

GUIDELINES FOR THE FILINGS OF INSURERS

[April 1, 2010](#)

Formatted: Font: 12 pt

GUIDELINES FOR THE FILINGS OF INSURERS

Table of Contents

I. INTRODUCTION AND PURPOSE

II. GENERAL REQUIREMENTS FOR THE ANNUAL FILING

1. Types of Insurers and Overall Filing Requirements
2. International Financial Reporting Standards
3. Monetary Unit for Reporting
4. Additional Explanations
5. No Information to Report
6. Consistency Checks
7. Retention of Records
8. Filing Date
9. Further Information

III. ATTESTATION AND CERTIFICATION (ANNUAL FILING)

1. Company's Certification
2. Auditor's Certification
3. Actuary's Certification

IV. ANNUAL FILING FORMS

A. Background Information

- A.1: Company Particulars
- A.2: Major Shareholders
- A.3: Board of Directors
- A.4: Board Committees
- A.5: Company Officers
- A.6: Company Advisors
- A.7: Group Organization Chart
- A.8: Company Organization Chart
- [A.9: Commission Payments](#)

B. Main Financial Statements

- B.1: Balance Sheet

- B.2: Income Statement – General Insurance Business
- B.3: Income Statement – Life Insurance Business
- B.4: Statement of Changes in Capital
- B.5: Solvency Requirement
- B.6: Deposit Requirements
- B.7: Insurance Fund Requirements

C. Details on Balance Sheet

- C.1: Cash and Deposits
- C.2: Government Securities and Company Bonds and Debentures
- C.3: Secured Loans
- C.4: Investments in Real Estate
- C.5: Shares and Investment Schemes
- C.6: Related Party Investments
- C.7: Policy Loans and Other Investments
- C.8: Accounts Receivable
- C.9: Fixed Assets
- C.10: Details on Unexpired Risk Provision
- C.11: Details on Claims and Catastrophic Provision
- C.12: Accounts Payable
- C.13: Foreign Currency Assets and Liabilities
- C.14: Life Insurance Term to Maturity
- C.15: Claims Development for General Insurance

D. Operating Details as Reported in the Income Statement

- D.1: Premiums and Underwriting for General Insurance
- D.2: Premiums for Life Insurance
- D.3: Analysis of Life Insurance Policies
- D.4: Investment Income
- D.5: Incurred Claims
- D.6: Reinsurance Details
- D.7: Commissions by Class of Insurance
- D.8: Management Expenses
- D.9: Related Party Operating Transactions
- D.10: Other Revenue and Expenses
- D.11: General Insurance Summary of Underwriting Performance

V. NOTE ON THE QUARTERLY FILING

GUIDELINES FOR THE FILINGS OF INSURERS

I. INTRODUCTION AND PURPOSE

All insurers licensed to conduct business in [name of state or jurisdiction] are required to submit an annual and a quarterly filing to the supervisory authority where they operate. The filings are designed to enable the supervisory authority to monitor the financial condition and operating performance of each insurer that is licensed to operate. Certain compliance requirements are also monitored through information contained in the filings.

In order for the supervisory authority to make valid comparisons among insurers and make valid comparisons of a particular insurer over time, it is necessary that each insurer provide and report information in a consistent manner. The purpose of these guidelines is to communicate the format that is required for the filings.

II. GENERAL REQUIREMENTS FOR THE ANNUAL FILING

1. Types of Insurers and Overall Filing Requirements

The Insurance Act (“Act”) defines a local insurance company as a local company that has been registered under the Act to carry on an insurance business in [name of State or Territory] or elsewhere or an insurance company designated to be a local insurance company under the Act. For purposes of Sections B, C, and D of the annual filing, a local insurance company is required to provide information on [both its local operations and its](#) world-wide operations.

The Act defines a foreign insurance company as a foreign company licensed in its jurisdiction of incorporation or registration to carry on insurance activities, and is registered under the Act to carry on an insurance business in [name of State or Territory] on a branch basis. For purposes of Sections B, C, and D of the annual filing, a foreign insurance company is required to provide information on its operations in [name of State or Territory]. In addition, a foreign insurance company is required to submit a copy of the statement of accounts that is required to be filed with the supervisory authority in its country of incorporation.

Both local insurance companies and foreign insurance companies are required to submit a complete copy of their audited financial statements including notes with the annual filing.

The Act also requires the periodic filing of an actuarial report. If appropriate the actuarial report should be submitted with the annual filing.

Three copies of each of the above noted documents are required to be filed.

2. International Financial Reporting Standards

Insurers are required to use International Financial Reporting Standards in the preparation of their audited financial statements. These standards should also be used in completing the filing. While it is recognized that there may not be total consistency with respect to certain line items in the filing and the audited financial statements, it is important that the main line items including but not limited to total assets, insurance liabilities, total liabilities, total capital, gross premiums written, net premiums written and net income as reported in the filing be consistent to that reported in the audited financial statements.

For a local insurance company, a Statement of Reconciliation should be completed if there are material differences between the information reported in the filing and the information reported in the audited financial statements.

