

BERMUDA

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D AND CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2024

BR 18 / 2024

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SCHEDULE

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

Citation

1 These Rules, which amend the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Rules 2011 (the “principal Rules”), may be cited as the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Amendment Rules 2024.

Amends paragraph 2

- 2 Paragraph 2 of the principal Rules is amended as follows—
- (a) by inserting after “In these Rules” the words “, unless the context otherwise requires”;

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- (b) by revoking and replacing the definition of “EBS Valuation basis” with the following—

“EBS Valuation basis” means—

- (a) in relation to a Class C insurer, the Economic Balance Sheet valuation principles to be complied with by a relevant Class C insurer in accordance with Part XXVI of Schedule XIII;
 - (b) in relation to a Class D or Class E insurer, the Economic Balance Sheet valuation principles to be complied with by a relevant Class D or Class E insurer in accordance with Schedule XXVI;”;
- (c) by revoking the definition of “interest risk”;
- (d) by inserting the following definitions in the appropriate alphabetical order—

“expense risk” means the risk of loss, or of adverse change in the value of liabilities (and assets, where applicable) resulting from changes in the level, trend or volatility of the expenses incurred in servicing contracts of insurance;

“group disability insurance” means disability insurance that is issued to persons insured through a group arrangement such as through an employer or association;

“group health insurance” means health insurance that is issued to persons insured through a group arrangement such as through an employer or association;

“group life insurance” means life insurance that is issued to persons insured through a group arrangement such as through an employer or association;

“interest rate risk” means the risk that relates to asset or liability values being adversely affected by changes in interest rates;

“lapse risk” means the risk of loss, or of adverse change in the value of liabilities (and assets, where applicable), resulting from changes in the level or volatility of lapse rates, including but not limited to rates of policy lapse, termination, renewal and surrender;”.

Amends paragraph 3

3 Paragraph 3 of the principal Rules is amended by inserting after subparagraph (5)—

“(6) An insurer may apply to the Authority to make adjustments in accordance with the provisions of Schedule XXV.”.

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Amends paragraph 6

4 Paragraph 6 of the principal Rules is amended as follows—

- (a) in subparagraph (1) by deleting “and XXIV” and substituting the words “, XXIV, XXV and XXVI”;
- (b) in subparagraph (2) by deleting “and XXIV” and substituting the words “, XXIV, XXV and XXVI”;
- (c) in subparagraph (3)(b) by deleting “and XXIV” and substituting the words “, XXIV, XXV and XXVI”.

Revokes and replaces Schedule I

5 Schedule I to the principal Rules entitled “Bermuda Solvency Capital Requirement (Class D and Class E BSCR)” is revoked and replaced with a new Schedule I entitled “Bermuda Solvency Capital Requirement (Class D and Class E BSCR)” as provided in accordance with the Schedule to these Rules.

Inserts Schedules VIIA and VIIB

6 (1) The principal Rules are amended by inserting after Schedule VII the following—

- (a) Schedule VIIA entitled “Schedule of Lapse Risk”;
- (b) Schedule VIIB entitled “Schedule of Long-Term Expense Risk”.

(2) The Schedules inserted by subparagraph (1) are provided in accordance with the Schedule to these Rules.

Revokes and replaces Schedule VIII

7 Schedule VIII to the principal Rules entitled “Schedule of Long-Term Variable Annuity Guarantees Data and Reconciliation” is revoked and replaced with a new Schedule VIII entitled “Schedule of Long-Term Variable Annuity Guarantees Data and Reconciliation” as provided in accordance with the Schedule to these Rules.

Revokes and replaces Schedule XIII

8 Schedule XIII to the principal Rules entitled “Bermuda Solvency Capital Requirement (Class C BSCR)” is revoked and replaced with a new Schedule XIII entitled “Bermuda Solvency Capital Requirement (Class C BSCR)” as provided in accordance with the Schedule to these Rules.

Revokes and replaces Schedule XIV

9 Schedule XIV to the principal Rules entitled “Class D and Class E Statutory Economic Balance Sheet” is revoked and replaced with a new Schedule XIV entitled “Class D and Class E Statutory Economic Balance Sheet” as provided in accordance with the Schedule to these Rules.

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D and CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2024**Revokes and replaces Schedule XV**

10 Schedule XV to the principal Rules entitled “Approved Actuary’s Opinion” is revoked and replaced with a new Schedule XV entitled “Approved Actuary’s Opinion” as provided in accordance with the Schedule to these Rules.

Amends Schedule XX

11 Schedule XX to the principal Rules is amended by deleting “in Schedule XIV” and substituting the words “in Schedule XXVI”.

Amends Schedule XXXA

12 Schedule XXXA to the principal Rules is amended by deleting “in Schedule XIV” and substituting the words “in Schedule XXVI”.

Amends Schedule XXI

13 Schedule XXI to the principal Rules is amended by deleting “in Schedule XIV” and substituting the words “in Schedule XXVI”.

Amends Schedule XXIA

14 Schedule XXIA to the principal Rules is amended by deleting “in Schedule XIV” and substituting the words “in Schedule XXVI”.

Inserts Schedules XXV and XXVI

15 (1) The principal Rules are amended by inserting after Schedule XXIV the following—

- (a) Schedule XXV entitled “Schedule of Adjustments”;
- (b) Schedule XXVI entitled “Schedule of Economic Balance Sheet Valuation Principles”.

(2) The Schedules inserted by subparagraph (1) are provided in accordance with the Schedule to these Rules.

Commencement

16 These Rules come into operation on 31 March 2024.

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SCHEDULE

(Paragraphs 5 to 10 and 15)

The Schedules referred to in paragraphs 5 to 10 and 15 of these Rules are published on the Authority's website (www.bma.bm) in accordance with section 6A(8) of the Insurance Act 1978.

Made this 12th day of March 2024



Chairman
Bermuda Monetary Authority

INSURANCE (PRUDENTIAL STANDARDS) (CLASS C, CLASS D and CLASS E SOLVENCY REQUIREMENT) AMENDMENT RULES 2024

(Paragraph 4)

SCHEDULE I

Bermuda Solvency Capital Requirement (Class D and Class E BSCR)

1. The Class D and Class E BSCR shall be established, on an EBS Valuation basis, in accordance with the following formula—

$$\begin{aligned}
 BSCR = & \sqrt{C_{fi}^2 + C_{eq}^2 + C_{LTint}^2 + C_{Curr}^2 + C_{Conc}^2 + C_{LTcred}^2 + (C_{LTmort} + C_{LTsl} + C_{LTTr})^2 + C_{LTmorb}^2} \\
 & \text{cont'd } \sqrt{+C_{LTlong}^2 - .5 \times (C_{LTmort} + C_{LTsl} + C_{LTTr}) \times C_{LTlong} + C_{LTVa}^2 + C_{LTOther}^2 + C_{op} + C_{adj}} \\
 & + \left[BSCR_{corr} - \left(\sqrt{C_{fi}^2 + C_{eq}^2 + C_{LTint}^2 + C_{Curr}^2 + C_{Conc}^2 + C_{LTcred}^2 + (C_{LTmort} + C_{LTsl} + C_{LTTr})^2 + C_{LTmorb}^2} \right. \right. \\
 & \left. \left. \text{cont'd } \sqrt{+C_{LTlong}^2 - .5 \times (C_{LTmort} + C_{LTsl} + C_{LTTr}) \times C_{LTlong} + C_{LTVa}^2 + C_{LTOther}^2 + C_{op} + C_{adj}} \right) \right] \\
 & \times \text{TransitionalFactor}
 \end{aligned}$$

Where-

C_{fi}	= fixed income investment risk charge as calculated in accordance with paragraph 2;
C_{eq}	= equity investment risk charge as calculated in accordance with paragraph 3;
C_{LTint}	= interest rate/liquidity risk charge as calculated in accordance with paragraph 4;
C_{Curr}	= currency risk charge as calculated in accordance with paragraph 5;
C_{Conc}	= concentration risk charge as calculated in accordance with paragraph 6;
C_{LTcred}	= credit risk charge as calculated in accordance with paragraph 7;
C_{LTmort}	= insurance risk - mortality charge as calculated in accordance with paragraph 8;
C_{LTsl}	= insurance risk - stop loss charge as calculated in accordance with paragraph 9;
C_{LTTr}	= insurance risk - riders charge as calculated in accordance with paragraph 10;
C_{LTmorb}	= insurance risk - morbidity and disability charge as calculated in accordance with paragraph 11;
C_{LTlong}	= insurance risk - longevity charge as calculated in accordance with paragraph 12;
C_{LTVa}	= variable annuity guarantee risk charge as calculated in accordance with paragraph 13;
$C_{LTOther}$	= other insurance risk charge as calculated in accordance with paragraph 14;

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C_{op}	= operational risk charge as calculated in accordance with paragraph 15; and
C_{adj}	=charge for capital adjustment, calculated as the sum of (a) and (b) where:
	(a) Regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 16; and
	(b) Capital adjustment for the loss-absorbing capacity of deferred taxes calculated as determined in accordance to paragraph 38;
$BSCR_{Corr}$	= as calculated in accordance with paragraph 17;
<i>TransitionalFactor</i>	(a) 10%, for the financial year beginning on or after 1st January 2019; (b) 20%, for the financial year beginning on or after 1st January 2020; (c) 30%, for the financial year beginning on or after 1st January 2021; (d) 40% for the financial year beginning on or after 1st January 2022; (e) 50% for the financial year beginning on or after 1st January 2023; (f) 60% for the financial year beginning on or after 1st January 2024; (g) 70% for the financial year beginning on or after 1st January 2025; (h) 80% for the financial year beginning on or after 1st January 2026; (i) 90% for the financial year beginning on or after 1st January 2027; (j) 100% for the financial year beginning on or after 1st January 2028.”

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

$$C_{fi} = \sum_i \chi_i \times Flastclass_i \times \mu_r \text{ where}$$

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

Table 1 – Capital charge factors for $Flastclass_i$

Type of fixed income investments $Flastclass_i$	Statement Source These Rules	Capital Factor χ_i
<i>Corporate and Sovereign Bonds</i>		
BSCR rating 0	Schedule II & IIA, Line 1, Column (1)	0.0%
BSCR rating 1	Schedule II & IIA, Line 2, Column (1)	0.4%
BSCR rating 2	Schedule II & IIA, Line 3, Column (1)	0.8%
BSCR rating 3	Schedule II & IIA, Line 4, Column (1)	1.5%
BSCR rating 4	Schedule II & IIA, Line 5, Column (1)	3.0%
BSCR rating 5	Schedule II & IIA, Line 6, Column (1)	8.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (1)	15.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (1)	26.3%
BSCR rating 8	Schedule II & IIA, Line 9, Column (1)	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 1	Schedule II & IIA, Line 2, Column (3)	0.6%

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BSCR rating 2	Schedule II & IIA, Line 3, Column (3)	1.2%
BSCR rating 3	Schedule II & IIA, Line 4, Column (3)	2.0%
BSCR rating 4	Schedule II & IIA, Line 5, Column (3)	4.0%
BSCR rating 5	Schedule II & IIA, Line 6, Column (3)	11.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (3)	25.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (3)	35.0%
BSCR rating 8	Schedule II & IIA, Line 9, Column (3)	35.0%

<i>Commercial Mortgage-Backed Securities/Asset-Backed Securities</i>		
BSCR rating 1	Schedule II & IIA, Line 2, Column (5)	0.5%
BSCR rating 2	Schedule II & IIA, Line 3, Column (5)	1.0%
BSCR rating 3	Schedule II & IIA, Line 4, Column (5)	1.8%
BSCR rating 4	Schedule II & IIA, Line 5, Column (5)	3.5%
BSCR rating 5	Schedule II & IIA, Line 6, Column (5)	10.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (5)	20.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (5)	30.0%
BSCR rating 8	Schedule II & IIA, Line 9, Column (5)	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule II & IIA, Line 1, Column (7)	0.0%
BSCR rating 1	Schedule II & IIA, Line 2, Column (7)	0.4%
BSCR rating 2	Schedule II & IIA, Line 3, Column (7)	0.8%
BSCR rating 3	Schedule II & IIA, Line 4, Column (7)	1.5%
BSCR rating 4	Schedule II & IIA, Line 5, Column (7)	3.0%
BSCR rating 5	Schedule II & IIA, Line 6, Column (7)	8.0%
BSCR rating 6	Schedule II & IIA, Line 7, Column (7)	15.0%
BSCR rating 7	Schedule II & IIA, Line 8, Column (7)	26.3%
BSCR rating 8	Schedule II & IIA, Line 9, Column (7)	35.0%
<i>Mortgage Loans</i>		
Insured/guaranteed mortgages	Schedule II & IIA, Line 22, Column (1)	0.3%
Other commercial and farm mortgages	Schedule II & IIA, Line 23, Column (1)	5.0%
Other residential mortgages	Schedule II & IIA, Line 24, Column (1)	1.5%
Mortgages not in good standing	Schedule II & IIA, Line 25, Column (1)	25.0%
<i>Other Fixed Income Investments</i>		
Other loans	Form 1EBS, Line 8	5.0%
<i>Cash and cash equivalents</i>		
BSCR rating 0	Schedule XIX, Column A	0.0%
BSCR rating 1	Schedule XIX, Column A	0.1%
BSCR rating 2	Schedule XIX, Column A	0.2%
BSCR rating 3	Schedule XIX, Column A	0.3%
BSCR rating 4	Schedule XIX, Column A	0.5%
BSCR rating 5	Schedule XIX, Column A	1.5%
BSCR rating 6	Schedule XIX, Column A	4.0%
BSCR rating 7	Schedule XIX, Column A	6.0%

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BSCR rating 8	Schedule XIX, Column A	9.0%
Less: Diversification adjustment	Schedule XIX, Column A	to a maximum of 40.0%

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

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

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

$$C_{eq} = \sum_i \chi_i \times Eqastclass_i \text{ where -}$$

χ_i = the capital charge factors prescribed in Table 2 for each type of $Eqastclass_i$; and

$Eqastclass_i$ = value of investment in corresponding asset Class i.

Table 2 – Capital charge factors for $Eqastclass_i$

Type of equity investments $Eqastclass_i$	Statement Source These Rules	Capital Factor χ_i
<i>Common stocks</i>		
Non-affiliated (quoted) common stock	Schedule II & IIA, Line 19, Column (1)	14.4%
Non-affiliated (unquoted) common stock	Schedule II & IIA, Line 20, Column (1)	14.4%
Equity mutual funds	Schedule II & IIA, Line 21, Column (5)	14.4%
<i>Preferred stocks</i>		
BSCR rating 1	Schedule II & IIA, Line 11, Column (3)	0.6%
BSCR rating 2	Schedule II & IIA, Line 12, Column (3)	1.2%
BSCR rating 3	Schedule II & IIA, Line 13, Column (3)	2.0%
BSCR rating 4	Schedule II & IIA, Line 14, Column (3)	4.0%
BSCR rating 5	Schedule II & IIA, Line 15, Column (3)	11.0%
BSCR rating 6	Schedule II & IIA, Line 16, Column (3)	25.0%

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BSCR rating 7	Schedule II & IIA, Line 17, Column (3)	35.0%
BSCR rating 8	Schedule II & IIA, Line 18, Column (3)	35.0%
<i>Other equity investments</i>		
Company-occupied real estate less: encumbrances	Form 1EBS, Line 7(a)	10.0%
Real estate investments less: encumbrances	Form 1EBS, Line 7(b)	20.0%
Other equity investments	Form 1EBS, Lines 2(e), 3(e) and Schedule IIA, Line 21, Column (7)	20.0%
Other tangible assets – net of segregated accounts companies	Form 1EBS, Lines 13(k), 14(d) & 36(f) Less Line 13(b), 13(c) and 13(h)	20.0%
<i>Investments in affiliates</i>		
Unregulated entities that conduct ancillary Services	Form 1EBS, Line 4(a)	5.0%
Unregulated non- financial operating entities	Form 1EBS, Line 4(b)	20.0%
Unregulated financial operating entities	Form 1EBS, Line 4(c)	55.0%
Regulated insurance financial operating entities	Form 1EBS, Line 4(e)	20.0%

INSTRUCTIONS AFFECTING TABLE 2: Capital charge factors for $E_{qastclass_i}$

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

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

$$C_{LTint} = (duration1 \times rateshock \times reserveshare \times assets \times (100\% - ALMCredit)) + (duration2 \times rateshock \times (1 - reserveshare) \times assets) \text{ where}$$

duration1 = applies for business where the duration of assets and liabilities is known. *duration1* = the higher of

- (a) 1; or
- (b) the insurer's weighted average of the difference in asset duration and liability duration;
- (c) The statement source for the weighted average of the difference in asset duration and liability duration is Schedule V paragraph (f) of these Rules;

duration2 = applies for business where the duration of assets and liabilities is not known. *duration2* is equal to 2;

rateshock = assumed interest rate adjustment prescribed in Table 3;

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<i>assets</i>	= quoted and unquoted value of total bonds and debentures, preferred stock, or mortgage loans;
<i>reserveshare</i>	= is the amount of reserves with known duration divided by the total reserves. The statement source for <i>reserveshare</i> is Schedule V paragraph (h) of these Rules; and
<i>AMLCredit</i>	= the total factor determined in accordance with Table 4.

