



# ISLE OF MAN FINANCIAL SERVICES AUTHORITY

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## Business Plan Guidance

### Financial Services Act 2008 and Insurance Act 2008

**12 September 2025**

#### **STATUS OF GUIDANCE**

*This document is guidance issued under Section 12 of the Financial Services Act 2008 and under Section 34 of the Insurance Act 2008. The Authority issues guidance for various purposes, including to illustrate best practice, to assist in compliance with legislation and to provide examples or illustrations. Guidance is, by its nature, not law, however it is persuasive. Where a person follows guidance, this would tend to indicate compliance with the legislative provisions, and vice versa.*

## Contents

Glossary.....	3
1. Introduction .....	5
2. Requirements for Applicants .....	6
2.1 Background/Objectives.....	6
2.2 Controlled Function Role Holders, Key Operational Functions, Corporate Governance and Risk Management.....	7
2.3 Outsourced Functions and External Service Providers .....	9
2.4 Financial Projections .....	9
3. Supporting Documentation .....	12
3.1 FSA08 applicants:.....	12
3.2 IA08 applicants:.....	14
Appendix 1: Example Financial Summary Tables.....	16
(i) For group financial information.....	16
(ii) FSA08 financial resources statement (Rule 2.30 – Appendix 3 of Rule Book) .....	16
(iii) IA08 Non long-term applicant forecast financial information .....	16
(iv) IA08 Long-term applicant forecast financial information .....	18
Appendix 2: Financial Services Act 2008 – Additional Provisions.....	20
(i) Class 1 (Deposit Takers).....	20
(ii) Class 2 (Investment Business).....	20
(iii) Class 3 (Services to Collective Investment Schemes) .....	21
(iv) Class 3 (Services to Collective Investment Schemes – Trustees or Fiduciary Custodians of Authorised, International or Regulated Collective Investment Schemes) .....	21
(v) Class 4 and Class 5 (Corporate and Trust Services) .....	21
(vi) Class 7 Management or Administration Services .....	21
(vii) Class 8 (Money Transmission Services) Sub-Classes 1, 2(b) or 3 .....	22
(viii) Class 8 (Money Transmission Services) Sub-Classes 2(a) or 4 only .....	22
Appendix 3: Insurance Act 2008 – Additional Provisions .....	23
(i) Background/Objectives .....	23
(ii) Controlled Function Role Holders, Key Operational Functions, Corporate Governance and Risk Management.....	24
(iii) Outsourced Functions and External Service Providers.....	26
(iv) Underwriting Summary.....	26
(v) Financial Projections .....	27

## Glossary

<b>Applicant</b>	a person applying for authorisation to carry on (i) regulated activities under the Financial Services Act 2008, or (ii) insurance business under the Insurance Act 2008
<b>Authority</b>	the Isle of Man Financial Services Authority
<b>CGC</b>	the Corporate Governance Code of Practice for Insurers 2021, or its successor
<b>Controlled Function/Controlled Function Role Holder</b>	any of the functions set out in Appendix 2 of the Authority's Regulatory Guidance – Fitness and Propriety/holder of a controlled function role
<b>firm(s)</b>	Any person (legal or natural) who is specified under the Insurance Act 2008 or Financial Services Act 2008
<b>FSA08</b>	Financial Services Act 2008
<b>Fully managed</b>	an applicant that outsources all of its day-to-day management to a registered insurance manager
<b>IA08</b>	Insurance Act 2008
<b>IT</b>	information technology
<b>Licenceholder</b>	a person who has been issued with a licence under Section 7 of the Financial Services Act 2008
<b>Long-term</b>	those applicants proposing to hold Classes 1-2 or Class 10 authorisation or Classes 1-2 or Class 10 within Class 12 of the Insurance Regulations 2021
<b>MCR</b>	Minimum Capital Requirement
<b>Non long-term</b>	those applicants proposing to hold any class of authorisation not included within the definition of long-term above
<b>Partially managed</b>	an applicant that outsources only certain day-to-day management activities to a registered insurance manager

<b>PCC</b>	Protected Cell Company
<b>PCC Act</b>	Protected Cell Companies Act 2004 or Part VII of the Companies Act 2006, as applicable
<b>PII</b>	Professional Indemnity Insurance
<b>Registered insurance manager</b>	an insurance manager which is registered under Part 6 of the Insurance Act 2008
<b>Regulated insurance activities</b>	the insurance activities in respect of which this application is being made
<b>Regulations</b>	Insurance Regulations 2021
<b>Rule/Rule Book</b>	Financial Services Rule Book made under the Financial Services Act 2008. This reference will always be read as the version of the Rule Book which is in effect at the relevant time
<b>SCR</b>	relevant Solvency Capital Requirement

## 1. Introduction

An applicant is required to submit a business plan to the Authority, alongside a completed application form<sup>1</sup>.

Firms are required to operate in accordance with a business plan and to update its business plan following any material changes, providing a copy to the Authority. Where submitting an update to the business plan, the firm must provide the Authority with details of any changes to the information required to be submitted by an applicant as part of an application.

This guidance summarises the content for a typical business plan for an application or update due to a material change. A business plan should not be provided in summary form using bullet points, instead it must provide full details together with an explanation of the information included in it.

