

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

SCHEDULES

The Schedules to these Rules have been omitted. They are published on the Authority's website www.bma.bm, in accordance with section 6A(8) of the Insurance Act 1978—

Made this 30th day of April 2020

Chairman
The Bermuda Monetary Authority

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

**SCHEDULE I
PRESCRIBED FORMS OF STATUTORY FINANCIAL RETURNS
FORM 1SFS**

[Paragraph 5]

**General business
STATUTORY BALANCE SHEET**

[blank] name of Company
as at [blank] (day/month/year)
expressed in [blank] (currency used)

		(A)	(B)	(C)	(D)
		General Business		General Business	
		GENERAL ACCOUNT		COMBINED	
	ASSETS				
Line No		20XX	20XX-1	20XX	20XX-1
1.	CASH AND CASH EQUIVALENTS	XXX	XXX	XXX	XXX
2.	QUOTED INVESTMENTS:				
(a)	Bonds and Debentures				
	(i) Held to Maturity	XXX	XXX	XXX	XXX
	(ii) Other	XXX	XXX	XXX	XXX
(b)	Total Bonds and Debentures	XXX	XXX	XXX	XXX
(c)	Equities				
	(i) Common stocks	XXX	XXX	XXX	XXX
	(ii) Preferred stocks	XXX	XXX	XXX	XXX
	(iii) Mutual funds	XXX	XXX	XXX	XXX
(d)	Total equities	XXX	XXX	XXX	XXX
(e)	Other quoted investments	XXX	XXX	XXX	XXX
(f)	Total quoted investments	XXX	XXX	XXX	XXX
3.	UNQUOTED INVESTMENTS:				
(a)	Bonds and Debentures				
	(i) Held to Maturity	XXX	XXX	XXX	XXX
	(ii) Other	XXX	XXX	XXX	XXX
(b)	Total Bonds and Debentures	XXX	XXX	XXX	XXX
(c)	Equities				
	(i) Common stocks	XXX	XXX	XXX	XXX
	(ii) Preferred stocks	XXX	XXX	XXX	XXX
	(iii) Mutual funds	XXX	XXX	XXX	XXX
(d)	Total equities	XXX	XXX	XXX	XXX
(e)	Other unquoted investments	XXX	XXX	XXX	XXX
(f)	Total unquoted investments	XXX	XXX	XXX	XXX
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES				
(a)	Unregulated entities that conduct ancillary services	XXX	XXX	XXX	XXX
(b)	Unregulated non-financial operating entities	XXX	XXX	XXX	XXX
(c)	Unregulated financial operating entities	XXX	XXX	XXX	XXX
(d)	Regulated non-insurance financial operating entities	XXX	XXX	XXX	XXX
(e)	Regulated insurance financial operating entities	XXX	XXX	XXX	XXX

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

(f)	Total investments in affiliates	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(g)	Advances to affiliates	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(h)	Total investments in and advances to affiliates	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:				
(a)	First liens	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Other than first liens	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total investment in mortgage loans on real-estate	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
7.	REAL ESTATE:				
(a)	Occupied by the company (less encumbrances)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Other properties (less encumbrances)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total real estate	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
8.	COLLATERAL LOANS	XXX	XXX	XXX	XXX
9.	INVESTMENT INCOME DUE AND ACCRUED	XXX	XXX	XXX	XXX
10.	ACCOUNTS AND PREMIUMS RECEIVABLE				
(a)	In course of collection	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Deferred – not yet due	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Receivables from retrocessional contracts	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total accounts and premiums receivable	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
11.	REINSURANCE BALANCES RECEIVABLE				
(a)	Foreign affiliates	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Domestic affiliates	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Pools & associations	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	All other insurers	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(e)	Total reinsurance balances receivable	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
12.	FUNDS HELD BY CEDING REINSURERS	XXX	XXX	XXX	XXX
13.	SUNDRY ASSETS				
(a)	Derivative instruments	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Segregated accounts – General business	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(e)	Deposit assets	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(f)	Deferred acquisition costs	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(g)	Net receivables for investments sold	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(h)	Other sundry assets 1 (specify)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(i)	Other sundry assets 2 (specify)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(j)	Other sundry assets 3 (specify)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(k)	Total sundry assets	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS				
(a)	Letters of credit	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Guarantees	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Other instruments	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total letters of credit, guarantees and Other instruments	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
15.	TOTAL	XXX	XXX	XXX	XXX

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

	INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS				
16.	UNEARNED PREMIUM RESERVE	XXX	XXX	XXX	XXX
(a)	Gross unearned premium reserves	XXX	XXX	XXX	XXX
(b)	Less: Ceded unearned premium reserve				
	(i) Foreign affiliates	XXX	XXX	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX	XXX	XXX
	(iii) Pools & associations	XXX	XXX	XXX	XXX
	(iv) All other insurers	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total ceded unearned premium reserve	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Net unearned premium reserves	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
17.	LOSS AND LOSS EXPENSE PROVISIONS				
(a)	Gross loss and loss expense provisions	XXX	XXX	XXX	XXX
(b)	Less: Reinsurance recoverable balance				
	(i) Foreign affiliates	XXX	XXX	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX	XXX	XXX
	(iii) Pools & associations	XXX	XXX	XXX	XXX
	(iv) All other insurers	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total reinsurance recoverable balance	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Net loss and loss expense provisions	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
18.	OTHER INSURANCE GENERAL BUSINESS RESERVES	XXX	XXX	XXX	XXX
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
	OTHER LIABILITIES				
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	XXX	XXX	XXX	XXX
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	XXX	XXX	XXX	XXX
30.	LOANS AND NOTES PAYABLE	XXX	XXX	XXX	XXX
31.	(a) INCOME TAXES PAYABLE	XXX	XXX	XXX	XXX
	(b) DEFERRED INCOME TAXES	XXX	XXX	XXX	XXX
32.	AMOUNTS DUE TO AFFILIATES	XXX	XXX	XXX	XXX
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	XXX	XXX	XXX	XXX
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS	XXX	XXX	XXX	XXX
35.	DIVIDENDS PAYABLE	XXX	XXX	XXX	XXX
36.	SUNDRY LIABILITIES				
(a)	Derivative instruments	XXX	XXX	XXX	XXX
(b)	Segregated accounts companies	XXX	XXX	XXX	XXX
(c)	Deposit liabilities	XXX	XXX	XXX	XXX
(d)	Net payable for investments purchased	XXX	XXX	XXX	XXX
(e)	Other sundry liabilities 1 (specify)	XXX	XXX	XXX	XXX
(f)	Other sundry liabilities 2 (specify)	XXX	XXX	XXX	XXX
(g)	Other sundry liabilities 3 (specify)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(h)	Total sundry liabilities	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS				

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

(a)	Letters of credit	XXX	XXX	XXX	XXX
(b)	Guarantees	XXX	XXX	XXX	XXX
(c)	Other instruments	XXX	XXX	XXX	XXX
(d)	Total letters of credit, guarantees and Other instruments	XXX	XXX	XXX	XXX
38.	TOTAL OTHER LIABILITIES	XXX	XXX	XXX	XXX
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	XXX	XXX	XXX	XXX
	STATUTORY CAPITAL AND SURPLUS				
40.	TOTAL STATUTORY CAPITAL AND SURPLUS	XXX	XXX	XXX	XXX
41.	TOTAL INSURANCE RESERVES, OTHER LIABILITES AND STATUTORY CAPITAL AND SURPLUS	XXX	XXX	XXX	XXX

Statutory balance sheet supplementary information:

COLLATERAL HELD FOR THE BENEFIT OF CEDING (RE)INSURERS			
	20XX	20XX-1	
COLLATERAL ON BALANCE SHEET			
Cash and cash equivalents	XXX	XXX	
Total quoted investments	XXX	XXX	
Total unquoted investments	XXX	XXX	
Funds held by ceding (re)insurers	XXX	XXX	
Other asset types (specify)	XXX	XXX	[NOTES]
Total collateral on balance sheet	XXX	XXX	
CONTINGENT COLLATERAL			
Outward reinsurance exposure	XXX	XXX	
Letters of credit	XXX	XXX	
Other contingent sources of collateral (specify)	XXX	XXX	[NOTES]
Total contingent collateral	XXX	XXX	
TOTAL COLLATERAL HELD FOR THE BENEFIT OF CEDING (RE)INSURERS	XXX	XXX	

Instructions to Form 1SFS:

Line 41 - Collateralized Insurers shall enter the assets and liabilities of the Company only (or the general account) in the 'General Account' columns of Form 1SFS. Insurers registered as a segregated accounts company under the Segregated Accounts Companies Act 2000 (the "SAC Act") or a private act shall then combine the assets and liabilities of the segregated accounts and the general account in the 'Combined' columns of Form 1SFS. An insurer with no segregated accounts shall enter the same amounts in both the General Account and Combined columns of Form 1SFS.