Table 3 – Interest rate adjustment for *assets*

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

INSTRUCTIONS AFFECTING TABLE 3: Interest rate adjustment for *assets*

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

Table 4 - Asset Liability Management (“ALM”) Credit

Criterion	Implemented	Score for yes answers
Has the insurer implemented policies on ALM, including tolerances for deviation?	If yes, the answers to remaining questions are used, If no, the ALM Credit is zero	
Have clear roles and responsibilities for the execution of the ALM program been assigned?		10%
Are ALM positions / tolerances communicated to the investment function, senior management and the board on a timely basis?		10%
Have systems and procedures been established to identify, report and promptly		10%

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address ALM deficiencies?		
Are the ALM policies and procedures reviewed and reapproved or revised at least annually?		10%
Is the insurer's current ALM position in compliance with the insurer's policies?		10%
Total		XX%

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

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

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

$Currency_i$ = refers to a currency used by the insurer

$GrossCurrast_i$ = value of assets corresponding to $Currency_i$ as reported on Form 1EBS Line 15

$Currast_i$ = value of assets corresponding to $Currency_i$ as reported on Form 1EBS Line 15 adjusted to allow for currency hedging arrangements

$GrossCurriab_i$ = value of liabilities corresponding to $Currency_i$ as reported on Form 1EBS Line 39 .

$Curriab_i$ = value of liabilities corresponding to $Currency_i$ as reported on Form 1EBS Line 39 adjusted to allow for currency hedging arrangements

$Currproxybscr_i$ = refers to the product of $GrossCurriab_i$ and BSCR Proxy factor

BSCR Proxy factor = greater of:

- the Enhanced Capital Requirement divided by Form 1EBS Line 39 Total Liabilities for the preceding year;
- the average of the above ratio for the preceding 3 years.

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

Table 5 – Capital charge factors for Currency Risk

Currency	$GrossCurrast_i$	$Currast_i$	$GrossCurriab_i$	$Curriab_i$	$Currproxybscr_i$
Currency 1	Schedule XX, Column A, Line 1	Schedule XX, Column B, Line 1	Schedule XX, Column C, Line 1	Schedule XX, Column D, Line 1	$GrossCurriab_i \times$ BSCR Proxy Factor
Currency 2	Schedule XX, Column A, Line 2	Schedule XX, Column B, Line 2	Schedule XX, Column C, Line 2	Schedule XX, Column D, Line 2	$GrossCurriab_i \times$ BSCR Proxy Factor
Currency 3	Schedule XX, Column A, Line 3	Schedule XX, Column B, Line 3	Schedule XX, Column C, Line 3	Schedule XX, Column D, Line 3	$GrossCurriab_i \times$ BSCR Proxy Factor

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Currency n	Schedule XX, Column A, Line n	Schedule XX, Column B, Line n	Schedule XX, Column C, Line n	Schedule XX, Column D, Line n	$GrossCurrliab_n \times$ BSCR Proxy Factor
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INSTRUCTIONS AFFECTING TABLE 5: Capital charge factors for Currency Risk

- where the insurer uses currency hedging arrangements to manage its currency risk, then $Currast_i$ and $Currliab_i$ may reflect the impact of those arrangements on $GrossCurrast_i$ and $GrossCurrliab_i$ of a 25% adverse movement in foreign exchange currency rates, otherwise the amounts $GrossCurrast_i$ and $GrossCurrliab_i$ shall apply;
- any adjustment to reflect currency hedging arrangements shall not apply to the calculation of $Currproxybscr_i$;
- “currency hedging arrangements” means derivative or other risk mitigation arrangements designed to reduce losses due to foreign currency exchange movements, and which meet the Authority’s requirements to be classed as such;
- insurers are to report currencies representing at least 95% of their economic balance sheet liabilities; and
- amounts are to be reported on an EBS Valuation basis.

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

$$C_{Conc} = \sum_i \chi_i \times Concastclass_i \quad \text{where -}$$

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

$Concastclass_i$ = value of corresponding asset in Asset Class

Table 6 – Capital charge factors for $Concastclass_i$

Asset Class	Statement Source	Capital Factor
	These Rules	χ_i
<i>Cash and Cash Equivalents</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.1%
BSCR rating 2	Schedule XXI, Column D	0.2%
BSCR rating 3	Schedule XXI, Column D	0.3%
BSCR rating 4	Schedule XXI, Column D	0.5%
BSCR rating 5	Schedule XXI, Column D	1.5%
BSCR rating 6	Schedule XXI, Column D	4.0%
BSCR rating 7	Schedule XXI, Column D	6.0%
BSCR rating 8	Schedule XXI, Column D	9.0%
<i>Corporate & Sovereign Bonds</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.4%

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BSCR rating 2	Schedule XXI, Column D	0.8%
BSCR rating 3	Schedule XXI, Column D	1.5%
BSCR rating 4	Schedule XXI, Column D	3.0%
BSCR rating 5	Schedule XXI, Column D	8.0%
BSCR rating 6	Schedule XXI, Column D	15.0%
BSCR rating 7	Schedule XXI, Column D	26.3%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Residential Mortgage-Backed Securities</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.6%
BSCR rating 2	Schedule XXI, Column D	1.2%
BSCR rating 3	Schedule XXI, Column D	2.0%
BSCR rating 4	Schedule XXI, Column D	4.0%
BSCR rating 5	Schedule XXI, Column D	11.0%
BSCR rating 6	Schedule XXI, Column D	25.0%
BSCR rating 7	Schedule XXI, Column D	35.0%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Commercial Mortgage-Backed Securities/Asset Backed Securities</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.5%
BSCR rating 2	Schedule XXI, Column D	1.0%
BSCR rating 3	Schedule XXI, Column D	1.8%
BSCR rating 4	Schedule XXI, Column D	3.5%
BSCR rating 5	Schedule XXI, Column D	10.0%
BSCR rating 6	Schedule XXI, Column D	20.0%
BSCR rating 7	Schedule XXI, Column D	30.0%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule XXI, Column D	0.0%
BSCR rating 1	Schedule XXI, Column D	0.4%
BSCR rating 2	Schedule XXI, Column D	0.8%
BSCR rating 3	Schedule XXI, Column D	1.5%
BSCR rating 4	Schedule XXI, Column D	3.0%
BSCR rating 5	Schedule XXI, Column D	8.0%
BSCR rating 6	Schedule XXI, Column D	15.0%
BSCR rating 7	Schedule XXI, Column D	26.3%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Preferred Shares</i>		
BSCR rating 1	Schedule XXI, Column D	0.6%
BSCR rating 2	Schedule XXI, Column D	1.2%
BSCR rating 3	Schedule XXI, Column D	2.0%
BSCR rating 4	Schedule XXI, Column D	4.0%
BSCR rating 5	Schedule XXI, Column D	11.0%
BSCR rating 6	Schedule XXI, Column D	25.0%
BSCR rating 7	Schedule XXI, Column D	35.0%
BSCR rating 8	Schedule XXI, Column D	35.0%
<i>Mortgage Loans</i>		
Insured/Guaranteed Mortgages	Schedule XXI, Column D	0.3%
Other Commercial and Farm Mortgages	Schedule XXI, Column D	5.0%
Other Residential Mortgages	Schedule XXI, Column D	1.5%
Mortgages Not In Good Standing	Schedule XXI, Column D	25.0%
<i>Other Asset Classes</i>		

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Quoted and Unquoted Common Stock and Mutual Funds	Schedule XXI, Column D	14.4%
Other Quoted and Unquoted Investments	Schedule XXI, Column D	20.0%
Investment in Affiliates – Unregulated entities that conduct ancillary services	Schedule XXI, Column D	5.0%
Investment in Affiliates – Unregulated non-financial operating entities	Schedule XXI, Column D	20.0%
Investment in Affiliates – Unregulated financial operating entities	Schedule XXI, Column D	55.0%
Investment in Affiliates – Regulated non-insurance financial operating entities	Schedule XXI, Column D	55.0%
Investment in Affiliates – Regulated insurance financial operating entities	Schedule XXI, Column D	20.0%
Advances to Affiliates –	Schedule XXI, Column D	5.0%
Policy Loans	Schedule XXI, Column D	0.0%
Real Estate: Occupied by company	Schedule XXI, Column D	10.0%
Real Estate: Other properties	Schedule XXI, Column D	20.0%
Collateral Loans	Schedule XXI, Column D	5.0%

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

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

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

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

δ_i = the credit risk capital charge factor for type of $debtor_i$ as prescribed in Table 7; and

$debtor_i$ = receivable amount from debtor i net of any collateral placed in favour of the insurer; and.

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

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to 40%.

Table 7 – Capital charge factors for $debtor_i$

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

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

- (i) all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;
- (ii) all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- (iii) collateralized balances are assets pledged in favour of the insurer relating to accounts and premiums receivable;
- (iv) the net qualifying exposure comprises of reinsurance balances receivable and reinsurance recoverable balances less the corresponding reinsurance balances payable and other payables less the qualifying collateral issued in favour of the insurer in relation to the reinsurance balances;
- (v) the net qualifying exposure in instruction (d) shall be subject to the prescribed credit risk capital factor;
- (vi) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%;

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- (vii) the diversification adjustment in instruction (f) is determined as 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure; and
- (viii) amounts are to be reported on an EBS Valuation basis.

8. The insurance risk - mortality charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTmort} = \left[\sum_i \alpha 1_i \times NAAR1_i \right] + \left[\sum_i \alpha 2_i \times NAAR2_i \right] \quad \text{Where}$$

$\alpha 1_i$ = capital factor for adjustable life insurance business as prescribed in Table 8;

$NAAR1_i$ = the Net Amount at Risk of all adjustable life insurance business. The statement source is Schedule VII, Column (9), Line 1 of these Rules;

$\alpha 2_i$ = capital factor for non-adjustable business as prescribed in Table 8; and

$NAAR2_i$ = the Net Amount at Risk of all non-adjustable life insurance business. The statement source is Schedule VII, Column (10), Line 1 of these Rules;

Table 8 – Capital charge factors for $NAAR1_i$ or $NAAR2_i$

Net Amount at Risk $NAAR1_i$ or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First \$1 billion	0.00199	0.00397
Next \$4 billion	0.00090	0.00180
Next \$5 billion	0.00072	0.00144
Next \$40 billion	0.00065	0.00129
Excess over \$50 billion	0.00057	0.00113

9. The insurance risk – stop loss charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTsl} = 50\% \times \text{net annual premium for stop loss covers as prescribed in Schedule VII, Column (11), Line 14 of these Rules.}$$

10. The insurance risk – rider charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTTr} = 25\% \times \text{net annual premium for insurance product riders not included elsewhere as prescribed in Schedule VII, Column (11), Line 15 of these Rules.}$$

11. The insurance risk – morbidity and disability capital calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTmorb} = (a) + (b) + (c) + (d) + (e) \quad \text{Where:}$$

- (a) = 7.00% x BSCR adjusted reserves for disability income claims in payment on waiver of premium and long-term care as prescribed in Schedule VII, Column (7), Line 9 of these Rules
Plus
- (b) = 10% x BSCR adjusted reserves for disability income claims in payment on other accident and sickness products as prescribed in Schedule VII, Column (7), Line 10 of these Rules;

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- (c) Plus

$$= \left[\sum_i \alpha_i \times NAP_i \right]$$
Where –
 α_i = capital charge factor as prescribed in Table 9; and
 NAP_i = the Net Annual Premium for disability income business – active lives as described in Table 9;

Table 9 – Capital charge factors for NAP_i

Net Annual Premium NAP_i	Statement Source These Rules	Capital Factor α_i
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (9), Line 7(a)	9.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column (9), Line 7(b)	15.0%
Benefit period less than or equal to two years, premium guarantee of more than 5 years	Schedule VII, Column (9), Line 7(c)	22.5%
Benefit period greater than two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (10), Line 7(a)	12.0%
Benefit period greater than two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column (10), Line 7(b)	20.0%
Benefit period greater than two years, premium guarantee of more than 5 years	Schedule VII, Column (10), Line 7(c)	30.0%

- (d) = 12% x net annual premium for disability income - active lives for other accident and sickness products as prescribed in Schedule VII, Column (11), Line 8; and

$$= \left[\sum_i \alpha 1_i \times NAAR1_i \right] + \left[\sum_i \alpha 2_i \times NAAR2_i \right]$$
Where –
 $\alpha 1_i$ = capital factor as prescribed in Table 10;
 $NAAR1_i$ = the Net Amount at Risk of all adjustable critical illness insurance business in force as in Schedule VII, Column (9), Line 2;

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$\alpha 2_i$ = capital factor as prescribed in Table 10;

$NAAR2_i$ = the Net Amount at Risk of all non-adjustable critical illness insurance business in force as in Schedule VII, Column (10), Line 2.

Table 10 – Capital charge factors for $NAAR1_i$ or $NAAR2_i$

Net Amount at Risk $NAAR1_i$ Or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First \$1 billion	0.00596	0.01191
Next \$4 billion	0.00270	0.00540
Next \$5 billion	0.00216	0.00432
Next \$40 billion	0.00194	0.00387
Excess over \$50 billion	0.00170	0.00339

12. The insurance risk – longevity charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTlong} = \sum_i \alpha_i \times BAR_i \quad \text{Where:}$$

α_i = capital charge factor as prescribed in Table 11; and

BAR_i = the BSCR adjusted reserves for longevity risk as described in Table 11.

Table 11 – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Longevity (<i>immediate pay-out annuities, contingent annuities, pension blocks</i>) – Attained age of annuitant:		
0-55 years	Schedule VII, Column (7), Line 3(a)	2.0%
56-65 years	Schedule VII, Column (7), Line 3(b)	3.0%
66-70 years	Schedule VII, Column (7), Line 3(c)	4.0%
71-80 years	Schedule VII, Column (7), Line 3(d)	5.0%
81+ years	Schedule VII, Column (7), Line 3(e)	6.0%
Longevity (<i>deferred pay-out annuities, future contingent annuities, future pension pay-outs</i>) – Age at which annuity benefits commence:		
0-55 years	Schedule VII, Column (7), Line 4(a)	2.0%
56-60 years	Schedule VII, Column (7), Line 4(b)	3.0%
61-65 years	Schedule VII, Column (7), Line 4(c)	4.0%
66-70 years	Schedule VII, Column (7), Line 4(d)	5.0%
71-75 years	Schedule VII, Column (7), Line 4(e)	6.0%

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76+ years	Schedule VII, Column (7), Line 4(e)	7.0%
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INSTRUCTIONS AFFECTING TABLE 11: Capital charge factors for BAR_i

For joint and survivor annuities, the youngest age should be used.

13. The variable annuity guarantee risk charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTV A} = \text{either } \left(\sum_i TotalBSReq_i - TotalBAR - TotalGMB_{adj} \right) \text{ or } (IMCReq_{LTV A})$$

Wherein:

- (i) $TotalBSReq_i$ = higher of (a) $(\alpha 1_i \times GV1_i + \alpha 2_i \times GV2_i + \alpha 3_i \times GV3_i)$ and
(b) $(\alpha 4_i \times NAR1_i + \alpha 5_i \times NAR2_i + \alpha 6_i \times NAR3_i)$;
- (ii) $TotalBAR$ = the total BSCR adjusted reserves for variable annuity guarantee risk. The statement source for $TotalBAR$ is Schedule VII, line 17, column (7) of these Rules;
- (iii) $TotalGMB_{adj}$ = the capital requirement charged on guaranteed minimum death benefit (GMDB) policies multiplied by the percentage of GMDB with multiple guarantees. The statement source for the percentage of GMDB with multiple guarantees is Schedule VIII, line 32, column (4) of these Rules;
- (iv) $IMCReq_{LTV A}$ = the capital requirement for variable annuity guarantee risk determined in accordance with an insurer's internal capital model, if applicable. The statement source for $IMCReq_{LTV A}$ is Schedule VIIIA, line 1, column (7) of these Rules;
- (v) $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$ have the statement source identified in Table 12; and
- (vi) $(\alpha 1_i, \alpha 2_i, \alpha 3_i, \alpha 4_i, \alpha 5_i, \alpha 6_i)$ are the capital factors as prescribed in Table 13.

