Draft dated December 31, 2010

THE INSURANCE ACT 1978

1978 : 39

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

In exercise of the powers conferred upon the Bermuda Monetary Authority ('the Authority") by section 6A of the Insurance Act 1978, the following Rules are made—

Citation and commencement

1. (1) These Rules may be cited as the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 and shall come into operation on the 30th of June 2011.

Interpretation

2. (1) In these Rules-

"Act" means the Insurance Act 1978;

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

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

"approved group internal capital model" means a model approved under paragraph 5;

"available statutory capital and surplus" has the meaning given in section 1(1) of the Act;

"Group BSCR model" means the Bermuda Solvency Capital Requirement model established in accordance with paragraph 4 and Schedule I;

"business continuity risk" includes a risk of an event that threatens or disrupts an insurance group's continuous operations;

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

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

"compliance risk" includes a risk of legal or regulatory breaches or both;

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

"credit risk" includes the risk of loss arising from an insurance group's inability to collect funds from debtors;

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

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

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

"distribution channels risk" includes a risk of disruption to an insurance group's distribution channel arising from employment of inexperienced or incapable brokers or agents;

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

"encumbered assets" means assets held for security or as collateral against a liability or contingent liability of the insurance group or other person or any other use restriction, excluding encumbered assets for the insurance group's policyholders obligations;

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

"Form 1" means the Form 1 established under the Insurance (Group Supervision) Rules 2011;

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

"group life, health and disability insurance" means insurance that is issued to insureds through a group arrangement such as through an employer or association;

"group risk" means any risk of any kind, arising from membership of a group;

"Group Rules" means the Insurance (Group Supervision) Rules 2011;

"human resources ('HR') risk" includes a risk of employment of unethical staff, inexperienced or incapable staff, failure to train or retain experienced staff, and failure to adequately communicate with staff;

"information technology ('IT') risk" includes a risk of unauthorized access to systems and data, data loss, utility disruptions, software and hardware failures, and inability to access information systems;

"insurance" shall include reinsurance;

"insurance risk" means the risk of fluctuations or deterioration in the experience factors affecting the cost of benefits payable to policyholders or impacting upon the amounts held to provide for policyholder obligations including premium risk, catastrophe risk and reserve risk;

"interest rate/liquidity risk" means the risk that asset values are adversely affected by changes in current interest rates;

"investment risk" means the risk that the actual return from an asset deviates from the expected return;

"liquidity risk" means (a) the risk arising from an insurance group's inability to meet its obligations as they fall due or (b) an insurance group's inability to meet such obligations except at excessive cost;

"legal risk" means the risk arising from (a) the parent's or any member of the insurance group's failure to comply with statutory or regulatory obligations; or (b) failure to comply with its bye-laws; or (c) failure to comply with any contractual agreement;

"life insurance" including term insurance, whole life insurance and universal life insurance means insurance of risks on the mortality (risk of death) of the life insured;

"longevity risk" means the risk of fluctuations or improvements in mortality that cause benefits on payout annuities to be paid for longer than expected;

"market risk" means the risk arising from fluctuations in values of, or income from, assets or in interest rates or exchange rates, and includes investment risk;

"morbidity risk" means the risk of fluctuations or deterioration of morbidity experience causing increased claims on accident and health insurance coverages;

"mortality risk" means the risk of fluctuations or deterioration of mortality experience causing increased claims on life insurance coverages;

"non-proportional insurance" means coverage of risk that is not shared at a given layer or that attach above an insured layer;

"operational risk" means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk;

"outsourcing risk" includes a risk of miscommunication of responsibilities in relation to outsourcing, breach of outsource service agreements or entering into inappropriate outsource service agreements;

"parent company" or "parent" has the meaning given in paragraph 2 of the Group Rules;

"payout annuity" including "contingent annuity" and "pension block" means an insurance that provides a series of payments to annuitant(s) during their lifetime and/or for a fixed benefit period;

"premium risk" means the risk that premium is insufficient to meet future obligations;

"relevant year" in relation to an insurance group, means its financial year;

"reputational risk" includes risk of adverse publicity regarding an insurance group's business practices and associations;

"reserve risk" means the risk that an insurance group's reserves would be insufficient to satisfy its obligations;

"stop loss insurance risk" is a form of non-proportional risk that provides benefits if total claims experience exceeds a predefined level;

"strategic risk" means the risk of a parent company's inability to implement appropriate business plans and strategies, make decisions, allocate resources, or adapt to changes in the business environment;

"Tail Value-at-Risk ('TVaR')" means the conditional average potential given that the loss outcome exceeds a given threshold; and

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ECR

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

(a) the Group BSCR model or

(b) an approved group internal capital model,

provided that the ECR shall at all times be an amount equal to, or exceeding, the minimum margin of solvency within the meaning of Paragraph 25 of the Group Rules.

(2) The ECR applicable to an insurance group shall be the ECR as calculated-

(a) at the end of its most recent relevant year; or

(b) its ECR that has been adjusted under section 6D of the Act and has not otherwise been suspended under section 44A(4) of the Act,

whichever is later.

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

Group BSCR model

4. (1) Schedule I (which establishes the Group BSCR) has effect.

Approved group internal capital model

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

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

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

(a) the appropriateness of the group internal capital model for the determination of the insurance group's capital requirement;

(b) the extent to which the internal capital model has been integrated into the insurance group's risk management program; and

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

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

(a) its decision to approve the group internal capital model; or

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

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

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

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

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

deciding whether to revoke its approval.

Insurance group capital and solvency return

6. (1) Schedules II, III, IV, V, VI, VII, VIII, IX, X, XI (A), XI (B), XI (C), XI (D), XII, and XIII have effect.

(2) Every designated insurer shall ensure that the insurance group of which it is a member makes a group capital and solvency return to the Authority in accordance with Schedules I, II, III, IV, V, VI, VII, VIII, IX, X, XI (A), XI (B), XI (C), XI (D), XII, and XIII;

(2A) An insurance group capital and solvency return shall comprise the following —

(a) both an electronic version and a printed version of the Group BSCR model;

(b) both electronic versions and printed versions of the returns prescribed in Schedules II, III, IV, V, VI, VII, VIII, IX, X, XI (A), XI (B), XI (C), XI (D), XII, and XIII; and

(c) where applicable, a printed copy of an approved group internal capital model.

(3) A designated insurer shall ensure that the group, on or before its filing date, furnishes the Authority with its capital and solvency return.

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

(5) In this paragraph, "filing date" has the meaning given in subparagraph 30(2) of the Group Rules.

Declaration of insurance group capital and solvency returns

7. Every group capital and solvency return submitted by a designated insurer on behalf of the group of which it is a member shall be accompanied with a declaration signed by two directors and chief executive of the parent company declaring that to the best of their knowledge and belief, the return fairly represents the financial condition of the insurance group in all material respects.

Offences

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

Quarterly financial return

9. (1) Every designated insurer shall ensure that the insurance group of which it is a member makes a quarterly financial return to the Authority.

(2) A quarterly financial return shall comprise of the following-

(a) Quarterly unaudited (consolidated) group financial statements in respect of its business for each financial quarter, where such statements are the most recent produced by the group, and must not exceed two months.

(b) Intra-group transactions and risk concentrations which will include-

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(i) A list of material intra-group transactions;

(ii) Details of material intra-group transactions including (where applicable)-

(1) Exposure value (face value or market value, if the latter is available);

(2) Counterparties involved, including where they are located;

(3) Summary details of the transaction – including purpose, terms, transaction costs;

(4) Duration of the transaction; and

(5) Performance triggers.

(iii) Details surrounding reinsurance and retrocession arrangements including:

(1) Aggregated values of the exposure limits (gross and net) by counterparties, broken down by counterparty rating;

(2) Aggregated premium flows between counterparties (gross and net); and

(3) The proportion of the group's insurance business exposure covered by internal reinsurance, retrocession and other risk transfer arrangements.

(iv) Top 10 counterparties:

(1) Exposure values (face value or market value, if the latter is available);

(2) Transaction type.

(3) Quarterly unaudited group financial statements shall minimally include a Balance Sheet and Income Statement and shall be filed with the Authority on or before the last day of every third month beginning three months after its filing date as defined in paragraph 6 (5).

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

(a) To give as early warning as possible to any person examining the said statements (whether by way of notice of the observance or non-observance by the group of any ECR, or in any other way) of any financial or operational difficulties into which the insurance group's business has fallen or might appear likely to fall;

(b) To provide the basis on which the Authority or any other authority may in good time take action under the Act or any other statutory provision to exercise any statutory power available to it for the safeguarding of any element of the public interest involved in or affected by the insurance group's business.

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SCHEDULE I (Paragraph 4)

Group Bermuda Solvency Capital Requirement

1. The Group BSCR shall be established in accordance with the following formula

Group BSCR =

$$\boxed{\sqrt{C_{fi}^{2} + C_{eq}^{2} + C_{\text{int}}^{2} + C_{prem-gb}^{2} + \left[\tfrac{1}{2} C_{cred} + C_{rsvs-gb}\right]^{2} + \left[\tfrac{1}{2} C_{cred}\right]^{2} + \left[C_{LTmort} + C_{LTnp} + C_{LTr}\right]^{2} + C_{LTmorb}^{2} + C_{LTlong}^{2} + C_{LToth}^{2} + C_{LTVA}^{2} + C_{cat-gb}^{2}}}$$

$$+ C_{op} + C_{adj}$$

Where –

C_{fi} = fixed income investment risk charge as calculated in accordance with paragraph 2;

C_{eq} = equity investment risk charge as calculated in accordance with paragraph 3;

C_{int} = interest rate/liquidity risk charge as calculated in accordance with paragraph 4;

$C_{prem-gb}$ = premium risk charge for general business as calculated in accordance with paragraph 5;

$C_{rsvs-gb}$ = reserve risk charge for general business as calculated in accordance with paragraph 6;

C_{cred} = credit risk charge as calculated in accordance with paragraph 7;

C_{cat-gb} = catastrophe risk charge for general business as calculated in accordance with paragraph 8;

C_{LToth} = other insurance risk charge for long-term business as calculated in accordance with paragraph 9;

C_{LTmort} = insurance risk - mortality charge for long-term business as calculated in accordance with paragraph 10;

C_{LTnp} = insurance risk - stop loss charge for long-term business as calculated in accordance with paragraph 11;

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C_{LTr} = insurance risk - riders charge for long-term business as calculated in accordance with paragraph 12;

C_{LTmorb} = insurance risk - morbidity and disability charge for long-term business as calculated in accordance with paragraph 13;

C_{LTlong} = insurance risk - longevity charge for long-term business as calculated in accordance with paragraph 14;

C_{LTVA} = variable annuity guarantee risk charge for long-term business as calculated in accordance with paragraph 15;

C_{op} = operational risk charge as calculated in accordance with paragraph 16;

C_{adj} = charge for capital adjustment, calculated as the sum of (1) and (2) where:

(1) Regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 17; and

(2) Capital requirement for unregulated entities as determined in accordance with paragraph 18.