Line 41 - As required by Paragraph 5, the assets and liabilities of an insurer shall be recorded based on the GAAP recognition and measurement principles adopted by the insurer.

Supplementary Information:

Every insurer shall provide detail of the total collateral held for the benefit of ceding (re)insurers by type of collateral and provide explanatory notes where applicable. Outward reinsurance cover included as contingent collateral shall be presented as the PML for outward property catastrophe reinsurance or the PML-99 TVaR determined from the reinsurance premium and grossed up by the appropriate premium risk factor for other reinsurance lines of business (as described in paragraph 7 of Schedule I).

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

For purposes of these Schedules:

“**PML**” has the meaning assigned to it under instruction (b) to Schedule XVIII; and

“**outward**” in respect of reinsurance means reinsurance purchased by the Collateralized Insurer.

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

Form 1SFS

[Paragraph 5]

Long-term business

STATUTORY BALANCE SHEET

[blank] name of Company
as at [blank] (day/month/year)
expressed in [blank] (currency used)

		(A)	(B)	(C)	(D)
		Long-Term Business		Long-Term Business	
		GENERAL ACCOUNT		COMBINED	
Line No		20XX	20XX-1	20XX	20XX-1
	ASSETS				
1.	CASH AND CASH EQUIVALENTS	XXX	XXX	XXX	XXX
2.	QUOTED INVESTMENTS:				
(a)	Bonds and Debentures				
	(i) Held to Maturity	XXX	XXX	XXX	XXX
	(ii) Other	XXX	XXX	XXX	XXX
(b)	Total Bonds and Debentures	XXX	XXX	XXX	XXX
(c)	Equities				
	(i) Common stocks	XXX	XXX	XXX	XXX
	(ii) Preferred stocks	XXX	XXX	XXX	XXX
	(iii) Mutual funds	XXX	XXX	XXX	XXX
(d)	Total equities	XXX	XXX	XXX	XXX
(e)	Other quoted investments	XXX	XXX	XXX	XXX
(f)	Total quoted investments	XXX	XXX	XXX	XXX
3.	UNQUOTED INVESTMENTS:				
(a)	Bonds and Debentures				
	(i) Held to Maturity	XXX	XXX	XXX	XXX
	(ii) Other	XXX	XXX	XXX	XXX
(b)	Total Bonds and Debentures	XXX	XXX	XXX	XXX
(c)	Equities				
	(i) Common stocks	XXX	XXX	XXX	XXX
	(ii) Preferred stocks	XXX	XXX	XXX	XXX
	(iii) Mutual funds	XXX	XXX	XXX	XXX
(d)	Total equities	XXX	XXX	XXX	XXX
(e)	Other unquoted investments	XXX	XXX	XXX	XXX
(f)	Total unquoted investments	XXX	XXX	XXX	XXX
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES				
(a)	Unregulated entities that conduct ancillary services	XXX	XXX	XXX	XXX
(b)	Unregulated non-financial operating Entities	XXX	XXX	XXX	XXX
(c)	Unregulated financial operating entities	XXX	XXX	XXX	XXX
(d)	Regulated non-insurance financial operating entities	XXX	XXX	XXX	XXX
(e)	Regulated insurance financial operating Entities	XXX	XXX	XXX	XXX
(f)	Total investments in affiliates	XXX	XXX	XXX	XXX
(g)	Advances to affiliates	XXX	XXX	XXX	XXX

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

(h)	Total investments in and advances to Affiliates	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:				
(a)	First liens	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Other than first liens	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total investment in mortgage loans on real-estate	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
6.	POLICY LOANS	XXX	XXX	XXX	XXX
7.	REAL ESTATE:				
(a)	Occupied by the company (less encumbrances)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Other properties (less encumbrances)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total real estate	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
8.	COLLATERAL LOANS	XXX	XXX	XXX	XXX
9.	INVESTMENT INCOME DUE AND ACCRUED	XXX	XXX	XXX	XXX
10.	ACCOUNTS AND PREMIUMS RECEIVABLE				
(a)	In course of collection	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Deferred – not yet due	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Receivables from retrocessional contracts	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total accounts and premiums receivable	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
11.	REINSURANCE BALANCES RECEIVABLE				
(a)	Foreign affiliates	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Domestic affiliates	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Pools & associations	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	All other insurers	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(e)	Total reinsurance balances receivable	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
12.	FUNDS HELD BY CEDING REINSURERS	XXX	XXX	XXX	XXX
13.	SUNDRY ASSETS				
(a)	Derivative instruments	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Segregated accounts – Long-Term business – variable annuities	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Segregated accounts – Long-Term business – other	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(e)	Deposit assets	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(f)	Deferred acquisition costs	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(g)	Net receivables for investments sold	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(h)	Other sundry assets 1 (specify)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(i)	Other sundry assets 2 (specify)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(j)	Other sundry assets 3 (specify)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(k)	Total sundry assets	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS				
(a)	Letters of credit	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Guarantees	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Other instruments	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total letters of credit, guarantees and Other instruments	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
15.	TOTAL	XXX	XXX	XXX	XXX

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

	LONG-TERM BUSINESS INSURANCE TECHNICAL PROVISIONS, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS				
20.	RESERVE FOR REPORTED CLAIMS	XXX	XXX	XXX	XXX
21.	RESERVE FOR UNREPORTED CLAIMS	XXX	XXX	XXX	XXX
22.	POLICY RESERVES – LIFE	XXX	XXX	XXX	XXX
23.	POLICY RESERVES – ACCIDENT AND HEALTH	XXX	XXX	XXX	XXX
24.	POLICYHOLDERS’ FUNDS ON DEPOSIT	XXX	XXX	XXX	XXX
25.	LIABILITY FOR FUTURE POLICYHOLDERS’ DIVIDENDS	XXX	XXX	XXX	XXX
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES				
(a)	Total gross long-term business insurance Reserves	XXX	XXX	XXX	XXX
(b)	Less: Reinsurance recoverable balance on Long-term business	XXX	XXX	XXX	XXX
	(i) Foreign affiliates	XXX	XXX	XXX	XXX
	(ii) Domestic affiliates	XXX	XXX	XXX	XXX
	(iii) Pools & associations	XXX	XXX	XXX	XXX
	(iv) All other insurers	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total reinsurance recoverable balance	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total net long-term business insurance Reserves	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
	OTHER LIABILITIES				
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	XXX	XXX	XXX	XXX
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	XXX	XXX	XXX	XXX
30.	LOANS AND NOTES PAYABLE	XXX	XXX	XXX	XXX
31.	(a) INCOME TAXES PAYABLE	XXX	XXX	XXX	XXX
	(b) DEFERRED INCOME TAXES	XXX	XXX	XXX	XXX
32.	AMOUNTS DUE TO AFFILIATES	XXX	XXX	XXX	XXX
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	XXX	XXX	XXX	XXX
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS	XXX	XXX	XXX	XXX
35.	DIVIDENDS PAYABLE	XXX	XXX	XXX	XXX
36.	SUNDRY LIABILITIES				
(a)	Derivative instruments	XXX	XXX	XXX	XXX
(b)	Segregated accounts companies	XXX	XXX	XXX	XXX
(c)	Deposit liabilities	XXX	XXX	XXX	XXX
(d)	Net payable for investments purchased	XXX	XXX	XXX	XXX
(e)	Other sundry liabilities 1 (specify)	XXX	XXX	XXX	XXX
(f)	Other sundry liabilities 2 (specify)	XXX	XXX	XXX	XXX
(g)	Other sundry liabilities 3 (specify)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(h)	Total sundry liabilities	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS				
(a)	Letters of credit	XXX	XXX	XXX	XXX