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Table 12 – Capital charge factors for $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$

Variable Annuity Benefit Type	Statement Source These Rules $GV1_i$	Statement Source These Rules $GV2_i$	Statement Source These Rules $GV3_i$	Statement Source These Rules $Nar1_i$	Statement Source These Rules $Nar2_i$	Statement Source These Rules $Nar3_i$
Guaranteed minimum death benefit: Return of premium, ratchet and reset	Schedule VIII, lines 1 and 16, column (2)	Schedule VIII, lines 1 and 16, column (3)	Schedule VIII, lines 1 and 16, column (4)	Schedule VIII, lines 1, column (5)	Schedule VIII, lines 1, column (6)	Schedule VIII, lines 1, column (7)
Guaranteed minimum death benefit: Enhanced benefits (roll up)	Schedule VIII, Lines 2 and 17, column (2)	Schedule VIII, Lines 2 and 17, column (3)	Schedule VIII, Lines 2 and 17, column (4)	Schedule VIII, Lines 2, column (5)	Schedule VIII, Lines 2, column (6)	Schedule VIII, Lines 2, column (7)
Guaranteed minimum income benefit	Schedule VIII, Lines 3 and 18, column (2)	Schedule VIII, Lines 3 and 18, column (3)	Schedule VIII, Lines 3 and 18, column (4)	Schedule VIII, Lines 3, column (5)	Schedule VIII, Lines 3, column (6)	Schedule VIII, Lines 3, column (7)
Guaranteed minimum withdrawal benefit	Schedule VIII, Lines 4 and 19, column (2)	Schedule VIII, Lines 4 and 19, column (3)	Schedule VIII, Lines 4 and 19, column (4)	Schedule VIII, Lines 4, column (5)	Schedule VIII, Lines 4, column (6)	Schedule VIII, Lines 4, column (7)
Guaranteed enhanced earnings benefit	Schedule VIII, Lines 5 and 20, column (2)	Schedule VIII, Lines 5 and 20, column (3)	Schedule VIII, Lines 5 and 20, column (4)	Schedule VIII, Lines 5, column (5)	Schedule VIII, Lines 5, column (6)	Schedule VIII, Lines 5, column (7)
Guaranteed minimum accumulation benefit with 1 year or less to maturity	Schedule VIII, Lines 6 and 21, column (2)	Schedule VIII, Lines 6 and 21, column (3)	Schedule VIII, Lines 6 and 21, column (4)	Schedule VIII, Lines 6, column (5)	Schedule VIII, Lines 6, column (6)	Schedule VIII, Lines 6, column (7)
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	Schedule VIII, Lines 7 and 22, column (2)	Schedule VIII, Lines 7 and 22, column (3)	Schedule VIII, Lines 7 and 22, column (4)	Schedule VIII, Lines 7, column (5)	Schedule VIII, Lines 7, column (6)	Schedule VIII, Lines 7, column (7)
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	Schedule VIII, Lines 8 and 23, column (2)	Schedule VIII, Lines 8 and 23, column (3)	Schedule VIII, Lines 8 and 23, column (4)	Schedule VIII, Lines 8, column (5)	Schedule VIII, Lines 8, column (6)	Schedule VIII, Lines 8, column (7)
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	Schedule VIII, Lines 9 and 24, column (2)	Schedule VIII, Lines 9 and 24, column (3)	Schedule VIII, Lines 9 and 24, column (4)	Schedule VIII, Lines 9, column (5)	Schedule VIII, Lines 9, column (6)	Schedule VIII, Lines 9, column (7)
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	Schedule VIII, Lines 10 and 25, column (2)	Schedule VIII, Lines 10 and 25, column (3)	Schedule VIII, Lines 10 and 25, column (4)	Schedule VIII, Lines 10, column (5)	Schedule VIII, Lines 10, column (6)	Schedule VIII, Lines 10, column (7)
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	Schedule VIII, Lines 11 and 26, column (2)	Schedule VIII, Lines 11 and 26, column (3)	Schedule VIII, Lines 11 and 26, column (4)	Schedule VIII, Lines 11, column (5)	Schedule VIII, Lines 11, column (6)	Schedule VIII, Lines 11, column (7)
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	Schedule VIII, Lines 12 and 27, column (2)	Schedule VIII, Lines 12 and 27, column (3)	Schedule VIII, Lines 12 and 27, column (4)	Schedule VIII, Lines 12, column (5)	Schedule VIII, Lines 12, column (6)	Schedule VIII, Lines 12, column (7)

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Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	Schedule VIII, Lines 13 and 28, column (2)	Schedule VIII, Lines 13 and 28, column (3)	Schedule VIII, Lines 13 and 28, column (4)	Schedule VIII, Lines 13, column (5)	Schedule VIII, Lines 13, column (6)	Schedule VIII, Lines 13, column (7)
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	Schedule VIII, Lines 14 and 29, column (2)	Schedule VIII, Lines 14 and 29, column (3)	Schedule VIII, Lines 14 and 29, column (4)	Schedule VIII, Lines 14, column (5)	Schedule VIII, Lines 14, column (6)	Schedule VIII, Lines 14, column (7)
Guaranteed minimum accumulation benefit with more than 9 years to maturity	Schedule VIII, Lines 15 and 30, column (2)	Schedule VIII, Lines 15 and 30, column (3)	Schedule VIII, Lines 15 and 30, column (4)	Schedule VIII, Lines 15, column (5)	Schedule VIII, Lines 15, column (6)	Schedule VIII, Lines 15, column (7)

Table 13 – Capital charge factors for $(\alpha_1, \alpha_2, \alpha_3, \alpha_4, \alpha_5, \alpha_6)$

Variable Annuity Benefit Type	Capital Charge α_1	Capital Charge α_2	Capital Charge α_3	Capital Charge α_4	Capital Charge α_5	Capital Charge α_6
Guaranteed minimum death benefit: Return of premium, ratchet and reset	0.25%	0.50%	0.75%	4.00%	8.50%	13.00%
Guaranteed minimum death benefit: Enhanced benefits (roll up)	0.75%	1.00%	1.25%	12.00%	16.50%	21.00%
Guaranteed minimum income benefit	5.00%	6.50%	8.00%	100.00%	130.00%	160.00%
Guaranteed minimum withdrawal benefit	3.25%	4.25%	5.00%	60.00%	75.00%	90.00%
Guaranteed enhanced earnings benefit	0.00%	0.50%	1.00%	1.00%	9.00%	17.00%
Guaranteed minimum accumulation benefit with 1 year or less to maturity	3.20%	5.00%	9.00%	90.00%	130.00%	250.00%
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	3.00%	5.00%	8.90%	80.00%	115.00%	200.00%
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	3.00%	5.00%	8.90%	70.00%	105.00%	160.00%
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	2.80%	5.00%	8.80%	60.00%	95.00%	135.00%
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	2.40%	4.30%	8.00%	55.00%	85.00%	115.00%
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	2.00%	3.50%	6.80%	50.00%	75.00%	100.00%
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	1.70%	2.80%	5.90%	45.00%	65.00%	90.00%
Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	1.40%	2.10%	4.90%	40.00%	55.00%	80.00%
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	1.10%	1.70%	4.30%	35.00%	50.00%	70.00%
Guaranteed minimum accumulation benefit with more than 9 years to maturity	1.00%	1.40%	3.90%	30.00%	45.00%	60.00%

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14. The other insurance risk capital calculation for long-term business shall be established in accordance with the following formula –

$$C_{LToth} = \sum_i \alpha_i \times BAR_i;$$

Where:

α_i = capital charge factor as prescribed in Table 14; and

BAR_i = the BSCR adjusted reserves as described in Table 14.

Table 14 – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Mortality (term insurance, whole life, universal life)	Schedule VII, Column (7), Line 1	2.0%
Critical illness (including accelerated critical illness products)	Schedule VII, Column (7), Line 2	2.0%
Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	Schedule VII, Column (7), Line 3(f)	0.5%
Longevity (deferred pay-out annuities, future contingent annuities, future pension pay- outs)	Schedule VII, Column (7), Line 4(g)	0.5%
Annuities certain only	Schedule VII, Column (7), Line 5	0.5%
Deferred accumulation annuities	Schedule VII, Column (7), Line 6	0.5%
Disability income: active lives – including waiver of premium and long-term care	Schedule VII, Column (7), Line 7(d)	2.0%
Disability income: active lives – other accident and sickness	Schedule VII, Column (7), Line 8	2.0%
Disability income: claims in payment – including waiver of premium and long-term care	Schedule VII, Column (7), Line 9	0.5%
Disability income: claims in payment – other accident and sickness	Schedule VII, Column (7), Line 10	0.5%
Group life	Schedule VII, Column (7), Line 11	0.5%
Group disability	Schedule VII, Column (7), Line 12	0.5%
Group health	Schedule VII, Column (7), Line 13	0.5%
Stop loss	Schedule VII, Column (7), Line 14	2.0%
Rider (other product riders not included above)	Schedule VII, Column (7), Line 15	2.0%

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

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

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ρ = an amount between 1% and 10% as determined by the Authority in accordance with Table 15; and

$ACov$ = BSCR after Covariance amount or an amount prescribed by the Authority.

Table 15 – Operational Risk Charge for ρ

Overall Score	Applicable Operational Risk Charge ρ
≤ 5200	10.0%
$>5200 \leq 6000$	9.0%
$>6000 \leq 6650$	8.0%
$>6650 \leq 7250$	7.0%
$>7250 \leq 7650$	6.0%
$>7650 \leq 7850$	5.0%
$>7850 \leq 8050$	4.0%
$>8050 \leq 8250$	3.0%
$>8250 \leq 8450$	2.0%
>8450	1.0%

INSTRUCTIONS AFFECTING TABLE 15

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 15A, 15B, 15C, 15D, 15E, and 15F.

TABLE 15A – Corporate Governance Score Table

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

Comments

INSTRUCTIONS AFFECTING TABLE 15A

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

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TABLE 15B –Risk Management Function ('RMF') Score Table

Criterion	Implemented	Score
RMF is independent of other operational units and has direct access to the Board of Directors		150
RMF is entrenched in strategic planning, decision making and the budgeting process		150
RMF ensures that the risk management procedures and policies are well documented and approved by the Board of Directors		150
RMF ensures that the risk management policies and procedures are communicated throughout the organization		150
RMF ensures that operational risk management processes and procedures are reviewed at least annually		150
RMF ensures that loss events arising from operational risks are documented and loss event data is integrated into the risk management strategy		150
RMF ensures that risk management recommendations are documented for operational units, ensures that deficiencies have remedial plans and that progress on the execution of such plans are reported to the Board of Directors at least annually		150
Total		XX

Comments

INSTRUCTIONS AFFECTING TABLE 15B

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

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TABLE 15C –Risk Identification Processes ('RIP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RIP are ad hoc								
2	100	RIP have been implemented but not standardised across the organization								
3	150	RIP have been implemented, well documented and understood by relevant staff, and standardised across the organization								
4	200	In addition to Stage 3, RIP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 15C

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RIP;
- (b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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TABLE 15D - Risk Measurement Processes ('RMP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RMP are ad hoc								
2	100	RMP have been implemented but not standardised across the organization								
3	150	RMP have been implemented, well documented and understood by relevant staff, and standardised across the organization								
4	200	In addition to Stage 3, RMP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 15D

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RMP;
- (b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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TABLE 15E - Risk Response Processes ('RRP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RRP are ad hoc								
2	100	RRP have been implemented but not standardised across the organization								
3	150	RRP have been implemented, well documented and understood by relevant staff, and standardised across the organization								
4	200	In addition to Stage 3, RRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 15E

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RRP;
 - (b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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TABLE 15F - Risk Monitoring and Reporting Processes ('RMRP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RMRP are ad hoc								
2	100	RMRP have been implemented but not standardised across the organization								
3	150	RMRP have been implemented, well documented and understood by relevant staff, and standardised across the organization								
4	200	In addition to Stage 3, RMRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 15F

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer's implementation in respect of its RMRP;
- (b) where the insurer's assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer's operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage

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16. The regulatory capital requirement for regulated non-insurance financial operating entities shall be determined in accordance with Schedule XVI - "Schedule of Regulated Non-Insurance Financial Operating Entities". This amount shall be equal to the sum of the insurer's proportionate share of each entity's regulatory capital requirement in accordance with the applicable solvency laws of the jurisdiction where the entity is licensed or registered. The operational risk charge calculation shall be established in accordance with the following formula

17. The $BSCR_{Corr}$ shall be established on an economic balance sheet (EBS) valuation basis in accordance with the following formula—

$$BSCR_{Corr} = \text{Basic BSCR} + C_{operationd} + C_{regulatoryadj} + C_{otheradj} + C_{AdjTP} ;$$

Where –

Basic BSCR	= Basic BSCR risk module charge as calculated in accordance with paragraph 18;
$C_{operationd}$	= operational risk charge as calculated in accordance with paragraph 35;
$C_{regulatoryadj}$	= regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 36;
C_{AdjTP}	= adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 37; and
$C_{otheradj}$	= adjustment for loss absorbing capacity of deferred taxes as calculated in accordance with paragraph 38.

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

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

Where —

$\text{CorrBBSCR}_{i,j}$	= the correlation factors of the Basic BSCR correlation matrix in accordance with Table A;
i, j	= the sum of the different terms should cover all possible combinations of i and j ;
C_i and C_j	= risk module charge i and risk module charge j which are replaced by the following: $C_{Market}, C_{LT}, C_{Credit}$;
C_{Market}	= market risk module charge as calculated in accordance with paragraph 19;
C_{LT}	= Long-Term risk module charge as calculated in accordance with paragraph 20; and
C_{Credit}	= credit risk module charge as calculated in accordance with paragraph 27.

Table A – Basic BSCR Correlation Matrix

$\text{CorrBBSCR}_{i,j}$	C_{Market}	C_{Credit}	C_{LT}
C_{Market}	1		
C_{Credit}	0.25	1	
C_{LT}	0.125	0.25	1

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

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

Where —

- $\text{CorrMarket}_{i,j}$ = the correlation factors of the market risk module in accordance with Table B; where A = 0 if interest rate / liquidity risk charge is calculated using the shock-based approach in accordance with paragraph 24 and the risk charge is being determined based on the interest rate up shock, and A = 0.25 otherwise;
- i,j = the sum of the different terms should cover all possible combinations of i and j;
- C_i and C_j = risk charge i and risk charge j which are replaced by the following:
 $C_{\text{fixedIncome}}$, C_{equity} , C_{interest} , C_{currency} , $C_{\text{concentration}}$;
- $C_{\text{fixedIncome}}$ = fixed income investment risk charge as calculated in accordance with paragraph 21;
- C_{equity} = equity investment risk charge as calculated in accordance with paragraph 22;
- C_{interest} = interest rate / liquidity risk charge as calculated in accordance with paragraph 24;
- C_{currency} = currency risk charge as calculated in accordance with paragraph 25; and
- $C_{\text{concentration}}$ = concentration risk charge as calculated in accordance with paragraph 26.

Table B – Market Risk Module Correlation Matrix

$\text{CorrMarket}_{i,j}$	$C_{\text{fixedIncome}}$	C_{equity}	C_{interest}	C_{currency}	$C_{\text{concentration}}$
$C_{\text{fixedIncome}}$	1				
C_{equity}	0.50	1			
C_{interest}	A	A	1		
C_{currency}	0.25	0.25	0.25	1	
$C_{\text{concentration}}$	0.00	0.00	0.00	0.00	1

20. The risk module charge calculation for long-term business shall be determined in accordance with the following formula-

$$C_{LT} = LT_TransitionalFactor \times C_{LT,New} + (1 - LT_TransitionalFactor) \times C_{LT,Old};$$

Where-

- $C_{LT,Old}$ = the long-term risk module charge calculated in accordance with paragraph 20A;
- $C_{LT,New}$ = the long-term risk module charge calculated in accordance with paragraph 20B;

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LT_TransitionalFactor = the transitional factor that increases, from 10% for the financial year beginning on or after 1st January 2024, in equal 10 percentage point increments for each subsequent financial year until it reaches 100% for the financial year ending on or after 1st January 2033, and stays at 100% for all financial years thereafter.
When projecting future Long-Term Insurance Risk charges for the purposes of the Risk Margin calculation, insurers may keep the *LT_TransitionalFactor* fixed at its actual value as of the applicable valuation date i.e., without reflecting further run-off of the transitional within the Risk Margin projection.

20A. The $C_{LT,old}$ charge calculation shall be determined in accordance with the following formula-

$$C_{LT,old} = \sqrt{\sum_{i,j} CorrLT_{i,j} \times C_i \times C_j}$$

Where-

$CorrLT_{i,j}$ = the correlation factors of the long-term risk module correlation matrix in accordance with table D;
 i,j = the sum of the different terms should cover all possible combinations of i and j ;
 C_i and C_j = risk charge i and risk charge j which are replaced by the following:
 $C_{LTmortality}$, $C_{LTstoploss}$, $C_{LTTrider}$, $C_{LTmorbidity}$, $C_{LTlongevity}$, $C_{LTVariableAnnuity}$, $C_{LTotherrisk}$;
 $C_{LTmortality}$ = insurance risk – mortality charge for long-term business as calculated in accordance with paragraph 28;
 $C_{LTstoploss}$ = insurance risk – stop loss charge for long-term business as calculated in accordance with paragraph 29;
 $C_{LTTrider}$ = insurance risk – riders charge for long-term business as calculated in accordance with paragraph 30;
 $C_{LTmorbidity}$ = insurance risk – morbidity and disability charge for long-term business as calculated in accordance with paragraph 31;
 $C_{LTlongevity}$ = insurance risk – longevity charge for long-term business as calculated in accordance with paragraph 32;
 $C_{LTVariableAnnuity}$ = variable annuity guarantee risk charge for long-term business as calculated in accordance with paragraph 33; and
 $C_{LTotherrisk}$ = other insurance risk charge for long-term business as calculated in accordance with paragraph 34.

