

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**



BERMUDA

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT)
RULES 2019**

BR / 2019

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SCHEDULES

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

Citation and commencement

1 These Rules may be cited as the Insurance (Prudential Standards) (Class IIGB Solvency Requirement) Rules 2019.

Interpretation

2 In these Rules—

“Act” means the Insurance Act 1978;

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

“available statutory capital and surplus”

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

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“BSCR-model” means the Bermuda Solvency Capital Requirement - model referred to in paragraph 4 and Schedule I;

“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;

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

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

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

“digital asset risk” means the risk from the loss in value of any digital assets held by the company, arising from multiple factors, such as but not limited to technological failures, loss of public confidence, government intervention, and all other factors surrounding the application of this emerging technology.

“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 insurer or other person or any other use restriction, excluding encumbered assets for policyholder obligations of the insurer;

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

“Form 1SFS” means the Statutory Balance Sheet (General Business) set out in Schedule I of the Insurance Accounts Rules 2016;

“Form 2SFS” means the Statutory Statement of Income (General Business) set out in Schedule I of the Insurance Account Rules 2016;

“Form 8SFS” means the Statutory Statement of Capital and Surplus set out in Schedule I;

“fully-hedged arrangement” means an arrangement where a digital asset held by the company is sourced from an insurance contract which requires that the resulting financial obligation will be paid in the same type of digital asset;

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

“insurance underwriting risk” means any or all of the following—

- (a) premium risk;
- (b) reserve risk; or
- (c) catastrophe risk;

“legal risk” means the risk arising from an insurer’s failure to comply with—

- (a) a statutory or regulatory obligation;
- (b) its bye-laws; or
- (c) its contractual agreement;

“liquidity risk” means the risk arising from an insurer’s inability to meet its obligations as they fall due or to meet such obligations except at excessive cost;

“market risk” means the risk arising from fluctuations in —

- (a) values of, or income from, assets or in interest rates or exchange rates; or

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(b) income from assets or interest rates or exchange rates;

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

“policyholder obligations” for the purposes of these Rules means the obligations set out in the aggregate of lines 16(a), 17(a) and 18 of Form 1SFS set out in Schedule I of the Insurance Accounts Rules 2016;

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

“relevant year” in relation to an insurer, means its financial year; and

“reputational risk” includes risk of adverse publicity regarding an insurer’s business practices and associations;

“reserve risk” means the risk that an insurer’s technical provisions may be insufficient to satisfy its obligations;

“strategic risk” means the risk of an insurer’s inability to implement appropriate business plans and strategies, make decisions, allocate resources, or adapt to changes in the business environment;

“stablecoin” means a digital asset that is fully funded by a fiat currency reserve and can be used at any point in time to redeem that fiat currency from the issuer of the stablecoin or the issuer’s agent on a one to one basis;

“tail value-at-risk” (or “TVaR”) means the conditional average potential given that the loss outcome exceeds a given threshold;

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ECR

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

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

provided that the ECR shall at all times be an amount equal to, or exceeding, the minimum margin of solvency, as prescribed by section 6 of the Act.

(2) The ECR applicable to an insurer shall be –

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

whichever is later.

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

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BSCR-model

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

Approved internal capital model

5 (1) An insurer may apply to the Authority for approval to use an internal capital model in substitution for the BSCR-model.

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

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

- (a) the appropriateness of the internal capital model for the determination of the insurer's capital requirement;
- (b) the extent to which the internal capital model has been integrated into the insurer's risk management program; and
- (c) the appropriateness of controls applicable to the creation and maintenance of the insurer's internal capital model.

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

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

(5) An 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 its internal capital model.

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

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

(8) An 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.

Capital and solvency return

6 (1) Schedules I, II, IIA, IIB, IIC, IIE, IIF, III, IIIA, IV, IVC, IVD, IVE, V, VI, IX, X, XII, XIV, XV, XVI, XVII, XVIII, XIX, XIXA, XX, XXA, XXI, XXI A, XXIII, XXIV and XXV have effect.

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(2) Every insurer shall make a capital and solvency return to the Authority which shall comprise the following documents—

- (a) an electronic version of the BSCR-model and the returns prescribed under Schedules II, IIA, IIB, IIC, IID, IIE, IIF, IIIA, IV, IVC, IVD, IVE, V, VI, IX, XII, XVI, XVII, XVIII, XIX, XIXA, XX, XXA, XXI, XXIA, XXIII, XXIV, and XXV and
- (b) where applicable, an approved internal capital model.

(3) An insurer shall, on or before its filing date, furnish the Authority with its capital and solvency return.

(4) An insurer shall, at the time of furnishing its capital and solvency return in accordance with subparagraph (3), also file with the Authority an opinion of its loss reserve specialist, which takes into account its total business insurance reserves calculated in accordance with Line 19 of Form 1SFS.

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

(6) In this paragraph, “filing date” has the meaning given in section 17(4) of the Act

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Declaration of capital and solvency returns

7 Every capital and solvency return made by an insurer under paragraph 6 shall be accompanied with a declaration signed by two directors of the insurer and by the insurer’s principal representative declaring that to the best of their knowledge and belief, the return fairly represents the financial condition of the insurer in all material respects.

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Commencement

8 These Rules come into operation on 1 January 2020.

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SCHEDULES

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

Made this 1st day of December 2019

Chairman
Bermuda Monetary Authority

*[Amended by:
BR / 201X]*

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SCHEDULE I (Paragraph 4)

BERMUDA SOLVENCY CAPITAL REQUIREMENT – CLASS IIGB

1. The Class IIGB BSCR shall be established, on a consolidated valuation basis, in accordance with the following formula—

$$BSCR = \sqrt{C_{fi}^2 + C_{eq}^2 + C_{int}^2 + C_{Curr}^2 + C_{Da}^2 + C_{Conc}^2 + C_{prem}^2 + \left[\frac{1}{2} C_{cred} + C_{rsvs}\right]^2 + \left[\frac{1}{2} C_{cred}\right]^2} + C_{cat}^2 + C_{op} + C_{adj}$$

$$+ \left(BSCR_{Corr} - \left(\sqrt{C_{fi}^2 + C_{eq}^2 + C_{int}^2 + C_{Curr}^2 + C_{Conc}^2 + C_{prem}^2 + \left[\frac{1}{2} C_{cred} + C_{rsvs}\right]^2 + \left[\frac{1}{2} C_{cred}\right]^2} + C_{cat}^2 + C_{op} + C_{adj} \right) \right)$$

× Transitional Factor

Where—

- | | |
|---------------------------|--|
| C_{fi} | = fixed income investment risk charge as calculated in accordance with paragraph 2; |
| C_{eq} | = equity investment risk charge as calculated in accordance with paragraph 3; |
| C_{int} | = interest rate / liquidity risk charge as calculated in accordance with paragraph 4; |
| C_{Curr} | = currency risk charge as calculated in accordance with paragraph 5; |
| C_{da} | = digital asset charge as calculated in accordance with paragraph 6 |
| C_{Conc} | = concentration risk charge as calculated in accordance with paragraph 7; |
| C_{prem} | = premium risk charge as calculated in accordance with paragraph 8; |
| C_{rsvs} | = reserve risk charge as calculated in accordance with paragraph 9; |
| C_{cred} | = credit risk charge as calculated in accordance with paragraph 10; |
| C_{cat} | = catastrophe risk charge as calculated in accordance with paragraph 11; |
| C_{op} | = operational risk charge as calculated in accordance with paragraph 12; and |
| C_{adj} | = charge for capital adjustment, calculated as the sum of (a) and (b) where:
(a) Regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 13; and
(b) Capital adjustment for the loss-absorbing capacity of deferred taxes calculated as determined in accordance to paragraph 34; |
| $BSCR_{corr}$ | = as calculated in accordance with paragraph 14; |
| <i>TransitionalFactor</i> | (a) 33%, for the financial year beginning on or after 1 st January 2019;
(b) 66%, for the financial year beginning on or after 1 st January 2020;
(c) 100%, for the financial year beginning on or after 1 st January 2021. |

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

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

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χ_i = the capital charge factors prescribed in Table 1 for each type of *Flastclass_i*; and
Flastclass_i = value of investment in corresponding asset Class i
 μ_r = additional diversification adjustment factor applied to cash and cash equivalent balances, or 1 for other asset classes.

Table 1 – Capital charge factors for *Flastclass_i*

Type of fixed income investments <i>Flastclass_i</i>	Statement Source These Rules	Capital Factor χ_i
<i>Corporate and Sovereign Bonds</i>		
BSCR rating 0	Schedule II & IIA, Line 1, Column (1)	0.0%
BSCR rating 1	Schedule II & IIA, Line 2, Column (1)	0.4%
BSCR rating 2	Schedule II & IIA, Line 3, Column (1)	0.8%
BSCR rating 3	Schedule II & IIA, Line 4, Column (1)	1.5%
BSCR rating 4	Schedule II & IIA, Line 5, Column (1)	3.0%
BSCR rating 5	Schedule II & IIA, Line 6, Column (1)	8.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (1)	15.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (1)	26.3%
BSCR rating 8	Schedule II & IIA, Line 9, Column (1)	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 1	Schedule II & IIA, Line 2, Column (3)	0.6%
BSCR rating 2	Schedule II & IIA, Line 3, Column (3)	1.2%
BSCR rating 3	Schedule II & IIA, Line 4, Column (3)	2.0%
BSCR rating 4	Schedule II & IIA, Line 5, Column (3)	4.0%
BSCR rating 5	Schedule II & IIA, Line 6, Column (3)	11.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (3)	25.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (3)	35.0%
BSCR rating 8	Schedule II & IIA, Line 9, Column (3)	35.0%
<i>Commercial Mortgage-Backed Securities/Asset-Backed Securities</i>		
BSCR rating 1	Schedule II & IIA, Line 2, Column (5)	0.5%
BSCR rating 2	Schedule II & IIA, Line 3, Column (5)	1.0%
BSCR rating 3	Schedule II & IIA, Line 4, Column (5)	1.8%
BSCR rating 4	Schedule II & IIA, Line 5, Column (5)	3.5%
BSCR rating 5	Schedule II & IIA, Line 6, Column (5)	10.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (5)	20.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (5)	30.0%
BSCR rating 8	Schedule II & IIA, Line 9, Column (5)	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule II & IIA, Line 1, Column (7)	0.0%
BSCR rating 1	Schedule II & IIA, Line 2, Column (7)	0.4%
BSCR rating 2	Schedule II & IIA, Line 3, Column (7)	0.8%
BSCR rating 3	Schedule II & IIA, Line 4, Column (7)	1.5%
BSCR rating 4	Schedule II & IIA, Line 5, Column (7)	3.0%
BSCR rating 5	Schedule II & IIA, Line 6, Column (7)	8.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (7)	15.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (7)	26.3%
BSCR rating 8	Schedule II & IIA, Line 9, Column (7)	35.0%
<i>Mortgage Loans</i>		

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Insured/guaranteed mortgages	Schedule II & IIA, Line 22, Column (1)	0.3%
Other commercial and farm mortgages	Schedule II & IIA, Line 23, Column (1)	5.0%
Other residential mortgages	Schedule II & IIA, Line 24, Column (1)	1.5%
Mortgages not in good standing	Schedule II & IIA, Line 25, Column (1)	25.0%
<i>Other Fixed Income Investments</i>		
Other loans	Form 1SFS, Line 8	5.0%
<i>Cash and cash equivalents</i>		
BSCR rating 0	Schedule XIX, Column A	0.0%
BSCR rating 1	Schedule XIX, Column A	0.1%
BSCR rating 2	Schedule XIX, Column A	0.2%
BSCR rating 3	Schedule XIX, Column A	0.3%
BSCR rating 4	Schedule XIX, Column A	0.5%
BSCR rating 5	Schedule XIX, Column A	1.5%
BSCR rating 6	Schedule XIX, Column A	4.0%
BSCR rating 7	Schedule XIX, Column A	6.0%
BSCR rating 8	Schedule XIX, Column A	9.0%
Less: Diversification adjustment	Schedule XIX, Column A	to a maximum of 40.0%

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

- (a) all assets comprising of bonds and debentures, loans, and other miscellaneous investments that are subject to capital charges within the fixed income investment risk charge shall be included;
- (b) all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge;
- (c) all bonds and debentures, loans, and other miscellaneous investments shall be reported on a basis consistent with that used for purposes of statutory financial reporting.
- (d) The capital requirements relating to cash and cash equivalents shall be reduced by a diversification adjustment of up to a maximum of 40%;
- (e) the diversification adjustment in paragraph (d) is determined as 40% multiplied by 1 minus the ratio of the largest cash and cash equivalent balance held with a single counterparty to the total of all cash and cash equivalent balance; and
- (f) amounts are to be reported on a consolidated Valuation basis.

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 *Eqastclass_i* of
and

Eqastclass_i = value of investment in corresponding asset Class i.

Table 2 – Capital charge factors for *Eqastclass_i*

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Type of equity investments <i>Eqastclass_i</i>	Statement Source These Rules	Capital Factor χ_i
<i>Common stocks</i>		
Non-affiliated (quoted) common stock	Schedule II & IIA, Line 19, Column (1)	14.4%
Non-affiliated (unquoted) common stock	Schedule II & IIA, Line 20, Column (1)	14.4%
Equity mutual funds	Schedule II & IIA, Line 21, Column (5)	14.4%
<i>Preferred stocks</i>		
BSCR rating 1	Schedule II & IIA, Line 11, Column (3)	0.6%
BSCR rating 2	Schedule II & IIA, Line 12, Column (3)	1.2%
BSCR rating 3	Schedule II & IIA, Line 13, Column (3)	2.0%
BSCR rating 4	Schedule II & IIA, Line 14, Column (3)	4.0%
BSCR rating 5	Schedule II & IIA, Line 15, Column (3)	11.0%
BSCR rating 6	Schedule II & IIA, Line 16, Column (3)	25.0%
BSCR rating 7	Schedule II & IIA, Line 17, Column (3)	35.0%
BSCR rating 8	Schedule II & IIA, Line 18, Column (3)	35.0%
<i>Other equity investments</i>		
Company-occupied real estate less: encumbrances	Form 1SFS, Line 7(a)	10.0%
Real estate investments less: encumbrances	Form 1SFS, Line 7(b)	20.0%
Other equity investments	Form 1SFS, Lines 2(e), 3(e), and Schedule IIA, Line 21, Column (7)	20.0%
Other tangible assets – net of segregated accounts companies	Form 1SFS, Lines 13(k), 14(d) and 36(c) Less Lines 13(d) and 13(h)	20.0%
<i>Investments in affiliates</i>		
Unregulated entities that conduct ancillary services	Form 1SFS, Line 4(a)	5.0%
Unregulated non- financial operating entities	Form 1SFS, Line 4(b)	20.0%
Unregulated financial operating entities	Form 1SFS, Line 4(c)	55.0%
Regulated insurance financial operating entities	Form 1SFS, Line 4(e)	20.0%

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

- (a) all assets comprising of common stock, preferred stock, real estate, and other miscellaneous investments that are subject to capital charges within the equity investment risk charge shall be included;
- (b) all non-affiliated quoted and unquoted common and preferred stock shall be included in the equity investment risk charge;
- (c) all common and preferred stock, real estate, and other miscellaneous investments shall be reported on a basis consistent with that used for purposes of statutory financial reporting; and
- (d) amounts are to be reported on a consolidated Valuation basis.

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

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

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

duration = the higher of

- (a) 1; or
- (b) the insurer's effective asset duration less the insurer's effective liability duration; or
- (c) the insurer's effective liability duration less the insurer's effective asset duration; and not to exceed 3.5
- (d) the statement source for effective asset duration and effective liability duration is Schedule V paragraphs (d) and (e), respectively, of these Rules; and

marketdecline = assumed interest rate adjustment prescribed in Table 3.

Table 3 – Interest rate adjustment for bond

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

INSTRUCTIONS AFFECTING TABLE 3: Interest rate adjustment for bonds

- (a) all assets comprising of total bonds and debentures, preferred stock, and mortgage loans investments that are subject to capital charges within the interest rate / liquidity risk charge shall be included;
- (b) all quoted and unquoted non-affiliated total bonds and debentures and preferred stock shall be included in the interest rate/liquidity risk charge;
- (c) all total bonds and debentures, preferred stock, and mortgage loans investments shall be reported on a basis consistent with that used for purposes of statutory financial reporting; and
- (d) amounts are to be reported on a consolidated Valuation basis.

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

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

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

Currency_i = refers to currency type that has been translated to the functional currency as expressed in Form 1SFS

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- $GrossCurrast_i$ = value of assets corresponding to $Currency_i$ as reported on Form 1SFS Line 15
- $Currast_i$ = value of assets corresponding to $Currency_i$ as reported on Form 1SFS Line 15 adjusted to allow for currency hedging arrangements
- $GrossCurriab_i$ = value of liabilities corresponding to $Currency_i$ as reported on Form 1SFS Line 39 .
- $Curriab_i$ = value of liabilities corresponding to $Currency_i$ as reported on Form 1SFS Line 39 adjusted to allow for currency hedging arrangements
- $Currproxyscr_i$ = refers to the product of $GrossCurriab_i$ and BSCR Proxy factor
- BSCR Proxy factor = greater of:
- i. the Enhanced Capital Requirement divided by Form 1SFS Line 39 Total Liabilities for the preceding year;
 - ii. the average of the above ratio for the preceding 3 years.
- where there are no prior submissions available, the BSCR proxy factor is the above ratio that would be obtained from the current submission without taking into account the currency risk charge.

Table 4 – Capital charge factors for Currency Risk

Currency	$GrossCurrast_i$	$Currast_i$	$GrossCurriab_i$	$Curriab_i$	$Currproxyscr_i$
Currency 1	Schedule XX, Column A, Line 1	Schedule XX, Column B, Line 1	Schedule XX, Column C, Line 1	Schedule XX, Column D, Line 1	$GrossCurriab_1 \times$ BSCR Proxy Factor
Currency 2	Schedule XX, Column A, Line 2	Schedule XX, Column B, Line 2	Schedule XX, Column C, Line 2	Schedule XX, Column D, Line 2	$GrossCurriab_2 \times$ BSCR Proxy Factor
Currency 3	Schedule XX, Column A, Line 3	Schedule XX, Column B, Line 3	Schedule XX, Column C, Line 3	Schedule XX, Column D, Line 3	$GrossCurriab_3 \times$ BSCR Proxy Factor
Currency n	Schedule XX, Column A, Line n	Schedule XX, Column B, Line n	Schedule XX, Column C, Line n	Schedule XX, Column D, Line n	$GrossCurriab_n \times$ BSCR Proxy Factor

INSTRUCTIONS AFFECTING TABLE 4: Capital charge factors for Currency Risk

- (a) where the insurer uses currency hedging arrangements to manage its currency risk, then $Currast_i$ and $Curriab_i$ may reflect the impact of those arrangements on $GrossCurrast_i$ and $GrossCurriab_i$ of a 25% adverse movement in foreign exchange currency rates, otherwise the amounts $GrossCurrast_i$ and $GrossCurriab_i$ shall apply;
- (b) any adjustment to reflect currency hedging arrangements shall not apply to the calculation of $Currproxyscr_i$;
- (c) “currency hedging arrangements” means derivative or other risk mitigation arrangements designed to reduce losses due to foreign currency exchange movements, and which meet the Authority’s requirements to be classed as such;

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- (d) insurers are to report currencies representing at least 95% of their statutory balance sheet liabilities; and
- (e) amounts are to be reported on a consolidated Valuation basis.

6. The digital asset risk charge calculation shall be established in accordance with the following formula:

$$C_{da} = \sum_i DA_{assetclass_i} \times \chi_i - (DA_{Hedgeassetclass_i} \times \mu) \text{ where}$$

χ_i = the capital charge factors prescribed in Table 5 for each type of $DA_{assetclass_i}$; and

$DA_{assetclass_i}$ = value of digital asset in corresponding asset Class i

$DA_{Hedgeassetclass_i}$ = value of fully heldged digital asset in corresponding asset Class i

μ_r = maximum factor reduction on fully hedged arrangements.

