

**INTERIM PRUDENTIAL SOURCEBOOK FOR INSURERS
(AMENDMENT NO 8) INSTRUMENT 2005**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 141 (Insurance business rules);
 - (3) section 150(2) (Actions for damages);
 - (4) section 156 (General supplementary powers);
 - (5) section 157(1) (Guidance); and
 - (6) section 340 (Appointment).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 31 December 2005.

Amendments to the Interim Prudential sourcebook for Insurers

- D. The Interim Prudential sourcebook for Insurers is amended in accordance with Annex A to this instrument.

Amendments to the Interim Prudential sourcebook for Friendly Societies

- E. The Interim Prudential sourcebook for Friendly Societies is amended in accordance with Annex B to this instrument.

Amendments to the Conduct of Business sourcebook

- F. The Conduct of Business sourcebook is amended in accordance with Annex C to this instrument.

Citation

- G. This instrument may be cited as the Interim Prudential Sourcebook for Insurers (Amendment No 8) Instrument 2005.

By order of the Board
17 November 2005

Annex A

Amendments to the Interim Prudential sourcebook for Insurers

In this Annex underlining indicates new text and striking through indicates deleted text. Where existing text is replaced by new text, this is indicated and the new text is not underlined. Amendments that were made by the Board in the Insurance Regulatory Reporting Instrument 2005 (FSA 2005/3) (to come into effect on 31 December 2005), published within PS05/2, are included in the underlying text.

Chapter 3

LONG-TERM INSURANCE BUSINESS

CONTENTS

Part I - Identification and application of assets and liabilities

- 3.1 ~~Separation of assets and liabilities attributable to long-term insurance business~~
[deleted]

...

Chapter 3

LONG-TERM INSURANCE BUSINESS

Part I

IDENTIFICATION AND APPLICATION OF ASSETS AND LIABILITIES

~~Separation of assets and liabilities attributable to long-term insurance business~~

- 3.1 (1) [deleted]
- (2) ~~An insurer which carries on ordinary long-term insurance business or industrial assurance business must maintain such accounting and other records as are necessary for identifying—~~
- (a) ~~the assets representing the long-term insurance fund maintained by it for that business (but without necessarily distinguishing between the funds if more than one); and~~

- (b) ~~the liabilities attributable to each kind of business which it carries on.~~
[deleted]

...

Chapter 9

FINANCIAL REPORTING

Interpretation

9.2 ...

- (3) In the *Accounts and Statements Rules*, any reference to *long-term insurance business* or to *general insurance business* is –
- (a) in relation to an *external insurer*, to its entire *long-term insurance business* or to its entire *general insurance business* and (except in the case of a ~~*pure reinsurer*~~ *non-EEA insurer whose insurance business in the United Kingdom is restricted to reinsurance or an insurer whose head office is in any EEA State except the United Kingdom whose insurance business in the EEA is restricted to reinsurance*), to any *long-term insurance business* or *general insurance business* carried on by it through a branch in the United Kingdom; and

...

and accordingly any reference to, or requirement imposed in respect of, the accounts and balance sheet (including any notes, statements, reports and certificates annexed to them) relevant to *long-term insurance business* or to *general insurance business* is to, or imposes a requirement in respect of –

...

- (ii) accounts prepared in respect of the *long-term insurance business* or the *general insurance business* carried on, in the case of an *external insurer* (other than a ~~*pure reinsurer*~~ *non-EEA insurer whose insurance business in the United Kingdom is restricted to reinsurance or an insurer whose head office is in any EEA State except the United Kingdom whose insurance business in the EEA is restricted to reinsurance*), by the branch in the United Kingdom and, in the case of a *UK-deposit insurer*, by the branches in question in the *EEA States* taken together.

...

Half-yearly balance sheet and report for realistic valuation

- 9.3A (1) ...
- (2) ...
- (3) ...
- (4) Rules 9.4, 9.6, 9.10, 9.11, 9.12, 9.33 and 9.34, **Appendices 9.1** and **9.4A** and **Part I** of **Appendix 9.6** apply to this rule and to any documents required under this rule as if –
- ...
- (h) ... ; ~~and~~
- (i) ... ; and
- (j) in 9.6(2)(a) a single printed copy is required and for both 9.6(2)(a) and 9.6(2)(b) the printed copy must be sent to the *insurer's* normal supervisory contact.
- ...

Deposit of accounts etc. with the FSA

- 9.6 (1) Every ‘account’, ‘balance sheet’, abstract or statement required by rules 9.3, 9.3A, 9.4 and 9.36A and any report of the auditor of the *insurer* made in pursuance of rules 9.5 or 9.36E must be printed, and the ‘required copies’ must be deposited with the *FSA* within the periods set out in the table below.

	deposit period following the <i>financial year end</i>	
<i>financial year ending on or after</i>	where the deposit is made electronically or under rule 9.36A	otherwise
31 December 2001	4 months	3 months and 15 days
31 December 2002 and following years	3 months	2 months and 15 days

- (1B) (a) ~~An *insurer* must, in respect of any *financial year* ending from 31 December 2003 to 30 December 2004 (inclusive) send to the *FSA*, in addition to the documents in (1), the documents and information in (b).~~

(b) ~~The documents and information are:–~~

- (i) ~~**Forms 11, 12** and **60** as amended by the Interim Prudential Sourcebook for Insurers (Solvency I Directive) Instrument~~

~~2003, provided that the amended **Form 60** need not be submitted if it contains no information different to the information in the un-amended **Form 60**; and~~

~~(ii) the amounts at line 12 of amended **Form 15** and line 61 of amended **Form 13**, if these lines contain amounts different from the amounts at the same lines of the un-amended forms.~~

~~(c) The documents and information in (b) must be submitted to the insurer's normal supervisory contact at the FSA within four months of the end of the financial year.~~

~~[deleted]~~

(2) In (1), the reference to the **required copies** is to -

- (a) five printed copies of the document; or
- (b) one printed copy of the document and one copy of it in an electronic form which may be readily used or translated by the FSA sent by email to insurancereturns@fsa.gov.uk.

...

(6) There must be deposited with every revenue 'account' and 'balance sheet' of an *insurer* any statement or report on the affairs of the *insurer* made or submitted;

- (a) to the *insurer's* shareholders or *policyholders*; or
- (b) to the *insurer's with-profits policyholders* under COB 6.11.8G, COB 6.11.9R or SUP 4.3.16AR (4),

~~of the insurer~~ in respect of the *financial year* to which the 'account' and 'balance sheet' relate.

(6A) Where a ~~financial statement or other report on the affairs of the insurer~~ has not been made or submitted at the time the revenue 'account' and 'balance sheet' are deposited (see (6)), it must be deposited as soon as possible ~~thereafter~~ after it is submitted.

...

Balance sheet

9.12 ...

- (3A) **Form 10** must be completed by an *external insurer* (other than a ~~*pure reinsurer*~~ *non-EEA insurer* whose *insurance business in the United Kingdom is restricted to reinsurance* or an *insurer* whose head office is in any *EEA State* except the United Kingdom whose *insurance business in the EEA is restricted to reinsurance*), an *EEA-deposit insurer* or a *Swiss general insurer*.

...

- (5) **Form 13** must be completed (as appropriate) –

...

- (c) by every *external insurer* (other than a ~~*pure reinsurer*~~ *non-EEA insurer* whose *insurance business in the United Kingdom is restricted to reinsurance* or an *insurer* whose head office is in any *EEA State* except the United Kingdom whose *insurance business in the EEA is restricted to reinsurance*) in respect of *long-term insurance business* or *general insurance business* carried on by it through a branch in the United Kingdom in respect of those assets which are –
- (i) deposited under *PRU 7.6.54R*,
 - (ii) maintained in the United Kingdom, and
 - (iii) maintained in the United Kingdom and the other *EEA States*;
- and

...

- (6) **Form 14** must be completed by every *long-term insurer* in respect of –

...

- (c) subject to (6A), except where the information is provided by virtue of (a) or (b), each *with-profits fund*, with a supplementary note (code 1406) stating the amount, if any, of the increase or decrease, as the case may be, in the value of *non-linked assets*.

...

- 9.20A
- (1) Subject to (2) and (3), If the total of all 'gross undiscounted provisions' in all the **Forms 26 to 29, 31, 32 and 34** required under rules 9.17, 9.19 and 9.20, or included despite rule 9.20(4), is less than 80% of the *insurer's* total 'gross undiscounted provisions', the *insurer* must prepare **Forms 26 to 29, 31, 32 and 34**, as appropriate, for further categories of business (as set out in column 2 of paragraph 2B of **Appendix 9.2**) in decreasing order of size (measured in 'gross undiscounted provisions'), until the 80% criterion is met.
 - (2) An *insurer* need not prepare a **Form 26, 27, 28, 29, 31, 32 or 34** for a category of business (as set out in column 2 of paragraph 2B of

Appendix 9.2) if

- (a) the insurer's gross written premiums in the financial year in question for that category of business are less than £1m; and
- (b) the insurer's 'gross undiscounted provisions' at the end of the financial year in question for that category of business are less than £1m.
- (3) An insurer need only prepare a **Form 26, 27, 28, 29, 31, 32** or **34** for a category of business (as set out in column 2 of paragraph 2B of **Appendix 9.2**) if it is required to prepare a **Form 20** for category number 110, 120, 160, 180, 220, 260, 270, 280, 330, 340, 350, 400, 500, 600 or 700 which includes that category of business.

...

Additional information on long-term insurance business

9.23 Every *insurer* which carries on *long-term insurance business* must, in respect of the *financial year in question*, and in accordance with the requirements of **Appendix 9.3**, prepare –

- (a) **Forms 41** to **4543** in respect of each revenue account prepared separately under rule 9.14(b)(i);
- (b) summary **Forms 41** to **4543** if a summary **Form 40** is required under rule 9.14(b)(ii); and
- (c) **Forms 4644** to **59B** and, except in the case of an *EEA-deposit insurer*, **Form 60**

...

Chapter 11

DEFINITIONS

...

<i>permitted derivative contract</i>	<p>for the purpose of Appendix 3.2, a <i>derivative</i> or <i>quasi-derivative</i> which satisfies the requirements of <i>PRU 4.3.5R</i> to <i>PRU 4.3.35R</i> with the exception of <i>PRU 4.3.18R</i>, as applied in relation to assets covering liabilities in respect of <i>linked long-term contracts of insurance</i>, amended as follows:</p> <p>(a) in <i>PRU 4.3.5R</i> and <i>PRU 4.3.36R</i>, "For the purpose of <i>PRU 2</i> Ann 1R (Admissible assets in insurance)" is replaced by "For the purposes of <i>IPRU (INS)</i> rules 3.6 and 3.7 and Appendix 3.2";</p>
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	<p>(b) in <i>PRU 4.3.6R</i> (2) and (3), <i>PRU 4.3.7R</i> (1) and (2), and <i>PRU 4.3.17R</i> (1) and <i>PRU 4.3.36R</i> (1) "<i>admissible assets</i>" is replaced by "<i>permitted connected property</i>";</p> <p>(c) ...</p>
<i>permitted stock lending transaction</i>	<p>for the purpose of Appendix 3.2, a <i>stock lending transaction</i> which satisfies the requirements of <i>PRU 4.3.36R</i> to <i>PRU 4.3.41R</i>, amended as follows:</p> <p>(a) in <i>PRU 4.3.36R</i> (1), "For the purposes of <i>PRU 2 Ann 1R</i> (Admissible assets in insurance)" is replaced by "For the purposes of <i>IPRU (INS)</i> rules 3.6 and 3.7 and Appendix 3.2";</p> <p>(b) in <i>PRU 4.3.36R</i> (1) (a), "<i>admissible assets</i>" is replaced by "<i>permitted connected property</i>".</p> <p>(c) <i>PRU 4.3.36R</i>(1)(c) is amended to read "<i>adequate and sufficiently immediate collateral which is in the form of permitted connected property or a letter of credit (PRU 4.3.38R, PRU 4.3.38AR, PRU 4.3.40R and PRU 4.3.41R) is obtained to secure the obligation of the counterparty.</i>"</p>

...

<i>readily realisable</i>	<p>in Appendix 3.2, in relation to an investment:</p> <p>...</p>
<i>receivable</i>	<p>in relation to an <i>insurer</i>, a <i>financial year</i> and a premium, means due to the <i>insurer</i> in respect of contracts of insurance incepted during that financial year, whether or not the premium is received during that <i>financial year</i></p>

...

<i>variation margin</i>	<p>(a) in respect of a <i>derivative contract</i>, or a <i>quasi-derivative contract</i> having the effect of a <i>derivative contract</i>⁺⁺, ...</p>
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⁺⁺ See rule 4.13

ANNEX 11.3

DESCRIPTIONS OF FSA GENERAL INSURANCE BUSINESS REPORTING CATEGORIES

Part I

Categories to which contracts of general insurance business are to be allocated for the purpose of reporting in the return

Category Number	FSA general insurance business reporting category	Map to classes of business in Annex A of 73/239/EEC
...
	NON-PROPORTIONAL REINSURANCE TREATY BUSINESS	
500	Total Non-Proportional Reinsurance Treaty Business accepted (<i>category numbers 510 to 590 combined</i>).	N/A
510	Non-proportional accident & health <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 1 or 2, and do not fall within category numbers 590 or 710(p).</i>	1,2
520	Non-proportional motor <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 3 or 10, or category number 710(p), and do not fall within category number 590.</i>	3,10
530	Non-proportional aviation <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 5 or 11, or category number 710(p), and do not fall within category number 590.</i>	5,11
540	Non-proportional marine <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 6 or 12, or category number 710(p), and do not fall within category number 590.</i>	6,12
550	Non-proportional transport <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within class 7, and do not fall within category number 590.</i>	7

560	Non-proportional property <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 8 or 9, and do not fall within category number 590.</i>	4,8,9
570	Non-Proportional liability (non-motor) <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within class 13, and do not fall within category numbers 520, 530, 540 or 590.</i>	13
580	Non-proportional financial lines <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 14, 15, 16, 17 or 18, and do not fall within category number 590.</i>	14,15,16,17,18
590	Non-proportional aggregate cover <i>Contracts of insurance, effected or carried out under non-proportional reinsurance treaties or proportional retrocession of non-proportional treaty reinsurance business, which fall within more than one of category numbers 510 to 580, where no one of these categories accounts for more than 90% of the exposure on the contract.</i>	1 to 18
	PROPORTIONAL REINSURANCE TREATY BUSINESS	
600	Total Proportional Reinsurance Treaty Business accepted <i>(category numbers 610 to 690 combined).</i>	N/A
610	Proportional accident & health <i>Contracts of insurance, effected or carried out under proportional reinsurance treaties other than proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 1 or 2 and do not fall within category numbers 690 or 710(p).</i>	1,2
620	Proportional motor <i>Contracts of insurance, effected or carried out under proportional reinsurance treaties other than proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 3 or 10, or category number 710(p) and do not fall within category number 690.</i>	3,10
630	Proportional aviation <i>Contracts of insurance, effected or carried out under proportional reinsurance treaties other than proportional retrocession of non-proportional treaty reinsurance business, which fall within classes 5 or 11, or category number 710(p) and do not fall within category number 690.</i>	5,11

640	Proportional marine <i>Contracts of insurance, effected or carried out under proportional reinsurance treaties <u>other than proportional retrocession of non-proportional treaty reinsurance business</u>, which fall within classes 6 or 12, or category number 710(p) and do not fall within category number 690.</i>	6,12
650	Proportional transport <i>Contracts of insurance, effected or carried out under proportional reinsurance treaties <u>other than proportional retrocession of non-proportional treaty reinsurance business</u>, which fall within class 7 and do not fall within category number 690.</i>	7
660	Proportional property <i>Contracts of insurance, effected or carried out under proportional reinsurance treaties <u>other than proportional retrocession of non-proportional treaty reinsurance business</u>, which fall within classes 8 or 9 and do not fall within category number 690.</i>	4,8,9
670	Proportional liability (excluding motor) <i>Contracts of insurance, effected or carried out under proportional reinsurance treaties <u>other than proportional retrocession of non-proportional treaty reinsurance business</u>, which fall within class 13 and do not fall within category numbers 620, 630, 640 or 690.</i>	13
680	Proportional financial lines <i>Contracts of insurance, effected or carried out under proportional reinsurance treaties <u>other than proportional retrocession of non-proportional treaty reinsurance business</u>, which fall within classes 14, 15, 16, 17 or 18 and do not fall within category number 690.</i>	14,15,16,17,18
690	Proportional aggregate cover (i.e. more than one of the above) <i>Contracts of insurance, effected or carried out under proportional reinsurance treaties <u>other than proportional retrocession of non-proportional treaty reinsurance business</u>, which fall within more than one of category numbers 610 to 680, where no one of these categories accounts for more than 90% of the exposure on the contract.</i>	1 to 18
...

Chapter 12

TRANSITIONAL ARRANGEMENTS

...

