

SCHEDULE

(Article 4)

PART F

GLOSSARY OF TERMS

The following are some key definitions of terms used in the business of insurance statements. It is not an exhaustive list of definitions and most refer to the Insurance Business (Assets and Liabilities) Regulations, 2007 (“the Regulations”).

1. “accident year accounting” has the same meaning as is assigned to it by subregulation (1) of regulation 2 of the Regulations.
2. “acquisition costs” comprises the costs arising from the conclusion of contracts of insurance. They shall cover both direct costs, such as acquisition commissions or the cost of drawing up the insurance document or including the contract of insurance in the portfolio, and indirect costs, such as advertising costs or the administrative expenses connected with the processing of proposals and the issuing of policies.
3. “ancillary risk” means a contract whose principal object is within one of the classes of general business but which contains subsidiary provisions within another of those classes, not being class 14,15 or 17 where –
 - a. the risks to be insured are connected with the principal risk;
 - b. these risks concern the object which is covered under the principal risk; and
 - c. the risks are covered by the contract insuring the principal risk,

Provided that, the risk included in class 17 shall be deemed to be an ancillary risk of class 18 if the above mentioned conditions are satisfied and where the main risk relates solely to the assistance provided to persons in difficulty while travelling or away from their home or permanent residence, and the risk included in class 17 shall also be deemed an ancillary risk where it concerns disputes or risks arising out of or in connection with, the use of seagoing vessels and the above mentioned conditions are satisfied.

4. “approved counterparty” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
5. “approved credit institution” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.

6. “approved financial institution” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
7. “approved index” – has the same meaning as is assigned to it by paragraph 14 of Part III of the Schedule to the Insurance Business (Linked Long Term Contracts) Regulations, 2000.
8. “approved securities” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
9. “available assets” means the excess of an authorised company’s assets (other than implicit items) over its liabilities, in each case valued in accordance with the Regulations.
10. “business amount” has the same meaning as is assigned to it by paragraph 2 of Part I of the Seventh Schedule to the Regulations.
11. “claims management costs” has the same meaning as is assigned to it by regulation 38 of the Regulations.
12. “commission payable” means the amounts recorded during a financial year of the authorised company as due to intermediaries and cedants in respect of the inception, amendment or renewal of contracts of insurance, whether or not paid during that year.
13. “commitment” means a commitment represented by any one or more of the kinds of classes of long term insurance business contained in the Second Schedule to the Act.
14. “connected company” has the same meaning as is assigned to it by paragraph 2 of Part I of the Seventh Schedule to the Regulations.
15. “consequential loss” means risks falling within general business class 16 comprising risks of the persons insured sustaining loss attributable to interruptions of the carrying on of business carried on by them or to reduction of the scope of business so carried on.
16. “contract for differences” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
17. “counterparty” has the same meaning as is assigned to it by paragraph 2 of Part I of the Seventh Schedule to the Regulations.
18. “debt” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.

19. “debt security” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
20. “deferred acquisition costs” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
21. “dependant” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
22. “deposit back arrangement” has the same meaning as is assigned to it by subregulation (1) of regulation 2 of the Regulations.
23. “derivative contract” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
24. “direct and facultative” means direct business of insurance and inwards facultative business of reinsurance.
25. “direct insurance business” means business of insurance other than business of reinsurance.
26. “equalisation reserve” a reserve to be maintained pursuant to article 17 of the Act and in accordance with the Regulations.
27. “excess concentration with a number of counterparties” has the same meaning as is assigned to it by paragraph 2 of Part I of the Seventh Schedule to the Regulations.
28. “exposure” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
29. “financial year” has the same meaning as is assigned to it by subregulation (1) of regulation 2 of the Regulations.
30. “financial year in question” has the same meaning as is assigned to it by subregulation (1) of regulation 2 of the Regulations.
31. “fixed interest securities” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
32. “futures contract” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
33. “general business amount” has the same meaning as is assigned to it by paragraph 2 of Part I of the Seventh Schedule to the Regulations.