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

$$C_{fi} = \sum_i \chi_i \times FIastclass_i \text{ , where}$$

χ_i = the capital charge factors prescribed in Table 1 for each type of $FIastclass_i$;

and

$FIastclass_i$ = value of investment in corresponding fixed income asset class i

Table 1 – Capital charge factors for $FIastclass_i$

Type of fixed income investments $FIastclass_i$	**Statement Source**	**Capital Factor** χ_i
Government bonds	Schedule II, Line (1)	0.3%
High investment grade bonds (AAA & AA)	Schedule II, Line (2)	0.8%
Medium investment grade bonds (A)	Schedule II, Line (3)	3.2%
Low investment grade bonds (BBB)	Schedule II, Line (4)	5.0%
Non-investment grade bonds	Schedule II, Line (5)	26.3%
Mortgage-backed securities	Schedule II, Line (6)	10.0%
Mutual funds	Schedule II, Line (7)	15.0%
Non-rated bonds	Schedule II, Line (8)	50.0%
Mortgage loans	Form 1, Line (5c)	5.0%
Other loans	Form 1, Line (8)	5.0%
Cash and time deposits	Form 1, Line (1)	0.3%

(a) all assets comprising bonds and debentures, loans, and other miscellaneous investments that are subject to capital charges within the fixed income investment risk charge shall be included;

(b) all quoted and unquoted bonds and debentures shall be included in the fixed income investment charge; and

(c) all bonds and debentures, loans, and other miscellaneous investments shall be reported on a basis consistent with that used for purposes of statutory financial reporting.

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

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

χ_i = the capital charge factors prescribed in Table 2 for each type of $Eqastclass_i$;

and

$Eqastclass_i$ = value of investment in corresponding asset class i

Table 2 – Capital charge factors for $Eqastclass_i$

Type of equity investments $Eqastclass_i$	**Statement Source**	**Capital Factor** χ_i
Quoted common stocks	Form 1, Line 2(c)(i)	14.4%
Unquoted common stocks	Form 1, Line 3(c)(i)	14.4%
Mutual funds	Form 1, Lines 2(c)(iii) and 3(c)(iii)	14.4%
Quoted preferred stocks	Form 1, Line 2(c)(ii)	14.4%
Unquoted preferred stocks	Form 1, Line 3(c)(ii)	14.4%
Real estate occupied by any member of the group less: encumbrances	Form 1, Line 7(a)	10.0%
Other Real estate investments less: encumbrances	Form 1, Line 7(b)	20.0%
Other equity investments	Form 1, Lines 2(e) and 3(e)	20.0%
Other tangible assets	Form 1, Lines 13(e) and 14(d)	20.0%
Unregulated entities that conduct ancillary services	Form 1, Line 4(a)	5.0%
Unregulated non-financial operating entities	Form 1, Line 4(b)	20.0%
Unregulated financial operating entities	Form 1, Line 4(c)	55.0%
Regulated insurance financial operating entities	Form 1, Line 4(e)	20.0%

(a) all assets comprising of common stocks, preferred stocks, real estate, and other miscellaneous investments that are subject to capital charges within the equity investment risk charge shall be included;

(b) all quoted and unquoted common and preferred stocks shall be included in the equity investment risk charge; and

(c) all common and preferred stocks, real estate, and other miscellaneous investments shall be reported on a basis consistent with that used for purposes of statutory financial reporting.

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

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

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

$bonds$ = quoted and unquoted value of bonds and debentures (other), preferred stocks, or mortgage loans; and

$duration$ = the higher of

(a) 1; or

(b) the insurance group's effective asset duration less the insurance group's effective liability duration; or

(c) the insurance group's effective liability duration less the insurance group's effective asset duration;

$marketdecline$ = assumed interest rate adjustment prescribed in Table 3

Table 3 – Interest rate adjustment for $bonds$

Type of investments $bonds$	**Statement Source**	**Estimated duration** $duration$	**Capital Factor** $marketdecline$
Other bonds and debentures	Form 1, Lines 2(a)(ii) and 3(a)(ii)	(insurance group's duration)	2.0%
Preferred stocks	Form 1, Lines 2(c)(ii) and 3(c)(ii)	(insurance group's duration)	2.0%
Mortgage loans	Form 1, Line 5(c)	(insurance group's duration)	2.0%

(a) all assets comprising bonds and debentures (other), preferred stocks, and mortgage loans investments that are subject to capital charges within the interest rate/liquidity risk charge shall be included;

(b) all quoted and unquoted bonds and debentures (other) and preferred stocks shall be included in the interest rate/liquidity risk charge; and

(c) all bonds and debentures (other), preferred stocks, and mortgage loans investments shall be reported in a basis consistent with that used for purposes of statutory financial reporting.

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

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

Where -

α_i = individual general business $lineprem_i$ risk capital charge factor as prescribed in Table 4;

$totalprem$ = total premium measure over all lines of general business (except Property Catastrophe)' i.e. $\sum_{i>1} lineprem_i$;

$lineprem_i$ = premium measure for line of general business i prescribed in Table 4

$avgpremcap$ = weighted average general business premium risk capital charge factor (after concentration adjustment)

$avgannloss$ = average annual loss estimated with catastrophe models for general business;

$catlossratio$ = expected industry average catastrophe loss ratio for general business prescribed by the Authority;

μ = additional concentration adjustment factor taking into consideration an insurance group's diversified lines of general business equal to 40%; and

ϑ = minimum concentration adjustment factor is equal to 60%

Table 4 – Capital charge for $lineprem_i$

Line of General Business $lineprem_i$	**Statement Source**	**Capital Factor** χ_i
Property Catastrophe	Schedule IV, Line (1)	0.0%
Property	Schedule IV, Line (2)	49.7%
Property Non-proportional	Schedule IV, Line (3)	51.6%
Personal Accident	Schedule IV, Line (4)	34.1%
Personal Accident Non-proportional	Schedule IV, Line (5)	41.2%
Aviation	Schedule IV, Line (6)	48.2%
Aviation Non-proportional	Schedule IV, Line (7)	48.2%
Credit/Surety	Schedule IV, Line (8)	39.8%
Credit/Surety Non-proportional	Schedule IV, Line (9)	45.4%
Energy offshore/marine	Schedule IV, Line (10)	42.1%
Energy offshore/marine Non-proportional	Schedule IV, Line (11)	47.0%
U.S. Casualty	Schedule IV, Line (12)	50.3%
U.S. Casualty Non-proportional	Schedule IV, Line (13)	55.6%
U.S. Professional	Schedule IV, Line (14)	51.2%
U.S. Professional Non-proportional	Schedule IV, Line (15)	53.8%

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U.S. Specialty	Schedule IV, Line (16)	51.4%
U.S. Specialty Non-proportional	Schedule IV, Line (17)	52.7%
International Motor	Schedule IV, Line (18)	42.2%
International Motor Non-Proportional	Schedule IV, Line (19)	48.2%
International Casualty Non-motor	Schedule IV, Line (20)	50.0%
International Casualty Non-motor Non-proportional	Schedule IV, Line (21)	53.6%
Retro Property	Schedule IV, Line (22)	50.8%
Structured/finite reinsurance	Schedule IV, Line (23)	27.2%
Health	Schedule IV, Line (24)	15.0%

(a) all reported net premiums written for the relevant year by statutory line of general business as prescribed in this Schedule that are subject to capital charges within the premium risk charge shall be included; and

(b) all net premiums written by statutory line of general business shall be reported on a basis consistent with that used for purposes of statutory financial reporting.

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

$$C_{rsvs-gb} = \left[\sum_i \beta_i \times linersvs_i\right] \times \left[\max_i \left\{\frac{linersvs_i}{totalrsvs}\right\} \times \mu + \vartheta\right]$$ Where -

β_i = individual $linersvs_i$ risk capital charge factor as prescribed in Table 5;

$totalrsvs$ = total reserves over all lines of general business, i.e. $\sum_i linersvs_i$;

$linersvs_i$ = reserves for individual line of general business i prescribed in Table 5

μ = additional concentration adjustment factor taking into consideration an insurance group's diversified lines of general business equal to 40%; and

ϑ = minimum concentration adjustment factor is equal to 60%

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Table 5 – Capital charge for $linersvs_i$

Line of General Business $linersvs_i$	**Statement Source**	**Capital Factor** β_i
Property Catastrophe	Schedule III, Line (1)	46.2%
Property	Schedule III, Line (2)	43.8%
Property Non-proportional	Schedule III, Line (3)	49.7%
Personal Accident	Schedule III, Line (4)	29.7%
Personal Accident Non-proportional	Schedule III, Line (5)	34.9%
Aviation	Schedule III, Line (6)	46.0%
Aviation Non-proportional	Schedule III, Line (7)	48.3%
Credit/Surety	Schedule III, Line (8)	38.4%
Credit/Surety Non-proportional	Schedule III, Line (9)	43.5%
Energy offshore/marine	Schedule III, Line (10)	39.5%
Energy offshore/marine Non-proportional	Schedule III, Line (11)	43.9%
U.S. Casualty	Schedule III, Line (12)	43.0%
U.S. Casualty Non-proportional	Schedule III , Line (13)	48.8%
U.S. Professional	Schedule III, Line (14)	46.3%
U.S. Professional Non-proportional	Schedule III, Line (15)	51.5%
U.S. Specialty	Schedule III, Line (16)	46.5%
U.S. Specialty Non-proportional	Schedule III, Line (17)	48.3%
International Motor	Schedule III, Line (18)	37.1%
International Motor Non-Proportional	Schedule III, Line (19)	43.5%
International Casualty Non-motor	Schedule III, Line (20)	43.7%
International Casualty Non-motor Non-proportional	Schedule III, Line (21)	49.4%
Retro Property	Schedule III, Line (22)	47.8%
Structured/finite reinsurance	Schedule III, Line (23)	24.1%
Health	Schedule III, Line (24)	12.5%

(a) all reported net loss and loss expense provisions for the relevant year by statutory line of general business as prescribed in this Schedule that are subject to capital charges within the reserve risk charge shall be included; and

(b) all reported net loss and loss expense provisions by statutory line of general business shall be reported on a basis consistent with that used for purposes of statutory financial reporting.

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

$$C_{cred} = \sum_i \delta_i \times debtor_i$$, Where -

δ_i = the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 6; and

$debtor_i$ = receivable amount from debtor i

Table 6 – Capital charge for $debtor_i$

Type of debtor $debtor_i$	**Group Statement Source**	**Capital Factor** δ_i
Accounts and Premiums Receivable		
In course of collection	Form 1, Line 10(a)	5.0%
Deferred – not yet due	Form 1, Line 10(b)	5.0%
Receivables from retrocessional contracts less: Collateralized balances	Form 1, Line 10(c), Notes to Form 1, Line 10 (see item (c) below)	10.0%
Reinsurance Balances Receivable		
Pools & Associations	Form 1, Line 11(a)	10.0%
All other insurers	Form 1, Line 11(b)	9.4%
Less: Letters of credit	Notes to Form 1, Line 11 (see item (d) below)	9.0%
Less: Funds held under reinsurance contracts by members of the group	Form 1, Line 34	9.7%
All Other Receivables		
Funds held by ceding reinsurers	Form 1, Line 12	5.0%
Accrued investment income	Form 1, Line 9	5.0%
Policy loans	Form 1, Line 6	0.0%
Reinsurance Recoverable Balance		
Pools & associations	Form 1, Line 17(b)(i)	10.0%
All other insurers	Form 1, Line 17(b)(ii)	9.4%

(a) all accounts and premiums receivable, reinsurance balances receivable, all other receivables, and reinsurance recoverable balances that are subject to capital charges within the credit risk charge shall be included;

(b) all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;

(c) collateralized balances includes all collateral issued in favour of the members of the insurance group relating to accounts and premiums receivable;

(d) assets accounted in Form 1, Line 37 shall not be included in (c) or (e);

(e) letters of credit are the amount of the letters of credit issued in favour of the members of the insurance group relating to reinsurance receivable; and

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(f) assets accounted for in Form 1, Line 14 shall not be included in (e).