2005 Return Transitional Tables A, B, C and D

12.4 These Tables belong to rule 12.2.

...

Table A instruction 2

In columns 1 and 2 the years of origin may be accident years or underwriting years.

In row 1 columns 1 and 2 replace "[year of origin]" with "accident year" if the business reported on the Table is reported on **Forms 26, 27, 31 or 32** or "underwriting year" if the business reported on the Table is reported on **Forms 28, 29 or 34**.

If the years of origin in columns 1 and 2 are accident years, the gross paid claims in each of the years of development 0 to 29 ~~and after the last reported year of development~~ must be in respect of all claims in the *required category* that occurred in the year of origin.

If the years of origin in columns 1 and 2 are underwriting years, the gross paid claims in each of the years of development 0 to 29 ~~and after the last reported year of development~~ must be in respect of all policies in the *required category* written in the year of origin.

Table A instruction 3

In row ~~32~~ column 33 the gross claims paid after the last reported year of development are gross claims paid in the 2005 *financial year* in respect of all the years of origin prior to the earliest year of origin for which historic data must be reported in the Table under rule 12.2(7).

...

Table B instruction 2

In columns 1 and 2 the years of origin may be accident years or underwriting years.

In row 1 columns 1 and 2 replace "[year of origin]" with "accident year" if the business reported on the Table is reported on **Forms 26, 27, 31 or 32** or "underwriting year" if the business reported on the Table is reported on **Forms 28, 29 or 34**.

If the years of origin in columns 1 and 2 are accident years, the gross ~~paid~~ incurred claims at the end of each of the years of development 0 to 29 ~~and after the last reported year of development~~ must be in respect of all claims in the *required category* that occurred in the year of origin.

If the years of origin in columns 1 and 2 are underwriting years, the gross ~~paid~~ incurred claims at the end of each of the years of development 0 to 29 ~~and after the last reported year of development~~ must be in respect of all policies in the *required category* written in the year of origin.

...

Table B instruction 4

In column ~~34~~3 gross reported outstanding claims at end of the 2005 *financial year* for a year of origin should equal total gross reported claims at end of the 2005 *financial year* from

column 33 of **Table B** less the total gross claims paid to the end of the 2005 *financial year* from column 34 of **Table A** and should also equal:

...

Table C instruction 2

In columns 1 and 2 the years of origin are accident years.

In row 1 columns 1 and 2 replace "[year of origin]" with "accident year".

For each year of origin, the number of claims reported in each of the years of development 0 to 29 ~~and after the last reported year of development~~ must be in respect of all claims in the *required category* that occurred in the year of origin.

...

Table D instruction 2

The year of origin is an accident year.

In row 1 columns 1 and 2 replace "[year of origin]" with "accident year".

For each year of origin, the number of claims settled at non-zero cost at the end of each of the development years 0 to 29 must be in respect of all claims in the *required category* that occurred in that year of origin.

...

APPENDIX 3.2 (rule 3.7)

PERMITTED LINKS

PART I

DESCRIPTIONS OF PROPERTY BY WHICH BENEFITS MAY BE DETERMINED

...

9. *Permitted derivative contracts and permitted stock lending transactions*

...

APPENDIX 9.1 (rules 9.12 and 9.13)

**BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
(FORMS 1 TO 3 AND 10 TO 19)**

...
Completion of Forms

3. ...
(2) Boxes marked 'GL/UK/CM' must be completed by inserting –
(a) 'UK' in the case of a form which is –
...
(ii) prepared by an *external insurer* (other than a ~~pure reinsurer~~ *non-EEA insurer whose insurance business in the United Kingdom is restricted to reinsurance* or an *insurer whose head office is in any EEA State except the United Kingdom whose insurance business in the EEA is restricted to reinsurance*) in respect of *long-term* or *general insurance business* carried on through a branch in the United Kingdom; or
...
7. Where in any form an amount which is shown as brought forward from a previous year differs from the corresponding amount shown as carried forward from that year and the difference is not due solely to the use of a different rate to express other currencies in sterling, an explanation of the reason for the difference must be given by way of a supplementary note to that form. (For Forms 1, 2, 3, 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19 the code for the supplementary note is 0111, 0211, 0311, 1011, 1111, 1211, 1311, 1411, 1511, 1611, 1711, 1811 and 1911 respectively.)
...
9. All amounts are to be shown to the nearer £1,000. Calculations must be performed using unrounded figures. Figures which are determined from other figures (whether or not on the same form) must be rounded after performing calculations on the unrounded component figures.

Premiums

10. ...
(2) Where any amount included in **Form 11** or **12** pursuant to (1) differs from the aggregate of the corresponding amounts included in **Forms 21, 22, 24** and **25**, there must be stated by way of supplementary note to **Form 11** or **12** (code 1105 or 1205), as the case may be -
...

[Forms 1-3 and 10-19 to follow]

Statement of solvency – general insurance business

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

Solo solvency calculation / Adjusted solo ~~Group~~ solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units
R1						£000
					As at end of this financial year 1	As at end of the previous year 2

Capital resources

Capital resources arising outside the long-term insurance fund	11		
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		
Capital resources available to cover general insurance business capital resources requirement (11-12)	13		

Guarantee Fund

Guarantee Fund requirement	21		
Excess (deficiency) of available capital resources to cover guarantee fund requirement	22		

Minimum capital requirement (MCR)

General insurance capital requirement	31		
Base capital resources requirement	33		
<u>Individual minimum capital requirement</u>	<u>34</u>		
<u>Capital requirements of regulated related undertakings</u>	<u>35</u>		
Minimum capital requirement <u>(34+35)</u>	<u>346</u>		
Excess (deficiency) of available capital resources to cover 50% of MCR	<u>357</u>		
Excess (deficiency) of available capital resources to cover 75% of MCR	<u>368</u>		

Capital resources requirement (CRR)

Capital resources requirement	41		
Excess (deficiency) of available capital resources to cover general insurance business CRR (13-41)	42		

Contingent liabilities

Quantifiable contingent liabilities in respect of other than long-term insurance business as shown in a supplementary note to Form 15	51		
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Instructions for completion of Form 1

1. An insurer (other than a Swiss general insurer or an EEA-deposit insurer) carrying on general insurance business must complete Form 1 in respect of its entire general insurance business. An external insurer (other than a ~~pure reinsurer~~ non-EEA insurer whose insurance business in the United Kingdom is restricted to reinsurance or an insurer whose head office is in any EEA State except the United Kingdom whose insurance business in the EEA is restricted to reinsurance) that is carrying on general insurance business must complete Form 1 in respect of business carried on through a branch in the United Kingdom. An UK-deposit insurer that is carrying on general insurance business must complete Form 1 in respect of business carried on through its branches in EEA States taken together. Form 1 is not required for Swiss general insurers or EEA-deposit insurers.

...

7. The excess (deficiency) of available capital resources to cover the guarantee fund requirement at line 22 is equal to line 81 on Form 3 less line 21, except for a branch. For a branch this is equal to line 13 less line 21 less an adjustment because assets held to cover the guarantee fund must be held in the United Kingdom (or for UK-deposit insurers, in the EEA States where the firm carries on insurance business); the adjustment is the difference between form 13 line 89 for categories 4 and 3 (or 5), except for branches carrying on both long-term insurance business and general insurance business (composite branches); composite branches will need to state how the difference is allocated between general insurance business and long-term insurance business in a note to the Form (Note 0102).

...

9A. The individual minimum capital requirement at line 34 is calculated in accordance with PRU 2.1.21R and is the higher of lines 31 and 33.

9B. The capital requirements of regulated related undertakings at line 35 must be nil.

9C. The minimum capital requirement at line 36 is equal to the sum of lines 34 and 35.

10. The excess (deficiency) of available capital resources to cover 50% of the minimum capital requirement at line 357 is equal to line 82, column 1 on Form 3 less 50% of line 346. For a branch, line 357 is to be left blank.

11. The excess (deficiency) of available capital resources to cover 75% of the minimum capital requirement at line 368 is equal to line 83, column 1 on Form 3 less 75% of line 346. For a branch, line 368 is to be left blank.

12. The capital resources requirement at line 41 is calculated in accordance with PRU 2.1.14R and is equal to line 346.

Instructions 13-20 only apply to firms that meet the conditions specified in PRU 2.1.9 R(2), i.e. that perform the adjusted solo solvency calculation in accordance with PRU 8.3.

...

15. ~~Line 31 is not applicable. The general insurance capital requirement at line 31 is taken from the amount shown at line 43 of Form 12, which is calculated in accordance with PRU 2.1.30R.~~

16. ~~Line 33 is not applicable. The base capital resources requirement at line 33 must be taken from PRU 2.1.26R.~~

16A. The individual minimum capital requirement at line 34 is calculated in accordance with PRU 2.1.21R and is the higher of lines 31 and 33.

16B. The capital requirements of regulated related undertakings at line 35 is line 36 less line 34.

17. The minimum capital requirement entry at line 346 must equal the amount represented by (R-S) with reference to PRU 8.3.45R in relation to the general insurance business.

18. The excess (deficiency) of available capital resources to cover 50% of the minimum capital requirement at line 367 is equal to line 82, column 1 on Form 3 less 50% of line 346.

19. The excess (deficiency) of available capital resources to cover 75% of the minimum capital requirement at line 358 is equal to line 83, column 1 on Form 3 less 75% of line 346.

20. The entry at line 41 must equal the amount represented by R with reference to PRU 8.3.45R in relation to the general insurance business.

...

Statement of solvency – long-term insurance business

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

Solo solvency calculation / Adjusted solo ~~Group~~ solvency calculation

	Company registration number	GL/ UK/ CM	day	month	year	units
R2						£000
					As at end of this financial year 1	As at end of the previous year 2

Capital resources

Capital resources arising within the long-term insurance fund	11		
Capital resources allocated towards long-term insurance business arising outside the long-term insurance fund	12		
Capital resources available to cover long-term insurance business capital resources requirement (11+12)	13		

Guarantee Fund

Guarantee Fund requirement	21		
Excess (deficiency) of available capital resources to cover guarantee Fund requirement	22		

Minimum capital requirement (MCR)

Long-term insurance capital requirement	31		
Resilience capital requirement	32		
Base capital resources requirement	33		
<u>Individual minimum capital requirement</u>	<u>34</u>		
<u>Capital requirements of regulated related undertakings</u>	<u>35</u>		
Minimum capital requirement (<u>34+35</u>)	<u>346</u>		
Excess (deficiency) of available capital resources to cover 50% of MCR	<u>357</u>		
Excess (deficiency) of available capital resources to cover 75% of MCR	<u>368</u>		

Enhanced capital requirement

With-profits insurance capital component	<u>379</u>		
Enhanced capital requirement	<u>3840</u>		
Capital resources requirement (CRR)			
Capital resources requirement (greater of <u>346</u> and <u>3840</u>)	41		
Excess (deficiency) of available capital resources to cover long-term insurance business CRR (13-41)	42		

Contingent liabilities

Quantifiable contingent liabilities in respect of long-term insurance business as shown in a supplementary note to Form 14	51		
--	----	--	--

Instructions for completion of Form 2

1. An insurer (other than an EEA-deposit insurer) carrying on long-term insurance business must complete Form 2 in respect of its entire long-term insurance business. An external insurer (other than a ~~pure reinsurer~~ non-EEA insurer whose insurance business in the United Kingdom is restricted to reinsurance or an insurer whose head office is in any EEA State except the United Kingdom whose insurance business in the EEA is restricted to reinsurance) or EEA-deposit insurer that is carrying on long-term insurance business must complete Form 2 in respect of business carried on through a branch in the United Kingdom. An UK-deposit insurer that is carrying on long-term insurance business must complete Form 2 in respect of business carried on through its branches in EEA States taken together.

...

Instructions 5-14 only apply to firms that do not meet the conditions specified in PRU 2.1.9 R(2), i.e. that are not required to perform an adjusted solo calculation under PRU 8.3.

...

6. The excess (deficiency) of available capital resources to cover the guarantee fund requirement at line 22 is equal to line 81, column 2 on Form 3 less line 21, except for a branch. For a branch this is equal to line 13 less line 21 less an adjustment because assets held to cover the guarantee fund must be held in the United Kingdom (or for UK-deposit insurers, in the EEA States where the firm carries on insurance business) and cannot include implicit items; an analysis would be appropriate in a note (code 0203) to the Form.

...

9A. The individual minimum capital requirement at line 34 is calculated in accordance with PRU 2.1.22R and is the greater of line 33 and the sum of lines 31 and 32.

9B. The capital requirements of regulated related undertakings at line 35 must be nil.

9C. The minimum capital requirement at line 36 is equal to the sum of lines 34 and 35.

10. The excess (deficiency) of available capital resources to cover 50% of the minimum capital requirement at line ~~357~~ is equal to line 82, column 2 on Form 3 less 50% of line ~~346~~. For a branch, line ~~357~~ must be blank.
11. The excess (deficiency) of available capital resources to cover 75% of the minimum capital requirement at line ~~368~~ is equal to line 83, column 2 on Form 3 less 75% of line ~~346~~. For a branch, line ~~368~~ must be blank.
12. The with-profits insurance capital component at line ~~379~~ must be the total of the amounts shown at line 64 on Forms 18, calculated in accordance with the rules in PRU 7.4.
13. The enhanced capital requirement at line ~~3840~~ is calculated as the sum of lines 31, 32 and ~~379~~.

...

Instructions 15-23 only apply to firms that meet the conditions specified in PRU 2.1.9R(2), i.e. that perform the adjusted solo solvency calculation in accordance with PRU 8.3.

...

17. ~~Lines 31, 32 and 33 are not applicable.~~ The long-term insurance capital requirement at line 31 is taken from the amount shown at line 51 of Form 60, which is calculated in accordance with PRU 2.1.32R.

17A. The resilience capital requirement at line 32 is calculated in accordance with the rules in PRU 4.2.

17B. The base capital resources requirement at line 33 must be taken from PRU 2.1.26R.

17C. The individual minimum capital requirement at line 34 is the greater of line 33 and the sum of lines 31 and 32.

17D. The capital requirements of regulated related undertakings at line 35 is the amount shown at line 36 less line 34.

18. The entry at line ~~346~~ must include the amount represented by (R-S) with reference to PRU 8.3.45R ~~in relation to the long-term insurance business.~~

19. The excess (deficiency) of available *capital resources* to cover 50% of the *minimum capital requirement* at line 357 is equal to line 82, column 2 on Form 3 less 50% of line 346.
20. The excess (deficiency) of available *capital resources* to cover 75% of the *minimum capital requirement* at line 368 is equal to line 83, column 2 on Form 3 less 75% of line 346.
21. The *with-profits insurance capital component* at line 379 must be the total of 'S' with reference to *PRU 8.3.45R*.
22. The entry at line 3840 must be the sum of lines 346 and 379.
23. The entry at line 41 must equal the amount represented by R with reference to *PRU 8.3.45R* ~~in relation to the long-term insurance business.~~

...

Instructions 24 onwards apply to all firms

...

- ~~26. Where a direction under section 148 of the Act has been issued to an insurer permitting it to take into account implicit items on long-term insurance business, that direction may specify that a note is to be included in the return explaining such items. That note should be included as a note to Form 2. (Code 0202).~~

...