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

(b)	Guarantees	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Other instruments	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total letters of credit, guarantees and Other instruments	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
38.	TOTAL OTHER LIABILITIES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
	STATUTORY CAPITAL AND SURPLUS				
40.	TOTAL STATUTORY CAPITAL AND SURPLUS	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
41.	TOTAL	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>

Statutory balance sheet supplementary information:

COLLATERAL HELD FOR THE BENEFIT OF CEDING (RE)INSURERS			
	20XX	20XX-1	
COLLATERAL ON BALANCE SHEET			
Cash and cash equivalents	XXX	XXX	
Total quoted investments	XXX	XXX	
Total unquoted investments	XXX	XXX	
Funds held by ceding (re)insurers	XXX	XXX	
Other asset types (specify)	<u>XXX</u>	<u>XXX</u>	[NOTES]
Total collateral on balance sheet	<u>XXX</u>	<u>XXX</u>	
CONTINGENT COLLATERAL			
Outward reinsurance exposure	XXX	XXX	
Letters of credit	XXX	XXX	
Other contingent sources of collateral (specify)	XXX	XXX	[NOTES]
Total contingent collateral	<u>XXX</u>	<u>XXX</u>	
TOTAL COLLATERAL HELD FOR THE BENEFIT OF CEDING (RE)INSURERS	<u>XXX</u>	<u>XXX</u>	

Instructions to Form 1SFS:

Line 41 - Collateralized Insurers shall enter the assets and liabilities of the Company only (or the general account) in the 'General Account' columns of Form 1SFS. Insurers registered as a segregated accounts company under the Segregated Accounts Companies Act 2000 (the "SAC Act") or a private act shall then combine the assets and liabilities of the segregated accounts and the general account in the 'Combined' columns of Form 1SFS. An insurer with no segregated accounts shall enter the same amounts in both the General Account and Combined columns of Form 1SFS.

Line 41 - As required by Paragraph 5, the assets and liabilities of an insurer shall be recorded on the basis of the GAAP recognition and measurement principles adopted by the insurer.

Supplementary Information:

Every insurer shall provide detail of the total collateral held for the benefit of ceding (re)insurers by type of collateral and provide explanatory notes where applicable. Outward reinsurance cover included as contingent collateral shall be presented as the PML for outward property catastrophe reinsurance or the PML-99 TVaR determined from the reinsurance premium and grossed up by the appropriate premium risk factor for other reinsurance lines of business (as described in paragraph 7 of Schedule I).

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

FORM 2SFS

[Paragraph 5]

General business

STATUTORY STATEMENT OF INCOME

[blank] name of Company

For the [period]/[year] ended [blank] (day/month/year)
expressed in [blank] (currency used)

		(A)	(B)	(C)	(D)
		General Business		General Business	
		GENERAL ACCOUNT		COMBINED	
Line No		20XX	20XX-1	20XX	20XX-1
	GENERAL BUSINESS UNDERWRITING INCOME				
1.	GROSS PREMIUMS WRITTEN				
(a)	Direct gross premiums written	XXX	XXX	XXX	XXX
(b)	Assumed gross premiums written	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total gross premiums written	XXX	XXX	XXX	XXX
2.	REINSURANCE PREMIUMS CEDED	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
3.	NET PREMIUMS WRITTEN	XXX	XXX	XXX	XXX
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	XXX	XXX	XXX	XXX
5.	NET PREMIUMS EARNED	XXX	XXX	XXX	XXX
6.	OTHER INSURANCE INCOME	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
	GENERAL BUSINESS UNDERWRITING EXPENSES				
8.	NET LOSS INCURRED AND NET LOSS EXPENSES INCURRED	XXX	XXX	XXX	XXX
9.	COMMISSIONS AND BROKERAGE	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
11.	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS BEFORE THE UNDERNOTED ITEMS	XXX	XXX	XXX	XXX
	UNDERNOTED ITEMS				
30.	OPERATING EXPENSES				
(a)	General and administration	XXX	XXX	XXX	XXX
(b)	Personnel cost	XXX	XXX	XXX	XXX
(c)	Other	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total operating expenses	XXX	XXX	XXX	XXX
31.	INVESTMENT INCOME - NET	XXX	XXX	XXX	XXX
32.	OTHER INCOME (DEDUCTIONS)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
33.	INCOME BEFORE TAXES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
34.	INCOME TAXES (IF APPLICABLE)				
(a)	Current	XXX	XXX	XXX	XXX
(b)	Deferred	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total income taxes	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
35.	INCOME BEFORE REALIZED GAINS (LOSSES)	XXX	XXX	XXX	XXX
36.	REALIZED GAINS (LOSSES)	XXX	XXX	XXX	XXX
37.	INTEREST CHARGES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

38.	NET INCOME	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
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Instructions to Form 2SFS:

Line 38 - Collateralized Insurers shall enter the income, deductions and expenses of the Company only (or the general account) in the 'General Account' columns of Form 2SFS. Insurers registered as a segregated accounts company under the Segregated Accounts Companies Act 2000 (the "SAC Act") or a private act shall then combine the income, deductions and expenses of the segregated accounts and the general account in the 'Combined' columns of Form 2SFS. An insurer with no segregated accounts shall enter the same amounts in both the General Account and Combined columns of Form 2SFS.

Line 38 - As required by Paragraph 5, the income, deductions and expenses of an insurer shall be recorded on the basis of the GAAP principles adopted by the insurer.

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

Form 2SFS

[Paragraph 5]

Long-Term Business

STATUTORY STATEMENT OF INCOME

[blank] name of Company
For the [period]/[year] ended [blank] (day/month/year)
expressed in [blank] (currency used))

		(A)	(B)	(C)	(D)
		Long-Term Business		Long-Term Business	
		GENERAL ACCOUNT		COMBINED	
Line No		20XX	20XX-1	20XX	20XX-1
	LONG-TERM BUSINESS UNDERWRITING INCOME				
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:				
(a)	Direct gross premiums and other Considerations	XXX	XXX	XXX	XXX
(b)	Assumed gross premiums and other Considerations	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total gross premiums and other Considerations	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
13.	PREMIUMS CEDED	XXX	XXX	XXX	XXX
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:				
(a)	Life	XXX	XXX	XXX	XXX
(b)	Annuities	XXX	XXX	XXX	XXX
(c)	Accident and Health	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total net premiums and other Considerations	XXX	XXX	XXX	XXX
15.	OTHER INSURANCE INCOME	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
16.	TOTAL LONG-TERM BUSINESS UNDERWRITING INCOME	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES				
17.	CLAIMS – LIFE	XXX	XXX	XXX	XXX
18.	POLICYHOLDERS’ DIVIDENDS	XXX	XXX	XXX	XXX
19.	SURRENDERS	XXX	XXX	XXX	XXX
20.	MATURITIES	XXX	XXX	XXX	XXX
21.	ANNUITIES	XXX	XXX	XXX	XXX
22.	ACCIDENT AND HEALTH BENEFITS	XXX	XXX	XXX	XXX
23.	COMMISSIONS	XXX	XXX	XXX	XXX
24.	OTHER	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES)				
(a)	Life	XXX	XXX	XXX	XXX
(b)	Annuities	XXX	XXX	XXX	XXX
(c)	Accident and Health	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total increase (decrease) in policy reserves	XXX	XXX	XXX	XXX
27.	TOTAL LONG-TERM BUSINESS	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