3. Monetary Unit for Reporting

The monetary unit for reporting is thousands of EC\$'s. As per normal accounting practice, transactions that are undertaken in foreign currencies are converted at the time of the transaction. Balances of foreign currency are converted to EC\$'s at the end of the accounting period. Gains and losses on foreign currency conversions are to be reported as investment income (foreign exchange gains (losses)) on Form D.4.

4. Additional Explanations

On some forms, there may not be sufficient space to completely provide all the information required. In these cases, an attachment should be prepared to provide the required information. When this is done, it is recommended that the attachment be labeled as "Additional Information Regarding Form X.X".

5. No Information to Report

It is possible that certain Forms may not be relevant to a particular insurer. For example, if an insurer has no investments in secured loans there is no information to report on Form C.3. In such cases, it is recommended that the person completing the filing enter the term "NOT APPLICABLE" on the Form in question.

6. Consistency Checks

The main financial statements of the annual filing are Form B.1 (Balance Sheet), Form B.2 (Income Statement – General Insurance Business) and Form B.3 (Income Statement – Life Insurance Business).

The forms in the C category of the annual filing provide detailed information for particular line items in the Balance Sheet and are shown as cross reference forms on Form B.1. It is important

that the information reported in the balance sheet is the same as that reported in the cross reference forms.

The forms in the D category provide detailed information for particular line items in the Income Statement and are shown as cross reference forms on Forms B.2 and B.3. It is important that the information reported in the income statements is the same as that reported in the cross reference forms.

For the sake of efficiency, it is recommended that the C category forms be prepared before the Balance Sheet and that the D category forms be prepared before the Income Statements.

7. Retention of Records

Background papers used to prepare the filing should be retained at the local office of the insurer in the event that questions arise regarding the filing.

8. Filing Date

The Act requires each insurer to submit its annual filing no later than four months after the end of its fiscal year. A penalty of EC\$ 200.00 per day has been prescribed for late filings. The Act also allows the supervisory authority to grant an extension of up to two months to submit the filing. In order, to obtain an extension an insurer must forward a formal request to the supervisory authority outlining reasons why an extension is required. Extensions will only be granted in extraordinary cases.

9. Further Information

Any questions regarding the filing requirements can addressed to:

- Name
- Telephone Number
- E-mail Address
- Name of Supervisory Agency

III. ATTESTATION AND CERTIFICATION

1. Company's Certification

The Act requires the annual filing to be certified by one of the following: the company secretary, a director of the insurer or the principle representative of the insurer in the case of a foreign insurance company. The individual making the certification on behalf of the Board of Directors should sign the certification and indicate his or her position within the company.

The certification is similar to the certification required for the audited financial statements of the insurer.

2. Auditor's Certification

The Act requires a certification by the auditor of the insurer. The auditor's certification is based on a number of obligations imposed on the auditor as prescribed by the Act. It is recommended that the auditor closely examine these obligations before signing the certification.

If the insurer does not meet all of the requirements listed, exceptions should be noted and explained. The partner in charge of the audit should sign the certification on behalf of the auditing firm. Please ensure that the identity of the partner in charge as well as the identity of the auditing firm is clearly disclosed.

3. Actuary's Certification

The Act requires a certification by the actuary of the insurer. The actuary must be satisfied that the estimates of technical provisions and actuarial liabilities are adequate.

IV. ANNUAL FILING FORMS

A. BACKGROUND INFORMATION

Form A.1: Company Particulars

Form A.1 provides background information regarding the insurer. An insurer can be registered as a local insurance company, a foreign insurance company, an association of underwriters or a mutual insurance company.

The Act identifies two classes of life insurance that can be underwritten including ordinary long term insurance and industrial life insurance and six classes of general insurance business that can be written including: liability insurance; marine insurance; aviation and transport insurance; motor vehicle insurance; pecuniary loss insurance; personal accident insurance and property insurance. A full description of each of these classes of insurance is outlined in the Act.

In the cell "particulars regarding the insurer/email address" please identify a contact person and provide this person's email address. This will facilitate contact with the insurer if questions arise with respect to the filing.

Form A.2: Major Shareholders

Form A.2 provides information on major shareholders of the insurer. A major shareholder is defined as a person that holds 5% or more of the shares of the insurer or who is entitled to 5% or more of the voting rights of the insurer.

Each beneficial shareholder must be identified, nominee names are not sufficient. If the shareholder of the insurer is a corporation rather than an individual, the full legal name of the

corporation should be reported. The address of a corporate shareholder is the address of its head office.

Form A.3: Board of Directors

Form A.3 provides information on members of the Board of Directors of the insurer. Under the caption of "Position" please indicate whether the director is the chair of the Board, a member of the Board, the chair of a specific Board Committee, a member of a specific Board Committee or any other position occupied. It is possible that a given board member may have more than one position with the insurer (e.g. A particular director could be the Chair of the Audit Committee and a member of the Human Resources Committee).

Under the caption of "Other Affiliations" please indicate the following affiliations and specify the nature of the affiliation:

- Each company where the director of the insurer owns 5% or more of the voting shares;
- Each company where the director of the insurer is a director; and,
- Each company where the director of the insurer occupies a senior management position.

Form A.4: Board Committees

Form A.4 provides information on Board Committees. Please indicate the position that each member of committee occupies, including the chair of the committee or member of the committee. It is recognized that in some cases, Board committees will also include individuals who are not members of the Board of Directors of the insurer.

