule of cyber risk management for the relevant year. The insurance manager must confirm that the SPI is under its management and is relying on their cyber risk management systems, controls and processes.

(2) Every SPI shall provide a Schedule of Cyber Risk Management in the form provided by the Authority from time to time.

**Schedule of Compliance with Sanctions**

13 (1) Every SPI shall provide the following information in relation to management of sanctions processes and policies:

- (a) whether the SPI screens policyholders and beneficiaries (where relevant) to determine whether they are subject to measures imposed under the International Sanctions Act 2003 and related regulations (“Bermuda sanctions regime”);
- (b) whether the SPI screens employees to determine whether they are subject to measures imposed under the Bermuda sanctions regime;
- (c) the SPI shall state if it has frozen any client assets in the last 12 months pursuant to enforcement action taken under the Bermuda sanctions regime;
- (d) if the answer to the query in paragraph (c) is in the affirmative, the SPI shall state how many asset freezes there have been;
- (e) the SPI shall provide the following details for asset freezes from the consolidated list:

	Group ID Name	Name of the SPI	Name of the person/entity owned/controlled by the SPI	Value of Assets
1				
2				
3				
4				

- (f) the SPI shall include any additional information/comments which it thinks might be relevant to this exercise.

**Schedule of Governance Structure**

14 (1) Every SPI shall provide the following information in relation to governance, the structure of the board of directors and officers:

- (a) state the names of all of the SPI’s directors, the effective date of appointment of each director, the effective date any director ceased to act, the title and position held, country of residence and status of each director on the board (for example confirm whether board members are non-executive (independent), non-executive (affiliate), non-executive (service provider), non-executive (other) or executive).
- (b) state the names of all of the SPI’s officers, the effective start date of employment of all officers, the date any officer ceased to act, the title and position held, country of residence, employee arrangement (for example confirm whether employees are hired, outsourced, etc.) and description of responsibilities of each officer.
- (c) the jurisdiction(s) where the board of directors of the SPI primarily deliberates on activities including, but not limited to—
  - (i) setting the strategic decision of the SPI;

- (ii) determining the SPI's risk appetite;
  - (iii) choice of new lines of business, new products, marketplace positioning; and
  - (iv) assessing solvency needs.
- (d) details of every service provider of the SPI including name, jurisdiction of incorporation and details of the SPI's operations which are primarily being performed in relation to—
- (i) underwriting (re)insurance policies;
  - (ii) risk management decisions and activities;
  - (iii) investment decisions;
  - (iv) actuarial functions;
  - (v) compliance audits; and
  - (vi) internal audits.
- (e) details of the number of employees of the SPI residing in Bermuda, including the number of employees that reside in Bermuda by Senior Executive, Senior Manager, Technical Officer, Administration and Other.

**Requirements relating to preparation of statutory financial returns generally**

15 (1) All statutory financial returns shall be prepared in the English language.

(2) All amounts which, for any purposes of these Rules, are to be shown in any return of any SPI shall be shown in a single currency, and that currency shall be the currency in which the books and records of the SPI are kept in the SPI's principal office in Bermuda or, where different books and records are kept in different currencies in that office, then the currency in which the majority of those books and records are kept.

(3) Notwithstanding subparagraph (2), where the Authority pursuant to section 17(1) of the Act directs the production to it of statutory financial returns and amounts in those returns are shown in a foreign currency, those amounts must be converted into their Bermudian equivalent before the said returns are so produced.

(4) For the purposes of subparagraphs (2) and (3), the Bermudian equivalent of an amount in a foreign currency shall be the Bermudian dollar equivalent of that amount as converted into Bermudian dollars at the rate of exchange used by any licenced bank in Bermuda or any central bank in relation to purchases by that bank of that foreign currency on the last day of the relevant year.

(5) For all items shown in any return of any SPI (other than a statutory open year business revenue statement), there shall be shown the corresponding amounts for the immediately preceding financial year.

**Offences**

16 (1) Any person who, in or in relation to a return or a document annexed to a return, makes, or joins in making, any statement which he knows to be false or does not believe to be true commits an offence against these Rules; and in this paragraph "make a statement", in relation to any statement made, includes a willful omission to state something that is material.