	EXPENSES				
28.	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS BEFORE THE UNDERNOTED ITEMS	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
	UNDERNOTED ITEMS				
30.	OPERATING EXPENSES				
(a)	General and administration	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Personnel cost	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Other	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(d)	Total operating expenses	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
31.	INVESTMENT INCOME - NET	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
32.	OTHER INCOME (DEDUCTIONS)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
33.	INCOME BEFORE TAXES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
34.	INCOME TAXES (IF APPLICABLE)				
(a)	Current	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(b)	Deferred	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
(c)	Total income taxes	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
35.	INCOME BEFORE REALIZED GAINS (LOSSES)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
36.	REALIZED GAINS (LOSSES)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
37.	INTEREST CHARGES	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
38.	NET INCOME	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>

Instructions to Form 2SFS:

Line 38 - Collateralized Insurers shall enter the income, deductions and expenses of the Company only (or the general account) in the 'General Account' columns of Form 2SFS. Insurers registered as a segregated accounts company under the Segregated Accounts Companies Act 2000 (the "SAC Act") or a private act shall then combine the income, deductions and expenses of the segregated accounts and the general account in the 'Combined' columns of Form 2SFS. An insurer with no segregated accounts shall enter the same amounts in both the General Account and Combined columns of Form 2SFS.

Line 38 - As required by Paragraph 5, the income, deductions and expenses of an insurer shall be recorded on the basis of the GAAP principles adopted by the insurer.

Instructions to statutory financial statements:

Paragraph 5 (3) states that the statutory financial statements shall prepared by populating the statutory financial statements' line items with the corresponding line items in the audited GAAP financial statements. Consequently, the statutory financial statements are neither required to be audited nor accompanied by statutory note disclosures.

Instructions to the opinion of a loss reserve specialist or the certificate of an actuary:

Paragraph 4 and 7 require Collateralized Insurers to prepare and file the opinion of a loss reserve specialist (for general business) or the certificate of an approved actuary (for long-term business). The 'format' of the opinion of a loss reserve specialist shall be prepared in accordance with the Authority's 2006 Guidance Note 4, Role of the Loss Reserve Specialist. Similarly, the 'format' of the certificate of an approved actuary shall be prepared in accordance 2005 Guidance Note 5, Role of the Approved Actuary. However, given the loss and loss expense provisions and the long-term insurance reserves, are valued on a GAAP basis, the loss reserve specialist or approved actuary shall opine on the 'reasonableness' of the provisions rather than 'adequacy'.

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

Form 8SFS

[Paragraph 5]

STATUTORY STATEMENT OF CAPITAL AND SURPLUS

[blank] name of Company
as at [blank] (day/month/year)
expressed in [blank] (currency used)

		(A)	(B)	(C)	(D)
		GENERAL ACCOUNT		COMBINED	
Line No					
1.	STATUTORY CAPITAL:				
(a)	Capital stock	XXX	XXX		
	(i) Common shares: Authorized shares of par value each issued and fully paid shares			XXX	XXX
	(ii) (A) Preferred shares: Authorized shares of par value each issued and fully paid shares			XXX	XXX
	Aggregate liquidation values for 20XX XXX 20XX-1 XXX				
	(B) Preferred shares issued by a Subsidiary: Authorized shares of par value each issued and fully paid shares			XXX	XXX
	Aggregate liquidation values for 20XX XXX 20XX-1 XXX				
	(iii) Treasury shares: Repurchased Shares of par value each issued			XXX	XXX
(b)	Contributed surplus	XXX	XXX	XXX	XXX
(c)	Any other fixed capital				
	(i) Hybrid capital instruments	XXX	XXX	XXX	XXX
	(ii) Guarantees and others	XXX	XXX	XXX	XXX
	(iii) Total any other fixed capital	XXX	XXX	XXX	XXX
(d)	Total Statutory Capital	XXX	XXX	XXX	XXX
2.	STATUTORY SURPLUS				
(a)	Statutory Surplus – Beginning of Year	XXX	XXX	XXX	XXX
(b)	Add: Income for the year	XXX	XXX	XXX	XXX
(c)	Less: Dividends paid and payable	XXX	XXX	XXX	XXX
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	XXX	XXX	XXX	XXX
(e)	Add (Deduct) change in non-admitted assets	XXX	XXX	XXX	XXX
(f)	Add (Deduct) change in appraisal of real estate	XXX	XXX	XXX	XXX
(g)	Add (Deduct) change in any other statutory surplus	XXX	XXX	XXX	XXX
(h)	Statutory Surplus – End of Year	XXX	XXX	XXX	XXX
3.	MINORITY INTEREST	XXX	XXX	XXX	XXX
4.	TOTAL STATUTORY CAPITAL AND SURPLUS	XXX	XXX	XXX	XXX

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

Statutory statement of capital and surplus supplementary information:

	General Account		Combined: Segregated & General Account	
	20XX	20XX-1	20XX	20XX-1
Total Statutory Capital and Surplus			<u>XXX</u>	<u>XXX</u>
Deduct Assets Backing Collateral if included in Total Statutory Capital and Surplus			XXX	XXX
Total Statutory Capital and Surplus (excluding assets backing collateral)			<u>XXX</u>	<u>XXX</u>
Where is Capital Backing Capital Requirement Held:				
Capital Backing Operational Risk	XXX	XXX	XXX	XXX
Capital Backing Market Risk	XXX	XXX	XXX	XXX
Capital Backing Credit Risk	XXX	XXX	XXX	XXX

BERMUDA SOLVENCY CAPITAL REQUIREMENT – COLLATERALIZED INSURERS

1. The Collateralized Insurers BSCR shall be established, on a GAAP valuation basis, in accordance with the following formula—

$$BSCR = \text{Basic BSCR} + C_{\text{operational}}$$

Where —

Basic BSCR = Basic BSCR risk module charge as calculated in accordance with paragraph 2; and

Coperational = operational risk charge as calculated in accordance with paragraph 8.

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

$$\text{Basic BSCR} = \sqrt{\sum_{i,j} \text{CorrBBSCR}_{i,j} \times C_i \times C_j}$$

Where —

$\text{CorrBBSCR}_{i,j}$ = 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:

$$C_{\text{Market}}, C_{\text{Credit}};$$

C_{Market} = market risk module charge as calculated in accordance with paragraph 3;

C_{Credit} = credit risk module charge as calculated in accordance with paragraph 7.