Table D – Long-Term Risk Module Correlation Matrix

$CorrLT_{i,j}$	$C_{LTmortality}$	$C_{LTstoploss}$	$C_{LTTrider}$	$C_{LTmorbidity}$	$C_{LTlongevity}$	$C_{LTVariableAnnuity}$	$C_{LTotherrisk}$
$C_{LTmortality}$	1						
$C_{LTstoploss}$	0.75	1					
$C_{LTTrider}$	0.75	0.75	1				
$C_{LTmorbidity}$	0.25	0	0	1			
$C_{LTlongevity}$	-0.5	-0.5	-0.5	0	1		

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$C_{LTV\text{VariableAnnuity}}$	0	0	0	0	0	1	
$C_{LT\text{Otherrisk}}$	0.125	0.25	0.25	0.25	0.25	0.25	1

20B. The $C_{LT,New}$ charge calculation shall be determined in accordance with the following formula-

$$C_{LT,New} = \sqrt{\sum_{i,j} CorrLT_{i,j} \times C_i \times C_j};$$

Where-

$CorrLT_{i,j}$	= the correlation factors of the long-term risk module correlation matrix in accordance with table E;
i,j	= the sum of the different terms should cover all possible combinations of i and j;
C_i and C_j	= risk charge i and risk charge j which are replaced by the following: $C_{LT\text{mortality}}$, $C_{LT\text{stoploss}}$, $C_{LT\text{rider}}$, $C_{LT\text{morbidity}}$, $C_{LT\text{longevity}}$, $C_{LTV\text{VariableAnnuity}}$, $C_{LT\text{lapse}}$, $C_{LT\text{expense}}$;
$C_{LT\text{mortality}}$	= insurance risk – mortality charge for long-term business as calculated in accordance with paragraph 28;
$C_{LT\text{stoploss}}$	= insurance risk – stop loss charge for long-term business as calculated in accordance with paragraph 29;
$C_{LT\text{rider}}$	= insurance risk – riders charge for long-term business as calculated in accordance with paragraph 30;
$C_{LT\text{morbidity}}$	= insurance risk – morbidity and disability charge for long-term business as calculated in accordance with paragraph 31;
$C_{LT\text{longevity}}$	= insurance risk – longevity charge for long-term business as calculated in accordance with paragraph 32;
$C_{LTV\text{VariableAnnuity}}$	= variable annuity guarantee risk charge for long-term business as calculated in accordance with paragraph 33;
$C_{LT\text{lapse}}$	= lapse risk charge for long-term business as calculated in accordance with paragraph 34A; and
$C_{LT\text{expense}}$	= expense risk charge for long-term business as calculated in accordance with paragraph 34B.

Table E – Long-Term Risk Module Correlation Matrix

$CorrLT_{i,j}$	$C_{LT\text{mortality}}$	$C_{LT\text{stoploss}}$	$C_{LT\text{rider}}$	$C_{LT\text{morbidity}}$	$C_{LT\text{longevity}}$	$C_{LTV\text{VariableAnnuity}}$	$C_{LT\text{lapse}}$	$C_{LT\text{expense}}$
$C_{LT\text{mortality}}$	1							
$C_{LT\text{stoploss}}$	0.75	1						
$C_{LT\text{rider}}$	0.75	0.75	1					
$C_{LT\text{morbidity}}$	0.25	0.00	0.00	1				
$C_{LT\text{longevity}}$	-0.50	-0.50	-0.50	0.00	1			
$C_{LTV\text{VariableAnnuity}}$	0.00	0.00	0.00	0.00	0.00	1		
$C_{LT\text{lapse}}$	0.00	0.00	0.00	0.00	0.25	0.00	1	

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$C_{LTexpense}$	0.25	0.5	0.5	0.5	0.25	0.5	0.5	1
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21. The fixed income investment risk charge calculation shall be determined in accordance with the following formula—

$$C_{fixedIncome} = \sum_i \chi_i \times F_{lastclass_i} \times \mu_r + Credit\ Derivatives;$$

Where—

χ_i	= the capital charge factors prescribed in Table 1A for each type of $F_{lastclass_i}$;
$F_{lastclass_i}$	= value of investment in corresponding asset $class_i$; and
μ_r	= additional diversification adjustment factor applied to cash and cash equivalent balances, or 1 for other asset classes; and
$Credit\ Derivatives$	= the spread risk charge for credit derivatives calculated as per the following formula:
$Credit\ Derivatives$	= greater of:
	i) $CreditDerivatives_{ShockUp}$;
	ii) $CreditDerivatives_{ShockDown}$; and
	iii) 0.
$CreditDerivatives_{ShockUp}$	= the spread risk charge for credit derivatives resulting from an upward credit spread shock calculated as per the following formula:
$CreditDerivatives_{ShockUp}$	= $\sum_i \left[\left(LCD_i^{BShock} - LCD_i^{AShock}(\chi_i) \right) + \left(SCD_i^{BShock} - SCD_i^{AShock}(\chi_i) \right) \right]$
$CreditDerivatives_{ShockDown}$	= the spread risk charge for credit derivatives resulting from an downward credit spread shock calculated as per the following formula:
$CreditDerivatives_{ShockDown}$	= $\sum_i \left[\left(LCD_i^{BShock} - LCD_i^{AShock}(\chi_i) \right) + \left(SCD_i^{BShock} - SCD_i^{AShock}(\chi_i) \right) \right]$
LCD_i^{BShock}	= refers to the valuation of long exposures for credit derivatives before applying the instantaneous shock χ_i as per table 1B
$LCD_i^{AShock}(\chi_i)$	= refers to the valuation of long exposures for credit derivatives after applying instantaneous shock χ_i as per table 1B
SCD_i^{BShock}	= refers to the valuation of short exposures for credit derivatives before applying the instantaneous shock χ_i as per table 1B
$SCD_i^{AShock}(\chi_i)$	= refers to the valuation of short exposures for credit derivatives after applying the instantaneous shock χ_i as per table 1B

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Table 1A – Capital charge factors for $FIastclass_i$

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

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BSCR rating 1	Schedule IIB, Column (5), Line 2, Schedule IIC, Column (5), Line 2, (Schedule IID, Column (5), Line 2 – Column (6), Line 2), Schedule IIE, Column (5), Line 2, Schedule IIF, Column (5), Line 2	0.5%
BSCR rating 2	Schedule IIB, Column (5), Line 3, Schedule IIC, Column (5), Line 3, (Schedule IID, Column (5), Line 3 – Column (6), Line 3), Schedule IIE, Column (5), Line 3, Schedule IIF, Column (5), Line 3	1.0%
BSCR rating 3	Schedule IIB, Column (5), Line 4, Schedule IIC, Column (5), Line 4, (Schedule IID, Column (5), Line 4 – Column (6), Line 4), Schedule IIE, Column (5), Line 4, Schedule IIF, Column (5), Line 4	1.8%
BSCR rating 4	Schedule IIB, Column (5), Line 5, Schedule IIC, Column (5), Line 5, (Schedule IID, Column (5), Line 5 – Column (6), Line 5), Schedule IIE, Column (5), Line 5, Schedule IIF, Column (5), Line 5	3.5%
BSCR rating 5	Schedule IIB, Column (5), Line 6, Schedule IIC, Column (5), Line 6, (Schedule IID, Column (5), Line 6 – Column (6), Line 6), Schedule IIE, Column (5), Line 6, Schedule IIF, Column (5), Line 6	10.0%
BSCR rating 6	Schedule IIB, Column (5), Line 7, Schedule IIC, Column (5), Line 7, (Schedule IID, Column (5), Line 7 – Column (6), Line 7), Schedule IIE, Column (5), Line 7, Schedule IIF, Column (5), Line 7	20.0%
BSCR rating 7	Schedule IIB, Column (5), Line 8, Schedule IIC, Column (5), Line 8, (Schedule IID, Column (5), Line 8 – Column (6), Line 8), Schedule IIE, Column (5), Line 8, Schedule IIF, Column (5), Line 8	30.0%
BSCR rating 8	Schedule IIB, Column (5), Line 9, Schedule IIC, Column (5), Line 9, (Schedule IID, Column (5), Line 9 – Column (6), Line 9), Schedule IIE, Column (5), Line 9, Schedule IIF, Column (5), Line 9	35.0%
<i>Bond Mutual Funds</i>		
BSCR rating 0	Schedule IIB, Column (7), Line 1, Schedule IIC, Column (7), Line 1, (Schedule IID, Column (7), Line 1 – Column (8), Line 1), Schedule IIE, Column (7), Line 1, Schedule IIF, Column (7), Line 1	0.0%
BSCR rating 1	Schedule IIB, Column (7), Line 2, Schedule IIC, Column (7), Line 2, (Schedule IID, Column (7), Line 2 – Column (8), Line 2), Schedule IIE, Column (7), Line 2, Schedule IIF, Column (7), Line 2	0.4%
BSCR rating 2	Schedule IIB, Column (7), Line 3, Schedule IIC, Column (7), Line 3, (Schedule IID, Column (7), Line 3 – Column (8), Line 3), Schedule IIE, Column (7), Line 3, Schedule IIF, Column (7), Line 3	0.8%
BSCR rating 3	Schedule IIB, Column (7), Line 4, Schedule IIC, Column (7), Line 4, (Schedule IID, Column (7), Line 4 – Column (8), Line 4), Schedule IIE, Column (7), Line 4, Schedule IIF, Column (7), Line 4	1.5%
BSCR rating 4	Schedule IIB, Column (7), Line 5, Schedule IIC, Column (7), Line 5, (Schedule IID, Column (7), Line 5 – Column (8), Line 5), Schedule IIE, Column (7), Line 5, Schedule IIF, Column (7), Line 5	3.0%
BSCR rating 5	Schedule IIB, Column (7), Line 6, Schedule IIC, Column (7), Line 6, (Schedule IID, Column (7), Line 6 – Column (8), Line 6), Schedule IIE, Column (7), Line 6, Schedule IIF, Column (7), Line 6	8.0%
BSCR rating 6	Schedule IIB, Column (7), Line 7, Schedule IIC, Column (7), Line 7, (Schedule IID, Column (7), Line 7 – Column (8), Line 7), Schedule IIE, Column (7), Line 7, Schedule IIF, Column (7), Line 7	15.0%
BSCR rating 7	Schedule IIB, Column (7), Line 8, Schedule IIC, Column (7), Line 8, (Schedule IID, Column (7), Line 8 – Column (8), Line 8), Schedule IIE, Column (7), Line 8, Schedule IIF, Column (7), Line 8	26.3%
BSCR rating 8	Schedule IIB, Column (7), Line 9, Schedule IIC, Column (7), Line 9, (Schedule IID, Column (7), Line 9 – Column (8), Line 9), Schedule IIE, Column (7), Line 9, Schedule IIF, Column (7), Line 9	35.0%
<i>Mortgage Loans</i>		
Insured/guaranteed mortgages	Schedule IIB, Column (9), Line 10, Schedule IIC, Column (9), Line 10, (Schedule IID, Column (9), Line 10 – Column (10), Line 10), Schedule IIE, Column (9), Line 10, Schedule IIF, Column (9), Line 10	0.3%
Other commercial and farm mortgages	Schedule IIB, Column (9), Line 11, Schedule IIC, Column (9), Line 11, (Schedule IID, Column (9), Line 11 – Column (10), Line 11), Schedule IIE, Column (9), Line 11, Schedule IIF, Column (9), Line 11	5.0%
Other residential mortgages	Schedule IIB, Column (9), Line 12, Schedule IIC, Column (9), Line 12, (Schedule IID, Column (9), Line 12 – Column (10), Line 12), Schedule IIE, Column (9), Line 12, Schedule IIF, Column (9), Line 12	1.5%
Mortgages not in good standing	Schedule IIB, Column (9), Line 13, Schedule IIC, Column (9), Line 13, (Schedule IID, Column (9), Line 13 – Column (10), Line 13), Schedule IIE, Column (9), Line 13, Schedule IIF, Column (9), Line 13	25.0%
<i>Other Fixed Income Investments</i>		

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Other loans	Form 1EBS, Line 8	5.0%
<i>Cash and cash equivalents</i>		
BSCR rating 0	Schedule XIXA, Column A	0.0%
BSCR rating 1	Schedule XIXA, Column A	0.1%
BSCR rating 2	Schedule XIXA, Column A	0.2%
BSCR rating 3	Schedule XIXA, Column A	0.3%
BSCR rating 4	Schedule XIXA, Column A	0.5%
BSCR rating 5	Schedule XIXA, Column A	1.5%
BSCR rating 6	Schedule XIXA, Column A	4.0%
BSCR rating 7	Schedule XIXA, Column A	6.0%
BSCR rating 8	Schedule XIXA, Column A	9.0%

INSTRUCTIONS AFFECTING TABLE 1A: Capital charge factors for $Flastclass_i$

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

Table 1B – Spread risk shocks for credit derivatives

	SPREAD UP				
	Long Exposures		Short Exposures		Shock basis points
	Before Shock	After Shock	Before Shock	After Shock	
Spread Up					χ_i

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

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

(a) Amounts are to be reported on an EBS Valuation basis.

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

$$C_{\text{equity}} = C_{\text{equity}}^{\text{basic}} + C_{\text{equity}}^{\text{grandfathered}};$$

Where—

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

- $C_{\text{equity}}^{\text{grandfathered}}$ = the equity risk charge calculated according to paragraph 3 for equity exposures that are grandfathered according to paragraph 23A;
- $\text{CorrEq}_{i,j}$ = the correlation factors of the equity risk correlation matrix in accordance with Table 2A;
- i,j = the sum of the different terms should cover all possible combinations of correlation i and j ;
- C_i and C_j = risk charge i and risk charge j which are replaced by the following:
 $C_{\text{Type1}}, C_{\text{Type2}}, C_{\text{Type3}}, C_{\text{Type4}}$;
- C_{Type1} = Type1 equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;
- C_{Type2} = Type2 equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;
- C_{Type3} = Type3 equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;
- C_{Type4} = Type4 equity risk charge as calculated in accordance with paragraph 23 for non-grandfathered equity exposures determined according to paragraph 23A;

Table 2A – Equity Risk Charge Correlation Matrix

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

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

$$C_{\text{Type1}} = \max \left\{ \sum_{i \in \text{Type1}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (S\text{QAssets}_i^{\text{BShock}} - S\text{QAssets}_i^{\text{AShock}}(\chi_i)) + \dots \right] + \max(S\text{NQAssets}_i^{\text{BShock}} - S\text{NQAssets}_i^{\text{AShock}}(\chi_i), 0) - (B\text{ELiabilities}_i^{\text{BShock}} - B\text{ELiabilities}_i^{\text{AShock}}(\chi_i)) \right], 0 \right\}$$

$$C_{\text{Type2}} = \max \left\{ \sum_{i \in \text{Type2}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (S\text{QAssets}_i^{\text{BShock}} - S\text{QAssets}_i^{\text{AShock}}(\chi_i)) + \dots \right] + \max(S\text{NQAssets}_i^{\text{BShock}} - S\text{NQAssets}_i^{\text{AShock}}(\chi_i), 0) - (B\text{ELiabilities}_i^{\text{BShock}} - B\text{ELiabilities}_i^{\text{AShock}}(\chi_i)) \right], 0 \right\}$$

$$C_{\text{Type3}} = \max \left\{ \sum_{i \in \text{Type3}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (S\text{QAssets}_i^{\text{BShock}} - S\text{QAssets}_i^{\text{AShock}}(\chi_i)) + \dots \right] + \max(S\text{NQAssets}_i^{\text{BShock}} - S\text{NQAssets}_i^{\text{AShock}}(\chi_i), 0) - (B\text{ELiabilities}_i^{\text{BShock}} - B\text{ELiabilities}_i^{\text{AShock}}(\chi_i)) \right], 0 \right\}$$

$$C_{\text{Type4}} = \max \left\{ \sum_{i \in \text{Type4}} \left[\max(L\text{Assets}_i^{\text{BShock}} - L\text{Assets}_i^{\text{AShock}}(\chi_i), 0) + (S\text{QAssets}_i^{\text{BShock}} - S\text{QAssets}_i^{\text{AShock}}(\chi_i)) + \dots \right] + \max(S\text{NQAssets}_i^{\text{BShock}} - S\text{NQAssets}_i^{\text{AShock}}(\chi_i), 0) - (B\text{ELiabilities}_i^{\text{BShock}} - B\text{ELiabilities}_i^{\text{AShock}}(\chi_i)) \right], 0 \right\}$$

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Where—

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

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Table 2B – Shock for classes of equity

	Assets			Liabilities	Shock Factor
	Long Exposures	Short Exposures			
Equity investments Equity class, <i>i</i>		Qualifying as Assets held for risk-mitigation purposes	Not Qualifying as Assets held for risk-mitigation purposes		
Type 1 Equity Holdings					
Strategic Holdings – Listed	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 15	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 15	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 15	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 15 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 15	20.0%
Duration Based	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 16	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 16	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 16	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 16 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 16	20.0%
Listed Equity Securities in Developed Markets	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 17	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 17	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 17	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 17 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 17	35%
Preferred Stocks, Rating 1	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 18	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 18	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 18	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 18 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 18	0.6%
Preferred Stocks, Rating 2	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 19	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 19	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 19	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 19 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 19	1.2%
Preferred Stocks, Rating 3	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 20	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 20	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 20	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 20 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 20	2.0%
Preferred Stocks, Rating 4	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 21	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 21	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 21	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 21 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 21	4.0%
Preferred Stocks, Rating 5	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 22	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 22	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 22	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 22 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 22	11.0%
Preferred Stocks, Rating 6	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 23	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 23	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 23	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 23 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 23	25.0%
Preferred Stocks, Rating 7	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 24	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 24	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 24	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 24 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 24	35.0%
Preferred Stocks,	Schedule IIB, IIC, IID, IIE, & IIF,	Schedule IIB, IIC, IID, IIE, &	Schedule IIB, IIC, IID, IIE, & IIF,	Schedule IIB, IIC, IID, IIE, & IIF,	35.0%