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

$$C_{cat-gb} = NetPML - Netcatprem + CR_{PML}$$, Where -

$NetPML$ = net probable maximum loss as prescribed in Schedule V;

$Netcatprem$ = {average annual loss for general insurance excluding Property Catastrophe as prescribed in Schedule V / (estimated industry catastrophe loss ratio as prescribed in this Schedule)} + property catastrophe premium as included in Schedule IV, Line (1); and

CR_{PML} = {(gross probable maximum loss as prescribed in Schedule V less net probable maximum loss as prescribed in Schedule V) x (Credit risk charge, equal to 12.2%, associated with reinsurance recoveries of ceded catastrophe losses for general business)}.

(a) all reported net probable maximum loss, gross probable maximum loss, average annual loss excluding property catastrophe, property catastrophe premium as prescribed in Schedule V that are subject to capital charges within the catastrophe risk charge shall be included.

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

$$C_{LToth} = \sum_{i>1} \alpha_i \times Net\,\mathrm{Re}\,s_i$$ Where:

α_i = individual $Net\,\mathrm{Re}\,s_i$ capital charge factor as prescribed in Table 7;

$Net\,\mathrm{Re}\,s_i$ = the net reserves for other insurance risk for long-term business as described in Table 7.

Table 7 - Capital charge factors for $Net\,\mathrm{Re}\,s_i$

Net Reserves $Net\,\mathrm{Re}\,s_i$	**Statement Source**	**Capital Factor** α_i
Mortality	Schedule VII, Column 1, Line (1)	2.0%
Critical illness	Schedule VII, Column 1, Line (2)	2.0%
Longevity	Schedule VII, Column 1, Line (3)	0.5%

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Deferred annuities	Schedule VII, Column 1, Line (4)	0.5%
Disability income: active lives – incl. waiver of premium and LTC	Schedule VII, Column 1, Line (5)	2.0%
Disability income: active lives – other accident and sickness	Schedule VII, Column 1, Line (6)	2.0%
Disability income: claims in payment – incl. waiver of premium and LTC	Schedule VII, Column 1, Line (7)	0.5%
Disability income: claims in payment – other accident and sickness	Schedule VII, Column 1, Line (8)	0.5%
Group life	Schedule VII, Column 1, Line (9)	0.5%
Group disability	Schedule VII, Column 1, Line (10)	0.5%
Group health	Schedule VII, Column 1, Line (11)	0.5%
Stop loss	Schedule VII, Column 1, Line (12)	2.0%
Other product riders not included above	Schedule VII, Column 1, Line (13)	2.0%

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

$$C_{LTmort} = \left[\sum_{i>1} \alpha 1_i \times NAAR1_i\right] + \left[\sum_{i>1} \alpha 2_i \times NAAR2_i\right]$$

Where -

$\alpha 1_i$ = capital charge factor for adjustable mortality long-term business as prescribed in Table 8;

$NAAR1_i$ = the Net Amount at Risk of all adjustable mortality long-term business as prescribed in Schedule VII Column 5, Line (1);

$\alpha 2_i$ = capital charge factor for non-adjustable mortality long-term business as prescribed in Table 8; and

$NAAR2_i$ = the Net Amount at Risk of all non-adjustable mortality long-term business as prescribed in Schedule VII Column 6, Line (1).

Table 8 - Capital charge factors for $NAAR1_i$ or $NAAR2_i$

Net Amount at Risk $NAAR1_i$ **or** $NAAR2_i$	**Capital Factor** $\alpha 1_i$	**Capital Factor** $\alpha 2_i$
First $1 billion	0.00199	0.00397
Next $4 billion	0.00090	0.00180
Next $5 billion	0.00072	0.00144
Next $40 billion	0.00065	0.00129
Excess over $50 billion	0.00057	0.00113

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

C_{LTnp} = 50% x net annual premium for stop loss covers as prescribed in Schedule VII Column 7, Line (12).

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

C_{LTr} = 25% x net annual premium for insurance product riders not included elsewhere as prescribed in Schedule VII Column 7, Line (13).

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

$$C_{LTmorb} = (a) + (b) + (c) + (d) + (e)$$

Where:

(a) = 7.00% x net reserves for disability income claims in payment on waiver of premium and long-term care as prescribed in Schedule VII Column 1, Line (7);

(b) = 10% x net reserves for disability income claims in payment on other accident and sickness products as prescribed in Schedule VII Column 1, Line (8);

(c) = $\left[\sum_{i>1} \alpha_i \times NAP_i\right]$

Where -

α_i = individual NAP_i capital charge factor as prescribed in Table 9;

NAP_i = the Net Annual Premium for disability income business – active lives as described in Table 9.

Table 9 - Capital charge factors for NAP_i

Net Annual Premium	**Statement Source** NAP_i	**Capital Factor** α_i
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Schedule VII, Column 5, Line 5(a)	9.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column 5, Line 5(b)	15.0%
Benefit period less than or equal to two years, premium guarantee of more than 5 years	Schedule VII, Column 5, Line 5(c)	22.5%
Benefit period greater than two years, premium guarantee less than or equal to 1 year	Schedule VII, Column 6, Line 5(a)	12.0%
Benefit period greater than two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column 6, Line 5(b)	20.0%
Benefit period greater than two years, premium guarantee of more than 5 years	Schedule VII, Column 6, Line 5(c)	30.0%

(d) = 12% x net annual premiums for disability income - active lives for other accident and sickness products as prescribed in Schedule VII Column 7, Line (6); and

(e) = $\left[\sum_{i>1} \alpha 1_i \times NAAR1_i\right] + \left[\sum_{i>1} \alpha 2_i \times NAAR2_i\right]$

where-

$\alpha 1_i$ = capital charge factor for adjustable critical illness insurance business as prescribed in Table 10;

$NAAR1_i$ = the Net Amount at Risk of all adjustable critical illness insurance business in force as prescribed in Schedule VII Column 5, Line (2);

$\alpha 2_i$ = capital charge factor for non-adjustable critical illness insurance business as prescribed in Table 10; and

$NAAR2_i$ = the Net Amount at Risk of all non-adjustable critical illness insurance business in force as prescribed in Schedule VII Column 6, Line (2).

Table 10 - Capital charge factors for $NAAR1_i$ or $NAAR2_i$

Net Amount at Risk $NAAR1_i$ *or* $NAAR2_i$	**Capital Factor** $\alpha 1_i$	**Capital Factor** $\alpha 2_i$
First $1 billion	0.00596	0.01191
Next $4 billion	0.00270	0.00540
Next $5 billion	0.00216	0.00432
Next $40 billion	0.00194	0.00387
Excess over $50 billion	0.00170	0.00339

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

C_{LTlong} = 6% x net reserves for longevity as prescribed in Schedule VII Column 1, Line (3).

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

$$C_{LTVA} = \sum_{i>1} (TotalBS\,\mathrm{Re}q_i - \mathrm{Re}s_i)$$

Where - (i) $TotalBS\,\mathrm{Re}q_i$ = larger of (a) $\alpha 3_i \times AV1_i + \alpha 4_i \times AV2_i$

and (b) $WF_i \times NAR_i$

(ii) $WF_i = (\alpha 1_i \times AV1_i + \alpha 2_i \times AV2_i) / (AV1_i + AV2_i)$

(iii) $\mathrm{Re}s_i$, $AV1_i$, $AV2_i$, NAR_i have the statement source identified in Table 11.

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Table 11 Statement Source for $\mathrm{Re}\,s_i$, $AV1_i$, $AV2_i$ and NAR_i

Variable Annuity Benefit Type	**Statement Source** $\mathrm{Re}\,s_i$	**Statement Source** $AV1_i$	**Statement Source** $AV2_i$	**Statement Source** NAR_i
Guaranteed Minimum Accumulation Benefit with less than 5 years to maturity	Schedule VIII Column 1, Line (1)	Schedule VIII Column 2, Line (1)	Schedule VIII Column 3, Line (1)	Schedule VIII Column 4, Line (1)
Guaranteed Minimum Accumulation Benefit with 5 years or more to maturity	Schedule VIII Column 1, Line (2)	Schedule VIII Column 2, Line (2)	Schedule VIII Column 3, Line (2)	Schedule VIII Column 4, Line (2)
Guaranteed Minimum Death Benefit with Return of Premium, Ratchets or Resets	Schedule VIII Column 1, Line (3)	Schedule VIII Column 2, Line (3)	Schedule VIII Column 3, Line (3)	Schedule VIII Column 4, Line (3)
Guaranteed Minimum Death Benefit with Enhanced Benefits (Roll Up)	Schedule VIII Column 1, Line (4)	Schedule VIII Column 2, Line (4)	Schedule VIII Column 3, Line (4)	Schedule VIII Column 4, Line (4)
Guaranteed Minimum Income Benefit	Schedule VIII Column 1, Line (5)	Schedule VIII Column 2, Line (5)	Schedule VIII Column 3, Line (5)	Schedule VIII Column 4, Line (5)
Guaranteed Minimum Withdrawal Benefit	Schedule VIII Column 1, Line (6)	Schedule VIII Column 2, Line (6)	Schedule VIII Column 3, Line (6)	Schedule VIII Column 4, Line (6)
Guaranteed Enhanced Earnings Benefit	Schedule VIII Column 1, Line (7)	Schedule VIII Column 2, Line (7)	Schedule VIII Column 3, Line (7)	Schedule VIII Column 4, Line (7)

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(iv) $\alpha 1_i$, $\alpha 2_i$, $\alpha 3_i$ and $\alpha 4_i$ are the capital charge factors as prescribed in Table 12;

Table 12 Statement Source for $\alpha 1_i$, $\alpha 2_i$, $\alpha 3_i$ and $\alpha 4_i$

Variable Annuity Benefit Type	**Weighting Factor** $\alpha 1_i$	**Weighting Factor** $\alpha 2_i$	**Capital Charge** $\alpha 3_i$	**Capital Charge** $\alpha 4_i$
Guaranteed Minimum Accumulation Benefit with less than 5 years to maturity	65.0%	125.0%	4.0%	7.0%
Guaranteed Minimum Accumulation Benefit with 5 years or more to maturity	20.0%	70.0%	1.5%	4.0%
Guaranteed Minimum Death Benefit with Return of Premium, Ratchets or Resets	4.0%	13.0%	0.25%	0.75%
Guaranteed Minimum Death Benefit with Enhanced Benefits (Roll Up)	12.0%	21.0%	0.75%	1.25%
Guaranteed Minimum Income Benefit	100.0%	160.0%	5.0%	8.0%
Guaranteed Minimum Withdrawal Benefit	60.0%	90.0%	3.25%	5.0%
Guaranteed Enhanced Earnings Benefit	1.0%	17.0%	0.0%	1.0%

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16. The operational risk charge calculation shall be established in accordance with the following formula -

$$C_{op} = \rho \times ACov$$, where

ρ = an amount between 1% and 10% as determined by the Authority in accordance with Table 13; and

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

Table 13 – Operational risk charge for ρ

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

INSTRUCTIONS AFFECTING TABLE 13

In this table, "overall score" means an amount equal to the sum of the aggregate score derived from each of tables 13A, 13B, 13C, 13D, 13E, and 13F

Table 13A - Insurance Group Corporate Governance Score Table

Description	Implemented	Score
Parent company's board sets risk policies, practices and tolerance limits for all material foreseeable operational risks at least annually and ensures they are communicated to insurance group entities		200
Parent company's board monitors adherence to operational risk tolerance limits more regularly than annually		200
Parent company's board receives, at least annually, reports on the effectiveness of material operational risk internal controls as well as senior management's plans to address related weaknesses		200
Parent company's board ensures that systems and/or procedures are in place to identify, report and promptly		200

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address internal control deficiencies related to operational risks		
Parent company's board promotes full, open and timely disclosure from senior management on all significant issues related to operational risk		200
Parent company's board ensures that periodic independent reviews of the risk management function are performed and receives the findings of the review		200
Total		**XX**