It is appreciated that:

1. The extent and detail of a business plan will vary according to the nature, scale and complexity of the business or proposed business.
2. Applicants/firms which are branches will operate in accordance with a business plan set by their head office and, similarly, subsidiaries of international organisations may operate within a corporate style.
3. Applicants/firms which are locally incorporated banks will cover many relevant aspects in their Internal Capital Adequacy Assessment Process<sup>2</sup>.

This guidance also sets out the related documents which may be needed to support the information included within a business plan. If supporting documentation is provided as part of the application, it should be clearly referenced back to the relevant section of the guidance using the relevant checklist in [3. Supporting Documentation](#).

Some sections of this guidance apply to all applicants, whilst some are only relevant to specific types of applicant. Specific provisions for certain types of FSA08 and IA08 applicants can be found in [Appendix 2: Financial Services Act 2008 – Additional Provisions](#), and in [Appendix 3: Insurance Act 2008 – Additional Provisions](#).

During the processing of the application or submission of an updated business plan, the Authority may ask the applicant/firm to provide information over and above that which is included in its business plan.

The content of a business plan, as summarised in this document, is not intended to be comprehensive nor is it intended to be a template. An applicant/firm is encouraged to consider what is likely to be relevant to the Authority's assessment of its application/business plan update, taking into account the nature of the applicant's activities or proposed activities.

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<sup>1</sup> See the Authority's 'Application to Become a Regulated Entity' webpage.

<sup>2</sup> Rule Book requirement.

## 2. Requirements for Applicants

### 2.1 Background/Objectives

#### All applicants:

- A summary of the rationale for the applicant seeking an authorisation and establishing in the Isle of Man, together with the business objectives and strategy. For start-ups, the rationale for entering the chosen business area.
- A brief summary of the applicant's history and performance to date.
- Details of the ownership of the applicant, including the source of wealth of those major shareholders who are individuals.
- A brief description of the source of funds and source of wealth applicable to the funds used in the application.
- Details of the information systems used, or to be used, by the applicant and how they are supported, including details of the main IT service providers and back-up providers.
- Details of the applicant's business continuity and disaster recovery plans.
- A summary of the applicant's business exit strategy.

#### Where the applicant is part of a group:

- A detailed group structure chart which includes the following:
  - i) The full legal ownership of the applicant, including the name, place of incorporation and the relevant percentage holdings and voting rights of any parent companies (direct or indirect);
  - ii) All controllers of the applicant<sup>3</sup> (as defined in Section 48 of the FSA08 or in Section 54 of the IA08) including the relevant percentage holdings and voting rights, and Controlled Function references<sup>4</sup>;
  - iii) The beneficial ownership of the applicant, where this is different to (i) and (ii) above;
  - iv) If a foundation or a trust is present in the ownership structure, details of all key parties involved including trustees, beneficiaries and protectors or similar;
  - v) The name, place of incorporation and nature of business of all subsidiaries of the applicant;
  - vi) The location of any branches of the applicant;
  - vii) Details of any other group companies, including place of incorporation and names of directors, in particular those which undertake financial services;
  - viii) Details of any members of the group which are listed on a stock exchange; and
  - ix) Regulatory permissions (if any), including details of any regulatory authority held by each entity in the group structure.
- Brief history and background of the applicant's group, including:
  - i) The group's main business activities;
  - ii) Information on related party transactions undertaken by the group which may be relevant and material to the applicant;
  - iii) The group's main geographical areas of activity;
  - iv) The group's industry ranking and size; and

<sup>3</sup> Where applicable, if the application is for a cell only, and the cell's shareholder is not a controller in accordance with the IA08, provide details of the equivalent information for the cell's shareholder.

<sup>4</sup> As detailed in Appendix 2 of the Authority's Regulatory Guidance – Fitness and Propriety.

- v) Any current debt ratings applicable to the group or its members and commentary on those ratings (including details of, and reasons for, any upgrades/downgrades in the ratings in the last three years).
- Both the group and the applicant's target financial objectives and strategy (e.g. return on equity with an indication of when the applicant anticipates that it will meet this target).
- A brief summary of the financial performance of the group, and any entity proposed to provide ongoing financial support to the applicant, for the previous 2 years. The summary is to be presented in a tabular (see [Appendix 1: Example Financial Summary Tables](#)) or text format<sup>5</sup>.

#### **FSA08 applicants:**

- The services and products to be offered, including any unregulated activities, and estimates of income and expenditure attributable to each.
- The identity of any intermediaries for the introduction of business.
- The marketing strategy and methods used, including the type of client and a list of the markets to which services will be offered.
- Any existing and intended future sources of income of the applicant and/or the group.
- An analysis of the relevant industry/sector, the perceived opportunities and the applicant's competitive strengths.
- Any sources of business which represent more than 10% of the total income of the applicant.

#### **IA08 applicants:**

- The regulated insurance activities to be undertaken by the applicant and a summary of specific products and services to be offered, including sources of business.

## **2.2 Controlled Function Role Holders, Key Operational Functions, Corporate Governance and Risk Management**

#### **All applicants:**

- The proposed staff organisational structure chart of the applicant, showing reporting lines and all Controlled Function references<sup>6</sup>.
- A brief description of those who will hold Controlled Functions detailing experience, track record and qualifications of those individuals and how they meet the Authority's Training and Competence Framework<sup>7</sup>.
- A summary of the corporate governance structure, including the board and any committees and the personnel (to be) appointed to those committees.
- A copy of the business risk assessment(s).
- A summary of the applicant's approach to the management of risks relevant to the activities to be conducted under its business plan, its assessment of the principal risks identified, and the control procedures for the management of those risks.