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Rating 8	Column (1), Line 25 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 25	IIF, Column (3), Line 25 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 25	Column (5), Line 25 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 25	Column (7), Line 25 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 25	
Equity Derivatives on Type 1 Equities	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 26 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 26	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 26 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 26	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 26 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 26	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 26 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 26	35.0%
Subtotal Type 1 Equity Holdings					
Type 2 Equity Holdings					
Strategic Holdings – Unlisted	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 27 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 27	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 27 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 27	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 27 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 27	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 27 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 27	20.0%
Other Equities	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 28 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 28	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 28 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 28	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 28 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 28	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 28 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 28	45.0%
Letters of Credit	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 29 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 29	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 29 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 29	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 29 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 29	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 29 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 29	20.0%
Intangible assets	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 30 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 30	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 30 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 30	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 30 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 30	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 30 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 30	20.0%
Pension Benefit Surplus	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 31 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 31	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 31 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 31	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 31 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 31	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 31 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 31	20.0%
Equity Derivatives on Type 2 Equities	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 32 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 32	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 32 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 32	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 32 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 32	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 32 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 32	45.0%
Subtotal Type 2 Equity Holdings					
Type 3 Equity Holdings					
Infrastructure	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 33 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 33	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 33 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 33	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 33 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 33	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 33 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 33	25.0%
Derivatives on Infrastructure	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 34 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 34	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 34 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 34	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 34 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 34	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 34 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 34	25.0%
Subtotal Type 3 Equity Holdings					

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Type 4 Equity Holdings					
Equity Real Estate 1	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 35 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 35	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 35 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 35	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 35 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 35	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 35 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 35	10.0%
Equity Real Estate 2	Schedule IIB, IIC, IID, IIE, & IIF, Column (1), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (2), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (3), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (4), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (5), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (6), Line 36	Schedule IIB, IIC, IID, IIE, & IIF, Column (7), Line 36 Less Schedule IIB, IIC, IID, IIE, & IIF, Column (8), Line 36	20.0%
Subtotal Type 4 Equity Holdings					
Total Equity Risk before Diversification					
Aggregation of Risks					
	Correlation Matrix	Type 1	Type 2	Type 3	Type 4
	Type 1	1			
	Type 2	0.75	1		
	Type 3	0.75	0.75	1	
	Type 4	0.50	0.50	0.50	1
Total Type 1 Risk without Management Actions					
Total Type 2 Risk without Management Actions					
Total Type 3 Risk without Management Actions					
Total Type 4 Risk without Management Actions					
Total Equity Risk after Diversification					

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INSTRUCTIONS AFFECTING TABLE 2B: Shocks for *Eqastclass*,

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

23A. The equity investments that are eligible to be used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 are determined as follows:

- i. The average value of equities as percentage of total assets over the prior three financial year ends before January 1st 2019 (i.e., over the financial years ending 2016 to 2018) is calculated.
 - a. Similarly, for each class of equities in accordance with Table 2B, the average amounts as a percentage of total equities shall be determined over the same prior three years, i.e. the allocations for each equity class.
- ii. The total amount of equities eligible to be used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 at each year end is determined by multiplying the amount of legacy reserves by the equity percentage of paragraph i., where
 - a. “Legacy reserves” are defined as the long term best estimate liabilities, at the applicable point in time (financial year-end), for insurance business carried on as at December 31st 2018.
 - b. The total amount of equities eligible to be used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 at each year end shall not be greater than the amount of the legacy reserves.
- iii. The equity investments eligible to being used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 per equity class are calculated by multiplying the total amount in paragraph ii. by the equity class allocation in paragraph i.
- iv. Future applicable reserves shall be capped at the initial reserve. The amount of equities eligible to be used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 can therefore never be greater than the initial amount.
- v. Equities that are eligible to be used being used in the calculation of $C_{equity}^{grandfathered}$ as defined in paragraph 22 may be traded or replaced within a specific equity class and still receive the aforementioned treatment.

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

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

Where—

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

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

$$\omega = Down, Up$$

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

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

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

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

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

$MVA_{After}^{CCY,NQ}$ = refers to the revaluation of non-qualified assets which are derivatives not qualifying as held for risk-mitigating purposes (determined in accordance with the criteria prescribed by the Authority) after shocking interest rates by $\chi(CCY, \omega)$ where (CCY) refers to currency type, ω refers to shock Down and Up, and χ refers to the shock vector where the revalued amount has been converted to the functional currency as reported in Form 1EBS prescribed in Table 3B;

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

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

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

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

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

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

Currency	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVA_{Before}^{CCY,NQ} - MVA_{After}^{CCY,NQ}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Down)$
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Interest Rate Down – Derivative Exposure				
United States Dollars	Schedule XXIII, Column F Line 1 Less Schedule XXIII Column G, Line 1	Schedule XXIII, Column H Line 1 Less Schedule XXIII Column I, Line 1	Schedule XXIII, Column J Line 1 Less Schedule XXIII Column K, Line 1	*
Euro	Schedule XXIII, Column F Line 2 Less Schedule XXIII Column G, Line 2	Schedule XXIII, Column H Line 2 Less Schedule XXIII Column I, Line 2	Schedule XXIII, Column J Line 2 Less Schedule XXIII Column K, Line 2	*
United Kingdom Pounds	Schedule XXIII, Column F Line 3 Less Schedule XXIII Column G, Line 3	Schedule XXIII, Column H Line 3 Less Schedule XXIII Column I, Line 3	Schedule XXIII, Column J Line 3 Less Schedule XXIII Column K, Line 3	*
Japan Yen	Schedule XXIII, Column F Line 4 Less Schedule XXIII Column G, Line 4	Schedule XXIII, Column H Line 4 Less Schedule XXIII Column I, Line 4	Schedule XXIII, Column J Line 4 Less Schedule XXIII Column K, Line 4	*
Canada Dollars	Schedule XXIII, Column F Line 5 Less Schedule XXIII Column G, Line 5	Schedule XXIII, Column H Line 5 Less Schedule XXIII Column I, Line 5	Schedule XXIII, Column J Line 5 Less Schedule XXIII Column K, Line 5	*
Swiss Francs	Schedule XXIII, Column F Line 6 Less Schedule XXIII Column G, Line 6	Schedule XXIII, Column H Line 6 Less Schedule XXIII Column I, Line 6	Schedule XXIII, Column J Line 6 Less Schedule XXIII Column K, Line 6	*
Australia Dollars	Schedule XXIII, Column F Line 7 Less Schedule XXIII Column G, Line 7	Schedule XXIII, Column H Line 7 Less Schedule XXIII Column I, Line 7	Schedule XXIII, Column J Line 7 Less Schedule XXIII Column K, Line 7	*
New Zealand Dollars	Schedule XXIII, Column F Line 8 Less Schedule XXIII Column G, Line 8	Schedule XXIII, Column H Line 8 Less Schedule XXIII Column I, Line 8	Schedule XXIII, Column J Line 8 Less Schedule XXIII Column K, Line 8	*
Other currency 1	Schedule XXIII, Column F Line 9 Less Schedule XXIII Column G, Line 9	Schedule XXIII, Column H Line 9 Less Schedule XXIII Column I, Line 9	Schedule XXIII, Column J Line 9 Less Schedule XXIII Column K, Line 9	*
Other currency 2	Schedule XXIII, Column F Line 10 Less Schedule XXIII Column G, Line 10	Schedule XXIII, Column H Line 10 Less Schedule XXIII Column I, Line 10	Schedule XXIII, Column J Line 10 Less Schedule XXIII Column K, Line 10	*
Other currency 3	Schedule XXIII, Column F Line 11 Less Schedule XXIII Column G, Line 11	Schedule XXIII, Column H Line 11 Less Schedule XXIII Column I, Line 11	Schedule XXIII, Column J Line 11 Less Schedule XXIII Column K, Line 11	*
Other currency 4	Schedule XXIII, Column F Line 12 Less Schedule XXIII Column G, Line 12	Schedule XXIII, Column H Line 12 Less Schedule XXIII Column I, Line 12	Schedule XXIII, Column J Line 12 Less Schedule XXIII Column K, Line 12	*
Other currency 5	Schedule XXIII, Column F Line 13 Less Schedule XXIII Column G, Line 13	Schedule XXIII, Column H Line 13 Less Schedule XXIII Column I, Line 13	Schedule XXIII, Column J Line 13 Less Schedule XXIII Column K, Line 13	*
Other currency 6	Schedule XXIII, Column F Line 14 Less Schedule XXIII Column G, Line 14	Schedule XXIII, Column H Line 14 Less Schedule XXIII Column I, Line 14	Schedule XXIII, Column J Line 14 Less Schedule XXIII Column K, Line 14	*
Other currency 7	Schedule XXIII, Column F Line 15 Less Schedule XXIII Column G, Line 15	Schedule XXIII, Column H Line 15 Less Schedule XXIII Column I, Line 15	Schedule XXIII, Column J Line 15 Less Schedule XXIII Column K, Line 15	*
Other currency 8	Schedule XXIII, Column F Line 16 Less Schedule XXIII Column G, Line 16	Schedule XXIII, Column H Line 16 Less Schedule XXIII Column I, Line 16	Schedule XXIII, Column J Line 16 Less Schedule XXIII Column K, Line 16	*
Other currency 9	Schedule XXIII, Column F Line 17 Less Schedule XXIII Column G, Line 17	Schedule XXIII, Column H Line 17 Less Schedule XXIII Column I, Line 17	Schedule XXIII, Column J Line 17 Less Schedule XXIII Column K, Line 17	*
Other currency 10	Schedule XXIII, Column F Line 18 Less Schedule XXIII Column G, Line 18	Schedule XXIII, Column H Line 18 Less Schedule XXIII Column I, Line 18	Schedule XXIII, Column J Line 18 Less Schedule XXIII Column K, Line 18	*
Currency	$MVA_{Before}^{CCY} - MVA_{After}^{CCY}$		$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Up)$
Interest Rate Up – Exposures without Derivatives				
United States Dollars	Schedule XXIII, Column A Line 20 Less Schedule XXIII Column B, Line 20		Schedule XXIII, Column C Line 20 Less Schedule XXIII Column D, Line 20	*

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

Currency	$MVA_{Before}^{CCY,Q} - MVA_{After}^{CCY,Q}$	$MVA_{Before}^{CCY,NQ} - MVA_{After}^{CCY,NQ}$	$MVL_{Before}^{CCY} - MVL_{After}^{CCY}$	Shock Vector $\chi(CCY, Up)$
Interest Rate Up – Derivative Exposure				
United States Dollars	Schedule XXIII, Column F Line 20 Less Schedule XXIII Column G, Line 20	Schedule XXIII, Column H Line 20 Less Schedule XXIII Column I, Line 20	Schedule XXIII, Column J Line 20 Less Schedule XXIII Column K, Line 20	*
Euro	Schedule XXIII, Column F Line 21 Less Schedule XXIII Column G, Line 21	Schedule XXIII, Column H Line 21 Less Schedule XXIII Column I, Line 21	Schedule XXIII, Column J Line 21 Less Schedule XXIII Column K, Line 21	*

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

* Shall be prescribed by the Authority.

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

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

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

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

Where—

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

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

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

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Table 4A – Shocks for Currency Risk

Currency	$MVA_{i,Before} - MVA_{i,After}$	Long Exposure		Short Exposure		$MVL_{i,Before} - MVL_{i,After}$	Shock	
		$MVDL_{i,Before}^Q - MVDL_{i,After}^Q$	$MVDL_{i,Before}^{NQ} - MVDL_{i,After}^{NQ}$	$MVDS_{i,Before}^Q - MVDS_{i,After}^Q$	$MVDS_{i,Before}^{NQ} - MVDS_{i,After}^{NQ}$		If reporting currency \mathcal{X}_i	Other wise \mathcal{X}_i
United States Dollar	Schedule XXA, Column A, Line 1 Less Schedule XXA, Column G, Line 1	Schedule XXA, Column B, Line 1 Less Schedule XXA, Column H, Line 1	Schedule XXA, Column C, Line 1 Less Schedule XXA, Column I, Line 1	Schedule XXA, Column D, Line 1 Less Schedule XXA, Column J, Line 1	Schedule XXA, Column E, Line 1 Less Schedule XXA, Column K, Line 1	Schedule XXA, Column F, Line 1 Less Schedule XXA, Column L, Line 1	0%	A
Bermuda Dollar	Schedule XXA, Column A, Line 2 Less Schedule XXA, Column G, Line 2	Schedule XXA, Column B, Line 2 Less Schedule XXA, Column H, Line 2	Schedule XXA, Column C, Line 2 Less Schedule XXA, Column I, Line 2	Schedule XXA, Column D, Line 2 Less Schedule XXA, Column J, Line 2	Schedule XXA, Column E, Line 2 Less Schedule XXA, Column K, Line 2	Schedule XXA, Column F, Line 2 Less Schedule XXA, Column L, Line 2	0%	B
Qatari Riyal	Schedule XXA, Column A, Line 3 Less Schedule XXA, Column G, Line 3	Schedule XXA, Column B, Line 3 Less Schedule XXA, Column H, Line 3	Schedule XXA, Column C, Line 3 Less Schedule XXA, Column I, Line 3	Schedule XXA, Column D, Line 3 Less Schedule XXA, Column J, Line 3	Schedule XXA, Column E, Line 3 Less Schedule XXA, Column K, Line 3	Schedule XXA, Column F, Line 3 Less Schedule XXA, Column L, Line 3	0%	C
Hong Kong Dollar	Schedule XXA, Column A, Line 4 Less Schedule XXA, Column G, Line 4	Schedule XXA, Column B, Line 4 Less Schedule XXA, Column H, Line 4	Schedule XXA, Column C, Line 4 Less Schedule XXA, Column I, Line 4	Schedule XXA, Column D, Line 4 Less Schedule XXA, Column J, Line 4	Schedule XXA, Column E, Line 4 Less Schedule XXA, Column K, Line 4	Schedule XXA, Column F, Line 4 Less Schedule XXA, Column L, Line 4	0%	D
Euro	Schedule XXA, Column A, Line 5 Less Schedule XXA, Column G, Line 5	Schedule XXA, Column B, Line 5 Less Schedule XXA, Column H, Line 5	Schedule XXA, Column C, Line 5 Less Schedule XXA, Column I, Line 5	Schedule XXA, Column D, Line 5 Less Schedule XXA, Column J, Line 5	Schedule XXA, Column E, Line 5 Less Schedule XXA, Column K, Line 5	Schedule XXA, Column F, Line 5 Less Schedule XXA, Column L, Line 5	0%	E
Danish Krone	Schedule XXA, Column A, Line 6 Less Schedule XXA, Column G, Line 6	Schedule XXA, Column B, Line 6 Less Schedule XXA, Column H, Line 6	Schedule XXA, Column C, Line 6 Less Schedule XXA, Column I, Line 6	Schedule XXA, Column D, Line 6 Less Schedule XXA, Column J, Line 6	Schedule XXA, Column E, Line 6 Less Schedule XXA, Column K, Line 6	Schedule XXA, Column F, Line 6 Less Schedule XXA, Column L, Line 6	0%	F
Bulgarian Lev	Schedule XXA, Column A, Line 7 Less Schedule XXA, Column G, Line 7	Schedule XXA, Column B, Line 7 Less Schedule XXA, Column H, Line 7	Schedule XXA, Column C, Line 7 Less Schedule XXA, Column I, Line 7	Schedule XXA, Column D, Line 7 Less Schedule XXA, Column J, Line 7	Schedule XXA, Column E, Line 7 Less Schedule XXA, Column K, Line 7	Schedule XXA, Column F, Line 7 Less Schedule XXA, Column L, Line 7	0%	G
West African CFA Franc	Schedule XXA, Column A, Line 8 Less Schedule XXA, Column G, Line 8	Schedule XXA, Column B, Line 8 Less Schedule XXA, Column H, Line 8	Schedule XXA, Column C, Line 8 Less Schedule XXA, Column I, Line 8	Schedule XXA, Column D, Line 8 Less Schedule XXA, Column J, Line 8	Schedule XXA, Column E, Line 8 Less Schedule XXA, Column K, Line 8	Schedule XXA, Column F, Line 8 Less Schedule XXA, Column L, Line 8	0%	H
Central African CFA Franc	Schedule XXA, Column A, Line 9 Less Schedule XXA, Column G, Line 9	Schedule XXA, Column B, Line 9 Less Schedule XXA, Column H, Line 9	Schedule XXA, Column C, Line 9 Less Schedule XXA, Column I, Line 9	Schedule XXA, Column D, Line 9 Less Schedule XXA, Column J, Line 9	Schedule XXA, Column E, Line 9 Less Schedule XXA, Column K, Line 9	Schedule XXA, Column F, Line 9 Less Schedule XXA, Column L, Line 9	0%	I
Comorian Franc	Schedule XXA, Column A, Line 10 Less Schedule XXA, Column G, Line 10	Schedule XXA, Column B, Line 10 Less Schedule XXA, Column H, Line 10	Schedule XXA, Column C, Line 10 Less Schedule XXA, Column I, Line 10	Schedule XXA, Column D, Line 10 Less Schedule XXA, Column J, Line 10	Schedule XXA, Column E, Line 10 Less Schedule XXA, Column K, Line 10	Schedule XXA, Column F, Line 10 Less Schedule XXA, Column L, Line 10	0%	J
United Kingdom Pound	Schedule XXA, Column A, Line 11 Less Schedule XXA, Column G, Line 11	Schedule XXA, Column B, Line 11 Less Schedule XXA, Column H, Line 11	Schedule XXA, Column C, Line 11 Less Schedule XXA, Column I, Line 11	Schedule XXA, Column D, Line 11 Less Schedule XXA, Column J, Line 11	Schedule XXA, Column E, Line 11 Less Schedule XXA, Column K, Line 11	Schedule XXA, Column F, Line 11 Less Schedule XXA, Column L, Line 11	0%	25.00%
Canada Dollar	Schedule XXA, Column A, Line 12 Less Schedule XXA, Column G, Line 12	Schedule XXA, Column B, Line 12 Less Schedule XXA, Column H, Line 12	Schedule XXA, Column C, Line 12 Less Schedule XXA, Column I, Line 12	Schedule XXA, Column D, Line 12 Less Schedule XXA, Column J, Line 12	Schedule XXA, Column E, Line 12 Less Schedule XXA, Column K, Line 12	Schedule XXA, Column F, Line 12 Less Schedule XXA, Column L, Line 12	0%	25.00%
Japan Yen	Schedule XXA, Column A, Line 13 Less Schedule XXA, Column G, Line 13	Schedule XXA, Column B, Line 13 Less Schedule XXA, Column H, Line 13	Schedule XXA, Column C, Line 13 Less Schedule XXA, Column I, Line 13	Schedule XXA, Column D, Line 13 Less Schedule XXA, Column J, Line 13	Schedule XXA, Column E, Line 13 Less Schedule XXA, Column K, Line 13	Schedule XXA, Column F, Line 13 Less Schedule XXA, Column L, Line 13	0%	25.00%