Table A – Basic BSCR Correlation Matrix

$\text{CorrBBSCR}_{i,j}$	C_{Market}	C_{Credit}
C_{Market}	1	0.25
C_{Credit}	0.25	1

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

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

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

Where —

$CorrMarket_{t,j}$ = the correlation factors of the market risk module in accordance with Table B;

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} ;

$C_{fixedIncome}$ = fixed income investment risk charge as calculated in accordance with paragraph 4;

C_{equity} = equity investment risk charge as calculated in accordance with paragraphs 5 and 6;

Table B – Market Risk Module Correlation Matrix

$CorrMarket_{t,j}$	$C_{fixedIncome}$	C_{equity}
$C_{fixedIncome}$	1	0.50
C_{equity}	0.50	1

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

4. The fixed income investment risk charge calculation shall be applicable to all fixed income investments held as collateral in respect of contracts where the insurer bears the market risk, as prescribed by the Authority, and shall be determined in accordance with the following formula-

$$C_{fixedIncome} = \sum_i \chi_i \times FI_{astclass_i}$$

Where—

χ_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

Table 1 – Capital charge factors for $FI_{astclass_i}$

Type of fixed income investments $FI_{astclass_i}$	Statement Source These Rules	Capital Factor χ_i
<i>Corporate and Sovereign Bonds</i>		
BSCR rating 0	Schedule II, Section A, Line 1, Column (1)	0.0%
BSCR rating 1	Schedule II, Section A, Line 2, Column (1)	0.4%
BSCR rating 2	Schedule II, Section A, Line 3, Column (1)	0.8%
BSCR rating 3	Schedule II, Section A, Line 4, Column (1)	1.5%
BSCR rating 4	Schedule II, Section A, Line 5, Column (1)	3.0%
BSCR rating 5	Schedule II, Section A, Line 6, Column (1)	8.0%
BSCR rating 6	Schedule II, Section A, Line 7, Column (1)	15.0%
BSCR rating 7	Schedule II, Section A, Line 8, Column (1)	26.3%
BSCR rating 8	Schedule II, Section A, Line 9, Column (1)	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 1	Schedule II, Section A, Line 2, Column (3)	0.6%
BSCR rating 2	Schedule II, Section A, Line 3, Column (3)	1.2%
BSCR rating 3	Schedule II, Section A, Line 4, Column (3)	2.0%
BSCR rating 4	Schedule II, Section A, Line 5, Column (3)	4.0%
BSCR rating 5	Schedule II, Section A, Line 6, Column (3)	11.0%
BSCR rating 6	Schedule II, Section A, Line 7, Column (3)	25.0%
BSCR rating 7	Schedule II, Section A, Line 8, Column (3)	35.0%
BSCR rating 8	Schedule II, Section A, Line 9, Column (3)	35.0%
<i>Commercial Mortgage-Backed Securities/Asset-Backed Securities</i>		

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

BSCR rating 1	Schedule II, Section A, Line 2, Column (5)	0.5%
BSCR rating 2	Schedule II, Section A, Line 3, Column (5)	1.0%
BSCR rating 3	Schedule II, Section A, Line 4, Column (5)	1.8%
BSCR rating 4	Schedule II, Section A, Line 5, Column (5)	3.5%
BSCR rating 5	Schedule II, Section A, Line 6, Column (5)	10.0%
BSCR rating 6	Schedule II, Section A, Line 7, Column (5)	20.0%
BSCR rating 7	Schedule II, Section A, Line 8, Column (5)	30.0%
BSCR rating 8	Schedule II, Section A, Line 9, Column (5)	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule II, Section A, Line 1, Column (7)	0.0%
BSCR rating 1	Schedule II, Section A, Line 2, Column (7)	0.4%
BSCR rating 2	Schedule II, Section A, Line 3, Column (7)	0.8%
BSCR rating 3	Schedule II, Section A, Line 4, Column (7)	1.5%
BSCR rating 4	Schedule II, Section A, Line 5, Column (7)	3.0%
BSCR rating 5	Schedule II, Section A, Line 6, Column (7)	8.0%
BSCR rating 6	Schedule II, Section A, Line 7, Column (7)	15.0%
BSCR rating 7	Schedule II, Section A, Line 8, Column (7)	26.3%
BSCR rating 8	Schedule II, Section A, Line 9, Column (7)	35.0%
<i>Mortgage Loans</i>		
Insured/guaranteed mortgages	Schedule II, Section A, Line 10, Column (9)	0.3%
Other commercial and farm mortgages	Schedule II, Section A, Line 11, Column (9)	5.0%
Other residential mortgages	Schedule II, Section A, Line 12, Column (9)	1.5%
Mortgages not in good standing	Schedule II, Section A, Line 13, Column (9)	25.0%
<i>Other Fixed Income Investments</i>		
Other loans	Schedule II, Section A, Line 14, Column (1)	5.0%

INSTRUCTIONS AFFECTING TABLE 1: Capital charge factors for *Flastclass_i*

- (a) “market risk” means the risk arising from fluctuations in –
- values of, or income from, assets or in interest rates or exchange rates; or
 - income from assets or interest rates or exchange rates;
- (b) 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;

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

- (c) all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge;
- (d) amounts are to be reported on a GAAP Valuation basis.

5. The equity investment risk charge calculation shall be applicable to all equity investments held as collateral in respect of contracts where the insurer bears the market risk, as prescribed by the Authority, and shall be established in accordance with the following formula-

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

Where—

$CorrEq_{i,j}$ = 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 6;

C_{Type2} = *Type2* equity risk charge as calculated in accordance with paragraph 6;

C_{Type3} = *Type3* equity risk charge as calculated in accordance with paragraph 6;

C_{Type4} = *Type4* equity risk charge as calculated in accordance with paragraph 6;

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

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

6. The Type1, Type2, Type3 and Type4 equity risk charge calculations shall be determined in accordance with the following formulas—

$$C_{Type[k]} = \sum_{i \in Type[k]} \chi_i \times Eqstclass_i$$

Where—

- [k] = 1, 2, 3 or 4, covering all equity Types from Type1 to Type4
 χ_i = the capital charge factors prescribed in Table 2B for each type of *Eqstclass_i*; and
Eqstclass_i = value of investment in corresponding asset Class *i*.

Table 2B – Capital charge factors for *Eqstclass_i*

Type of equity investments <i>Eqstclass_i</i>	Statement Source These Rules	Capital Factor χ_i
<i>Type 1 Equity Holdings</i>		
Strategic Holdings – Listed	Schedule II, Section A, Line 15, Column (1)	20.0%
Duration Based	Schedule II, Section A, Line 16, Column (1)	20.0%
Listed Equity Securities in Developed Markets	Schedule II, Section A, Line 17, Column (1)	35.0%
Preferred Stocks, BSCR Rating 1	Schedule II, Section A, Line 18, Column (1)	0.6%
Preferred Stocks, BSCR Rating 2	Schedule II, Section A, Line 19, Column (1)	1.2%
Preferred Stocks, BSCR Rating 3	Schedule II, Section A, Line 20, Column (1)	2.0%
Preferred Stocks, BSCR Rating 4	Schedule II, Section A, Line 21, Column (1)	4.0%
Preferred Stocks, BSCR Rating 5	Schedule II, Section A, Line 22, Column (1)	11.0%
Preferred Stocks, BSCR Rating 6	Schedule II, Section A, Line 23, Column (1)	25.0%
Preferred Stocks, BSCR Rating 7	Schedule II, Section A, Line 24, Column (1)	35.0%
Preferred Stocks, BSCR Rating 8	Schedule II, Section A, Line 25, Column (1)	35.0%
Equity Derivatives on Type 1 Equities	Schedule II, Section A, Line 26, Column (1)	35.0%

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

<i>Type 2 Equity Holdings</i>		
Strategic Holdings – Unlisted	Schedule II, Section A, Line 27, Column (1)	20.0%
Other Equities	Schedule II, Section A, Line 28, Column (1)	45.0%
Letters of Credit	Schedule II, Section A, Line 29, Column (1)	20.0%
Intangible assets	Schedule II, Section A, Line 30, Column (1)	20.0%
Pension Benefit Surplus	Schedule II, Section A, Line 31, Column (1)	20.0%
Equity Derivatives on Type 2 Equities	Schedule II, Section A, Line 32, Column (1)	45.0%
<i>Type 3 Equity Holdings</i>		
Infrastructure	Schedule II, Section A, Line 33, Column (1)	25.0%
Derivatives on Infrastructure	Schedule II, Section A, Line 34, Column (1)	25.0%
<i>Type 4 Equity Holdings</i>		
Equity Real Estate 1	Schedule II, Section A, Line 35, Column (1)	10.0%
Equity Real Estate 2	Schedule II, Section A, Line 36, Column (1)	20.0%

INSTRUCTIONS AFFECTING TABLE 2B: Capital charge factors for *Eqastclass_i*

- (a) all assets, including but not limited to common stock, preferred stock, real estate, and other equity type investments that are subject to capital charges within the equity investment risk charge shall be included; and
- (b) amounts are to be reported on a GAAP valuation basis.