All Committees of the Board should be identified.

Form A.5: Company Officers

Form A.5 provides information on senior officers of the insurer. Senior officers include the Chief Executive Officer, senior managers, the company secretary, the company chief financial officer or treasurer, the principal representative of a foreign insurance company and any other person specified as an officer under the articles of incorporation or bylaws of the company.

Form A.6: Company Advisors

Form A.6 provides information on company advisors. These include the external auditor of the insurer, the independent actuary and legal counsel. If the insurer has other advisors, such as an investment advisor, please indicate and describe the nature of the advisory service being offered.

Form A.7: Group Organization Chart

If the insurer is a member of a group of companies, please file an organization chart showing the complete interrelationship between the insurer, its immediate and ultimate parent and all other

affiliated companies (both upstream and downstream) identifying the percentage ownership of each.

Form A.8: Company Organization Chart

Please file an organization chart of the insurer and specify the number of individuals employed by the company. A foreign insurance company should also submit an organization chart and number of employees of its operations in (name of State or Territory).

Form A.9: Commission Payments

Form A.9 presents information on intermediaries which sell policies on behalf of the insurer including identity, commencement dates, termination dates and commissions paid during the year. If the intermediary continues to represent the insurer after the end of the year please enter N/A in the column entitled Termination Date.

Consistency Check

The total amount reported as commission expense in Form A.9 must equal the amount reported in Row 10 of Form B.2 for general insurance and the ~~the~~ amount reported in Row 16 of Form B.3 for life insurance.

Any discrepancies must be explained.

Formatted: Font: Italic

Formatted: Font: Not Italic

B. MAIN FINANCIAL STATEMENTS

Form B.1: Balance Sheet

Form B.1 is the balance sheet of the insurer. Amounts are required to be reported for the current year and the previous year. It is noted that most of the asset, liability and capital entries have a “cross reference form” specified. Further explanations of these entries are provided with the cross reference form.

There are several line items that do not have a cross reference form specified including but not limited to: accrued and deferred assets (Row 15); other assets (Row 16); other insurance liabilities (Row 23); bank loans and overdrafts (Row 26); and other liabilities (Row 27). If any of the amounts reported in any of these categories exceed 5% of total assets please provide further information as to the composition of the asset or liability in question.

Form B.2: Income Statement – General Insurance Business

Form B.2 is an income statement which is to be completed by a general insurer and a composite insurer for its general insurance business. If the insurer is a life insurer please insert the term “Not Applicable” on the form.

A composite insurer is required to report its income from life insurance operations as reported in Row 21 of Form B.3 in Row 19 of Form B.2. This is required so that the total net income of the insurer as well as taxes paid can be determined.

It is noted that most revenue and expense entries have a “cross reference form” specified. Further explanations of these entries are provided with the cross reference form.

Form B.3: Income Statement – Life Insurance Business

Form B.3 is an income statement which is to be completed by a life insurer and by a composite insurer for its life insurance business. If the insurer is a general insurer please insert the term “Not Applicable” on the form.

A composite insurer is not required to complete Rows 22 and 23 of this form as the information in these rows is reported in Form B.2.

It is noted that most revenue and expense entries have a “cross reference form” specified. Further explanations of these entries are provided with the cross reference form.

Form B.4: Statement of Changes in Capital

Form B.4 provides details regarding the changes in the capital position of the insurer during the year. Any material change in the revaluation reserve should be explained. In certain cases, the supervisory authority may request appraisal reports to support the change in this reserve.

Consistency Check

The total amount reported for the opening balance in Form B.4 must equal the amount reported on Row 33 of Form B.1 for the prior year. The total amount reported for the closing balance in Form B.4 must equal the amount reported in Row 33 of Form B.1 for the current year. Any discrepancies must be fully explained.

Form B.5: Solvency Requirement

The purpose of Form B.5 is to provide evidence that the insurer is meeting the solvency ~~margin~~ requirements as prescribed in the Act. Rows 1 to 4 of Form B.5 provide information regarding the insurer’s actual solvency margin. Rows 5 to 16~~2~~ of Form B.5 provide information regarding the solvency ~~margin~~ requirements for a life insurer, general insurer and comprehensive insurer. Rows 17~~3~~ and 18~~4~~ compare the insurer’s actual solvency margin to the solvency ~~margin~~ requirements.

Each non- admitted asset as prescribed in the regulations that is held by the insurer must be listed on Form B.5.

Consistency Check

The total assets reported in Row 1 and the total liabilities reported in Row 3 of Form B.5 must equal the amounts reported in Row 17 and Row 24 of Form B.1 respectively.

Gross premiums written for general insurance (Row 6 of Form B.5) and premiums ceded for general insurance (Row 7 of Form B.5) must be equal to amounts reported in Rows 1 and 3 of Form B.2 respectively. Note, however, for purposes of the solvency requirement, premiums ceded cannot exceed 50% of gross premiums written.