Components of capital resources

Form 3
(Sheet 1)

Name of insurer
Global business
Financial year ended

	Company registration number	GL/ UK/ CM	day	month	year	units
R3						£000
			General insurance business	Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year
			1	2	3	4

Core tier one capital

Permanent share capital	11				
Profit and loss account and other reserves	12				
Share premium account	13				
Positive valuation differences	14				
Fund for future appropriations	15				
Core tier one <u>capital</u> in related undertakings	16				
Core tier one capital (sum of 11 to 16)	19				

Tier one waivers

Unpaid share capital / unpaid initial funds and calls for supplementary contributions	21				
Implicit items	22				
Tier one waivers in related undertakings	23				
Total tier one waivers as restricted (21+22+23)	24				

Other tier one capital

Perpetual non-cumulative preference shares as restricted	25				
Perpetual non-cumulative preference shares in related undertakings	26				
Innovative tier one capital as restricted	27				
Innovative tier one capital in related undertakings	28				

Total tier one capital before deductions (19+24+25+26+27+28)	31				
Investments in own shares	32				
Intangible assets	33				
Amounts deducted from technical provisions for discounting	34				
Other negative valuation differences	35				
Deductions in related undertakings	36				
Deductions from tier one (32 to 36)	37				
Total tier one capital after deductions (31-37)	39				

Components of capital resources

Name of insurer
Global business
Financial year ended

	Company registration number	GL/ UK/ CM	day	month	year	units
R3						£000
		General insurance business		Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year
		1		2	3	4

Tier two capital

Implicit items, (tier two waivers and amounts excluded from line 22)	41				
Perpetual non-cumulative preference shares excluded from line 25	42				
Innovative tier one capital excluded from line 27	43				
Tier two waivers, innovative tier one capital and perpetual non-cumulative preference shares treated as tier two capital (41 to 43)	44				
Perpetual cumulative preference shares	45				
Perpetual subordinated debt and securities	46				
Upper tier two capital in related undertakings	47				
Upper tier two capital (44 to 47)	49				

Fixed term preference shares	51				
Other tier two instruments	52				
Lower tier two capital in related undertakings	53				
Lower tier two capital (51+52+53)	59				

Total tier two capital before restrictions (49+59)	61				
Excess tier two capital	62				
Further excess lower tier two capital	63				
Total tier two capital after restrictions, before deductions (61-62-63)	69				

Components of capital resources

Name of insurer
Global business
Financial year ended

	Company registration number	GL/ UK/ CM	day	month	year	units
R3						£000
		General insurance business		Long-term insurance business	Total as at the end of this financial year	Total as at the end of the previous year
		1		2	3	4

Total capital resources

Positive adjustments for regulated non-insurance related undertakings	71				
Total capital resources before deductions (39+69+71)	72				
Inadmissible assets other than intangibles and own shares	73				
Assets in excess of market risk and counterparty limits	74				
Deductions for related ancillary services undertakings	75				
Deductions for regulated non-insurance related undertakings	76				
Total Deductions of ineligible surplus capital	77				
Total capital resources after deductions (72-73-74-75-76-77)	79				

Available capital resources for PRU tests

Available capital resources for guarantee fund requirement	81				
Available capital resources for 50% MCR requirement	82				
Available capital resources for 75% MCR requirement	83				

Financial engineering adjustments

Implicit items	91				
Financial reinsurance – ceded	92				
Financial reinsurance – accepted	93				
Outstanding contingent loans	94				
Any other charges on future profits	95				
Sum of financial engineering adjustments (91+92-93+94+95)	96				

Instructions for completion of Form 3

1. An *insurer* (other than a *Swiss general insurer* or an *EEA-deposit insurer*) must complete Form 3 in respect of its entire business. An *external insurer* (other than a ~~*pure reinsurer*~~ *non-EEA insurer whose insurance business in the United Kingdom is restricted to reinsurance* or an *insurer whose head office is in any EEA State except the United Kingdom whose insurance business in the EEA is restricted to reinsurance*), an *EEA-deposit insurer* or a *Swiss general insurer* must complete Form 10 in respect of business carried on through a *branch* in the *United Kingdom*. An *UK-deposit insurer* must complete Form 10 in respect of business carried on through its *branches* in *EEA States* taken together.

...

9. *PRU 2.2.78R* and *2.2.79G* explain how to calculate the valuation differences for inclusion at line 14 or 35. Inadmissible assets or assets in excess of *market risk* and *counterparty* limits are not be included in the valuation differences. Net valuation differences are shown at line 14 if positive or in line 35 if negative. The *firm* must state in a supplementary note (code 0308 0310) to this form –

...

The amount in (a) plus the amount in (b) less the amount in (c) less the amount in (d) should equal the amount shown at line 14 if positive or at line 35 if negative."

...

Instructions 10-32 only apply to firms that do not meet the conditions specified in *PRU 2.1.9R(2)*, i.e. that are not required to perform an adjusted solo calculation under *PRU 8.3*.

...

11. Amounts may only appear in lines 21 and 22 if the *FSA* has issued a *waiver* permitting these amounts to count as *tier one capital* (tier one waivers). These amounts are restricted by *PRU 2.2.20R* (1), so that amounts in line 24 may not be greater than the sum of the corresponding amounts in lines 19 and 37. If the *FSA* has issued a *waiver* permitting amounts to count as *tier two capital* (tier two waivers), these are to be included at line 41, together with any amounts that arise from the restriction at *PRU 2.2.20R(1)*.

...

13. The entries at lines 25 and 27 must be restricted to comply with *PRU 2.2.20R*, so that the total of the amounts in lines 24, 25 and 27 is not greater than the total amount in line 19 plus line 37, and the amount in line 27 is not greater than 15/85 of the total of the amounts in lines 19, 24 and 25 minus line 37. Amounts in excess of the limits are entered at lines 42 and 43 respectively.

...

30. The entry at line 81 is determined as the amount of the *firm's capital resources* available to meet its *guarantee fund* requirement, having regard to *PRU 2.2.17R*, ~~and *PRU 2.2.18R* and *PRU 2.2.18AR*~~. Unless some innovative tier one capital does not meet the conditions for it to be treated as upper tier two capital (when an adjustment may be needed), line 81 must be either:

- line 79; or
- (if less) the sum of lines 19, 25, 27, 42, 43, 45, 46 and 59 less the sum of lines 37, 62 and 63 less the greatest of:
 - zero;
 - the sum of lines 27, 37, 43, 45, 46, 59, 73, 74, 75 and 76 less the sum of lines 19, 25, 42, 62, 63 and 71; and
 - line 59 plus one-third of the sum of lines 37, 73, 74, 75 and 76 less the sum of lines 62 and 63 less one-third of the sum of lines 19, 25, 27, 42, 43, 45, 46 and 71.

...

32. The entry at line 83 is determined as the amount of the *firm's capital resources* available to meet 75% of its *minimum capital requirement*, having regard to *PRU 2.2.24R* and *PRU 2.2.24AR*. Unless some innovative tier one capital does not meet the conditions for it to be treated as upper tier two capital (when an adjustment may be needed), line 83 must be either:

- line 79; or
- (if less) the sum of lines 19, 24, 25, 27, 41, 42, 43, 45 and 46 less the sum of line 37 and any excess: of the sum of lines 27, 37, 41, 43, 45 and 46 ~~62~~ over the sum of lines 19, 24, 25 and 42~~59~~.

...

35. Amounts may only appear in lines 21-23 if the *FSA* has issued a *waiver* permitting these amounts to count as *tier one capital* (tier one waivers). These amounts are restricted by *PRU 8.3.45R* (1)(c), so the amounts in line 24 may not be greater than the sum of the corresponding amounts in lines 19 and 37. If the *FSA* has issued a *waiver* permitting amounts to count as *tier two capital* (tier two waivers), these are to be included at line 41, together with any amounts that arise from the restriction at *PRU 8.3.45R* (1)(c).

...

38. The entries at lines 25-28 must be restricted to comply with *PRU 8.3.45R*, so that the total of the amounts in lines 24-28 is not greater than the total amount in line 19 plus line 37, and the total amount in lines 27 and 28 is not greater than 15/85 of the total of the amounts in lines 19, 24, 25, and 26 minus line 37. Amounts in excess of the limits are entered at lines 42 and 43 as appropriate. If line 42 or 43 includes amounts excluded from line 26 or 28, these amounts must be stated in a supplementary note (code 0304).

...

54. The entry at line 81 is determined as the amount of the *firm's capital resources* available to meet its *guarantee fund* requirement, having regard to *PRU 8.3.45R*(2). Unless some innovative tier one capital does not meet the conditions for it to be treated as upper tier two capital (when an adjustment may be needed) ~~Line~~ line 81 must be either:

- line 79; or
- (if less) the sum of lines ~~19, 25, 26, 39~~ 42, 45, 46 and ~~59~~69 less the sum of lines ~~24 37, 62~~ and ~~41~~63 less the greatest of:
 - zero;
 - the sum of lines 27, 28, 37, 43, 45, 46, 47, 59 and 72 less the sum of lines 19, 25, 26, 42, 62, 63, 71 and 79; and
 - line 59 plus one-third of the sum of lines 24, 41 and 72 less the sum of lines 62 and 63 less one-third of the sum of lines 49, 71 and 79.

...

67 Where a direction under section 148 of the Act has been issued to an insurer permitting it to take into account implicit items on long-term insurance business, that direction may specify that a note is to be included in the return explaining such items. That note must be included as a note to **Form 3** (Code 0312).

Replace Form 10 with the following version.

Statement of net assets

Name of insurer

UK branch business/EEA branch business

Financial year ended

	Company registration number	GL/ UK/ CM	day	month	year	units
R10						£000
			As at end of this financial year 1		As at end of the previous year 2	
Long term insurance business - admissible assets			11			
Long term insurance business - liabilities and margins			12			

Other than long term insurance business - admissible assets	21		
Other than long term insurance business - liabilities	22		
Net admissible assets (21-22)	23		
Other assets allowed to be taken into account in covering the capital resources requirement	Unpaid amounts (including share premium) on partly paid shares	24	
	Supplementary contributions for a mutual carrying on general insurance business	25	
Liabilities allowed to be left out of account in covering the capital resources requirement	Subordinated loan capital	26	
	Cumulative preference share capital	27	
Available assets (23 to 27)	29		

Represented by

Paid up share capital (other than cumulative preference share capital)	51		
Amounts included in lines 24 to 27 above	52		
Amounts representing the balance of net assets	56		
Total (51 to 56) and equal to line 29 above	59		

**Movement of balance of net assets for solvency purposes
- as per line 56**

Balance brought forward at the beginning of the financial year	61		
Retained profit / (loss) for the financial year	62		
Movement in asset valuation differences	63		
Decrease (increase) in the provision for "reasonably foreseeable adverse variations"	64		
Other movements (particulars to be specified by way of supplementary note)	65		
Balance carried forward at the end of the financial year (61 to 65)	69		

Instructions for completion of Form 10

1. An external insurer (other than a ~~pure reinsurer~~ non-EEA insurer whose insurance business in the United Kingdom is restricted to reinsurance or an insurer whose head office is in any EEA State except the United Kingdom whose insurance business in the EEA is restricted to reinsurance), an EEA-deposit insurer or a Swiss general insurer must complete ~~Form 10~~ **Form 10** in respect of business carried on through a branch in the United Kingdom. An UK-deposit insurer must complete ~~Form 10~~ **Form 10** in respect of business carried on through its branches in EEA States taken together.

...

Replace Form 11 with the following one page version.

Calculation of general insurance capital requirement– premiums amount and brought forward amount

Name of insurer

Global business / UK branch business / EEA branch business

Financial year ended

General/long-term insurance business

		Company registration number	GL/ UK/ CM	day	month	year	units
		R11					£000
				This financial year 1		Previous year 2	
Gross premiums written		11					
Premiums taxes and levies (included in line 11)		12					
Premiums receivable net of taxes and levies (11-12)		13					
Premiums for classes 11, 12 or 13 (included in line 13)		14					
Premiums for "actuarial health insurance" (included in line 13)		15					
Sub-total A (13 + $\frac{1}{2}$ 14 - $\frac{2}{3}$ 15)		16					
Gross premiums earned		21					
Premium taxes and levies (included in line 21)		22					
Premiums earned net of taxes and levies (21-22)		23					
Premiums for classes 11, 12 or 13 (included in line 23)		24					
Premiums for "actuarial health insurance" (included in line 23)		25					
Sub-total H (23 + $\frac{1}{2}$ 24 - $\frac{2}{3}$ 25)		26					
Sub-total I (higher of sub-total A and sub-total H)		30					
Adjusted sub-total I if financial year is not a 12 month period to produce an annual figure		31					
Division of gross adjusted premiums amount:	x 0.18	32					
sub-total I (or adjusted sub-total I if appropriate)	Excess (if any) over 50M EURO x 0.02	33					
Sub-total J (32-33)		34					
Claims paid in period of 3 financial years		41					
Claims outstanding carried forward at the end of the 3 year period	For insurance business accounted for on an underwriting year basis	42					
	For insurance business accounted for on an accident year basis	43					
Claims outstanding brought forward at the beginning of the 3 year period	For insurance business accounted for on an underwriting year basis	44					
	For insurance business accounted for on an accident year basis	45					
Sub-total C (41+42+43-44-45)		46					
Amounts recoverable from reinsurers in respect of claims included in Sub-total C		47					
Sub-total D (46-47)		48					
Reinsurance ratio (Sub-total D / sub-total C or, if more, 50% or, if less, 100%)		49					
Premiums amount (Sub-total J x reinsurance ratio)		50					
Provision for claims outstanding (before discounting and net of reinsurance)		51					
Brought forward amount (12.43.2 x 51.1 / 51.2 or, if less, 12.43.2)		52					
Greater of lines 50 and 52		53					

Instructions for completion of Forms 11 and 12

...

10. ~~PRU 7.2.66R requires amounts of premiums and claims to be determined in accordance with PRU 1.3 and so (by virtue of PRU 1.3.5R) normal accounting conventions will generally apply. However, p~~*Premiums and claims are defined by references to contracts of insurance and these themselves are defined by the Regulated Activities Order so that premiums or claims may be included for contracts that would not be treated as insurance under normal accounting conventions. All direct and indirect costs related to claims must be included.*

...

Instructions for completion of Form 11

...

2. In accordance with PRU 7.2.54R, the reinsurance ratio calculated at line 49 must be:

- 100% if sub-total C is zero
- 100% if sub-total D / sub-total C exceeds 100%;
- 50% if sub-total D / sub-total C is less than 50%; and
- sub-total D / sub-total C, otherwise.

The ratio at line 49 must be shown to two decimal places, but the unrounded ratio must be used for calculating Form 11 line 50 and Form 12 line 41.

...

4. If Form 11 line 51 column 2 is zero, Form 11 line 52 column 1 equals Form 12 line 43 column 2.

Replace Form 13 with the following revised version.

Analysis of admissible assets

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

Category of assets

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13						£000	
						As at end of this financial year 1	As at end of the previous year 2
Land and buildings			11				

Investments in group undertakings and participating interests

UK insurance dependants	shares	21		
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non- insurance dependants	shares	25		
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28		
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares	41		
Other shares and other variable yield participations	42		
Holdings in collective investment schemes	43		
Rights under derivative contracts	44		
Fixed interest securities	Approved	45	
	Other	46	
Variable interest securities	Approved	47	
	Other	48	
Participation in investment pools	49		
Loans secured by mortgages	50		
Loans to public or local authorities and nationalised industries or undertakings	51		
Loans secured by policies of insurance issued by the company	52		
Other loans	53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54	
	More than one month withdrawal	55	
Other financial investments	56		

Analysis of admissible assets

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

Category of assets

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13						£000	
					As at end of this financial year 1	As at end of the previous year 2	
Deposits with ceding undertakings				57			
Assets held to match linked liabilities	Index linked			58			
	Property linked			59			

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78		
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
---	----	--	--

Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89		
--	----	--	--

Analysis of admissible assets

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

Category of assets

	Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R13						£000	
						As at end of this financial year 1	As at end of the previous year 2

**Reconciliation to asset values determined in accordance
with the insurance accounts rules or international
accounting standards as applicable to the firm for the
purpose of its external financial reporting**

Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91		
Assets in excess of market and counterparty limits	92		
Capital resources requirement deduction of regulated related undertakings	93		
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94		
Inadmissible assets of regulated related insurance undertakings	95		
Book value of related ancillary services undertakings	96		
Other differences in the valuation of assets (other than for assets not valued above)	97		
Deferred acquisition costs excluded from line 89	98		
Reinsurers' share of technical provisions excluded from line 89	99		
Other asset adjustments (may be negative)	100		
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101		
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102		

Instructions for completion of Form 13

- ...
3. (a) In the case of the *United Kingdom branch return* of an *external insurer* (other than a ~~pure reinsurer~~ *non-EEA insurer whose insurance business in the United Kingdom is restricted to reinsurance or an insurer whose head office is in any EEA State except the United Kingdom whose insurance business in the EEA is restricted to reinsurance*) Form 13 must be completed for the following categories of assets -
- ...
8. The entry at line 85 ~~must be equal to the sum of lines 22.29.3 and lines 25.24.99.99~~ must be gross of any related reinsurance commission.
9. The amount to be shown in line 93 ~~shall represent~~ must equal the total of the relevant proportions in accordance with *PRU 1.3.37R* and *PRU 1.3.38R* of the *individual capital resources requirements* of the *regulated related undertakings*.
10. ~~In line 95 "inadmissible assets" refers to those assets described at PRU 2.2.86R that are not assets listed in PRU 2 Annex 1R. The amount to be shown in line 94 must equal the ineligible surplus capital and any restricted assets of any regulated related undertaking that is an insurance undertaking that are deducted in accordance with PRU 1.3.35R(3)(b).~~
- ...
12. Lines 60 to 63 and 85 must be left blank for "Category of assets" codes "2", "3", "4" and "5".
- ...
14. ~~It would be appropriate to state that~~ The amount of any tangible leased asset included at line 80 must be disclosed by way of a supplementary note (code 1314 for other than *long-term insurance business* and code 1316 for *long-term insurance business*) to this Form.
- ...
16. Lines 98-101 must be completed in accordance with the *insurance accounts rules* or *international accounting standards* as applicable to the *firm* for the purpose of its external financial reporting if the *firm* is required to produce such accounts. Otherwise these lines must be left blank. Line 99 includes the discounting adjustment for the *reinsurers'* share of claims outstanding – see instruction 4 of **Form 15**. Details of amounts in line 100 must be disclosed in a supplementary note (code 1318). The previous year figures for lines 98-101 must be left blank for financial years ending on or before 30 December 2006.