COMMENTS

INSTRUCTIONS AFFECTING TABLE 13A

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

Table 13B - Insurance Group Risk Management Function ("RMF") Score Table

Description	Implemented	Score
RMF is independent of other operational units and has direct access to the parent company's Board of Directors		150
RMF is entrenched in strategic planning, decision making and budgeting process		150
RMF ensures that the risk management procedures and policies are well documented and approved by the parent company's Board of Directors		150
RMF ensures that the risk management policies and procedures are communicated throughout the insurance group		150
RMF ensures that operational risk management processes and procedures are reviewed at least annually		150
RMF ensures that loss events arising from operational risks are documented and loss event data is integrated into the risk management strategy		150
RMF ensures that risk management recommendations are documented for operational units, ensures that deficiencies have remedial plans and that progress on the execution of such plans are reported to the parent company's Board of Directors at least annually		150
Total		**XX**

COMMENTS

INSTRUCTIONS AFFECTING TABLE 13B

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

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Table 13C - Insurance Group Risk Identification Processes ("RIP") Score Table

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

COMMENTS

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INSTRUCTIONS AFFECTING TABLE 13C

(a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RIP;

(b) where the insurance group's assessment of the operational risk area is between stages (i.e. exceeds the criterion for given stage, while only partially meeting the criterion of the next stage), the insurance group shall be deemed to have met the criterion of the lower stage; and

(c) where an operational risk area is not applicable to the insurance group's operations, the insurance group shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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Table 13D - Insurance Group Risk Measurement Processes ("RMP") Score Table

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

COMMENTS

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INSTRUCTIONS AFFECTING TABLE 13D

(a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RMP;

(b) where the insurance group's assessment of the operational risk area is in between stages (i.e. exceeds the criterion for given stage, while only partially meeting the criterion of the next stage), the insurance group shall be deemed to have met the criterion of the lower stage; and

(c) where an operational risk area is not applicable to the insurance group's operations, the insurance group shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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Table 13E - Insurance Group Risk Response Processes ("RRP") Score Table

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

COMMENTS

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INSTRUCTIONS AFFECTING TABLE 13E

(a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RRP;

(b) where the insurance group's assessment of the operational risk area is in between stages (i.e. exceeds the criterion for given stage, while only partially meeting the criterion of the next stage), the insurance group shall be deemed to have met the criterion of the lower stage; and

(c) where an operational risk area is not applicable to the insurance group's operations, the insurance group shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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Table 13F - Insurance Group Risk Monitoring and Reporting Processes ("RMRP") Score Table

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

COMMENTS

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INSTRUCTIONS AFFECTING TABLE 13F

(a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurance group's implementation in respect of its RMRP;

(b) where the insurance group's assessment of the operational risk area is in between stages (i.e. exceeds the criterion for given stage, while only partially meeting the criterion of the next stage), the insurance group shall be deemed to have met the criterion of the lower stage; and

(c) where an operational risk area is not applicable to the insurance group's operations, the insurance group shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

17. The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Schedule XI (A) – "Schedule of regulated non-insurance financial operating entities". This amount shall be equal to the sum of the insurance group's proportionate share of each registered entity's regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity was licensed or registered.

18. (1) The capital requirement for unregulated entities other than insurance holding companies, where the parent company exercises control as defined in subparagraph 25(4) of the Group Rules, shall be determined in accordance with Schedule XI (B) – "Schedule of unregulated entities except insurance holding companies where the group exercises control".

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

(a) 0% to unregulated entities that conduct ancillary services to members of the group;

(b) 15% to unregulated non-financial operating entities; and

(c) 50% to unregulated financial operating entities.

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SCHEDULE II (Paragraph 6)

SCHEDULE OF FIXED INCOME INVESTMENTS BY RATING CATEGORIES

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

Schedule Line No.		**Quoted Investments Bonds and Debentures [Form 1, Line (2b)]**		**Unquoted Investments Bonds and Debentures [Form 1, Line (3b)]**		**TOTAL Bonds and Debentures [Form 1, Lines (2b) & (3b)]**	
		20XX	**20XX**	**20XX**	**20XX**	**20XX**	**20XX**
1	Government						
2	High Investment Grade (AAA & AA)						
3	Medium Investment Grade (A)						
4	Low Investment Grade (BBB)						
5	Non-Investment Grade						
6	Mortgage-backed securities						
7	Mutual Funds						
8	Non Rated						
9	**Total**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**	**XXX**

INSTRUCTIONS AFFECTING SCHEDULE II

(a) quoted and unquoted issues shall be combined;

(b) all non-government bonds shall be segregated according to the latest available AM Best, S&P, Moody's, or

Fitch ratings of the issues with unrated bonds assigned to Non-Rated;

(c) where the ratings differ between agencies, an insurance group shall segregate according to the most conservative rating;

(d) Line 1 "Government" includes all bonds and mortgage-backed securities issued by any government authority (including non-U.S. jurisdictions, government agencies, and government-sponsored enterprises); and

(e) all other types of bonds and debentures not included in Lines 6 or 7 may be segregated in Lines 1 to 5 or 8 as appropriate.

Line Item		**Description**
1	Government	All quoted and unquoted bonds and mortgage-backed securities issued by any government authority (including non-U.S. jurisdiction).
2	High Investment Grade (AAA & AA)	All quoted and unquoted non-government bonds rated AAA & AA by any of the rating agencies mentioned above or equivalent.
3	Medium Investment Grade (A)	All quoted and unquoted non-government bonds rated A by rating agencies mentioned above or equivalent.
4	Low Investment Grade (BBB)	All quoted and unquoted non-government bonds rated BBB by rating agencies mentioned above or equivalent.
5	Non-Investment Grade	All quoted and unquoted non-government bonds rated as non-investment grade by rating agencies mentioned above or equivalent.
6	Mortgage-backed securities	All quoted and unquoted mortgage-backed securities not issued by any government authority.
7	Mutual Funds	All quoted and unquoted mutual funds.
8	Non Rated	All quoted and unquoted non-government bonds non-rated by rating agencies mentioned above or equivalent.

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SCHEDULE III (Paragraph 6)

SCHEDULE OF NET LOSS AND LOSS EXPENSE PROVISIONS BY LINE OF GENERAL BUSINESS

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

Schedule		General Business Insurance Reserves	
Line No.		**20XX**	**20XX**
1	Property Catastrophe	XXX	XXX
2	Property	XXX	XXX
3	Property Non-proportional	XXX	XXX
4	Personal Accident	XXX	XXX
5	Personal Accident Non-proportional	XXX	XXX
6	Aviation	XXX	XXX
7	Aviation Non-proportional	XXX	XXX
8	Credit/Surety	XXX	XXX
9	Credit/Surety Non-proportional	XXX	XXX
10	Energy Offshore/Marine	XXX	XXX
11	Energy Offshore/Marine Non-proportional	XXX	XXX
12	U.S. Casualty	XXX	XXX
13	U.S. Casualty Non-proportional	XXX	XXX
14	U.S. Professional	XXX	XXX
15	U.S. Professional Non-proportional	XXX	XXX
16	U.S. Specialty	XXX	XXX
17	U.S. Specialty Non-proportional	XXX	XXX
18	International Motor	XXX	XXX
19	International Motor Non-proportional	XXX	XXX
20	International Casualty Non-motor	XXX	XXX
21	International Casualty Non-motor Non-proportional	XXX	XXX
22	Retro Property	XXX	XXX
23	Structured/Finite Reinsurance	XXX	XXX
24	Health	XXX	XXX
25	Total Form 1, Line 17(d)	**XXX**	xxx

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INSTRUCTIONS AFFECTING SCHEDULE III

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

(a) the same definition below shall be applied to both proportional and non-proportional statutory lines of general business below;

(b) where the Group BSCR risk factor charges differ in (a), insurance groups shall make a distinction when completing the statutory filing and using the Group BSCR model;

(c) statutory lines of general business shall be mutually exclusive (e.g. "Retro casualty" is only to be placed into "Retro property" as prescribed, and not any of the other "casualty" related statutory lines, etc.);

(d) insurance groups may in good faith determine the allocation of the statutory lines;

(e) where an insurance contract involves multiple lines, the insurance group shall assign to the various lines in accordance with the proportions written;

(f) where an insurance group is unable to make this determination in (e), the business shall be allocated to the line with the highest proportion;

(g) where the insurance group is unable to make the determination in (f), then the business shall be assigned to the line with the highest capital risk charge; and

(h) the support and assumptions used by senior management shall be available for review by the Authority.

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

	contractor bonds and various credit related losses.
Energy Offshore/Marine	**Energy offshore/marine** - coverage of risks arising from offshore exploration and production, refining, power generation and/or cargo, hull and other marine related losses.
U.S. Casualty	**U.S. casualty motor** - coverage of U.S. risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for motor related activities/actions, including auto liability. **U.S. casualty - general** - coverage of U.S. risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for non-motor related activities including theft, fraud, negligence, and workers' compensation. **Terrorism -** coverage of risks arising from acts of both certified and uncertified acts of terrorism (e.g. the calculated use or threat of violence against civilians to achieve an objective(s)) and related losses associated with act of terrorism. **Other** - business that does not fit in any other category.
U.S. Professional	**U.S. casualty - professional** - coverage of U.S. risks arising from injuries to persons and/or legal liability imposed upon the insured as a professional (e.g. Director of a Board, etc.) for negligent or fraudulent activities.
U.S. Specialty	**U.S. casualty - medical malpractice** – coverage of U.S. risks arising from injuries to persons and/or legal liability imposed upon the insured as a medical professional for negligent (or other) medical related activities.
International Motor	**International casualty - motor** - coverage of non-U.S. risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for motor related activities/actions, including auto liability.
International Casualty Non-motor	**International casualty - non-motor** - coverage of non-U.S. risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for non-motor related activities/actions, including professional, medical, and workers' compensation.
Retro Property	**Retro property –** retrocession cover for risks including buildings, structures, equipment, business interruption, contents and All Risk (not included in other categories) related losses. **Retro casualty –** retrocession cover for risks arising from injuries to persons or damage of the property of others and/or legal liability imposed upon the insured for motor and non-motor related activities including theft, fraud, and negligence, etc.
Structured/Finite Reinsurance	**Structured / finite reinsurance** - limited risk transfer contract comprising reinsurance cover where there is not both significant relative timing AND significant relative underwriting risk transfer - there may be either significant timing OR significant underwriting risk

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	transfer - OR a significant relative economic loss may be possible but not probable (extremely remote) - not including certain catastrophe covers, like earthquake, where the probability of a loss event is also remote.
Health	**Health** – coverage of care, curative, or preventive medical treatment (or financial compensation) arising from illness, accident, disability, or frailty, including hospital, physician, dental, vision and extended benefits.