Life insurance liabilities reported in Row 9 of Form B.5 must equal the sum of the amounts reported in Rows 21, 22 and 23 of Form B.1. Reinsurance offsets reported in Row 10 of Form B.5 must be equal to the reinsurer's share of life insurance provisions as reported in Row 12 of Form B.1. Note, however, for purposes of the solvency requirement, the reinsurer's share of life insurance provisions cannot exceed 50% of the total life insurance provisions.

Any discrepancies must be explained.

For comprehensive insurers, life insurance liabilities as shown in Row 7 of Form B.5 must equal the sum of life insurance and annuity reserves (Row 21 of Form B.1) and Deposit Administration Funds (Row 22 of Form B.1). For general and comprehensive insurers, the amount reported as net premiums written in Row 6 of Form B.5 must equal the amount reported as net premiums written in Row 4 of Table B.2.

The total solvency margin requirement for life insurers is 5% of liabilities as shown in Row 3 of Form B.5.

The total solvency margin requirement for general insurers is the greater of EC\$ 500,000 or 20% of net premiums written as shown in Row 6 of Form B.5.

The total solvency margin requirement for composite insurers is the sum of 20% of net general insurance premiums written (Row 6 of Form B.5) and 5% of life insurance liabilities (Row 7 of Form B.5).

Form B.6: Deposit Requirements

The Act requires each insurer to make a deposit with the supervisory authority. The amount of the deposit is prescribed in the Act. The deposit must be in the form of cash or other assets prescribed in the Act. The purpose of Form B.6 is to determine the adequacy of the insurer's deposit in relation to the prescribed requirements.

Rows 1 to 6 of Form B.6 provide information regarding the deposit requirement. Rows 7 to 13 of Form B.6 provide information regarding the deposit that is in place. Row 14 of Form B.6 compares the deposit requirement with the value of the deposit in place.

Formatted: Font: Bold

Consistency Check

For each class of general insurance, the amounts reported for gross premiums written, premiums ceded and net premiums written (Rows 1 to 3) in Form B.6 must equal the amounts reported in Rows 1, 3 and 4 of Form D.1 respectively.

In addition, the total amount reported for general insurance business in Rows 1 to 3 of Form B.6 must equal the amounts reported in Rows 1, 3 and 4 of Form B.2 respectively.

Form B7: Insurance Fund Requirements

The Act requires each local insurance company to establish an insurance fund for each class of insurance consisting of assets equal to 100% of insurance liabilities and contingency reserves related to that class of insurance less amounts held on deposit by the supervisory authority. A foreign insurance company is also required to establish an insurance fund for each class of insurance with assets less amounts held on deposit equal to 110% of insurance liabilities and contingency reserves. The Act prescribes the type of assets that are eligible to be included in the fund as well as certain limits with respect to these assets. It is recommended that insurers closely examine the applicable sections of the Act with respect to these asset limits.

The Act requires a local insurance company to place fund assets for long term insurance and motor vehicle insurance in trust. For a foreign insurance company, fund assets for all classes of insurance must be placed in trust.

The purpose of Form B.7 is to determine whether the insurer is complying with the insurance fund requirements. Rows 1 to 7 of Form B.7 provide information on insurance fund requirements. Life insurance liabilities include life insurance and annuity reserves as well as deposit administrations funds. General insurance liabilities include the unexpired risk provision, the claims provision and the catastrophic provision. Please specify the nature of any other insurance liabilities reported in Row 6 of Form B.7.

In Rows 9 to 17 the insurer is required to list investment assets that are held by the fund. To avoid double counting, assets held by the supervisory authority as a deposit cannot be included in the amounts reported in Rows 9 to 17 of Form B.7.

Consistency Check

For life insurance, the sum of the amounts reported as insurance liabilities in Rows 1 and 2 of Form B.7 must equal the amounts reported in Rows 21 and 22 of Form B.1.

For the various classes of general insurance, the amounts reported for the unexpired risk provision in Row 3 of Form B.7 must equal the amounts reported in Row 3 of Form C.10. In addition, the total amount reported for the unexpired risk provision in Row 3 of Form B.7 must equal the amount reported in Row 18 of Form B.1.

For the various classes of general insurance, the amounts reported for the claims provision in Row 4 of Form B.7 must equal the amounts reported in Row 3 of Form C.11. In addition, the total reported for the claims provision in Row 4 of Form B.7 must equal the amount reported in Row 19 of Form B.1.

For the various classes of general insurance, the amounts reported for the catastrophic provision in Row 5 of Form B.7 must equal the amounts reported in Row 5 of Form C.11. In addition the total reported for the catastrophic provision in Row 5 of Form B.7 must equal the amount reported in Row 20 of Form B.1.

The total amount reported as deposits with the supervisory authority in Row 8 of Form B.8 must equal the amount reported in Row 13 of Form B.7.

C. DETAILS ON BALANCE SHEET

Form C.1: Cash and Deposits

Form C.1 provides detailed information on cash and deposits. Cash and demand deposits (Row 4) include cash on hand, demand deposits held by financial institutions and money market funds. To be included as cash and deposits, all amounts must be available on demand by the insurer without the payment of any penalty for withdrawal.

Term deposits of any maturity as well as commercial paper, guaranteed investment certificates, repurchase agreements or treasury bills with a term to maturity of less than one year should be reported as a term deposit.

Amounts reported should include any accrued interest.