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

$$C_{cred} = \sum_i \delta_i \times Rlpmli \times \mu_r$$

where –

δ_i = the credit risk capital charge factor for type of *Rlpmli* as prescribed in Table 3;

Rlpmli = the outward reinsurance cover from reinsurer i, being either the PML for outward property catastrophe reinsurance or the outward reinsurance PML 99 TVaR as calculated using the reinsurance premium and the associated premium risk factors for other lines of business from table 3A; and

μ_r = additional diversification adjustment factor of up to 40% applied to reinsurance only taking into consideration diversification by number of reinsurers.

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

Table 3 – Capital charge factors for $RIpml_i$

Rating of Outward Reinsurance Provider <i>RIpml_i</i>	Statement Source These Rules	Capital Factor δ_i
<i>Particulars of outward reinsurance cover</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)	27.0%
BSCR rating 8	Schedule XVIII paragraph (d)	35.0%
Less: Diversification adjustment	Schedule XVIII paragraph (d)	40.0%

INSTRUCTIONS AFFECTING TABLE 3: Capital charge factors for $RIpml_i$

- (a) “credit risk” includes the risk of loss arising from an insurer’s inability to collect;
- (b) funds from debtors;
- (c) all outward reinsurance covers that are subject to capital charges within the credit risk charge shall be included;
- (d) the net qualifying exposure in Schedule XVIII shall be subject to the prescribed credit risk capital factor;
- (e) the total capital requirement relating to the outward reinsurance covers shall be reduced by a diversification adjustment of up to a maximum of 40%; and
- (f) the diversification adjustment in instruction (c) is determined as 40% multiplied by 1 minus the ratio of the largest net qualifying exposure in instruction (b), on an individual reinsurer basis, to total net outward reinsurance exposure.

Table 3A: Factors for Converting Reinsurance Premium to PML 99 TVaR

Line of Business	99 TVaR Capital Factor
<i>Line of Business of Reinsurance Cover</i>	
Property	49.7%
Property Non-Proportional	51.6%
Personal Accident	34.1%
Personal Accident Non-Proportional	41.2%

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

Aviation	48.2%
Aviation Non-Proportional	48.2%
Credit / Surety	39.8%
Credit / Surety Non-Proportional	45.4%
Energy Offshore / Marine	42.1%
Energy Offshore / Marine Non-Proportional	47.0%
US Casualty	50.3%
US Casualty Non-Proportional	55.6%
US Professional	51.2%
US Professional Non-Proportional	53.8%
US Specialty	51.4%
US Specialty Non-Proportional	52.7%
International Motor	42.2%
International Motor Non-Proportional	53.6%
International Casualty Non-Motor	50.0%
International Casualty Non-Motor Non-Proportional	53.6%
Retro Property	50.8%
Health	15.0%

INSTRUCTIONS AFFECTING TABLE 3A: PML 99 TVaR for non-Catastrophe Lines

- (a) The PML 99 TVaR for non-catastrophe lines shall be the reinsurance premium paid grossed up by the appropriate 99 TVaR Capital Factor from Table 3A.

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

8. The operational risk charge calculation shall be established in accordance with the following formula:

$$C_{operational} = C_{op,base} - \min(EO_{adj}, 0.5 \times C_{op,base})$$

$$C_{op,base} = \rho \times AL$$

where –

ρ = an amount between 0.025% and 0.1% as determined by the Authority in accordance with Table 4;

AL = greater of 1) the Net Aggregate Limit per Schedule V(m), and 2) the (net) aggregate limits the insurer expects to write in the course of the next 12 months; and

EO_{adj} = an optional adjustment (of up to 50% of the operational risk charge) equal to the adjusted limits of the Collateralized Insurer’s Errors and Omissions or Professional Indemnity insurance cover, calculated as prescribed by the Authority, or an amount determined by the Authority.

Table 4 – Operational Risk Charge for ρ

Total Score (S)	Applicable Operational Risk Charge ρ
S > 18,000	0.025%
14,000 < S <= 18,000	0.0375%
11,000 < S <= 14,000	0.05%
8,500 < S <= 11,000	0.075%
S <= 8,500	0.1%

INSTRUCTIONS AFFECTING TABLE 4

- (a) “Operational risk” means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk;
- (b) In this table, “total score” is derived by adding the score for each statement in table 4A; and
- (c) Table 4B, arrangements with respect to Errors and Omissions or Professional Indemnity, is only applicable if the Insurer opts to reduce its capital charge for operational risk, by claiming credit for any E&O or PI insurance cover inuring to its benefit.

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

Table 4A – Operational Risk Score

Statement		Possible responses to each statement	Select "Yes" to either "A", "B" or "C".	Score
Transaction and Structure				
1	Nature and structure of the product written by the Collateralized Insurer	A) i. Cat Bond, ii. Industry loss warranty, iii. Mortgage, and/or iv. Property excess of loss reinsurance		1500
		B) i. Quota-share (property), and/or ii. Mixture of 1. A(i)-(iv) above and 1. C(i)-(ii) below		1000
		C) i. Capped casualty, and/or ii. Complex transactions e.g. swaps compliant with Section 19 of the Insurance Act of 1978		500
2	Nature of the product written by the Collateralized Insurer is	A) Prospective i.e. coverage for future loss events		1500
		B) Both: Prospective and Retroactive (legacy) capped deals		1000
		C) Primarily retroactive (legacy) capped deals		500
3	Insurance contracts' aggregate limits are	A) Fixed amounts, expressly stated in the respective contracts		900
		B) A mixture of 3. A above and 3. C		600
		C) Aggregate limit is an amount calculated at any point in time by reference to a specific formula, adjustment(s), model or otherwise		300
4	The Collateralized Insurer operates as a	A) Reinsurer		900
		B) Both a primary insurer and a reinsurer		600
		C) Primary insurer		300
5	If Collateralized Insurer writes reinsurance business (as opposed to primary), cedants are affiliated and/or rated A- or better by AM Best or similar rating agencies.	A) Yes – Cedants are (i) affiliated and/or (ii) rated A- or better		300
		B) Cedants are mixed: (i) rated and unrated and/or (ii) affiliated and non-affiliated		200
		C) No – Cedants are NOT (i) affiliated and/or (ii) rated A- or better		100
6	Weighted average number of years claims take to develop fully is	A) Less than or equal to 3 years		300
		B) Greater than 3 but less than 7 years		200
		C) Greater than 7 years		100
7	The (re)insurance contracts written by the Collateralized Insurer explicitly state that the Collateralized Insurer is not obliged to return the collateral (back to the	A) Yes		1500
		B) No – but Collateralized Insurer mitigates clawback risk through various arrangements e.g. swift commutation upon expiry		1000