<sup>5</sup> In support of the summary, provide a link to the audited accounts for the aforementioned entities or, if accounts are not publicly available, enclose a copy of the latest available audited accounts, with specific reference to any relevant pages.

<sup>6</sup> As detailed in Appendix 2 of the Authority's Regulatory Guidance – Fitness and Propriety.

<sup>7</sup> See the Authority's 'Application to Become a Regulated Entity' webpage.

- A summary of the proposed key control functions, including the following for each function as indicated (ticked for inclusion):

INFORMATION REQUIREMENT	KEY CONTROL FUNCTION		
	Internal audit	Compliance	Risk management
Structure of the function including reporting lines	✓	✓	✓
Overview of personnel including relevant experience and qualifications for the role	✓	✓	✓
Role, objectives and key activities of the function	✓	✓	✓
Overview of the policy/ procedures of the function for reporting to the board, including expected frequency	✓	✓	✓
Expected frequency of performance of work	✓	✗	✗
Details of whether the function is independent from the operational activities of the applicant	✓	✗	✗

- Details of the proposed relationship between key control functions and the methods to be used to provide for appropriate cross-functional communication and coordination, including (where appropriate) the separation of functions.

#### FSA08 applicants:

- In respect of a branch application, the rationale for proposing the appointment of more than two Isle of Man Resident Officers<sup>8</sup>.
- Confirmation that policies and record keeping procedures are in place<sup>9</sup>, including:
  - Management of conflicts of interest;
  - Compliance procedures and reporting arrangements;
  - Recording of rule breaches;
  - Handling of complaints; and
  - Recording and correction of pricing errors (Class 3 only).
- If the applicant intends to use a locum, details of the proposed arrangement together with a copy of the draft agreement.

#### IA08 applicants:

- Where the applicant will be required to, or has opted to, have an actuarial function, a summary including:
  - Structure of the function including reporting lines;
  - Overview of personnel including relevant experience and qualifications for the role;
  - Role, objectives and key activities of the function; and

<sup>8</sup> Rule Book requirement.

<sup>9</sup> Rule Book requirement.



- iv) Overview of the policy/procedures of the function for reporting to the board, including expected frequency.

## 2.3 Outsourced Functions and External Service Providers

### All applicants:

- Name and address of any external service providers, including bankers, external auditors and registered agent (as applicable).
- Details of, and the rationale for, any proposed material outsourcing arrangements with third parties or other group companies. The details provided should include:
  - i) Name and description of the material management or business function/activity to be outsourced;
  - ii) Name of the proposed outsourced service provider;
  - iii) Name of the person responsible for the material management or business function/activity at the proposed outsourced service provider;
  - iv) A description (including outlining whether chain or sub-outsourcing is proposed) of the scope of business function/activity to be outsourced; and
  - v) The measures the applicant will have in place to oversee the outsourced business function/activity;
 together with a copy of the draft agreement(s).
- Where appropriate, flow charts providing an overview of the applicant's proposed outsourcing arrangements should be provided.

### FSA08 applicants:

- Further guidance can be found in the Authority's Guidance on Rule 8.16 Outsourcing and Delegation of Functions, available on the website.

### IA08 applicants:

- Where the insurance management of the applicant is either fully or partially outsourced to a registered insurance manager, set out the respective roles of the insurance manager and the applicant.
- Support for the insurance management arrangements should be provided as detailed in Appendix 3(iii).

## 2.4 Financial Projections

### All applicants:

- Financial projections to be prepared on pessimistic<sup>10</sup>, realistic and optimistic bases<sup>11</sup>.

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<sup>10</sup> Pessimistic scenarios should consider adverse claims experience, expenses and business volumes such that solvency, liquidity and own funds are adversely impacted, where relevant.

<sup>11</sup> The Authority may also require the applicant to apply specific stress testing scenarios.

- A summary of the projected profit and loss account, balance sheet and cash flow forecasts for the required forecast period<sup>12</sup> with each basis clearly identified. The summary should include:
  - i) a table (see [Appendix 1: Example Financial Summary Tables](#) for example tables) of the key financial balances over the forecast period for each basis;
  - ii) sufficient information for the Authority to understand the different material components and assumptions<sup>13</sup> underlying the financial projections for each basis; and
  - iii) a brief explanation of how and when the forecasts will be monitored against actual progress. Detailed supporting financial projection calculations must be enclosed with the business plan.
- A summary of any dividends to be declared/paid and inter-company loans planned to be put in place during the financial projection period.

#### **FSA08 applicants:**

- Financial projections to be prepared in such form as the applicant will be required to prepare in accordance with the accounting principles adopted by the applicant pursuant to Rule 2.9<sup>14</sup>.
- Where the applicant is an established company, a copy of the accounts of the applicant for the previous 2 accounting years (or, if less than 2 years, for the period since the applicant was established).
- A statement of financial resources (as detailed in Appendix 1(ii)) as at the date of the latest published accounts, if applicable.
- A statement of financial resources (as detailed in Appendix 1(ii)) as it is expected to appear after 1 year of being licensed, on the basis of the core assumptions in the business plan.
- Details of any existing loans, including amounts outstanding, to any personnel of the applicant.
- Details of any intention by the applicant to apply to the Isle of Man Government for financial assistance, including any conditions attached to such financial grant.
- The criteria applied in selecting the amount of PII cover<sup>15</sup>.
- Where a letter of comfort is proposed to be put in place to support PII for the applicant, details of the level of excess on its PII cover.

