



# INSURANCE (SUPPLEMENTARY INFORMATION) REGULATIONS 2016

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Statutory Document No. 2016/0107

*Insurance Act 2008*

# INSURANCE (SUPPLEMENTARY INFORMATION) REGULATIONS 2016

*Laid before Tynwald:**Coming into Operation: In accordance with regulation 2*

The Isle of Man Financial Services Authority makes the following Regulations under section 50 of the Insurance Act 2008, after carrying out the consultation required by section 50(3) of that Act.

## 1 Title

These Regulations are the Insurance (Supplementary Information) Regulations 2016.

## 2 Commencement and application

Subject to 11(2) these Regulations come into operation on 15 March 2016 and apply to audited accounts and supplementary information of an authorised insurer where the date of approval is on or after the 15 March 2016 in respect of periods ending 31 December 2015 or later.

## 3 Interpretation

In these Regulations –

“**1986 Regulations**” means the Insurance Regulations 1986<sup>1</sup>;

“**the Act**” means the Insurance Act 2008 and a reference to a section (without more) is a reference to a section of that Act;

“**audited accounts**” means the audited annual accounts required to be produced to the Authority under section 14(3) of the Act;

“**date of approval**” means the date on which the balance sheet of the company is signed in accordance with section 8 of the Companies Act 1982 or the date at which the directors approved the written accounts in accordance with section 80(2) of the Companies Act 2006 (as applicable);

<sup>1</sup> GC 319/86

“**general insurance business**” means (re)insurance business within classes 3 to 9, 11 and 12 (other than restricted long-term business);

“**Generally Accepted Accounting Principles**” has the meaning given by Section 3A of the Companies Act 1982;

“**long-term business**” has the meaning given by regulation 3 of the 1986 Regulations;

“**regulatory net assets**” means the amount shown, or which would be shown, in the regulatory balance sheet prepared in accordance with regulation 8;

“**restricted long-term business**” means long-term business written within class 12; and

“**supplementary information**” means the statements, reports, certificates and information required by regulation 4.

#### 4 Supplementary information

- (1) The statements, reports, certificates and information set out in paragraphs (2) to (6) (where applicable) must be produced by an authorised insurer to the Authority at the same time as the audited accounts of the insurer are submitted.
- (2) Regulatory financial statements prepared in accordance with regulation 5 in respect of each financial year for which audited accounts are prepared.
- (3) To the extent that the information is not separately identified in the audited accounts or regulatory financial statements, the information set out in Part I of Schedule 5 in respect of each financial year for which audited accounts are prepared.
- (4) A certificate in the form set out in Part II of Schedule 5 must be attached to the information referred to in paragraph (3) and must be signed by two of the authorised insurer’s directors, at least one of whom must be resident in the Island.
- (5) In respect of insurers authorised to undertake long-term business a report signed by the actuary to the insurer which contains —
  - (a) an analysis of the value of liabilities of the long-term business fund calculated in accordance with the Insurance (Valuation of Long Term Liabilities) Regulations 2007 (where applicable), specifying the basis of the valuation and methods used, both net and gross of reinsurance, under contracts within each class of business categorised by reference to each type of product;
  - (b) an analysis of expenses attributable to the long-term business fund, including a comparison between initial and renewal expenses and the corresponding expense loading;
  - (c) a statement of any other factors which the actuary considers are material to the present or future valuation of liabilities or any

other factor which the actuary considers should be brought to the attention of the Authority,

and the report must be supported by a certificate in the form set out in Part III of Schedule 5.

- (6) An auditor's report on the supplementary information and directors' certificate must be given by the insurer's auditors in the form set out in Part IV of Schedule 5.