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INSTRUCTIONS AFFECTING TABLE 4A: Shocks for Currency Risk

- (a) The initials “A” to “J” on the column labeled “Shock Otherwise χ_i ” shall be replaced by the following shock values:
- “A” by:
 - “0%” if the reporting currency is the Bermuda Dollar or,
 - “5.00%” if the reporting currency is the Qatari Riyal or,
 - “1.00%” if the reporting currency is the Hong Kong Dollar or,
 - “25%” otherwise.
 - “B” by:
 - “0%” if the reporting currency is the United States Dollar or,
 - “25%” otherwise.
 - “C” by:
 - “5.00%” if the reporting currency is the United States Dollar or,
 - “25%” otherwise.
 - “D” by:
 - “1.00%” if reporting currency is the United States Dollar or,
 - “25%” otherwise.
 - “E” by:
 - “0.39%” if the reporting currency is the Danish Krone or,
 - “1.81%” if the reporting currency is the Bulgarian Lev or,
 - “2.18%” if the reporting currency is the West African CFA Franc or,
 - “1.96%” if the reporting currency is the Central African CFA Franc or,
 - “2.00%” if the reporting currency is the Comorian Franc or,
 - “25%” otherwise.
 - “F” by:
 - “0.39%” if reporting currency is the Euro or,
 - “25%” otherwise.
 - “G” by:
 - “1.81%” if reporting currency is the Euro or,
 - “25%” otherwise.
 - “H” by:
 - “2.18%” if reporting currency is the Euro or,
 - “25%” otherwise.
 - “I” by:
 - “1.96%” if reporting currency is the Euro or,
 - “25%” otherwise.
 - “J” by:
 - “2.00%” if reporting currency is the Euro or,
 - “25%” otherwise.
- (b) all assets and liabilities (except the risk margin) whose value is subject to currency risk shocks shall be reported on a basis consistent with that used for purposes of economic balance sheet reporting. These assets and liabilities shall include currency risk exposures determined by application of the “look-through approach” calculated in accordance with criteria prescribed by the Authority for the following items:
- (i) collective investment vehicles and other investments packaged as funds, including related undertakings used as investment vehicles;
 - (ii) segregated accounts assets and liabilities;
 - (iii) deposit asset and liabilities;
 - (iv) assets and liabilities held by ceding insurers or under retrocession;
 - (v) other sundry assets and liabilities; and
 - (vi) derivatives.
- (c) where the reporting currency is the United States Dollar, the capital factor χ_i charge shall be reduced to:
- i. 0.00% for the Bermuda Dollar;
 - ii. 5.00% for the Qatari Riyal;
 - iii. 1.00% for the Hong Kong Dollar.

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- (d) where the reporting currency is the Bermuda Dollar the capital factor χ_i charge shall be reduced to 0.00% for the United States Dollar.
- (e) where the reporting currency is the Qatari Riyal the capital factor χ_i charge shall be reduced to 5.00% for the United States Dollar.
- (f) where the reporting currency is the Hong Kong Dollar the capital factor χ_i charge shall be reduced to 1.00% for the United States Dollar.
- (g) where the reporting currency is Euros, the capital factor χ_i shall be reduced to:
 - i. 0.39% for the Danish Krone;
 - ii. 1.81% for the Bulgarian Lev;
 - iii. 2.18% for the West African CFA Franc;
 - iv. 1.96% for the Central African CFA Franc;
 - v. 2.00% for the Comorian Franc.
- (h) where the reporting currency is the Danish Krone the capital factor χ_i charge shall be reduced to 0.39% for the Euro.
- (i) where the reporting currency is the Bulgarian Lev the capital factor χ_i charge shall be reduced to 1.81% for the Euro.
- (j) where the reporting currency is the West African CFA Franc the capital factor χ_i charge shall be reduced to 2.18% for the Euro.
- (k) where the reporting currency is the Central African CFA Franc the capital factor χ_i charge shall be reduced to 1.96% for the Euro.
- (l) where the reporting currency is the Comorian Franc the capital factor χ_i charge shall be reduced to 2.00% for the Euro.
- (m) insurers are to report currencies representing at least 95% of their economic balance sheet liabilities; and
- (n) amounts are to be reported on an EBS Valuation basis.

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

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

Where—

- χ_i = the capital charge factors prescribed in Table 5A for each type of *Concastclass_i*; or in Table 5 for each type of *Concastclass_i* for equity exposures that are grandfathered according to paragraph 23A and
- Concastclass_i* = the value of the corresponding asset prescribed in Table 5A, for each type of Asset Class; or the value of the corresponding asset prescribed in Table 5 for each type of Asset Class for equity exposures that are grandfathered according to paragraph 23A.

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Table 5A – Capital charge factors for *Concastclass_i*

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

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

INSTRUCTIONS AFFECTING TABLE 5A: Capital factor charge for $Concastclass_i$

- (a) $Concastclass_i$ shall only apply to an insurers' ten largest counterparty exposures based on the aggregate of all assets set out in the in Table 5A relating to that counterparty;
- (b) for the purposes of Table 5A, a counterparty exposure shall be reported on the valuation of individually underlying assets i.e. determined by application of the "look through" approach in accordance with criteria prescribed by the Authority for all amounts reported on the balance sheet;
- (c) for the purposes of Table 5A, a counterparty shall include all related or connected counterparties captured by either of the following criteria:
- (i) Controller relationship: if a counterparty, directly or indirectly, has control of (as a result of its majority shareholding in or effective management) which it is a subsidiary company; or
 - (ii) Economic interdependence: if one of the counterparties were to experience financial difficulties which directly or indirectly affect the ability of any or all of the remaining counterparties to perform their financial obligations (for example where a counterparty becomes unable to fund or repay certain financial contractual obligations, and as a result, other counterparties, are likely to be unable to fund or repay certain obligations imposed on them);
- (d) amounts are to be reported on an EBS Valuation basis.

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

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

Where-

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δ_i	=	the credit risk capital charge factor for type of <i>debtor_i</i> as prescribed in Table 6A;
<i>debtor_i</i>	=	receivable amount from <i>debtor_i</i> net of any collateral in favour of the insurer;
μ_r	=	additional diversification adjustment factor applied to reinsurance balances only taking into consideration diversification by number of reinsurers, equal to 40%.
CCROT _C	=	counterparty default risk for over-the-counter derivatives calculated as per the following formula:

$$CCROT_C = \sum_i \text{Max}(0, MV\text{Derivative}P_i - (1 - \beta_i) \text{Min}(MV\text{derivative}P_i, MVCollateral_i)) \times \alpha_i$$

$MV\text{Derivative}P_i$	=	Market value of over-the-counter derivatives with positive market values and BSCR rating i ,
β_i	=	collateral factor as prescribed in Table 6B;
α_i	=	capital factor for the BSCR rating i as prescribed in Table 6B;
$MVCollateral_i$	=	market value of collateral of over-the-counter derivatives with positive market values and BSCR rating i .

Table 6A – Capital charge factors for *debtor_i*

Type of debtor <i>debtor_i</i>	Statement Source These Rules	Capital Factor δ_i
<i>Accounts and Premiums Receivable</i>		
In course of collection	Form 1EBS, Line 10(a)	5.0%
Deferred - Not Yet Due	Form 1SFS, Line 10 (b)	5.0%
Receivables from retrocessional contracts less: collateralized balances	Form 1EBS, Line 10(c) and instruction (c) below	10.0%
<i>All Other Receivables</i>		
Accrued investment income	Form 1EBS, Line 9	2.5%
Advances to affiliates	Form 1EBS, Line 4(g)	5.0%
Policy loans	Form 1EBS, Line 6	0.0%
Balances receivable on sale of investments	Form 1EBS, Line 13(f)	2.5%
<i>Particulars of reinsurance balances</i>		
BSCR rating 0	Schedule XVIII paragraph (d)	0.0%
BSCR rating 1	Schedule XVIII paragraph (d)	0.7%
BSCR rating 2	Schedule XVIII paragraph (d)	1.5%
BSCR rating 3	Schedule XVIII paragraph (d)	3.5%
BSCR rating 4	Schedule XVIII paragraph (d)	7.0%
BSCR rating 5	Schedule XVIII paragraph (d)	12.0%
BSCR rating 6	Schedule XVIII paragraph (d)	20.0%
BSCR rating 7	Schedule XVIII paragraph (d)	17.0%
BSCR rating 8	Schedule XVIII paragraph (d)	35.0%
Less: Diversification adjustment	Schedule XVIII paragraph (d)	40.0%

INSTRUCTIONS AFFECTING TABLE 6A: Capital charge factors for *debtor_i*

- (a) all accounts and premiums receivable and all other receivables that are subject to capital charges within the credit risk charge shall be included;

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- (b) all accounts and premiums receivable, reinsurance balances receivables, all other receivables, and reinsurance recoverable balances shall be reported on a basis consistent with that used for purposes of statutory financial reporting;
- (c) "collateralized balances" for the purposes of this paragraph shall mean assets pledged in favour of the insurer relating to accounts and premiums receivable; under Table 6A – Capital charge factors for *debtor_i* ;
- (d) the net qualifying exposure comprises of reinsurance balances receivable and reinsurance recoverable balances less the corresponding reinsurance balances payable and other payables less the qualifying collateral issued in favour of the insurer in relation to the reinsurance balances;
- (e) the net qualifying exposure in instruction (d) shall be subject to the prescribed credit risk capital factor;
- (f) the total capital requirement relating to the reinsurance balances shall be reduced by a diversification adjustment of up to a maximum of 40%;
- (g) the diversification adjustment in instruction (f) is determined as 40% multiplied by 1 minus the ratio of the largest net reinsurance exposure, on an individual reinsurer basis, to total net reinsurance exposure; and
- (h) amounts are to be reported on an EBS Valuation basis.

Table 6B – Capital charge factors for Default Risk for over-the-counter Derivatives

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

28. The insurance risk - mortality charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTmort} = \left[\sum_i \alpha 1_i \times NAAR1_i \right] + \left[\sum_i \alpha 2_i \times NAAR2_i \right];$$

Where–

- $\alpha 1_i$ = capital charge factor for adjustable life insurance business as prescribed in Table 7A;
- $NAAR1_i$ = the Net Amount at Risk of all adjustable life insurance business. The statement source is Schedule VII, Column (9), Line 1 of these Rules;
- $\alpha 2_i$ = capital charge factor for non-adjustable business as prescribed in Table 7A; and
- $NAAR2_i$ = the Net Amount at Risk of all non-adjustable life insurance business. The statement source is Schedule VII, Column (10), Line 1 of these Rules;

Table 7A – Capital charge factors for $NAAR1_i$ or $NAAR2_i$ or

Net Amount at Risk	Capital Factor	Capital Factor
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$NAAR1_i$ or $NAAR2_i$	$\alpha1_i$	$\alpha2_i$
First \$1 billion	0.00199	0.00397
Next \$4 billion	0.00090	0.00180
Next \$5 billion	0.00072	0.00144
Next \$40 billion	0.00065	0.00129
Excess over \$50 billion	0.00057	0.00113

29. The insurance risk – stop loss charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTsl} = 50\% \times \text{net annual premium for stop loss covers as prescribed in Schedule VII, Column (11), Line 14 of these Rules.}$$

30. The insurance risk – rider charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTTr} = 25\% \times \text{net annual premium for insurance product riders not included elsewhere as prescribed in Schedule VII, Column (11), Line 15 of these Rules.}$$

31. The insurance risk – morbidity and disability risk charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTmor} = (a) + (b) + (c) + (d) + (e) \text{ Where:}$$

(a) = 7.00% x BSCR adjusted reserves for disability income claims in payment on waiver of premium and long-term care as prescribed in Schedule VII, Column (7), Line 9 of these Rules

plus

(b) = 10% x BSCR adjusted reserves for disability income claims in payment on other accident and sickness products as prescribed in Schedule VII, Column (7), Line 10 of these Rules;

plus

$$(c) = \left[\sum_i \alpha_i \times NAP_i \right]$$

Where –

α_i = capital charge factor as prescribed in Table 8A; and

NAP_i = the Net Annual Premium for disability income business – active lives as described in Table 8A;

Table 8A – Capital charge factors for NAP_i

Net Annual Premium NAP_i	Statement Source These Rules	Capital Factor α_i
Benefit period less than or equal to two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (9), Line 7(a)	9.0%
Benefit period less than or equal to two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column (9), Line 7(b)	15.0%
Benefit period less than or equal to two years, premium guarantee of more than 5 years	Schedule VII, Column (9), Line 7(c)	22.5%
Benefit period greater than two years, premium guarantee less than or equal to 1 year	Schedule VII, Column (10), Line 7(a)	12.0%
Benefit period greater than two years, premium guarantee of more than 1 year but less than or equal to 5 years	Schedule VII, Column (10), Line 7(b)	20.0%
Benefit period greater than two	Schedule VII, Column (10), Line 7(c)	30.0%

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years, premium guarantee of more than 5 years		
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(d) = 12% x net annual premium for disability income - active lives for other accident and sickness products as prescribed in Schedule VII, Column (11), Line 8;

$$(e) = \left[\sum_i \alpha 1_i \times NAAR1_i \right] + \left[\sum_i \alpha 2_i \times NAAR2_i \right]$$

Where –

$\alpha 1_i$ = capital charge factor as prescribed in Table 9A;

$NAAR1_i$ = the Net Amount at Risk of all adjustable critical illness insurance business in force as in Schedule VII, Column (9), Line 2;

$\alpha 2_i$ = capital charge factor as prescribed in Table 9A;

$NAAR2_i$ = the Net Amount at Risk of all non-adjustable critical illness insurance business in force as in Schedule VII, Column (10), Line 2.

Table 9A – Capital charge factors for $NAAR1_i$ or $NAAR2_i$

Net Amount at Risk $NAAR1_i$ Or $NAAR2_i$	Capital Factor $\alpha 1_i$	Capital Factor $\alpha 2_i$
First \$1 billion	0.00596	0.01191
Next \$4 billion	0.00270	0.00540
Next \$5 billion	0.00216	0.00432
Next \$40 billion	0.00194	0.00387
Excess over \$50 billion	0.00170	0.00339

32. The insurance risk – longevity risk charge calculation for long-term business shall be established in accordance with the following formula –

$$C_{LTlong} = \sum_i \alpha_i \times BAR_i ;$$

Where–

α_i = capital charge factor as prescribed in Table 10A; and

BAR_i = the BSCR adjusted reserves for longevity risk as described in Table 10A.

Table 10A – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Longevity (immediate pay-out annuities, contingent annuities, pension blocks) – Attained age of annuitant:		
0-55 years	Schedule VII, Column (7), Line 3(a)	2.0%
56-65 years	Schedule VII, Column (7), Line 3(b)	3.0%
66-70 years	Schedule VII, Column (7), Line 3(c)	4.0%
71-80 years	Schedule VII, Column (7), Line 3(d)	5.0%
81+ years	Schedule VII, Column (7), Line 3(e)	6.0%
Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs) – Age at which annuity benefits commence:		
0-55 years	Schedule VII, Column (7), Line 4(a)	2.0%

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56-60 years	Schedule VII, Column (7), Line 4(b)	3.0%
61-65 years	Schedule VII, Column (7), Line 4(c)	4.0%
66-70 years	Schedule VII, Column (7), Line 4(d)	5.0%
71-75 years	Schedule VII, Column (7), Line 4(e)	6.0%
76+ years	Schedule VII, Column (7), Line 4(e)	7.0%

INSTRUCTIONS AFFECTING TABLE 10A: Capital charge factors for BAR_i

For joint and survivor annuities, the youngest age should be used.