#### **IA08 applicants:**

- Financial projections to be prepared in such form as the applicant will be required to prepare in accordance with the accounting principles adopted by the applicant pursuant to Regulation 6 of the Insurance Regulations 2021.
- Support for the financial projections should be provided as detailed in Appendix 3(v).
- Summary of the economic balance sheet, SCR and MCR for the forecast period for each basis and including a list of eligible own funds that will be in place to meet the applicant's SCR and MCR requirements, itemised and analysed into the required corresponding tiers.
- Summary of the breakdown of own funds into its constituent parts e.g. share capital, share premium etc.
- Explanation of the key risks driving the SCR figure as well as the basis of projection of the SCR/MCR.

<sup>12</sup> Required forecast periods are: FSA08 Class 1 and Class 8(2)(a) and 8(4) applicant – 3 years; all other FSA08 applicant – 2 years; IA08 non long-term applicant – 3 years; and IA08 long-term applicant – 5 years.

<sup>13</sup> The assumptions should be clearly stated and explained.

<sup>14</sup> All classes except Class 8(1), 8(2)(b) or 8(3) incorporated outside of the Island.

<sup>15</sup> See Appendix 2 for Class 7 considerations.

- Overall assessment of the capital adequacy and how the applicant meets its solvency requirements over the projection period for all stress scenarios, including any management actions that can be taken to mitigate any breaches of solvency requirements.
- Summary of the data and methodologies used to support the applicant's claims assumptions, and an analysis of the data and methods used for each line of business, including an assessment of their suitability as a basis for the claims assumptions. Supporting claims data must be enclosed with the business plan.
- Provide details of the forward-looking process the applicant has undertaken to ensure that it will comply with the risk-based capital and liquidity adequacy requirements of the CGC, and the reasoned conclusions from this process.
- If the applicant is proposed to be fully funded, explain in detail the basis on which it will be fully funded.

### 3. Supporting Documentation

#### 3.1 FSA08 applicants:

Has the following supporting documentation been included within, or enclosed with, the business plan:

Section reference	Description of supporting documentation	
<b>All FSA08 applicants:</b>		
2.1	Where applicant is part of a group – detailed group structure chart	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.1	Where applicant is part of a group – copy of latest available audited accounts for the group and funding company(ies) (if not publicly available)	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.2	Proposed staff organisational structure chart	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.2	Where applicant intends to use a locum – copy of draft agreement	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.3	Where applicant proposes material outsourcing arrangement(s) – copy of draft agreement(s) and outsourcing function flow chart(s)	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.4	Summary of projected profit and loss account, balance sheet and cash flow forecasts with detailed supporting financial projection calculations	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.4	Where applicant is an established company – copy of applicant's accounts	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.4	Statement(s) of financial resources	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
<b>Material outsourcing:</b>		
2.3	Copy of the Outsourcing Agreement	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.3	Where applicable, outsourced function flow chart(s)	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.3	Copy of any Service Level Agreement	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.3	Copy of any Management Agreement	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.4	Copy of the group PII policy	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.4	Copy of the Letter of Comfort wording where supporting the PII	Yes <input type="checkbox"/> N/A <input type="checkbox"/>

If any of the above documentation has been marked as N/A, provide further explanation below, including reference to the relevant section:

### 3.2 IA08 applicants:

Has the following supporting documentation been included within, or enclosed with, the business plan:

Section reference	Description of supporting documentation	
<b>All IA08 applicants:</b>		
2.1	Where applicant is part of a group – detailed group structure chart	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.1	Where the applicant is part of a group – copy of latest available audited accounts for the group and funding company(ies) (if not publicly available)	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.2	Proposed staff organisational structure chart	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.3	Where applicant proposes material outsourcing arrangement(s), which is not insurance management (see App 3(iii)) – copy of draft agreement(s) and outsourcing function flow chart(s)	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.4	Summary of projected profit and loss account, balance sheet and cash flow forecasts with detailed supporting financial projection calculations	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
2.4	Underlying supporting claims data	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(iv)	Schematic diagram of the insurance program(s)	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(v)	Year 1 realistic scenario SCR form and supporting helper templates	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
<b>Partially managed applicant only:</b>		
App 3(iii)	Copy of the proposed insurance management agreement	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
<b>Class 12 applicant only:</b>		
App 3(i)	Class 12 requirements compliance	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
<b>Non-Class 12 applicant only:</b>		
App 3(ii)	Copy of the written management policy for underwriting risk	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(ii)	Copy of the written management policy for reserving (provisions) risk	Yes <input type="checkbox"/> N/A <input type="checkbox"/>

App 3(ii)	Copy of the written management policy for asset liability management	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(ii)	Copy of the written management policy for investment risk	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(ii)	Copy of the written management policy for liquidity risk	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(ii)	Copy of the written management policy for concentration risk	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(ii)	Copy of the written management policy for operational risk	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(ii)	Copy of the written management policy for reinsurance and other risk-mitigation techniques	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(ii)	Written capital management policy	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
App 3(v)	Year 1 pessimistic scenario SCR form and supporting helper templates	Yes <input type="checkbox"/> N/A <input type="checkbox"/>
<p>If any of the above documentation has been marked as N/A, provide further explanation below, including reference to the relevant section:</p>		