Replace Form 14 with the following revised version.

Long term insurance business liabilities and margins

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

Total business / subfund

Units

		As at end of this financial year 1	As at end of the previous year 2
Mathematical reserves, after distribution of surplus	11		
Cash bonuses which had not been paid to policyholders prior to end of the financial year	12		
Balance of surplus / (valuation deficit)	13		
Long term insurance business fund carried forward (11 to 13)	14		
Claims outstanding	Gross	15	
	Reinsurers' share	16	
	Net (15-16)	17	
Provisions	Taxation	21	
	Other risks and charges	22	
Deposits received from reinsurers	23		
Creditors	Direct insurance business	31	
	Reinsurance accepted	32	
	Reinsurance ceded	33	
Debenture loans	Secured	34	
	Unsecured	35	
Amounts owed to credit institutions	36		
Creditors	Taxation	37	
	Other	38	
Accruals and deferred income	39		
Provision for "reasonably foreseeable adverse variations"	41		
Total other insurance and non-insurance liabilities (17 to 41)	49		
Excess of the value of net admissible assets	51		
Total liabilities and margins	59		

Amounts included in line 59 attributable to liabilities to related companies, other than those under contracts of insurance or reinsurance	61		
Amounts included in line 59 attributable to liabilities in respect of property linked benefits	62		

Total liabilities (11+12+49)	71		
Increase to liabilities – DAC related	72		
Reinsurers' share of technical provisions	73		
Other adjustments to liabilities (may be negative)	74		
Capital and reserves and fund for future appropriations	75		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (71 to 75)	76		

Instructions for completion of Form 14

- ...
6. Where the provision required by *PRU* 4.3.17R(3) is implicit (i.e. the obligation to pay the monetary amount is recognised under the *rules* in *PRU* 1.3), ~~it would be appropriate to insurers must state the amount of the provision;~~ in a supplementary note (code 1404) ~~to this Form, the amount of the provision.~~
- ...
8. ~~The entry at line 63 must be zero for financial years ending on or after 31 December 2004. Lines 72-76 must be completed in accordance with the insurance accounts rules or international accounting standards as applicable to the insurer for the purpose of its external financial reporting if the insurer is required to produce such accounts. Otherwise, and for Forms 14 at subfund level, these lines must be left blank. The amount of DAC in line 72 must be adjusted for any associated deferred tax. Details of amounts in line 74 must be disclosed in a supplementary note (code 1405). The previous year figures must be left blank for financial years ending on or before 30 December 2006.~~
9. ~~It would be appropriate to state, in a supplementary note (code 1403) to this Form, the amount of each provision, included in line 22, in respect of a deficit in a regulated related undertaking and the identity of the undertaking must be disclosed in a supplementary note (code 1403) to this Form.~~

Replace Form 15 with the following revised version.

Liabilities (other than long term insurance business)

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

	Company registration number	GL/ UK/ CM	day	month	year	units
R15						£000
			As at end of this financial year 1		As at end of the previous year 2	

Technical provisions (gross amount)

Provisions for unearned premiums	11		
Claims outstanding	12		
Provision for unexpired risks	13		
Equalisation provisions	Credit business	14	
	Other than credit business	15	
Other technical provisions	16		
Total gross technical provisions (11 to 16)	19		

Provisions and creditors

Provisions	Taxation	21		
	Other risks and charges	22		
Deposits received from reinsurers		31		
Creditors	Direct insurance business	41		
	Reinsurance accepted	42		
	Reinsurance ceded	43		
Debenture loans	Secured	44		
	Unsecured	45		
Amounts owed to credit institutions		46		
Creditors	Taxation	47		
	Recommended dividend	48		
	Other	49		
Accruals and deferred income		51		
Total (19 to 51)		59		
Provision for "reasonably foreseeable adverse variations"		61		
Cumulative preference share capital		62		
Subordinated loan capital		63		
Total (59 to 63)		69		

Amounts included in line 69 attributable to liabilities to related insurers, other than those under contracts of insurance or reinsurance	71		
---	----	--	--

Reinsurers' share of DAC	81		
Amounts deducted from technical provisions for discounting	82		
Other adjustments (may be negative)	83		
Capital and reserves	84		
Total liabilities under insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (69+81-82+83+84)	85		

Instructions for completion of Form 15

...

4. The amount shown in line 12 may only be discounted or reduced to take account of investment income:
- (a) for *Class 1* or *Class 2* business; or
 - (b) in respect of annuities; or
 - (c) if the *insurer* is a *pure reinsurer* which does not have permission under the *Act* to effect *contracts of reinsurance*.

So, if the *technical provisions* for *claims* outstanding for other business are discounted or reduced to take account of investment income, then they must be increased by the difference between the undiscounted and the discounted provisions. If the *technical provisions* are increased the amount of the increase must be shown in line 82 by way of a supplementary note (code 1505) to this Form, together with and the corresponding increase in the *reinsurers'* share shown must be included as a negative item in line 64 of Form 13.

5. ~~It would be appropriate to state~~ The amount of each provision, included in line 22, in respect of a deficit in a *regulated related undertaking* and the identity of the *undertaking* must be stated in a supplementary note (code 1504) ~~to this Form~~.
6. Where the provision required by *PRU* 4.3.17R(3) is implicit (i.e. the obligation to pay the monetary amount is recognised under the *rules* in *PRU* 1.3), ~~it would be appropriate to state~~ the amount of the provision must be stated, in a supplementary note (code 1506) ~~to this Form~~, the amount of the provision.
7. The amount shown in line 51 must include reinsurance commissions related to deferred acquisition costs corresponding to the allowance included in Form 13 line 85.
8. Lines 81-84 must be completed in accordance with the insurance accounts rules or international accounting standards as applicable to the insurer for the purpose of its external financial reporting if the insurer is required to produce such accounts. Otherwise these lines must be left blank. Details of amounts in line 83 must be disclosed in a supplementary note (code 1507). The previous year figures must be left blank for financial years ending on or before 30 December 2006.

...

Replace Form 16 with the following revised version.

Profit and loss account (non-technical account)

Name of insurer

Global business/UK branch business/EEA branch
business

Financial year ended

		Company registration number	GL/ UK/ CM	day	month	year	units
		R16					£000
				This financial year 1		Previous year 2	
Transfer (to) / from the general insurance business technical account	From Form 20	11					
	Equalisation provisions	12					
Transfer from the long term insurance business revenue account		13					
Investment income	Income	14					
	Value re-adjustments on investments	15					
	Gains on the realisation of investments	16					
Investment charges	Investment management charges, including interest	17					
	Value re-adjustments on investments	18					
	Loss on the realisation of investments	19					
Allocated investment return transferred to the general insurance business technical account		20					
Other income and charges (particulars to be specified by way of supplementary note)		21					
Profit or loss on ordinary activities before tax (11+12+13+14+15+16-17-18-19-20+21)		29					
Tax on profit or loss on ordinary activities		31					
Profit or loss on ordinary activities after tax (29-31)		39					
Extraordinary profit or loss (particulars to be specified by way of supplementary note)		41					
Tax on extraordinary profit or loss		42					
Other taxes not shown under the preceding items		43					
Profit or loss for the financial year (39+41-(42+43))		49					
Dividends (paid and proposed)		51					
Profit or loss retained for the financial year (49-51)		59					

Replace Form 17 with the following revised version.

Analysis of derivative contracts

Name of insurer

Global business/UK branch business/EEA branch
business

Financial year ended

Category of assets

			Company registration number	GL/ UK/ CM	day	month	year	units	Category of assets
R17								£000	
Derivative contracts			As at the end of this financial year		As at the end of the previous year				
			Assets 1	Liabilities 2	Assets 3	Liabilities 4			
Futures contracts	Fixed-interest securities	11							
	Equity shares	12							
	Land	13							
	Currencies	14							
	Other	15							
Options	Fixed-interest securities	21							
	Equity shares	22							
	Land	23							
	Currencies	24							
	Other	25							
Contracts for differences	Fixed-interest securities	31							
	Equity shares	32							
	Land	33							
	Currencies	34							
	Other	35							
Adjustment for variation margin		41							
Total (11 to 41)		49							

Instructions for completion of Form 17

9. The entry at 17.49.2 must be included at 14.4738.1 or 15.49.1. as appropriate.

...

Instructions for completion of Form 19

...

24A. The entry at line 69 must be shown as a percentage to two decimal places.

...

APPENDIX 9.2 (rules 9.14 to 9.22)

**GENERAL INSURANCE BUSINESS:
REVENUE ACCOUNT AND ADDITIONAL INFORMATION
(FORMS 20 TO 39)**

...

Cases where forms are required

2A Table: Forms required for the *FSA general insurance business reporting categories*:

FSA general insurance business reporting category	Form			
	F20, F21, F22, F23, F24, F25	F26, F27 F28 F29	F31 F34	F32 F34
<i>Combined categories</i>	√			
<i>Category numbers 160 and 350</i>	√		√	
<i>Risk categories with category numbers 121, 122, 123, 221, 222, 223 (i.e. direct and facultative motor)</i>				√
<i>Risk categories with category numbers below 400 other than category numbers 121, 122, 123, 221, 222, 223, 160 and 350 (i.e. all direct and facultative that is not motor, household or goods in transit and has not been allocated to a miscellaneous category)</i>			√	
<i>Risk categories with category numbers 510 to 590 and 610 to 690 (i.e. treaty reinsurance)</i>		√		
Miscellaneous primary (direct) and facultative business (<i>category number 400</i>)	√		√	
Miscellaneous treaty reinsurance accepted business (<i>category number 700</i>)	√	√		
<i>Balancing categories (category numbers 409, 709)</i>	√			

...

2B Table: Criteria (if any) for whether a Form is required for a category of *general insurance business*.
Paragraph 2C belongs to this Table.

Form	Category of business.	Reporting criteria (if any)
F20 to F25 Technical provisions and profit & loss account	<i>Category number</i> 001	Forms always required
	<i>Category numbers</i> 002,003	Either - (a) the <i>insurer's</i> 'gross undiscounted provisions' in the category of business at the end of the <i>financial year</i> exceed zero; or (b) the <i>insurer's gross written premiums</i> in the category of business in the <i>financial year</i> exceed zero.
	<i>Category numbers</i> 110, 120, 160, 180, 220, 260, 270, 280, 330, 340, 350, 400, 500, 600, 700	Either - (a) the <i>insurer's</i> 'gross undiscounted provisions' in the category of business at the end of the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's</i> total ' <u>gross undiscounted provisions</u> ' technical provisions and £1 million or (b) the <i>insurer's gross written premiums</i> in the category of business in the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's</i> total <i>gross written premiums</i> and £1 million.
	<i>Category number</i> 409	Some business in <i>category number</i> 002 is not reported on Forms 20 to 25 for <i>category numbers</i> 110 to 400.
	<i>Category number</i> 709	Some business in <i>category number</i> 003 is not reported on Forms 20 to 25 for <i>category numbers</i> 500, 600 and 700.
F26 to F29 Results by year of origin for treaties accepted	<i>Category numbers</i> 510 to 590 and 610 to 690 denominated in any one currency. <i>Category number</i> 700	Either - (a) the <i>insurer's</i> 'gross undiscounted provisions' in the category of business at the end of the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's</i> total ' <u>gross undiscounted provisions</u> ' technical provisions and £1 million or (b) the <i>insurer's gross written premiums</i> in the category of business in the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's</i> total <i>gross written premiums</i> and £1 million.
F31, F32, F34 Gross results	<i>Category numbers</i> 330 to 350 denominated	Either - (a) the <i>insurer's</i> 'gross undiscounted provisions' in the category of business at the end of

by year of origin for direct and facultative business	in any one currency. <i>Category numbers 110 to 284</i> denominated or in any one currency carried on in any 'reporting territory' <i>Category number 400</i>	the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's</i> total ' <u>gross undiscounted provisions</u> ' technical provisions and £1 million (b) the <i>insurer's gross written premiums</i> in the category of business in the <i>financial year</i> exceed: (i) £100m; or (ii) the higher of 5% of the <i>insurer's</i> total <i>gross written premiums</i> and £1 million.
---	---	---

...

Currency

3. (1) Notwithstanding the provisions of 2, amounts on **Forms 26 to 29, 31, 32 and 34** submitted in accordance with rules 9.17, 9.19 ~~9.20~~ or 9.20A ~~and on Forms 31, 32 and 34 submitted in accordance with rules 9.19, 9.20 or 9.20A~~ must be shown in the currency in which the business on the Form is denominated except that figures must be shown in sterling =

(a) in those columns and lines which the forms indicate are always to contain figures expressed in sterling; ~~and-~~

(b) if business on the form is category number 400 or 700.

...

- (3) Notwithstanding the provisions of 2, all amounts included in -

(a) columns 1, 2, 3 and 11 of Form 23, 20A, 20 to 25 ; and

(b) columns 1, 2, 3 and 11 of any Form 26 or 27 to 29, 31, 32 or 34 for category number 700; prepared in sterling,

(c) columns 3 and 10 of any Form 31 for category number 400; and

(d) columns 1 and 8 of any Form 34 for category number 400.

must be expressed in sterling as if conversion of every currency had taken place at the closing middle rate on the last day for which the appropriate rate is available in the *financial year in question*.

...

7. (1) ...
- (2) The *insurer* may make reasonable estimates of the amounts required under (1)(d) to (f) ~~and 17(1)(d) of this Appendix.~~

...

- 8B. Calculations must be performed using unrounded figures. Figures which are determined from other figures (whether or not on the same form) must be rounded after performing calculations on the unrounded component figures. Ratios must be reported to two decimal places.

...

Discounting

27. (1) ...
- (2) ...
- (3) ...
- (4) In **Form 30**, the value of an asset or liability which would be treated as an asset or liability in a particular currency for the purposes of PRU 4.2.53R ~~rule 7.1 (disregarding rule 7.6(1))~~ (notwithstanding PRU 4.2.54R) must be shown in that currency.

...

31. The currency codes required for **Forms 26 to 29, 31, 32 and 34** and country codes must be in accordance with the following Table:

COUNTRY	CODE	CURRENCY	CODE
...			
Cambodia	QU	riel riel	KHR
...			
Channel Islands	BA	British pound	€GBP
...			
China, Peoples Rep. Of	QJ	<u>Renminbi</u> yuan	CNY
...			
Finland	BR	Euro	<u>EUR</u> CY
...			
India	QB	Indian rupee	INR
Indonesia	QM	<u>Indonesian</u> rupiah	IDR
...			
Kirghizia (alternate name for Kyrgyzstan)	RV	<u>Kyrgyzstani</u> som	<u>KGS</u>
...			
Korea, South	QR	<u>South</u> North Korean won	KRPW
Korea, North	QP	<u>North</u> South Korean won	KPRW
...			
<u>Kyrgyz, republic of (Kyrgyzstan)</u>	RV	<u>Kyrgyzstani</u> som	<u>KGS</u>
...			
Qatar	PG	Qatari riyal	QAR
....			
Russia	RN	rouble	RUB
...			
Saudi Arabia	PF	<u>Saudi</u> riyal	SAR
...			
Uganda	MB	Ugandan shillings	UGX
...			

....

32. The reporting territory codes required for **Forms 30, 31, 32 and 34** must be in accordance with the following Table:

...

Replace Form 20A with the following revised version.