## **5 Regulatory financial statements**

- (1) For the purposes of preparing the regulatory financial statements, contracts of insurance within the meaning of the Act which are not insurance contracts for the purposes of Generally Accepted Accounting Principles are deemed to be insurance contracts and are accounted for accordingly.
- (2) Subject to regulation 5(3), the regulatory financial statements must consist of a –
- (a) Regulatory revenue account(s) prepared under regulation 6;
  - (b) Regulatory profit and loss account or regulatory income and expenditure account prepared under regulation 7;
  - (c) Regulatory balance sheet(s) prepared under regulation 8; and
  - (d) Reconciliation of shareholder funds prepared under regulation 9.
- (3) Notwithstanding regulation 5(2), where the absolute value of the difference between –
- (a) the regulatory net assets, (which but for this paragraph would be shown in the balance sheet prepared under regulation 8(2)), and
  - (b) the capital and reserves as shown in the audited accounts,
- for the same financial reporting period, expressed as a percentage of capital and reserves as shown in those audited accounts, is less than or equal to 10.0% then the authorised insurer may elect not to include the information specified in section 5(2)(a) to (c).
- (4) Notwithstanding regulation 5(2), where the audited accounts reflect transactions or balances of contracts of insurance within the meaning of the Act where all of those contracts of insurance are insurance contracts for the purposes of Generally Accepted Accounting Principles then the authorised insurer may elect not to prepare regulatory financial statements in accordance with regulation 5(2).
- (5) Where an authorised insurer elects under regulation 5(4) not to prepare regulatory financial statements then the notes to the audited accounts must include a statement to that effect including the reasons for the election.

**6 Regulatory revenue accounts and funds**

- (1) Where an authorised insurer prepares regulatory revenue account(s) in accordance with regulation 5(2)(a) the regulatory revenue account(s) must comply with the provisions of this regulation.
- (2) The regulatory revenue account must -
  - (a) in the case of an authorised insurer carrying on general insurance business, where the business is accounted for on an annual basis, be in the form set out in Part I of Schedule 1 and must comply with the requirements of that Part;
  - (b) in the case of an authorised insurer carrying on general insurance business, where the business is accounted for on a fund basis, be in the form set out in Part II of Schedule 1 and must comply with the requirements of that Part; and
  - (c) in the case of an authorised insurer carrying on long-term business, be in the form set out in Part III of Schedule 1 and must comply with the requirements of that Part.
- (3) An authorised insurer which carries on long-term business and maintains more than one long-term business fund, must prepare a separate account in the form set out in Part III of Schedule 1 in respect of each such fund.

**7 Regulatory profit and loss account**

- (1) Where an authorised insurer prepares a regulatory profit and loss account or regulatory income and expenditure account in accordance with regulation 5(2)(b) the regulatory profit and loss account must comply with the provisions of this regulation.
- (2) The regulatory profit and loss account prepared by an authorised insurer must be in the form set out in Part I of Schedule 2 and must comply with the requirements of that Part.
- (3) An authorised insurer must prepare a statement of reserves in the form set out in Part II of Schedule 2 and must annex such statement to the regulatory profit and loss account.
- (4) A regulatory income and expenditure account prepared by an authorised insurer not trading for profit must be in the form set out in Part III of Schedule 2 and must comply with the requirements of that Part.

**8 Regulatory balance sheet(s)**

- (1) Where an authorised insurer prepares a regulatory balance sheet(s) in accordance with regulation 5(2)(c) the regulatory balance sheet(s) must comply with the provisions of this regulation.

- (2) The regulatory balance sheet prepared by an authorised insurer must be in the form set out in Part I of Schedule 3 or, in the case of an insurer not carrying on business for profit, in the form set out in Part II of that Schedule and must comply with the requirements of the relevant Part.
- (3) The regulatory balance sheet must be signed on behalf of the board by two of the directors of the authorised insurer.
- (4) In the case of an authorised insurer which carries on long-term business, in addition to the regulatory balance sheet referred to in paragraph (2), there must be annexed thereto a balance sheet for the long-term business fund in the form set out in Part III of Schedule 3 which must comply with the requirements of that Part.

## **9 Reconciliation of shareholder funds**

- (1) The reconciliation of shareholder funds prepared by an authorised insurer in accordance with regulation 5(2)(d) must be in the form set out in Schedule 4.
- (2) Where an authorised insurer elects under 5(3) or 11(1) not to apply sections 5(2)(a) to (c) then the reconciliation of shareholder funds must include a statement to that effect including the paragraph under which the election was made and the reasons for the election.

## **10 Amendment of the 1986 Regulations**

- (1) The 1986 Regulations are amended as follows.
- (2) Subject to 11(2), the following regulations are revoked –
  - (a) Regulation 7 (Revenue Accounts and Funds) and Schedule 3;
  - (b) Regulation 8 (Profit and Loss Account and Income and Expenditure Account) and Schedule 4;
  - (c) Regulation 9 (Balance Sheet) and Schedule 5;
  - (d) Regulation 10 (Consolidated accounts);
  - (e) Regulation 11 (Supplementary information, certificates and reports) and Schedule 6;
  - (f) Regulation 22 (Saving)
- (3) In regulation 12(6) (Statutory Reserve) –
  - (a) within the definition of “adjusted net assets” for “the net assets” substitute **the regulatory net assets as shown by the regulatory balance sheet prepared in accordance with regulation 8(2) of the Insurance (Supplementary Information) Regulations 2016**;
  - (b) within the definition of “exposure ratio” omit “appearing on the accounts of the insurer for the financial year ending during the appropriate relevant period”; and