33. The variable annuity guarantee risk charge calculation shall be established in accordance with the following formula –

$$C_{LTV A} = \text{either } \left(\sum_i TotalBSReq_i - TotalBAR - TotalGMB_{adj} \right) \text{ or } (IMCReq_{LTV A})$$

Wherein:

- (i) $TotalBSReq_i$ = higher of (a) $(\alpha 1_i \times GV1_i + \alpha 2_i \times GV2_i + \alpha 3_i \times GV3_i)$ and
(b) $(\alpha 4_i \times NAR1_i + \alpha 5_i \times NAR2_i + \alpha 6_i \times NAR3_i)$;
- (ii) $TotalBAR$ = the total BSCR adjusted reserves for variable annuity guarantee risk. The statement source for $TotalBAR$ is Schedule VII, line 17, column (7) of these Rules;
- (iii) $TotalGMB_{adj}$ = the capital requirement charged on guaranteed minimum death benefit (GMDB) policies multiplied by the percentage of GMDB with multiple guarantees. The statement source for the percentage of GMDB with multiple guarantees is Schedule VIII, line 32, column (4) of these Rules;
- (iv) $IMCReq_{LTV A}$ = the capital requirement for variable annuity guarantee risk determined in accordance with an insurer's internal capital model, if applicable. The statement source for $IMCReq_{LTV A}$ is Schedule VIIIA, line 1, column (7) of these Rules;
- (v) $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$ have the statement source identified in Table 11A; and
- (vi) $(\alpha 1_i, \alpha 2_i, \alpha 3_i, \alpha 4_i, \alpha 5_i, \alpha 6_i)$ are the capital factors as prescribed in Table 12A.

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Table 11A – Capital charge factors for $(GV1_i, GV2_i, GV3_i, NAR1_i, NAR2_i, NAR3_i)$

Variable Annuity Benefit Type	Statement Source These Rules $GV1_i$	Statement Source These Rules $GV2_i$	Statement Source These Rules $GV3_i$	Statement Source These Rules $Nar1_i$	Statement Source These Rules $Nar2_i$	Statement Source These Rules $Nar3_i$
Guaranteed minimum death benefit: Return of premium, ratchet and reset	Schedule VIII, lines 1 and 16, column (2)	Schedule VIII, lines 1 and 16, column (3)	Schedule VIII, lines 1 and 16, column (4)	Schedule VIII, lines 1, column (5)	Schedule VIII, lines 1, column (6)	Schedule VIII, lines 1, column (7)
Guaranteed minimum death benefit: Enhanced benefits (roll up)	Schedule VIII, Lines 2 and 17, column (2)	Schedule VIII, Lines 2 and 17, column (3)	Schedule VIII, Lines 2 and 17, column (4)	Schedule VIII, Lines 2, column (5)	Schedule VIII, Lines 2, column (6)	Schedule VIII, Lines 2, column (7)
Guaranteed minimum income benefit	Schedule VIII, Lines 3 and 18, column (2)	Schedule VIII, Lines 3 and 18, column (3)	Schedule VIII, Lines 3 and 18, column (4)	Schedule VIII, Lines 3, column (5)	Schedule VIII, Lines 3, column (6)	Schedule VIII, Lines 3, column (7)
Guaranteed minimum withdrawal benefit	Schedule VIII, Lines 4 and 19, column (2)	Schedule VIII, Lines 4 and 19, column (3)	Schedule VIII, Lines 4 and 19, column (4)	Schedule VIII, Lines 4, column (5)	Schedule VIII, Lines 4, column (6)	Schedule VIII, Lines 4, column (7)
Guaranteed enhanced earnings benefit	Schedule VIII, Lines 5 and 20, column (2)	Schedule VIII, Lines 5 and 20, column (3)	Schedule VIII, Lines 5 and 20, column (4)	Schedule VIII, Lines 5, column (5)	Schedule VIII, Lines 5, column (6)	Schedule VIII, Lines 5, column (7)
Guaranteed minimum accumulation benefit with 1 year or less to maturity	Schedule VIII, Lines 6 and 21, column (2)	Schedule VIII, Lines 6 and 21, column (3)	Schedule VIII, Lines 6 and 21, column (4)	Schedule VIII, Lines 6, column (5)	Schedule VIII, Lines 6, column (6)	Schedule VIII, Lines 6, column (7)
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	Schedule VIII, Lines 7 and 22, column (2)	Schedule VIII, Lines 7 and 22, column (3)	Schedule VIII, Lines 7 and 22, column (4)	Schedule VIII, Lines 7, column (5)	Schedule VIII, Lines 7, column (6)	Schedule VIII, Lines 7, column (7)
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	Schedule VIII, Lines 8 and 23, column (2)	Schedule VIII, Lines 8 and 23, column (3)	Schedule VIII, Lines 8 and 23, column (4)	Schedule VIII, Lines 8, column (5)	Schedule VIII, Lines 8, column (6)	Schedule VIII, Lines 8, column (7)
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	Schedule VIII, Lines 9 and 24, column (2)	Schedule VIII, Lines 9 and 24, column (3)	Schedule VIII, Lines 9 and 24, column (4)	Schedule VIII, Lines 9, column (5)	Schedule VIII, Lines 9, column (6)	Schedule VIII, Lines 9, column (7)
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	Schedule VIII, Lines 10 and 25, column (2)	Schedule VIII, Lines 10 and 25, column (3)	Schedule VIII, Lines 10 and 25, column (4)	Schedule VIII, Lines 10, column (5)	Schedule VIII, Lines 10, column (6)	Schedule VIII, Lines 10, column (7)
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	Schedule VIII, Lines 11 and 26, column (2)	Schedule VIII, Lines 11 and 26, column (3)	Schedule VIII, Lines 11 and 26, column (4)	Schedule VIII, Lines 11, column (5)	Schedule VIII, Lines 11, column (6)	Schedule VIII, Lines 11, column (7)
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	Schedule VIII, Lines 12 and 27, column (2)	Schedule VIII, Lines 12 and 27, column (3)	Schedule VIII, Lines 12 and 27, column (4)	Schedule VIII, Lines 12, column (5)	Schedule VIII, Lines 12, column (6)	Schedule VIII, Lines 12, column (7)

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Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	Schedule VIII, Lines 13 and 28, column (2)	Schedule VIII, Lines 13 and 28, column (3)	Schedule VIII, Lines 13 and 28, column (4)	Schedule VIII, Lines 13, column (5)	Schedule VIII, Lines 13, column (6)	Schedule VIII, Lines 13, column (7)
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	Schedule VIII, Lines 14 and 29, column (2)	Schedule VIII, Lines 14 and 29, column (3)	Schedule VIII, Lines 14 and 29, column (4)	Schedule VIII, Lines 14, column (5)	Schedule VIII, Lines 14, column (6)	Schedule VIII, Lines 14, column (7)
Guaranteed minimum accumulation benefit with more than 9 years to maturity	Schedule VIII, Lines 15 and 30, column (2)	Schedule VIII, Lines 15 and 30, column (3)	Schedule VIII, Lines 15 and 30, column (4)	Schedule VIII, Lines 15, column (5)	Schedule VIII, Lines 15, column (6)	Schedule VIII, Lines 15, column (7)

Table 12A – Capital charge factors for $(\alpha 1_i, \alpha 2_i, \alpha 3_i, \alpha 4_i, \alpha 5_i, \alpha 6_i)$

Variable Annuity Benefit Type	Capital Charge $\alpha 1$	Capital Charge $\alpha 2$	Capital Charge $\alpha 3$	Capital Charge $\alpha 4$	Capital Charge $\alpha 5$	Capital Charge $\alpha 6$
Guaranteed minimum death benefit: Return of premium, ratchet and reset	0.25%	0.50%	0.75%	4.00%	8.50%	13.00%
Guaranteed minimum death benefit: Enhanced benefits (roll up)	0.75%	1.00%	1.25%	12.00%	16.50%	21.00%
Guaranteed minimum income benefit	5.00%	6.50%	8.00%	100.00%	130.00%	160.00%
Guaranteed minimum withdrawal benefit	3.25%	4.25%	5.00%	60.00%	75.00%	90.00%
Guaranteed enhanced earnings benefit	0.00%	0.50%	1.00%	1.00%	9.00%	17.00%
Guaranteed minimum accumulation benefit with 1 year or less to maturity	3.20%	5.00%	9.00%	90.00%	130.00%	250.00%
Guaranteed minimum accumulation benefit with more than 1 year but less than or equal to 2 years to maturity	3.00%	5.00%	8.90%	80.00%	115.00%	200.00%
Guaranteed minimum accumulation benefit with more than 2 years but less than or equal to 3 years to maturity	3.00%	5.00%	8.90%	70.00%	105.00%	160.00%
Guaranteed minimum accumulation benefit with more than 3 years but less than or equal to 4 years to maturity	2.80%	5.00%	8.80%	60.00%	95.00%	135.00%
Guaranteed minimum accumulation benefit with more than 4 years but less than or equal to 5 years to maturity	2.40%	4.30%	8.00%	55.00%	85.00%	115.00%
Guaranteed minimum accumulation benefit with more than 5 years but less than or equal to 6 years to maturity	2.00%	3.50%	6.80%	50.00%	75.00%	100.00%
Guaranteed minimum accumulation benefit with more than 6 years but less than or equal to 7 years to maturity	1.70%	2.80%	5.90%	45.00%	65.00%	90.00%
Guaranteed minimum accumulation benefit with more than 7 years but less than or equal to 8 years to maturity	1.40%	2.10%	4.90%	40.00%	55.00%	80.00%
Guaranteed minimum accumulation benefit with more than 8 years but less than or equal to 9 years to maturity	1.10%	1.70%	4.30%	35.00%	50.00%	70.00%
Guaranteed minimum accumulation benefit with more than 9 years to maturity	1.00%	1.40%	3.90%	30.00%	45.00%	60.00%

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34. The other insurance risk capital calculation for long-term business shall be established in accordance with the following formula –

$$C_{LToth} = \sum_i \alpha_i \times BAR_i;$$

Where–

α_i = capital charge factor as prescribed in Table 13A; and

BAR_i = the BSCR adjusted reserves as described in Table 13A.

Table 13A – Capital charge factors for BAR_i

BSCR adjusted reserves BAR_i	Statement Source These Rules	Capital Factor α_i
Mortality (term insurance, whole life, universal life)	Schedule VII, Column (7), Line 1	2.0%
Critical illness (including accelerated critical illness products)	Schedule VII, Column (7), Line 2	2.0%
Longevity (immediate pay-out annuities, contingent annuities, pension pay-outs)	Schedule VII, Column (7), Line 3(f)	0.5%
Longevity (deferred pay-out annuities, future contingent annuities, future pension pay-outs)	Schedule VII, Column (7), Line 4(g)	0.5%
Annuities certain only	Schedule VII, Column (7), Line 5	0.5%
Deferred accumulation annuities	Schedule VII, Column (7), Line 6	0.5%
Disability income: active lives – including waiver of premium and long-term care	Schedule VII, Column (7), Line 7(d)	2.0%
Disability income: active lives – other accident and sickness	Schedule VII, Column (7), Line 8	2.0%
Disability income: claims in payment – including waiver of premium and long-term care	Schedule VII, Column (7), Line 9	0.5%
Disability income: claims in payment – other accident and sickness	Schedule VII, Column (7), Line 10	0.5%
Group life	Schedule VII, Column (7), Line 11	0.5%
Group disability	Schedule VII, Column (7), Line 12	0.5%
Group health	Schedule VII, Column (7), Line 13	0.5%
Stop loss	Schedule VII, Column (7), Line 14	2.0%
Rider (other product riders not included above)	Schedule VII, Column (7), Line 15	2.0%

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34A. The lapse risk charge for long-term business shall be determined as the maximum loss, resulting from the lapse up, lapse down and mass lapse stresses defined in subparagraph (c), in accordance with the following formula —

$$C_{LTlapse} = \max(C_{LapseUp}, C_{LapseDown}, C_{MassLapse})$$

Where —

$$C_{LapseUp} = C_{LapseUp}^{Europe\&UK} + C_{LapseUp}^{Japan} + C_{LapseUp}^{US\&Other}$$

$$C_{LapseDown} = C_{LapseDown}^{Europe\&UK} + C_{LapseDown}^{Japan} + C_{LapseDown}^{US\&Other}$$

$$C_{MassLapse} = C_{MassLapse}^{Europe\&UK} + C_{MassLapse}^{Japan} + C_{MassLapse}^{US\&Other}$$

and

$$C_i^j = \max\left((MVA_{Bef,i}^j - MVL_{Bef,i}^j) - (MVA_{Aft,i}^j - MVL_{Aft,i}^j), 0\right)$$

for —

$$i = LapseUp, LapseDown$$

$$j = Europe\&UK, Japan, US\&Other$$

where —

$MVA_{Bef,i}^j$ = refers to the pre-stress valuation of assets i.e., valuation of assets on an EBS valuation basis before applying lapse stresses;

$MVA_{Aft,i}^j$ = refers to the post-stress valuation of assets i.e., revaluation of assets on EBS valuation basis after applying the lapse stresses prescribed in subparagraph (c), where applicable; if the lapse stresses do not affect the value of assets, i.e. there are no lapse-sensitive assets, then $MVA_{Aft} = MVA_{Bef}$;

$MVL_{Bef,i}^j$ = refers to the pre-stress valuation of insurance liabilities and other liabilities (excluding Risk Margin) on EBS valuation basis, i.e., best estimate of insurance liabilities and other liabilities before applying lapse stresses;

$MVL_{Aft,i}^j$ = refers to the post-stress valuation of insurance liabilities and other liabilities (excluding Risk Margin) on EBS valuation basis, i.e., revaluation of best estimate of insurance liabilities and other liabilities after applying the lapse stresses prescribed in subparagraph (c);

and

$$C_{MassLapse}^{Europe\&UK} = \max\left((MVA_{Bef,MassLapse}^{Europe\&UK} - MVL_{Bef,MassLapse}^{Europe\&UK}) - (MVA_{Aft,MassLapse}^{Europe\&UK,NoOffset} - MVL_{Aft,MassLapse}^{Europe\&UK,NoOffset}), 0\right)$$

$$C_{MassLapse}^k = \frac{C_{MassLapse}^{NoOffset,k} + C_{MassLapse}^{FullOffset,k}}{2}$$

$$C_{MassLapse}^{o,k} = \max\left((MVA_{Bef,MassLapse}^k - MVL_{Bef,MassLapse}^k) - (MVA_{Aft,MassLapse}^{o,k} - MVL_{Aft,MassLapse}^{o,k}), 0\right)$$

for —

$$k = Japan, US\&Other$$

$$o = NoOffset, FullOffset$$

where —

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$MVA_{Bef, MassLapse}^l$	= refers to the pre-stress valuation of assets i.e., valuation of assets on EBS valuation basis before applying mass lapse stresses, for region $l = Europe\&UK, Japan, US\&Other$;
$MVL_{Bef, MassLapse}^l$	= refers to the pre-stress valuation of insurance liabilities and other liabilities (excluding Risk Margin) on EBS valuation basis as prescribed by the Authority, i.e., best estimate of insurance liabilities and other liabilities before applying mass lapse stresses, for region $l = Europe\&UK, Japan, US\&Other$;
$MVA_{Aft, MassLapse}^{Europe\&UK}$	= refers to the post-stress valuation of assets i.e., revaluation of assets on EBS valuation basis after applying the mass lapse stresses prescribed in subparagraph (c), for region <i>Europe&UK</i> ; if the lapse stresses do not affect the value of assets, i.e. there are no lapse-sensitive assets, then $MVA_{Aft} = MVA_{Bef}$;
$MVL_{Aft, MassLapse}^{Europe\&UK}$	= refers to the post-stress valuation of insurance liabilities and other liabilities (excluding Risk Margin) on EBS valuation basis as prescribed by the Authority, i.e., revaluation of best estimate of insurance liabilities and other liabilities after applying the mass lapse stresses prescribed in subparagraph (c), for region <i>Europe&UK</i> ;
$MVA_{Aft, MassLapse}^{o,k}$	= refers to the post-stress valuation of assets i.e., revaluation of assets on EBS valuation basis after applying the mass lapse stresses prescribed in subparagraph (c), for region $k = Japan, US\&Other$ and with $o = NoOffset, FullOffset$; if the lapse stresses do not affect the value of assets, i.e. there are no lapse-sensitive assets, then $MVA_{Aft} = MVA_{Bef}$;
$MVL_{Aft, MassLapse}^{o,k}$	= refers to the post-stress valuation of insurance liabilities and other liabilities (excluding Risk Margin) on EBS valuation basis as prescribed by the Authority, i.e., revaluation of best estimate of insurance liabilities and other liabilities after applying the mass lapse stresses prescribed in subparagraph (c), for region $k = Japan, US\&Other$ and with $o = NoOffset, FullOffset$;
<i>NoOffset</i>	= calculation with 'no offset' means that the results of the mass lapse stress for any homogeneous risk groups for which the mass lapse is beneficial are floored at zero (i.e., gains from policies where lapsing is beneficial for the insurer are not allowed to offset losses from policies where lapsing is adverse for the insurer);
<i>FullOffset</i>	= calculation with 'full offset' means that results of the mass lapse stress for different homogeneous risk groups are not floored to zero (i.e., gains from policies where lapsing is beneficial are allowed to offset losses from policies where lapsing is adverse)

- (a) The valuation of assets and liabilities shall be performed on an EBS valuation basis. Upon application, those insurers using the scenario-based approach may elect to use a modification to keep the scenario-based approach discounting unchanged under certain lapse stresses as prescribed by the Authority, subject to prior approval from the Authority;
- (b) When applying the prescribed lapse stresses and recalculating the post-stress values of assets and liabilities, insurers shall take into account all applicable legal or contractual rights of policyholders (policyholder options) that may alter the value of the future cash flows of the (re)insurance contracts entered into by the insurer. The relevant policyholder options shall include all legal or contractual rights to:
 - (i) fully or partially terminate, surrender, decrease, restrict or suspend insurance cover or permit the insurance policy to lapse;
 - (ii) fully or partially establish, renew, increase, extend or resume insurance cover.
- (c) The lapse stresses to be applied in determining the lapse risk charges per region in accordance with the lapse risk charge equation under paragraph 34A are as follows:
 - (i) *Europe&UK*: means (re)insurance business originating from the European Economic Area (EEA) or the United Kingdom of Great Britain and Northern

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Ireland (UK). The Lapse Up, Lapse Down and Mass Lapse stresses shall be those as prescribed in the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), as amended. For the purposes of this paragraph, any reference to any laws, rules and regulations shall also include successors to and functionally equivalent replacements of such laws, rules and regulations.