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SCHEDULE IV (Paragraph 6)

SCHEDULE OF PREMIUMS BY LINE OF GENERAL BUSINESS

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

Schedule		**Gross Premiums Written**		**Net Premiums Written**	
		Total **[Form 2, Line (1)(c)]**		**[Form 2, Line (3)]**	
Line No.		**20XX**	**20XX**	**20XX**	**20XX**
1	Property Catastrophe	XXX	XXX	XXX	XXX
2	Property	XXX	XXX	XXX	XXX
3	Property Non-proportional	XXX	XXX	XXX	XXX
4	Personal Accident	XXX	XXX	XXX	XXX
5	Personal Accident Non-proportional	XXX	XXX	XXX	XXX
6	Aviation	XXX	XXX	XXX	XXX
7	Aviation Non-proportional	XXX	XXX	XXX	XXX
8	Credit/Surety	XXX	XXX	XXX	XXX
9	Credit/Surety Non-proportional	XXX	XXX	XXX	XXX
10	Energy Offshore/Marine	XXX	XXX	XXX	XXX
11	Energy Offshore/Marine Non-proportional	XXX	XXX	XXX	XXX
12	U.S. Casualty	XXX	XXX	XXX	XXX

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13	U.S. Casualty Non-proportional	XXX	XXX	XXX	XXX
14	U.S. Professional	XXX	XXX	XXX	XXX
15	U.S. Professional Non-proportional	XXX	XXX	XXX	XXX
16	U.S. Specialty	XXX	XXX	XXX	XXX
17	U.S. Specialty Non-proportional	XXX	XXX	XXX	XXX
18	International Motor	XXX	XXX	XXX	XXX
19	International Motor Non-proportional	XXX	XXX	XXX	XXX
20	International Casualty Non-motor	XXX	XXX	XXX	XXX
21	International Casualty Non-motor Non-proportional	XXX	XXX	XXX	XXX
22	Retro Property	XXX	XXX	XXX	XXX
23	Structured/Finite Reinsurance	XXX	XXX	XXX	XXX
24	Health	XXX	XXX	XXX	XXX
25	**Total**	**XXX**	**XXX**	**XXX**	**XXX**

INSTRUCTIONS AFFECTING SCHEDULE IV

“gross premiums written” and “net premiums written” are defined in the Group Rules.

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SCHEDULE V (Paragraph 6)

SCHEDULE OF RISK MANAGEMENT

[***blank***] **name of Parent**

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

[All amounts are expressed in ______ (currency used)]

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

(a) governance structure;

(b) group structure;

(c) intra-group exposures;

(d) effective duration of assets calculation;

(e) effective duration of liabilities calculation;

(f) description of the effective duration of assets and liabilities calculations and key assumptions;

(g) investment policy;

(h) gross probable maximum loss for general insurance business;

(i) net probable maximum loss for general insurance business;

(j) average annual loss for general insurance business excluding property catastrophe;

(k) list of statutory general business lines and statutory territories that have catastrophe exposures;

(l) projected net premiums written, underwriting profit or loss, net income or loss and the description of underwriting strategy;

(m) actual attritional losses and large claims losses in the relevant year;

(n) financial impact and description of stress and scenario tests;

(o) description of the insurance group's risk management program; and

(p) risk register.

INSTRUCTIONS AFFECTING SCHEDULE V

(a) the governance structure must disclose -

i) the structure, names and work experience of the parent's board of directors and executive management, including names, roles and work experience of officers;

ii) terms of reference of the parent's board of directors and its sub-committees, including names and work experience of the directors;

iii) list of shareholder controllers; and

iv) group organisational structure.

(b) The group structure must disclose –

i) list of regulated entities, the financial sectors in which they operate in and their place of incorporation grouped by country or state (for United States) ;

ii) unregulated entities, the sectors in which they operate in and their place of incorporation grouped by country or state (for United States);

iii) the description of the strategic purpose of each entity;

iv) the description of the products and services sold to external parties;

v) the total assets of each entity;

vi) the total net assets or equity of each entity;

vii) group's participation share (percentage) of each entity; and

viii) sector classification is as follows:

Sector	**Industries in Sector**
Energy	Oil, gas, consumable fuels and energy equipment
Materials	Chemicals; Construction materials, containers and packing; Metals and mining; and Paper and forest products
Industrial	Machinery and equipment; Construction, engineering and building products; Commercial and professional services; and Transportation (air, road and water)
Consumer Discretionary	Automobile and components;

	Consumer durables and textile apparel Hotels and restaurants Consumer services and retailing Media
Consumer Staples	Food and staples retailing Agricultural products, beverage and tobacco Household and personal products
Healthcare	Healthcare equipment and services Pharmaceuticals, biotechnology and life sciences
Financial	Banks Diversified financials Insurance Real Estate Capital markets
Information Technology	Software and internet services Technology hardware and equipment IT services, computer components and semiconductor equipment
Telecommunications Services	Telecommunications services
Utilities	Electric, water and gas utilities
Other	Unspecified industry group

(c) the intra-group exposures must disclose material transactions among the members of the group -

i) the following details should be provided:

1) Exposure value (face value or market value, if the latter is available);
2) Counterparties involved, including where they are located/incorporated;
3) Summary details of the transaction – including purpose, terms, transaction costs etc.;
4) Duration of the transaction; and
5) Performance triggers.

ii) the details surrounding reinsurance and retrocession arrangements including:

1) Aggregated values of the exposure limits (gross and net) by counterparties, broken down by counterparty rating;
2) Aggregated premium flows between counterparties (gross and net); and
3) The proportion of the group's insurance business exposure covered by internal reinsurance, retrocession and other risk transfer arrangement.

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(d) the effective duration of assets calculation must be determined using the aggregate of the bonds and debentures (Form 1, Lines 2(a) (ii) and 3(a) (ii)), preferred stocks (Form 1, Lines 2(c) (ii) and 3(c) (ii)), and mortgage loans portfolios (Form 1, Line 5(c)) as a basis;

(e) the effective duration of liabilities calculation must be determined using the reserves (Form 1, Lines 17(d) and 27(c)) as a basis;

(f) a description of the process used for determining the effective duration of assets calculation and effective duration of liabilities calculation, and key assumptions for these calculations;

(g) the investment policy must disclose a description of the insurance group's investment strategy governing investment selection and composition of the insurance group's investment portfolio;

(h) the gross probable maximum loss for natural catastrophe losses arising from general business (prior to reinsurance) must be calculated at the 99.0% Tail Value-at-Risk level for annual aggregate exposure to all risks and all perils, including reinstatement premiums, for the year following the relevant year based upon the insurance group's catastrophe model;

(i) the net probable maximum loss for natural catastrophe losses arising from general business (after reinsurance) must be calculated at the 99.0% TVaR level for annual aggregate exposure to all risks and all perils, including reinstatement premiums, for the year following the relevant year based on the insurance group's catastrophe model;

(j) the average annual loss for general business lines excluding property catastrophe must be calculated as follows -

i) the expected net natural catastrophe loss arising from general business (after reinsurance), including reinstatement premiums, for annual aggregate exposure to all risks and all perils other than those relating to the property catastrophe statutory line of general insurance business (as described under the Instructions Affecting Schedule III) for the year following the relevant year based on the insurance group's catastrophe model; and

ii) the calculation should be from the same underlying loss distribution used to determine the gross probable maximum loss and the net probable maximum loss (excluding the property catastrophe component);

(k) the list of statutory general business lines and statutory territories that have catastrophe exposures as set out under paragraph (q);

(l) the projected net premiums written, underwriting profit or loss, and net income or loss and a description of underwriting strategy of the insurance group for the year following the relevant year shall disclose -

i) the insurance group's latest estimate of annual net premiums written;

ii) underwriting profit or loss;

iii) net income or loss; and

iv) a description of the insurance group's underwriting strategy to be used in an attempt to achieve the projections in i) to iii);

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(m) the actual attritional losses and large claims losses in the relevant year shall disclose the actual aggregate losses (classified by the insurance group as attritional and large claims losses in accordance with its own policy) experienced by the insurance group in the relevant year (not including prior year reserve releases or adverse development);

(n) the financial impact and description of stress and scenario tests shall disclose the results from the stress and scenario tests prescribed by the Authority annually and published in such manner as the Authority determines;

(o) the description of the insurance group's risk management program shall disclose -

i) a description of the risk management process, including how the risk management program is used for strategic management decision-making, capital allocation and capital adequacy;

ii) a description of the governance surrounding the risk management process including the identification of the owners of the process and the extent of the board of directors' involvement;

iii) a description of the risk appetite including the process for setting and embedding risk limits, and the identification of the types of stress testing carried out to ascertain the suitability of the risk appetite; and

iv) a description of the process undertaken to monitor material risk concentration.

(p) the risk register shall disclose –

i) a description of the insurance group's material risks;

ii) owners of the respective risks;

iii) the impact and probability of the risk and the overall risk assessment crystallizing expressed as quantitative or qualitative measures;

iv) a summary of risk mitigation/controls in place and an assessment of their effectiveness in reducing the probability and/or impact of the risk; and

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

(q) Statutory territories that have catastrophe exposures –

Zone	**Territories**
1	Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, the District of Columbia, Alabama, Arkansas, Louisiana, Mississippi, Texas, Florida, Georgia, North Carolina, and South Carolina
2	Caribbean

3	Arizona, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Montana, Minnesota, Missouri, Nebraska, Nevada, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Utah, Wisconsin, and Wyoming
4	California
5	Oregon, Washington
6	Hawaii
7	Canada, Alaska
8	United Kingdom, Continental Europe
9	Australia/New Zealand
10	Japan
11	Nationwide Covers
12	Worldwide Covers
13	All exposures not included in Zone 1 to 12

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SCHEDULE VI (Paragraph 6)

SCHEDULE OF FIXED INCOME SECURITIES

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

The schedule of fixed income securities shall-

(a) represent the amounts stated in the Form 1 – Group Statutory Balance Sheet Lines 2(b) and 3(b);

(b) include the following information according to security type-

  i. amount reflected in the Group Statutory Balance Sheet balance on Lines 1(b) or 3(b);

  ii. amount contributing to (reflected in) the Group Statutory Balance Sheet balance on Lines 2(b) or 3(b);

  iii. face value;

  iv. fair value;

  v. average effective yield to maturity;

  vi. average rating of the security type (if applicable);

  vii. average duration and convexity; and

(c) include the effective duration and the convexity of the portfolio.

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SCHEDULE VII (Paragraph 6)

SCHEDULE OF LONG-TERM BUSINESS DATA AND RECONCILIATION

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

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	Long-Term Insurance Reserve (excl. variable annuity) ('000)	**Reported DAC (if any) ('000)**	**Best Estimate Reserve ('000)**	**Best Estimate Reserve (subject to zero floor) ('000)**	**Net Amount at Risk**		
					Adjustable Product/ Treaty ('000)	**Non-adjustable Product/ Treaty ('000)**	**Total ('000)**
1. Mortality (term insurance, whole life, universal life)	XXX	XXX	XXX	XXX	XXX	XXX	XXX
2. Critical Illness (including accelerated CI products)	XXX	XXX	XXX	XXX	XXX	XXX	XXX
3. Longevity (payout annuities, contingent annuities, pension blocks)	XXX	XXX	XXX	XXX	N/A	N/A	N/A
4. Deferred Annuities (including indexed linked products with no guarantees)	XXX	XXX	XXX	XXX	**Net Annual Premium**		
5. Disability Income: Active Lives (including waiver of premium and LTC)					**Benefit Period <= 2 years**	**Benefit Period > 2 years**	**Total**
Length of Premium Guarantee:							
(a) Less than or equal to 1 year	N/A	N/A	N/A	N/A	XXX	XXX	XXX
(b) Greater than 1 year but less than or equal to 5 years	N/A	N/A	N/A	N/A	XXX	XXX	XXX
(c) Greater than 5 years	N/A	N/A	N/A	N/A	XXX	XXX	XXX

Total	XXX	XXX	XXX	XXX	N/A	N/A	XXX
6. Disability Income: Active Lives (other accident and sickness)	XXX	XXX	XXX	XXX	N/A	N/A	XXX
7. Disability Income: Claims In Payment (including waiver of premium and LTC)	XXX	XXX	XXX	XXX	N/A	N/A	N/A
8. Disability Income: Claims In Payment (other accident and health)	XXX	XXX	XXX	XXX	**Net Annual Premium**		
9. Group Life	XXX	XXX	XXX	XXX	**Adjustable Product/ Treaty ('000)**	**Non-adjustable Product/ Treaty ('000)**	**Total ('000)**
10. Group Disability	XXX	XXX	XXX	XXX			
11. Group Health	XXX	XXX	XXX	XXX			
12. Stop Loss	XXX	XXX	XXX	XXX	N/A	XXX	**XXX**
13. Other product riders not included above	XXX	XXX	XXX	XXX	N/A	XXX	**XXX**
Total (excluding Variable Annuities)	**XXX**	**XXX**	**XXX**	**XXX**	**N/A**	**N/A**	**N/A**