- (c) omit the definition “shareholders’ funds”.
- (4) In Part II to Schedule 1 in paragraph 3 for sub-paragraph (a) substitute **“(a) projected Regulatory Revenue or Fund Account(s), Regulatory Profit and Loss Account and Regulatory Balance Sheet(s) giving details as required in the formats prescribed by the Insurance (Supplementary Information) Regulations 2016;”**.
- (5) In Part II to Schedule 7 –
  - (a) in paragraph 1(1) –
    - (i) for the definition of the “aggregated funds” substitute –  
**“(the aggregated funds)” means the sum of the regulatory net assets and the general business insurance provisions and funds as shown by the regulatory balance sheet prepared in accordance with regulation 8(2) of the Insurance (Supplementary Information) Regulations 2016; and**
    - (ii) for the definition of shareholders’ funds substitute –  
**“(regulatory net assets)” means the regulatory net assets shown by the regulatory balance sheet prepared in accordance with regulation 8(2) of the Insurance (Supplementary Information) Regulations 2016.**
  - (b) in paragraph 1(2) for “shareholders’ funds” substitute **“(regulatory net assets)”**.
  - (c) in paragraph 5 –
    - (i) for “the assets, other than assets attributable to long-term business,” substitute –  
**“(the assets of the company, other than the total assets attributable to long-term business shown by the long-term business fund balance sheet prepared in accordance with regulation 8(4) of the Insurance (Supplementary Information) Regulations 2016;”**
    - (ii) for “shareholders’ funds”, wherever occurring, substitute **“(regulatory net assets)”**; and
    - (iii) in the table under head E, for “the balance sheet prepared in accordance with regulation 9” substitute **“(the regulatory balance sheet prepared in accordance with regulation 8(2) of the Insurance (Supplementary Information) Regulations 2016)”**;
  - (d) in paragraph 6 for “the assets, other than assets attributable to long-term business,” substitute –



- the assets of the company, other than the total assets attributable to long-term business shown by the long-term business fund balance sheet prepared in accordance with regulation 8(4) of the Insurance (Supplementary Information) Regulations 2016, and
- (e) in paragraph 7 for “shareholders’ funds” substitute regulatory net assets.
- (6) In Part III to Schedule 7 (Calculation of Solvency Margin) –
- (a) for the heading “A - SHAREHOLDERS' FUNDS AND GENERAL BUSINESS” substitute –
- A – REGULATORY NET ASSETS AND GENERAL BUSINESS**;
- (b) for the caption “Shareholders' funds as shown by audited (non-consolidated) balance sheet (note i)” substitute Regulatory net assets as shown by the regulatory balance sheet (notes i and vii);
- (c) for “Excess over required minimum margin” in the first place it occurs and for “Surplus from Section A (note vii)”, substitute Regulatory net assets / surplus in respect of non-life insurance business (as applicable);
- (d) in note (i) for “shareholders’ funds” substitute regulatory net assets;
- (e) in note (ii) for “shareholders' accounts”, substitute regulatory balance sheet; and
- (f) for note (vii) substitute In this part “regulatory balance sheet” means the regulatory balance sheet prepared in accordance with regulation 8(2) of the Insurance (Supplementary Information) Regulations 2016.
- (7) In Part II to Schedule 11 in paragraph 10 for sub-paragraph (a) substitute (a) projected regulatory revenue or fund Account(s), regulatory profit and loss account and regulatory balance sheet(s) giving details as required in the formats prescribed by the Insurance (Supplementary Information) Regulations 2016;

## 11 Transitional provisions

- (1) Notwithstanding regulation 5(2), where the audited accounts and supplementary information are in respect of periods ending on a date between 31 December 2015 and 29 February 2016 inclusive then the authorised insurer may elect not to include the information specified in section 5(2)(a) to (c).

- (2) Where the date of approval is on or before 30 June 2016 and where the authorised insurer elects under regulation 5(4) not to prepare regulatory financial statements then regulations 10(2) (a) to (d) come into operation on 1 July 2016.