Table 5 – Capital charge factors for $DA_{assetclass_i}$

Digital Asset type	Default capital factor	Maximum factor reduction on fully hedged arrangements
<u>Stablecoins</u>		
Audited Fiat backed stablecoin	3%	No reduction
Top 1 by market cap	55%	99%
Top 2-3 by market cap	65%	95%
Top 4-10 by market cap	80%	94%
Top 10 -20	90%	92%
Top 21 and below	95%	20%
Unlisted digital assets	100%	No reduction

INSTRUCTIONS AFFECTING TABLE 5: Capital charge factors for $DA_{assetclass_i}$

- (a) all digital assets are subject to capital charges within the digital asset risk charge shall be included and allocated by;
 - i. all audited fiat backed stablecoin is to be included;
 - ii. all other digital assets are to be allocated by market cap;
- (b) the maximum diversification reduction on fully hedged arrangements is determined by μ_r and multiplying by factor χ_i ; and
- (c) amounts are to be reported on a consolidated Valuation basis

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

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

χ_i = the capital charge factors prescribed in Table 6 for each type of *Concastclass_i*,
and

Concastclass_i = value of corresponding asset in Asset Class

Table 6 – Capital charge factors for *Concastclass_i*

Asset Class	Statement Source	Capital Factor
	These Rules	χ_i
<i>Cash and Cash Equivalents</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.1%
BSCR rating 2	Schedule XXI, Column D	0.2%
BSCR rating 3	Schedule XXI, Column D	0.3%
BSCR rating 4	Schedule XXI, Column D	0.5%
BSCR rating 5	Schedule XXI, Column D	1.5%
BSCR rating 6	Schedule XXI, Column D	4.0%
BSCR rating 7	Schedule XXI, Column D	6.0%
BSCR rating 8	Schedule XXI, Column D	9.0%
<i>Corporate & Sovereign Bonds</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.4%
BSCR rating 2	Schedule XXI, Column D	0.8%
BSCR rating 3	Schedule XXI, Column D	1.5%
BSCR rating 4	Schedule XXI, Column D	3.0%
BSCR rating 5	Schedule XXI, Column D	8.0%
BSCR rating 6	Schedule XXI, Column D	15.0%
BSCR rating 7	Schedule XXI, Column D	26.3%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.6%
BSCR rating 2	Schedule XXI, Column D	1.2%
BSCR rating 3	Schedule XXI, Column D	2.0%
BSCR rating 4	Schedule XXI, Column D	4.0%
BSCR rating 5	Schedule XXI, Column D	11.0%
BSCR rating 6	Schedule XXI, Column D	25.0%
BSCR rating 7	Schedule XXI, Column D	35.0%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Commercial Mortgage-Backed Securities/ Asset Backed Securities</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.5%
BSCR rating 2	Schedule XXI, Column D	1.0%
BSCR rating 3	Schedule XXI, Column D	1.8%
BSCR rating 4	Schedule XXI, Column D	3.5%
BSCR rating 5	Schedule XXI, Column D	10.0%
BSCR rating 6	Schedule XXI, Column D	20.0%
BSCR rating 7	Schedule XXI, Column D	30.0%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%

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BSCR rating 1	Schedule XXI, Column D	0.4%
BSCR rating 2	Schedule XXI, Column D	0.8%
BSCR rating 3	Schedule XXI, Column D	1.5%
BSCR rating 4	Schedule XXI, Column D	3.0%
BSCR rating 5	Schedule XXI, Column D	8.0%
BSCR rating 6	Schedule XXI, Column D	15.0%
BSCR rating 7	Schedule XXI, Column D	26.3%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Preferred Shares</i>		
BSCR rating 1	Schedule XXI, Column D	0.6%
BSCR rating 2	Schedule XXI, Column D	1.2%
BSCR rating 3	Schedule XXI, Column D	2.0%
BSCR rating 4	Schedule XXI, Column D	4.0%
BSCR rating 5	Schedule XXI, Column D	11.0%
BSCR rating 6	Schedule XXI, Column D	25.0%
BSCR rating 7	Schedule XXI, Column D	35.0%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Mortgage Loans</i>		
Insured/Guaranteed Mortgages	Schedule XXI, Column D	0.3%
Other Commercial and Farm Mortgages	Schedule XXI, Column D	5.0%
Other Residential Mortgages	Schedule XXI, Column D	1.5%
Mortgages Not In Good Standing	Schedule XXI, Column D	25.0%
<i>Other Asset Classes</i>		
Quoted and Unquoted Common Stock and Mutual Funds	Schedule XXI, Column D	14.4%
Other Quoted and Unquoted Investments	Schedule XXI, Column D	20.0%
Investment in Affiliates – Unregulated entities that conduct ancillary services	Schedule XXI, Column D	5.0%
Investment in Affiliates – Unregulated non-financial operating entities	Schedule XXI, Column D	20.0%
Investment in Affiliates – Unregulated financial operating entities	Schedule XXI, Column D	55.0%
Investment in Affiliates – Regulated non-insurance financial operating entities	Schedule XXI, Column D	55.0%
Investment in Affiliates – Regulated insurance financial operating entities	Schedule XXI, Column D	20.0%
Advances to Affiliates –	Schedule XXI, Column D	5.0%
Policy Loans	Schedule XXI, Column D	0.0%
Real Estate: Occupied by company	Schedule XXI, Column D	10.0%
Real Estate: Other properties	Schedule XXI, Column D	20.0%
Collateral Loans	Schedule XXI, Column D	5.0%

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INSTRUCTIONS AFFECTING TABLE 6: Capital charge factors for *Concastclass_i*

- (a) *Concastclass_i* shall only apply to the insurers 10 largest counterparty exposures based on the aggregate of all instruments included in Table 6 related to that counterparty
- (b) a counterparty shall include all related/connected counterparties defined as:
- (i) control relationship: if the counterparty, directly or indirectly, has control over the other(s); or
 - (ii) economic interdependence: if one of the counterparties were to experience financial problems, in particular funding or repayment difficulties, the other(s) as a result, would also be likely to encounter funding or repayment difficulties; and
- (c) amounts are to be reported on a consolidated Valuation basis.

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

$$C_{prem} = \left[\sum_{i>1} \alpha_i \times geolineprem_i \right] \times \left[\sum \left\{ \frac{geolineprem_i}{totalprem} \right\}^2 \times \mu + \vartheta - \varepsilon \times \mu \right]$$

where –

- α_i = individual *geolineprem_i* risk capital charge factor as prescribed in Table 7
- geolineprem_i* = geographic diversification of premium measure for line of business *i* as prescribed in Table 7;
= total geographic diversification of premium measure over all lines of business
- totalprem* (except Property Catastrophe) i.e. $\sum_{i>1} geolineprem_i$;
- μ = additional concentration adjustment factor equal to 40%;
- ϑ = minimum concentration adjustment factor is equal to 60%; and
- ε = CISSA risk mitigation factor.

Table 7 – Capital charge factors for *geolineprem_i*

Line of business <i>geolineprem_i</i>	Statement Source	Capital Factor
	These Rules	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	54.4%
Energy offshore /marine	Schedule IV, Line 10	42.1%
Energy offshore / marine non- proportional	Schedule IV, Line 11	47.0%
US casualty	Schedule IV, Line 12	50.3%
US casualty non- proportional	Schedule IV, Line 13	55.6%

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US professional	Schedule IV, Line 14	51.2%
US professional non- proportional	Schedule IV, Line 15	53.8%
US specialty	Schedule IV, Line 16	51.4%
US 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%

INSTRUCTIONS AFFECTING TABLE 7: Capital charge factors for $geolineprem_i$

- (a) all reported net premiums written for the relevant year by statutory line of business as prescribed in this Schedule that are subject to capital charges within the premium risk charge shall be included;
- (b) all net premiums written by statutory line of business shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- (c) an insurer may provide premium exposure for all statutory lines of general business, or for particular statutory lines of general business, split by geographic zone as set out in Table 7A. $geolineprem_i$ is then derived from the total premium for that line of business

by reducing the total by 25% times $\frac{\sum x_i^2}{(\sum x_i)^2}$ where x_i = net premiums written in that

line of business for $Zone_i$; and where summation covers all zones and

- (d) amounts are to be reported on a consolidated basis.

Table 7A – Underwriting Geographical Zones

Underwriting Zone	Location
Zone 1 - Central & Western Asia	Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Palestinian, Qatar, Saudi Arabia, Saudi Arab Republic, Tajikistan, Turkey, Turkmenistan, United Arab Emirates and Uzbekistan
Zone 2 - Eastern Asia	China, Hong Kong, Japan, Macao, Mongolia, North Korea, South Korea, and Taiwan
Zone 3 - South and South-Eastern Asia	Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, India, Indonesia. Iran, Lao PDR, Malaysia, Maldives, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Timor-Leste, and Vietnam
Zone 4 - Oceania	American Samoa, Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Norfolk Island, N. Mariana Islands, Palau, Papua New Guinea, Pitcairn, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis & Futuna Island
Zone 5 - Northern Africa	Algeria, Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Chad, Cote d' Ivoire, Egypt, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, Saint Helena, Senegal, Sierra Leone, Sudan, Togo, Tunisia, and Western Sahara
Zone 6 - Southern Africa	Angola, Botswana, Burundi, Democratic Republic of Congo, Comoros, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mayotte,

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	Mozambique, Namibia, Republic of Congo, Reunion, Rwanda, Sao Tome & Principe, Seychelles, Somalia, South Africa, Swaziland, Uganda, United Republic of Tanzania, Zambia, and Zimbabwe
Zone 7 - Eastern Europe	Belarus, Bulgaria, Czech Republic, Hungary, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine
Zone 8 - Northern Europe	Aland Islands, Channel Islands, Denmark, Estonia, Faeroe Islands, Finland Guernsey, Iceland, Republic of Ireland, Isle of Man, Jersey, Latvia, Lithuania, Norway, Svalbard, Jan Mayen, Sweden, United Kingdom
Zone 9 - Southern Europe	Albania, Andorra, Bosnia, Croatia, Cyprus, Gibraltar, Greece, Italy, FYR of Macedonia, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain, and Vatican City
Zone 10 - Western Europe	Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, and Switzerland
Zone 11 - Northern America (Excluding USA)	Bermuda, Canada, Greenland, and St Pierre & Miquelon
Zone 12 - Caribbean & Central America	Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Costa Rica, Cuba, Dominica, Dominican, El Salvador, Grenada, Guadeloupe, Guatemala, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Netherlands Antilles, Nicaragua, Panama, Puerto Rico, St-Barthelemy, St Kitts & Nevis, St Lucia, St Martin, St Vincent, Trinidad & Tobago, Turks & Caicos Islands, and US Virgin Islands
Zone 13 - Eastern South America	Brazil, Falkland Islands, French Guiana, Guyana, Paraguay, Suriname, and Uruguay
Zone 14 - Northern, Southern and Western South America	Argentina, Bolivia, Chile, Colombia, Ecuador, Peru, and Venezuela
Zone 15 - North-East United States	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
Zone 16 - South-East United States	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia, and West Virginia
Zone 17 - Mid-West United States	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin
Zone 18 - Western United States	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming

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

$$C_{rsvs} = \left[\sum [\beta_i \times geolinersvs_i] \right] \times \left[\sum \left\{ \frac{geolinersvs_i}{totalrsvs} \right\}^2 \times \mu + \vartheta - \varepsilon \times \mu \right]$$

where -

- β_i individual *geolinersvs_i* risk capital charge factor as prescribed in Table 8;
- totalrsvs* = total geographic diversification of reserves over all lines of business, i.e. $\sum_i geolinersvs_i$;
- geolinersvs_i* = geographic diversification of reserves for individual line of business *i* as prescribed in table 8;
- μ = additional concentration adjustment factor equal to 40%;

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- ϑ = minimum concentration adjustment factor is equal to 60%; and
 ε = CISSA risk mitigation factor.

Table 8 – Capital charge factors for $geolinersvs_i$

Line of business $geolinersvs_i$	Statement Source These Rules	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%
US casualty	Schedule III, Line 12	43.0%
US casualty non- proportional	Schedule III, Line 13	48.8%
US professional	Schedule III, Line 14	46.3%
US professional non- proportional	Schedule III, Line 15	51.5%
US specialty	Schedule III, Line 16	46.5%
US specialty non- proportional	Schedule III, Line 17	48.3%
International motor	Schedule III, Line 18	37.1%
International motor non-proportional	Schedule III, Line 19	43.5%
International casualty non-motor	Schedule III, Line 20	43.7%
International casualty non-motor non-proportional	Schedule III, Line 21	49.4%
Retro property	Schedule III, Line 22	47.8%
Structured / finite reinsurance	Schedule III, Line 23	24.1%
Health	Schedule III, Line 24	12.5%

INSTRUCTIONS AFFECTING TABLE 8: Capital charge factors for $geolinersvs_i$

- all reported net loss and loss expense provisions for the relevant year by statutory line of business as prescribed in this Schedule are subject to capital charges within the reserve risk charge shall be included;
- all reported net loss and loss expense provisions by statutory line of business shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- an insurer may provide loss and loss expense provisions exposure for all statutory lines of general business, or for particular statutory lines of general business, split by geographic zone as set out in Table 7A. $geolinersvs_i$ is then derived from the total loss and loss

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

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

- amounts are to be reported on a consolidated Valuation basis.

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

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

δ_i = the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 8; and

$debtor_i$ = receivable amount from debtor i as prescribed in Table 9; and

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

Table 9 – Capital charge factors for $debtor_i$

Type of debtor $debtor_i$	Statement Source These Rules	Capital Factor δ_i
<i>Accounts and Premiums Receivable</i>		
In course of collection	Form 1SFS, Line 10(a)	5.0%
Receivables from retrocessional contracts less: collateralized balances	Form 1SFS, Line 10(c) and instruction (c) below	10.0%
<i>Particulars of reinsurance balances</i>		
BSCR rating 0	Schedule XVIII paragraph (d)	0.0%
BSCR rating 1	Schedule XVIII paragraph (d)	0.7%
BSCR rating 2	Schedule XVIII paragraph (d)	1.5%
BSCR rating 3	Schedule XVIII paragraph (d)	3.5%
BSCR rating 4	Schedule XVIII paragraph (d)	7.0%
BSCR rating 5	Schedule XVIII paragraph (d)	12.0%
BSCR rating 6	Schedule XVIII paragraph (d)	20.0%
BSCR rating 7	Schedule XVIII paragraph (d)	17.0%
BSCR rating 8	Schedule XVIII paragraph (d)	35.0%
Less: Diversification adjustment	Schedule XVIII paragraph (d)	40.0%
<i>All Other Receivables</i>		
Accrued investment income	Form 1SFS, Line 9	2.5%
Advances to affiliates	Form 1SFS, Line 4(g)	5.0%

INSTRUCTIONS AFFECTING TABLE 9: Capital charge factors for $debtor_i$

- (a) all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;
- (b) all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- (c) collateralized balances are assets pledged in favour of the insurer relating to accounts and premiums receivable;
- (d) the net qualifying exposure comprises of reinsurance balances receivable and reinsurance recoverable balances less the corresponding reinsurance balances payable and other payables less the qualifying collateral issued in favour of the insurer in relation to the reinsurance balances;

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- (e) the net qualifying exposure in instruction (d) shall be subject to the prescribed credit risk capital factor;
- (f) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%;
- (g) the diversification adjustment in instruction (f) is determined as 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure; and
- (h) amounts are to be reported on a consolidated Valuation basis.

11. The catastrophe risk charge calculation shall be established in accordance with the following formula-

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

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

Netcatprem = property catastrophe premium as included in Schedule IV, Line (1); and

CR_{PML} = {(gross probable maximum loss as prescribed in Schedule V paragraph (f) less net probable maximum loss as prescribed in Schedule V paragraph (g) less arrangements with respect to property catastrophe recoverables as prescribed in Schedule V paragraph (j)(v) of these Rules) x (Credit risk charge, equal to 10%, associated with reinsurance recoveries of ceded catastrophe losses)}.

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

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

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

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

ACov = innovation insurer general business BSCR After Covariance amount or an amount approved by the Authority.

Table 10 – Operational Risk Charge for ρ

Overall Score	Applicable Operational Risk Charge ρ
<=800	10.0%
>800 <=1,200	9.0%
>1,200 <=1,400	8.0%
>1,400 <=1,600	7.0%
>1,600 <=1,800	6.0%
>1,800 <=2,000	5.0%
>2,000 <=2,200	4.0%
>2,200 <=2,400	3.0%
>2,400 <=2,600	2.0%
>2,600	1.0%

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INSTRUCTIONS AFFECTING TABLE 10

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 10A, and 10B.

**TABLE 10A
Corporate Governance Score Table**

Criterion	Implemented	Score
Board sets risk policies, practices and tolerance limits for all material foreseeable operational risks at least annually		200
Board ensures they are communicated to relevant business units		200
Board monitors adherence to operational risk tolerance limits more regularly than annually		200
Board receives, at least annually, reports on the effectiveness of material operational risk internal controls as well as management’s plans to address related weaknesses		200
Board ensures that systems or procedures, or both, are in place to identify, report and promptly address internal control deficiencies related to operational risks		200
Board promotes full, open and timely disclosure from senior management on all significant issues related to operational risk		200
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 10A

The total score is derived by adding the score for each criterion of an insurer’s corporate structure that the insurer has implemented.

**TABLE 10B
Risk Management Function (‘RMF’) Score Table**

Criterion	Implemented	Score
RMF is independent of other operational units and has direct access to the Board of Directors		200
RMF is entrenched in strategic planning, decision making and the budgeting process		200
RMF ensures that the risk management procedures and policies are well documented and approved by the Board of Directors		200
RMF ensures that the risk management policies and procedures are communicated throughout the organization		200
RMF ensures that operational risk management processes and procedures are reviewed at least annually		200
RMF ensures that loss events arising from operational risks are documented and loss event data is integrated into the risk management strategy		200
RMF ensures that risk management recommendations are documented for operational units, ensures that deficiencies		200

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have remedial plans and that progress on the execution of such plans are reported to the Board of Directors at least annually		
Total		XX

Comments

INSTRUCTIONS AFFECTING TABLE 10B

The total score is derived by adding the score for each criterion of an insurer’s risk management function that the insurer has implemented.

13. The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Schedule XVI - “Schedule of Regulated Non-Insurance Financial Operating Entities”. This amount shall be equal to the sum of the insurer’s proportionate share of each entity’s regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity is licensed or registered.

14. The $BSCR_{Corr}$ shall be established on a consolidated valuation basis in accordance with the following formula—

$$BSCR_{Corr} = \text{Basic BSCR} + C_{operation\&d} + C_{regulatory\&dj} + C_{other\&dj} + C_{AdjTP} ;$$

Where –

- $Basic\ BSCR$ = Basic BSCR risk module charge as calculated in accordance with paragraph 15;
- $C_{operation\&d}$ = operational risk charge as calculated in accordance with paragraph 31;
- $C_{regulatory\&dj}$ = regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 32;
- C_{AdjTP} = adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 33; and
- $C_{other\&dj}$ = adjustment for loss absorbing capacity of deferred taxes as calculated in accordance with paragraph 34.

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

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

Where —

- $CorrBBSCR_{i,j}$ = the correlation factors of the Basic BSCR correlation matrix in accordance with Table A;
- i, j = the sum of the different terms should cover all possible combinations of i and j ;
- C_i and C_j = risk module charge i and risk module charge j which are replaced by the following:
 $C_{Market}, C_{P\&C\ Insurance}, C_{Credit}$;
- C_{Market} = market risk module charge as calculated in accordance with paragraph 16;

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- $C_{P\&C}$ = P&C risk module charge as calculated in accordance with paragraph 16; and
- C_{Credit} = credit risk module charge as calculated in accordance with paragraph 27.

Table A – Basic BSCR Correlation Matrix

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

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

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

Where —

- $CorrMarket_{i,j}$ = the correlation factors of the market risk module in accordance with Table B; where A = 0 if interest rate / liquidity risk charge is calculated using the shock-based approach in accordance with paragraph 21 and the risk charge is being determined based on the interest rate up shock, and A = 0.25 otherwise;
- i,j = the sum of the different terms should cover all possible combinations of i and j;
- C_i and C_j = risk charge i and risk charge j which are replaced by the following:
 $C_{fixedIncome}$, C_{equity} , $C_{interest}$, $C_{currency}$, $C_{concentration}$;
- $C_{fixedIncome}$ = fixed income investment risk charge as calculated in accordance with paragraph 18;
- C_{equity} = equity investment risk charge as calculated in accordance with paragraph 19;
- $C_{interest}$ = interest rate / liquidity risk charge as calculated in accordance with paragraph 21;
- $C_{currency}$ = currency risk charge as calculated in accordance with paragraph 22; and
- $C_{digitalasset}$ = digital asset risk charge as calculated in accordance with paragraph 23; and
- $C_{concentration}$ = concentration risk charge as calculated in accordance with paragraph 24.

Table B – Market Risk Module Correlation Matrix

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

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$C_{concentration}$	0.00	0.00	0.00	0.00	0	1
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17. The P&C risk module charge calculation shall be determined in accordance with the following formula—

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

Where—

- $CorrP\&C_{i,j}$ = the correlation factors of the P&C risk module correlation matrix in accordance with Table C;
- i,j = the sum of the different terms should cover all possible combinations of i and j ;
- C_i and C_j = risk charge i and risk charge j which are replaced by the following:
 $C_{premium}$, $C_{reserve}$, $C_{catastrophe}$;
- $C_{premium}$ = premium risk charge as calculated in accordance with paragraph 23;
- $C_{reserve}$ = reserve risk charge as calculated in accordance with paragraph 25; and
- $C_{catastrophe}$ = catastrophe risk charge as calculated in accordance with paragraph 28;

P&C Insurance Risk Module Correlation Matrix

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

TableC –

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

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

Where—

- χ_i = the capital charge factors prescribed in Table 1A for each type of $FI_{astclass_i}$;
- $FI_{astclass_i}$ = value of investment in corresponding asset $class_i$; and
- μ_r = additional diversification adjustment factor applied to cash and cash equivalent balances, or 1 for other asset classes; and
- $Credit\ Derivatives$ = the spread risk charge for credit derivatives calculated as per the following formula:
= greater of:
 - i) $CreditDerivatives_{ShockUp}$;
 - ii) $CreditDerivatives_{ShockDown}$; and
 - iii) 0.

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$CreditDerivatives_{ShockUp}$	= the spread risk charge for credit derivatives resulting from an upward credit spread shock calculated as per the following formula:
$CreditDerivatives_{ShockUp}$	$= \sum_i \left[\left(LCD_i^{BShock} - LCD_i^{AShock}(\chi_i) \right) + \left(SCD_i^{BShock} - SCD_i^{AShock}(\chi_i) \right) \right]$
$CreditDerivatives_{ShockDown}$	= the spread risk charge for credit derivatives resulting from a downward credit spread shock calculated as per the following formula:
$CreditDerivatives_{ShockDown}$	$= \sum_i \left[\left(LCD_i^{BShock} - LCD_i^{AShock}(\chi_i) \right) + \left(SCD_i^{BShock} - SCD_i^{AShock}(\chi_i) \right) \right]$
LCD_i^{BShock}	= refers to the valuation of long exposures for credit derivatives before applying the instantaneous shock χ_i as per table 1B
$LCD_i^{AShock}(\chi_i)$	= refers to the valuation of long exposures for credit derivatives after applying instantaneous shock χ_i as per table 1B
SCD_i^{BShock}	= refers to the valuation of short exposures for credit derivatives before applying the instantaneous shock χ_i as per table 1B
$SCD_i^{AShock}(\chi_i)$	= refers to the valuation of short exposures for credit derivatives after applying the instantaneous shock χ_i as per table 1B

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Table 1A – Capital charge factors for *Flastclass_i*

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

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

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

INSTRUCTIONS AFFECTING TABLE 1A: Capital charge factors for *Flastclass*

- (a) all assets comprising of bonds and debentures, loans, and other miscellaneous investments that are subject to capital charges within the fixed income investment risk charge shall be included;
- (b) all non-affiliated quoted and unquoted bonds and debentures shall be included in the fixed income investment charge;
- (c) all bonds and debentures, loans, and other miscellaneous investments shall include amounts reported for statutory balance sheet reporting purposes and include fixed income risk exposures as determined by application of the “look-through” approach calculated in accordance with the criteria prescribed by the Authority for the following items:
 - (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
 - (ii) segregated accounts assets and liabilities;
 - (iii) deposit asset and liabilities;
 - (iv) assets and liabilities held by ceding insurers or under retrocession;
 - (v) other sundry assets and liabilities; and
 - (vi) derivatives.
- (d) The capital requirements relating to cash and cash equivalents shall be reduced by a diversification adjustment of up to a maximum of 40%; and
- (e) the diversification adjustment in paragraph (d) is determined as 40% multiplied by 1 minus the ratio of the largest cash and cash equivalent balance held with a single counterparty to the total of all cash and cash equivalent balance.