Consistency Check

The total amount reported for cash and deposits in Form C.1 must equal the amount reported on Row 1 of Form B.1 (Balance Sheet).

Any discrepancies must be explained.

Form C.2: Government Securities and Company Bonds and Debentures

Form C.2 provides detailed information on bonds and debentures. Bonds and debentures are fixed term investments having a fixed maturity date or dates for the repayment of principal. Government securities include bonds, debentures or securities issued by a government, a member of the Caribbean Community, the Caribbean Development Bank or the Eastern Caribbean Home Mortgage Bank.

Company bonds and debentures only include investments in third parties. Do not report, bond and debenture investments with related parties as these are to be reported in Form C.6.

Amounts reported should include accrued interest.

Consistency Check

The amount reported for Total Government Securities on Row 4 of Form C.2 must equal the amount reported on Row 2 of Form B.1.

The amount reported for Total Company Bonds and Debentures on Row 8 of Form C.2 must equal the amount reported on Row 3 of Form B.1.

Any discrepancies must be explained.

Form C.3: Secured Loans

Form C.3 provides detailed information on secured loans. Mortgage loans only include loans to third parties. Do not report mortgage loans to related parties as these are to be reported in Form C.6. Under the caption "Description of Security" please identify the type of property used as collateral which could include residential, office, retail, commercial, industrial, hotel or undeveloped.

Other secured loans include loans to third parties only. Do not report secured loans to related parties as these are to be reported in Form C.6. Other secured loans include but are not limited to loans guaranteed by a government body. Under the caption "Description of Security" identify the government body guaranteeing the loan and the nature of the guarantee.

Amounts reported should include accrued interest.

Consistency Check

The total amount reported in aggregate for mortgage loans and other secured loans (sum of Row 4 and Row 8) must equal the amount reported on Line 4 of Form B.1.

Any discrepancies must be explained.

Form C.4: Investments in Real Estate

Form C.4 provides detailed information on investments in real estate. Real estate for own use should not be included in Form C.4. Rather, it should be included as a fixed asset and reported on Form C.9. In the event that the insurer owns a property that is partially for own use and partially as an investment asset, the financial information regarding the property should be prorated between investments in real estate and fixed assets on the basis of area.

The type of property can include the following: residential, office, retail, commercial, industrial, hotel or undeveloped.

Consistency Check

The total amount reported as investments in real estate on Form C.4 must equal the amount reported on Row 5 of Form B.1.

Any discrepancies must be explained.

Form C.5: Shares and Investment Schemes

Form C.5 provides detailed information on equity investments. Ordinary shares include options and warrants. Preference shares include convertible preferred shares. Do not include equity or share investments in related parties in Form C.5 as these are reported in Form C.6.

Consistency Check

The aggregate amount reported for total ordinary shares and total preferred shares must equal the amount reported on Row 6 of Form B.1.

The total amount reported for unit trusts and mutual funds must equal the amount reported on Row 7 of Form B.1.

Any discrepancies must be explained.

Form C.6: Related Party Investments

Form C.6 provides detailed information on investments in related parties. Related parties include all affiliated companies identified in Form A.7 as well as each owner of 5% or more of the shares of the insurer (Form A.2), each director of the insurer (Form A.3), each senior officer of the insurer (Form A.5) and their respective spouses. In addition, companies which directors have identified under the caption of "Other Affiliations" in Form A.3 are considered to be related parties to the insurer.

Under the caption "Description of Investment" please specify the nature of the investment which might include shares, secured loans, bonds or debentures. In addition, please identify the major terms of the investment. For example, if the investment is a debenture please specify the term of the debenture as well as the interest rate.

Consistency Check

The total amount reported as related party investments in Form C.6 must equal the amount reported on Row 8 of Form B.1.

Any discrepancies must be explained.

Form C.7: Policy Loans and Other Investments

Form C.7 provides detailed information on other investments. Policy loans are to be reported at their unpaid balances.

Please describe in detail the nature of any “other investments” including payment terms and time to maturity.

Do not include any “other investments” in related parties as these are reported in Form C.6

Consistency Check

The total amount reported as policy loans in Form C.7 must equal the amount reported on Row 9 of Form B.1.

The total amount reported as ‘Other Investments’ in Form C.7 must equal the amount reported on Row 10 of Form B.1.

Any discrepancies must be explained.

Form C.8: Accounts Receivable

Form C.8 provides detailed information on accounts receivable. Accounts receivable are to be reported on a gross basis. For example, receivables from agents and brokers should not be offset with amounts due for commission payments. These amounts should be separately identified in Form C.12- Accounts Payable. Receivables should also include amounts due from reinsurers for claims that have been paid by the insurer.

Counter parties for each account receivable in excess of 1% of total assets must be identified separately. Specific accounts receivable of less than 1% of total assets can be aggregated as “other”.

Any allowance for doubtful accounts should be deducted from the gross amount of receivables.

Consistency Check

Total accounts receivable as reported in Form C.8 equal the amount reported on Row 13 of Form B.1.

Any discrepancies must be explained.

Form C.9: Fixed Assets

Form C.9 provides detailed information on fixed assets. Fixed assets should be reported after the deduction of depreciation. An explanation should be provided for any fixed assets where the total value reported on the balance sheet is in excess of acquisition cost.