**MADE**            **14 MARCH 2016**

**R. J. BUTLER**

*Member of the Isle of Man Financial Services Authority*

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**SCHEDULE 1****PART I****REGULATORY GENERAL BUSINESS REVENUE ACCOUNT***(for business accounted for on an annual basis)***Premiums**

Gross premiums receivable	X	
Reinsurance premiums payable	(X)	
Net premiums written	<u>X</u>	
(Increase) /decrease in unearned premiums	<u>(X)</u>	X
(Increase)/decrease in provision for unexpired risks		<b>(X)</b>

**Claims**

Gross *	(X)	
Recoverable from reinsurers *	<u>X</u>	<b>(X)</b>

**Commission and Expenses**

Commission payable	(X)	
Expenses	<u>(X)</u>	
Commission receivable	X	
(Increase)/decrease in deferred acquisition costs	<u>(X)</u>	<b>(X)</b>
Underwriting profit/(loss)		<u><b>(X)</b></u>
Attributable investment return (note 3)		X
Insurance profit/(loss)		<u><u><b>X</b></u></u>

**NOTES**

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. The inclusion in this statement of part of the investment return is optional (see Note 2 to Part I of Schedule 2).
4. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, a material components of a relevant heading may be disclosed separately on the face of the regulatory general business revenue account, or separately by way of note.
5. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

## PART II

**REGULATORY GENERAL BUSINESS FUND***(for business accounted for on a fund basis)*

<b>Regulatory fund brought forward</b>		<b>X</b>
<b>Premiums</b>		
Gross premiums received (note 5)	X	
Reinsurance premiums paid (note 5)	(X)	
		<b>X</b>
Attributable investment return (note 3)		X
<b>Claims</b>		
Gross *	(X)	
Recoverable from reinsurers *	X	
		<b>(X)</b>
<b>Commission and Expenses</b>		
Commission paid (note 5)	(X)	
Expenses	(X)	
	(X)	
Commission received (note 5)	X	
		<b>(X)</b>
Transfer (to) / from regulatory profit and loss account		<b>(X)</b>
Regulatory fund carried forward		<b>X</b>

**NOTES:**

- Corresponding figures to be given for preceding accounting period.
- Items which are marked with an asterisk may be disclosed by way of note.
- The inclusion in this statement of part of the investment return is optional. (See Note 2 to Part I of Schedule 2).
- Profit should not be transferred to regulatory profit and loss account except from the closing underwriting years.  
Transfers should be made from the regulatory profit and loss account to cover any anticipated deficiencies in respect of open underwriting years.
- Where premiums are received net of commission because of market practice, such premiums may be shown net of commission in this statement.
- Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory general business fund, or separately by way of note.
- Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

## PART III

## LONG-TERM BUSINESS FUND

<b>Long-term business fund brought forward</b>		<b>X</b>
<b>Premiums</b>		
Gross premiums receivable	X	
Reinsurance premiums payable	(X)	
		<b>X</b>
<b>Investment return</b>		
Investment income	X	
Gains / (losses) on investments	X	
		<b>X</b>
		<b>X</b>
<b>Benefits</b>		
Benefits payable *	(X)	
Recoverable from reinsurers *	X	
		<b>(X)</b>
<b>Commission and Expenses</b>		
Commission payable	(X)	
Expenses	(X)	
	(X)	
Commission receivable	X	
		<b>(X)</b>
Taxation		(X)
Transfer (to) / from regulatory profit and loss account		(X)
<b>Long-term business fund carried forward</b>		<b>X</b>

## NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the long-term business fund, or separately by way of note.
4. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

## SCHEDULE 2

## PART I

## REGULATORY PROFIT AND LOSS ACCOUNT

**Transfer from / (to) insurance accounts**

Regulatory general business revenue account	X	
Regulatory general business fund	X	
Long-term business fund	X	
	<u>X</u>	

**Investment return (excluding long-term business)**

Investment income	X	
Gains / (losses) on investments		
Realised	X	
Unrealised	X	
	<u>X</u>	
Allocated to regulatory general business revenue account	(X)	
Allocated to regulatory general business fund	(X)	
	<u>X</u>	
		<u>X</u>
Differences on exchange		X

Loan interest payable	(X)	
Other expenses	(X)	
	<u>(X)</u>	

<b>Profit / (loss) before taxation</b>	<u>X</u>	
Taxation	(X)	
<b>Profit / (loss) after taxation</b>	<u>X</u>	
Extraordinary items	(X)	
	<u>X</u>	