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Table 1B – Spread risk shocks for credit derivatives

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

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

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- (a) Amounts are to be reported on a consolidated valuation basis.

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

$$C_{\text{equity}} = \sqrt{\sum_{i,j} \text{CorrEq}_{i,j} \times C_i \times C_j}$$

Where—

- $\text{CorrEq}_{i,j}$ = the correlation factors of the equity risk correlation matrix in accordance with Table 2A;
 i,j = the sum of the different terms should cover all possible combinations of correlation i and j ;
 C_i and C_j = risk charge i and risk charge j which are replaced by the following:
 C_{Type1} , C_{Type2} , C_{Type3} , C_{Type4} ;
 C_{Type1} = Type1 equity risk charge as calculated in accordance with paragraph 20;
 C_{Type2} = Type2 equity risk charge as calculated in accordance with paragraph 20;
 C_{Type3} = Type3 equity risk charge as calculated in accordance with paragraph 20;
 C_{Type4} = Type4 equity risk charge as calculated in accordance with paragraph 20;

Table 2A – Equity Risk Charge Correlation Matrix

$\text{CorrEq}_{i,j}$	C_{Type1}	C_{Type2}	C_{Type3}	C_{Type4}
C_{Type1}	1			
C_{Type2}	0.75	1		
C_{Type3}	0.75	0.75	1	
C_{Type4}	0.5	0.5	0.5	1

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

$$C_{\text{Type1}} = \max \left\{ \sum_{i \in \text{Type1}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (SQ\text{Assets}_i^{\text{BShock}} - SQ\text{Assets}_i^{\text{AShock}}(\chi_i)) + \dots \right] + \max(SNQ\text{Assets}_i^{\text{BShock}} - SNQ\text{Assets}_i^{\text{AShock}}(\chi_i), 0) - (BELiabilities_i^{\text{BShock}} - BELiabilities_i^{\text{AShock}}(\chi_i)) \right], 0 \right\}$$

$$C_{\text{Type2}} = \max \left\{ \sum_{i \in \text{Type2}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (SQ\text{Assets}_i^{\text{BShock}} - SQ\text{Assets}_i^{\text{AShock}}(\chi_i)) + \dots \right] + \max(SNQ\text{Assets}_i^{\text{BShock}} - SNQ\text{Assets}_i^{\text{AShock}}(\chi_i), 0) - (BELiabilities_i^{\text{BShock}} - BELiabilities_i^{\text{AShock}}(\chi_i)) \right], 0 \right\}$$

$$C_{\text{Type3}} = \max \left\{ \sum_{i \in \text{Type3}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (SQ\text{Assets}_i^{\text{BShock}} - SQ\text{Assets}_i^{\text{AShock}}(\chi_i)) + \dots \right] + \max(SNQ\text{Assets}_i^{\text{BShock}} - SNQ\text{Assets}_i^{\text{AShock}}(\chi_i), 0) - (BELiabilities_i^{\text{BShock}} - BELiabilities_i^{\text{AShock}}(\chi_i)) \right], 0 \right\}$$

$$C_{\text{Type4}} = \max \left\{ \sum_{i \in \text{Type4}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (SQ\text{Assets}_i^{\text{BShock}} - SQ\text{Assets}_i^{\text{AShock}}(\chi_i)) + \dots \right] + \max(SNQ\text{Assets}_i^{\text{BShock}} - SNQ\text{Assets}_i^{\text{AShock}}(\chi_i), 0) - (BELiabilities_i^{\text{BShock}} - BELiabilities_i^{\text{AShock}}(\chi_i)) \right], 0 \right\}$$

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Where—

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

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Table 2B – Shock for classes of equity

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

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	Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 35	Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 35	Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 35	Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 35	
Equity Real Estate 2	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 36	20.0%
Subtotal Type 4 Equity Holdings					
Total Equity Risk before Diversification					
Aggregation of Risks					
	<u>Correlation Matrix</u>	<u>Type 1</u>	<u>Type 2</u>	<u>Type 3</u>	<u>Type 4</u>
	Type 1	1			
	Type 2	0.75	1		
	Type 3	0.75	0.75	1	
	Type 4	0.50	0.50	0.50	1
Total Type 1 Risk without Management Actions					
Total Type 2 Risk without Management Actions					
Total Type 3 Risk without Management Actions					
Total Type 4 Risk without Management Actions					
Total Equity Risk after Diversification					

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INSTRUCTIONS AFFECTING TABLE 2B: Shocks for $Eqastclass_i$

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

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

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

Where—

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

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

$\omega = Down, Up$

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

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

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

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

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

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

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

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

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

= refers to the revaluation of non-qualified assets which are derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the

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criteria prescribed by the Authority) after shocking interest rates by $\chi(\text{CCY},\omega)$ where (CCY) refers to currency type, ω refers to shock Down and Up, and χ refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 1SFS prescribed in Table 3B;

MVL_{Before}^{CCY} = refers to the best estimate of insurance liabilities and other liabilities before shock ω (ω =Up or Down by currency type that has been converted to the functional currency as reported in Form 1SFS;

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

$BELiability_{BaseScenario}$ = refers to best estimate of liabilities in the base case scenario when using the scenario-based approach; and

$BELiability_{WorstScenario}$ = refers to best estimate of liabilities in the worst-case scenario when using the scenario-based approach.

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

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

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Interest Rate Down – Derivative Exposure				
United States Dollars	Schedule XXIII, Column F Line 1 Less Schedule XXIII Column G, Line 1	Schedule XXIII, Column H Line 1 Less Schedule XXIII Column I, Line 1	Schedule XXIII, Column J Line 1 Less Schedule XXIII Column K, Line 1	*
Euro	Schedule XXIII, Column F Line 2 Less Schedule XXIII Column G, Line 2	Schedule XXIII, Column H Line 2 Less Schedule XXIII Column I, Line 2	Schedule XXIII, Column J Line 2 Less Schedule XXIII Column K, Line 2	*
United Kingdom Pounds	Schedule XXIII, Column F Line 3 Less Schedule XXIII Column G, Line 3	Schedule XXIII, Column H Line 3 Less Schedule XXIII Column I, Line 3	Schedule XXIII, Column J Line 3 Less Schedule XXIII Column K, Line 3	*
Japan Yen	Schedule XXIII, Column F Line 4 Less Schedule XXIII Column G, Line 4	Schedule XXIII, Column H Line 4 Less Schedule XXIII Column I, Line 4	Schedule XXIII, Column J Line 4 Less Schedule XXIII Column K, Line 4	*
Canada Dollars	Schedule XXIII, Column F Line 5 Less Schedule XXIII Column G, Line 5	Schedule XXIII, Column H Line 5 Less Schedule XXIII Column I, Line 5	Schedule XXIII, Column J Line 5 Less Schedule XXIII Column K, Line 5	*
Swiss Francs	Schedule XXIII, Column F Line 6 Less Schedule XXIII Column G, Line 6	Schedule XXIII, Column H Line 6 Less Schedule XXIII Column I, Line 6	Schedule XXIII, Column J Line 6 Less Schedule XXIII Column K, Line 6	*
Australia Dollars	Schedule XXIII, Column F Line 7 Less Schedule XXIII Column G, Line 7	Schedule XXIII, Column H Line 7 Less Schedule XXIII Column I, Line 7	Schedule XXIII, Column J Line 7 Less Schedule XXIII Column K, Line 7	*
New Zealand Dollars	Schedule XXIII, Column F Line 8 Less Schedule XXIII Column G, Line 8	Schedule XXIII, Column H Line 8 Less Schedule XXIII Column I, Line 8	Schedule XXIII, Column J Line 8 Less Schedule XXIII Column K, Line 8	*
Other currency 1	Schedule XXIII, Column F Line 9 Less Schedule XXIII Column G, Line 9	Schedule XXIII, Column H Line 9 Less Schedule XXIII Column I, Line 9	Schedule XXIII, Column J Line 9 Less Schedule XXIII Column K, Line 9	*
Other currency 2	Schedule XXIII, Column F Line 10 Less Schedule XXIII Column G, Line 10	Schedule XXIII, Column H Line 10 Less Schedule XXIII Column I, Line 10	Schedule XXIII, Column J Line 10 Less Schedule XXIII Column K, Line 10	*
Other currency 3	Schedule XXIII, Column F Line 11 Less Schedule XXIII Column G, Line 11	Schedule XXIII, Column H Line 11 Less Schedule XXIII Column I, Line 11	Schedule XXIII, Column J Line 11 Less Schedule XXIII Column K, Line 11	*
Other currency 4	Schedule XXIII, Column F Line 12 Less Schedule XXIII Column G, Line 12	Schedule XXIII, Column H Line 12 Less Schedule XXIII Column I, Line 12	Schedule XXIII, Column J Line 12 Less Schedule XXIII Column K, Line 12	*
Other currency 5	Schedule XXIII, Column F Line 13 Less Schedule XXIII Column G, Line 13	Schedule XXIII, Column H Line 13 Less Schedule XXIII Column I, Line 13	Schedule XXIII, Column J Line 13 Less Schedule XXIII Column K, Line 13	*
Other currency 6	Schedule XXIII, Column F Line 14 Less Schedule XXIII Column G, Line 14	Schedule XXIII, Column H Line 14 Less Schedule XXIII Column I, Line 14	Schedule XXIII, Column J Line 14 Less Schedule XXIII Column K, Line 14	*
Other currency 7	Schedule XXIII, Column F Line 15 Less Schedule XXIII Column G, Line 15	Schedule XXIII, Column H Line 15 Less Schedule XXIII Column I, Line 15	Schedule XXIII, Column J Line 15 Less Schedule XXIII Column K, Line 15	*
Other currency 8	Schedule XXIII, Column F Line 16 Less Schedule XXIII Column G, Line 16	Schedule XXIII, Column H Line 16 Less Schedule XXIII Column I, Line 16	Schedule XXIII, Column J Line 16 Less Schedule XXIII Column K, Line 16	*
Other currency 9	Schedule XXIII, Column F Line 17 Less Schedule XXIII Column G, Line 17	Schedule XXIII, Column H Line 17 Less Schedule XXIII Column I, Line 17	Schedule XXIII, Column J Line 17 Less Schedule XXIII Column K, Line 17	*
Other currency 10	Schedule XXIII, Column F Line 18 Less Schedule XXIII Column G, Line 18	Schedule XXIII, Column H Line 18 Less Schedule XXIII Column I, Line 18	Schedule XXIII, Column J Line 18 Less Schedule XXIII Column K, Line 18	*
Currency	$MVA_{Before}^{CCY} - MVA_{After}^{CCY}$		$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Up)$
Interest Rate Up – Exposures without Derivatives				

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

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Euro	Schedule XXIII, Column F Line 21 Less Schedule XXIII Column G, Line 21	Schedule XXIII, Column H Line 21 Less Schedule XXIII Column I, Line 21	Schedule XXIII, Column J Line 21 Less Schedule XXIII Column K, Line 21	*
United Kingdom Pounds	Schedule XXIII, Column F Line 22 Less Schedule XXIII Column G, Line 22	Schedule XXIII, Column H Line 22 Less Schedule XXIII Column I, Line 22	Schedule XXIII, Column J Line 22 Less Schedule XXIII Column K, Line 22	*
Japan Yen	Schedule XXIII, Column F Line 23 Less Schedule XXIII Column G, Line 23	Schedule XXIII, Column H Line 23 Less Schedule XXIII Column I, Line 23	Schedule XXIII, Column J Line 23 Less Schedule XXIII Column K, Line 23	*
Canada Dollars	Schedule XXIII, Column F Line 24 Less Schedule XXIII Column G, Line 24	Schedule XXIII, Column H Line 24 Less Schedule XXIII Column I, Line 24	Schedule XXIII, Column J Line 24 Less Schedule XXIII Column K, Line 24	*
Swiss Francs	Schedule XXIII, Column F Line 25 Less Schedule XXIII Column G, Line 25	Schedule XXIII, Column H Line 25 Less Schedule XXIII Column I, Line 25	Schedule XXIII, Column J Line 25 Less Schedule XXIII Column K, Line 25	*
Australia Dollars	Schedule XXIII, Column F Line 26 Less Schedule XXIII Column G, Line 26	Schedule XXIII, Column H Line 26 Less Schedule XXIII Column I, Line 26	Schedule XXIII, Column J Line 26 Less Schedule XXIII Column K, Line 26	*
New Zealand Dollars	Schedule XXIII, Column F Line 27 Less Schedule XXIII Column G, Line 27	Schedule XXIII, Column H Line 27 Less Schedule XXIII Column I, Line 27	Schedule XXIII, Column J Line 27 Less Schedule XXIII Column K, Line 27	*
Other currency 1	Schedule XXIII, Column F Line 28 Less Schedule XXIII Column G, Line 28	Schedule XXIII, Column H Line 28 Less Schedule XXIII Column I, Line 28	Schedule XXIII, Column J Line 28 Less Schedule XXIII Column K, Line 28	*
Other currency 2	Schedule XXIII, Column F Line 29 Less Schedule XXIII Column G, Line 29	Schedule XXIII, Column H Line 29 Less Schedule XXIII Column I, Line 29	Schedule XXIII, Column J Line 29 Less Schedule XXIII Column K, Line 29	*
Other currency 3	Schedule XXIII, Column F Line 30 Less Schedule XXIII Column G, Line 30	Schedule XXIII, Column H Line 30 Less Schedule XXIII Column I, Line 30	Schedule XXIII, Column J Line 30 Less Schedule XXIII Column K, Line 30	*
Other currency 4	Schedule XXIII, Column F Line 31 Less Schedule XXIII Column G, Line 31	Schedule XXIII, Column H Line 31 Less Schedule XXIII Column I, Line 31	Schedule XXIII, Column J Line 31 Less Schedule XXIII Column K, Line 31	*
Other currency 5	Schedule XXIII, Column F Line 32 Less Schedule XXIII Column G, Line 32	Schedule XXIII, Column H Line 32 Less Schedule XXIII Column I, Line 32	Schedule XXIII, Column J Line 32 Less Schedule XXIII Column K, Line 32	*
Other currency 6	Schedule XXIII, Column F Line 33 Less Schedule XXIII Column G, Line 33	Schedule XXIII, Column H Line 33 Less Schedule XXIII Column I, Line 33	Schedule XXIII, Column J Line 33 Less Schedule XXIII Column K, Line 33	*
Other currency 7	Schedule XXIII, Column F Line 34 Less Schedule XXIII Column G, Line 34	Schedule XXIII, Column H Line 34 Less Schedule XXIII Column I, Line 34	Schedule XXIII, Column J Line 34 Less Schedule XXIII Column K, Line 34	*
Other currency 8	Schedule XXIII, Column F Line 35 Less Schedule XXIII Column G, Line 35	Schedule XXIII, Column H Line 35 Less Schedule XXIII Column I, Line 35	Schedule XXIII, Column J Line 35 Less Schedule XXIII Column K, Line 35	*
Other currency 9	Schedule XXIII, Column F Line 36 Less Schedule XXIII Column G, Line 36	Schedule XXIII, Column H Line 36 Less Schedule XXIII Column I, Line 36	Schedule XXIII, Column J Line 36 Less Schedule XXIII Column K, Line 36	*
Other currency 10	Schedule XXIII, Column F Line 37 Less Schedule XXIII Column G, Line 37	Schedule XXIII, Column H Line 37 Less Schedule XXIII Column I, Line 37	Schedule XXIII, Column J Line 37 Less Schedule XXIII Column K, Line 37	*

* Shall be prescribed by the Authority.

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

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

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

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

Where—

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

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

where there are no prior submissions available, the BSCR proxy factor is the above ratio that would be obtained from the current submission without taking into account the currency risk charge.

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Table 4A – Shock factors for Currency Risk

Currency	Long Exposure			Short Exposure		$\frac{MVL_{i,Before} - MVL_{i,After}}{MVL_{i,After}}$	Shock	
	$MVA_{i,Before} - MVA_{i,After}$	$MVDL_{i,Before}^O - MVDL_{i,After}^O$	$MVDL_{i,Before}^{NO} - MVDL_{i,After}^{NO}$	$MVDS_{i,Before}^O - MVDS_{i,After}^O$	$MVDS_{i,Before}^{NO} - MVDS_{i,After}^{NO}$		If reporting currency χ_i	Other wise χ_i
United States Dollar	Schedule XXA, Column A, Line 1 Less Schedule XXA, Column G, Line 1	Schedule XXA, Column B, Line 1 Less Schedule XXA, Column H, Line 1	Schedule XXA, Column C, Line 1 Less Schedule XXA, Column I, Line 1	Schedule XXA, Column D, Line 1 Less Schedule XXA, Column J, Line 1	Schedule XXA, Column E, Line 1 Less Schedule XXA, Column K, Line 1	Schedule XXA, Column F, Line 1 Less Schedule XXA, Column L, Line 1	0%	A
Bermuda Dollar	Schedule XXA, Column A, Line 2 Less Schedule XXA, Column G, Line 2	Schedule XXA, Column B, Line 2 Less Schedule XXA, Column H, Line 2	Schedule XXA, Column C, Line 2 Less Schedule XXA, Column I, Line 2	Schedule XXA, Column D, Line 2 Less Schedule XXA, Column J, Line 2	Schedule XXA, Column E, Line 2 Less Schedule XXA, Column K, Line 2	Schedule XXA, Column F, Line 2 Less Schedule XXA, Column L, Line 2	0%	B
Qatari Riyal	Schedule XXA, Column A, Line 3 Less Schedule XXA, Column G, Line 3	Schedule XXA, Column B, Line 3 Less Schedule XXA, Column H, Line 3	Schedule XXA, Column C, Line 3 Less Schedule XXA, Column I, Line 3	Schedule XXA, Column D, Line 3 Less Schedule XXA, Column J, Line 3	Schedule XXA, Column E, Line 3 Less Schedule XXA, Column K, Line 3	Schedule XXA, Column F, Line 3 Less Schedule XXA, Column L, Line 3	0%	C
Hong Kong Dollar	Schedule XXA, Column A, Line 4 Less Schedule XXA, Column G, Line 4	Schedule XXA, Column B, Line 4 Less Schedule XXA, Column H, Line 4	Schedule XXA, Column C, Line 4 Less Schedule XXA, Column I, Line 4	Schedule XXA, Column D, Line 4 Less Schedule XXA, Column J, Line 4	Schedule XXA, Column E, Line 4 Less Schedule XXA, Column K, Line 4	Schedule XXA, Column F, Line 4 Less Schedule XXA, Column L, Line 4	0%	D
Euro	Schedule XXA, Column A, Line 5 Less Schedule XXA, Column G, Line 5	Schedule XXA, Column B, Line 5 Less Schedule XXA, Column H, Line 5	Schedule XXA, Column C, Line 5 Less Schedule XXA, Column I, Line 5	Schedule XXA, Column D, Line 5 Less Schedule XXA, Column J, Line 5	Schedule XXA, Column E, Line 5 Less Schedule XXA, Column K, Line 5	Schedule XXA, Column F, Line 5 Less Schedule XXA, Column L, Line 5	0%	E
Danish Krone	Schedule XXA, Column A, Line 6 Less Schedule XXA, Column G, Line 6	Schedule XXA, Column B, Line 6 Less Schedule XXA, Column H, Line 6	Schedule XXA, Column C, Line 6 Less Schedule XXA, Column I, Line 6	Schedule XXA, Column D, Line 6 Less Schedule XXA, Column J, Line 6	Schedule XXA, Column E, Line 6 Less Schedule XXA, Column K, Line 6	Schedule XXA, Column F, Line 6 Less Schedule XXA, Column L, Line 6	0%	F
Bulgarian Lev	Schedule XXA, Column A, Line 7 Less Schedule XXA, Column G, Line 7	Schedule XXA, Column B, Line 7 Less Schedule XXA, Column H, Line 7	Schedule XXA, Column C, Line 7 Less Schedule XXA, Column I, Line 7	Schedule XXA, Column D, Line 7 Less Schedule XXA, Column J, Line 7	Schedule XXA, Column E, Line 7 Less Schedule XXA, Column K, Line 7	Schedule XXA, Column F, Line 7 Less Schedule XXA, Column L, Line 7	0%	G
West African CFA Franc	Schedule XXA, Column A, Line 8 Less Schedule XXA, Column G, Line 8	Schedule XXA, Column B, Line 8 Less Schedule XXA, Column H, Line 8	Schedule XXA, Column C, Line 8 Less Schedule XXA, Column I, Line 8	Schedule XXA, Column D, Line 8 Less Schedule XXA, Column J, Line 8	Schedule XXA, Column E, Line 8 Less Schedule XXA, Column K, Line 8	Schedule XXA, Column F, Line 8 Less Schedule XXA, Column L, Line 8	0%	H
Central African CFA Franc	Schedule XXA, Column A, Line 9 Less Schedule XXA, Column G, Line 9	Schedule XXA, Column B, Line 9 Less Schedule XXA, Column H, Line 9	Schedule XXA, Column C, Line 9 Less Schedule XXA, Column I, Line 9	Schedule XXA, Column D, Line 9 Less Schedule XXA, Column J, Line 9	Schedule XXA, Column E, Line 9 Less Schedule XXA, Column K, Line 9	Schedule XXA, Column F, Line 9 Less Schedule XXA, Column L, Line 9	0%	I
Comorian Franc	Schedule XXA, Column A, Line 10 Less Schedule XXA, Column G, Line 10	Schedule XXA, Column B, Line 10 Less Schedule XXA, Column H, Line 10	Schedule XXA, Column C, Line 10 Less Schedule XXA, Column I, Line 10	Schedule XXA, Column D, Line 10 Less Schedule XXA, Column J, Line 10	Schedule XXA, Column E, Line 10 Less Schedule XXA, Column K, Line 10	Schedule XXA, Column F, Line 10 Less Schedule XXA, Column L, Line 10	0%	J

INSTRUCTIONS AFFECTING TABLE 4A: Shock factors for Currency Risk

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

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

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

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- (m) insurers are to report currencies representing at least 95% of their consolidated balance sheet liabilities; and
- (n) amounts are to be reported on a consolidated valuation basis.