## Appendix 1: Example Financial Summary Tables

### (i) For group financial information

Company	Financial period ended	Total Revenue (currency)	Profit for the period (currency)	Total assets (currency)	Shareholder funds (currency)
[Insert company name]	XXX	XXX	XXX	XXX	XXX
[Insert company name]	XXX	XXX	XXX	XXX	XXX

### (ii) FSA08 financial resources statement (Rule 2.30 – Appendix 3 of Rule Book)

Please refer to rule 2.30 for the financial resource requirements for regulated entities. A spreadsheet, to assist with the production of a statement of financial resources, is available on the Authority's website, within the section on "Quarterly Financial Returns and Calculations".

### (iii) IA08 Non long-term applicant forecast financial information

Income Statement [Insert currency]	20XX	20XX	20XX
<b>Premiums:</b>			
Premium written	XXX	XXX	XXX
Reinsurance premium written	XXX	XXX	XXX
Change in unearned premium reserve ("UPR")	XXX	XXX	XXX
Change in reinsurance UPR	XXX	XXX	XXX
<b>Net premium earned</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>
<b>Claims</b>			
Claims paid	(XXX)	(XXX)	(XXX)
Movement in claims reserves	(XXX)	(XXX)	(XXX)
Movement in unexpired risk reserve ("URR")	(XXX)	(XXX)	(XXX)
Movement in incurred but not reported ("IBNR") reserve	(XXX)	(XXX)	(XXX)
Reinsurance recovered	(XXX)	(XXX)	(XXX)
Movement in reinsurance recoverable	(XXX)	(XXX)	(XXX)
<b>Net claims</b>	<b>(XXX)</b>	<b>(XXX)</b>	<b>(XXX)</b>
Reinsurance broking fees	(XXX)	(XXX)	(XXX)
Change in deferred reinsurance broking fees	XXX	XXX	XXX
<b>Underwriting profit/(loss)</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>
Investment income	XXX	XXX	XXX
Expenses	(XXX)	(XXX)	(XXX)



<b>Profit/(loss) for period</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>
Dividends	(XXX)	(XXX)	(XXX)

<b>Balance Sheet</b> <b>[Insert currency]</b>	<b>20XX</b>	<b>20XX</b>	<b>20XX</b>
<b>Assets</b>			
Bank balances and cash	XXX	XXX	XXX
Intercompany loan	XXX	XXX	XXX
Unearned reinsurance premium reserve	XXX	XXX	XXX
Deferred reinsurance broking costs	XXX	XXX	XXX
Recoverable from reinsurers	XXX	XXX	XXX
Prepaid expenses	XXX	XXX	XXX
<b>Total assets</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>
<b>General business insurance provisions</b>			
UPR	(XXX)	(XXX)	(XXX)
Claims reserves	(XXX)	(XXX)	(XXX)
URR	(XXX)	(XXX)	(XXX)
<b>Other liabilities</b>			
Accrued expenses	(XXX)	(XXX)	(XXX)
<b>Net assets</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>
<b>REPRESENTING</b>			
Share capital	XXX	XXX	XXX
Share premium	XXX	XXX	XXX
Retained earnings	XXX	XXX	XXX
<b>Total shareholder's funds</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>

<b>Solvency Capital Requirement ("SCR")</b> <b>[Insert currency]</b>	<b>20XX</b>	<b>20XX</b>	<b>20XX</b>
Absolute own funds	XXX	XXX	XXX
SCR figure	XXX	XXX	XXX
Shareholder's funds	XXX	XXX	XXX
Solvency surplus/(deficit)	XXX	XXX	XXX
<b>Solvency ratio</b>	<b>XXX%</b>	<b>XXX%</b>	<b>XXX%</b>

**(iv) IA08 Long-term applicant forecast financial information**

Revenue account [Insert currency]	20XX	20XX	20XX	20XX	20XX
Written premiums	XXX	XXX	XXX	XXX	XXX
Fee income	XXX	XXX	XXX	XXX	XXX
Investment income	XXX	XXX	XXX	XXX	XXX
Realised & unrealised gains/(losses) on linked and non-linked assets	XXX	XXX	XXX	XXX	XXX
Other income	XXX	XXX	XXX	XXX	XXX
<b>Total income (A)</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>	<b>XXX</b>
Surrender and partial surrenders	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Other claims	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
<b>Total claims (B)</b>	<b>(XXX)</b>	<b>(XXX)</b>	<b>(XXX)</b>	<b>(XXX)</b>	<b>(XXX)</b>
Acquisition expenses (incl. commission)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Renewal expenses (incl. commission)	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Investment management expenses	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
One off expenses	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Other expenses	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Taxation	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
<b>Total expenses (C)</b>	<b>(XXX)</b>	<b>(XXX)</b>	<b>(XXX)</b>	<b>(XXX)</b>	<b>(XXX)</b>
Net assets brought forward					
Excess income over expenditure (A) + (B) + (C)	XXX	XXX	XXX	XXX	XXX
Capital injected	XXX	XXX	XXX	XXX	XXX
Dividends paid or payable	(XXX)	(XXX)	(XXX)	(XXX)	(XXX)
Net assets carried forward	XXX	XXX	XXX	XXX	XXX