Unrealised gains on investments, less taxation, transferred to revaluation reserve	(X)	
Transfer (to) / from statutory reserve	(X)	
	<u>(X)</u>	
Profit available for appropriation	<u>X</u>	

Dividends paid and proposed	(X)	
Retained profit/(loss)	<u>X</u>	

**NOTES:**

1. Corresponding figures to be given for preceding accounting period.
2. Total realised gains/(losses) on investments may be included either in the regulatory profit and loss account or as a movement on reserves. Where realised gains/(losses) on investments are included in the regulatory profit and loss account, total unrealised gains/(losses) on investments may also be included in the regulatory profit and loss account (otherwise they are to be shown as a movement on reserves). If realised/unrealised investment gains/(losses) are included in the regulatory profit and loss account, the whole or any part of such gains/(losses) may, at the company's option, be allocated to the regulatory general business revenue account or fund. Realised/unrealised gains/(losses) shown as a movement on reserves are not to be allocated to the regulatory general business revenue account or fund.
3. Unrealised differences on exchange may be included wholly or partly in the regulatory profit and loss account or as movement on revaluation reserve.
4. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory profit and loss account, or separately by way of note.
5. Where an item is nil in both the period and the preceding period, the relevant heading may be omitted.

## PART II

## STATEMENT OF RESERVES

	Share premium account	Statutory reserve	Revaluation reserve	Distributable reserve
Accumulated reserves brought forward	X	X	X	X
Unrealised gains / (losses) on investment, less taxation	-	-	X	-
Unrealised difference on exchange, less taxation	-	-	X	-
Transfer on realisation of revaluation gains	-	-	(X)	X
Realised gains / (losses) on investment, less taxation	-	-	-	X
Transfer from (to) regulatory profit and loss account	-	X	X	X
Other items, less taxation (to be specified)	X	-	X	X
Accumulated reserves carried forward	X	X	X	X

## NOTES:

1. Any deficit on revaluation reserve must be made good by a transfer from distributable reserves.
2. Where there are nil items the relevant headings may be omitted.
3. Where the authorised insurer has established a reserve other than those itemised above, this must be shown separately together with an explanation of the nature of the reserve.
4. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the statement of reserves, or separately by way of note.



## PART III

**REGULATORY INCOME AND EXPENDITURE ACCOUNT***(for a mutual association carrying on general business)***Premiums / contributions**

Advance premiums / contributions receivable from members	X	
Supplementary premiums / contributions receivable from members	X	
	<hr/>	
	X	
Reinsurance premiums payable	(X)	
	<hr/>	
		<b>X</b>

**Investment return**

Investment income	X	
Gains / (losses) on investments		
Realised	X	
Unrealised	X	
	<hr/>	
		<b>X</b>

**Claims**

Claims paid *	(X)	
Recoverable from reinsurers *	(X)	
	<hr/>	
		<b>X</b>

Expenses		(X)
Differences on exchange		(X)
Other items (to be specified)		(X)
		<hr/>
		<b>X</b>

Transfer to reserves		(X)
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Retained to fund available for outstanding and unreported claims		<hr/>
		<b>X</b>

**NOTES:**

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Unrealised investment gains may be taken directly to reserves.
4. Unrealised differences on exchange may be included wholly or partly in the income and expenditure account or as a movement on revaluation reserve.
5. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory income and expenditure account, or separately by way of note.
5. Where there are nil items the relevant heading may be omitted.

## SCHEDULE 3

## PART I

## REGULATORY BALANCE SHEET

Tangible fixed assets		X
Investments in related companies		X
Other investments		
Property *	X	
Fixed interest securities *	X	
Deposits, loans and mortgages *	X	
Ordinary shares and unit trusts *	X	
Other investments *	X	
		X
Other assets		
Deposits with reinsurers	X	
Amounts withheld by ceding companies	X	
Other insurance debtors	X	
Bank balances and cash	X	
Miscellaneous	X	
		X
		X
General business insurance provisions and funds		
Unearned premiums	(X)	
Deferred acquisition costs	X	
	(X)	
Unexpired risks	(X)	
Claims (including claims incurred but not reported)	(X)	
General business fund	(X)	
		(X)
Other liabilities		
Deposits by ceding insurers	(X)	
Amounts withheld from reinsurers	(X)	
Other insurance creditors	(X)	
Bank loans and overdrafts	(X)	
Taxation	(X)	
Proposed dividend	(X)	
Miscellaneous	(X)	
		(X)
Regulatory net assets		X
Net assets attributable to long-term business fund		X
		X

## Representing:

Share capital	X	
Share premium account	X	
Statutory reserve	X	
Revaluation reserve	X	
Distributable reserve	X	
Shareholders' funds	<u>X</u>	X
Long-term business fund		X
		<u>X</u>

**NOTES:**

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory balance sheet, or separately by way of note.
4. Where there are nil items in both the period and the preceding period the relevant heading may be omitted.