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

	policyholder or collateral account) once released by the policyholder. As a result, contractual provisions prohibit clawback of collateral and, effectively state that the risk of loss creep accrues to the policyholder once collateral is released.	C)	No – Collateralized Insurer offers clawback option to its policyholders (some or all).		500
8	If there are no contractual provisions prohibiting clawback of collateral by the insureds against the Collateralized Insurer, confirm there are specific mechanisms and arrangements in place to satisfy the clawbacks if triggered. Examples of specific mechanisms and arrangements include funding agreement and other hedging arrangements.	A)	Not Applicable because the (re)insurance contracts written by the Collateralized Insurer explicitly prohibit clawback		900
		B)	Yes - the Collateralized Insurer has established specific mechanisms and arrangements to satisfy the clawbacks if triggered		600
		C)	No - the Collateralized Insurer has neither prohibited clawbacks nor established specific mechanisms and arrangements to satisfy the clawbacks if triggered		300
9	Volume of insurance contracts written during the relevant financial year is	A)	Less than or equal to 5 transactions		600
		B)	Greater than 5 but less than 10		400
		C)	Greater than 10		200
10	Reinsurance protection has been purchased for use as a form of contingent collateral	A)	No		300
		B)	Yes – but reinsurance represents less than 10% of the paid-in collateral		200
		C)	Yes – reinsurance represents greater than 10% of the paid-in collateral		100
11	The Collateralized Insurer submits audit of GAAP Financial Statements and the opinion of a loss reserve specialist (LRSO) or the certificate of an approved actuary (AAO)	A)	Yes - both audited GAAP Financial Statements and LRSO or AAO are submitted		300
		B)	Yes - either audited GAAP Financial Statements and LRSO or AAO are submitted		200
		C)	No - both the audited GAAP Financial Statements and LRSO or AAO are waived		100
12	Confirm whether, in the last 5 years, the Collateralized Insurer has been involved in any kind of litigation, arbitration, mediation or had a dispute resolution clause triggered under any insurance contract entered into by the Collateralized Insurer	A)	No		300
		B)	Yes – but none are active		200
		C)	Yes – some are ongoing		100
13	Collateralized Insurer has legally binding, off-balance sheet commitment or support from the	A)	Yes		300
		B)	Yes – but not all legal defence costs		200

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

	investor(s) to fund all legal defence costs (excluding gross negligence or willful misconduct) incurred by the insurer	C)	No		100
14	A formalised process for legal commutation of expired agreements exists	A)	Yes – all contracts are commuted within 4 years after expiry		900
		B)	Yes – all contracts are commuted within 5 to 8 years after expiry		600
		C)	No or some/all contracts are commuted beyond 8 years of expiry		300
15	The reinsurance agreement expressly states whether or not the Collateralized Insurer is required to top-up the collateral in the event of impairment or loss of assets backing the collateral	A)	(i) All insurance contracts written by the Collateralized Insurer explicitly state that the Collateralized Insurer is not liable to top-up the collateral in the event of impairment or loss of the underlying assets; or (ii) Yes - top-up is provided and the reinsurance contract(s) contains specific mechanisms demonstrating how the top- up provision will be satisfied in the event it is triggered		600
		B)	Yes - top-up is expressly required but reinsurance contract(s) does not contain specific mechanisms demonstrating how the top- up provision will be satisfied in the event it is triggered		400
		C)	No- the reinsurance contract(s) is silent regarding top-up		200
Corporate Governance					
16	Board of directors include independent non-executive director(s) on the board of the Collateralized Insurer or the investment fund providing capital and/or collateral	A)	Yes – at least a third of the board of directors (of the Collateralized Insurer or the relevant investment fund) are independent non-executive director(s)		1500
		B)	Yes – less than a third of the board of directors (of the Collateralized Insurer or the relevant investment fund) are independent non-executive director(s)		1000
		C)	No - there are no independent non-executive director(s) on the board of the Collateralized Insurer or the relevant investment fund		500
17	Board sets risk policies, practices and tolerance limits for all material foreseeable risks, including operational risks, at least annually and ensures they are communicated to relevant business units	A)	Yes - policies, controls and tolerance limits for <u>all</u> material foreseeable risks are set and board monitors adherence, through independent reviews, more regularly than annually		900
		B)	Yes - policies, controls and tolerance limits for all material foreseeable risks are set and board monitors adherence, through independent reviews, at least annually		600
		C)	No - board has only set policies, controls and tolerance limits for <u>some</u> but not all material foreseeable risks and/or does not monitor adherence at least annually		300

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

18	Board has set clear policies that address conflict of interests between (i) different investors, and (ii) the Collateralized Insurer’s manager and investors	A)	Yes - board has established policies that address conflict of interests and monitors adherence, through independent reviews, more regularly than annually	1500
		B)	Yes - board has established policies that address conflict of interests and monitors adherence, through independent reviews, at least annually	1000
		C)	No - board has <u>not</u> established policies that address conflict of interests and/or does not monitors adherence at least annually	500
19	Board receives, at least annually, reports on the effectiveness of material operational risk internal controls, including effectiveness of controls around conflict of interest, as well as management’s plans to address related weaknesses	A)	Yes - more regularly than annually	1500
		B)	Yes - annually	400
		C)	No - or less regularly than annually	100
Investment Strategy				
20	Portfolio composition/market risk: The sum total of Below-investment grade fixed income securities; unrated fixed income securities; equity investments; alternative investments (including but not limited to: commodities, private equity, hedge fund strategies, infrastructure) measured at fair values is	A)	Less than 10% of the total investment portfolio	1500
		B)	Between 10% and 20% of the total investment portfolio	1000
		C)	Greater than 20% of the total investment portfolio	500
21	Liquidity: The sum total of private or unquoted investments measured at fair values is	A)	Less than 10% of the total investment portfolio	900
		B)	Between 10% and 20% of the total investment portfolio	600
		C)	Greater than 20% of the total investment portfolio	300
22	Asset-Liability / Duration mismatch: The duration gap between assets and liabilities is	A)	Less than 1 year	900
		B)	Between 1 and 2 years	600
		C)	Greater than 2 years	300
23	Currency mismatch: The currency mismatch between assets and liabilities, measured at fair value is	A)	Less than 5% of the total investment portfolio	300
		B)	Between 5% and 10% of the total investment portfolio	200
		C)	Greater than 10% of the total investment portfolio	100
Total Score				

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

INSTRUCTIONS AFFECTING TABLE 4A

The insurer is to review the following statements. Each statement has three possible responses, "A", "B" or "C". The Insurer shall select the most appropriate single response to each statement; either "A", "B" or "C". If more than one choice per statement is selected, the total score shall be calculated based on the lowest sub-score for that statement.

Table 4B – Arrangements with respect to Errors and Omissions or Professional Indemnity (E&O or PI)

Statement		Response
1	Confirm if the insurer opts to partially reduce the operational risk charge by claiming credit for E&O or PI protection it has purchased	
2	Confirm if the insurer has E&O or PI insurance policy	
3	Confirm if the insurer has purchased the E&O or PI cover from an insurer rated A- or higher by AM Best or a similar rating agency	
4	Disclose the maximum aggregate limit and deductible of the errors and omissions or professional indemnity insurance policy:	
4.1	Aggregate limit	XXX
4.2	Deductible	XXX
5	Provide a copy of the insurer's E&O or PI insurance policy	
6	Confirm if the insurer has performed stress testing to assess if its E&O or PI policy shall respond to the material operational risk events the insurer is exposed to	
7	Provide the results of the insurer's stress testing performed to demonstrate the E&O or PI policy's response to operational risk	
8	The insurer estimates, based on expert judgement and/or stress tests, that its E&O or PI policy might respond to the following percentage of the material operational risks relative to all operational risks it is exposed to	[XX% - XX%]

INSTRUCTIONS AFFECTING TABLE 4B

Responses to the statements in Table 4B are only applicable if the Insurer opts to reduce its capital charge for operational risk, by up to 50%, by claiming credit for its E&O or PI insurance cover.

The insurer is to review the statements in Table 4B and provide appropriate responses to each statement.