(2) If, for the purposes of any provision of these Rules (being a provision requiring or allowing for a statement to be made) either:

- (a) any SPI; or
- (b) any director or officer of an SPI; or
- (c) any approved auditor,

makes a statement which owing to its or his gross negligence in making the statement is wrong, or grossly misleading, in a material respect, if or he commits an offence against these Rules.

**Minimum margin of solvency for SPI**

17 (1) The amount of \$1 dollar is hereby prescribed -

- (a) for the purposes of section 6(1) of the Act as the prescribed amount; and
- (b) for the purposes of the statement called for by rule 11(1)(h), as the minimum margin of solvency, by which the value of an SPI's assets must exceed the amount of its liabilities.

**Commencement**

18 (1) These Rules come into operation on 1st January 2020.

**SCHEDULE**

(Rules 2, 4, 5 and 6)

*The following Schedule, referred to in Rules 2, 4, 5 and 6, has been omitted from these Rules and published on the Authority's website [www.bma.bm](http://www.bma.bm), in accordance with section 6A(8) of the Insurance Act 1978—*

SCHEDULE I

Prescribed Forms of Statutory Financial Returns

Made this 1<sup>st</sup> day of December 2019

Chairman  
The Bermuda Monetary Authority

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**SCHEDULE**

(Rules 2, 4, 5 and 6)

*The following Schedules, referred to in paragraphs 2, 4, 5 and 6, have been omitted from these Rules and published on the Authority's website [www.bma.bm](http://www.bma.bm), in accordance with section 6A(8) of the Insurance Act 1978—*

SCHEDULE I  
Prescribed Forms of Statutory Financial Returns

Made this 1<sup>st</sup> day of December 2019

Chairman  
The Bermuda Monetary Authority

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**SPECIAL PURPOSE INSURER ACCOUNTS RETURNS AND SOLVENCY RULES 2019**

**SCHEDULE I**

(Rules 2, 4, 5, 6)

**PRESCRIBED FORMS OF STATUTORY FINANCIAL RETURNS**

**Form 1A**

**Rule 6(2)**

**STATUTORY BALANCE SHEET (General Business – SPI)**

[blank] name of Company

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

expressed in [blank] (currency used (vide Rule 16(2)))

<b>STMT. LINE No.</b>		<b>20XX</b>	<b>20XX</b>
<b>ASSETS</b>			
1.	CASH AND TIME DEPOSITS	XXX	XXX
2.	QUOTED INVESTMENTS		
	(a) Bonds and Debentures		
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
	(b) Total bonds and debentures	XXX	XXX
	(c) Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
	(d) Total equity investments	XXX	XXX
	(e) Other quoted investments	XXX	XXX
	(f) Total quoted investments	XXX	XXX
3.	UNQUOTED INVESTMENTS		
	(a) Bonds and Debentures		
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
	(b) Total bonds and debentures	XXX	XXX
	(c) Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
	(d) Total equity investments	XXX	XXX
	(e) Other unquoted investments	XXX	XXX
	(f) Total unquoted investments	XXX	XXX
4.	INVESTMENT IN AND ADVANCES TO AFFILIATES		
	(a) Unregulated entities that conduct ancillary services	XXX	XXX
	(b) Unregulated non-financial operating entities	XXX	XXX
	(c) Unregulated financial operating entities	XXX	XXX
	(d) Regulated non-insurance financial operating entities	XXX	XXX
	(e) Regulated insurance financial operating entities	XXX	XXX
	(f) Total investments in affiliates (equity method)	XXX	XXX
	(g) Advances to affiliates	XXX	XXX
	(h) Total investments in and advances to affiliates	XXX	XXX