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SCHEDULE VIII (Paragraph 6)

SCHEDULE OF LONG-TERM BUSINESS VARIABLE ANNUITY GUARANTEES DATA AND RECONCILIATION

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

		Long-term Variable Annuity Reserve ('000)	**Account Value**		**Net Amount at Risk ('000)**
			Volatility (0%, 10.0%) ('000)	**Volatility (>10.0%) ('000)**	
1	Guaranteed Minimum Accumulation Benefit: < 5 years to maturity	XXX	XXX	XXX	XXX
2	Guaranteed Minimum Accumulation Benefit: >= 5 years to maturity	XXX	XXX	XXX	XXX
3	Guaranteed Minimum Death Benefit: return of premium, ratchet and reset	XXX	XXX	XXX	XXX
4	Guaranteed Minimum Death Benefit: enhanced benefits (roll up)	XXX	XXX	XXX	XXX
5	Guaranteed Minimum Income Benefit	XXX	XXX	XXX	XXX
6	Guaranteed Minimum Withdrawal Benefit	XXX	XXX	XXX	XXX
7	Guaranteed Enhanced Earnings Benefit	XXX	XXX	XXX	XXX
8	**Total (Variable Annuities)**	**XXX**	**XXX**	**XXX**	**XXX**

INSTRUCTIONS AFFECTING SCHEDULE VIII

(a) Factors should be applied to Net Amount at Risk (NAR) defined as:

i) GMAB - Total claim payable if all contracts mature immediately

ii) GMDB - Total claim amount payable upon immediate death of all policyholders

iii) GMIB - Total claim payable upon full and immediate annuitization of all policies using an 80% factor applied to the GV (the 80% represents the ratio between current market annuitization factors and the guaranteed annuitization factors)

iv) GMWB - Total claim payable if 100% of the guaranteed withdrawal benefit base in excess of the current account value is withdrawn immediately

v) GEEB - Total guaranteed enhanced payments upon immediate death of all policyholders

(b) Where ratchets, resets and roll-ups exist, please use the roll-up category.

(c) NAR is net of reinsurance.

(d) The proportion used for the account value under reinsurance is the proportion used for NAR.

(e) Volatility is defined as the annual volatility of the fund. In the case where there is no, or limited, history of the fund, use the volatility of the benchmark associated with the fund.

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SCHEDULE IX (Paragraph 6)

SCHEDULE OF GROUP'S SOLVENCY SELF ASSESSMENT (GSSA)

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

a) Table 14: GSSA capital summary disclosing the insurance group's own capital computations, insurance group's plans for raising additional capital and contingency arrangements impacting the available capital.

b) Table 14A: GSSA general questions relating to an insurance group's risk management and governance program, the review and approval of GSSA, integration of GSSA into the strategic decision making process of an insurance group.

c) Table 14B: GSSA assessment of material risks of the insurance group, the determination of both the quality and quantity of capital required to cover its risks, the forward looking analysis and its ability to manage its capital needs, the review and approval of GSSA and the governance and controls surrounding model(s)/tool(s) used to compute the CISSA capital.

INSTRUCTIONS AFFECTING SCHEDULE IX

TABLE 14

GSSA CAPITAL SUMMARY

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

Where:

a) GSSA capital is the amount of capital the insurance group has determined that is required to achieve its strategic goals upon undertaking an assessment of all material (reasonably foreseeable) risks arising from its operations or operating environment; and

b) Regulatory capital as determined by the Group BSCR or an approved group internal capital model at 99.0% TVaR.

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c) Insurance risk shall include the following:

1) Premium risk as defined in paragraph 2;
2) Reserve risk as defined in paragraph 6;
3) Catastrophe risk as defined in paragraph 8;
4) Other insurance risk as defined in paragraph 9;
5) Insurance risk – mortality as defined in paragraph 10;
6) Insurance risk – stop loss as defined in paragraph 11;
7) Insurance risk – riders as defined in paragraph 12;
8) Insurance risk – mortality and disability as defined in paragraph 13;
9) Insurance risk – longevity as defined in paragraph 14; and
10) Variable annuity guarantee risk as defined in paragraph 15.

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TABLE 14 cont'd

ADDITIONAL INFORMATION

1. What is the primary reason(s) (select multiple responses where applicable) for aiming at the disclosed GSSA capital amount? (select all that apply by choosing Yes/No)
   - target agency rating (e.g. "A-", "AA", etc);
   - market share;
   - business expansion;
   - nature of product(s) (e.g. risk characteristics);
   - manage downgrade risk; and
   - others (briefly describe).

2. What methodology is used to aggregate the risk categories in deriving the GSSA capital?

3. What contingency plans are in place for raising additional capital under stress situations? (select all that apply by choosing Yes/No)
   - parental guarantees;
   - revolving letters of credit;
   - issue subordinated debt;
   - issue preference shares;
   - float additional shares;
   - capital injections from parent;
   - contingent surplus notes;
   - catastrophe derivatives (e.g. bonds, swaps and options); and
   - others (briefly describe)

4. Does the insurance group have arrangements/contractual commitments to provide support to affiliates/other companies in stressed situations? If yes, briefly describe the arrangement(s) and the aggregate exposure.

5. Has the insurance group engaged in double/multiple gearing? If yes, provide details and amount of capital.

INSTRUCTIONS AFFECTING TABLE 14

(a) Total capital pre-diversification between risk categories is derived by aggregating all the risk categories prior to recognition of diversification between the risk categories (i.e., prior to "top of the house" diversification).

(b) Total capital after diversification between risk categories shall be derived by deducting the diversification benefit (calculated by an insurance group) from the "Total capital pre-diversification between risk categories".

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

TABLE 14A

GSSA GENERAL QUESTIONS

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

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

- strategic planning;
- annual business planning;
- setting risk limits;
- defining risk appetite;
- evaluation of capital adequacy;
- allocation of capital to business segments and lines of business;
- capital management;
- determination of rates of return for pricing and underwriting guidelines;
- reinsurance purchase;
- determination of investment policies and strategies;
- meeting regulatory requirements;
- improving credit rating;
- improving investor relations;
- assessing risk adjusted product profitability;
- performance measurement and assessment;
- improving mergers and acquisition decisions; and
- others

2. Has the insurance group applied reverse stress testing to both identify the scenarios that could cause business failure and the required actions to manage such situations? **(Yes or No)**

3. Is the GSSA process clearly documented and regularly amended for changes in strategic direction, risk management framework, and market developments? **(Yes or No)**

4. How often is the information underlying the GSSA discussed and reviewed by the board of directors, chief and senior executives of the insurance group?

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

Optionally, the designated insurer of the insurance group may provide brief comments.

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INSTRUCTIONS AFFECTING TABLE 14A

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

(b) Independent verification shall be conducted by an internal or external auditor or any other appropriately skilled internal or external function, as long as they have not been responsible for the part of the GSSA process they review, and are therefore deemed to be independent in their assessment.

TABLE 14B

GSSA ASSESSMENT OF MATERIAL RISKS OF THE INSURANCE GROUP

The insurance group must undertake and file with the Authority the insurance GSSA of the insurance group's material risks and the determination of both the type of quality and quantity of GSSA capital required to cover these risks, while remaining solvent and achieving the group's business goals.

Minimally the self assessment should include:

1. Date the assessment was completed.
2. The identification and assessment of all reasonably foreseeable material risks (i.e. insurance underwriting risk; investment, liquidity and concentration risk; market risk; credit risk; operational risk; group risk; strategic risk; reputational risk; and legal risk).
3. The identification of the relationships of the material risks with one another, and the quantity and type of capital required to cover the risks.
4. A description of the insurance group's risk appetite, including limits imposed and how they are enforced.
5. Assumptions and methodology used to assess and aggregate risks.
6. A forward looking analysis of the risks faced by the insurance group over its planning horizon and an analysis demonstrating the ability to manage its business and capital needs in adverse circumstances and still meet regulatory capital requirements.
7. An evaluation of whether the insurance group has sufficient capital and liquidity available to achieve its strategic goals over its planning horizon and any potential adverse consequences if insufficient.
8. A description of business continuity and disaster plans.
9. A description of how the results of the self assessment are integrated into the management and strategic decision making process.
10. Approval and signed declaration of the GSSA by two members of the parent's Board of Directors.
11. For each material risk identified, the submission should minimally include:
    a) Identification of the risk owner, qualifications and responsibilities;
    b) The risk drivers (e.g. for catastrophe risk the drivers could be U.S. earthquake, European windstorm, terrorism, etc.);
    c) The primary model(s)/tool(s) used to calculate the GSSA capital for the

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risk, where applicable;

d) The primary sources of data used as inputs to the model(s)/tool(s);

e) The key assumptions used in the assessment of the risk;

f) A description and quantitative impact of stress and scenario testing (if any) on capital including key assumptions;

g) A description of measures taken to transfer or otherwise mitigate the risk;

h) Quantification of the risk if the insurance group is holding capital against it both pre- and post-diversification; and

i) An explanation of the primary reasons for any material deviations between the GSSA capital as it pertains to the risk and the associated capital (if holding capital against the risk) and the regulatory capital charge for the risk, if the deviation is greater than 15%.

12. Model(s)/tool(s) used to calculate the GSSA capital

The insurance group must review and provide answers to the following questions on the model(s)/tools used to calculate the GSSA capital:

a) Governance

i. Does the parent's Board of Directors, chief and senior executives approve the design, maintenance and use of the model(s)/tool(s)?

ii. How often does the parent's Board or relevant Board committees review outputs, changes and issues arising from the model(s)/tool(s) (review should be documented e.g. minutes, presentations, etc.)?

iii. Does the Board, chief and senior executives of the insurance group have a general understanding of the key assumptions/elements and the implications of the outputs (including limitations) of the model(s)/tool(s)?

b) Validation

i. Is the model(s)/tool(s) subject to a regular cycle of validation, which includes the monitoring of performance, review appropriateness of model specifications and testing of forecast results against actual results?

ii. How often is the validation of the model(s)/tool(s) performed?

iii. Does the validation process demonstrate that the model(s)/tool(s) remain suitable during changing conditions (e.g. changes in inflation, interest rate, etc.)? If no, provide comments.

c) Documentation

i. Does the insurance group have formal documentations of the structure, design, operational details, input assumptions, parameters, governance process and controls of the model(s)/tool(s)?

ii. If yes, to what extent is the model(s)/tool(s) documented such that it can be used by new personnel with limited user experience (include comments for partial or no documentations)?

iii. How often does the parent's Board, chief and senior executives review and approve the model/input documentation?

d) Internal controls

i. How does the insurance group rate the effectiveness of the controls in place to monitor and evaluate the operation and maintenance of the model(s)/tool(s)?

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ii. Are there strict protocols in place restricting access to the model(s)/tool(s) and the ability to make adjustments thereto?

e) Others

i. What is the risk measure (VaR, TVaR, etc.), confidence interval (95%, 99.95%, etc.) and time horizon (1 year, 3 years, etc.) used to derive the GSSA capital?

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INSTRUCTIONS AFFECTING TABLE 14B

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

SCHEDULE X (Paragraph 6)

GROUP GENERAL BUSINESS CATASTROPHE RISK RETURN

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

(a) Total exceedance probability ("EP") curves (Table 15): This represents an insurance group's exposure to loss arising from natural catastrophe from all insurance and reinsurance operations including the impact of any insurance linked securities for all perils combined for the year following the relevant year based upon the insurance group's catastrophe model.