## PART II

**REGULATORY BALANCE SHEET***(for a mutual association carrying on general business)*

Tangible fixed assets		X
Investments in related companies		X
Other investments		
Property *	X	
Fixed interest securities *	X	
Deposits, loans and mortgages *	X	
Ordinary shares and unit trusts *	X	
Other investments *	X	
		<u>X</u>
Other assets		
Accounts due from members	X	
Deposits with reinsurers	X	
Other insurance debtors	X	
Bank balances and cash	X	
Miscellaneous	X	
		<u>X</u>
Liabilities		
Amounts due to members	(X)	
Amounts withheld from reinsurers	(X)	
Other insurance creditors	(X)	
Bank loans and overdrafts	(X)	
Miscellaneous	(X)	
		<u>(X)</u>
Regulatory net assets		<u><u>X</u></u>
Representing:		
Guarantee fund		X
Reserves		X
Fund available for outstanding and unreported claims		X
		<u><u>X</u></u>

**NOTES:**

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the regulatory balance sheet, or separately by way of note.
4. Where there are nil items in both the period and the preceding period the relevant heading may be omitted.

## PART III

## LONG-TERM BUSINESS FUND BALANCE SHEET

Tangible fixed assets		X
Investments in related companies		X
Other investments		
Property *	X	
Fixed interest securities *	X	
Deposits, loans and mortgages *	X	
Ordinary shares and unit trusts *	X	
Other investments *	X	
	<hr/>	X
Other assets		
Deposits with reinsurers	X	
Other insurance debtors	X	
Bank balances and cash	X	
Miscellaneous	X	
	<hr/>	X
Total assets attributable to long-term business		<hr/> <hr/> X
Liabilities		
Deposits by ceding insurers	(X)	
Other insurance creditors	(X)	
Bank loans and overdrafts	(X)	
Taxation	(X)	
Miscellaneous	(X)	
	<hr/>	(X)
Net assets attributable to long-term business		<hr/> <hr/> X
Representing the long-term business fund		<hr/> <hr/> X

## NOTES:

1. Corresponding figures to be given for preceding accounting period.
2. Items which are marked with an asterisk may be disclosed by way of note.
3. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the long-term business fund balance sheet, or separately by way of note.
4. Where there are nil items in both the period and the preceding period the relevant heading may be omitted.

**SCHEDULE 4****PART I****RECONCILIATION OF SHAREHOLDER FUNDS**

Capital and reserves as shown in the audited accounts		X
Adjustment for:		
Deferred acquisition costs	X	
Deferred fee income	X	
Non-unit reserves	X	
Other (to be specified)	X	
	<hr/>	X
Regulatory net assets as shown in the regulatory balance sheet		<hr/> <hr/>

**NOTES:**

1. Corresponding figures to be given for preceding accounting period.
2. Where, in the opinion of the directors, it is desirable to improve the understanding of the regulatory financial statements, material components of a relevant heading may be disclosed separately on the face of the reconciliation of shareholder funds, or separately by way of note.
3. Where there are nil items in both the period and the preceding period the relevant heading may be omitted.

**SCHEDULE 5****PART I****SUPPLEMENTARY INFORMATION****1 Supplementary information required**

- (1) The supplementary information required to be submitted by regulation 4(3), includes in all cases the information set out at paragraph 6, and also by an authorised insurer undertaking –
  - (a) general insurance business must be the information set out in paragraph 2;
  - (b) restricted long-term business must be the information set out in paragraph 3;
  - (c) long-term business, other than restricted long-term business, must be the information set out in paragraphs 4 and 5.