General insurance business – summary of business carried on

Name of insurer

Global business/UK branch business/EEA branch

Financial year ended

		Company registration number	GL/ UK/ CM	day	month	year	units
R20A							£000
Category number	FSA return general insurance business reporting category		Gross premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year	
				Reported	Incurred but not reported		
			1	2	3	4	
001	Total business	1					
002	Total primary (direct) and facultative business	2					
003	Total treaty reinsurance accepted business	3					
110	Total primary (direct) and facultative accident and health (category numbers 111 to 114)	4					
120	Total primary (direct) and facultative personal lines motor business (category numbers 121 to 123)	5					
160	Primary (direct) and facultative household and domestic all risks	6					
180	Total primary (direct) and facultative personal lines financial loss (category numbers 181 to 187)	7					
220	Total primary (direct) and facultative commercial motor business (category numbers 221 to 223)	8					
260	Total primary (direct) and facultative commercial lines property (category numbers 261 to 263)	9					
270	Total primary (direct) and facultative commercial lines liability business (category numbers 271 to 274)	10					
280	Total primary (direct) and facultative commercial lines financial loss (category numbers 281 to 284)	11					
330	Total primary (direct) and facultative aviation (category numbers 331 to 333)	12					
340	Total primary (direct) and facultative marine (category numbers 341 to 347)	13					
350	Total primary (direct) and facultative goods in transit	14					
400	Miscellaneous primary (direct) and facultative business	15					
500	Total non-proportional treaty reinsurance business accepted (category numbers 510 to 590)	16					
600	Total proportional treaty reinsurance business accepted (category numbers 610 to 690)	17					
700	Miscellaneous treaty reinsurance accepted business	18					
	TOTAL (lines 4 to 18)	20					

General insurance business – summary of business carried on

Form 20A
Sheet 2

Name of insurer

Global business/UK branch business/EEA branch

Financial year ended

		Company registration number	GL/ UK/ CM	day	month	year	units
R20A							£000
Category number	FSA return general insurance business reporting category		Gross premium written in this financial year	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year	
				Reported	Incurred but not reported		
			1	2	3	4	

PRIMARY (DIRECT) and FACULTATIVE PERSONAL LINES BUSINESS

111	Medical insurance	21				
112	HealthCare cash plans	22				
113	Travel	23				
114	Personal accident or sickness	24				
121	Private motor – comprehensive	25				
122	Private motor – non-comprehensive	26				
123	Motor cycle	27				
160	Household and domestic all risks (equals line 6)	28				
181	Assistance	29				
182	Creditor	30				
183	Extended warranty	31				
184	Legal expenses	32				
185	Mortgage indemnity	33				
186	Pet insurance	34				
187	Other personal financial loss	35				

PRIMARY (DIRECT) and FACULTATIVE COMMERCIAL LINES BUSINESS

221	Fleets	41				
222	Commercial vehicles (non-fleet)	42				
223	Motor other	43				
261	Commercial property	44				
262	Consequential loss	45				
263	Contractors or engineering all risks	46				
271	Employers liability	47				
272	Professional indemnity	48				
273	Public and products liability	49				
274	Mixed commercial package	50				
281	Fidelity and contract guarantee	51				
282	Credit	52				
283	Suretyship	53				
284	Commercial contingency	54				

General insurance business – summary of business carried on

Name of insurer

Global business/UK branch business/EEA branch

Financial year ended

		Company registration number	GL/ UK/ EEA	day	month	year	units
R20A							£000
Category number	FSA return general insurance business reporting category			Gross premium written in this financial year 1	Provision for undiscounted gross claims outstanding at the end of this financial year		Provision for gross unearned premium at the end of this financial year 4
					Reported 2	Incurred but not reported 3	
PRIMARY (DIRECT) and FACULTATIVE: AVIATION, MARINE and TRANSPORT							
331	Aviation liability			61			
332	Aviation hull			62			
333	Space and satellite			63			
341	Marine liability			64			
342	Marine hull			65			
343	Energy (on and off-shore)			66			
344	Protection and indemnity			67			
345	Freight demurrage and defence			68			
346	War risks			69			
347	Yacht			70			
350	Total primary (direct) and facultative goods in transit (equals line 14)			71			
PRIMARY (DIRECT) and FACULTATIVE: MISCELLANEOUS							
400	Miscellaneous primary (direct) and facultative business (equals line 15)			72			
NON-PROPORTIONAL TREATY							
510	Non-proportional accident & health			81			
520	Non-proportional motor			82			
530	Non-proportional aviation			83			
540	Non-proportional marine			84			
550	Non-proportional transport			85			
560	Non-proportional property			86			
570	Non-proportional liability (non-motor)			87			
580	Non-proportional financial lines			88			
590	Non-proportional aggregate cover			89			
PROPORTIONAL TREATY							
610	Proportional accident & health			91			
620	Proportional motor			92			
630	Proportional aviation			93			
640	Proportional marine			94			
650	Proportional transport			95			
660	Proportional property			96			
670	Proportional liability (non-motor)			97			
680	Proportional financial lines			98			
690	Proportional aggregate cover			99			
TREATY REINSURANCE: MISCELLANEOUS							
700	Miscellaneous treaty reinsurance accepted business (equals line 18)			101			
TOTAL (lines 21 to 101)				111			

Instructions for completion of Form 20A

1. The amount to be shown under *gross written premiums* for an *FSA general insurance business reporting category* must equate to $F21.(11+12+13+14+15).(1+2)$ plus $F24.11+12$ as if **Forms 21** or **24** were required for that *FSA general insurance business reporting category*.

...

Replace Forms 20-30 with the following revised versions. Instructions to Forms 20, 21, 22, 23, 24 and 25 are unchanged.

General insurance business : Technical account (excluding equalisation provisions)

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

		Company registration number	GL/ UK/ CM	day	month	year	units	Category number
		R20					£000	
Items to be shown net of reinsurance				This financial year 1		Previous year 2		
This year's underwriting (accident year accounting)	Earned premium (21. 19. 5)	11						
	Claims incurred (22. 17. 4)	12						
	Claims management costs (22. 18. 4)	13						
	Adjustment for discounting (22. 52. 4)	14						
	Increase in provision for unexpired risks (22. 19. 4)	15						
	Other technical income or charges (particulars to be specified by way of supplementary note)	16						
	Net operating expenses (22. 42. 4)	17						
	Balance of year's underwriting (11-12-13+14-15+16-17)	19						
Adjustment for prior years' underwriting (accident year accounting)	Earned premium (21.11. 5)	21						
	Claims incurred (22. 13. 4)	22						
	Claims management costs (22. 14. 4)	23						
	Adjustment for discounting (22. 51. 4)	24						
	Other technical income or charges (particulars to be specified by way of supplementary note)	25						
	Net operating expenses (22. 41. 4)	26						
	Balance (21-22-23+24+25-26)	29						
Balance from underwriting year accounting	Per Form 24 (24. 69. 99-99)	31						
	Other technical income and charges (particulars to be specified by way of supplementary note)	32						
	Total	39						
Balance of all years' underwriting (19+29+39)		49						
Allocated investment income		51						
Transfer to non-technical account (49+51)		59						

General insurance business (accident year accounting): Analysis of premiums
Form 21

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

			Company registration number	GL/ UK/ CM	day	month	year	units	Category number
			R21					£000	
Premiums receivable during the financial year		Gross premiums written		Reinsurers' share		Net of reinsurance			
		Earned in previous financial years 1		Earned in previous financial years 3		Earned in previous financial years 5			
In respect of risk incepted in previous financial years		11							
		Earned in this financial year	Unearned at end of this financial year	Earned in this financial year	Unearned at end of this financial year	Earned in this financial year	Unearned at end of this financial year		
		1	2	3	4	5	6		
In respect of risks incepted in previous financial years		12							
In respect of risks incepted in this financial year	For periods of less than 12 months	13							
	For periods of 12 months	14							
	For periods of more than 12 months	15							
Premiums receivable (less rebates and refunds) in previous financial years not earned in those years and brought forward to the financial year		16							
Total (12 to 16)		19							

General insurance business (accident year accounting) : Analysis of claims, expenses and technical provisions

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

		Company registration number	GL/ UK/ CM	day	month	year	units	Category number
R22							£000	
				Amount brought forward from previous financial year	Amount payable / receivable in this financial year	Amount carried forward to next financial year	Amount attributable to this financial year	
				1	2	3	4	
Claims incurred in respect of incidents occurring prior to this financial year	Gross amount	11						
	Reinsurers' share	12						
	Net (11-12)	13						
	Claims management costs	14						
Claims incurred in respect of incidents occurring in this financial year	Gross amount	15						
	Reinsurers' share	16						
	Net (15-16)	17						
	Claims management costs	18						
Provision for unexpired risks		19						
Net operating expenses	Commissions	21						
	Other acquisition expenses	22						
	Administrative expenses	23						
	Reinsurance commissions and profit participations	24						
	Total (21+22+23-24)	29						
Adjustments for discounting in respect of the items shown at lines 11 to 18 above	Gross amount	31						
	Reinsurers' share	32						
	Claims management costs	33						
	Total (31-32+33)	39						
Split of line 29	Prior financial years	41						
	This financial year	42						
Split of line 39	Incidents occurring prior to this financial year	51						
	Incidents occurring in this financial year	52						

General insurance business (accident year accounting): Analysis of net claims and premiums

Form 23

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

Company
registration
number

GL/
UK/
CM

day

month

year

units

Category
number

Accident year ended			Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration / (surplus) of original claims reserve %	Claims ratio %
Month	Year						Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)					
			1	2	3	4	5	6	7	8	9	10	11	12	13
		11													
		12													
		13													
		14													
		15													
		16													
		17													
		18													
		19													
		20													
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29													

General insurance business (underwriting year accounting): Analysis of premiums, claims and expenses
Form 24

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

				Company registration number		GL/UK/CM		day	month	year	units	Category number												
		R24									£000													
Underwriting year ended		Prior underwriting years		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	Total all previous columns		
		29	29																			99	99	
Premiums written	Gross amount	11																						
	Reinsurers' share	12																						
	Net (11-12)	19																						
Claims paid	Gross amount	21																						
	Reinsurers' share	22																						
	Net (21-22)	29																						
Claims management costs		39																						
Net operating expenses	Commissions	41																						
	Other acquisition expenses	42																						
	Administrative expenses	43																						
	Reinsurers' commissions and profit participations	44																						
	Payable net (41+42+43-44)	49																						
Technical provisions	Brought forward	Undiscounted	51																					
		Adjustment for discounting	52																					
	Carried forward	Undiscounted	53																					
		Adjustment for discounting	54																					
	Increase (decrease) in the financial year (53-54-51+52)		59																					
Balance on each underwriting year (19-29-39-49-59)		69																						

General insurance business (underwriting year accounting): Analysis of technical provisions

Form 25

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

				Company registration number		GL/UK/CM		day	month	year	units	Category number											
		R25									£000												
Underwriting year ended		Prior underwriting years		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	Total all previous columns	
		29	29																			99	99
Reported claims outstanding	Gross amount	11																					
	Reinsurers' share	12																					
Claims incurred but not reported	Gross amount	13																					
	Reinsurers' share	14																					
Claims management costs		15																					
Adjustment for discounting	Gross amount	16																					
	Reinsurers' share	17																					
	Claims management costs	18																					
Allocation to / (from) another risk category of anticipated surplus		19																					
Balance of the fund		20																					
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		21																					
Provision for unearned premiums		22																					
Provision for unexpired risks		23																					
Deferred acquisition costs		24																					
Other technical provisions (particulars to be specified by way of supplementary note)		25																					
Total (21+22+23-24+25)		29																					

General insurance business (accident year accounting): Analysis of net claims and premiums by risk category for treaty reinsurance

Form 26

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

Currency

Accident year ended			Company registration number	GL/UK/CM	day	month	year	Monetary units	Category number	Currency code					
Month	Year		R26												
			Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward	Claims outstanding brought forward	Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration / (surplus) of original claims reserve %	Claims ratio %		
			1	2	3	4	5	6	7	8	9	10	11	12	13
		11													
		12													
		13													
		14													
		15													
		16													
		17													
		18													
		19													
		20													
Prior accident years		21													
Reconciliation		22													
Total (11 to 22)		29													

General insurance business (accident year accounting): Analysis of net claims and premiums by risk category for treaty reinsurance

Name of insurer
 Global business/UK branch business/EEA branch business
 Financial year ended
 FSA general insurance business reporting category

Currency

R26														
Accident year ended		Claims paid (net) during the accident year	Claims outstanding (net) as at end of the accident year	Total claims paid (net) since the end of the accident year but prior to this financial year	Claims paid (net) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (net)	Earned premiums (net)	Deterioration / (surplus) of original claims reserve %	Claims ratio %
Month	Year					Reported (net)	Incurred but not reported (net)	Reported (net)	Incurred but not reported (net)					
		1	2	3	4	5	6	7	8	9	10	11	12	13

Instructions for completing Form 26

...

12. The box marked "currency code" must be completed by inserting the relevant 3 character currency code from the list in the Table in **Appendix 9.2 Paragraph 31**.

...

General insurance business (accident year accounting): Analysis of gross claims and premiums by risk category for treaty reinsurance

Form 27

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

Currency

															Company registration number	GL/ UK/ CM	day	month	year	Monetary units	Category number	Currency code	
															R27								
Accident year ended			Claims paid (gross) during the accident year	Claims outstanding (gross) as at end of the accident year	Total claims paid (gross) since the end of the accident year but prior to this financial year	Claims paid (gross) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (gross)	Earned premiums (gross)	Deterioration / (surplus) of original claims reserve %	Claims ratio %								
Month	Year						Reported (gross)	Incurred but not reported (gross)	Reported (gross)	Incurred but not reported (gross)													
							5	6	7	8													
		11	1	2	3	4	5	6	7	8	9	10	11	12	13								
		11																					
		12																					
		13																					
		14																					
		15																					
		16																					
		17																					
		18																					
		19																					
		20																					
Prior accident years		21																					
Reconciliation		22																					
Total (11 to 22)		29																					

General insurance business (accident year accounting): Analysis of gross claims and premiums by risk category for treaty reinsurance

Name of insurer
 Global business/UK branch business/EEA branch business
 Financial year ended
 FSA general insurance business reporting category

Currency

														Company registration number	GL/ UK/ CM	day	month	year	Monetary units	Category number	Currency code	
														R27								
Accident year ended		Claims paid (gross) during the accident year	Claims outstanding (gross) as at end of the accident year	Total claims paid (gross) since the end of the accident year but prior to this financial year	Claims paid (gross) during this financial year	Claims outstanding carried forward		Claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Deduction for discounting from claims outstanding carried forward (gross)	Earned premiums (gross)	Deterioration / (surplus) of original claims reserve %	Claims ratio %								
Month	Year					Reported (gross)	Incurred but not reported (gross)	Reported (gross)	Incurred but not reported (gross)													
						1	2	3	4						5	6	7	8	9	10	11	12

Instructions for completing Form 27

...

12. The box marked "currency code" must be completed by inserting the relevant 3 character currency code from the list in the Table in **Appendix 9.2 Paragraph 31**.

...

General insurance business (underwriting year accounting): Analysis of premiums, claims and expenses by risk category for treaty reinsurance

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

Currency

		Company registration number		GL/UK/CM		day		month		year		Monetary units				Category number				Currency code					
		R28																							
Underwriting year ended		Prior underwriting years		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	Total all previous columns	
		29	29																					99	99
Premiums written	Gross amount	11																							
	Reinsurers' share	12																							
	Net (11-12)	19																							
Claims paid	Gross amount	21																							
	Reinsurers' share	22																							
	Net (21-22)	29																							
Claims management costs		39																							
Net operating expenses	Commissions	41																							
	Other acquisition expenses	42																							
	Administrative expenses	43																							
	Reinsurers' commissions and profit participations	44																							
	Payable net (41+42+43-44)	49																							
Technical provisions	Brought forward	Undiscounted	51																						
		Adjustment for discounting	52																						
	Carried forward	Undiscounted	53																						
		Adjustment for discounting	54																						
	Increase (decrease) in the financial year (53-54-51+52)		59																						
Balance on each underwriting year (19-29-39-49-59)		69																							

General insurance business (underwriting year accounting): Analysis of premiums, claims and expenses by risk category for treaty reinsurance

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

Currency

FSA general insurance business reporting category

								Company registration number		GL/ UK/ CM		day		month		year		Monetary units		Category number		Currency code				
		R28																								
Underwriting year ended			MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY
Premiums written	Gross amount		11																							
	Reinsurers' share		12																							
	Net (11-12)		19																							
Claims paid	Gross amount		21																							
	Reinsurers' share		22																							
	Net (21-22)		29																							
Claims management costs			39																							
Net operating expenses	Commissions		41																							
	Other acquisition expenses		42																							
	Administrative expenses		43																							
	Reinsurers' commissions and profit participations		44																							
	Payable net (41+42+43-44)		49																							
Technical provisions	Brought forward	Undiscounted	51																							
		Adjustment for discounting	52																							
	Carried forward	Undiscounted	53																							
		Adjustment for discounting	54																							
	Increase (decrease) in the financial year (53-54-51+52)		59																							
Balance on each underwriting year (19-29-39-49-59)			69																							

Instructions for completing Form 28

...

8. The box marked "currency code" must be completed by inserting the relevant 3 character currency code from the list in the Table in **Appendix 9.2 Paragraph 31**.

...

General insurance business (underwriting year accounting): Analysis of technical provisions by risk category for treaty reinsurance

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

Currency

			Company registration number		GL/UK/CM		day		month		year		Monetary units				Category number				Currency code					
			R29																							
Underwriting year ended			Prior underwriting years		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	Total all previous columns	
			29	29																					99	99
Reported claims outstanding	Gross amount	11																								
	Reinsurers' share	12																								
Claims incurred but not reported	Gross amount	13																								
	Reinsurers' share	14																								
Claims management costs		15																								
Adjustment for discounting	Gross amount	16																								
	Reinsurers' share	17																								
	Claims management costs	18																								
Allocation to / (from) another risk category of anticipated surplus		19																								
Balance of the fund		20																								
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		21																								
Provision for unearned premiums		22																								
Provision for unexpired risks		23																								
Deferred acquisition costs		24																								
Other technical provisions (particulars to be specified by way of supplementary note)		25																								
Total (21+22+23-24+25)		29																								

General insurance business (underwriting year accounting): Analysis of technical provisions by risk category for treaty reinsurance

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

Currency

		Company registration number	GL/ UK/ CM	day	month	year	Monetary units		Category number		Currency code														
		R29																							
Underwriting year ended		MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY	MM	YY
Reported claims outstanding	Gross amount	11																							
	Reinsurers' share	12																							
Claims incurred but not reported	Gross amount	13																							
	Reinsurers' share	14																							
Claims management costs		15																							
Adjustment for discounting	Gross amount	16																							
	Reinsurers' share	17																							
	Claims management costs	18																							
Allocation to / (from) another risk category of anticipated surplus		19																							
Balance of the fund		20																							
Claims outstanding (11-12+13-14+15-16+17-18+19+20)		21																							
Provision for unearned premiums		22																							
Provision for unexpired risks		23																							
Deferred acquisition costs		24																							
Other technical provisions (particulars to be specified by way of supplementary note)		25																							
Total (21+22+23-24+25)		29																							

Instructions for completing Form 29

...