22. The digital asset risk charge calculation shall be established in accordance with the following formula:

$$C_{da} = \sum_i DA_{assetclass_i} \times \chi_i - (DAHedge_{assetclass_i} \times \mu_r) \text{ where}$$

- χ_i = the capital charge factors prescribed in Table 5A for each type of $DA_{assetclass_i}$; and
- $DA_{assetclass_i}$ = value of digital asset in corresponding asset Class i
- $DAHedge_{assetclass_i}$ = value of fully hedged digital asset in corresponding asset Class i
- μ_r = maximum factor reduction on fully hedged arrangements.

Table 5A – Capital charge factors for $DA_{assetclass_i}$

Digital Asset type	Default capital factor	Maximum factor reduction on fully hedged arrangements
<u>Stablecoins</u>		
Audited Fiat backed stablecoin	3%	No reduction
Top 1 by market cap	55%	99%
Top 2-3 by market cap	65%	95%
Top 4-10 by market cap	80%	94%
Top 10 -20	90%	92%
Top 21 and below	95%	20%
Unlisted digital assets	100%	No reduction

INSTRUCTIONS AFFECTING TABLE 5A: Capital charge factors for $DA_{assetclass_i}$

- (b) all digital assets are subject to capital charges within the digital asset risk charge shall be included and allocated by;
- i. all audited fiat backed stablecoin is to be included;
 - ii. all digital assets are to be allocated by BSCR ratings consistent with Schedule II;
- (c) the maximum diversification reduction on fully hedged arrangements is determined by μ_r and multiplying by factor χ_i ; and
- (d) amounts are to be reported on a consolidated Valuation basis

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

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

Where—

- χ_i = the capital charge factors prescribed in Table 6A for each type of *Concastclass_i*; and
- Concastclass_i* = the value of the corresponding asset prescribed in Table 6A, for each type of Asset Class.

Table 6A – Capital charge factors for *Concastclass_i*

Asset Class	Statement Source These Rules	Capital Factor χ_i
<i>Cash and Cash Equivalents</i>		
BSCR rating 0	Schedule XXIA, Column H	0.0%
BSCR rating 1	Schedule XXIA, Column H	0.1%
BSCR rating 2	Schedule XXIA, Column H	0.2%
BSCR rating 3	Schedule XXIA, Column H	0.3%
BSCR rating 4	Schedule XXIA, Column H	0.5%
BSCR rating 5	Schedule XXIA, Column H	1.5%
BSCR rating 6	Schedule XXIA, Column H	4.0%
BSCR rating 7	Schedule XXIA, Column H	6.0%
BSCR rating 8	Schedule XXIA, Column H	9.0%
<i>Corporate & Sovereign Bonds</i>		
BSCR rating 0	Schedule XXIA, Column H	0.0%
BSCR rating 1	Schedule XXIA, Column H	0.4%
BSCR rating 2	Schedule XXIA, Column H	0.8%
BSCR rating 3	Schedule XXIA, Column H	1.5%
BSCR rating 4	Schedule XXIA, Column H	3.0%
BSCR rating 5	Schedule XXIA, Column H	8.0%
BSCR rating 6	Schedule XXIA, Column H	15.0%
BSCR rating 7	Schedule XXIA, Column H	26.3%
BSCR rating 8	Schedule XXIA, Column H	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 0	Schedule XXIA, Column H	0.0%
BSCR rating 1	Schedule XXIA, Column H	0.6%
BSCR rating 2	Schedule XXIA, Column H	1.2%
BSCR rating 3	Schedule XXIA, Column H	2.0%
BSCR rating 4	Schedule XXIA, Column H	4.0%
BSCR rating 5	Schedule XXIA, Column H	11.0%
BSCR rating 6	Schedule XXIA, Column H	25.0%
BSCR rating 7	Schedule XXIA, Column H	35.0%
BSCR rating 8	Schedule XXIA, Column H	35.0%
<i>Commercial Mortgage-Backed Securities/Asset Backed Securities</i>		
BSCR rating 0	Schedule XXIA, Column H	0.0%
BSCR rating 1	Schedule XXIA, Column H	0.5%
BSCR rating 2	Schedule XXIA, Column H	1.0%
BSCR rating 3	Schedule XXIA, Column H	1.8%
BSCR rating 4	Schedule XXIA, Column H	3.5%
BSCR rating 5	Schedule XXIA, Column H	10.0%
BSCR rating 6	Schedule XXIA, Column H	20.0%
BSCR rating 7	Schedule XXIA, Column H	30.0%
BSCR rating 8	Schedule XXIA, Column H	35.0%
<i>Bond Mutual Funds</i>		

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

INSTRUCTIONS AFFECTING TABLE 6A: Capital factor charge for *Concastclass*,

- (a) *Concastclass*, shall only apply to an insurers' ten largest counterparty exposures based on the aggregate of all assets set out in the in Table 6A relating to that counterparty;
- (b) for the purposes of Table 6A, a counterparty exposure shall be reported on the valuation of individually underlying assets i.e. determined by application of the "look through" approach in accordance with criteria prescribed by the Authority for all amounts reported on the balance sheet;
- (c) for the purposes of Table 6A, a counterparty shall include all related or connected counterparties captured by either of the following criteria:
- (i) controller relationship: if a counterparty, directly or indirectly, has control of (as a result of its majority shareholding in or effective management) which it is a subsidiary company; or
 - (ii) economic interdependence: if one of the counterparties were to experience financial difficulties which directly or indirectly affect the ability of any or all of the remaining counterparties to perform their financial obligations (for example where a counterparty becomes unable to fund or repay certain financial contractual obligations, and as a

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result, other counterparties, are likely to be unable to fund or repay certain obligations imposed on them);

(a) amounts are to be reported on a consolidated valuation basis.

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

$$C_{Premium} = \sqrt{\sum_{i,j} CorrPrem_{i,j} \times C_i \times C_j} - \left[\left[\sum_i C_i \right] \times \left[\varepsilon \times \mu \right] \right];$$

Where—

- | | | |
|------------------|---|--|
| $CorrPrem_{i,j}$ | = | the correlation factors of the premium risk module correlation matrix in accordance with Table 7B; |
| i,j | = | the sum of the different terms should cover all possible combinations of i and j; and |
| C_i and C_j | = | risk charge i and risk charge j which are replaced by the following:
$C_{premium_i}$, $C_{premium_j}$ as calculated in accordance with paragraph 26. |
| ε | = | CISSA risk mitigation factor; and |
| μ | = | additional concentration adjustment factor equal to 40%. |

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Table 7B – Premium Risk Module Correlation Matrix

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

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

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

Where—

- χ_i^1 = individual $BaseExp_i$ risk capital charge factor as prescribed in Table 7C;
- $BaseExp_i$ = the greater of premium written in reporting period and the estimate of the net premiums to be earned by the insurer during the next twelve-month accounting period;
- $geolineprem_i$ = geographic diversification of premium exposure measure for line of business i as prescribed in Table 7D;
- χ_i^2 = individual $FPEexisting_i$ risk capital charge factor as prescribed in Table 7C;
- $FPEexisting_i$ = expected present value of premiums to be earned by the insurer after the next twelve-month reporting period for existing qualifying multi-year insurance policies for line of business i as prescribed in Table 6C;
- χ_i^3 = individual $FPFuture_i$ risk capital charge factor as prescribed in Table 7C;
- $FPFuture_i$ = expected present value of net premiums to be earned by the insurer after the next twelve-month reporting period for qualifying multi-year insurance policies where the initial recognition date falls in the following twelve-months for line of business i as prescribed in Table 7C;
- $ExposureMeasure_i$ = the sum of $BaseExp_i$, $FPEexisting_i$ and $FPFuture_i$

Table 7C – Capital charge factors for Premium Risk

	(1)	(2)	(3)	(4)	(5)	(6)
Line of business	Statement Source These Rules $BaseExp_i$	Capital Factor χ_i^1	Statement Source These Rules $FPEexisting_i$	Capital Factor χ_i^2	Statement Source These Rules $FPFuture_i$	Capital Factor χ_i^3
Property catastrophe	Schedule IVD, Line 1, Column (C)	0.0%	Schedule IVD, Line 1, Column (D)	11.5%	Schedule IVD, Line 1, Column (E)	5.8%
Property	Schedule IVD, Line 2, Column (C)	49.7%	Schedule IVD, Line 2, Column (D)	12.4%	Schedule IVD, Line 2, Column (E)	6.2%
Property non-proportional	Schedule IVD, Line 3, Column (C)	51.6%	Schedule IVD, Line 3, Column (D)	12.9%	Schedule IVD, Line 3, Column (E)	6.5%
Personal accident	Schedule IVD, Line 4, Column (C)	34.1%	Schedule IVD, Line 4, Column (D)	8.5%	Schedule IVD, Line 4, Column (E)	4.3%
Personal accident non-proportional	Schedule IVD, Line 5, Column (C)	41.2%	Schedule IVD, Line 5, Column (D)	12.4%	Schedule IVD, Line 5, Column (E)	6.2%
Aviation	Schedule IVD, Line 6, Column (C)	48.2%	Schedule IVD, Line 6, Column (D)	14.5%	Schedule IVD, Line 6, Column (E)	7.2%
Aviation non-proportional	Schedule IVD, Line 7, Column (C)	48.2%	Schedule IVD, Line 7, Column (D)	14.5%	Schedule IVD, Line 7, Column (E)	7.2%
Credit / surety	Schedule IVD, Line 8, Column (C)	39.8%	Schedule IVD, Line 8, Column (D)	11.9%	Schedule IVD, Line 8, Column (E)	6.0%
Credit / surety non-proportional	Schedule IVD, Line 9, Column (C)	45.4%	Schedule IVD, Line 9, Column (D)	13.6%	Schedule IVD, Line 9, Column (E)	6.8%
Energy offshore /marine	Schedule IVD, Line 10, Column (C)	42.1%	Schedule IVD, Line 10, Column (D)	12.6%	Schedule IVD, Line 10, Column (E)	6.3%
Energy offshore /marine non-proportional	Schedule IVD, Line 11, Column (C)	47.0%	Schedule IVD, Line 11, Column (D)	14.1%	Schedule IVD, Line 11, Column (E)	7.1%
US casualty	Schedule IVD, Line 12, Column (C)	50.3%	Schedule IVD, Line 12, Column (D)	25.1%	Schedule IVD, Line 12, Column (E)	12.6%
US casualty non-proportional	Schedule IVD, Line 13, Column (C)	55.6%	Schedule IVD, Line 13, Column (D)	27.8%	Schedule IVD, Line 13, Column (E)	13.9%
US professional	Schedule IVD, Line 14, Column (C)	51.2%	Schedule IVD, Line 14, Column (D)	25.6%	Schedule IVD, Line 14, Column (E)	12.8%
US professional non-proportional	Schedule IVD, Line 15, Column (C)	53.8%	Schedule IVD, Line 15, Column (D)	26.9%	Schedule IVD, Line 15, Column (E)	13.5%

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US specialty	Schedule IVD, Line 16, Column (C)	51.4%	Schedule IVD, Line 16, Column (D)	25.7%	Schedule IVD, Line 16, Column (E)	12.9%
US specialty non-proportional	Schedule IVD, Line 17, Column (C)	52.7%	Schedule IVD, Line 17, Column (D)	26.3%	Schedule IVD, Line 17, Column (E)	13.2%
International motor	Schedule IVD, Line 18, Column (C)	42.2%	Schedule IVD, Line 18, Column (D)	12.7%	Schedule IVD, Line 18, Column (E)	6.3%
International motor non-proportional	Schedule IVD, Line 19, Column (C)	48.2%	Schedule IVD, Line 19, Column (D)	24.1%	Schedule IVD, Line 19, Column (E)	12.1%
International casualty non-motor	Schedule IVD, Line 20, Column (C)	50.0%	Schedule IVD, Line 20, Column (D)	25.0%	Schedule IVD, Line 20, Column (E)	12.5%
International casualty non-motor non-proportional	Schedule IVD, Line 21, Column (C)	53.6%	Schedule IVD, Line 21, Column (D)	26.8%	Schedule IVD, Line 21, Column (E)	13.4%
Retro property	Schedule IVD, Line 22, Column (C)	50.8%	Schedule IVD, Line 22, Column (D)	12.7%	Schedule IVD, Line 22, Column (E)	6.4%
Structured / finite reinsurance	Schedule IVD, Line 23, Column (C)	27.2%	Schedule IVD, Line 23, Column (D)	6.8%	Schedule IVD, Line 23, Column (E)	3.4%
Health	Schedule IVD, Line 24, Column (C)	15.0%	Schedule IVD, Line 24, Column (D)	3.8%	Schedule IVD, Line 24, Column (E)	1.9%

INSTRUCTIONS AFFECTING TABLE 7C: Capital charge factors for Premium Risk

- (a) all reported net premium exposure measures as prescribed in Schedule IVD that are subject to capital charges within the premium risk charge shall be included;
- (b) “qualifying multi-year insurance policies” means those insurance policies with a term longer than twelve months after allowing for the criteria prescribed by the Authority;
- (c) all net premium exposure measures by statutory Line of Business shall be reported on a basis consistent with that prescribed in Schedule IVD;
- (d) an insurer may provide net premium exposure measures for all statutory Lines of General Business, or for particular statutory Lines of General Business, split by geographic zone as set out in Table 7D. $geolineprem_i$ is then derived from the total premium for that Line of Business by reducing the total by 25% times $\frac{\sum x_i^2}{(\sum x_i)^2}$ where x_i = the net premium exposure measure in the Line of Business for $Zone_i$; and where the summation covers all zones; and
- (e) amounts are to be reported on a consolidated basis.

Table 7D – Underwriting Geographical Zones

Underwriting Zone	Location
Zone 1 - Central & Western Asia	Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Palestinian, Qatar, Saudi Arabia, Saudi Arab Republic, Tajikistan, Turkey, Turkmenistan, United Arab Emirates and Uzbekistan
Zone 2 - Eastern Asia	China, Hong Kong, Japan, Macao, Mongolia, North Korea, South Korea, and Taiwan
Zone 3 - South and South-Eastern Asia	Afghanistan, Bangladesh, Bhutan, Brunei Darussalam, Cambodia, India, Indonesia, Iran, Lao PDR, Malaysia, Maldives, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Timor-Leste, and Vietnam
Zone 4 - Oceania	American Samoa, Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Micronesia, Nauru, New Caledonia, New Zealand, Niue, Norfolk Island, N. Mariana Islands, Palau, Papua New Guinea, Pitcairn, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, Wallis & Futuna Island
Zone 5 - Northern	Algeria, Benin, Burkina Faso, Cameroon, Cape Verde, Central

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Africa	African Republic, Chad, Cote d' Ivoire, Egypt, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, Saint Helena, Senegal, Sierra Leone, Sudan, Togo, Tunisia, and Western Sahara
Zone 6 - Southern Africa	Angola, Botswana, Burundi, Democratic Republic of Congo, Comoros, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mayotte, Mozambique, Namibia, Republic of Congo, Reunion, Rwanda, Sao Tome & Principe, Seychelles, Somalia, South Africa, Swaziland, Uganda, United Republic of Tanzania, Zambia, and Zimbabwe
Zone 7 - Eastern Europe	Belarus, Bulgaria, Czech Republic, Hungary, Moldova, Poland, Romania, Russian Federation, Slovakia, and Ukraine
Zone 8 - Northern Europe	Aland Islands, Channel Islands, Denmark, Estonia, Faeroe Islands, Finland, Guernsey, Iceland, Republic of Ireland, Isle of Man, Jersey, Latvia, Lithuania, Norway, Svalbard, Jan Mayen, Sweden, United Kingdom
Zone 9 - Southern Europe	Albania, Andorra, Bosnia, Croatia, Cyprus, Gibraltar, Greece, Italy, FYR of Macedonia, Malta, Montenegro, Portugal, San Marino, Serbia, Slovenia, Spain, and Vatican City
Zone 10 - Western Europe	Austria, Belgium, France, Germany, Liechtenstein, Luxembourg, Monaco, Netherlands, and Switzerland
Zone 11 - Northern America (Excluding USA)	Bermuda, Canada, Greenland, and St Pierre & Miquelon
Zone 12 - Caribbean & Central America	Anguilla, Antigua & Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Costa Rica, Cuba, Dominica, Dominican, El Salvador, Grenada, Guadeloupe, Guatemala, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Netherlands Antilles, Nicaragua, Panama, Puerto Rico, St-Barthelemy, St Kitts & Nevis, St Lucia, St Martin, St Vincent, Trinidad & Tobago, Turks & Caicos Islands, and US Virgin Islands
Zone 13 - Eastern South America	Brazil, Falkland Islands, French Guiana, Guyana, Paraguay, Suriname, and Uruguay
Zone 14 - Northern, Southern and Western South America	Argentina, Bolivia, Chile, Colombia, Ecuador, Peru, and Venezuela
Zone 15 - North-East United States	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
Zone 16 - South-East United States	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Puerto Rico, South Carolina, Tennessee, Virginia, and West Virginia
Zone 17 - Mid-West United States	Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, and Wisconsin
Zone 18 - Western United States	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Texas, Utah, Washington, and Wyoming

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

$$C_{reserve} = \sqrt{\sum_{i,j} CorrReserve_{i,j} \times C_i \times C_j} - [(\sum_i C_i) \times [\varepsilon \times \mu]];$$

Where—

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- $Corr Reserve_{i,j}$ = the correlation factors of the reserve risk module correlation matrix in accordance with table 8A;
- i,j = the sum of the different terms should cover all possible combinations of i and j ;
- C_i and C_j = risk charge i and risk charge j which are replaced by the following:
 $C_{reserve_i}$, $C_{reserve_j}$ as calculated in accordance with paragraph 28;
- ε = CISSA risk mitigation factor;
- μ = additional concentration adjustment factor equal to 40%.

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Table 8A – Reserve Risk Module Correlation Matrix

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

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

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

Where—

- β_i = individual $geolinersvs_i$ risk capital charge factor as prescribed in Table 8B;
 $geolinersvs_i$ = geographic diversification of reserves for individual Lines of Business i as prescribed in Table 7D;

Table 8B – Capital charge factors for $geolinersvs_i$

Line of business $geolinersvs_i$	Statement Source These Rules	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%
US casualty	Schedule III, Line 12	43.0%
US casualty non- proportional	Schedule III, Line 13	48.8%
US professional	Schedule III, Line 14	46.3%
US professional non- proportional	Schedule III, Line 15	51.5%
US specialty	Schedule III, Line 16	46.5%
US specialty non- proportional	Schedule III, Line 17	48.3%
International motor	Schedule III, Line 18	37.1%
International motor non-proportional	Schedule III, Line 19	43.5%
International casualty non-motor	Schedule III, Line 20	43.7%
International casualty non-motor non-proportional	Schedule III, Line 21	49.4%
Retro property	Schedule III, Line 22	47.8%
Structured / finite reinsurance	Schedule III, Line 23	24.1%
Health	Schedule III, Line 24	12.5%

INSTRUCTIONS AFFECTING TABLE 8B: Capital charge factors for $geolinersvs_i$

- all reported net loss and loss expense provisions for the relevant year by statutory Line of Business as prescribed in this Schedule are subject to capital charges within the reserve risk charge and shall be included;
- all reported net loss and loss expense provisions by statutory Line of Business shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- an insurer may provide loss and loss expense provisions exposure for all statutory Lines of General Business, or for particular statutory Lines of General Business, split by geographic zone as set out in Table 7D. $geolinersvs_i$ is then derived from the total loss and loss expense

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provisions for that Line of Business by reducing the total by 25% times $\frac{\sum x_i^2}{(\sum x_i)^2}$ where x_i = best estimate net loss and loss expense provisions in that line of business for $Zone_i$; and where the summation covers all zones; and

(d) amounts are to be reported on a consolidated valuation basis.

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

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

Where—

- δ_i = the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 9A;
- $debtor_i$ = receivable amount from $debtor_i$ net of any collateral in favour of the insurer;
- μ_r = additional diversification adjustment factor applied to reinsurance balances only taking into consideration diversification by number of reinsurers, equal to 40%.
- CCROTC = counterparty default risk for over-the-counter derivatives calculated as per the following formula:

$$CCROTC = \sum_i Max(0, MVDerivativeP_i - (1 - \beta)Min(MVderivativeP_i, MVCollateral_i)) \times \alpha_i$$

- $MVDerivativeP_i$ = Market value of over-the-counter derivatives with positive market values and BSCR rating i ;
- β = collateral factor as prescribed in Table 9B;
- α_i = capital factor for the BSCR rating i as prescribed in Table 9B;
- $MVCollateral$ = market value of collateral of over-the-counter derivatives with positive market values and BSCR rating i .