**2 General insurance business**

- (1) An analysis of the regulatory general business revenue account or fund account (if not separately identified in regulatory financial statements) between –
  - (a) marine, aviation and transport (class 3);
  - (b) motor (class 5);
  - (c) liability (class 7); and
  - (d) other classes.
- (2) A schedule of maximum retentions, net of reinsurance, any one risk or event for each and every class of business, based on:
  - (a) policy limits;
  - (b) estimated maximum loss (if applicable).
- (3) A summary of reinsurance business ceded or retroceded, stating for each class of insurance and/or contract the:
  - (a) type of reinsurance cover;
  - (b) threshold and limit any one risk/any one event and in aggregate;
  - (c) basis of premium payable and commission receivable;

- (d) names of reinsurers writing individually (or together with associated companies) 10 % or more of any treaty or more than 5 % of the total amount of premiums ceded.
- (4) Claims settlement analysis by year of origin (gross) for:
  - (a) motor (class 5);
  - (b) liability (class 7):
    - (i) employers' liability and workman's compensation;
    - (ii) public liability and products' liability;
    - (iii) any other insurance that is mainly liability (to be specified)
- (5) The analysis required by sub-paragraph (4) must indicate –
  - (a) the development of each underwriting year at the end of each financial year of reported claims outstanding and of provisions for claims incurred but not reported; and
  - (b) the development and settlement of any claim (or number of claims from the same event) which exceeds 20% of the adjusted net assets, as determined by the calculation of solvency margin.
- (6) If a letter of credit or a guarantee has been or will be issued in support of the business either directly or indirectly, the following information must be supplied for each such security -
  - (a) beneficiary;
  - (b) issued by;
  - (c) to cost of;
  - (d) amount of credit or guarantee;
  - (e) in respect of;
  - (f) whether adjustable and, if so, when;
  - (g) term of notice;
  - (h) restrictions on drawing rights; and
  - (i) other material terms or conditions.
- (7) Details of any material change, made or projected, in the information provided under 2 or 3 above subsequent to the financial year end, or confirmation that no material change has been made or is projected for the current financial year.

### **3 Restricted long-term business**

- (1) Analysis of premiums receivable as shown in the long-term business fund net of reinsurance between the following classes:
  - (a) Life/annuity/pension contracts - linked:



- (i) single premium;
    - (ii) regular premium;
  - (b) Life/annuity/pension contracts - non-linked:
    - (i) single premium;
    - (ii) regular premium;
  - (c) Permanent health/disability;
  - (d) Other (to be specified).
- (2) Maximum retention by class of contract net of reinsurance.
  - (3) The actuarial valuation of liabilities by class of contract net of reinsurance.

#### **4 Long-term business (other than restricted)**

- (1) Analysis of new business premiums receivable, as shown in the long-term business fund, both gross and net of reinsurance under contracts within each class of business categorised by reference to type of product.
- (2) A statement of the value of assets in the long-term business fund categorised by reference to the following categories of assets -
  - (a) British Government stocks;
  - (b) Overseas Government bonds;
  - (c) other fixed interest stocks listed on an investment exchange;
  - (d) shares listed on the International Stock Exchange of the United Kingdom and the Republic of Ireland;
  - (e) shares listed on any other investment exchange;
  - (f) stocks, shares and other securities not listed on any investment exchange;
  - (g) land;
  - (h) cash and deposits;
  - (i) futures and options contracts;
  - (j) other investments.
- (3) Maximum retention by type of product net of reinsurance.

#### **5 3 year business plan**

- (1) A comparison of new business premiums receivable, long-term business fund, regulatory profit and loss account, long-term business fund balance sheet and regulatory balance sheet with the projections given in the latest 3 year business plan submitted to the Authority in respect of

the same period of account. Over-runs in initial expenses, renewal expenses and all other material differences must be explained.

- (2) A new 3 year business plan of the authorised insurer (the “new plan”) containing –
- (a) for each type of product within each class of long-term business (excluding such business within Class 12) which the applicant intends to sell within the period of the plan, estimated new business premium volumes and a profit profile showing –
    - (i) emerging cash strains and surpluses, monthly for at least the first two years and annually for the rest of the lifetime of the product. It should be assumed that initial and renewal expenses are equal to the corresponding expense loadings;
    - (ii) the breakdown of any initial strains between indemnity commission, valuation strain and solvency margin requirement;
    - (iii) a discounted present value; and
    - (iv) the assumptions made;
  - (b) for each class of long-term business, details of reinsurance arranged or to be arranged, including names of reinsurers
  - (c) the projected cash flow showing –
    - (i) the consolidation of the individual product profit profiles and the estimated new business premium volumes, with initial and renewal expenses being shown separately;
    - (ii) if initial expenses are expected to exceed the corresponding expense loadings, the expected excess;
    - (iii) if renewal expenses are expected to exceed the corresponding expense loadings, the expected excess;
    - (iv) fixed expenses;
    - (v) other adjustments, including any allowances for reinsurance; and
    - (vi) the assumptions made;
  - (d) a projected –
    - (i) long-term business fund;
    - (ii) regulatory profit and loss account;
    - (iii) long-term business fund balance sheet; and
    - (iv) regulatory balance sheet,in the formats prescribed by these Regulations;