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5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE		
	(a) First liens	XXX	XXX
	(b) Other than first liens	XXX	XXX
	(c) Total investment in mortgage loans on real estate	XXX	XXX
7.	REAL ESTATE		
	(a) Occupied by the company (less encumbrances)	XXX	XXX
	(b) Other properties (less encumbrances)	XXX	XXX
	(c) Total real estate	XXX	XXX
8.	COLLATERAL LOANS	XXX	XXX
9.	INVESTMENT INCOME DUE AND ACCRUED	XXX	XXX
10.	ACCOUNTS AND PREMIUMS RECEIVABLE		
	(a) In course of collection	XXX	XXX
	(b) Deferred – not yet due	XXX	XXX
	(c) Receivables from retrocessional contracts	XXX	XXX
	(d) Total accounts and premiums receivable	XXX	XXX
11.	REINSURANCE BALANCES RECEIVABLE		
	(a) Foreign affiliates	XXX	XXX
	(b) Domestic affiliates	XXX	XXX
	(c) Pools & associations	XXX	XXX
	(d) All other insurers	XXX	XXX
	(e) Total reinsurance balances receivable	XXX	XXX
12.	FUNDS HELD BY CEDING REINSURERS		
	(a) Affiliates	XXX	XXX
	(b) Non-affiliated	XXX	XXX
	(c) Total funds held by ceding reinsurers	XXX	XXX
13.	SUNDRY ASSETS		
	(a) Derivative instruments	XXX	XXX
	(b) Segregated accounts companies	XXX	XXX
	(c) Deposit assets	XXX	XXX
	(d) Other sundry assets	XXX	XXX
	(e) Total sundry assets	XXX	XXX
14.	LETTERS OF CREDIT AND GUARANTEES AND OTHER INSTRUMENTS		
	(a) Letters of credit	XXX	XXX
	(b) Guarantees	XXX	XXX
	(c) Other instruments	XXX	XXX
	(d) Total letters of credit, guarantees and other instruments	XXX	XXX
15.	TOTAL	XXX	XXX

**LIABILITIES**

**INSURANCE RESERVES**

16.	UNEARNED PREMIUMS	XXX	XXX
17.	LOSS AND LOSS EXPENSE PROVISIONS		
	(a) Gross loss and loss expense provisions	XXX	XXX
	(b) Less: Reinsurance recoverable balance	XXX	XXX
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other insurers	XXX	XXX
	(c) Total reinsurance recoverable balance	XXX	XXX
	(d) Net loss and loss expense provisions	XXX	XXX



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18.	OTHER INSURANCE RESERVES – GENERAL BUSINESS	<u>XXX</u>	<u>XXX</u>
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	<u>XXX</u>	<u>XXX</u>
<b>OTHER LIABILITIES</b>			
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	XXX	XXX
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	XXX	XXX
30.	LOANS AND NOTES PAYABLE	XXX	XXX
31.	(a) INCOME TAXES PAYABLE	XXX	XXX
	(b) DEFERRED INCOME TAXES	XXX	XXX
32.	AMOUNTS DUE TO AFFILIATES	XXX	XXX
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	XXX	XXX
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS	XXX	XXX
	(a) Affiliated	XXX	XXX
	(b) Non-affiliated	<u>XXX</u>	<u>XXX</u>
	(c) Total funds held by ceding reinsurers	<u>XXX</u>	<u>XXX</u>
35.	DIVIDENDS PAYABLE	XXX	XXX
36.	SUNDRY LIABILITIES	XXX	XXX
	(a) Derivative instruments	XXX	XXX
	(b) Segregated account companies	XXX	XXX
	(c) Deposit liabilities	XXX	XXX
	(d) Other sundry liabilities	XXX	XXX
	(e) Total sundry liabilities	<u>XXX</u>	<u>XXX</u>
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
	(a) Letters of credit	XXX	XXX
	(b) Guarantees	XXX	XXX
	(c) Other instruments	XXX	XXX
	(d) Total letters of credit, guarantees and other instruments	<u>XXX</u>	<u>XXX</u>
38.	TOTAL OTHER LIABILITIES	<u>XXX</u>	<u>XXX</u>
39.	TOTAL GENERAL BUSINESS INSURANCE RESERVERS AND OTHER LIABILITIES	<u>XXX</u>	<u>XXX</u>
<b>STATUTORY CAPITAL AND SURPLUS</b>			
40.	TOTAL STATUTORY CAPITAL AND SURPLUS	XXX	XXX
41.	TOTAL	<u>XXX</u>	<u>XXX</u>