(b) EP curve for insurance (Table 15A): This EP curve shall be required only when the percentage of net insurance premiums written to total net premiums written is greater than 10%.

(c) EP curves for region-perils (Table 15B): Insurance groups shall provide information on EP curves for the following region-perils:

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

(d) Region-peril exposure to zones and statutory lines of business (Table 15C): Insurance groups shall disclose the statutory zones and the statutory lines of business to which it is exposed.

(e) Accumulations overview (Table 15D): Insurance groups shall provide details of the features of accumulation methodologies, the catastrophe models used and the frequency of conducting accumulations.

(f) Data analysis (Table 15E): This shall consist of information on modeled verses non modeled catastrophe risk, the quality and comprehensiveness of data and how data is considered in accumulations and pricing.

(g) Reinsurance disclosures (Table 15F): This seeks to obtain information on the type of protection (reinsurance or retro) purchased against natural catastrophe losses.

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(h) Insurance terror exposure (Table 15G): For insurance business that has terrorism exposure, insurance groups shall disclose their exposure to conventional terrorism exposure and on nuclear, biological, chemical and radiological ("NBCR") terrorism exposure separately at different levels of geographical resolution.

- Conventional terrorism: insurance groups shall disclose information on the ten largest 150 metre accumulations of exposure to conventional terrorism losses on a gross basis; and
- NBCR insurance terrorism exposure: insurance groups shall disclose terrorism exposure information on the ten largest U.S. states or countries outside the U.S. for accumulations of exposure to NBCR terrorism losses. The exposure calculation should include all exposures within and outside the U.S. and assume a total loss to insurance commitments within the area.

(i) Reinsurance terrorism limits (Table 15H): Insurance groups shall disclose the top ten reinsurance limits exposed within or outside the U.S. for conventional and NBCR acts of terrorism.

(j) Assumed exchange rates (Table 15I): This contains information on all exchange rates used in compiling the EP curve information.

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INSTRUCTIONS AFFECTING SCHEDULE X

TABLE 15

EP CURVE TOTAL

1. Exceedance probability information				
Loss return period (years)	**Gross loss**		**Net loss**	
	Gross per occurrence loss ($M)	**Gross aggregate TVaR ($M)**	**Net per occurrence loss ($M)**	**Net aggregate TVaR ($M)**
50				
100				
250				
500				
1000				

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

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

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

3. Assumed reinsurance information

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

4. Pools and assessments information

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

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5. Supplemental perils and model options

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

6. Other adjustments information

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

<u>Instructions affecting Table 15</u>

(a) The responses for the "exceedance probability information" section shall consist of amounts in $millions.

(b) Except for the cat model and average loading factor questions in the section "Other adjustments information", where the response shall include amounts, responses to sections 2 through 6 shall include selecting the appropriate response that best reflects the insurance group's position. Where the response is "no" the designated insurer of the insurance group shall provide a brief description.

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Table 15A

EP Curve Insurance

The EP curve for insurance will be required only when the percentage of net insurance premiums written is greater than 10% of total net premiums written.

1. Exceedance probability information

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

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Table 15A, cont'd

1. Exceedance probability information: cont'd

	Gross Loss		Net loss
Annual average aggregate gross loss		Annual average aggregate net loss (net of reinstatements terms)	
Standard deviation of annual aggregate gross loss		Standard deviation of annual aggregate net loss (net of reinstatements terms)	
Total gross statutory property catastrophe premium modeled		Total net statutory property catastrophe premium modeled (net of upfront reinsurance premiums paid)	
Total gross all other premium modeled		Total net all other premium modeled (net of proportional reinsurance only)	
Total gross statutory property catastrophe limits exposed –modeled		Total net statutory property catastrophe limits exposed – modeled (net of proportional reinsurance only)	
Total gross statutory property catastrophe limits exposed - not modeled		Total net statutory property catastrophe limits exposed– not modeled (net of proportional reinsurance only)	
Total gross all other lines limits exposed - modeled		Total net all other lines limits exposed – modeled (net of proportional reinsurance only)	
Total gross all other lines limits exposed - not modeled		Total net all other lines limits exposed - not modeled (net of proportional reinsurance only)	
Total gross premium without an occurrence or aggregate limit		Total net premium without an occurrence or aggregate limit	
Total gross premium with non determinable TIV		Total net premium with non determinable TIV	

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Table 15A, cont'd

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

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

3. Assumed reinsurance information

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

4. Pools and assessments information

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

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Table 15A, cont'd

5. Supplemental perils and model options

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

6. Other adjustments information

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

Instructions affecting Table 15A

(a) The responses for the "exceedance probability information" section shall consist of amounts in $millions.

(b) Except for the question on catastrophe model and average loading factor questions in the section "Other adjustments information", where the response shall include amounts, responses to sections 2 through 6 shall include selecting the appropriate response that best reflects the insurance group's position. Where the response is "no", the designated insurer of the insurance group shall provide a brief description.

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Table 15B

EP CURVES FOR REGION-PERILS

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

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

Exceedance probability information

Which model(s) is used for EP Curve?

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

Instructions affecting Tables 15B

(a) The responses for the "exceedance probability information" section shall consist of amounts in $millions.

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Table 15C

Region-peril Exposure To Zones And Statutory Lines Of Business

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

a) Exposure to statutory zones (Schedule V (q))

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

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

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

<u>Instructions affecting Tables 15C</u>

(a) "All Other Perils" shall consist of the residual natural catastrophe exposure retained by the insurance group for all other region-perils except Atlantic basin hurricane, North American earthquake, European windstorm, Japanese earthquake, and Japanese typhoon.

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Table 15D

ACCUMULATIONS OVERVIEW

1. What frequency best describes the update process of accumulations?

2. Are there any differences in the frequency of accumulations for various business units? If yes, briefly describe.

3. Which vendor catastrophe models do the members of the insurance group license?

4. Does the insurance group incorporate internally developed stochastic catastrophe models within the accumulations that capture correlation across contracts or lines of business?

5. Which methodology best describes the insurance group's accumulation methodology?

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

7. Are the insurance group's pricing and accumulations fully consistent?

8. What percentage of the total premium (other than insurance business) is written without occurrence limits?

9. Do the members of the insurance group provide reinsurance to both affiliated companies and unaffiliated companies?

10. If there is more than 2.5% of premiums written without occurrence limits (other than insurance business), briefly describe this business, including information on territorial exposure, potential for correlation of losses across contracts/policies and the assessment of maximum loss potential for these exposures.

11. How are outwards reinsurance protections considered in accumulation calculations?

Instructions affecting Table 15D

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

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Table 15E

DATA ANALYSIS

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

	U.S. specific contracts - all exposures		**All other contracts – all exposures**		**Total**	
	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)
Modelable						
Not modelable						
Total						

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

	U.S. specific contracts - all exposures		**All other contracts – all exposures**		**Total**	
	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)
Modeled						
Not modeled						
Total						

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Table 15E, cont'd

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

	U.S. specific contracts - all exposures		**All other contracts – all exposures**		**Total**	
	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)
Detailed exposure data						
Aggregate exposure data						
A proxy peer insurer is selected and losses are derived from this insurer						
Derived from an industry loss curve utilizing market share						
Other						
Total						

If other is selected, describe the methodology as appropriate.

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Table 15E, cont'd

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

	U.S. specific contracts - all exposures		**All other contracts – all exposures**		**Total**	
	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)
Data deficient						
Model deficient						
Other						
Total						

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

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

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Table 15E, cont'd

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

	U.S. specific contracts - all exposures		**All other contracts – all exposures**		**Total**	
	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)	Contract count	Limit provided ($M)
Data deficient						
No catastrophe model exists						
Model deficient						
Other						
Total						

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

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

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

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

<u>Instructions affecting Table 15E</u>

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

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Table 15F

REINSURANCE DISCLOSURES

Reinsurance or Retro information

	U.S. specific contracts		**Worldwide contracts**		**All other contracts**	
	Premium	Occurrence limit provided ($M)	Premium ($M)	Occurrence limit provided ($M)	Premium	Occurrence limit provided ($M)
Insurance linked securities protection						
Industry loss warranty contracts						
Other contracts and non-traditional methods of risk mitigation / assumption						
Property catastrophe contracts						
Catastrophe swaps	N/A		N/A		N/A	
Property per risk contracts						
Property retro contracts						
Quota share contracts						
Surplus share contracts						
Total						

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

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Table 15G

INSURANCE TERROR EXPOSURE

Conventional Insurance Terrorism Exposure - 150m Defined Geographical Radius

		Latitude of accumulation centroid	Longitude of accumulation centroid	Zipcode/ Postcode	State/ Province	Country	Direct terrorism property exposure ($M)	Total gross exposure ($M)	TRIP or other terror pool recoverables if any ($M)	Reinsurance recoveries if any ($M)	Total net exposure ($M)	Target location (if known)
Conventional terrorism exposure	1											
	2											
	3											
	4											
	5											
	6											
	7											
	8											
	9											
	10											

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Table 15G, cont'd

NBCR Insurance Terrorism Exposure-State/Country

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

Instructions affecting Table 15G

(a) Total gross exposure is the sum of:

- o Direct terrorism property exposure;
- o Indirect terrorism property exposure;
- o Value of lives exposed; and
- o Other insured exposures.

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Table 15H

REINSURANCE TERRORISM LIMITS

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

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Table 15H, Cont'd

NBCR Insurance Terrorism Exposure-State/Country

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

Instructions affecting Table 15H

(b) The total gross exposure is derived by the sum of all reinsurance limits exposed to terrorism.

(c) Total net reinsurance limits exposed to terrorism is derived by subtracting the TRIP or other terror pool recoverables and reinsurance recoveries from the total gross reinsurance limits exposed to terrorism.

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Table 15I

ASSUMED EXCHANGE RATES

Currency	EP Curve - Total all perils combined
USD	1.0
USD:EUR	
USD:GBP	
USD:Yen	
USD:CHF	
USD:Other(s) (Specify)	

Instructions affecting Table 15I

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

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SCHEDULE XI (A) (Paragraph 6)

Schedule Of Regulated Non-Insurance Financial Operating Entities

[***blank***] **name of Parent**

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

[All amounts are expressed in ______ (currency used)]

Group member name	Jurisdiction	Sector classification	Strategic purpose	Products & services offered	Participation	Percentage of participating interest	Investment amount (equity method)	Regulatory capital requirement for regulated entities (RCR) (100%)	Applicable share of the RCR
						x.x%	XXX	XXX	XXX
						x.x%	XXX	XXX	XXX
						x.x%	XXX	XXX	XXX
							XXX	**XXX**	**XXX**

INSTRUCTIONS AFFECTING SCHEDULE XI (A)

(a) the insurance group's regulatory capital requirement for regulated non-insurance financial operating entities shall be calculated in accordance with Schedule XI (A) and shall form part of the insurance group's BSCR;

(b) the name of the entity and its jurisdiction of incorporation shall be provided;

(c) the sector classification of each of the insurance group's regulated non-insurance financial operating entities shall be provided as prescribed in the Instructions to Schedule V (b);

(d) the description of the strategic purpose of each entity shall be provided;

(e) the description of the products and services offered to external parties of each entity shall be provided;

(f) the insurance group's participation categorised, whether control or significant influence, on each registered entity shall be provided;

(g) the percent of participating interest of the insurance group on each registered entity shall be provided;

(h) the investment amount shall be (1) the equity value of the insurance group's investment in such regulated entities where the insurance group has significant influence and has accounted under the equity method of accounting as aggregated in Form 1, Line 4(d) and (2) the net asset value of the group's investment in these regulated entities where the group exercises control shall be provided;

(i) the regulatory capital requirement (RCR) shall be provided based on the jurisdiction's solvency laws for the regulated sector in which the entity is licensed to conduct non-insurance financial business; and

(j) the insurance group's proportionate share of each entity's RCR.