- (e) the projected statement of solvency margin in the form prescribed by the Insurance Regulations 1986.
- (3) The new plan must have effect from the date of the annual accounts and must be prepared in respect of the following three periods of account for which the annual accounts are anticipated to be made.
- (4) Where there are material differences between the new plan and any existing business plan in respect of any period for which both plans provide, those differences must be explained.

## **6 Solvency margin**

A statement of the solvency margin of the insurer in the form prescribed by the Insurance Regulations 1986.

## PART II

## DIRECTORS' CERTIFICATE

**Directors' certification to the Isle of Man Financial Services Authority in respect of  
[insert company name] ('the Company')**

We certify to that:

1. The Company complied with the requirements of the Insurance Act 2008 (as amended) and the Insurance Regulations 1986 (as amended) during the period of account ended **[insert balance sheet date]**.
2. The supplementary information submitted with the audited accounts for that period (other than the actuarial valuation of liabilities by class of contract net of reinsurance) has been compiled in accordance with the Insurance (Supplementary Information) Regulations 2016.
3. The excess of adjusted net assets (calculated in accordance with the Insurance Regulations 1986) over the required minimum margin of solvency at the end of that year was **[insert amount and currency]**
4. As at the balance sheet date no charge had been made on the assets of the Company to secure the liabilities of any other person (except as stated in notes to the audited accounts\*) and there has been no charge since that date.
5. There was no material change in the share ownership or share structure of the Company during the period of account (apart from the change notified to the Isle of Man Financial Services Authority in writing on **[insert date(s)]**\*).

Director

Director

Date

\* Delete or include as appropriate

## PART III

## ACTUARY'S REPORT

**Report of the actuary in respect of [insert company name] ('the Company')**

To the Isle of Man Financial Services Authority

I have examined the information furnished pursuant to regulation 4 of the Insurance (Supplementary Information) Regulations 2016 in respect of the period of account ended **[insert balance sheet date]**.

With the exception of the 3 year business plan, in my opinion the information correctly reflects:

- (i) the actuarial valuation of long-term business liabilities by class of contract; and
- (ii) the amount of the quantified actuarial surplus in the long-term business fund.

In respect of the revised 3 year business plan in respect of the three periods of account immediately following the balance sheet date:

- (iii) I consider the financing of the company to be sufficient to cover both technical reserves and the required margin of solvency during the next three periods of account; and
- (iv) I agree with the information provided in the revised 3 year business plan in so far as it relates to long-term business.

In my opinion the aggregate amount of the actuarial valuation of long-term business liabilities as at the regulatory balance sheet date does not exceed the amount stated in the regulatory balance sheet as representing the long term business fund.

Date

Signed

**[Name of actuary to the insurer]**

**[Relevant qualification of actuary to the insurer]**

## PART IV

## AUDITORS' REPORT

**Auditors' Report in respect of [insert company name] ('the Company')**

To the Isle of Man Financial Services Authority

We have examined the information furnished pursuant to regulation 4 of the Insurance (Supplementary Information) Regulations 2016 in respect of the period of account ended **[insert balance sheet date]**.

In our opinion and according to the information and explanations we have received:

- (i) all of the information prescribed in regulation 4 of those Regulations as is relevant to the business carried on by the Company (other than the revised three year business plan for long-term business, if applicable, and the actuarial valuation of class of contract net of reinsurance) has been properly prepared; and
- (ii) it was reasonable for the directors giving the certificate under regulation 4(4) of the Insurance (Supplementary Information) Regulations 2016 to have made the statements thereon contained in paragraphs 2, 3, 4.

Date

Signed

**[Name of auditor]**

**[Relevant qualification of auditor]**

**EXPLANATORY NOTE**

The draft Insurance (Supplementary Information) Regulations 2016 set out the required reports and information (the ‘supplementary information’) required by section 14(4) of the Insurance Act 2008 to be submitted by insurers to the Authority at the same time as the audited accounts of the company are submitted.