**SPECIAL PURPOSE INSURER ACCOUNTS RETURNS AND SOLVENCY RULES 2019**

**Form 2A**

**Rule 6(2)**

**STATUTORY STATEMENT OF INCOME (General Business – SPI)**

[blank] name of Company

For the period [blank] (day/month/year) - [blank] (day/month/year)

expressed in [blank] (currency used (vide Rule 16(2)))

<b>STMT. LINE No.</b>		<b>20XX</b>	<b>20XX</b>
<b>UNDERWRITING INCOME</b>			
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	<u>XXX</u>	<u>XXX</u>
	(b) Assumed gross premiums written	<u>XXX</u>	<u>XXX</u>
	(c) Total gross premiums written	<u>XXX</u>	<u>XXX</u>
2.	REINSURANCE PREMIUMS CEDED	<u>XXX</u>	<u>XXX</u>
3.	NET PREMIUMS WRITTEN	<u>XXX</u>	<u>XXX</u>
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	<u>XXX</u>	<u>XXX</u>
5.	NET PREMIUMS EARNED	<u>XXX</u>	<u>XXX</u>
6.	OTHER INSURANCE INCOME	<u>XXX</u>	<u>XXX</u>
7.	TOTAL UNDERWRITING INCOME	<u>XXX</u>	<u>XXX</u>
<b>UNDERWRITING EXPENSES</b>			
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	<u>XXX</u>	<u>XXX</u>
9.	COMMISSIONS AND BROKERAGE	<u>XXX</u>	<u>XXX</u>
<b>OTHER UNDERWRITING EXPENSES</b>			
10.	GENERAL AND ADMINISTRATIVE	<u>XXX</u>	<u>XXX</u>
11.	PERSONNEL COSTS	<u>XXX</u>	<u>XXX</u>
12.	OTHER	<u>XXX</u>	<u>XXX</u>
13.	TOTAL UNDERWRITING EXPENSES	<u>XXX</u>	<u>XXX</u>
<b>UNDERWRITING NET PROFIT (LOSS)</b>			
14.	UNDERWRITING PROFIT (LOSS)	<u>XXX</u>	<u>XXX</u>
17.	GENERAL BUSINESS INVESTMENT INCOME—NET	<u>XXX</u>	<u>XXX</u>
18.	INCOME BEFORE UNDER NOTED ITEMS	<u>XXX</u>	<u>XXX</u>
37.	OTHER INCOME (DEDUCTIONS)	<u>XXX</u>	<u>XXX</u>
38.	INCOME BEFORE TAXES	<u>XXX</u>	<u>XXX</u>
39.	INCOME TAXES (IF APPLICABLE):		
	(a) Current	<u>XXX</u>	<u>XXX</u>
	(b) Deferred	<u>XXX</u>	<u>XXX</u>
	(c) Total	<u>XXX</u>	<u>XXX</u>
40.	INCOME BEFORE REALISED GAINS (LOSSES)	<u>XXX</u>	<u>XXX</u>
41.	REALISED GAINS (LOSSES)	<u>XXX</u>	<u>XXX</u>
42.	NET INCOME	<u>XXX</u>	<u>XXX</u>

**SPECIAL PURPOSE INSURER ACCOUNTS RETURNS AND SOLVENCY RULES 2019**

**Form 4**

**Rule 6(3)**

**STATUTORY BALANCE SHEET (Long-term Business – SPI)**

[blank] name of Company

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

expressed in [blank] (currency used (vide Rule 16(2)))