Solvency capital requirement [Insert currency]	20XX	20XX	20XX	20XX	20XX
SCR	XXX	XXX	XXX	XXX	XXX
Eligible capital resources	XXX	XXX	XXX	XXX	XXX
SCR ratio	XXX%	XXX%	XXX%	XXX%	XXX%
MCR	XXX	XXX	XXX	XXX	XXX
Eligible capital resources	XXX	XXX	XXX	XXX	XXX
MCR ratio	XXX%	XXX%	XXX%	XXX%	XXX%

## Appendix 2: Financial Services Act 2008 – Additional Provisions

### All FSA08 applicants:

- Details of material arrangements the board of the applicant will have in place to support its ongoing oversight of the applicant including, for example:
  - i) Intended frequency of board meetings;
  - ii) Content of matters reserved for the board;
  - iii) Management oversight, monitoring and control of outsourced functions including key performance indicators;
  - iv) Management of any potential conflicts of interest; and
  - v) Approach taken by the board in respect of monitoring and assessing its own ongoing effectiveness.
- A list of any committees of the board proposed to be set up, including the persons making up the committees and terms of reference.
- Set out the procedures to demonstrate that an effective risk management system will be established including:
  - i) Continuous measuring, monitoring and controlling of risks;
  - ii) Accurate and reliable management information systems;
  - iii) Timely management reporting; and
  - iv) Through audit and control procedures.
- Provide a summary of the Anti-Money Laundering and Countering the Financing of Terrorism Code 2019 considerations, including:
  - i) Any significant risks identified;
  - ii) Summary of risk ratings;
  - iii) PEP risk assessment; and
  - iv) Whether any concessions have been utilised.

### (i) Class 1 (Deposit Takers)

- A summary of the approach to the management of risks relevant to the activities that are conducted in accordance with Chapter 3 or Chapter 4 of Part 8 of the Rule Book. This should normally cover:
  - i) Credit risk including large exposures and arrears and provisioning.
  - ii) Market risk, including, as appropriate, liquidity management, foreign exchange and interest rate risk.
  - iii) Operational risk.

### (ii) Class 2 (Investment Business)

- Full details of current and proposed products and services, including types of investments offered.

### **(iii) Class 3 (Services to Collective Investment Schemes)**

- Details of the types (and jurisdiction of establishment) of schemes that services are or will be provided to. For example, regulatory status (e.g. Authorised Scheme), asset type, geographical spread of underlying investments and target customer profile.
- Details of the services that are or will be provided to the schemes.
- Details of relevant systems, controls and procedures (e.g. fund valuation and investor servicing).
- Consideration should be given to the specific regulations and guidance for the different scheme types.

### **(iv) Class 3 (Services to Collective Investment Schemes – Trustees or Fiduciary Custodians of Authorised, International or Regulated Collective Investment Schemes)**

- The scheme types to which the applicant or licenceholder provides or intends to provide trustee or fiduciary custodian services.
- A list of any schemes to which services are currently provided.
- Details of the systems, controls and procedures for the activity of acting as trustee/fiduciary custodian of collective investment schemes.
- Details of the personnel (to be) involved in the trustee/fiduciary custodian function, together with their experience.
- Details of relevant group experience.
- Where a Licenceholder (“Manager”) is proposed under Class 3(9) to provide management or administration services<sup>16</sup> to an applicant (“Managed Company”):
  - vi) The rationale for the management or administration arrangement, as well as the rationale for choosing the Manager;
  - vii) The service level (or management) agreement setting out the respective roles of the Manager and the Managed Company, including details of the fees to be paid<sup>17</sup>; and
  - viii) Details around the proposed procedures for the operation of the arrangement, including how the Manager and the Managed Company will be kept separate (e.g. separate filing systems), and conflicts of interest identified and managed.

### **(v) Class 4 and Class 5 (Corporate and Trust Services)**

- Details of any proposed subsidiaries to be operated to provide corporate officer, nominee or corporate trustee services (paragraphs 4.4, 4.5 and 5.1 of Schedule 1 to the Financial Services (Exemptions) Regulations 2011), including the name of the company, place of incorporation, directors and the proposed activity.
- Details of any proposed services to private trust companies and any family office arrangements.

### **(vi) Class 7 Management or Administration Services**

- Where a Licenceholder (“Manager”) is proposed under Class 7 to provide management or administration services to an applicant (“Managed Company”):

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<sup>16</sup> For Class 3(1), (2), (6) or (7).

<sup>17</sup> Rule Book requirement.

- i) The rationale for the management or administration arrangement, as well as the rationale for choosing the Manager;
  - ii) The service level (or management) agreement setting out the respective roles of the Manager and the Managed Company, including details of the fees to be paid; and
  - iii) Details of the proposed procedures for the operation of the arrangement, including how the Manager and the Managed Company will be kept separate (e.g. separate filing systems), and conflicts of interest identified and managed.
- When calculating the level of PII appropriate to the nature and scale of the Manager's business, details of the considerations taken of the activity/ies relating to the Managed Company.

#### **(vii) Class 8 (Money Transmission Services) Sub-Classes 1, 2(b) or 3**

- Details of the procedures or process flow for each transaction type that involves regulated activity.
- For those operating (or proposing to operate) as an agent, the name and head office address of the principal(s), along with the body that regulates the principal(s), should be included.