Consistency Check

Total fixed assets as reported in Form C.9 must equal the amount reported on Row 14 of Form B.1.

Any discrepancies must be explained.

Form C.10: Details on Unexpired Risk Provision

Form C.10 provides detailed information on the unexpired risk provision and is relevant only for insurers undertaking general insurance business. Life insurers should insert the term “Not Applicable” on this Form

An unexpired risk provision must be established at year end which is sufficient to cover future claims and general expenses related to the unexpired term of general insurance policies. The unexpired risk provision is to be reported net of deferred acquisition costs.

The Act requires an insurer to furnish the supervisory authority the details of the methodology used to estimate the unexpired risk provision. Please attach a description of the methodology used to estimate the unexpired risk provision as required by the Act.

Consistency Check

The amount reported in Row 3 of Form C.10 includes the unexpired risk provision on ceded premiums. The amount reported must equal the amount reported as a liability in Row 18 of Form B.1

The unexpired risk provision for ceded premiums is reported on Row 4 of Form C.10. The total amount reported on Row 4 must be reported as an asset in Row 12 of Form B.1. The sum of the amount reported in Row 4 of Form C.10 and Row 4 of Form C.11 must equal the amount reported on Row 12 of Form B.1.

Any discrepancies must be explained.

Form C.11: Details on Claims and Catastrophic Provision

Form C.11 provides detailed information on the claims provision and the catastrophic loss provision and is relevant only for insurers undertaking general insurance business. Life insurers should insert the term “Not Applicable” on this Form.

The claims provision includes a provision for claims that have been reported but not yet settled as well as a provision for claims that have been incurred but not yet reported (“IBNR”). These should be reported separately in Rows 1 and 2 of Form C.11 respectively. Expected adjustment expenses should be included in the amounts reported.

The Act requires an insurer to furnish the supervisory authority the details of the methods used to estimate the claims provision and the catastrophic loss provisions. Please attach a description of the methodology used to estimate each of these provisions as required by the Act.

Consistency Check

The total claims provision reported in Row 3 in Form C.11 must equal the amount reported as a liability in Row 19 of Form B.1.

Expected claims recoveries from reinsurers are reported in Row 4 of Form C.11. The total amount reported in Row 4 should be included as an asset in Row 12 of Form B.1. The sum of the amounts reported in Row 4 of Form C.10 and Row 4 of Form C.11 must equal the amount reported on Row 12 of Form B.1.

The amounts estimated for the Catastrophic Loss Provision are reported in Row 5 of Form C.11. The total of the amounts reported in Row 5 must equal the amount reported in Row 20 of Form B.1.

Any discrepancies must be explained.

Form C.12: Accounts Payable

Form C.12 provides details on accounts payable. The counter party for each specific Account Payable in excess of 1% of total assets must be identified separately. Specific accounts payable of less than 1% of assets can be aggregated as “other”.

Please provide an explanation for any account payable that have been outstanding for more than six months.

Consistency Check

Total accounts payable as reported in Form C.12 must equal the amount reported in Row 25 of Form B.1.

Any discrepancy must be explained.

Form C.13: Foreign Currency Assets and Liabilities

The purpose of Form C.13 is to determine whether an insurer has a significant mismatch between assets and liabilities with respect to foreign currencies.

The Form is to be presented in terms of thousands of EC\$, with the appropriate currency conversions as at the Balance Sheet date.

Consistency Check

The total amounts reported in Form C.13 must equal the amounts reported in Form B.1 including: Investments (Row 11 of Form B.1), Reinsurer's share of insurance liabilities (Row 12), Accounts Receivable (Row 13), Fixed Assets (Row 14), Other Assets (Sum of Rows 15 and 16), Total Assets (Row 17), Insurance Liabilities (Row 24) Other Liabilities (Sum of Rows 25, 26 and 27) and Total Liabilities (Row 28).

Any discrepancies must be explained.

Form C.14: Life Insurance Term to Maturity

The purpose of Form C.14 is to detect any significant mismatch between the term to maturity of assets and liabilities for life insurers. The Form is relevant only for insurers undertaking life insurance business. General insurers should insert the term "Not Applicable" on this Form.

Consistency Check

Amounts reported for total policy holder liabilities and total investments should equal the amounts reported in Row 24 and Row 11 of Form B.1 respectively.

Form C.15: Claims Development for General Insurance

This Form is intended to provide information on claims development over time for general insurance business. Life insurers should insert the term "Not Applicable" on the Form.

The claims provision in any given year is composed of claims reported in the current year as well as claims reported in all previous years which have not yet been settled. For example, the claims provision established at the end of 2004 includes an estimate for claims incurred but not settled during 2004 and well as claims incurred but not settled during previous years. The claims provision relating to the 2004 claims is the amount reported in the cell "Provision made at end of initial year/2004." In subsequent years, payments have been made to settle these claims. The amounts paid in 2005, 2006 and 2007 are reported in each of the rows indicated. At the end of 2007, a provision for remaining unpaid claims for 2004 may still be in place and is reported in Row 7 of Form C.15. If the sum of payments to date and the current provision as reported in Row 9 exceeds the original provision established in 2004 (Row 1), it indicates that the original provision was under estimated.