10. The box marked "currency code" must be completed by inserting the relevant 3 character currency code from the list in the Table in **Appendix 9.2 Paragraph 31**.

...

General insurance business : Expected income and yield from admissible assets covering discounted provisions

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

											Company registration number	GL/ UK/ CM	day	month	year	units	
											R30						£000
Major currencies	Reporting territory code		Total admissible assets as shown on Form 13	Admissible assets hypothecated to cover the provision for outstanding claims being discounted	Expected income from assets included in column 2	Yield %	Technical provisions	Provision for outstanding claims being discounted		Unwind in the discount in the next financial year	Rates of interest at which the provision is being discounted						
								Before deduction for discounting	Deduction for discounting		Highest	Lowest	Average rate				
						1	2	3	4	5	6	7	8	9	10	11	
		11															
		12															
		13															
		14															
		15															
		16															
		17															
		18															
		19															
		20															
Other currencies		21															
Total		29															

General insurance business : Expected income and yield from admissible assets covering discounted provisions

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

			Company registration number	GL/ UK/ CM	day	month	year	units
			R30					£000
Type of asset			Value of admissible assets as shown on Form 13	Admissible assets hypothecated to cover the provision for outstanding claims being discounted	Expected income from assets included in column 2		Yield %	
			1	2	3		4	
Land and buildings			31					
Fixed interest securities	Approved securities	32						
	Other	33						
Variable interest and variable yield securities (excluding items shown at line 36)	Approved securities	34						
	Other	35						
Equity shares and holding in collective investment schemes			36					
Loans secured by mortgages			37					
All other assets	Producing income	38						
	Not producing income	39						
Total			49					

Instructions for completion of Form 30

...

13. The entry under the column headed 'reporting territory code' must be one of the codes listed in **Appendix 9.2 Paragraph 32.**

...

Replace Form 31 with the following revised version.

General insurance business (accident year accounting): Analysis of gross claims and premiums by risk category for direct insurance and facultative reinsurance

Name of insurer

Currency

Global business/UK branch business/EEA branch business

Financial year ended

Reporting territory

FSA general insurance business reporting category

Accident year ended		Company registration number	GL/UK/CM	day	month	year	Monetary units	Category number	Currency code	Reporting territory code		
		R31										
		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %
Month	Year	Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
		1	2	3	4	5	6	7	8	9	10	11
		11										
		12										
		13										
		14										
		15										
		16										
		17										
		18										
		19										
		20										
Prior accident years		21										
Total (11 to 21)		29										
Line 29 expressed in sterling		30										

Currency

Financial year ended

Reporting territory

FSA general insurance business reporting category

71

Instructions for completing Form 31

...

9. On the continuation sheet, for *category number* 274, the amounts in columns 2 and 4 to 8 for accident years ending prior to 31 December 1996 may be shown in the aggregate and columns 1 and 3 need not be completed for accident-underwriting years ending prior to 31 December 1996.

...

12. The box marked "currency code" must be completed by inserting the relevant 3 character currency code from the list in the Table in **Appendix 9.2 Paragraph 31**.
13. The entry alongside "reporting territory" must be that required by the relevant 3 character code from the list in the Table in Appendix 9.2 Paragraph 16(3) 32 and the entry in the box marked "reporting territory code" must be the relevant 2 character code from the list in the Table in **Appendix 9.2 Paragraph 32**.

...

Replace Form 32 with the following revised version.

General insurance business (accident year accounting): Analysis of gross claims and premiums for motor vehicle direct insurance and facultative reinsurance

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

Currency

Reporting territory

Accident year ended		Number of claims		Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (4+5+6-7-8)	Gross earned premiums	Claims ratio %	Vehicle years (000s)	Claims frequency %
Month	Year	Closed at some cost during this or previous financial years	Reported claims outstanding	In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported					
		1	2	3	4	5	6	7	8	9	10	11	12	13
		11												
		12												
		13												
		14												
		15												
		16												
		17												
		18												
		19												
		20												
Prior accident years		21												
Total (11 to 21)		29												
Line 29 expressed in sterling		30												

Instructions for completing Form 32

...

7. For accident years ended on or after 31 December 2006, the percentage shown at column 13 must be the ratio of the sum of columns 1 and 2 to the unrounded number of years underpinning column 12. For accident years ended before 31 December 2006, the percentage shown at column 13 must be the ratio of the sum of columns 1 and 2 to either the unrounded number of years underpinning column 12 or the product of 1000 and column 12.

...

10. The box marked "currency code" must be completed by inserting the relevant 3 character currency code from the list in the Table in **Appendix 9.2 Paragraph 31**.
11. The entry alongside "reporting territory" must be that required by the relevant 3 character code from the list in the Table in **Appendix 9.2 Paragraph 16(3) 32** and the entry in the box marked "reporting territory code" must be the relevant 2 character code from the list in the Table in **Appendix 9.2 Paragraph 32**.

...

Replace Form 34 with the following revised version.

General insurance business (underwriting year accounting): Analysis of gross claims and premiums by risk category for direct insurance and facultative reinsurance

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

FSA general insurance business reporting category

Currency

Reporting territory

			Company registration number	GL/ UK/ CM	day	month	year	Monetary units	Category number	Currency code	Reporting territory code
			R34								
Underwriting year ended			Gross claims paid		Gross claims outstanding carried forward		Gross claims outstanding brought forward		Claims incurred (latest year) or developed (other years) during this financial year (2+3+4-5-6)	Gross written premiums	Claims ratio %
Month	Year		In previous financial years	In this financial year	Reported	Incurred but not reported	Reported	Incurred but not reported			
			1	2	3	4	5	6	7	8	9
		11									
		12									
		13									
		14									
		15									
		16									
		17									
		18									
		19									
		20									
Prior underwriting years		21									
Total (11 to 21)		29									
Line 29 expressed in sterling		30									

Currency

Reporting territory

76

Instructions for completing Form 34

...

9. On the continuation sheet, for *category number* 274, the amounts in columns 2 to 6 for underwriting ~~accident~~ years ending prior to 31 December 1996 may be shown in the aggregate and column 1 need not be completed for underwriting years ending prior to 31 December 1996."

...

11. The box marked "currency code" must be completed by inserting the relevant 3 character currency code from the list in the Table in **Appendix 9.2 Paragraph 31**.
12. The entry alongside "reporting territory" must be that required by the relevant 3 character code from the list in the Table in Appendix 9.2 Paragraph 16(3) 32 and the entry in the box marked "reporting territory code" must be the relevant 2 character code from the list in the Table in Appendix 9.2 Paragraph 32.

...

Replace Forms 36-39 with the following revised versions. Instructions to these Forms are unchanged.

Currency rates

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

		Company registration number	GL/ UK/ CM	day	month	year
R36						
Name of currency	Currency code	no. of units to £ sterling				

Equalisation provisions

Form 37

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

		Company registration number		GL/UK/CM		day	month	year	units
		R37							£000
		Business grouping A (property)	Business grouping B (business interruption)	Business grouping C (marine and aviation)	Business grouping D (nuclear)	Business grouping E (non-proportional treaty)	All business groupings		Credit insurance business
		1	2	3	4	5	6		7
Calculation of the maximum provision									
Total net premiums written in the previous 4 years	11								
Net premiums written in the current year	12								
Maximum provision	13								

Calculation of the transfer to/from the provision

Equalisation provision brought forward	21								
Transfers in	22								
Total abnormal loss	23								
Provisional transfers out	24								
Excess of provision transfer out over fund available	25								
Provisional amount carried forward (21+22-24+25)	26								
Excess, if any, of 26 over 13	27								
Equalisation provision carried forward (26-27)	28								
Transfer in/(out) for financial year (28-21)	29								

Equalisation provisions technical account: Accident year accounting
Form 38

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

Company registration number	GL/ UK/ CM	day	month	year	units
R38					£000

		Business grouping A (property)	Business grouping B (business interruption)	Business grouping C (marine and aviation)	Business grouping D (nuclear)	Business grouping E (non-proportional treaty)
Other than credit business		1	2	3	4	5
Net premiums earned	11					
Claims incurred net of reinsurance	12					
Trigger claims value	13					
Abnormal loss	19					
Trigger claims ratio		72.5%	72.5%	95%	25%	100%

Credit business

Net premiums earned	21	
Claims incurred net of reinsurance	22	
Claims management costs	23	
Net operating expenditure	24	
Technical surplus / (deficit) (21-22-23-24)	29	

Equalisation provisions technical account: Underwriting year accounting
Form 39

Name of insurer

Global business/UK branch business/EEA branch business

Financial year ended

Company registration number	GL/ UK/ CM	day	month	year	units
R39					£000

		Business grouping A (property)	Business grouping B (business interruption)	Business grouping C (marine and aviation)	Business grouping D (nuclear)	Business grouping E (non-proportional treaty)
Other than credit business		1	2	3	4	5
Net premiums written	11					
Claims net of reinsurance	12					
Trigger claims value	13					
Abnormal loss	19					
Trigger claims ratio		72.5%	72.5%	95%	25%	100%

Credit business

Net premiums written	21	
Claims net of reinsurance	22	
Claims management costs	23	
Net operating expenditure	24	
Technical surplus / (deficit) (21-22-23-24)	29	

...

APPENDIX 9.3 (rules 9.14 and 9.23)

LONG-TERM INSURANCE BUSINESS: REVENUE ACCOUNT AND ADDITIONAL INFORMATION (FORMS 40 TO 60)

...

2. The provisions of paragraph 1(2) and paragraphs 3 to 7 of **Appendix 9.1** must, unless otherwise provided, also apply for the purposes of this Appendix. All amounts must be shown in sterling to the nearer £1,000 except valuation unit prices in Form 55 where the currency and rounding must be that used in the valuation. Calculations must be performed using unrounded figures. Figures which are determined from other figures (whether or not on the same form) must be rounded after performing calculations on the unrounded component figures. Percentages must be shown to two decimal places.
3. For the purposes of this Appendix:
 - (a) “overseas business” means *long-term insurance business* which is Overseas Life Assurance Business or Overseas PHI and Sickness Business as defined by the Income and Corporation Taxes Act 1988;

...

7. For *financial years* ending on or before 30 December 2006, an *insurer* is not required to complete entries in the 'previous year' column in **Forms 40 to 46, 50 and 58** if the entry cannot be obtained directly from the previous year's *return*.
8. The full amount of *premiums* and *claims* under a *contract of insurance* must be reported under headings relating to these items. **Forms 40 to 60** must not be completed on the basis of deposit accounting, regardless of whether the *insurer* or any *group* of which it is part uses this basis in accordance with *international accounting standards*.

FORMS

[Forms 40 – 60 follow]

Instructions for completion of Form 40

...

8. Where a transfer is made to the non-technical account, the entry at line 26 must show amounts which have been included at line 47 of Form 58. ~~The amount shown for transfers to the non-technical account (line 26) must agree with the equivalent amount disclosed at line 47 of Form 58 — see paragraph 4 of the Instructions for completion of Form 58.~~ However, if there is a net transfer into the fund, the entry at line 26 will be negative, ~~and, by virtue of paragraph 43 of the Instructions for completion of~~ The sum of Form 58 lines 32 and 33 will be positive ~~there will be a positive entry at line 34, lines 13, 14, 15 and 47 remaining blank.~~

...

14. If the bases of conversion adopted in respect of foreign currency for income and expenditure have not already been stated in a note to Form 16, the bases ~~should~~must be stated in a supplementary note as specified in paragraph 5(2) of Appendix 9.1 [Code 4005].

...

16. Where arrangements have been in force during the *financial year* for the provision either by or to the *insurer* of management services, this fact must be stated in a supplementary note together with the name of the other party (to whom or from whom such services were provided or received) - see paragraph 5 of **Appendix 9.3**. This statement is only needed where a substantial part of the day-to-day administration of an *insurer* is undertaken by another company or vice versa. ~~Note that where the arrangement is between two insurers, the directors will need to consider very carefully the form of their certificate under~~ **Appendix 9.6, Part I paragraph 4(e).** [Code 4008]

...

Long-term insurance business: Linked funds balance sheet

Form 44

Name of insurer
 Total business / ~~subfund~~
 Financial year ended
 Units

		Financial year	Previous year
		1	2
Internal linked funds (excluding cross investment)			
Directly held assets (excluding collective investment schemes)	11		
Directly held assets in collective investment schemes of connected companies	12		
Directly held assets in other collective investment schemes	13		
Total assets (excluding cross investment) (11+12+13)	14		
Provision for tax on unrealised capital gains	15		
Secured and unsecured loans	16		
Other liabilities	17		
Total net assets (14-15-16-17)	18		
Directly held linked assets			
Value of directly held linked assets	21		
Total			
Value of directly held linked assets and units held (18+21)	31		
Surplus units	32		
Deficit units	33		
Net unit liability (31-32+33)	34		

...

Long-term insurance business: revenue account for internal linked funds

Form 45

Name of insurer
 Total business / ~~subfund~~
 Financial year ended
 Units

		Financial year	Previous year
		1	2
Income			
Value of total creation of units	11		
Investment income attributable to the funds before deduction of tax	12		
Increase (decrease) in the value of investments in the financial year	13		
Other income	14		
Total income	19		
Expenditure			
Value of total cancellation of units	21		
Charges for management	22		
Charges in respect of tax on investment income	23		
Taxation on realised capital gains	24		
Increase (decrease) in amount set aside for tax on capital gains not yet realised	25		
Other expenditure	26		
Total expenditure	29		
Increase (decrease) in funds in financial year (19-29)	39		
Internal linked fund brought forward	49		
Internal linked funds carried forward (39+49)	59		

...

Instructions for completion of Form 47

3. Information must be further divided by product code as follows:

Code	Product description
...	
<u>336</u>	<u>Mortality risk premium reinsurance</u>
...	
<u>411</u>	<u>Group death in service dependants' annuities</u>
...	
<u>506</u>	<u>Life UWP whole life regular premium (ISA)</u>
...	
<u>516</u>	<u>Life UWP endowment regular premium (ISA)</u>
...	
<u>571</u>	<u>Trustee investment plan UWP</u>
...	
<u>600</u>	<u>Income protection claims in payment</u>
...	
<u>901</u>	<u>Index linked income protection claims in payment</u>
<u>902</u>	<u>Group index linked income protection claims in payment</u>
...	

Codes 100-215 are for with-profits business in Form 51.

Codes 300-445 are for non-profit business in Form 51.

Codes 500-610 are for Form 52.

Codes 700-800 are for Form 53.

Codes 900-915 are for Form 54.

Life regular premium product codes include paid-up policies.

CPA annuities include those arising from group death in service policies and bulk purchase of annuities from occupational pension schemes.

For the purposes of allocation to product codes (e.g. code 175), group business is where there is another party in the arrangement, normally an employer. An insurer may use an internal definition to allocate between individual and group business for schemes with less than ten members.

...

5. For direct individual policies, columns 3 and 5 are the number of new plans, i.e. eliminating the effect of multiple policies being issued as part of the same premium, identifiable increments and rider benefits. A policy holder who takes out plans of the same product code during the year will contribute to column 3 or 5 for each such plan. For direct group scheme business, where the insurer has records of benefits at member level, columns 3 and 5 are the number of new members. For group scheme business, where the insurer has no records of benefits at member level, columns 3 and 5 must be zero. For business without such records, the number of new group schemes, divided by product code, must be set out in a supplementary note (code 4701). Details of approximations made in determining columns 3 and 5 ~~should~~ must be given in a note. For reinsurance accepted columns 3 and 5 are nil.

...