#### **(viii) Class 8 (Money Transmission Services) Sub-Classes 2(a) or 4 only**

- A description of the proposed use of any agents and branches, and details of any current or proposed participation in a national or international payment system.
- A process/flow chart demonstrating how the funds flow through the process to complete a transaction from start to finish.
- A copy of the draft wind down plan which includes details of how funds will be repatriated to customers in the event of a wind down.

## Appendix 3: Insurance Act 2008 – Additional Provisions

### (i) Background/Objectives

#### Class 12 (Non long-term) applicants:

- Provide a comprehensive summary of how the applicant will meet the Class 12 requirements of Schedule 1 of the Regulations, including reference(s) to the specific relevant paragraphs of Schedule 1 for each proposed insured and category of insureds as the case may be.
- Provide copies of any documentation supporting compliance with the Class 12 requirements.

#### Long-term applicants:

- For each type of contract within each class of long-term business which the applicant intends to sell within the first 5 years, provide details of the estimated new business volumes and a profit profile showing:
  - i) Emerging cash strains and surpluses, monthly for at least the first 2 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 expenses loadings;
  - ii) The breakdown of any initial strains between acquisition commission, valuation strain and SCR;
  - iii) A discounted present value; and
  - iv) The assumptions made.

#### PCC applicants:

- Details of the extent to which the PCC's non-cellular (core) assets will or will not be secondarily liable for any of the liabilities of any of its cells (specifying the cell in each case) in the event that the cell's assets are exhausted, in accordance with the PCC Act.
- If the assets of the core and any cells are to be collectively invested or collectively managed, identify which cell(s) and/or core are to be involved and provide an overview of the arrangements in place to ensure that the assets of the core and each cell involved (as applicable) are kept separate and separately identifiable in accordance with the PCC Act.
- Overview of the arrangements in place to ensure that each person transacting with a cell of the PCC is informed that the PCC is a PCC, and the cell involved is identified, in accordance with the PCC Act.
- For applications in respect of a core, details in each case of any agreement between the core and the shareholders of a cell. For applications in respect of a cell, details of any such agreement applicable to the cell.

## (ii) Controlled Function Role Holders, Key Operational Functions, Corporate Governance and Risk Management<sup>18</sup>

### Long-term applicant & not fully managed non long-term applicants:

- Projected staffing requirements for the first 3 years of the applicant's operations (broken down on an annual basis).
- Provide a summary of the proposed key operational functions including the following for each function as indicated (ticked for inclusion):

INFORMATION REQUIREMENT	KEY OPERATIONAL FUNCTION			
	Underwriting	Policy & claims <sup>19</sup>	Finance	Investment
Structure of the function including reporting lines	✓	✓	✓	✓
Overview of personnel including relevant experience and qualifications for the role	✓	✓	✓	✓
Role, objectives and key activities of the function	✓	x	✓	✓
Key reports utilised and frequency of reporting of the function	✓	✓	✓	✓

- Provide the following information in respect of the proposed marketing, product development and distribution of the applicant:
  - i) Confirmation and description of the process by which the applicant's insurance contracts are written on a legal basis to ensure compliance with applicable legal requirements;
  - ii) Details of the applicant's new product approval process; and
  - iii) Details of all distribution channels and projected sales for each product.

### Fully managed non long-term applicants:

- Summary of how the key operational functions will be managed by the insurance manager.

### Non-Class 12 applicants (Long-term and non long-term)

- Details of material arrangements the board of the applicant will have in place to support its ongoing oversight of the applicant including, for example:
  - i) Intended frequency of board meetings;
  - ii) Content of matters reserved to the board;

<sup>18</sup> If the application is for a cell only, provide details of any proposed changes to the Controlled Function Role Holders and key operational functions of the PCC as a result of the addition of the cell.

<sup>19</sup> Each information requirement is to be provided for both policy and claims administration separately.



- iii) Management oversight, monitoring and control of outsourced functions including key performance indicators;
  - iv) Management of any potential conflicts of interest; and
  - v) Approach taken by the board in respect of monitoring and assessing its own ongoing effectiveness.
- A list of any committees of the board proposed to be set up, including the persons making up the committees and terms of reference.
- Explain how the applicant has addressed the following, and provide a copy of the written management policy:
  - i) Risk appetite and tolerances;
  - ii) Underwriting risk;
  - iii) Reserving (provisions) risk;
  - iv) Asset liability management;
  - v) Investment risk (including highlighting any use of derivatives and similar commitments);
  - vi) Liquidity risk (including ensuring its liability adequacy in accordance with the requirements of the CGC);
  - vii) Concentration risk;
  - viii) Operational risk;
  - ix) Reinsurance and other risk-mitigation techniques.
- Provide the written capital management policy that will apply for the purpose of the applicant ensuring its ongoing capital adequacy in accordance with the CGC, and explain how this relates to the forward looking process (including stress-testing).
- Set out the procedures to demonstrate that an effective risk management system<sup>20</sup> will be established including:
  - i) Continuous measuring, monitoring and controlling of risks;
  - ii) Accurate and reliable management information systems;
  - iii) Timely management reporting; and
  - iv) Thorough audit and control procedures.
- Detail the applicant's investment strategy including:
  - i) Strategic asset allocation, by asset class, type, currency and duration;
  - ii) Details of the specific investments involved;
  - iii) Details of the specific counterparties involved; and
  - iv) Relevant internal quantitative investment limits (for example, per counterparty, geographical area or industry sector).
- Detail the applicant's proposed reinsurance and other risk mitigation techniques including:
  - i) The reinsurance policy and details of the level of risk transfer, selection of type of reinsurance and principles for the selection of reinsurance counterparties;
  - ii) The procedures for assessing the creditworthiness and diversification of reinsurance counterparties;
  - iii) Procedures for assessing the effectiveness of risk transfer;
  - iv) Concentration limits for credit risk exposure to reinsurance counterparties, and appropriate systems for monitoring these exposures; and
  - v) Liquidity management arrangements to deal with any timing of mismatch between claims payments and reinsurance recoveries.