Table 9A – Capital charge factors for $debtor_i$

Type of debtor $debtor_i$	Statement Source These Rules	Capital Factor δ_i
<i>Accounts and Premiums Receivable</i>		
In course of collection	Form 1SFS, Line 10(a)	5.0%
Deferred - Not Yet Due	Form 1SFS, Line 10 (b)	5.0%
Receivables from retrocessional contracts less collateralized balances	Form 1SFS, Line 10(c) and instruction (c) below	10.0%
<i>All Other Receivables</i>		
Accrued investment income	Form 1SFS, Line 9	2.5%
Advances to affiliates	Form 1SFS, Line 4(g)	5.0%
Balances receivable on sale of investments	Form 1SFS, Line 13(g)	2.5%

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Particulars of reinsurance balances shall be the maximum of the amounts calculated from paragraphs (i) and (ii) below:

(i) Particulars of reinsurance balances for current year by BSCR Rating

BSCR rating 0	Schedule XVIII paragraph (d)	0.0%
BSCR rating 1	Schedule XVIII paragraph (d)	0.7%
BSCR rating 2	Schedule XVIII paragraph (d)	1.5%
BSCR rating 3	Schedule XVIII paragraph (d)	3.5%
BSCR rating 4	Schedule XVIII paragraph (d)	7.0%
BSCR rating 5	Schedule XVIII paragraph (d)	12.0%
BSCR rating 6	Schedule XVIII paragraph (d)	20.0%
BSCR rating 7	Schedule XVIII paragraph (d)	17.0%
BSCR rating 8	Schedule XVIII paragraph (d)	35.0%
Less: Diversification adjustment	Schedule XVIII paragraph (d)	40.0%

(ii) Particulars of reinsurance balances for future premium by BSCR Rating

Premium Risk Capital Charge (Gross)	As prescribed in paragraph (d)(ii)(B)	
Premium Risk Capital Charge (Net)	Premium Risk Charge as prescribed in paragraph 23	
Premium Risk Capital Charge (Ceded)	Premium Risk Capital Charge (Gross) less Premium Risk Capital Charge Net	

Type of debtor <i>debtor_i</i>	Statement Source These Rules	Debtor Allocation	Capital Factor δ_i
BSCR rating 0	paragraph (i) BSCR Rating 0 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	0.0%
BSCR rating 1	paragraph (i) BSCR Rating 1 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	0.7%
BSCR rating 2	paragraph (i) BSCR Rating 2 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	1.5%
BSCR rating 3	paragraph (i) BSCR Rating 3 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	3.5%
BSCR rating 4	paragraph (i) BSCR Rating 4 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	7.0%
BSCR rating 5	paragraph (i) BSCR Rating 5 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	12.0%
BSCR rating 6	paragraph (i) BSCR Rating 6 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	20.0%
BSCR rating 7	paragraph (i) BSCR Rating 7 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	17.0%
BSCR rating 8	paragraph (i) BSCR Rating 8 / paragraph (i) Sum(BSCR Ratings 0 – 8)	Premium Risk Capital Charge (Ceded)	35.0%
Less: Diversification adjustment		Schedule XVIII paragraph (d)	40.0%

INSTRUCTIONS AFFECTING TABLE 9A: Capital charge factors for *debtor_i*

- (a) all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;
- (b) all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;

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- (c) “collateralized balances” for the purposes of this paragraph shall mean assets pledged in favor of the insurer relating to accounts and premiums receivable under Table 9A – Capital charge factors for *debtor_i* ;
- (d) Particulars of reinsurance balances shall be the greater of paragraphs (i) and (ii) below
- (i) Particulars of reinsurance balances for current year by BSCR rating are as follows:
- (A) the net qualifying exposure which is comprised of reinsurance balances receivable and reinsurance balances recoverable, less the corresponding reinsurance balances payable and other payables less the qualifying collateral issued in favor of the insurer in relation to the reinsurance balances;
 - (B) the “net qualifying exposure” referenced in paragraph (d)(i)(A) above shall be subject to the prescribed credit risk capital factor under Table 9A;
 - (C) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%;
 - (D) the “diversification” adjustment” referenced in paragraph (d)(i)(C) above shall be determined by calculating 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure;
- (ii) Particulars of reinsurance balances for future premium by BSCR rating are as follows:
- (A) the Premium Risk Capital Charge (Gross), as prescribed in paragraph (d)(ii)(B) below less the Premium Risk Capital Charge (Net), as prescribed in paragraph 23, shall be referred to as “Premium Risk Capital Charge (Ceded)”. Such amount shall be allocated to the type of debtor (*debtor_i*) by BSCR rating Net Qualifying Exposure Measure as reported on Schedule XVIII;
 - (B) the Premium Risk Capital Charge (Gross) is calculated in the same manner as Premium Risk Capital Charge (Net) using the Gross Premium Exposure Measure (Schedule IVD, Column G) rather than the Net Premium Exposure Measure (Schedule IVD, Column F) as the input *ExposureMeasure_i* parameter in paragraph 24. *ExposureMeasure_i* is allocated to *BaseExp_i*, *FPExisting_i* and *FPFuture_i* for the Premium Risk Capital Charge (Gross) calculation in the same proportions as in the Premium Risk Capital Charge (Net) calculation;
 - (C) the Premium Risk Capital Charge (Ceded) shall be subject to the prescribed credit risk capital charge factor under Table 8A;
 - (D) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%; and
 - (E) the “diversification” adjustment” referenced in paragraph (d)(i)(C) above shall be determined by calculating 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure; and
- (e) amounts are to be reported on a consolidated valuation basis

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Table 9B – Capital charge factors for Default Risk for over-the-counter Derivatives

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

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

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

Where—

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

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

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

Where —

- ρ = an amount between 1% and 20% as determined by the Authority in accordance with Table 10C;
- Basic BSCR* = Basic BSCR risk module charge as calculated in accordance with paragraph 14;

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Adj_{TP} = = adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 33;

Table 9C – Operational Risk Charge for ρ

Overall Score	Applicable Operational Risk Charge ρ
<=600	20.0%
>600 <=800	20.0%
>800 <=1200	18.0%
>1200 <=1400	15.0%
>1400 <=1600	12.0%
>1600 <=1800	9.0%
>1800 <=2000	7.0%
>2000 <=2200	5.0%
>2200 <=2400	3.0%
>2400	1.0%

INSTRUCTIONS AFFECTING TABLE 10C

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 10D and 10E.

**TABLE 10D
Corporate Governance Score Table**

Criterion	Implemented	Score
Board sets risk policies, practices and tolerance limits for all material foreseeable operational risks at least annually		200
Board ensures they are communicated to relevant business units		200
Board monitors adherence to operational risk tolerance limits more regularly than annually		200
Board receives, at least annually, reports on the effectiveness of material operational risk internal controls as well as management’s plans to address related weaknesses		200
Board ensures that systems or procedures, or both, are in place to identify, report and promptly address internal control deficiencies related to operational risks		200
Board promotes full, open and timely disclosure from senior management on all significant issues related to operational risk		200
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 10D

The total score is derived by adding the score for each criterion of corporate governance that the insurer has implemented.

**TABLE 10E
Risk Management Function ('RMF') Score Table**

Criterion	Implemented	Score
RMF is independent of other operational units and has direct access to the Board of Directors		200
RMF is entrenched in strategic planning, decision making and the budgeting process		200
RMF ensures that the risk management procedures and policies are well documented and approved by the Board of Directors		200
RMF ensures that the risk management policies and procedures are communicated throughout the organization		200
RMF ensures that operational risk management processes and procedures are reviewed at least annually		200
RMF ensures that loss events arising from operational risks are documented and loss event data is integrated into the risk management strategy		200
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 Board of Directors at least annually		200
Total		XX

Comments

INSTRUCTIONS AFFECTING TABLE 10E

The total score is derived by adding the score for each criterion of an insurer’s risk management function that the insurer has implemented.

32. The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Schedule XVI - “Schedule of Regulated Non-Insurance Financial Operating Entities”. This amount shall be equal to the sum of the insurer’s proportionate share of each entity’s regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity is licensed or registered

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

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

Where—

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

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

$CorrBBSCR_{i,j}$ = the correlation factors of the Basic BSCR correlation matrix in accordance with Table A of Paragraph 14;

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- C_i = risk module charge i which are replaced by the following:
 C_{Market} , $C_{P\&C}$, C_{Credit} ;
 C_{Market} = market risk module charge as calculated in accordance with paragraph 16;
 $C_{P\&C}$ = P&C risk module charge as calculated in accordance with paragraph 17; and
 C_{Credit} = credit risk module charge as calculated in accordance with paragraph 29.
 nC_i = net risk module charge i which are calculated the same way as C_i but by allowing the future discretionary benefits to change and by allowing managements actions to be performed in accordance to with the criteria prescribed by the Authority and which are replaced by the following:
 nC_{Market} , $nC_{P\&C}$, nC_{Credit} ;
FDB = net present value of future bonuses and other discretionary benefits.

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

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

- Where —
- Basic BSCR** = Basic BSCR risk module charge as calculated in accordance with paragraph 14;
 $C_{operation\dot{a}}$ = operational risk charge as calculated in accordance with paragraph 31;
 $C_{regulator\dot{a}dj}$ = regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 30;
 Adj_{TP} = adjustment for the loss-absorbing capacity of loss and loss expense provisions as calculated in accordance with paragraph 33;
 t = insurer's standard federal tax rate;
Limit = $PastLAC + CurrentLAC + FutureLAC$;
PastLAC = Loss Carryback Provision multiplied by t ;
CurrentLAC = Current Deferred Tax Liabilities minus Current Deferred Tax Assets;
FutureLAC = Risk Margin as reported on Form 1SFS Line 18 multiplied by t .

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SCHEDULE II

(Paragraph 6)

Schedule of fixed income and equity investments by BSCR rating

[blank] name of Company

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

All amounts are expressed in (currency used)

Line no.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Quoted and unquoted bonds and debentures	Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Total (Form 1SFS, Lines 2(b) & 3(b))	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
1	BSCR rating 0										
2	BSCR rating 1										
3	BSCR rating 2										
4	BSCR rating 3										
5	BSCR rating 4										
6	BSCR rating 5										
7	BSCR rating 6										
8	BSCR rating 7										
9	BSCR rating 8										
10	Total										
	Quoted and unquoted equities	Common stock (Form 1SFS, Lines 2(c)(i) & 3(c)(i))		Preferred stock (Form 1SFS, Lines 2(c)(ii) & 3(c)(ii))		Equity mutual funds (Form 1SFS, Lines 2(c)(iii) & 3(c)(iii))				Total (Form 1SFS, Lines 2(d) & 3(d))	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)			20xx (000)	20xx (000)
11	BSCR rating 1										
12	BSCR rating 2										
13	BSCR rating 3										
14	BSCR rating 4										

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15	BSCR rating 5							
16	BSCR rating 6							
17	BSCR rating 7							
18	BSCR rating 8							
19	Quoted equity funds							
20	Unquoted equity funds							
21	Total							
Mortgage loans		Mortgage loans (Form 1SFS, Line 5(c))						
		20xx (000)	20xx (000)					
22	Insured/ guaranteed mortgages							
23	Other commercial and farm mortgages							
24	Other residential mortgages							
25	Mortgages not in good standing							
26	Total							

INSTRUCTIONS AFFECTING SCHEDULE II:

- (a) fixed income investments, both quoted and unquoted, shall be categorized into corporate bonds and sovereign bonds, residential mortgage-backed securities, commercial mortgage-backed securities/asset-backed securities, and bond mutual funds and classified by BSCR rating;
- (b) equity investments, both quoted and unquoted, shall be categorized into common stock, preferred stock and equity mutual funds;
- (c) preferred stock shall be classified by BSCR rating;

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- (d) a list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;
- (e) where the ratings of a security by different rating agencies differ, the insurer shall classify the security according to the most conservative rating;
- (f) unrated securities shall be assigned a BSCR rating of 8;
- (g) sovereign debt issued by a country in its own currency that is rated AA- or better shall be classified under BSCR rating 0 while all other sovereign bonds shall be classified in a similar manner as corporate bonds;
- (h) debt issued by government-owned and related entities that were explicitly guaranteed by that government, with the exception of mortgage-backed securities, shall be assigned a BSCR rating of 0;
- (i) bond mutual funds shall be classified based on the underlying bond ratings as advised by the fund managers; equity mutual funds shall be classified in a similar manner as direct equity investments while money market funds shall be treated as cash and cash equivalents; and
- (j) amounts are to be reported on a consolidated valuation basis.

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SCHEDULE IIA

(Paragraph 6)

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

[blank] name of Company

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

All amounts are expressed in (currency used)

Line no.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Quoted and unquoted bonds and debentures		Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Total	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
1	BSCR rating 0										
2	BSCR rating 1										
3	BSCR rating 2										
4	BSCR rating 3										
5	BSCR rating 4										
6	BSCR rating 5										
7	BSCR rating 6										
8	BSCR rating 7										
9	BSCR rating 8										
10	Total										
Quoted and unquoted equities		Common stock		Preferred stock		Equity mutual funds (Other Investments		Total	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
11	BSCR rating 1										
12	BSCR rating 2										
13	BSCR rating 3										
14	BSCR rating 4										
15	BSCR rating 5										

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16	BSCR rating 6									
17	BSCR rating 7									
18	BSCR rating 8									
19	Quoted equity funds									
20	Unquoted equity funds									
21	Total									
Mortgage loans		Mortgage loans								
		20xx (000)	20xx (000)							
22	Insured/ guaranteed mortgages									
23	Other commercial and farm mortgages									
24	Other residential mortgages									
25	Mortgages not in good standing									
26	Total									
Cash and cash equivalents		Cash and cash equivalents								
		20xx (000)	20xx (000)							
27										
28										

INSTRUCTIONS AFFECTING SCHEDULE IIA:

- (a) All funds held by ceding reinsurers (as reflected in Form 1SFS, Line 12 in segregated accounts/trusts with identifiable assets, such as fixed income investments, equity investments, mortgage loans, and cash equivalents, shall be included here;

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- (b) fixed income investments, both quoted and unquoted, shall be categorized into corporate bonds and sovereign bonds, residential mortgage-backed securities, commercial mortgage-backed securities/asset-backed securities, and bond mutual funds and classified by BSCR rating;
- (c) equity investments, both quoted and unquoted, shall be categorized into common stock, preferred stock and equity mutual funds;
- (d) preferred stock shall be classified by BSCR rating;
- (e) a list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;
- (f) where the ratings of a security by different rating agencies differ, the insurer shall classify the security according to the most conservative rating;
- (g) unrated securities shall be assigned a BSCR rating of 8;
- (h) sovereign debt issued by a country in its own currency that is rated AA- or better shall be classified under BSCR rating 0 while all other sovereign bonds shall be classified in a similar manner as corporate bonds;
- (i) debt issued by government-owned and related entities that were explicitly guaranteed by that government, with the exception of mortgage-backed securities, shall be assigned a BSCR rating of 0;
- (j) bond mutual funds shall be classified based on the underlying bond ratings as advised by the fund managers; equity mutual funds shall be classified in a similar manner as direct equity investments while money market funds shall be treated as cash and cash equivalents;
- (k) other investments shall include investments not reported as bond and debentures, common stock, preferred stock or equity mutual funds; and
- (l) amounts are to be reported on a consolidated valuation basis.

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SCHEDULE IIB

(Paragraph 6)

Schedule of fixed income and equity investments by BSCR rating

[blank] name of Insurer

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

All amounts are expressed in (currency used)

Line no.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Quoted and unquoted bonds and debentures	Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
1	BSCR rating 0												
2	BSCR rating 1												
3	BSCR rating 2												
4	BSCR rating 3												
5	BSCR rating 4												
6	BSCR rating 5												
7	BSCR rating 6												
8	BSCR rating 7												
9	BSCR rating 8												
10	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		ASSETS						LIABILITIES					
		Long Exposures		Short Exposures									

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

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

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52	BSCR rating 4					-75%		
53	BSCR rating 5					-75%		
54	BSCR rating 6					-75%		
55	BSCR rating 7					-75%		
56	BSCR rating 8					-75%		
57	Total Spread Down							
		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over-collateralization				
Counterparty Default Risk for over-the-counter Derivatives								
58	BSCR rating 0							
59	BSCR rating 1							
60	BSCR rating 2							
61	BSCR rating 3							
62	BSCR rating 4							
63	BSCR rating 5							
64	BSCR rating 6							
65	BSCR rating 7							
66	BSCR rating 8							
67	Total Default Risk for over-the-counter Derivatives							

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INSTRUCTIONS AFFECTING SCHEDULE IIB:

- (a) fixed income investments, both quoted and unquoted, shall be categorized into corporate bonds and sovereign bonds, residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, and bond mutual funds and classified by BSCR rating;
- (b) equity investments, both quoted and unquoted, shall be categorized into long exposures, short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (c) preferred stocks are required to be classified by BSCR rating;
- (d) a list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;
- (e) where a security is rated differently by various rating agencies, the insurer shall classify the security according to the most conservative rating assigned;
- (f) unrated securities shall be assigned a BSCR rating of 8;
- (g) sovereign debt issued by a country in its own currency that is rated AA- or better shall be classified under BSCR rating 0; while all other sovereign bonds are required to be classified in a manner similar to corporate bonds;
- (h) debt issued by government-owned or entities that are explicitly guaranteed by that government, (except government issued mortgage-backed securities), shall be assigned a BSCR rating of 0;
- (i) “exposures” shall include those determined by the application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (j) “strategic holdings” refers to holdings in qualifying equity investments of a strategic nature which meet the criteria prescribed by the Authority for such holdings. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting criteria prescribed by the Authority, then such investments will be classified as “Type 1”. Investments that do not meet such criterion shall be classified as “Type 2”.
- (k) “infrastructure” refers to holdings in qualifying equity infrastructure investments which meet criteria prescribed by the Authority for such investments that are non-strategic holdings.

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

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SCHEDULE IIC

(Paragraph 6)

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

[blank] name of Insurer

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

All amounts are expressed in (currency used)

Line no.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
	Quoted and unquoted bonds and debentures	Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
1	BSCR rating 0												
2	BSCR rating 1												
3	BSCR rating 2												
4	BSCR rating 3												
5	BSCR rating 4												
6	BSCR rating 5												
7	BSCR rating 6												
8	BSCR rating 7												
9	BSCR rating 8												
10	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		ASSETS						LIABILITIES					
		Long Exposures		Short Exposures									

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

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

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

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

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

52	BSCR rating 4					-75%	
53	BSCR rating 5					-75%	
54	BSCR rating 6					-75%	
55	BSCR rating 7					-75%	
56	BSCR rating 8					-75%	
57	Total Spread Down						
		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over-collateralization			
	Counterparty Default Risk for over-the-counter Derivatives						
58	BSCR rating 0						
59	BSCR rating 1						
60	BSCR rating 2						
61	BSCR rating 3						
62	BSCR rating 4						
63	BSCR rating 5						
64	BSCR rating 6						
65	BSCR rating 7						
66	BSCR rating 8						
67	Total Default Risk for over-the-counter Derivatives						
68	Cash and Cash Equivalents						
69	Total Funds Held						

INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES 2019

INSTRUCTIONS AFFECTING SCHEDULE IIC:

- (a) All funds held by ceding reinsurers (as reported in Form 1SFS, Line 12 and funds held under retrocession (as reported in Form 1SFS, Line 34 with identifiable assets and liabilities, such as fixed income investments, equity investments, mortgage loans, and cash and cash equivalents, are required to be included here;
- (b) fixed income investments, both quoted and unquoted, shall be categorized into corporate bonds and sovereign bonds, residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, and bond mutual funds and classified by BSCR rating;
- (c) equity investments, both quoted and unquoted, shall be categorized into long exposures; short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes, in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (d) preferred stocks are required to be classified by BSCR rating;
- (e) a list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;
- (f) where a security is rated differently by various rating agencies, the insurer shall classify the security according to the most conservative rating assigned;
- (g) unrated securities shall be assigned a BSCR rating of 8;
- (h) sovereign debt issued by a country in its own currency that is rated AA- or better, shall be classified under BSCR rating 0, while all other sovereign bonds are required to be classified in a manner similar to corporate bonds;
- (i) debt issued by government-owned or entities that are explicitly guaranteed by that government, (except government debt issued mortgage-backed securities), shall be assigned a BSCR rating of 0;
- (j) exposures shall include those determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (k) “strategic holdings” refers to holdings in qualifying equity investments of a strategic nature which meet criteria prescribed by the Authority for such holdings. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting criteria as prescribed by the Authority, then such investments shall be classified as “Type 1”. Investments that do not qualify shall be classified as “Type 2”.

INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES 2019

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

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

(Paragraph 6)

**SCHEDULE IID
Schedule of segregated account companies assets and liabilities by BSCR rating
[blank] name of Insurer
As at [blank] (day/month/year)
All amounts are expressed in (currency used)**

Line no.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Quoted and unquoted bonds and debentures	Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
1	BSCR rating 0												
2	BSCR rating 1												
3	BSCR rating 2												
4	BSCR rating 3												
5	BSCR rating 4												
6	BSCR rating 5												
7	BSCR rating 6												
8	BSCR rating 7												
9	BSCR rating 8												
10	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		ASSETS						LIABILITIES					

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

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

INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES 2019

31	Letters of Credit											
32	Intangible assets											
33	Pension Benefit Surplus											
34	Equity Derivatives on Type 2 Equities											
35	Infrastructure											
36	Derivatives on Infrastructure											
37	Total Equity Holdings											
Credit Derivatives		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock (bps)						
Spread Up Risk for Credit Derivatives												
38	BSCR rating 0					0						
39	BSCR rating 1					130						
40	BSCR rating 2					150						
41	BSCR rating 3					260						
42	BSCR rating 4					450						
43	BSCR rating 5					840						
44	BSCR rating 6					1620						
45	BSCR rating 7					1620						
46	BSCR rating 8					1620						
47	Total Spread Up											
		Long Exposures		Short Exposures								
		Before Shock	After Shock	Before Shock	After Shock	Shock Rate						
Spread Down Risk for Credit Derivatives												
48	BSCR rating 0					0						
49	BSCR rating 1					-75%						
50	BSCR rating 2					-75%						
51	BSCR rating 3					-75%						

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

52	BSCR rating 4					-75%	
53	BSCR rating 5					-75%	
54	BSCR rating 6					-75%	
55	BSCR rating 7					-75%	
56	BSCR rating 8					-75%	
57	Total Spread Down						
		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over- collateralization			
	Counterparty Default Risk for over-the-counter Derivatives						
58	BSCR rating 0						
59	BSCR rating 1						
60	BSCR rating 2						
61	BSCR rating 3						
62	BSCR rating 4						
63	BSCR rating 5						
64	BSCR rating 6						
65	BSCR rating 7						
66	BSCR rating 8						
67	Total Default Risk for over-the-counter Derivatives						
68	Cash and Cash Equivalents						
69	Total Segregated Account Companies Assets						

INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES 2019

INSTRUCTIONS AFFECTING SCHEDULE IID:

- (a) All segregated account companies with identifiable assets (as reported in Form 1SFS, Lines 13(b), (c), (d)) and liabilities (as reported in Form 1SFS, Lines 36(b)), such as fixed income investments, equity investments, mortgage loans, and cash and cash equivalents, shall be included here;
- (b) fixed income investments, both quoted and unquoted, shall be categorized into corporate bonds and sovereign bonds, residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, and bond mutual funds and classified by BSCR rating;
- (c) equity investments, both quoted and unquoted, shall be categorized into long exposures, short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (d) preferred stock are required to be classified by BSCR rating;
- (e) a list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;
- (f) where a security is rated differently by various rating agencies, the insurer shall classify the security according to the most conservative rating assigned;
- (g) unrated securities shall be assigned a BSCR rating of 8;
- (h) sovereign debt issued by a country in its own currency that is rated AA- or better shall be classified under BSCR rating 0 while all other sovereign bonds are required to be classified in a manner similar to corporate bonds;
- (i) debt issued by government-owned and entities explicitly guaranteed by that government, (except government issued mortgage-backed securities), shall be assigned a BSCR rating of 0;
- (j) exposures shall include those determined by the application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (k) “strategic holdings” refers to holdings in qualifying equity investments of a strategic nature which meet criteria prescribed by the Authority. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting criteria prescribed by the Authority, then these investments will be classified as “Type 1”. Investments that do not qualify shall be classified as “Type 2”.
- (l) “infrastructure” refers to amounts in qualifying equity infrastructure investments which meets the criteria prescribed by the Authority that are non-strategic holdings.
- (m) “listed equity securities in developed markets” refers to amounts in equity securities listed on a designated stock exchange or in investments in certain funds both as prescribed by the Authority.