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

SCHEDULE II

(Paragraphs 4 and 5)

Schedule of fixed income and equity investments by BSCR rating

[blank] name of Company

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

All amounts are expressed in (currency used)

Line	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	20xx-1	20xx	20xx-1	20xx	20xx-1	20xx	20xx-1	20xx	20xx-1	20xx	20xx-1
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												
	Total												

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

Other fixed income investments		20xx (000)	20xx-1 (000)
14	Other Loans		
Quoted and unquoted equities			
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	Letters of Credit		
30	Intangible assets		
31	Pension Benefit Surplus		
32	Equity Derivatives on Type 2 Equities		
33	Infrastructure		
34	Derivatives on Infrastructure		
35	Equity Real Estate 1		
36	Equity Real Estate 2		
	Total Equity Holdings		

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

INSTRUCTIONS AFFECTING SCHEDULE II:

- (a) the information required in the table above shall be completed into Sections A and B:
 - i. Section A shall include all investment assets held as collateral for the benefit of ceding (re)insurers where the risk of impairment of the collateral assets is borne by the insurer;
 - ii. Section B shall include all investment assets held by the insurer in its own account, which do not form part of the insurer's collateral requirements and (if applicable) are held in the insurer's general account.
- (b) fixed income investments, both quoted and unquoted, shall be categorised 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 categorised into the four BSCR equity types, being Type 1 Equity Holdings (lines 15-26), Type 2 Equity Holdings (lines 27-32), Type 3 Equity Holdings (lines 33-34) and Type 4 Equity Holdings (lines 35-36);
- (d) preferred stocks in Type 1 Equity Holdings shall be classified by BSCR rating;
- (e) a list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities 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) amounts are to be reported on a GAAP valuation basis.

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

**SCHEDULE V
SCHEDULE OF RISK MANAGEMENT**

The schedule of risk management shall disclose the insurer's risk management program as follows-

- (a) governance structure;
- (b) compliance with sanctions;
- (c) cyber risk management; and
- (d) alternative capital arrangements.

INSTRUCTIONS AFFECTING SCHEDULE V:

- a. "governance structure" must disclose on a legal entity basis-
 - i. the structure of the board of directors including names, 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).
 - ii. the structure of the management of the insurer including the names of the insurer'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.
 - iii. The jurisdiction(s) where the board of directors of the insurer primarily deliberates on activities including, but not limited to-
 - setting the strategic direction of the insurer;
 - determining the insurer's risk appetite;
 - choice of new lines of business, new products, marketplace positioning; and
 - assessing solvency needs.
 - iv. details of every service provider of the insurer including name, jurisdiction of incorporation and details of the insurer's operations which are primarily being performed in relation to—
 - underwriting (re)insurance policies;
 - risk management decisions and activities;
 - investment decisions;
 - actuarial functions;
 - compliance audits; and
 - internal audits.
 - v. details of the number of employees of the insurer residing in Bermuda (non out-sourced positions).
- b. "compliance with sanctions" must provide the following information in relation to management of sanctions processes and policies:
 - i. whether the insurer 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");
 - ii. whether the insurer screens employees to determine whether they are subject to measures imposed under the Bermuda sanctions regime;
 - iii. the insurer shall state if it has frozen any client assets in the last 12 months pursuant to enforcement action taken under the Bermuda sanctions regime;

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

- iv. if the answer to the query in paragraph (iii) is in the affirmative, the insurer shall state how many asset freezes there have been;
- v. the insurer shall provide the following details for asset freezes from the consolidated list:

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

- vi. the insurer shall include any additional information/comments which it thinks might be relevant to this exercise.
- c. “cyber risk management” shall provide the following information in respect of an insurer’s cyber security and resilience capabilities:
- i. Every insurer shall provide a Schedule of Cyber Risk Management in the form provided by the Authority in the BSCR model.
 - ii. Where an insurer is managed by an insurance manager and primarily uses the insurance manager’s cyber security systems, controls and processes, the insurer 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 insurer is under its management and is relying on their cyber risk management systems, controls and processes.
- d. the alternative capital arrangements shall include the following information in relation to all contracts of insurance which were in force and for which the Collateralized Insurer was required to hold collateral during its relevant financial year:
- i. name of the insured;
 - ii. insurance contract reference number;
 - iii. type of insurance coverage written;
 - iv. statutory line of business written;
 - v. location of exposure covered;
 - vi. aggregate maximum limit as at inception date of contract of insurance;
 - vii. net aggregate maximum limit as at the end of the insurer’s financial year;
 - viii. inception date of coverage period;
 - ix. effective date of contract;
 - x. expiry date of coverage period;
 - xi. gross premium written for the coverage period;
 - xii. net premium written for the coverage period;
 - xiii. attachment point;
 - xiv. aggregate losses outstanding at the beginning of the insurer’s financial year;
 - xv. aggregate losses incurred during the insurer’s financial year;
 - xvi. aggregate losses outstanding at the end of the insurer’s financial year;
 - xvii. reserved buffer collateral;
 - xviii. currency of exposure;
 - xix. nature of collateral;
 - xx. average collateral rating;
 - xxi. amount of collateral at the end of the insurer’s financial year; and
 - xxii. any additional comments to assist the Authority in understanding any of the information provided under the preceding subparagraphs.

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

Schedule XVIII - Schedule of Particulars of Outward Reinsurance

[blank] name of Company

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

All amounts expressed in (currency used)

		(A)	(B)	(C)	(D)	(E)
			Collateral Held by Reinsurers for the benefit of the Company			
Name of Reinsurer	BSCR Rating	Amount of Outward Reinsurance Cover	Cash and Cash Equivalents	Other Collateral Assets	Qualifying Collateral	Net Qualifying Exposure
Total		XXX	XXX		XXX	XXX

Exposure By BSCR Rating	Amount of Outward Reinsurance Cover	Collateral Held by Reinsurers for the benefit of the Company	Qualifying Collateral	Net Qualifying Exposure
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				

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

INSTRUCTIONS AFFECTING SCHEDULE XVIII:

- (a) the information required in the table above shall be completed into Sections A and B:
- i. Section A shall disclose outward reinsurance securing aggregate limit(s) insured
 - ii. Section B shall disclose outward reinsurance not securing aggregate limit(s) insured
- (b) Particulars of outward reinsurance shall disclose all outward reinsurance covers grouped according to BSCR ratings, including —
- i. the name of reinsurer;
 - ii. the BSCR rating of the reinsurer;
 - iii. the outward reinsurance cover, being the PML for outward property catastrophe reinsurance or the PML 99 TVaR determined from the reinsurance premium and grossed up by the appropriate Premium Risk factor for other reinsurance lines of business;
 - PML means the probable maximum loss for natural catastrophe losses calculated at the 99.0% Tail Value-at-Risk level for annual aggregate exposure to all property related risks and all perils (for the property cat line only), including reinstatement premiums for the year following the relevant year based upon the insurer’s catastrophe model.
 - iv. the amount of any collateral placed in favour of the insurer relating to the outward reinsurance cover disaggregated by type of collateral, either cash and cash equivalents or other collateral assets;
 - v. the amount of qualifying collateral shall be the collateral amount in (iv) less a reduction to account for the market risk associated with the underlying collateral assets but, at all times, the qualifying collateral shall not exceed the outward exposure, which is the amount in (iii). The reduction to account for market risk shall be as follows:
 - no reduction for collateral held as cash and cash equivalents; and
 - a reduction of 2% for all other collateral asset types.
 - vi. the net qualifying exposure shall be the amount under (iii) less the amount under (v) above; and
 - vii. for the purposes of this Schedule, the appropriate BSCR rating shall be determined as follows—
 - based on either the rating of the reinsurer or the rating of the letters of credit issuer, if any, whichever is higher;
 - where the letters of credit do 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;
 - where the reinsurer is a domestic affiliate, it shall be assigned a BSCR rating of 0; and
 - 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

INSURANCE (COLLATERALIZED INSURERS) (STATEMENTS, RETURNS AND SOLVENCY) RULES 2020

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.