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SCHEDULE XI (B) (Paragraph 6)

Schedule Of Unregulated Entities (Except Insurance Holding Companies) Where The Group Exercises Control

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

Group member name	Jurisdiction	Sector classification	Strategic purpose	Products & services offered	Group member category	Percent of participating interest	Investment amount	Applicable capital charges	Capital requirem ent
						x.x%	XXX		XXX
						x.x%	XXX		XXX
						x.x%	XXX		XXX
							XXX		**XXX**

INSTRUCTIONS AFFECTING SCHEDULE XI (B)

(a) the insurance group's approved regulatory capital requirement for unregulated entities except insurance holding companies where the insurance group exercises control over such entity shall be calculated in accordance with Schedule XI (B) and shall form part of the insurance group's BSCR – where "control" has the same meaning given in subparagraph 25(4) of the Group Rules;

(b) the name of the unregulated entity and its jurisdiction of incorporation shall be provided;

(c) the sector classification of each of the insurance group's unregulated entities except insurance holding companies where the group exercise control shall be provided as prescribed in the Instructions to Schedule V (b);

(d) the description of the strategic purpose of each entity shall be provided;

(e) the description of the products and services offered to external parties of each entity shall be provided;

(f) the unregulated entities except insurance holding companies where the group exercises control shall be categorized based on the nature of its business activities, as follows: unregulated entities that conduct ancillary services, unregulated non-financial operating entities or unregulated financial operating entities.

(g) the percentage of participating interest on each unregulated entity where the insurance group exercises control shall be provided;

(h) the net asset value of the group's investment in these unregulated entities except insurance holding companies shall be provided;

(i) the capital charge applied to each unregulated entity are as follows: 0% to unregulated entities that conduct ancillary services; 15% to unregulated non-financial operating entities; and 50% to unregulated financial operating entities; and

(j) the insurance group's share (percentage) of each unregulated entity's capital.

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SCHEDULE XI (C) (Paragraph 6)

Schedule Of Unregulated Non-Financial Operating Entities (Except Insurance Holding Companies) Where the Parent Exercises Significant Influence

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

Group member name	Jurisdiction	Sector classification	Strategic purpose	Products & services offered	Group member category	Percentage of participating interest	Proportionate share of the investment amount (equity method)
						x.x%	XXX
						x.x%	XXX
						x.x%	XXX
							XXX

INSTRUCTIONS AFFECTING SCHEDULE XI (C)

(a) the insurance group's approved regulatory capital requirement for unregulated non-financial operating entities (except insurance holding companies) where the parent exercises significant influence shall be calculated in accordance with Schedule XI (C) and shall form part of the insurance group's BSCR – where "significant influence" has the same meaning given in subparagraph 25(4) of the Group Rules;

(b) the name of the unregulated entity and its jurisdiction shall be provided;

(c) the sector classification of each of the insurance group's unregulated non-financial operating entities (significant influence) shall be provided as prescribed in the Instructions to Schedule V (b);

(d) the description of the strategic purpose of each entity shall be provided;

(e) the description of the products and services offered to external parties of each entity shall be provided;

(f) the unregulated non-financial operating entities (significant influence) shall be categorized based on the nature of its business activities, as follows: unregulated entities that conduct ancillary services, unregulated non-financial operating entities or unregulated financial operating entities.

(g) the percent of participating interest on each unregulated non-financial operating entity (significant influence) shall be provided; and

(h) the insurance group's proportionate share of the carrying investment amount/value under the equity method, as reported on line 4(b) of the group statutory balance sheet.

SCHEDULE XI (D) (Paragraph 6)

Schedule of Entities' Capital Deducted From

Available Statutory Capital and Surplus

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

Group member name	Jurisdiction	Sector classification	Strategic purpose	Products & services offered	Participation	Group member category	Reason for data deficiency	Net assets ($)
								XXX
								XXX
								XXX
								XXX

INSTRUCTIONS AFFECTING SCHEDULE XI (D)

(a) for entities where an insurance group cannot supply the necessary data for the Authority to determine a risk profile or to calculate contributions of these entities to the group's eligible capital, Schedule XI (D) shall be used to calculate these entities' capital to be deducted from the insurance group's available statutory capital and surplus;

(b) the insurance group shall provide the name and jurisdiction of these entities;

(c) the sector classification of each of the group's regulated non-insurance financial operating entities shall be provided as prescribed in the Instructions to Schedule V (b);

(d) the description of the strategic purpose of each entity shall be provided;

(e) the description of the products and services offered to external parties of each entity shall be provided;

(f) the insurance group's participation categorised, whether control or significant influence, on each entity shall be provided;

(g) the entities shall be categorized based on the nature of its business activities, as follows: unregulated entities that conduct ancillary services, unregulated non-financial operating entities, unregulated financial operating entities, regulated insurance financial operating entities, regulated non-insurance financial operating entities;

(h) the reason for data deficiency shall be included, as follows: unknown strategic purpose/nature of operations or insufficient information surrounding eligible capital; and

(i) the net assets of these entities shall be provided.

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SCHEDULE XII (Paragraph 6)

Schedule of Group's Minimum Margin of Solvency

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

.

Group Member Name	Jurisdiction	Percent of Participation Interest	Minimum Margin of Solvency (MSM)	Proportionate Share on the MSM
		x.x%	XXX	XXX
		x.x%	XXX	XXX
		x.x%	XXX	XXX
			XXX	**XXX**

INSTRUCTIONS AFFECTING SCHEDULE XII

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

i. the name of the registered entity for which the insurance group exercises control or significant influence – where "control" and "significant influence" has the same meaning given in subparagraph 25(4) of the Group Rules;

ii. the name of the jurisdiction in which the entity is registered;

iii. the group's participation interest of each registered entity;

iv. the minimum margin of solvency for each registered entity as determined by the jurisdiction where the group's entity is licensed or registered; and

v. the insurance group's proportionate share of the registered entity's minimum margin of solvency requirement, as prescribed in subparagraph 25(2) of the Group Rules.

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SCHEDULE XIII (Paragraph 6)

SCHEDULE OF GROUP ECR'S ELIGIBLE CAPITAL

[*blank*] name of Parent

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

[All amounts are expressed in ______ (currency used)]

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

1. Tier 1, Tier 2 and Tier 3 eligible capital as prescribed in Table 16; and
2. Particulars of each capital instrument approved by the Authority as "Any other fixed capital" in accordance with Form 8, Line 1(c) of the Group Statutory Statement of Capital and Surplus under the Group Rules as prescribed in Schedule 1.

Table 16

SCHEDULE OF GROUP ECR'S ELIGIBLE CAPITAL

Total available statutory capital and surplus (Form 8, Line 4)	XXX
Less: Encumbered assets (not securing policyholders' obligations)	<u>XXX</u>
Subtotal	<u>XXX</u>
<u>TIER 1-BASIC CAPITAL</u>	
(a) Fully paid shares (Form 8, Lines 1(a)(i) and 1(a)(ii))	XXX
(b) Contributed surplus or share premium (Form 8, Line 1(b))	XXX
(c) Statutory surplus - End of Year (Form 8, Line 2(h) (deficit) or (retained earnings)	XXX
(d) Capital adjustments	XXX
(e) Hybrid capital instruments:	
Non-cumulative, perpetual or fixed term preference shares	XXX
(f) Other:	XXX
(g) Less: Difference between encumbered assets for policyholders' obligations and policyholders' obligations (Form 1, Lines 17(a) and 27(a))	XXX
<u>TIER 1-ANCILLARY CAPITAL</u>	
(a) Perpetual or fixed term subordinated debt (Form 8, Line 1(c))	XXX
TOTAL TIER 1 AVAILABLE CAPITAL	**<u>XXX</u>**
<u>TIER 2-BASIC CAPITAL</u>	
(a) Hybrid capital instruments:	
Cumulative preference shares	XXX
(b) Other:	XXX

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(c) Add: Difference between encumbered assets for policyholders' obligations and policyholders' obligations (Form 1, Lines 17(a) and 27(a)) deducted from Tier 1 (if it qualifies)	XXX
TIER 2 ANCILLARY CAPITAL	
(a) Unpaid and callable common shares (Form 8, Line 1(c))	XXX
(b) Qualifying unpaid and callable hybrid capital (Form 8, Line 1(c))	XXX
(c) Qualifying unpaid and callable non-cumulative, perpetual preference shares (Form 8, Line 1(c))	XXX
(d) Perpetual or fixed term subordinated debt (Form 8, Line 1(c))	XXX
(e) Approved letters of credit (Form 8, Line 1(c))	XXX
(f) Approved guarantees (Form 8, Line 1(c))	XXX
TOTAL TIER 2 AVAILABLE CAPITAL	**XXX**
TIER 3 BASIC CAPITAL	
(a) Short-term hybrid capital instruments:	
Cumulative preference shares	XXX
(b) Short-term subordinated debt	XXX
TIER 3 ANCILLARY CAPITAL	
(a) Short-term subordinated debt (Form 8, Line 1(c))	XXX
(b) Approved letters of credit (Form 8, Line 1(c))	XXX
(c) Approved guarantees (Form 8, Line 1(c))	XXX
TOTAL TIER 3 AVAILABLE CAPITAL	**XXX**
TOTAL AVAILABLE STATUTORY CAPITAL AND SURPLUS	**XXX**
REGULATORY CAPITAL LEVELS	
Minimum Margin of Solvency	**XXX**
Enhanced Capital Requirement	**XXX**

INSTRUCTIONS AFFECTING TABLE 16

(a) the insurance group shall include all components of the total available statutory capital and surplus (Form 8, Line 4 of the Group Statutory Statement of Capital and Surplus in accordance with the provisions of paragraphs 26 and 27 of the Group Rules;

(b) the insurance group shall be required to calculate the "difference between the encumbered assets for policyholders' obligations and policyholders' obligations" only where encumbered assets for policyholders' obligations exceed the higher of i) the policyholders' obligations of the insurance group for which assets have been held, and (ii) the capital requirement applicable to the encumbered assets for policyholders' obligations;

(c) for the Tier 1 capital, to calculate the "difference between the encumbered assets for policyholders' obligations and policyholders' obligations", the insurance group shall determine the aggregate difference between the value of the encumbered assets for policyholders' obligations of each insurer that is a member of the insurance group and the higher of (i) the policyholders' obligations of that insurer for which assets have been held and calculated in accordance with Form 1, Lines 17(a) and 27(a) and (ii) the value of the capital requirement applicable to the encumbered assets for policyholders' obligations of that insurer;

(d) for the Tier 2 capital, to calculate the "difference between the encumbered assets for policyholders' obligations and policyholders' obligations", the insurance group shall determine the aggregate difference between the value of the encumbered assets for policyholders' obligations of each insurer that is a member of the insurance group and the higher of (i) the value of the policyholders' obligations of that insurer for which the assets have been held and calculated in accordance with Form 1, Lines 17(a) and 27(a) and (ii) value of the capital requirement applicable to the encumbered assets for policyholders' obligations of that insurer.

(e) the "capital requirement applicable to encumbered assets for policyholders obligations" is determined in accordance with the provisions of subparagraph 26(8) of the Group Rules.

Table 16A

ADDITIONAL DETAILS

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

INSTRUCTIONS AFFECTING TABLE 16A

(a) The insurance group shall include every capital instrument contributing to the amount reported in Form 8, Line 1(c) of the Group Statutory Statement of Capital and Surplus in Table 16A in accordance with the provisions of paragraphs 26 and 27 of the Group Rules.

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