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

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

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

SCHEDULE IIE

(Paragraph 6)

Schedule of deposit assets and liabilities by BSCR rating

[blank] name of Insurer

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

All amounts are expressed in (currency used)

Line no.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Quoted and unquoted bonds and debentures	Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
1	BSCR rating 0												
2	BSCR rating 1												
3	BSCR rating 2												
4	BSCR rating 3												
5	BSCR rating 4												
6	BSCR rating 5												
7	BSCR rating 6												
8	BSCR rating 7												
9	BSCR rating 8												
10	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		ASSETS						LIABILITIES					
		Long Exposures		Short Exposures									

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

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

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

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

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

54	BSCR rating 6					-75%		
55	BSCR rating 7					-75%		
56	BSCR rating 8					-75%		
57	Total Spread Down							
		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over-collateralization				
	Counterparty Default Risk for over-the-counter Derivatives							
58	BSCR rating 0							
59	BSCR rating 1							
60	BSCR rating 2							
61	BSCR rating 3							
62	BSCR rating 4							
63	BSCR rating 5							
64	BSCR rating 6							
65	BSCR rating 7							
66	BSCR rating 8							
67	Total Default Risk for over-the-counter Derivatives							
68	Cash and Cash Equivalents							
69	Total Deposit Assets							

INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES 2019

INSTRUCTIONS AFFECTING SCHEDULE IIE:

- (a) All deposit assets and liabilities with identifiable assets (as reported in Form 1SFS, Lines 13(e)) and liabilities (as reported in Form 1SFS, Lines 36 (c)), such as fixed income investments, equity investments, mortgage loans, and cash and cash equivalents, are required to be included here;
- (b) fixed income investments, both quoted and unquoted, shall be categorized into corporate bonds and sovereign bonds, residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, and bond mutual funds and classified by BSCR rating;
- (c) equity investments, both quoted and unquoted, shall be categorized into long exposures, short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (d) preferred stocks are required to be classified by BSCR rating;
- (e) a list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;
- (f) where a security is rated differently by various rating agencies, the insurer shall classify the security according to the most conservative rating assigned;
- (g) unrated securities shall be assigned a BSCR rating of 8;
- (h) sovereign debt issued by a country in its own currency that is rated AA- or better shall be classified under BSCR rating 0 while all other sovereign bonds are required to be classified in a manner similar to corporate bonds;
- (i) debt issued by government-owned and entities explicitly guaranteed by that government, (except government issued mortgage-backed securities), shall be assigned a BSCR rating of 0;
- (j) “exposures” shall include those determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (k) “strategic holdings” refers to holdings in qualifying equity investments of a strategic nature in accordance which meet criteria prescribed by the Authority. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting the criteria as prescribed by the Authority, then these investments shall be classified as “Type 1”. Investments that do not qualify shall be classified as “Type 2”.
- (l) “infrastructure” refers to holdings in qualifying equity infrastructure investments which meet criteria prescribed by the Authority that are non-strategic holdings.
- (m) “listed equity securities in developed markets” refers to holdings in equity securities listed on designated stock exchanges or investments in certain funds both as prescribed by the Authority.

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

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

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

SCHEDULE IIF

(Paragraph 6)

Schedule of other sundry assets and liabilities by BSCR rating

[blank] name of Insurer

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

All amounts are expressed in (currency used)

Line no.	Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Quoted and unquoted bonds and debentures	Corporate and sovereign bonds		Residential mortgage-backed securities		Commercial mortgage-backed securities/asset-backed securities		Bond mutual funds		Mortgage loans		Total	
		20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)	20xx (000)
1	BSCR rating 0												
2	BSCR rating 1												
3	BSCR rating 2												
4	BSCR rating 3												
5	BSCR rating 4												
6	BSCR rating 5												
7	BSCR rating 6												
8	BSCR rating 7												
9	BSCR rating 8												
10	Insured/Guaranteed Mortgages												
11	Other Commercial and Farm Mortgages												
12	Other Residential Mortgages												
13	Mortgages Not In Good Standing												
14	Total												
		ASSETS						LIABILITIES					
		Long Exposures		Short Exposures									

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

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

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

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

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54	BSCR rating 6					-75%		
55	BSCR rating 7					-75%		
56	BSCR rating 8					-75%		
57	Total Spread Down							
		Market Value of Derivatives with Positive Market Value	Market Value of Derivatives with Negative Market Value	Market Value of Collateral, Excluding any over-collateralization				
	Counterparty Default Risk for over-the-counter Derivatives							
58	BSCR rating 0							
59	BSCR rating 1							
60	BSCR rating 2							
61	BSCR rating 3							
62	BSCR rating 4							
63	BSCR rating 5							
64	BSCR rating 6							
65	BSCR rating 7							
66	BSCR rating 8							
67	Total Default Risk for over-the-counter Derivatives							
68	Cash and Cash Equivalents							
69	Total Sundry Assets							

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INSTRUCTIONS AFFECTING SCHEDULE IIF:

- (a) All other sundry assets and liabilities with identifiable assets (as reported in Form 1SFS, Lines 13(j)) and liabilities (as reported in Form 1SFS, Lines 36 (h)-(j)), such as fixed income investments, equity investments, mortgage loans, and cash and cash equivalents, shall be included here;
- (b) fixed income investments, both quoted and unquoted, shall be categorized into corporate bonds and sovereign bonds, residential mortgage-backed securities, commercial mortgage-backed securities, asset-backed securities, and bond mutual funds and classified by BSCR rating;
- (c) equity investments, both quoted and unquoted, shall be categorized into long exposures, short exposures qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority; and short exposures not qualifying as assets held for risk mitigation purposes in accordance with criteria prescribed by the Authority and are further required to be classified by strategic holdings, duration based, listed equity securities, preferred stocks, other equities, letters of credit, intangible assets, pension benefit surplus, infrastructure, derivatives and real estate;
- (d) preferred stock are required to be classified by BSCR rating;
- (e) a list of credit rating agencies and the manner in which ratings issued by such agencies must be applied, shall be prescribed by the Authority and used by insurers in determining the appropriate BSCR rating to be applied to fixed income securities or preferred stock;
- (f) where a security is rated differently by various rating agencies, the insurer shall classify the security according to the most conservative rating assigned;
- (g) unrated securities shall be assigned a BSCR rating of 8;
- (h) sovereign debt issued by a country in its own currency that is rated AA- or better shall be classified under BSCR rating 0, while all other sovereign bonds are required to be classified in a manner similar to corporate bonds;
- (i) debt issued by government-owned and entities explicitly guaranteed by that government, (except government debt issued mortgage-backed securities, shall be assigned a BSCR rating of 0;
- (j) exposures include those determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for collective investment vehicles and other investments packaged as funds;
- (k) “strategic holdings” refers to holdings in qualifying equity investments of a strategic nature in accordance which meet criteria prescribed by the Authority. Where such investments are listed on a designated stock exchange or are investments in certain funds both meeting criteria as prescribed by the Authority, then such investments shall be classified as “Type 1”. Investments that do not qualify will be classified as “Type 2”.
- (l) “infrastructure” refers to holdings in qualifying equity infrastructure investments which meet criteria prescribed by the Authority and which are non-strategic holdings.
- (m) “listed equity securities in developed markets” refers to holdings in equity securities listed on a designated stock exchange or in investments in certain funds both as prescribed by the Authority.

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

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

[blank] name of Company

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

All amounts expressed in (currency used)

Schedule Line no	<i>geolinersvs_i</i>			Supplemental Notes to FORM1SFS			
	Gross Loss Reserves	Net Loss Reserves	Geo Loss Reserves	Bound But Not Incepted (BBNI) Premium	Best Estimate Premium Provision In Respect of BBNI	Discount included in Best Estimate Loss and Loss Expense Provisions	
	[Form 1 SFS, Line 17(a)]	[Form 1 SFS, Line 17(d)]	[Schedule IIIA GEO LR	[Form 1SFS,note Line 16(d)-(i)]	[Form 1SFS,note Line 16(d)-(ii)]	[Form 1SFS, Note Line 17(d)-(i)]	
1.	Property catastrophe	XXX	XXX	XXX	XXX	XXX	XXX
2.	Property	XXX	XXX	XXX	XXX	XXX	XXX
3.	Property non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
4.	Personal accident	XXX	XXX	XXX	XXX	XXX	XXX
5.	Personal accident non-	XXX	XXX	XXX	XXX	XXX	XXX
6.	Aviation	XXX	XXX	XXX	XXX	XXX	XXX
7.	Aviation non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
8.	Credit / surety	XXX	XXX	XXX	XXX	XXX	XXX
9.	Credit / surety non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
10.	Energy offshore /marine	XXX	XXX	XXX	XXX	XXX	XXX
11.	Energy offshore / marine non-	XXX	XXX	XXX	XXX	XXX	XXX
12.	US casualty	XXX	XXX	XXX	XXX	XXX	XXX
13.	US casualty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
14.	US professional	XXX	XXX	XXX	XXX	XXX	XXX
15.	US professional non-	XXX	XXX	XXX	XXX	XXX	XXX
16.	US specialty	XXX	XXX	XXX	XXX	XXX	XXX
17.	US specialty non- proportional	XXX	XXX	XXX	XXX	XXX	XXX
18.	International motor	XXX	XXX	XXX	XXX	XXX	XXX
19.	International motor non-	XXX	XXX	XXX	XXX	XXX	XXX
20.	International casualty non-motor	XXX	XXX	XXX	XXX	XXX	XXX
21.	International casualty non-motor	XXX	XXX	XXX	XXX	XXX	XXX
22.	Retro property	XXX	XXX	XXX	XXX	XXX	XXX
23.	Structured / finite reinsurance	XXX	XXX	XXX	XXX	XXX	XXX
24.	Health	XXX	XXX	XXX	XXX	XXX	XXX
25.	Total	XXX	XXX	XXX	XXX	XXX	XXX

INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES 2019

INSTRUCTIONS AFFECTING SCHEDULE III:

(a) amounts shall be reported on a consolidated valuation basis

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

- (b) the same definition below shall be applied to both proportional and non-proportional statutory lines of general business below;
- (c) where the Class IIGB risk factor charges differ in instruction (a), insurers shall make a distinction when completing the statutory filing and using the Class IIGB model;
- (d) 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.);
- (e) insurers may in good faith determine the allocation of the statutory lines;
- (f) where an insurance contract involves multiple lines, the insurer shall assign to the various lines in accordance with the proportions written;
- (g) where an insurer is unable to make this determination in instruction (f), the business shall be allocated to the line with the highest proportion;
- (h) where the insurer is unable to make the determination in instruction (g), then the business shall be assigned to the line with the highest capital risk charge; and
- (i) 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	<p>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.</p> <p>Crop / agriculture - coverage of risks including on-shore/off-shore farms, livestock, agriculture and other food production related losses.</p> <p>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.</p>
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.

INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES 2019

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	<p>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.</p> <p>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.</p> <p>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.</p> <p>Other - business that does not fit in any other category.</p>
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	<p>Retro property – retrocession cover for risks including buildings, structures, equipment, business interruption, contents and All Risk (not included in other categories) related losses.</p> <p>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.</p>

INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES 2019

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 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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2019**

**SCHEDULE IIIA (Paragraph 6)
SCHEDULE OF GEOGRAPHIC DIVERSIFICATION OF NET LOSS AND LOSS EXPENSE PROVISIONS BY GENERAL BUSINESS**

[blank] name of Parent

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

All amounts expressed in (currency used)

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

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24.	Health	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
	Total	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

INSTRUCTIONS AFFECTING SCHEDULE IIIA:

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

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2019**

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

[blank] name of Parent

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

All amounts expressed in (currency used)

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

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2019**

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

[blank] name of Parent

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

All amounts expressed in (currency used)

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

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24.	Health	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
25.	Total	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX

INSTRUCTIONS AFFECTING SCHEDULE IVA:

- (a) Amounts shall be reported on a consolidated basis

**INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES
2019**

**SCHEDULE IVC (Paragraph 6)
SCHEDULE OF GEOGRAPHIC DIVERSIFICATION OF NET PREMIUMS WRITTEN BY GENERAL BUSINESS**

[blank] name of Parent

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

All amounts expressed in (currency used)

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

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24.	Health	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
	Total	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

INSTRUCTIONS AFFECTING SCHEDULE IVC:

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

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**SCHEDULE IVD (Paragraph 6)
Schedule of consolidated premium exposure measure by line of business of general business**

[blank] name of Parent

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

All amounts expressed in (currency used)

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

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INSTRUCTIONS AFFECTING SCHEDULE IVD:

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

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**SCHEDULE IVE (Paragraph 6)
Schedule of geographic diversification of net premium exposure measure on a consolidated basis**

[blank] name of Parent

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

All amounts expressed in (currency used)

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

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23.	Structured / finite	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
24.	Health	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx
	Total	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx	xxx

INSTRUCTIONS AFFECTING SCHEDULE IVE:

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

**SCHEDULE V
SCHEDULE OF RISK MANAGEMENT**

(Paragraph 6)

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

- (a) governance and group structure;
- (b) ten largest exposures to counterparties and any other counterparty exposures exceeding 10% of the insurer's statutory capital and surplus;
- (c) effective duration of assets;
- (d) effective duration of liabilities;
- (e) gross probable maximum loss (if property catastrophe writer);
- (f) net probable maximum loss (if property catastrophe writer)
- (g) average annual loss (if property catastrophe writer);
- (h) actual attritional losses and large claims losses in the relevant year;
- (i) arrangements with respect to property catastrophe recoverables;
- (j) mutual fund disclosures;
- (k) summary of projected performance;
- (l) financial impact and description of stress and scenario tests;
- (m) list of statutory lines and statutory territories that have catastrophe exposures;
- (n) reconciliation from GAAP financial statements to Form 1SFS;
- (o) details of deposit assets and liabilities;
- (p) details of segregated accounts and
- (q) details of alternative capital arrangements.

INSTRUCTIONS AFFECTING SCHEDULE V:

Amounts are to be reported on a consolidated basis.

- (a) "governance and group structure" must disclose (on a legal entity and group basis where applicable -
 - (i) the structure of the board of directors including names, role, residence and work experience;
 - (ii) the structure of the management of the insurer including names, roles, work experience, employee arrangement (for example confirm whether employees are hired or outsourced etc.) and description of responsibilities of the chief and senior executive;
 - (iii) terms of reference of the board of directors and its sub-committees;
 - (iv) the jurisdiction(s) where the board of directors of the insurer primarily deliberates on activities including but not limited to—
 - (A) setting the strategic direction of the insurer;
 - (B) determining the (re)insurer's risk appetite;
 - (C) choosing new lines of business, new products, and market position;
 - (D) assessing solvency needs;

- (v) details of every service provider of the insurer including name, jurisdiction of incorporation, and details of the insurer's operations which are primarily being performed in relation to the jurisdiction(s) where the board of directors of the insurer primarily deliberates on activities including but not limited to—
 - (A) underwriting (re)insurance policies;
 - (B) risk management decisions and activities;
 - (C) investment decisions;
 - (D) actuarial functions;
 - (E) compliance audit;
 - (F) internal audit;
- (vi) number of employees resident in Bermuda (non-outsourced positions);
- (vii) the jurisdiction(s) where the parent board primarily deliberates on matters including but not limited to -
 - (A) setting strategic decision;
 - (B) determining the group's risk appetite;
 - (C) choice of corporate structure, including amalgamations, acquisitions and strategic alliances;
 - (D) choice of new lines of business, new products, marketplace positioning;
 - (E) assessing solvency needs;
- (viii) the jurisdictions where the parent board and chief and senior executives primarily reside;
- (ix) the jurisdiction where the insurance group's central control functions reside (i.e. group finance, actuarial, and risk management);
- (x) the insurance group's financial position based on its most recent audited general purpose financial statement regarding its-
 - (A) total assets;
 - (B) total reserves; and
 - (C) capital and surplus;
- (xi) name of reinsurers within the insurance group that have the highest –
 - (A) total assets value;
 - (B) total insurance reserves value; and
 - (C) total capital and surplus based on the group's most recent audited general purpose financial statement;
- (xii) the total values for subparagraph (xi)(A), (B) and (C);
- (xiii) the jurisdiction of incorporation of each reinsurer in subparagraph (xi);
- (xiv) any events which have occurred or decisions made subsequent to the relevant year-end that would materially change, or have materially changed, the information in subparagraphs (iv) through (xiii) (e.g. amalgamation or acquisition or restructuring, etc.); provide a detailed response and explanation;
- (xv) a copy of the latest group organizational chart.

- (b) intra-group transactions that the insurer is a party to and the insurer's risk concentrations shall include—
 - (i) details of material intra-group transactions between the insurer and other members of the group for which it belongs, including (where applicable)—
 - (A) exposure value (face value or market value, if the latter is available);
 - (B) counterparties involved including where they are located; and
 - (C) summary details of the transactions, including purpose, terms and transaction costs, duration of the transaction and performance triggers
 - (ii) details surrounding all intra-group reinsurance and retrocession arrangements, and other intra-group risk transfer insurance business arrangements including:
 - (A) aggregated values of the exposure limits (gross and net) by counterparties broken down by counterparty rating;
 - (B) counterparties involved, including where they are located;
 - (C) aggregated premium flows between counterparties (gross and net); and
 - (D) the proportion of the insurer's insurance business exposure covered by internal reinsurance, retrocession and other risk transfer insurance business arrangements;
 - (iii) details of the ten largest exposures to unaffiliated counterparties and any other unaffiliated counterparty exposures or series of linked unaffiliated counterparty exposures, excluding those reinsurance exposures disclosed in (c), exceeding 10% of the insurer's statutory capital and surplus, including—
 - (A) name of unaffiliated counterparty, including where the counterparty is located;
 - (B) exposure values (face value or market value, if the latter is available); and
 - (C) transaction type;
- (c) "effective duration of assets" must be determined using the aggregate of the bonds and debentures (as reflected in Form 1SFS, Lines 2(b) and 3(b)), preferred stock (as reflected in Form 1SFS, Lines 2(c)(ii) and 3(c)(ii)), and mortgage loans portfolios (as reflected in Form 1SFS, Line 5(c)) as a basis;
- (d) "effective duration of liabilities" must be determined using the reserves (as reflected in Form 1SFS, Lines 17 & 18) as a basis;
- (e) "gross probable maximum loss (if property catastrophe writer)" means the gross probable maximum loss for natural catastrophe losses (prior to reinsurance) must be calculated at the 99.0% Tail Value-at-Risk level for annual aggregate exposure to all property related risks and all perils (for the property cat line only), including reinstatement premiums for the year following the relevant year based upon the insurer's catastrophe model. The support documentation must be retained for at least 5 years once a capital and solvency return has been filed in accordance with paragraph 6 at the registered office of the insurer and shall be presented to the Authority upon request;
- (f) "net probable maximum loss (if property catastrophe writer)" means the net probable maximum loss for natural catastrophe losses (after reinsurance) at the 99.0% Tail Value-at-Risk level for annual aggregate exposure to all property related risks and all perils (for the property cat line only), including reinstatement premiums for the year following the relevant year based on the insurer's catastrophe model. The support documentation must be retained for at least 5 years once a capital and solvency return has been filed in accordance with paragraph 6 at the registered office of the insurer and shall be presented to the Authority upon request

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- (g) “average annual loss (if property catastrophe writer)” means—
 - (i) the expected net natural catastrophe loss (after reinsurance), including reinstatement premiums, for annual aggregate exposure to all property related risks and all perils (for the property cat line only) for the year following the relevant year based on the insurer’s catastrophe model;
 - (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; and
 - (iii) the support documentation must be retained for at least 5 years once a capital and solvency return has been filed in accordance with paragraph 6 at the registered office of the insurer and shall be presented to the Authority upon request;
- (h) “actual attritional losses and large claim losses - relevant year” means the actual aggregate losses (classified by insurers as attritional and large claim losses in accordance with its own policy) experienced by the insurer in the relevant year (not including prior year reserve releases, catastrophic losses or adverse development);
- (i) the arrangements with respect to property catastrophe recoverables shall disclose the amounts of-
 - (i) collateral;
 - (ii) catastrophe bonds;
 - (iii) special purpose insurer (indemnity basis);
 - (iv) special purpose insurer (other basis); and
 - (v) total
- (j) mutual fund disclosures shall include the name, type and amount of each mutual fund (as reflected in Form 1SFS Schedule, Lines 2(b), 2(c)(iii), 3(a), and 3(c)(iii)) that were used by the insurer –
- (k) the summary of projected performance by the insurer for the year following the relevant year shall disclose –
 - (i) the insurer’s latest estimate of annual net premiums written;
 - (ii) the estimated underwriting profit or loss; and
 - (iii) the estimated net income or loss for the insurer or on a group basis with disclosure of the estimated percentage of the insurer’s contribution relative to the group.
- (l) the financial impact and description of stress and scenario tests shall disclose the results from the stress and scenario tests prescribed by the Authority annually and published in such manner as the Authority directs;
- (m) the list of statutory lines and statutory territories that have catastrophe exposures as set out below-

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

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4	California
5	Oregon, Washington
6	Hawaii
7	Canada, Alaska
8	United Kingdom, Continental Europe
9	Australia / New Zealand
10	Japan
11	Nationwide covers
12	Worldwide covers
13	All exposures not included in Zones 1 to 12

- (n) a reconciliation of amounts reported in total assets, total liabilities and total statutory capital and surplus comprising of any adjustments applied to the GAAP financial statements to arrive at the amounts disclosed in Form 1SFS;
- (o) In respect of business for which deposit accounting approaches have been followed: a description of business, total assets held in trust or other collateral, lines of business written, gross premiums written for the period, net premiums written for the period, limits (maximum exposure). For business that has limited exposure, provide the results at a 99.0% TVaR and for business with unlimited exposure, provide details of such business.
- (p) in respect of segregated account business, details of each by net loss reserves by statutory lines of business: segregated account cell name, total assets, total liabilities, statutory capital and surplus, cash and investments, net loss reserves, reinsurance recoverable, statutory lines of business written, gross premium written, net premium written, currency, details if the insurance or re-insurance contract has limited recourse language, details of inter-relationship between segregated account cells (if any), details of the segregated account cell's access to the general account (if any) and details where a segregated account cell is in a deficit, insolvent or subject to litigation
- (q) an insurer funded by alternative capital arrangements shall provide the following information in relation to all contracts of insurance entered into by it as of the last date of filing of this Rule:
- (i) name of the insured;
 - (ii) (re)insurance contract reference number;
 - (iii) type of (re)insurance coverage written;
 - (iv) statutory line of business written;
 - (v) location of exposure covered;
 - (vi) aggregate maximum limit as at inception date of contract of insurance;
 - (vii) net aggregate maximum limit as at the end of the insurer's financial year;
 - (viii) inception date of coverage period;
 - (ix) effective date of contract;
 - (x) expiry date of cover period;
 - (xi) gross premium written for the cover period;
 - (xii) net premium written for the cover period;
 - (xiii) attachment point;
 - (xiv) aggregate losses outstanding at the beginning of the insurer's financial year;
 - (xv) aggregate losses incurred during the insurer's financial year;
 - (xvi) aggregate losses outstanding at the end of the insurer's financial year;
 - (xvii) reserved buffer collateral;
 - (xviii) currency of exposure;
 - (xix) nature of collateral;
 - (xx) average collateral rating;
 - (xxi) amount of collateral at the end of the insurer's financial year;

(xxii) provide any additional comments to assist the Authority in understanding any of the information provided re sub-paragraphs (i) through (xxii)

(r) for the purposes of paragraph (q),—

“Alternative capital”, means capital provided by an alternative capital provider for the purposes of collateralizing an insurer against contract of insurance losses;

“Alternative capital provider”, means a person providing capital to an insurer which the person has no ownership in.