7. Details must be given in a supplementary note (code 4702) of approximations used to apportion between product codes.

Long-term insurance business: Non-linked assets

Form 48

Name of insurer

Total business / subfund Category of assets

Financial year ended

Units

		Unadjusted assets	Economic exposure	Expected income from assets in column 2	Yield before adjustment	Return on assets in financial year
		1	2	3	4	5
Assets backing non-profit liabilities and non-profit required minimum margin capital requirements						
Land and buildings	11					
Approved fixed interest securities	12					
Other fixed interest securities	13					
Variable interest securities	14					
UK listed equity shares	15					
Non-UK listed equity shares	16					
Unlisted equity shares	17					
Other assets	18					
Total	19					
Assets backing with-profits liabilities and with-profits capital requirements						
Land and buildings	21					
Approved fixed interest securities	22					
Other fixed interest securities	23					
Variable interest securities	24					
UK listed equity shares	25					
Non-UK listed equity shares	26					
Unlisted equity shares	27					
Other assets	28					
Total	29					
Overall return on with-profits assets						
Post investment costs but pre-tax	31					
Return allocated to non taxable 'asset shares'	32					
Return allocated to taxable 'asset shares'	33					

Instructions for completion of Form 48

1. Line 11.1 + 21.1 must equal 13.11.1.
Line 12.1 + 22.1 must equal 13.45.1 + the relevant part of 13.84.1.
Line 13.1 + 23.1 must equal 13.46.1 + the relevant part of 13.84.1.
Line 14.1 + 24.1 must equal ~~13.42.1~~ + 13.47.1 + 13.48.1 + the relevant part of 13.84.1.
Line 15.1 + 25.1 must equal the relevant part of 13.41.1.
Line 16.1 + 26.1 must equal the relevant part of 13.41.1
Line 17.1 + 27.1 must equal the relevant part of 13.41.1 + 13.21.1 + 13.23.1 + 13.25.1 + 13.27.1.
5. For a *with-profits fund* the assets backing the non-profit business must equal the amount of the non-profit *mathematical reserves* (lines ~~542~~, ~~545~~ and ~~547~~ of Form 50), plus the relevant part of the ~~required minimum margin-long-term insurance capital requirement and resilience capital requirement~~ if ~~this is~~ these are backed by assets in that fund). The remaining assets must be treated as backing the with-profits business. For a fund without with-profits business all assets are to be included in lines 11-19. Allocation of assets to back *mathematical reserves* in the base scenario between lines 11-19 and 21-29 does not prevent switches between these lines for the purposes of the *market risk scenario* used in calculating the *resilience capital requirement*.
6. Where part of the with-profits business is with respect to business which falls within paragraph (1)(b) of the definition of *with-profits fund* and that part represents more than 10% of the total with-profits *mathematical reserves*, the *insurer* must set out in a supplementary note (code 4801):
...
9. The treatment of the expected income from any asset where the payment of interest is in default and the amount of interest involved must be stated in a supplementary note (code 4802).
10. The gross redemption yield in column 4 for fixed and variable interest securities must be calculated as in PRU 4.2.34R(2) before any allowance for tax required by PRU 4.2.29R, leaving out of account any adjustment considered necessary because of PRU 4.2.41R and PRU 4.2.46R. Where a number of assets with different gross redemption yields are held, the weighted average gross redemption yield must be calculated using as weights the value of the asset applicable for entry into column ~~4~~2. Where *securities* may be redeemed over a period at the option of the guarantor or the issuer, they must be classified on the assumption that they will be redeemed at the latest possible date or, if it is assumed that they will be redeemed at any earlier date, a supplementary note must be provided explaining what assumption has been made. Subject to paragraphs 13 and 14, the yields to be inserted in column 3 for other categories of asset must be the running yields determined in accordance with PRU 4.2.33R to PRU 4.3.34R before any allowance for tax required by PRU 4.2.29R. The entries at 48.19.~~34~~ and 48.29.~~34~~ must be the weighted average of the yields in column 4, where the weight given to each asset is the value of that asset applicable for entry into column 2. Assets not producing income must be included in the calculation (code 4803).
11. Where the yield in column 4 for a type of asset shown at line 18 or 28 is significantly different from the weighted average of the yields for each asset of that type determined in accordance with PRU 4.2.34R(2) before any allowance for tax required by PRU 4.2.29R, then the latter yield figure must be shown in a supplementary note. For this purpose, the weighted average of the yields means an average yield weighted by the value of each asset of that type as entered in column ~~4~~2 (code 4804).
12. Where an entry at 13.87.1 has resulted from excess *exposure* to a *counterparty* or *excess concentration with a number of counterparties*, the aggregate value of the assets of the *insurer* giving rise to *exposure* to such *counterparties* must be stated in a supplementary note (code 4805), together with the expected income from those assets.
...

15. Firms must state in a supplementary note (code 4806) which assets have been used to calculate the investment returns shown in lines 21-29 column 5. If the firm identifies a portfolio of assets to back asset shares the returns must be based on these assets. If there are several asset share portfolios the return must be based on the largest. The assets used to calculate the investment returns in column 5 will not necessarily be the same as those assets in columns 1 or 2. The returns in lines 21-29 are before allowance for tax and investment costs, as is the return disclosed in Appendix 9.4A paragraph 4(7).

...

Long-term insurance business: Fixed and variable interest assets

Form 49

Name of insurer

Total business / subfund Category of assets

Financial year ended

Units

		Value of assets	Mean term	Yield before adjustment	Yield after adjustment
		1	2	3	4
UK government approved fixed interest securities bonds	11				
Other approved fixed interest securities	21				
Other fixed interest securities					
AAA/Aaa	31				
AA/Aa	32				
A/A	33				
BBB/Baa	34				
BB/Ba	35				
B/B	36				
CCC/Caa	37				
Other (including unrated)	38				
Total other fixed interest securities	39				
Approved variable interest securities	41				
Other variable interest securities	51				
Total (11+21+39+41+51)	61				

Instructions for completion of Form 49

...

2. The value of assets in column 1 ~~should~~ must correspond to the value of assets in column 2 of Form 48.
3. The mean term in column 2 may be calculated by using the expected yearly cashflows discounted by the internal rate of return, or an alternative actuarial method. Undated stocks ~~should~~ must be assumed to be redeemed after 40 years.

...

5. The gross redemption yield after adjustment in column 4 makes allowance for the risk adjustment required by PRU 4.2.41R and PRU 4.2.4644R.
6. A supplementary note (code 4901) must be provided stating which rating agency has been used to provide the split by credit rating.

...

Instructions for completion of Form 50

1. ...

2. ...

3. ...

Line 38 is the sum of lines ~~21 to 27~~ 31 to 37.

...

Instructions for completion of Forms 51, 52, 53 and 54

...

6. For direct individual *policies*, column 3 is the number of plans, i.e. eliminating the effect of multiple policies being issued as part of the same premium, identifiable increments and rider benefits. A *policy holder* who holds plans of the same product code taken out at different dates will contribute to column 3 for each such plan. For direct group scheme business, where the *insurer* has records of benefits at member level, column 3 is the number of members. For group scheme business, where the *insurer* has no records of benefits at member level, column 3 must be zero. For business without such records, the number of group schemes, divided by the *product code*, must be set out in a supplementary note (codes 5101-5401). Details of approximations made in estimating the number of policyholders from the number of contracts ~~should~~ must be given in a supplementary note (codes 5102-5402). For reinsurance accepted and reinsurance ceded column 3 is nil.
7. To avoid double counting, if all the premiums in the plan are invested in the *with-profits fund*, a member of a plan offering a choice of funds may be treated as contributing to column ~~53~~ 53 for unitised with-profits business. For *policies* with protection rider benefits, the entry in column ~~53~~ 53 must be for the main benefit in the plan.

...

9. For non-linked contracts the amount of benefit in column 4 is the current death benefit for assurances, the amount payable on claim for stand-alone critical illness, the annual amount of annuity for deferred annuities and annuities in payment and the annual amount of benefit for income protection and waiver of premium. For *linked long-term contracts* including life assurance, column 4 must be the current amount payable on death.

...

11. Notwithstanding 4, where neither the gross mathematical reserves nor the gross annual premiums with respect to products with the same product code exceed the lesser of £10m and 1% of the total gross mathematical reserves, the products may be entered as the appropriate miscellaneous product code in column 1 and 2. The test of whether the appropriate miscellaneous product code may be used must be carried out at firm level combining all subfunds. The product code for reinsurance must correspond to the product code for the related gross business.
12. Where a product does not appear to fit into any other product code, the miscellaneous product code can be used. Details must be disclosed in a supplementary note (codes 5103-5403) if the amount of business for that product exceeds the threshold in instruction 11.
13. Details must be given in a supplementary note (codes 5104-5404) of approximations used to apportion between product codes.

...

Long-term insurance business: index linked business**Form 56**

Name of insurer

Total business /subfund

Financial year ended

Units

Type of assets and liabilities	Name of index link	Value of assets or liabilities	Gross derivative value
	1	2	3
Total assets			n/a
Total liabilities			n/a
Net total assets			n/a

Instructions for completion of Form 56

1. Assets and liabilities in column 2 must be listed individually except that where a group of assets of similar type is held which is intended to mirror the performance of an index, a description of the type of assets held may be given. Liabilities must be shown between round brackets and must be fully described.
2. ~~A separate sub-total of a~~Assets and liabilities ~~must be used~~ for each index link and for each combination of assets and liabilities matching the *insurer's* liability under any *deposit back arrangement* must be shown separately. Links to different percentages of an index must be treated as different index links.
3. For each index link, the sub-total~~ed~~ of values in column 2 (excluding those held in respect of any *deposit back arrangement*) must match the appropriate entries in column 12 of Form 54 net of *reinsurance ceded*.
- ...
5. Where there is a liability to repay *variation margin* and there are no arrangements for netting of amounts outstanding or the arrangements would not permit the accounting of such amounts on a net basis in accordance with generally accepted accounting practice, it must be so stated in a supplementary note (code 5601).
6. Any provision for "reasonably foreseeable adverse variations" must be determined in accordance with PRU 4.3.17R(3) and shown in a supplementary note (code 5602).
7. The *insurer* must include a supplementary note (code 5603) of any circumstances which make the natural relationships break down (e.g., particular tax treatments).

Long-term insurance business – analysis of valuation interest rate

Name of insurer

Total business / subfund

Financial year ended

~~Category of surplus~~ Units

Product group	Net mathematical reserves	Net valuation interest rate	Gross valuation interest rate	Risk adjusted yield on matching assets
1	2	3	4	5
Total		n/a	n/a	n/a

Instructions for completion of Form 57

1. This Form must be completed for each ~~separate fund or part of a subfund for which a surplus is determined~~ where *mathematical reserves* for non-linked business exceed £100m. ~~The name of the fund or part of a fund is to be shown against the heading "Category of surplus". The corresponding code box must contain the code numbers consistent with Forms 51-54. Form 57 must not be completed for the total business where the firm has subfunds.~~
2. Separate lines are required for UK Life, UK Pension and overseas business liabilities, ~~for life assurance and annuity business, pension business, permanent health business and other business~~ and for with-profits and non-profit business.

...

Long-term insurance business: distribution of surplus
Form 58

Name of insurer
 Total business / subfund
 Financial year ended
 Units

		Financial year	Previous year
		1	2
Valuation result			
Fund carried forward	11		
Bonus payments in anticipation of a surplus	12		
Transfer to non-technical account	13		
Transfer to other funds / parts of funds	14		
Subtotal (11 to 14)	15		
Mathematical reserves	21		
Surplus including contingency and other reserves held towards the solvency margin (deficiency) (15-21)	29		
Composition of surplus			
Balance brought forward	31		
Transfer from non-technical account	32		
Transfer from other funds / parts of fund	33		
Surplus arising since the last valuation	34		
Total	39		
Distribution of surplus			
Bonus paid in anticipation of a surplus	41		
Cash bonuses	42		
Reversionary bonuses	43		
Other bonuses	44		
Premium reductions	45		
Total allocated to policyholders (41 to 45)	46		
Net transfer out of fund / part of fund	47		
Total distributed surplus (46+47)	48		
Surplus carried forward	49		
Total (48+49)	59		
Percentage of distributed surplus allocated to policyholders			
Current year	61		
Current year - 1	62		
Current year - 2	63		
Current year - 3	64		

Instructions for completion of Form 58

1. Separate Forms must be completed ~~in respect of each separate fund or part of a fund for which a surplus is determined~~ for the total business and each subfund.
2. The entry at line 11 must be equal to the entry at line 59 in Form 40 for the relevant subfund ~~or part of fund.~~
3. Where interim, mortuary or terminal bonuses are determined in advance of a valuation and are paid in anticipation of surplus arising at the valuation, the amounts of such bonus actually paid in the period up to the *relevant date* must be entered at lines 12 and 41. To the extent that it is the practice of the *insurer* to make special provision for the cost of such bonuses payable on future *claims* out of surplus arising at a valuation, such amounts must be treated as amounts allocated to *policy holders* at the valuation in question and included at line 44, and the actual amounts paid must not appear at lines 12 and 41 at future valuations. An appropriate supplementary note (code 5801) must identify the various items where necessary.
4. Where *policies* have been transferred from one ~~subfund/part of fund~~ to another, the associated transfer of reserves must not be included as a “transfer” in this Form. Where any other transfer has been made, only one block of lines ~~positive figure must be used inserted either at line 15 or line 34 (lines 13 and 14 or 32 and 33, depending on the direction of the net transfer) leaving the other block line blank. Corresponding entries must be made in either the block comprising lines 13 and 14 or the block comprising lines 32 and 33, as appropriate.~~
- ...
7. Where the entry at line 14 or line 33 represents more than one transaction, each transfer must be separately identified in a supplementary note (code 5802).
- ...
9. For each fund ~~/part of~~ subfund, the entry at line 21 must equal the total liabilities shown at line 48 in column 4 of Form 50.
- ...
11. The figure at line 47 must equal the sum of lines 13 and 14 ~~figure at line 15.~~
12. Lines 61-64 are not applicable for the total business where there is more than one subfund.
- ...

Instructions for completion of Forms 59A and 59B

- ...
15. Where there is more than one version or premium rate for one of the data lines, the data shown ~~should~~ must be for the version where there is the largest amount of business.

Long term insurance capital requirement

Form 60

Name of insurer

Global business / UK branch / EEA branch

Financial year ended

Units

		LTICR factor	Gross reserves / capital at risk	Net reserves / capital at risk	Reinsurance factor	LTICR Financial year	LTICR Previous year
		1	2	3	4	5	6
Insurance death risk capital component							
Classes I, II and IX	11	0.1%					
Classes I, II and IX	12	0.15%					
Classes I, II and IX	13	0.3%					
Classes III, VII and VIII	14	0.3%					
Total	15						
Insurance health risk capital component							
Class IV and supplementary classes 1 and 2	21						
Insurance expense risk capital component							
Classes I, II and IX	31	1%					
Classes III, VII and VIII (investment risk)	32	1%					
Classes III, VII and VIII (expenses fixed 5 yrs +)	33	1%					
Classes III, VII and VIII (other)	34	25%					
Class IV	35	1%					
Class V	36	1%					
Class VI	37	1%					
Total	38						
Insurance market risk capital component							
Classes I, II and IX	41	3%					
Classes III, VII and VIII (investment risk)	42	3%					
Classes III, VII and VIII (expenses fixed 5 yrs +)	43	0%					
Classes III, VII and VIII (other)	44	0%					
Class IV	45	3%					
Class V	46	0%					
Class VI	47	3%					
Total	48						
Long term insurance capital requirement							
	51						

Instructions for completion of Form 60

1. The *insurance death risk capital component* in lines 11-14 column 5 is based on capital at risk for those contracts where it is not negative. Capital at risk is the benefit payable as a result of death less the *mathematical reserves* after distribution of surplus. Business in classes I, II and IX must be split between lines 11, 12 and 13 in accordance with *PRU 7.2.82R*. Line 11 is for temporary insurance on death where the original term of the contract is 3 years or less or for a *pure reinsurer*. Line 12 is for temporary insurance where the original term is 5 years or less but more than 3 years. Line 13 is for other *class I, II or IX* business. For a *pure reinsurer* the factor of 0.3% in column 1 of line 14 ~~should~~ must be replaced by 0.1%.

...

4. For the purpose of calculating the *insurance expense risk capital component* and the *insurance market risk capital component* linked contracts ~~should~~ must be allocated to:
- lines 32 and 42 where the *firm* bears an investment risk,
 - lines 33 and 43 where the *firm* does not bear an investment risk but where the allocation to cover *management expenses* is fixed for a period exceeding 5 years from the commencement of the contract, and
 - lines 34 and 44, otherwise.

...

11. ~~For financial years starting before 1 January 2005 lines 11 to 48 of column 6 must be blank. The ratios in column 4 must be shown to 2 decimal places, but the unrounded ratios must be used for the purposes of calculating column 5.~~

APPENDIX 9.4 (rule 9.31)
ABSTRACT OF VALUATION REPORT

...

Valuation basis (other than for special reserves)

Where either the gross *mathematical reserves* or the gross annual premiums for a group of products using the same valuation method and basis exceed the lesser of £10m and 1% of the total gross *mathematical reserves*, the method and basis of valuation must be given in accordance with 4(1) to 4(9). Where a prospective method has not been used, the basis reported must be the basis used by the *insurer* to test the adequacy of the reserves.