<b>STMT. LINE No.</b>		<b>20XX</b>	<b>20XX</b>
<b>ASSETS</b>			
1.	CASH AND TIME DEPOSITS	XXX	XXX
2.	QUOTED INVESTMENTS		
	(a) Bonds and Debentures		
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
	(b) Total bonds and debentures	XXX	XXX
	(c) Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
	(d) Total equity investments	XXX	XXX
	(e) Other quoted investments	XXX	XXX
	(f) Total quoted investments	XXX	XXX
3.	UNQUOTED INVESTMENTS		
	(a) Bonds and Debentures		
	(i) Held to maturity	XXX	XXX
	(ii) Other	XXX	XXX
	(b) Total bonds and debentures	XXX	XXX
	(c) Equities		
	(i) Common stocks	XXX	XXX
	(ii) Preferred stocks	XXX	XXX
	(iii) Mutual funds	XXX	XXX
	(d) Total equity investments	XXX	XXX
	(e) Other unquoted investments	XXX	XXX
	(f) Total unquoted investments	XXX	XXX
4.	INVESTMENT IN AND ADVANCES TO AFFILIATES		
	(i) Unregulated entities that conduct ancillary services	XXX	XXX
	(j) Unregulated non-financial operating entities	XXX	XXX
	(k) Unregulated financial operating entities	XXX	XXX
	(l) Regulated non-insurance financial operating entities	XXX	XXX
	(m) Regulated insurance financial operating entities	XXX	XXX
	(n) Total investments in affiliates (equity method)	XXX	XXX
	(o) Advances to affiliates	XXX	XXX
	(p) Total investments in and advances to affiliates	XXX	XXX

**SPECIAL PURPOSE INSURER ACCOUNTS RETURNS AND SOLVENCY RULES 2019**

5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE		
	(a) First liens	XXX	XXX
	(b) Other than first liens	XXX	XXX
	(c) Total investment in mortgage loans on real estate	XXX	XXX
6.	POLICY LOANS	XXX	XXX
7.	REAL ESTATE		
	(a) Occupied by the company (less encumbrances)	XXX	XXX
	(b) Other properties (less encumbrances)	XXX	XXX
	(c) Total real estate	XXX	XXX
8.	COLLATERAL LOANS	XXX	XXX
9.	INVESTMENT INCOME DUE AND ACCRUED	XXX	XXX
10.	ACCOUNTS AND PREMIUMS RECEIVABLE		
	(a) In course of collection	XXX	XXX
	(b) Deferred – not yet due	XXX	XXX
	(c) Receivables from retrocessional contracts	XXX	XXX
	(d) Total accounts and premiums receivable	XXX	XXX
11.	REINSURANCE BALANCES RECEIVABLE		
	(a) Foreign affiliates	XXX	XXX
	(b) Domestic affiliates	XXX	XXX
	(c) Pools & associations	XXX	XXX
	(d) All other insurers	XXX	XXX
	(e) Total reinsurance balances receivable	XXX	XXX
12.	FUNDS HELD BY CEDING REINSURERS		
	(a) Affiliates	XXX	XXX
	(b) Non-affiliated	XXX	XXX
	(c) Total funds held by ceding reinsurers	XXX	XXX
13.	SUNDRY ASSETS		
	(a) Derivative instruments	XXX	XXX
	(b) Segregated accounts companies	XXX	XXX
	(c) Deposit assets	XXX	XXX
	(d) Other sundry assets	XXX	XXX
	(e) Total sundry assets	XXX	XXX
14.	LETTERS OF CREDIT AND GUARANTEES AND OTHER INSTRUMENTS		
	(a) Letters of credit	XXX	XXX
	(b) Guarantees	XXX	XXX
	(c) Other instruments	XXX	XXX
	(d) Total letters of credit, guarantees and other instruments	XXX	XXX
15.	TOTAL	XXX	XXX
<b>LIABILITIES</b>			
<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>			
20.	RESERVES FOR REPORTED CLAIMS	XXX	XXX
21.	RESERVES FOR UNREPORTED CLAIMS	XXX	XXX
22.	POLICY RESERVES – LIFE	XXX	XXX
23.	POLICY RESERVES – ACCIDENT AND HEALTH	XXX	XXX
24.	POLICYHOLDERS’ FUNDS ON DEPOSIT	XXX	XXX
25.	LIABILITY FOR FUTURE POLICYHOLDERS’ DIVIDENDS	XXX	XXX
26.	OTHER INSURANCE RESERVES – LONG TERM	XXX	XXX
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES	XXX	XXX