SCHEDULE VI
Schedule of fixed income securities

(Paragraph 6)

The schedule of fixed income securities shall-

- (a) represent the amounts stated in the Form 1SFS, Lines 2(b) and 3(b);
- (b) include the following information according to security type-;
 - (i) security type;
 - (ii) amount contributing to (as reflected in) the Form 1SFS, Lines 2(b) or (b);
 - (iii) face value;
 - (iv) fair value;
 - (v) average effective yield to maturity;
 - (vi) average rating of the security type (if applicable) and
- (c) amounts are to be reported on a consolidated valuation basis.

**SCHEDULE IX
SCHEDULE OF COMMERCIAL INSURER'S SOLVENCY SELF-ASSESSMENT (CISSA)**

The Schedule of CISSA shall provide particulars of the following matters on a consolidated basis–

- (a) Table 8A: CISSA capital summary disclosing the insurer's own capital computations, insurer's plans for raising additional capital and contingency arrangements impacting the available capital.
- (b) Table 8B: CISSA general questions relating to an insurer's risk management and governance program, the review and approval of CISSA, integration of CISSA into the strategic decision making process.
- (c) Table 8C: CISSA assessment of material risks of the insurer, 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 CISSA.

**TABLE 8A
CISSA Capital Summary**

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

Where:

- (a) CISSA capital is the amount of capital the insurer has determined that it requires to achieve its strategic goals upon undertaking an assessment of all material (reasonably foreseeable) risks arising from its operations or operating environment; and
- (b) Regulatory capital is determined by the BSCR-SME or an approved internal capital model at 99.0% Tail Value-at-Risk ("TVaR") over a one year time horizon.

Table 8A Cont'd

ADDITIONAL INFORMATION

1. What is the primary reason(s) (select multiple responses where applicable) for aiming at the disclosed CISSA amount? (select all that apply)
 - target agency rating (e.g. "A-", "AA", etc.);
 - market share;
 - business expansion;
 - nature of product(s) (e.g. risk characteristics);
 - manage downgrade risk;
 - regulatory capital requirements; and
 - others. _____ (Please provide a description)

2. What methodology is used to aggregate the risk categories in deriving the CISSA capital? (select all that apply)
 - correlation matrix;
 - linear correlations;
 - T copulas;
 - gumbel copulas
 - clayton copulas;
 - causal drivers approach e.g., inflation, cycles; and
 - others. _____ (Please provide a description)

3. What contingency plans are in place for raising additional capital under stress situations? (select all that apply)
 - parental guarantees;
 - revolving letters of credit;
 - issue subordinated debt;
 - issue preference shares;
 - float additional shares;
 - capital injections from parent;
 - contingent surplus notes;
 - catastrophe derivatives (e.g. bonds, swaps and options); and
 - others. _____ (Please provide a description)

4. Does the insurer have arrangements / contractual commitments to provide support, including forward purchase arrangements or guarantees, to affiliates/other companies in stressed situations? (Yes or No)

If yes, briefly describe the arrangement(s) and the aggregate exposure.

5. Has the insurer down streamed debt to establish equity positions (participations), or engaged in double or multiple gearing? (Yes or No)

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If yes, provide details and amount of capital.

6. Has debt been down streamed to establish equity positions in the insurer, or is the insurer using capital that is double or multiple geared? (Yes or No)

If yes, provide details and amount of capital.

7. Are there any assets of a subsidiary of the insurer that are restricted for use that cannot be transferred to another subsidiary or the insurer, that were not included in the encumbered assets (both for policyholder obligations and not for policyholder obligations) reported in the Schedule of Eligible Capital? (Yes or No)

If yes, provide:

Total restricted assets	XXX
Less: Regulatory capital requirements for members for which the assets pertain	XXX
Restricted assets in excess of capital requirements to the extent that these amounts are not included in the Encumbered assets reported in the Schedule of Eligible Capital	<u>XXX</u>

INSTRUCTIONS AFFECTING TABLE 8A:

- Total capital pre-diversification between risk categories shall be 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).
- Total capital after diversification between risk categories shall be derived by deducting the diversification benefit (calculated by an insurer) from the “Total capital pre- diversification between risk categories”.
- The insurer shall select the appropriate response. Where an optional attachment is provided to disclose additional information, an insurer shall include references (e.g. page number, paragraph number) of where the information can be located within the attachment.

TABLE 8B

CISSA General Questions

1. Is the CISSA and its underlying information integrated (i.e.; considered when making key strategic decisions) into the insurer’s strategic and risk management decision-making processes? If yes, how is CISSA and its underlying information used? (select all that apply)
- Strategic planning
 - Annual business planning
 - Setting risk limits
 - Defining risk appetite
 - Evaluation of capital adequacy
 - Allocation of capital to business segments and lines of business
 - Capital management
 - Determination of rates of return for pricing and underwriting guidelines
 - Reinsurance purchase
 - Determination of investment policies and strategies
 - Meeting regulatory requirements
 - Improving credit rating
 - Improving investor relations
 - Assessing risk adjusted product profitability
 - Performance measurement and assessment
 - Improving mergers and acquisition decisions
 - Others (provide description)
2. CISSA Mitigation Risk:

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This section will automatically score and aggregate the results

- Is there a potential for the insurer to have an accumulation of losses to material lines of business outside of the property catastrophe line that will threaten the solvency of the insurer? If yes, what are the potential cause(s) of the accumulation of losses - list below? (Egs. a severe event; a series of many small events or individual claims; over concentration of exposure to one product, one source of business, to one line; or a common cause across many underwriting years (e.g. asbestos, pollution, silicon, etc.))
 - Does the insurer have absolute limitations set on individual policies or groups of policies to avoid threatening its solvency (such as limitations on a geographical basis, product basis, line of business basis, source of business basis, etc.)?
 - If yes to the above, are the limitations assessed for reasonableness and effectiveness in reducing the threat to solvency?
 - Does the insurer have procedures in place to assess the adequacy of the reinsurance purchased both from a severity and frequency perspective for solvency purposes, and ensure that there are no significant mismatches between the policies issued by the insurer and the reinsurance programme (e.g. that basis risk does not exist, etc.)?
 - Does the insurer have access to additional capital and surplus to cover loss and loss adjustment expenses (eg. letters of credit, parental guarantees, other contingent capital sources, etc.)?
 - Are policies, processes and procedures in place that employ benchmarking and stress and scenario testing to assess, review, and approve underwriting strategies and tolerance limits?
 - Are policies, processes and procedures in place to ensure that underwriting strategies are effectively aligned with risk tolerance levels?
 - Are policies, processes and procedures in place to identify, evaluate, and monitor risks arising from insurance policies, and ensure compliance with risk tolerance levels?
 - Are systems in place to capture, maintain, and analyse underwriting data; and ensure that relevant and accurate data is used to price underwriting contracts, establish adequate reserves, and appropriately settle claims?
3. Related Business:
- What percentage of the gross premiums written cover an ultimate related policyholder?
 - Comments (optionally, the insurer may provide comments in the box below to support its responses above):
4. Has the insurer 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)
5. Is the CISSA process clearly documented and regularly amended for changes in strategic direction, risk management framework, and market developments? (Yes or No)
6. How often is the information underlying CISSA discussed and reviewed by the board and chief and senior executives?
7. Have the board and chief and senior executives 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 insurer may provide brief comments.

INSTRUCTIONS AFFECTING TABLE 8B:

- The insurer shall select the appropriate response. Where an optional attachment is provided to disclose additional information, an insurer shall include references (e.g. page number, paragraph number) of where the information can be located within the attachment.
- 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 CISSA process they review, and are therefore deemed to be independent in their assessment.

TABLE 8C

CISSA Assessment of Material Risks of the Insurer

The board must review policies, processes, and procedures to assess its material risks and self-determine the capital requirement it would need to support its insurance undertaking, at least annually. Minimally, the assessment should:

- Be an integral part of the insurer's risk management framework;
- Be clearly documented, reviewed, and evaluated regularly by the board and the chief and senior executives to ensure continual advancement in light of changes in the strategic direction, risk management framework, and market developments; and
- Ensure an appropriate oversight process whereby material deficiencies are reported on a timely basis and suitable actions taken.

The insurer shall undertake and file with the Authority the insurer's most recent report ("insurer-specific report") comprising a solvency self-assessment of its material risks and the determination of both the quality (types of capital) and quantity of CISSA capital required to cover these risks, while remaining solvent and achieving its business goals.

The insurer-specific report should minimally include:

1. Date the assessment was completed and the insurer-specific report last updated.
2. A description of the insurer's business and strategy.
3. The identification and assessment of all reasonably foreseeable material risks, including those specified in the Insurance Code of Conduct (i.e. insurance underwriting risk; investment, liquidity, and concentration risk; market risk; credit risk; operational risk; group risk; strategic risk; reputational risk; and legal risk).
4. The identification of the relationships of the material risks with one another, and the quantity and type of capital required to cover the risks.
5. A description of the insurer's risk appetite, including limits imposed, how they are enforced, and their key performance indicators.
6. Assumptions and methodology used to assess and aggregate risks.
7. A forward-looking analysis of the risks faced by the insurer over its planning horizon and an analysis demonstrating the ability to manage its business and capital needs in adverse circumstances and still meet regulatory capital requirements.
8. An evaluation of whether the insurer has sufficient capital and liquidity available, including an assessment of whether capital is fungible and assets are transferable, to achieve its strategic goals over its planning horizon and any potential adverse consequences if insufficient.
9. A description of business continuity and disaster plans.
10. A description of how the results of the self-assessment are integrated into the management and strategic decision making process.
11. The risk measure, time horizon, and confidence level (if any) used to determine the CISSA capital.
12. An explanation of the primary reasons for any material deviations between the CISSA capital as it pertains to the risk (if holding capital against the risk) and the regulatory capital charge for the risk, if the deviation is greater than 15%.

SCHEDULE X

(Paragraph 6)

**CATASTROPHE RISK RETURN (to be completed by insurers writing property
catastrophe line of business)**

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

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

TABLE 9

EP Curve Total

1. Exceedance probability information

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

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

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

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	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		

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:		

INSTRUCTIONS AFFECTING TABLE 9:

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

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- Except for the 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 insurer’s position. Where the response is “no”, the insurer shall provide a brief description.

TABLE 9A
EP Curve Total

1. Exceedance probability information

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

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

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

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	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		

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

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	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:		

INSTRUCTIONS AFFECTING TABLE 9A:

- The responses for the “exceedance probability information” section shall consist of amounts in United States Dollars (USD) \$millions.
- Except for the 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 insurer’s position. Where the response is “no”, the insurer shall provide a brief description.

TABLE 9B

EP Curves for Region-Perils

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

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

Exceedance probability information

Which model(s) is used for EP Curve?

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Indicate the model version

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

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

INSTRUCTIONS AFFECTING TABLE 9B:

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

TABLE 9C

Region-Peril Exposure to Zones and Statutory Lines of Business

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

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

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

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

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

INSTRUCTIONS AFFECTING TABLE 9C:

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

TABLE 9D
Accumulations Overview

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

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

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

If other, please explain:

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

INSTRUCTIONS AFFECTING TABLE 9D:

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

TABLE 9E
Data Analysis

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

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

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

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

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

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

If other is selected, describe the methodology as appropriate:

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

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

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

5. For contracts that are written by the insurer that may be modeled, but are not modeled, describe what the insurer does from an accumulation perspective :

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

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

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Model deficient									
Other									
Total									

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

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

8. For contracts that are written by the insurer that are not modelable, describe what the insurer does from an accumulation perspective :

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

INSTRUCTIONS AFFECTING TABLE 9E:

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

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TABLE 9F
Reinsurance Disclosures

Reinsurance or Retro information:

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

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

INSTRUCTIONS AFFECTING TABLE 9F:

In this Table, the amounts shall be in USD \$millions.

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TABLE 9G
Conventional Insurance Terrorism Exposure – 150m Defined Geographical Radius

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

TABLE 9G cont'd
NBCR Insurance Terrorism Exposure – State/Country

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

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INSTRUCTIONS AFFECTING TABLE 9G:

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

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

TABLE 9H
Reinsurance Terrorism Limits

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

TABLE 9H cont'd

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

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6							
7							
8							
9							
10							

INSTRUCTIONS AFFECTING TABLE 9H:

- The total gross exposure is derived by the sum of all reinsurance limits exposed to terrorism.
- Total net reinsurance limits exposed to terrorism is derived by subtracting the TRIP or other terror pool recoverables and reinsurance recoveries from the total gross reinsurance limits exposed to terrorism.
- Amounts shall be in USD \$millions.

TABLE 9I

Assumed Exchange Rates

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

INSTRUCTIONS AFFECTING TABLE 9I:

In this Table, the insurer shall input the exchange rates used to translate the EP curves.

(Paragraph 6)

**SCHEDULE XII
Schedule of Eligible Capital**

The schedule of eligible capital shall provide particulars of the following matters on a consolidated valuation basis:

- (a) Tier 1, Tier 2 and Tier 3 eligible capital (Table 12); and
- (b) Particulars of each capital instrument approved by the Authority as “Any other fixed capital” (in accordance with Form 8SFS, STMT LINE 1(c) under the Insurance Accounts Regulations 1980).

Table 12

Total statutory capital and surplus (Form 1SFS, line 40 plus applicable adjustments)	XXX
Less: Encumbered assets not securing policyholder obligations (Notes to Form 1SFS, STMT LINE 15)	XXX
Less: relative liability or contingent liability (Form 1SFS) for which the encumbered assets are held	XXX
Subtotal:	XXX

Tier 1 – basic capital

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

	Policyholder obligations (Column (A))	Encumbered (pledged) assets (Column (B))	
(i) Contracts where pledged assets exceed the policyholder obligations	XXX	XXX	
(ii) Contracts where pledged assets are equal to the policyholder obligations	XXX	XXX	
(iii) Contracts where pledged assets are less than the policyholder obligations	XXX	XXX	
(iv) Contracts where policyholder obligations are not collateralized	XXX	XXX	
(v) Total	XXX	XXX	
(vi) Excess encumbered assets i.e. contracts where pledged assets exceed the policyholder obligations (Column (B)(i) - Column (A)(i))			XXX
(vii) Capital requirement applicable to the encumbered assets under (i) above (equal to the contribution of the pledged assets to the ECR)			XXX
(viii) Capital requirement applicable to the policyholder obligations under (i) above (equal to the contribution of the policyholder obligations to the ECR)			XXX
(ix) Excess encumbered assets transferable to Tier 2 ((vi)-(vii)-(viii))			XXX
(x) Policyholder obligations that are fully collateralized (Column (A)(i)+ Column (A)(ii) + Column (B)(iii))			XXX
(xi) Total policyholder obligations (Column (A)(v))			XXX
(xii) Proportion of policyholder obligations that are not collateralized (1 - (x)/(xi))			XXX
(xiii) Excess encumbered assets transferred to Tier 2 ((ix) x (xii))			XXX
(i) Encumbered assets not securing policyholder obligations (Notes to Form 1SFS, STMT LINE 15)			XXX

Less: relative liability or contingent liability (Form 1SFS) for which the

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encumbered assets are held	
(j) Less: Restricted assets in excess of capital requirements, reported in CISSA, to the extent that these amounts are not included in the encumbered assets both for policyholder obligations and not for securing policyholder obligations	XXX
Tier 1 – ancillary capital	
(a) Perpetual or fixed term subordinated debt (Form 8SFS, STMT LINE 1(c)(i))	XXX
Total Tier 1 available capital	XXX
Tier 2 -basic capital	
(a) Hybrid capital instruments: Perpetual or fixed term preference shares (Form 8SFS, STMT LINE 1(a)(ii))	XXX
(b) Other: Briefly describe	XXX
(c) Add: Difference between encumbered assets for policyholder obligations and policyholder obligations deducted from Tier 1	XXX
Tier 2 -ancillary capital	
(a) Unpaid and callable common shares (Form 8SFS, STMT LINE 1(c)(i))	XXX
(b) Qualifying unpaid and callable hybrid capital (Form 8SFS, STMT LINE 1(c)(i))	XXX
(c) Qualifying unpaid and callable perpetual or fixed term preference shares (Form 8SFS, STMT LINE 1(c)(i))	XXX
(d) Perpetual or fixed term subordinated debt (Form 8SFS, STMT LINE 1(c)(i))	XXX
(e) Approved letters of credit (Form 8SFS, STMT LINE 1(c)(ii))	XXX
(f) Approved guarantees (Form 8SFS, STMT LINE 1(c)(ii))	XXX
Total Tier 2 available capital	XXX
Tier 3 -basic capital	XXX
(a) Short-term subordinated debt (Form 8SFS, STMT LINE 1(c)(i))	XXX
(b) Approved letters of credit (Form 8SFS, STMT LINE 1(c)(ii))	XXX
(c) Approved guarantees (Form 8SFS, STMT LINE 1(c)(ii))	XXX
Total Tier 3 available capital	XXX

INSTRUCTIONS AFFECTING TABLE 12:

- (a) Table 12 inputs are subject to Insurance (Eligible Capital) Rules 2012 made under Section 6A of the Act
- (b) The insurer shall include all components of total statutory capital and surplus (as reflected in Form 8SFS, Line 4 of the Insurance Accounts Rules 2016) subject to adjustments made under Section 6D of the Act in Table 12 in accordance with the provisions of Eligible Capital Rules.
- (c) Amounts shall be reported on a consolidated basis

Table 12A

Description of capital instrument	Date of issue	Maturity date (as applicable)	Date approved by the Authority	Value of the capital instrument	Eligible capital Tier
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INSTRUCTIONS AFFECTING TABLE 12A:

The insurer to include every capital instrument contributing to the amount reported in Form 8SFS, STMT LINE 1(c) of the Insurance Accounts Rules 2016 in Table 12A in accordance with the provisions of Eligible Capital Rules.”

SCHEDULE XV (Paragraph 6)

LOSS RESERVE SPECIALIST'S OPINION

- 1 The loss reserve specialist's Opinion must state whether or not, in the opinion of the loss reserve specialist, the aggregate amount of technical provisions shown at Line 19 in the Statutory Balance Sheet as at the end of the relevant financial year:
 - (a) meets the requirements of the Insurance Act 1978 and related rules and regulations;
 - (b) makes reasonable provision for the total loss and loss expense provisions under the terms of its insurance contracts and agreements.
- 2 The loss reserve specialist shall state their own best estimates (and/or ranges for the best estimates). The loss reserve specialist shall also state (but is not limited to) their best estimates for following matters (as applicable):
 - (a) Line 16(a)
 - (b) Line 16(d)
 - (c) Line 17(a)
 - (d) Line 17(d)
- 3 The loss reserve specialist is required to state their estimates for the risk margin (Line 18) and state whether or not, in their opinion.
- 4 In relation to Lines 16(a), the loss reserve specialist shall provide commentary on the assumptions made in relation to Bound But Not Incepted business.
- 5 The loss reserve specialist shall provide commentary for Lines 16(d) and 17(d) on the assumptions made for expected losses due to counterparty default (for whatever reason, including reinsurer insolvency or contractual dispute) in relation to reinsurance recoveries.
- 6 Where the loss reserve specialist has not used risk discount curves provided by the Authority they shall state the rates used for calculation and provide commentary on how they were derived.
- 7 The loss reserve specialist shall provide commentary on any aspects of the loss and loss expense provisions of the insurer which give rise to greater levels of uncertainty than would typically be associated with the insurer's business.
- 8 The loss reserve specialist Opinion shall further confirm:
 - (a) the loss reserve specialist's name, employer and professional designations attained (which qualifies them to issue the opinion and formed the basis for their application to the Authority for approval as Loss Reserve Specialist) ;
 - (b) whether or not the loss reserve specialist continues to be a qualified member in good standing of all official actuarial bodies included in their application to the Authority for approval;
 - (c) whether or not the loss reserve specialist is in full compliance with the most recent Continuing Professional Development requirements of their official actuarial body;
 - (d) whether or not the loss reserve specialist has any perceived conflicts of interest relative to providing the opinion; and
 - (e) whether or not the work supporting the Opinion complies with applicable standards of actuarial practice.
- 9 Working papers supporting the loss reserve specialist's Opinion are required to be made available to the Authority by the loss reserve specialist upon request and should be sufficient in and of themselves to enable the completion of an independent review of the Opinion and supporting analysis by another unrelated but experienced actuary.

- 10 The Opinion shall be signed and dated by the loss reserve specialist and must include their current contact information, including but not limited to, telephone number and email address.