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<sup>20</sup> Risk management system comprises strategies, processes and reporting procedures necessary to measure, monitor, manage and report reasonably foreseeable, relevant and material risks which the applicant could be exposed to.

- Provide details of any possible material conflicts of interest arising in the conduct of the different types of activity that will be under the applicant's control, including arrangements made to manage conflicts and protect the interest of policyholders.
- Provide a summary of the Anti-Money Laundering and Countering the Financing of Terrorism Code 2019 considerations, including:
  - i) Any significant risks identified;
  - ii) Summary of risk ratings;
  - iii) PEP risk assessment; and
  - iv) Whether any concessions have been utilised.

### **(iii) Outsourced Functions and External Service Providers**

#### **Partially managed non long-term applicants:**

- Enclose a copy of the proposed agreement in respect of the insurance management outsourcing arrangements.

#### **Fully managed non long-term applicants:**

- Fully managed non long-term applicants are not required to provide a copy of the agreement as part of the business plan unless requested by the Authority.

### **(iv) Underwriting Summary**

#### **IA08 applicants:**

- Describe fully any intermediate process which may occur between payment of a premium by an original insured<sup>21</sup> and the receipt of funds by the applicant.
- Provide an overview of the material elements of the applicant's insurance program proposed to be written over the period of the business plan, including-
  - i) For each class of business of the applicant, a general description/profile of:
    - a) the types and number of the policies involved;
    - b) the nature of the policies (for example, direct insurance, reinsurance or retrocession);
    - c) the level (i.e. amount, range or average, as appropriate) of any deductibles or (retro)ceding company retentions (as applicable) underlying the cover to be provided by the applicant (as applicable);
    - d) the geographical origins of risks to be covered by the applicant; and
    - e) in relation to premiums and commissions to be receivable by the applicant (as applicable), an explanation of any terms which allow payment or part payment to occur more than 90 days from the date on which corresponding cover commences.
  - ii) An explanation as to where, and the extent to which, the applicant's profile of exposure to potential liability under its prospective program is:
    - a) open ended (i.e. where the applicant's exposure is technically the sum of all the maximum sums it insures);

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<sup>21</sup> An original insured includes any person to be insured under a direct policy written by the applicant and any person to be insured under a direct policy which is to be directly or indirectly reinsured by the applicant, as the case may be.

- b) capped under the policy (i.e. where the applicant's exposure is subject to a defined aggregate limit of liability);
- c) contractually limited or transferred by way of-
  - 1. reinsurance including:
    - the type of reinsurance involved, whether proportional (e.g. quota share) or non-proportional (e.g. excess of loss);
    - relevant quota share proportions, attachment points and liability limits of the reinsurance (as applicable); and
    - any applicable reinstatements; or
  - 2. clauses, entitling the applicant to additional funding or liability reductions, including any:
    - 'pay as paid' clauses (where the applicant's liability is conditional upon amounts recovered from its reinsurers);
    - additional premium clauses (where the applicant is entitled to require additional premium based on claims levels or other trigger; or
  - 3. other mechanism (please specify).
- Explanation of how any risk gap will be covered if the applicant is not fully funded.
- In respect of any outward reinsurance ceded or retroceded by the applicant provide the following information<sup>22</sup>:
  - i) Details of the structure of any reinsurance/retrocession programme, including excesses, limits not covered in ii) below, currencies and reinsurers;
  - ii) State the threshold and limit of any 1 risk/event and in the aggregate;
  - iii) Provide the names of reinsurers writing individually (or together with associated companies) 10% or more of any reinsurance treaty, or more than 5% of the total amount of premiums ceded/retroceded; and
  - iv) The security rating and corresponding rating agency(ies) of each reinsurer and, where no rating is available, briefly describe the applicant's approach to assessing counterparty risk.
- Where available, provide a schematic diagram of the insurance program.

## (v) Financial Projections

### Class 12 (Non long-term) applicants:

- Provide copies of the year 1 realistic scenario SCR form (NLT\_Return\_Class\_12) and supporting helper templates<sup>23</sup> (or equivalent), which can be found on the Authority's website (Returns/Forms).

### Non-Class 12 (Long-term and non long-term) applicants:

- Provide copies of the year 1 realistic and pessimistic scenarios SCR forms (NLT\_Return\_Class\_3-9&11) and supporting helper templates<sup>23</sup> (or equivalent), which can be found on the Authority's website (Returns/Forms) for both long-term insurers and non long-term insurers.

<sup>22</sup> Copies of reinsurance agreements should not be sent to the Authority as part of the application process unless requested to do so by the Authority.

<sup>23</sup> Copies of SCR forms and supporting helper templates for other scenarios may be requested by the Authority during the processing of the application.