**SPECIAL PURPOSE INSURER ACCOUNTS RETURNS AND SOLVENCY RULES 2019**

	(a) Gross long-term business insurance reserves	XXX	XXX
	(b) Less: Reinsurance recoverable balance	XXX	XXX
	(i) Foreign affiliates	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX
	(iii) Pools & associations	XXX	XXX
	(iv) All other insurers	XXX	XXX
	(c) Total reinsurance recoverable balance	<u>XXX</u>	<u>XXX</u>
	(d) Net long-term business insurance reserves	<u>XXX</u>	<u>XXX</u>
<b>OTHER LIABILITIES</b>			
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	XXX	XXX
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	XXX	XXX
30.	LOANS AND NOTES PAYABLE	XXX	XXX
31.	(a) INCOME TAXES PAYABLE	XXX	XXX
	(b) DEFERRED INCOME TAXES	XXX	XXX
32.	AMOUNTS DUE TO AFFILIATES	XXX	XXX
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	XXX	XXX
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS		
	(a) Affiliated	XXX	XXX
	(b) Non-affiliated	<u>XXX</u>	<u>XXX</u>
	(c) Total funds held by ceding reinsurers	<u>XXX</u>	<u>XXX</u>
35.	DIVIDENDS PAYABLE	XXX	XXX
36.	SUNDRY LIABILITIES		
	(a) Derivative instruments	XXX	XXX
	(b) Segregated account companies	XXX	XXX
	(c) Deposit liabilities	XXX	XXX
	(d) Other sundry liabilities	<u>XXX</u>	<u>XXX</u>
	(e) Total sundry liabilities	<u>XXX</u>	<u>XXX</u>
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
	(a) Letters of credit	XXX	XXX
	(b) Guarantees	XXX	XXX
	(c) Other instruments	XXX	XXX
	(d) Total letters of credit, guarantees and Other instruments	<u>XXX</u>	<u>XXX</u>
38.	TOTAL OTHER LIABILITIES	<u>XXX</u>	<u>XXX</u>
39.	TOTAL GENERAL BUSINESS INSURANCE RESERVES AND OTHER LIABILITIES	<u>XXX</u>	<u>XXX</u>
<b>STATUTORY CAPITAL AND SURPLUS</b>			
40.	TOTAL STATUTORY CAPITAL AND SURPLUS	<u>XXX</u>	<u>XXX</u>
41.	TOTAL	<u>XXX</u>	<u>XXX</u>

**SPECIAL PURPOSE INSURER ACCOUNTS RETURNS AND SOLVENCY RULES 2019**

**Form 5** **Rule 6(3)**  
**STATUTORY STATEMENT OF INCOME (Long-Term Business – SPI)**

[blank] name of Company  
 For the period [blank] (day/month/year) - [blank] (day/month/year)  
 expressed in [blank] (currency used (vide Rule 16(2)))