- ~~4. (1) Where either the reserves or the annual premiums for a product exceed the lesser of £10m and 0.5% of the total *mathematical reserves*, the basis of the valuation. Where a prospective method has not been used, the basis reported must be the basis used by the *insurer* to test the adequacy of the reserves.~~
4. (21) The valuation methods used and the types of product to which each method applies, including a description of any non-standard method. See 5 to 8 for special reserves.
- (32) A table of the interest rates used, showing the product group, the rate used ~~at~~ from the end of the *financial year in question*, and, ~~for products which represent a significant amount of business~~, the rate used ~~at~~ from the end of the previous *financial year*. Where the valuation with respect to a product involves more than one interest rate (e.g. a rate in deferment and a rate in possession), both interest rates must be shown.
- (43) How the yield was adjusted to allow for risk for equity *shares*, property and other *fixed interest securities* to determine the risk adjusted yield in **Form 57**.
- (54) ~~For products which represent a significant amount of business, a~~ A table of mortality bases used, showing the product group and the bases used at the end of the *financial year in question* and at the end of the previous *financial year*. If a mortality basis cannot be expressed as a flat percentage of a standard table or as a standard table subject to a flat age rating, then the mortality basis should be shown as 'modified <name of table>'. For assurances where the 'modified table' description is used, rates must be provided for ages 25, 35, 45 and 55. For all annuitant mortality bases covered by this paragraph, the expectation of life at age 65 and 75 for annuities in payment and the expectation of life at age 65 for current ages 45 and 55 for deferred annuities must be provided. Allowances made for future changes in mortality ...
- (65) ~~For products which represent a significant amount of business, a~~ A table of morbidity bases used, showing the product group and the bases used at the end of the *financial year in question* and at the end of the previous *financial year*. If a basis cannot be expressed as a simple modification to a standard table (e.g. flat percentage, age rating), the basis must be shown as 'modified <name of

~~table>CMIR12'. If a basis cannot be represented as a standard table, Where the 'modified table' description is used then~~ the morbidity rates and recovery rates must be provided for ages 25, 35, 45 and 55. Inception and recovery rates for income protection business are only required for the most common deferred period in the firm's business and for occupation class 1. The deferred period must be stated. Recovery rates must be provided at durations of 2 and 5 years. Allowances made for future changes in morbidity ...

- (76) A table of expense bases used, showing the product group, the basis for the *financial year in question*, and the basis for the previous *financial year*. The table must show zillmer adjustments, expense assumptions for prospective methods where no further premiums are payable, expense assumptions for gross premium valuations of with-profits and non-profit premium paying business and expense assumptions for non-unit liability calculations for linked business, identifying monetary amounts and the percentages of premiums. The table must show the unit growth rates ...
- (87) Future bonus rates for gross premium valuations of with-profits business and for valuations of unitised with-profits business.
- (98) Any other material basis assumptions not stated elsewhere (e.g. persistency).
- (409) How the valuation of liabilities allowed for *derivative contracts* ...

Options and guarantees

Where the basic reserve exceeds the lesser of £10m and 1% of the total gross mathematical reserves, the methods and bases used for the calculation of the reserves for options and guarantees must be given in accordance with 5(1) to 5(4). The bases must include the assumptions for the take-up of the options and guarantees. For the purposes of 5, guarantees do not include those which have already been explicitly valued (e.g. the guaranteed sum assured on endowment contracts).

- ~~5. (1) Where the basic reserve exceeds the lesser of £10m and 1% of the total mathematical reserves, in accordance with the following subparagraphs, the methods and bases used for the calculation of the reserves for options and guarantees. The bases must include the assumptions for the take up of the options and guarantees. For the purposes of 5, guarantees do not include those which have already been explicitly valued (e.g. the guaranteed sum assured on endowment contracts).~~
- 5. (21) Guaranteed annuity rate options (where the 'asset share' or amount of benefit may be converted, at the option of the *policy holder* from cash to annuity at a guaranteed rate), including:
 - ...
- (32) Guaranteed surrender and unit-linked maturity values, including:

...

- (43) Guaranteed insurability options, including:

...

- (54) The nature of any other guarantees and options, including a description of the method and basis used, the amount of business (premium, sum assured or reserve), and the amount of additional reserve.

...

Mismatching reserves

7. (1) ...

- (6) In respect of the scenarios described under (64) and (75) which produce the most onerous requirement (whether or not a resilience capital requirement is required),

...

- (7) A statement of any further reserve made arising from the test on assets in PRU 7.2.34R(2) together with a brief description of the method used and assumptions made to calculate any such reserve.

APPENDIX 9.4A (rule 9.31(b))

ABSTRACT OF VALUATION REPORT FOR REALISTIC VALUATION

...

Costs of guarantees, options and smoothing

6. (1) ...

Notes to Table

...

In carrying out the calculations required to complete the table above, firms ~~should~~ must assume, where appropriate, that the options for which a value is to be included in the table are options which, where appropriate, are based on underlying asset portfolios which are continuously rebalanced to the stated proportions. Swaptions in relation to which a value must be included in the table must be based on swaptions with monthly payments. Firms must include in the table the value that their liability model would produce for such options and values will thus reflect the actual time-intervals underlying their valuation models~~that the underlying asset portfolios are continuously rebalanced to the stated proportions~~. The property put options should be assumed to relate to a well diversified portfolio of *United Kingdom* commercial property.

...

Risk capital margin

10. For the calculation of the *risk capital margin* for each *with-profits fund*:

(a) ...

- (i) a statement of the nature of any management actions assumed in the *risk capital margin* calculation that are in addition to those set out in 6(5)(a) above; and any material changes to other assumptions; ny material changes to other assumptions;
- (ii) a statement of the impact of such actions and assumption changes on the *risk capital margin*; namely the difference between the *risk capital margin* with such actions and assumption changes, and without. An approximate split of the effect of actions and the effect of assumption changes must be given;
- (iii) a statement of the approximate change to the table in 6(5)(b), that shows future proportions of equity assets and bonus rates, resulting from any such additional actions and assumptions changes being

integrated into the projection of assets and liabilities and thus disclosed in 6(5)(a);

- (iv) a statement as to whether the requirements of *PRU 7.4.188R* would be met if any such additional actions and assumptions changes had been integrated into the projection of assets and liabilities and thus disclosed in 6(5)(a);

...

APPENDIX 9.6 (rules 9.34 and 9.35)

CERTIFICATE BY DIRECTORS AND REPORT OF THE AUDITORS

...

2. Subject to 3, if the *insurer* carries on *long-term insurance business*, the certificate required by rule 9.34 must also state that -
- (a) in the *directors'* opinion, *premiums* for contracts entered into during the *financial year* and the resulting income earned are sufficient, under reasonable actuarial methods and assumptions, and taking into account the other financial resources of the *insurer* that are available for the purpose, to enable the *insurer* to meet its obligations in respect of those contracts and, in particular, to establish adequate *mathematical reserves*;
 - (b) the sum of the *mathematical reserves* and the deposits received from *reinsurers* as shown in **Form 14**, ~~together with any amount specified at line 63 of **Form 14** (being part of the excess of the value of the admissible assets representing the long-term insurance funds over the amount of those funds shown in **Form 14**)~~, constitute proper provision at the end of the *financial year in question* for the *long-term insurance business liabilities* (including all liabilities arising from *deposit back arrangements*, but excluding other liabilities which had fallen due before the end of the *financial year*) including any increase in those liabilities arising from a distribution of surplus as a result of an *actuarial investigation* as at that date into the financial condition of the *long-term insurance business*;

APPENDIX 9.8 (rule 9.36A)

MARINE MUTUALS: ITEMS TO BE DISREGARDED, DIRECTORS' CERTIFICATES AND AUDITORS REPORTS

...

Part III

Auditor's reports

5. Every *marine mutual* must procure an auditor's report, pursuant to *SUP*, stating whether, in the auditors' opinion -

(a) the Forms, information and statements required (except for the directors' certificate prepared in accordance with Part II of this Appendix) have been properly prepared in accordance with the *Accounts and Statements Rules*; and

...

Replace Form M3 with the following version.

Analysis of admissible assets

Name of insurer
Financial year ended

		Company registration number	day	month	year	Units (see instruction 1)
M3						
					As at end of this financial year 1	As at end of the previous year 2
Land and buildings					11	

Investments in group undertakings and participating interests

UK insurance dependants	shares	21		
	debts and loans	22		
Other insurance dependants	shares	23		
	debts and loans	24		
Non- insurance dependants	shares	25		
	debts and loans	26		
Other group undertakings	shares	27		
	debts and loans	28		
Participating interests	shares	29		
	debts and loans	30		

Other financial investments

Equity shares		41		
Other shares and other variable yield participations		42		
Holdings in collective investment schemes		43		
Rights under derivative contracts		44		
Fixed interest securities	Approved	45		
	Other	46		
Variable interest securities	Approved	47		
	Other	48		
Participation in investment pools		49		
Loans secured by mortgages		50		
Loans to public or local authorities and nationalised industries or undertakings		51		
Loans secured by policies of insurance issued by the company		52		
Other loans		53		
Bank and approved credit & financial institution deposits	One month or less withdrawal	54		
	More than one month withdrawal	55		
Other financial investments		56		

Analysis of admissible assets

Name of insurer
Financial year ended

		Company registration number	day	month	year	Units (see instruction 1)
		M3				
					As at end of this financial year 1	As at end of the previous year 2
Deposits with ceding undertakings			57			
Assets held to match linked liabilities	Index linked	58				
	Property linked	59				

Reinsurers' share of technical provisions

Provision for unearned premiums	60		
Claims outstanding	61		
Provision for unexpired risks	62		
Other	63		

Debtors and salvage

Direct insurance business	Policyholders	71		
	Intermediaries	72		
Salvage and subrogation recoveries		73		
Reinsurance	Accepted	74		
	Ceded	75		
Dependants	due in 12 months or less	76		
	due in more than 12 months	77		
Other	due in 12 months or less	78		
	due in more than 12 months	79		

Other assets

Tangible assets	80		
Deposits not subject to time restriction on withdrawal with approved institutions	81		
Cash in hand	82		
Other assets (particulars to be specified by way of supplementary note)	83		
Accrued interest and rent	84		
Deferred acquisition costs (general business only)	85		
Other prepayments and accrued income	86		

Deductions from the aggregate value of assets	87		
---	----	--	--

Grand total of admissible assets after deduction of market risk and counterparty limits (11 to 86 less 87)	89		
--	----	--	--

Analysis of admissible assets

Name of insurer
Financial year ended

		Company registration number	day	month	year	Units (see instruction 1)
M3						
					As at end of this financial year 1	As at end of the previous year 2
Reconciliation to asset values determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting						
Total admissible assets after deduction of market risk and counterparty limits (as per line 89 above)	91					
Assets in excess of market and counterparty limits	92					
Capital resources requirement deduction of regulated related undertakings	93					
Ineligible surplus capital and restricted assets in regulated related insurance undertakings	94					
Inadmissible assets of regulated related insurance undertakings	95					
Book value of related ancillary services undertakings	96					
Other differences in the valuation of assets (other than for assets not valued above)	97					
Deferred acquisition costs excluded from line 89	98					
Reinsurers' share of technical provisions excluded from line 89	99					
Other asset adjustments (may be negative)	100					
Total assets determined in accordance with the insurance accounts rules or international accounting standards as applicable to the firm for the purpose of its external financial reporting (91 to 100)	101					
Amounts included in line 89 attributable to debts due from related insurers, other than those under contracts of insurance or reinsurance	102					

Instructions for completion of Form M3

1. ...
2. ...
 - (c) assets of any particular description must be shown after deduction of assets of that description which (for any reason) fall to be left out of account under ~~rule 4.14(2)~~ the rules in PRU 3.2.
3. The aggregate value of those investments which are:
 - (a) *unlisted* investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with ~~rule 4.8~~ the rules in PRU 1.3;
 - (b) *listed* investments falling within any of lines 41, 42, 46 or 48 which have been valued in accordance with ~~rule 4.8~~ the rules in PRU 1.3 and which are not *readily realisable*;
 - (c) units or other beneficial interests in *collective investment schemes* ~~falling within paragraph (c) of rule 4.9(1)~~ that:
 - (i) are not schemes falling within the UCITS Directive;
 - (ii) are not authorised unit trust schemes or recognised schemes within the meaning of Part XVII of the Act;
 - (iii) do not employ derivative contracts unless they meet the criteria in PRU 4.3.5R;
 - (iv) do not employ contracts or assets having the effect of derivative contracts unless they have the effect of derivative contracts that meet the criteria in PRU 4.3.5R; and
 - (v) do not include assets other than admissible assets among their property; or
 - (d) reversionary interests or remainders in property other than land or buildings,

must be stated by way of a supplementary note to this Form (code 1301), together with a description of such investments.

...

- 6. ~~In line 93 "Solvency margin deduction for insurance dependants" refers to deductions under rule 4.3(2)(c). The amount to be shown in line 93 must equal the total of the relevant proportions in accordance with PRU 1.3.37R and PRU 1.3.38R of the individual capital resources requirements of the regulated related undertakings.~~
- 7. ~~In line 95 "Assets of a type not valued above" refers to those assets left out of account under rule 4.1(3). The amount to be shown in line 94 must equal the ineligible surplus capital and any restricted assets of any regulated related undertaking that is an insurance undertaking that are deducted in accordance with PRU 1.3.35R(3)(b).~~
- 8. Lines 98-101 must be completed in accordance with the insurance accounts rules or international accounting standards as applicable to the insurer for the purpose of its external financial reporting if the insurer is required to produce such accounts. Otherwise these lines must be left blank. Details of amounts in line 100 must be disclosed in a supplementary note (code 1318). The previous year figures must be left blank for financial years ending on or before 30 December 2006.

Annex B

Amendments to the Interim Prudential sourcebook for friendly societies

In this Annex underlining indicates new text and striking through indicates deleted text.

...

Chapter 5

PRUDENTIAL REPORTING

Annual actuarial investigation

...

5.1A (1) A *directive friendly society* must comply with rules 9.1 to 9.36, 9.37, and 9.39 of *IPRU(INS)* as if references to an *insurer* in those rules included a *directive friendly society*.

(2) In relation to a *directive friendly society*, references in Forms 13, 14 and 15 in Appendix 9.1 of *IPRU(INS)* to the *insurance accounts rules* must be taken as referring to the *Accounts Regulations*.

...

Chapter 7

DEFINITIONS

Part I Definitions

...

permitted derivative contract

(1) for a *directive friendly society*, means a *derivative* or *quasi-derivative* which satisfies the requirements of *PRU 4.3.5R to PRU 4.3.35R* with the exception of *PRU 4.3.18R*, as applied in relation to assets covering liabilities in respect of *linked long-term contracts of insurance*, amended as follows:

(a) in *PRU 4.3.5R* and ~~*PRU 4.3.36R*~~, "For the purpose of *PRU 2 Ann 1R* (Admissible assets in insurance)" is replaced by "For the purposes of *IPRU (FSOC)* rule 4.21 and Appendix 3";

(b) in *PRU 4.3.6R* (2) and (3), *PRU 4.3.7R* (1) and (2), and *PRU 4.3.17R* (1) and ~~*PRU 4.3.36R* (1)~~ "*admissible assets*" is replaced by "*permitted connected property*";

(c) ...

...

permitted stock lending transaction, for a *directive friendly society*, means a *stock lending* transaction which satisfies the requirements of *PRU 4.3.36R to PRU 4.3.41R*, amended as follows:

(a) in *PRU 4.3.36R*(1), "For the purposes of *PRU 2 Ann 1R* (Admissible assets in insurance)" is replaced by "For the purposes of *IPRU(FSOC)* rule 4.21 and Appendix 3";

(b) in *PRU 4.3.36R*(1)(a), "*admissible assets*" is replaced by "*permitted connected property*"; and

(c) *PRU 4.3.36R*(1)(c) is amended to read "adequate and sufficiently immediate collateral which is in the form of *permitted connected property* or a letter of credit (*PRU 4.3.38R*, *PRU 4.3.38AR*, *PRU 4.3.40R* and *PRU 4.3.41R*) is obtained to secure the obligation of the *counterparty*.";

...

Appendix 3

PERMITTED LINKS

Part I – Descriptions of property by reference to which benefits may be determined

...

9. *Permitted derivative contracts* and *permitted stock lending transactions*.

...

Annex C

Amendments to the Conduct of Business sourcebook

In this Annex underlining indicates new text.

...

6.11.16 G *IPRU(INS) rule 9.6(6) requires an insurer to deposit with the FSA any statement or report made to its with-profits policyholders under COB 6.11.8G, COB 6.11.9R or SUP 4.3.16AR(4) when it deposits its return. If a statement or report has not been made when the return is deposited, IPRU(INS) rule 9.6(6A) requires the insurer to deposit it as soon as possible thereafter.*