- (ii) For (re)insurance business originating from all other regions (i.e., from regions Japan and US&Other):
 - (a) Lapse Up: A permanent stress increase in assumed lapse rates, for all policies in homogeneous risk groups adversely affected by such increases. The permanent stress increase shall be as prescribed in Table 13B; in all cases subject to an absolute maximum rate of 100%. For the purposes of the stress, increase in lapse rates means an increase in the policyholder option exercise rates defined in subparagraph (b).(i) and a decrease in the policyholder option exercise rates defined in subparagraph (b).(ii). The changes in option exercise rates shall only apply to those relevant options for which the change results in a loss. For each homogeneous risk group, the loss resulting from the stress shall be subject to a floor of zero.
 - (b) Lapse Down: A permanent stress decrease in assumed lapse rates, for all policies in homogeneous risk groups adversely affected by such decreases. The permanent stress decrease shall be as prescribed in Table 13B. For the purposes of the stress, decrease in lapse rates means a decrease in the policyholder option exercise rates defined in subparagraph (b).(i) and an increase in the policyholder option exercise rates defined in subparagraph (b).(ii). The changes in option exercise rates shall only apply to those relevant options for which the change results in a loss. For each homogeneous risk group, the loss resulting from the stress shall be subject to a floor of zero.
 - (c) Mass Lapse: An immediate discontinuance of insurance policies. The annual mass lapse stress magnitude shall be, for each insurance policy, equal to three times the applicable annual base lapse rate assumptions for that policy, but in no event shall be lower than the absolute floor prescribed in Table 13C applicable to that policy. The stressed mass lapse rate shall apply for the first 12 months within the projections used to determine the best estimate of insurance liabilities. The mass lapse charge shall be calculated both without offset (NoOffset) and with full offset (FullOffset), and the average of the two calculations shall be taken in accordance with the lapse risk charge equation under paragraph 34A (a '50% offset').

Table 13B – Lapse Up and Lapse Down stresses per Region

Region	Stress Type	Statement Source These Rules	Stress
Europe & UK	Lapse Up	Schedule VIIA, Line 1	As prescribed by the Authority
Europe & UK	Lapse Down	Schedule VIIA, Line 5	As prescribed by the Authority
Japan	Lapse Up	Schedule VIIA, Line 2	+20%

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Japan	Lapse Down	Schedule VIIA, Line 6	-20%
All other regions	Lapse Up	Schedule VIIA, Line 3	+40%
All other regions	Lapse Down	Schedule VIIA, Line 7	-40%

Table 13C – Mass Lapse stresses per Region and Product Category

Region	Policyholder Type	Statement Source These Rules	Product Category	Base Stresses	Stress Floor
Europe & UK	All	Schedule VIIA, Line 9	All	As prescribed by the Authority	
All other regions	Non-Retail	Schedule VIIA, Lines 11, 20, 30 and 39	A.NR	3x	60%
All other regions	Non-Retail	Schedule VIIA, Lines 12, 21, 31 and 40	B.NR	3x	30%
All other regions	Non-Retail	Schedule VIIA, Lines 13, 22, 32 and 41	C.NR	3x	20%
All other regions	Non-Retail	Schedule VIIA, Lines 14, 23, 33 and 42	D.NR	3x	10%
All other regions	Retail	Schedule VIIA, Lines 15, 24, 34 and 43	A.R	3x	20%
All other regions	Retail	Schedule VIIA, Lines 16, 25, 35 and 44	B.R	3x	15%
All other regions	Retail	Schedule VIIA, Lines 17, 26, 36 and 45	C.R	3x	10%
All other regions	Retail	Schedule VIIA, Lines 18, 27, 37 and 46	D.R	3x	5%

Instructions affecting Table 13C

- (a) for the purposes of this Schedule, ‘retail’ refers to contracts of insurance where the policyholder is an individual. ‘Non-Retail’ refers to contracts of insurance where the policyholder is not in individual (e.g., is an institution or a corporation);
- (b) product categories B.NR, D.NR and C.R require approval from the Authority prior to application in conducting the mass lapse stress;
- (c) Product Categories are defined as follows—
 - (i) Product Category ‘A.NR’ includes the following products—
 - (A) Guaranteed Investment Contracts (GICs) and Funding Agreements redeemable with no or insignificant penalties;
 - (B) All other institutional financial/investment/savings products;
 - (ii) Product Category ‘B.NR’ includes the following products—
 Category ‘A.NR’ products with significant mitigating features. Approval shall be required from the Authority for this category and to apply the applicable floor;
 - (iii) Product Category ‘C.NR’ includes the following products—
 - (A) General Account Bank or Corporate Owned Life Insurance (BOLI/COLI).
 - (B) Separate Account COLI/BOLI;
 - (C) Retirement Variable Annuity (VA) (plan-level terminations);
 - (D) All other institutional protection products;
 - (iv) Product Category ‘D.NR’ includes the following products—

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Category 'C.NR' products with significant mitigating features. Approval shall be required from the Authority prior to application; ;

- (v) Product Category 'A.R' includes the following products—
 - (A) VA without guarantees or with guarantees and out of the money.
 - (B) Accumulation fixed index annuity (FIA) and fixed annuity (FA) products with guaranteed crediting rate or option budget less than 10-yr Treasury Rate – 200bps.
 - (C) All other financial, investment or savings products not specified elsewhere in this Schedule;
- (vi) Product Category 'B.R' includes the following products—
 - (A) Accumulation FIA and FA products with risk profile in-between those under categories A and C.
 - (B) Universal Life (UL) (Indexed UL, Variable UL, UL);
 - (C) All whole life products;
 - (D) Term without Return of Premium (ROP) or with cash value ROP.
 - (E) Individual disability;
 - (F) All other protection products.
- (vii) Product Category 'C.R' includes the following products—
 - (A) Accumulation FIA and FA with guaranteed crediting rate or option budget greater than 10-yr Treasury Rate + 200bps + with at least 3 years of surrender charge period remaining + material Guaranteed Withdrawal Life Benefit (GWLBI);
 - (B) VA with material in the money GLWB/ Guaranteed Minimum Income Benefit (GMIB)/Guaranteed Minimum Accumulation Benefit (GMAB) ;
 - (C) Retail VAs with Guaranteed Minimum Death Benefit (GMDB) greater than account value.
 - (D) All products in Category B with at least 3 years of surrender charge period remaining excluding FIA, FA, savings, financial, investment products. Approval shall be required from the Authority prior to application; for all products proposed to be classified in category C.R;
- (viii) Product Category 'D.R' includes the following products—
 - (A) UL with secondary guarantees (lifetime or greater than age 90).
 - (B) Long-Term Care (base) and combo(non-acceleration).
 - (C) Term with ROP at end of level term period (during level period).

34B. The expense risk charge for long-term business shall be calculated as the loss resulting from the prescribed expense stresses in accordance with the following formula—

$$C_{LTEXPENSE} = \sum_i C_{Exp,i}$$

Where –

$C_{Exp,i}$	$= \max((MVA_{Bef,i} - MVL_{Bef,i}) - (MVA_{Aft,i} - MVL_{Aft,i}), 0)$
i	= refers to the regions in Table 13D, with the summation covering all the regions;
$MVA_{Bef,i}$	= refers to the pre-stress EBS valuation of assets i.e., EBS valuation of assets before applying prescribed expense stresses;
$MVA_{Aft,i}^j$	= refers to the post-stress EBS valuation of assets i.e., revaluation of assets on EBS basis after applying prescribed expense stresses; if the expense stresses do not affect the value of assets, i.e. there are no expense-sensitive assets, then $MVA_{Aft} = MVA_{Bef}$
$MVL_{Bef,i}^j$	= refers to the pre-stress valuation of insurance liabilities and other liabilities on EBS basis, i.e., best estimate of insurance liabilities and other liabilities before applying prescribed expense stresses;

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$MVL_{Aft,i}^j$ = refers to the post-stress valuation of insurance liabilities and other liabilities on EBS basis, i.e., revaluation of best estimate of insurance liabilities and other liabilities after applying prescribed expense stresses.

Where—

the prescribed expense stresses consist of simultaneously applying the combination of the following stresses—

- (i) a relative increase of **x** percent in best estimate expense assumptions; and
- (ii) an absolute increase of **y** percentage points in the per annum expense inflation rate;

where **x** and **y** depend on the region as specified in Table 13D. The definitions of “Other developed markets” and “Other emerging markets” shall correspond to those of “Developed markets” and “Emerging markets”, respectively, as prescribed by the Authority, after exclusion of regions listed in Table 13D

Table 13D – Expense stresses

Region	Statement Source	x% (relative increase in future expenses)	y% (absolute increase in expense inflation rate, percentage points)
	These Rules		
EEA, UK and Switzerland	Schedule VIIB, Line 1	6%	1%
US, Bermuda and Canada	Schedule VIIB, Line 2	6%	1%
Japan	Schedule VIIB, Line 3	6%	1%
Other developed markets	Schedule VIIB, Line 4	8%	Year 1 – 10: 2%; Year 11 onwards: 1%
China, Other emerging markets	Schedule VIIB, Line 5	8%	Year 1 – 10: 3%; Year 11 – 20: 2%; Year 21 onwards: 1%

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

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

Where —

- ρ = an amount between 1% and 20% as determined by the Authority in accordance with Table 14G;
- Basic BSCR* = Basic BSCR risk module charge as calculated in accordance with paragraph 18;
- C_{AdjTP} = adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 37

Table 14G – Operational Risk Charge for ρ

Overall Score	Applicable Operational Risk Charge ρ
<=4000	20.0%
>4000 <=5200	18.0%
>5200 <=6000	15.0%
>6000 <=6650	12.0%
>6650 <=7250	9.0%
>7250 <=7650	7.0%
>7650 <=7850	5.0%
>7850 <=8050	3.0%
>8050 <=8250	2.0%
>8250	1.0%

INSTRUCTIONS AFFECTING TABLE 14G

In this table, “overall score” means an amount equal to the sum of the aggregate score derived from each of tables 14H, 14I, 14J, 14K, 14L, and 14M.

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TABLE 14H
Corporate Governance Score Table

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

INSTRUCTIONS AFFECTING TABLE 14H

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

TABLE 14I
Risk Management Function ('RMF') Score Table

Criterion	Implemented	Score
RMF is independent of other operational units and has direct access to the Board of Directors		150
RMF is entrenched in strategic planning, decision making and the budgeting process		150
RMF ensures that the risk management procedures and policies are well documented and approved by the Board of Directors		150
RMF ensures that the risk management policies and procedures are communicated throughout the organization		150
RMF ensures that operational risk management processes and procedures are reviewed at least annually		150
RMF ensures that loss events arising from operational risks are documented and loss event data is integrated into the risk management strategy		150
RMF ensures that risk management recommendations are documented for operational units, ensures that deficiencies have remedial plans and that progress on the execution of such plans are reported to the Board of Directors at least annually		150
Total		XX
Comments		

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INSTRUCTIONS AFFECTING TABLE 14I

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

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TABLE 14J
Risk Identification Processes (‘RIP’) Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RIP are ad hoc								
2	100	RIP have been implemented but not standardised across the organization								
3	150	RIP have been implemented, well documented, understood by relevant staff, and standardised across the entire organization								
4	200	In addition to Stage 3, RIP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 14J

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer’s implementation in respect of its RIP;
- (b) where the insurer’s assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer’s operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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TABLE 14K
Risk Measurement Processes ('RMP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RMP are ad hoc								
2	100	RMP have been implemented but not standardised across the organization								
3	150	RMP have been documented, implemented, and relevant staff have been trained on and execute the RMP; and the RMP are standardised across the organization								
4	200	In addition to Stage 3, RMP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX
Comments										

INSTRUCTIONS AFFECTING TABLE 14K

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer’s implementation in respect of its RMP;
- (b) where the insurer’s assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer’s operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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TABLE 14L
Risk Response Processes (‘RRP’) Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RRP are ad hoc								
2	100	RRP have been implemented but not standardised across the organization								
3	150	RRP have been implemented, well documented and understood by relevant staff, and standardised across the entire organization								
4	200	In addition to Stage 3, RRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX
Comments										

INSTRUCTIONS AFFECTING TABLE 14L

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer’s implementation in respect of its RRP;
- (b) where the insurer’s assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer’s operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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TABLE 14M
Risk Monitoring and Reporting Processes ('RMRP') Score Table

Progression		Criterion	Operational Risk Areas							
Stage	Scoring		Fraud	HR	Outsourcing	Distribution Channels	Business Processes	Business Continuity	IT	Compliance
1	50	RMRP are ad hoc								
2	100	RMRP have been implemented but not standardised across the organization								
3	150	RMRP have been implemented, well documented, understood by relevant staff, and standardised across the entire organization								
4	200	In addition to Stage 3, RMRP are reviewed at least annually with the view to assessing effectiveness and introducing improvements								
		Total	XX	XX	XX	XX	XX	XX	XX	XX

Comments

INSTRUCTIONS AFFECTING TABLE 14M

- (a) the total score is derived by adding the individual score for each operational risk area corresponding to the stage of the insurer’s implementation in respect of its RMRP;
- (b) where the insurer’s assessment of the operational risk area is between stages (i.e. exceeds the criterion for each given stage, while only partially meeting the criterion of the next stage), the insurer shall be deemed to have met the criterion of the lower stage; and
- (c) where an operational risk area is not applicable to the insurer’s operations, the insurer shall record such fact and the reasons for arriving at this conclusion in the comments section and be deemed to have met the criterion of the highest stage.

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

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

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

Where,

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

$CorrBBSCR_{i,j}$ = the correlation factors of the Basic BSCR correlation matrix in accordance with Table A of Paragraph 18;

C_i = risk module charge i which are replaced by the following:

$$C_{Market}, C_{LT}, C_{Credit};$$

C_{Market} = market risk module charge as calculated in accordance with paragraph 19;

C_{LT} = Long-Term risk module charge as calculated in accordance with paragraph 20;

C_{Credit} = credit risk module charge as calculated in accordance with paragraph 27.

nC_i = net risk module charge i which are calculated the same way as C_i but by allowing the future discretionary benefits to change and by allowing managements actions to be performed in accordance to with the criteria prescribed by the Authority and which are replaced by the following:

$$nC_{Market}, nC_{LT}, nC_{Credit};$$

FDB = net present value of future bonuses and other discretionary benefits.

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

$$C_{otheradj} = \text{Min}(((Basic\ BSCR + C_{operational} + C_{regulatoryadj} + C_{AdjTP}) \times t, Limit, (Basic\ BSCR + C_{operational} + C_{regulatoryadj} + C_{AdjTP}) \times 20\%)$$

Where —

$Basic\ BSCR$ = Basic BSCR risk module charge as calculated in accordance with paragraph 18;

$C_{operational}$ = operational risk charge as calculated in accordance with paragraph 35;

$C_{regulatoryadj}$ = regulatory capital requirement for regulated non-insurance financial operating entities as determined in accordance with paragraph 36;

C_{AdjTP} = adjustment for the loss-absorbing capacity of technical provisions as calculated in accordance with paragraph 37

t = insurer's standard federal tax rate

$Limit$ = $PastLAC + CurrentLAC + FutureLAC$

$PastLAC$ = Loss Carryback Provision multiplied by t ;

$CurrentLAC$ = Current Deferred Tax Liabilities minus Current Deferred Tax Assets;

$FutureLAC$ = Risk Margin as reported on Form 1EBS Line 18 multiplied by t ;