<b>STMT. LINE No.</b>		<b>20XX</b>	<b>20XX</b>
<b>UNDERWRITING INCOME</b>			
19.	GROSS PREMIUMS AND OTHER CONSIDERATIONS		
	(a) Direct gross premiums written	<u>XXX</u>	<u>XXX</u>
	(b) Assumed gross premiums written	<u>XXX</u>	<u>XXX</u>
	(c) Total gross premiums and other considerations	<u>XXX</u>	<u>XXX</u>
	(d) Reinsurance Ceded	<u>XXX</u>	<u>XXX</u>
	(e) NET PREMIUMS AND OTHER CONSIDERATIONS		
	(i) Life	<u>XXX</u>	<u>XXX</u>
	(ii) Annuities	<u>XXX</u>	<u>XXX</u>
	(iii) Accident and Health	<u>XXX</u>	<u>XXX</u>
	(iv) Total Net Premiums and Other Considerations	<u>XXX</u>	<u>XXX</u>
20.	LONG-TERM BUSINESS INVESTMENT INCOME – NET	<u>XXX</u>	<u>XXX</u>
21.	OTHER INSURANCE INCOME	<u>XXX</u>	<u>XXX</u>
22.	TOTAL UNDERWRITING INCOME	<u>XXX</u>	<u>XXX</u>
<b>DEDUCTIONS</b>			
23.	CLAIMS – LIFE	<u>XXX</u>	<u>XXX</u>
24.	POLICYHOLDERS’ DIVIDENDS	<u>XXX</u>	<u>XXX</u>
25.	SURRENDERS	<u>XXX</u>	<u>XXX</u>
26.	MATURITIES	<u>XXX</u>	<u>XXX</u>
27.	ANNUITIES	<u>XXX</u>	<u>XXX</u>
28.	ACCIDENT AND HEALTH BENEFITS	<u>XXX</u>	<u>XXX</u>
29.	COMMISSIONS	<u>XXX</u>	<u>XXX</u>
30.	OTHER	<u>XXX</u>	<u>XXX</u>
31.	TOTAL DEDUCTIONS	<u>XXX</u>	<u>XXX</u>
32.	OPERATING EXPENSES	<u>XXX</u>	<u>XXX</u>
33.	UNDERWRITING PROFIT BEFORE POLICYHOLDER RESERVES	<u>XXX</u>	<u>XXX</u>
34.	INCREASE (DECREASE) IN POLICYHOLDER RESERVES:		
	(a) Life	<u>XXX</u>	<u>XXX</u>
	(b) Annuities	<u>XXX</u>	<u>XXX</u>
	(c) Accident and health	<u>XXX</u>	<u>XXX</u>
	(d) Total (Increase) Decrease in policy reserves	<u>XXX</u>	<u>XXX</u>
35.	INCOME BEFORE THE UNDERNOTED ITEMS	<u>XXX</u>	<u>XXX</u>
37.	OTHER INCOME (DEDUCTIONS)	<u>XXX</u>	<u>XXX</u>
38.	INCOME BEFORE TAXES	<u>XXX</u>	<u>XXX</u>
39.	INCOME TAXES (IF APPLICABLE):		
	(a) Current	<u>XXX</u>	<u>XXX</u>
	(b) Deferred	<u>XXX</u>	<u>XXX</u>
	(c) Total	<u>XXX</u>	<u>XXX</u>
40.	INCOME BEFORE REALISED GAINS (LOSSES)	<u>XXX</u>	<u>XXX</u>
41.	REALISED GAINS (LOSSES)	<u>XXX</u>	<u>XXX</u>
42.	NET INCOME	<u>XXX</u>	<u>XXX</u>

**SPECIAL PURPOSE INSURER ACCOUNTS RETURNS AND SOLVENCY RULES 2019**

**Form 8** **Rules 6(2) & 6(3)**  
**STATUTORY STATEMENT OF CAPITAL AND SURPLUS**

[blank] name of Company  
 As at [blank] (day/month/year)  
 expressed in [blank] (currency used (vide Rule 16(2)))

<b>STMT. LINE No.</b>		<b>20XX</b>	<b>20XX</b>
1.	STATUTORY CAPITAL		
(a)	Capital Stock		
	(i) Common Shares: authorised shares of par value each issued and fully paid shares	XXX	XXX
	(ii) Preferred Shares: authorised shares of par value each issued and fully paid shares	XXX	XXX
	- Aggregate liquidation value		
	XXX                      XXX		
(b)	Contributed surplus	XXX	XXX
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	XXX	XXX
	(ii) Guarantees and others	XXX	XXX
	(iii) Total any other fixed capital	<u>XXX</u>	<u>XXX</u>
(d)	Total Statutory Capital	<u>XXX</u>	<u>XXX</u>
2.	STATUTORY SURPLUS		
(a)	Statutory Surplus – Beginning of Year	XXX	XXX
(b)	Add: Income for Year	XXX	XXX
(c)	Less: Dividends paid and payable	XXX	XXX
(d)	Add (Deduct) change in unrealised appreciation (depreciation of investments)	XXX	XXX
(e)	Add (Deduct) change in non-admitted assets	XXX	XXX
(f)	Add (Deduct) change in appraisal of real estate	XXX	XXX
(g)	Add (Deduct) change in any other statutory surplus	<u>XXX</u>	<u>XXX</u>
(h)	Statutory surplus – End of Year	XXX	XXX
3.	TOTAL STATUTORY CAPITAL AND SURPLUS	<u>XXX</u>	<u>XXX</u>