The supervisory authority may require an insurer to re-examine its methodology for determining the claims provision if the information presented in Form C.15 suggests that the claims provision is being consistently under estimated by the insurer.

D. OPERATING DETAILS AS REPORTED IN THE INCOME STATEMENT

Form D.1: Premiums and Underwriting for General Insurance

Form D.1 provides detailed information on general insurance underwriting and is to be completed for general insurance business only. Life insurers should insert the term “Not Applicable” on this Form.

Maximum retentions for a single risk and a single event are to be reported net of reinsurance.

Consistency Check

The total amounts reported for Gross Premiums Written, Reinsurance Assumed, Reinsurance Ceded and Net Premiums Written (Rows 1 to 4 of Form D.1) should equal the amounts reported on Rows 1 to 4 of Form B.2 (Income Statement – General Insurance Business).

The total amount reported in Row 5 of Form D.1 for the unexpired risk provision at the end of the previous year should equal the prior year amount as reported in Row 18 of Form B.1. The total amount reported in Row 6 of Form D.1 for the unexpired risk provision at the end of the current year should equal the current year amount reported in Row 18 of Form B.1.

The change in unexpired risk to be reported in Row 7 of Form D.1 is simply the difference between the amounts reported in Row 5 and Row 6. The total reported in Row 7 of Form D.1 should also equal the amount reported in Row 5 of Form B.2.

The total amount reported in Row 8 of Form D.1 for net premiums earned should equal the amount reported in Row 6 of Form B.2.

Any discrepancies must be explained.

Form D.2: Premiums for Life Insurance

Form D.2 provides detailed information on life insurance premiums and is to be completed for life insurance business only. General insurers should insert the term “Not Applicable” on this form.

Consistency Check

The total amounts reported for Gross Premiums Written, Premiums Assumed, Premiums Ceded and Net Premiums Written (Rows 1 to 4 of Form D.2) should equal the amounts reported in the current year in Rows 1 to 4 of Form B.3 (Income Statement – Life Insurance Business).

Any discrepancies must be explained.

Form D.3: Analysis of Life Insurance Policies

Form D.3 provides details on changes of life insurance in force over the year including both additions and discontinuance of policies over the year. This form is to be completed for life insurance only. General insurers should insert the term “Not Applicable” on the form.

Form D.4: Investment Income

Form D.4 provides details on investment income by source during the current and previous year. Composite insurers are required to allocate investment income between general insurance and life insurance business.

Please specify the nature of any “other investment income.”

Investment expenses include such expenses as salaries and employee benefits for investment personnel, brokerage fees, investment management expenses, maintenance expenses for investment properties and legal fees associated with the purchase and sale of investments.

Consistency Check

Investment income for the current year reported for life insurance must equal the amount reported on Row 5 of Form B.3. Investment income for the current year reported for general insurance business must equal the amount reported on Row 16 of Form B.2.

Any discrepancies must be explained.

Form D.5: Incurred Claims

Form D.5 provides detailed information on claims incurred by class of insurance. Incurred claims are to be reported net of recoveries from reinsurers.

Consistency Check

The total amount reported for net incurred claims for life insurance (Row 4 of Form D.5) must equal the amount reported on Row 9 of Form B.3.

The total amount reported for net incurred claims for general insurance (Row 4 of Form D.5) must equal the amount reported on Row 7 of Form B.2.

Any discrepancies must be explained.

Form D.6: Reinsurance Details

Form D.6 provides details on reinsurance transactions. All reinsurance counterparties must be identified and it is important that the formal legal name of the reinsurer be identified, as many reinsurance companies have similar names.

The rating of the claims paying ability of the reinsurer should also be reported (e.g. A+, A, B etc.) as well as the identity of the rating agency that provided the rating. Examples of rating agencies include but are not limited to Standard and Poor's and A.M. Best. If the reinsurer has not been rated please enter "NR".

It is recognized that many insurers obtain reinsurance through brokers. However, the identity of the broker is not relevant for this particular form. What is required to be reported is the identity of the reinsurer that is accountable for paying any claim, as this is the true counter party to the transaction. A broker is merely the intermediary that arranges the transaction.

Consistency Check

For a general insurer, the total amounts reported for reinsurance ceded and commissions paid by reinsurers in Form D.6 must equal the amounts reported in Row 3 and Row 11 of Form B.2 respectively.

For a life insurer, the total amounts reported for reinsurance ceded and commissions paid by reinsurers in Form D.6 must equal the amounts reported in Row 3 and Row 6 of Form B.3 respectively.

For a combined insurer, the total amounts reported for reinsurance ceded in Form D.6 must equal the sum of the amounts reported in Row 3 of Form B.2 and Row 3 of Form B.3.

For a combined insurer, the total amounts reported for commissions paid by reinsurers in Form D.6 must equal the sum of the amounts reported in Row 11 of Form B.2 and Row 6 of Form B.3.

Any discrepancies must be explained.

Form D.7: Commissions by Class of Insurance

Form D.7 provides information on commissions paid to agents and brokers and commissions received from reinsurers for each class of insurance. The difference will normally be reported as an expense on the income statement. In some cases, commissions received will exceed commissions paid. In such instances, the amount reported should be a "negative" expense. Amounts reported should not include any deferred commissions.