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

(Paragraph 6)

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

INSTRUCTIONS AFFECTING SCHEDULE XVI:

- (a) the insurer’s regulatory capital requirement for regulated non-insurance financial operating entities, where the insurer exercises either control or significant influence, shall be calculated in accordance with Schedule XIII and shall form part of the insurer’s BSCR – where “control” and “significant influence” has the same meaning given in sub-paragraph 19(4) of the Insurance (Group Supervision) Rules 2011”;
- (b) the name of the entity and its jurisdiction of incorporation are required to be provided;
- (c) the “Sector” and “Industries in Sector” classification of each of the insurer’s “Regulated non-insurance financial operating entities” are 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

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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

- (d) the description of the strategic purpose of each entity is required to be provided;
- (e) the entity type is required to be provided (i.e., holding company; operating entity or branch);
- (f) the description of the products and services offered to external parties of each entity is required to be provided;
- (g) the insurer’s participation should be categorized as to whether control or significant influence is exerted over each entity is listed;
- (h) the percent of participating interest of the insurer on each entity is required to be provided;
- (i) the total assets of each entity is required to be provided;
- (j) the investment amount shall be the equity value of the insurer’s investment in such entities where the insurance group has significant influence and has accounted under the equity method of accounting as aggregated in Form 1SFS, Line 4(d); and the net asset value of the insurer’s investment in such entities where the insurer exercises control or significant influence shall be provided;
- (k) the regulatory capital requirement (RCR) shall be provided based on the jurisdiction’s solvency laws for the regulated sector in which the entity is licensed to conduct non-insurance financial business;
- (l) the insurer’s proportionate share of each entity’s RCR.

SCHEDULE XVII (paragraph 6)

SCHEDULE OF SOLVENCY

[blank] name of Insurer

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

All amounts are expressed in _(currency used)

Affiliate Name	Jurisdiction	Entity Type	Percent of Participation Interest	Gross Premiums Written	Net Premiums Written	Total Assets	Net Assets	Regulatory Capital Requirement

INSTRUCTIONS AFFECTING SCHEDULE XVII:

The insurer shall provide the following information to calculate the minimum margin of solvency the:

- (a) name of the entity over whom the insurer exercises control or significant influence;
- (b) name of the jurisdiction in which the entity is registered;
- (c) entity type (i.e., holding company; operating entity or branch);
- (d) percentage of participation interest by the insurer in each entity;
- (e) gross and net premium written for each the entity;
- (f) total assets of the subsidiaries of the insurer using the valuation basis required in the jurisdictions where the subsidiary is licensed;
- (g) “net asset valuation” of the subsidiaries of the insurer using the valuation basis required in the jurisdictions where the subsidiary is licensed;
- (h) regulatory capital requirement for each registered entity as determined by the jurisdiction where the entity is licensed or registered.

Schedule XVIII - Schedule of Particulars of Ceded Reinsurance

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

		(A)	(B)	(C)	(D)	(E)
Name of Reinsurer	BSCR Rating	Reinsurance Assets Form 1SFS Lines 11(e), 12 and 17(c)	Reinsurance Payable Form 1SFS Line 28, 29, 33 and 34	Collateral Notes to Form 1SFS Line 11(e) and Line 17(c)	Qualifying Collateral	Net Qualifying Exposure

Exposure By BSCR Rating	Reinsurance Assets	Reinsurance Payable	Collateral	Qualifying Collateral	Net Qualifying Exposure
BSCR Rating 0					
BSCR Rating 1					
BSCR Rating 2					
BSCR Rating 3					
BSCR Rating 4					
BSCR Rating 5					
BSCR Rating 6					
BSCR Rating 7					
BSCR Rating 8					
Single Consolidated Exposure					

INSTRUCTIONS AFFECTING SCHEDULE XVIII:

- (a) Particulars of reinsurance balances shall disclose at least the ten largest reinsurance exposures with the remaining reinsurance exposures grouped according to BSCR ratings and/or a single consolidated reinsurance exposure, including basis —
 - (i) the name of reinsurer;
 - (ii) the BSCR rating;

- (iii) the amount of reinsurance balances receivable, funds held by ceding reinsurers, and reinsurance recoverable balance (as reflected in Form 1SFS, Lines 11(e), 12 and 17(c));
- (iv) funds held by ceding reinsurers (as reflected in Form 1SFS, Line 12, in paragraph (iii) above), shall be included only to the extent that they are not already included under Schedule IIA;
- (v) the amount of reinsurance balances payable and other payables (as reflected in Form 1SFS, Lines 28, 29, 33, and 34) to the extent that they are attributable to that particular reinsurer or reinsurance exposure balance;
- (vi) the amount of any collateral placed in favour of the insurer relating to the reinsurance balances (as reflected in Notes to Form 1SFS, Lines 11(e) and 17(c));
- (vii) the amount of qualifying collateral shall be the collateral amount in (vi) less a 2% reduction to account for the market risk associated with the underlying collateral assets but, at all times, the qualifying collateral shall not exceed the net exposure, which is the difference between amounts in (iii) and (v);
- (viii) the net qualifying exposure shall be the amount under (iii) less the amounts under both (v) and (vii) above; and
- (ix) for the purposes of this Schedule, the appropriate BSCR rating shall be determined as follows—
 - (A) based on either the rating of the reinsurer or the rating of the letters of credit issuer, if any, whichever is higher;
 - (B) where the letters of credit does not relate to the entire reinsurance exposure, the reinsurance exposure should be separated to reflect the rating of that portion of the exposure which is covered by the letters of credit and the rating of that portion of the exposure which is not;
 - (C) where the reinsurer is a domestic affiliate, it shall be assigned a BSCR rating of 0 regardless of
 - (D) where a reinsurer is not rated but is regulated in a jurisdiction that applies the International Association of Insurance Supervisors' Insurance Core Principles ("IAIS' ICPs") and in particular imposes both a minimum capital requirement ("MCR") and a prescribed capital requirement ("PCR") and fully meets its PCR in that jurisdiction, it shall be assigned a BSCR rating of 4 or otherwise, it shall be assigned a BSCR rating of 8; and
 - (E) where the insurer has disclosed a single consolidated reinsurance exposure, that exposure shall be assigned a BSCR rating of 8;

Schedule XIX - Schedule of Cash and Cash Equivalent Counterparty Analysis

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

Cash and Cash Counterparty Balance for 10 Largest Exposures	BSCR Rating	Asset Value (A)

Exposure By BSCR Rating	Asset Value (A)
BSCR Rating 0	
BSCR Rating 1	
BSCR Rating 2	
BSCR Rating 3	
BSCR Rating 4	
BSCR Rating 5	
BSCR Rating 6	
BSCR Rating 7	
BSCR Rating 8	
Single Consolidated Exposure	

INSTRUCTIONS AFFECTING SCHEDULE XIX:

- (i) cash and cash equivalent balances are to be reported based on its BSCR Rating;
- (ii) an insurer may disclose at least the top 10 cash and cash counterparty exposures (as reflected in Form 1SFS and Schedule IIA Column 1, Line 27);
- (iii) the remaining balance may be grouped according to BSCR rating;
- (iv) all unreconciled balances shall be allocated to the single consolidated exposure balance that receives a BSCR Rating of 8;
- (v) cash and cash equivalents issued by a country that is rated AA- or better in its own currency shall be classified under BSCR rating class 0;
- (vi) a list of credit rating agencies and the manner in which short term ratings issued by such agencies must be applied, shall be prescribed by the Authority and applied in determining the appropriate BSCR rating for cash and cash equivalent balances. Where the Authority prescribes long-term ratings, such ratings may be alternately applied; and
- (vii) amounts shall be reported on a consolidated valuation basis.

Schedule XIXA - Schedule of Cash and Cash Equivalent Counterparty Analysis

(Paragraph 6)

[blank] name of Insurer

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

All amounts expressed in (currency used)

Cash and Cash Counterparty Balance for 10 Largest Exposures	BSCR Rating	Asset Value (A)

Exposure By BSCR Rating	Asset Value (A)
BSCR Rating 0	
BSCR Rating 1	
BSCR Rating 2	
BSCR Rating 3	
BSCR Rating 4	
BSCR Rating 5	
BSCR Rating 6	
BSCR Rating 7	
BSCR Rating 8	
Single Consolidated Exposure	

INSTRUCTIONS AFFECTING SCHEDULE XIXA:

- (i) cash and cash equivalent balances are to be reported based on its BSCR Rating;
- (ii) an insurer may disclose at least the top 10 cash and cash counterparty exposures (as reflected in Form 1SFS and Schedules IIB to IIF Column 1, Line 58);
- (iii) the remaining balance may be grouped according to BSCR rating;
- (iv) all unreconciled balances shall be allocated to the single consolidated exposure balance that receives a BSCR Rating of 8;
- (v) cash and cash equivalents issued by a country that is rated AA- or better in its own currency shall be classified under BSCR rating class 0;
- (vi) a list of credit rating agencies and the manner in which short-term ratings issued by such agencies must be applied, shall be prescribed by the Authority and applied in determining the appropriate BSCR rating for cash and cash equivalent balances. Where the Authority prescribes long-term ratings, such ratings may be alternately applied; and
- (vii) amounts shall be reported on a consolidated valuation basis.

Schedule XX - Schedule of Currency Risk

[blank] name of Company

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

All amounts expressed in (currency used)

Currency	<i>GrossCurrast_i</i> (A)	<i>Currast_i</i> (B)	<i>GrossCurrliab_i</i> (C)	<i>Currliab_i</i> (D)
Financial Year	<u>Liabilities</u>	<u>ECR Charge</u>		
	<u>Form 1SFS, Line 39</u>	<u>Summary Schedule</u>		
XXX-1				
XXX-2				
XXX-3				

INSTRUCTIONS AFFECTING SCHEDULE XX:

- (i) Insurers are to report currencies representing at least 95% of their statutory balance sheet liabilities
- (ii) *GrossCurrast_i* and *GrossCurrliab_i* shall be valued in line with the Statutory Balance Sheet principals;
- (iii) where an insurer uses currency hedging arrangements to manage its currency risk, then *Currast_i* and *Currliab_i* may be adjusted to reflect the impact of those arrangements on *GrossCurrast_i* and *GrossCurrliab_i* of a 25% adverse movement in foreign exchange rates, otherwise the amounts *GrossCurrast_i* and *GrossCurrliab_i* shall apply;
- (iv) a 'currency hedging arrangement' means derivative or other risk mitigation arrangements designed to reduce losses due to foreign currency exchange movements, and which meet the Authority's requirements to be classed as such"; and
- (v) amounts shall be reported on a consolidated valuation basis.

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Schedule XXA - Schedule of Currency Risk

[blank] name of Insurer														
As at [blank] (day/month/year)														
All amounts expressed in (currency used)														
Currency	MARKET VALUE BEFORE SHOCK						MARKET VALUE AFTER SHOCK							
	Assets - Excluding currency-derivatives	Long Exposures		Short Exposures		Liabilities without Management Actions	Assets - Excluding currency-derivatives	Long Exposures		Short Exposures		Liabilities without Management Actions	Liabilities with Management Actions	
	Currency Derivatives Qualifying as held for risk-mitigation purposes	Currency Derivatives Not Qualifying as held for risk-mitigation purposes	Currency Derivatives Qualifying as held for risk-mitigation purposes	Currency Derivatives Not Qualifying as held for risk-mitigation purposes	Currency Derivatives Qualifying as held for risk-mitigation purposes		Currency Derivatives Qualifying as held for risk-mitigation purposes	Currency Derivatives Not Qualifying as held for risk-mitigation purposes	Currency Derivatives Qualifying as held for risk-mitigation purposes	Currency Derivatives Not Qualifying as held for risk-mitigation purposes	Currency Derivatives Qualifying as held for risk-mitigation purposes	Currency Derivatives Not Qualifying as held for risk-mitigation purposes		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	
United States Dollars														
Bermuda Dollars														
Qatari Riyals														
Hong Kong Dollars														
Euros														
Danish Kroner														
Bulgarian Levs														
West African CFA Francs														
Central African CFA Francs														
Comorian Francs														
United Kingdom Pounds														

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Canada Dollars													
Japan Yens													
Other currency 1													
Other currency 2													
Other currency 3													
Other currency 4													
Other currency 5													
Other currency 6													
Other currency 7													
Other currency 8													
Other currency 9													
Other currency 10													
Financial Year	Liabilities		ECR Charge										
	Form 1SFS, Line 39		Summary Schedule										
XXX-1													
XXX-2													
XXX-3													

INSTRUCTIONS AFFECTING SCHEDULE XXA:

- (i) insurers shall report currencies representing not less than 95% of their statutory balance sheet liabilities;
- (ii) assets qualifying as held for risk mitigation purposes; assets not qualifying for risk mitigation purposes and liabilities without management actions shall be valued in line with the Statutory Balance Sheet principles;
- (iii) liabilities with management actions shall be valued in accordance with criteria prescribed by the Authority in relation to the valuation of future bonuses and other discretionary benefits; and
- (iv) amounts shall be reported on a consolidated valuation basis.

Schedule XXI - Schedule of Concentration Risk

(Paragraph 6)

[blank] name of Company

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

All amounts expressed in (currency used)

Name of Exposure	Asset Type (A)	Asset sub-type (B)	BSCR Rating (C)	Asset Value (D)

INSTRUCTIONS AFFECTING SCHEDULE XXI:

- (i) Disclosure of an insurer’s 10 largest exposures to single counterparty risk by reporting the name, the exposure and allocation by asset type, bond / mortgage type (if applicable), BSCR Rating (if applicable) and asset value consistent with Form 1SFS.
- (ii) a counterparty shall include all related/connected counterparties defined as:
 - (A) Control relationship: if the counterparty, directly or indirectly, has control over the other(s); or
 - (B) Economic interdependence: if one of the counterparties were to experience financial problems, in particular funding or repayment difficulties, the other(s) as a result, would also be likely to encounter funding or repayment difficulties.
- (iii) Asset Type (Column A) shall be one of the following lines taken from Form 1SFS;
 - (A) Cash and cash equivalents (Line 1)
 - (B) Quoted Investments (Line 2)
 - (C) Unquoted investments (Line 3)
 - (D) Investments in and Advances to Affiliates (Line 4)
 - (E) Investments in Mortgage Loans on Real estate (Line 5)
 - (F) Policy Loans (Line 6)
 - (G) Real Estate (Line 7)
 - (H) Collateral Loans (Line 8)
 - (I) Funds held by ceding reinsurers (Line 12)
- (iv) Asset sub-type (Column B) shall provide further details of the type of asset as included in Table 1, Table 2 or Table 8 as appropriate;
- (v) BSCR Rating (Column C) shall be the BSCR rating that was allocated to the asset when it was included in Table 1, Table 2 or Table 8 as appropriate;
- (vi) Asset Value (Column D) shall be the value of the asset as required by the Statutory Balance Sheet valuation principles; and
- (vii) Amounts shall be reported on a consolidated valuation basis.

Schedule XXIA - Schedule of Concentration Risk

(Paragraph 6)

[blank] name of Insurer

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

All amounts expressed in (currency used)

Name of Exposure	Asset Type (A)	Asset sub-type (B)	BSCR Rating (C)	Asset Value (D)

INSTRUCTIONS AFFECTING SCHEDULE XXIA:

- (i) disclosure of an insurer’s ten largest exposures to single counterparty risk by reporting the name, the exposure and allocation by asset type, bond or mortgage type (if applicable), BSCR Rating (if applicable) and asset value consistent with Form 1SFS.
- (ii) for the purposes of this Schedule, a counterparty shall include all related or connected counterparties captured by either of the following criteria:
 - (iii) controller relationship: if a counterparty, directly or indirectly, has control of (as a result of its majority shareholding in or significant influence) the other counterparties; or
 - (iv) economic interdependence: if one of the counterparties were to experience financial difficulties which directly or indirectly affect the ability of any or all of the remaining counterparties to perform their financial obligations (for example where a counterparty becomes unable to fund or repay certain financial contractual obligations, and as a result, other counterparties, are likely to be unable to fund or repay certain obligations imposed on them);
- (iii) asset Type (Column A) shall be determined by the insurer as one of the following:
 - (i) cash and cash equivalents (as defined in Schedule XIX Column B Schedules IIB, IIC, IID, IIE, and IIF Column (1), Line 68);
 - (ii) quoted and Unquoted Investments (as defined in Schedules IIB, IIC, IID, IIE, and IIF Column (11), Line 14);
 - (iii) equity holdings (as defined in Schedules IIB, IIC, IID, IIE, and IIF Column (11), Line 37);
 - (iv) advances to Affiliates (reported on Form 1SFS, Line 4(g));
 - (v) policy Loans (reported on Form 1SFS, Line 6);
 - (vi) real Estate 1 (reported on Form 1SFS, Line 7(a));
 - (vii) real Estate 2 (reported on Form 1SFS, Line 7(b));
 - (viii) collateral Loans (reported on Form 1SFS, Line 8).
- (iv) when reporting asset sub-type (under Column B) shall provide further details of the type of asset as included in Table 1, Table 2 or Table 8 as appropriate;
- (v) when applying the BSCR Rating (under Column C) the insurer shall apply the BSCR rating that was allocated to the asset when it was included in Table 1, Table 2 or Table 8 as appropriate;

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- (vi) asset value (under Column D) shall be the value of the asset as required by the Statutory Balance Sheet valuation principles; and
- (vii) amounts shall be reported on a consolidated valuation basis.

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Schedule XXIII - Schedule of Interest Rate Sensitive Assets and Liabilities

[blank] name of Insurer												
As at [blank] (day/month/year)												
All amounts expressed in (currency used)												
INTEREST RATE DOWN SHOCK												
Currency	Exposures other than derivatives					Derivative exposures						
	Assets		Liabilities	Liabilities without Management Actions	Liabilities with Management Actions	Assets – Not Qualifying as held for risk-mitigation purposes		Assets – Not Qualifying as held for risk-mitigation purposes		Liabilities	Liabilities without Management Actions	Liabilities with Management Actions
	Before Shock	After Shock	Before Shock	After Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	Before Shock	After Shock	After Shock
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
United States Dollars												
Euro												
United Kingdom Pounds												
Japan Yen												
Canada Dollars												
Swiss Francs												
Australia Dollar												
New Zealand Dollar												
Other currency 1												
Other currency 2												
Other currency 3												
Other currency 4												
Other currency 5												
Other currency 6												

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Other currency 7												
Other currency 8												
Other currency 9												
Other currency 10												
Interest Down Shock Total												
	INTEREST RATE UP SHOCK											
	Exposures other than derivatives					Derivative exposures						
Currency	Assets		Liabilities	Liabilities without Management Actions	Liabilities with Management Actions	Assets – Not Qualifying as held for risk-mitigation purposes		Assets – Not Qualifying as held for risk-mitigation purposes		Liabilities	Liabilities without Management Actions	Liabilities with Management Actions
	Before Shock	After Shock				Before Shock	After Shock	Before Shock	After Shock			
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
United States Dollars												
Euros												
United Kingdom Pounds												
Japan Yens												
Canada Dollars												
Swiss Francs												
Australia Dollars												
New Zealand Dollars												
Other currency 1												
Other currency 2												
Other currency 3												
Other currency 4												
Other currency 5												

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Other currency 6												
Other currency 7												
Other currency 8												
Other currency 9												
Other currency 10												
Interest Up Shock Total												

INSTRUCTIONS AFFECTING SCHEDULE XXIII:

- (a) insurers are required to report all interest rate sensitive assets including but not limited to fixed income assets, hybrid instruments, deposits, loans (including mortgage and policyholder loans), reinsurance balance receivables and exposures as determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for the following items:
 - i. collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
 - ii. segregated account companies assets;
 - iii. deposit asset;
 - iv. other sundry;
 - v. derivatives;
 - vi. funds held by ceding insurers.

- (b) insurers are required to report all interest rate sensitive liabilities including but not limited to best estimate of insurance liabilities, other liabilities and liability exposures as determined by application of the “look-through” approach calculated in accordance with criteria prescribed by the Authority for the following items:
 - i. segregated account companies liabilities;
 - ii. deposit liabilities;
 - iii. other sundry liabilities;
 - iv. derivatives;
 - v. funds held under retrocession.

- (c) Assets qualified as held for risk mitigating purposes and assets not qualified as held for risk mitigating purposes shall be determined in accordance with criteria prescribed by the Authority.

- (d) liabilities with management actions shall be determined in accordance with criteria prescribed by the Authority.

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Schedule XXIV - Compliance with Sanctions

- (a) Every insurer shall provide the following information in relation to management of sanctions processes and policies:
 - (i) whether the insurer screens policyholders and beneficiaries of insurance policies (where relevant) to determine whether they are subject to measures imposed under the International Sanctions Act 2003 and related regulations (“Bermuda sanctions regime”);
 - (ii) whether the insurer screens employees to determine whether they are subject to measures imposed under the Bermuda sanctions regime;
 - (iii) whether it has frozen any client assets in the last 12 months (from the initial date of filing and then every 12 months thereafter), pursuant to enforcement action taken under the Bermuda sanctions regime;
 - (iv) if the answer to the query in paragraph (c) is in the affirmative, the insurer shall state how many asset freezes there have been;
- (b) the insurer shall provide the following details for asset freezes in accordance with the Bermuda Sanctions Regime:

	Group ID Name	Name of the designated person as given on the consolidated list	Name of the person/entity if owned/controlled by a designated person	Value of Assets
1				
2				
3				
4				

- (c) the insurer shall include any additional information or comments which it is of the view is relevant to its obligations under the Bermuda Sanctions Regime.

INSURANCE (PRUDENTIAL STANDARDS) (CLASS IIGB SOLVENCY REQUIREMENT) RULES 2019

Schedule XXV – Digital Assets Schedule

- (a) Every insurer shall provide the following information in relation to its digital assets and liability holdings as follows:
- (i) Stablecoin means a digital asset that is fully funded by a fiat currency reserve and can be used at any point in time to redeem that fiat currency from the issuer of the stablecoin or the issuer’s agent on a one to one basis. Only fiat-backed stablecoins audited by a professional firm recognized by the Authority are allowed to be classified as stablecoins for the purposes of this Rule.
 - (ii) Other Digital Assets; include all other digital assets that are not classified as “stablecoins” for the purposes of this Rule.
 - (iii) Fully Hedged Arrangements include: where a digital asset held by the company is sourced from an insurance contract that is ear-marked for a financial obligation that is payable in the same type of digital asset;

Digital Asset type	Total Digital Assets	Total Digital Liabilities	Portion of Digital Assets Held as natural hedge against liabilities denominated in the same type of digital asset (must be supported by executed contracts)
<u>Stablecoins</u>			
<u>All other digital assets</u>			
Top 1 by market cap			
Top 2-3 by market cap			
Top 4-10 by market cap			
4 Top 10 -20			
Top 21 and below			
Unlisted digital assets			
Total			