Consistency Check

For life insurance business, the total amount reported for commissions paid in Form D.7 must equal the amount reported on Row 16 of Form B.3. The total amount reported for commissions received in Form D.7 must equal the amount reported on Row 6 of Form B.3.

For general insurance business, the total amounts reported for commissions paid, commissions received and net commission expense must equal the amounts reported on Rows 10, 11 and 12 of Form B.2 respectively.

Any discrepancies must be explained.

Form D.8: Management Expenses

Form D.8 provides information on management expenses by class of insurance. In cases where the insurer has not developed a specific methodology to allocate expenses by class of insurance, it is recommended that the value of net premiums written for each class of insurance relative to the total value of net premiums written be used to allocate expenses by class of insurance, unless other information for a given expense category suggests a superior allocation method (e.g. if advertising was only undertaken for the motor vehicle class of insurance, total advertising expenditure should be allocated totally to the motor vehicle class of insurance).

With respect to “other” expenses, please specify any expense categories where the value of the expense exceeds 5% of total expenses.

Consistency Check

For life insurance business, management expenses reported in Form D.8 must equal the amount reported in Row 17 of Form B.3.

For the general insurance business, the total amount management expenses reported in Form D.8 must equal the amount reported in Row 13 of Form B.2.

Any discrepancies must be explained.

Form D.9: Related Party Operating Transactions

Form D.9 provides detailed information on related party operating transactions. Related parties include all affiliated companies identified in Form A.7 as well as each owner of 5% or more of the shares of the insurer (Form A.2), each director of the insurer (Form A.3), each senior officer of the insurer (Form A.5) and their respective spouses. In addition, companies which directors have identified under the caption of “Other Affiliations” in Form A.3 are considered to be related parties to the insurer.

Please identify each related party involved in operating transactions with the insurer and describe the transaction resulting in a revenue and expense to the insurer. For example, if the services provided by the related party are general management services, the description of the transaction would be “expenses for management services”.

It is expected that all material transactions between an insurer and its related parties would be covered under written contracts or agreements. In certain instances, the supervisory authority may request a copy of the written contracts or agreements.

Form D.10: Other Revenue and Expenses

Form D.10 provides detailed information on other revenue and detail on extraordinary revenue and expenses. Extraordinary revenue and expenses are revenue or expenses which are not normally received or paid by the insurer on an annual basis. An example of an extraordinary expense is severance payments made to terminated employees as a result of downsizing.

Each specific revenue or expense item in excess of 1% of gross premiums written must be described separately. Specific revenue and expense items of less than 1% of gross premiums written can be aggregated as “other”.

Consistency Check

For life insurance business, the amounts reported as total “other revenue” and total “extraordinary revenue (expenses)” in Form D.10 must equal the amounts reported in Row 7 and Row 20 of Form B.3 respectively.

For general insurance business, the amounts reported as total “other revenue” and total “extraordinary revenue (expenses)” in Form D.10 must equal the amounts reported in Row 17 and Row 20 of Form B.2 respectively.

Any discrepancies must be explained.

Form D.11: General Insurance Summary of Underwriting Performance

Form D.11 provides summary information on general insurance underwriting and is to be completed for general insurance business only. Life insurers should insert the term “Not Applicable” on this Form.

There is no new information presented in Form D.11 and all information reported can be taken from other forms or derived from simple arithmetic operations:

- The information reported in Row 1 is the same as the information reported in Row 8 of Form D.1;
- The information reported in Row 2 is the same as the information reported in Row 4 of Form D.5;
- The information reported in Row 3 is the same as the information reported in Column 4 of Form D.7;
- The information reported in Row 4 is the same as the information reported in Row 25 of Form D.8;
- The information reported in Row 5 is the sum of the information reported in Rows 2, 3 and 4; and,
- The information reported in Row 6 is the information reported in Row 1 less the information reported in Row 5.

V. NOTE ON THE QUARTERLY FILING

In addition to the annual filing, the supervisory authority requires each insurer to submit a quarterly filing no later than 30 days after the end of the quarter in question. The information to be filed is not required to be audited although a signed certification by the Chief Executive Officer or principal representative of the insurer is required.

There are eight Forms required to be filed on a quarterly basis. The format of Form Q.1 (Balance Sheet), Form Q.2 (Income Statement – General Insurance Business) and Form Q.3 (Income Statement – Life Insurance Business) are similar to Forms B.1 to B.3 of the Annual Filing. For the Balance Sheet the only difference is that it is prepared as at the end of the quarter with the comparable being the end of the prior year. For the income statements, the only differences are that they report year-to-date results for the current year compared to the results of the same period of the prior year.

Forms Q.4 to Q.7 of the quarterly filing are identical to Forms B.4 to B.7 of the annual filing and provide information on changes in capital, Solvency Requirements, Deposit Requirements and Insurance Fund Requirements for the relevant period or at the end of the relevant period. Finally, Form Q.8 provides information on major shareholders and is identical to Form A.2 of the Annual Filing.

The guidance notes prepared for the appropriate sections of the annual filing can also be used to assist in the preparation of the quarterly filing.