34. “general business assets” and “general business liabilities” have the same meaning as is assigned to them by subregulation (1) of regulation 41 of the Regulations.
35. “general insurance business” is the business of effecting or carrying on business of insurance of any of the classes specified in Part I of the Third Schedule to the Act.
36. “gross premiums” in relation to an authorised company and a financial year has the same meaning as is assigned to it by subregulation (1) of regulation 2 of the Regulations.
37. “gross premiums earned” has the same meaning as is assigned to it by subregulation (1) of regulation 2 of the Regulations.
38. “gross premiums written” means all amounts due during the financial year in respect of contracts of insurance entered into regardless of the fact that such amounts may relate in whole or in part to a later financial year, and shall include *inter alia* –
- a. premiums yet to be determined, where premium calculation can be done only at the end of the year;
 - b. single premiums, including annuity premiums, and, in long term business, single premiums resulting from bonus and rebate provisions in so far as they must be considered as premiums under the terms of the contract;
 - c. additional premiums in the case of half-yearly, quarterly or monthly payments and additional payments from policyholders for expenses borne by the company;
 - d. in the case of co-insurance, the company’s portion of total premiums;
 - e. reinsurance premiums due from ceding and retroceding insurance undertakings, including portfolio entries,

after deduction of cancellations and portfolio withdrawals credited to ceding and retroceding insurance undertakings.

The above amounts shall not include the amounts of taxes or duties levied with premiums.

39. “group undertaking” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
40. “hybrid security” has the same meaning as is assigned to it by paragraph 2 of Part I of the Seventh Schedule to the Regulations.

41. “implicit item” means any of the items listed in regulations 11 to 13 of the Regulations.
42. “incepted” has the same meaning as is assigned to it by paragraph 1 of the Second Schedule to the Regulations.
43. “index linked benefits” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
44. “index linked contract” means a linked long-term contract conferring index linked benefits.
45. “index linked liabilities” has the same meaning as is assigned to it by paragraph 2 of Part I of the Seventh Schedule to the Regulations.
46. “initial margin” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
47. “insurance liabilities” has the same meaning as is assigned to it by paragraph 2 of Part I of the Seventh Schedule to the Regulations.
48. “internal linked fund” an account to which an authorised company appropriates certain linked assets and which may be sub-divided into units the value of each of which is determined by the authorised company by reference to the value of those linked assets.
49. “long term business amount” has the same meaning as is assigned to it by paragraph 2 of Part I of the Seventh Schedule to the Regulations.
50. “long term insurance business” means the business of effecting or carrying on business of insurance of any of the classes specified in the Second Schedule to the Act.
51. “long term insurance business assets” and “long term insurance business liabilities” have the same meaning as is assigned to them by subregulation (1) of regulation 41 of the Regulations.
52. “market value” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
53. “mathematical reserves” has the same meaning as is assigned to it by subregulation (1) of regulation 2 of the Regulations.
54. “net claims incurred” has the same meaning as is assigned to it by regulation 38 of the Regulations.

55. “net claims paid” has the same meaning as is assigned to it by regulation 38 of the Regulations.
56. “net premiums earned” and “net premiums written” have the same meaning as is assigned to them by regulation 38 of the Regulations.
57. “participation” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
58. “permitted asset exposure limit” has the same meaning as is assigned to it by paragraph 3 of Part I of the Seventh Schedule to the Regulations.
59. “permitted counterparty exposure limit” has the same meaning as is assigned to it by paragraph 4 of Part I of the Seventh Schedule to the Regulations.
60. “proportional reinsurance treaty” means a reinsurance treaty under which in return for a proportion of the premium a predetermined proportion of each claim payment by the cedant under policies subject to the treaty is recoverable from the reinsurer; and “non-proportional reinsurance treaty” shall be construed accordingly.
61. “readily realisable” has the same meaning as is assigned to it in paragraph 2 of Part I of the Seventh Schedule to the Regulations.
62. “receivable” has the same meaning as is assigned to it by paragraph 1 of the Second Schedule to the Regulations.
63. “recoverable” has the same meaning as is assigned to it by paragraph 1 of the Second Schedule to the Regulations.
64. “required margin of solvency” has the same meaning as is assigned to it by subregulation (1) of regulation 2 of the Regulations.
65. “risks situated in Malta” has the same meaning as is assigned to it by article 2 of the Act.
66. “risks situated outside Malta” has the same meaning as is assigned to it by article 2 of the Act.
67. “salvage right” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.
68. “subordinated debt” has the same meaning as is assigned to it by subregulation (1) of regulation 41 of the Regulations.

69. “subsidiary” has the same meaning as is assigned to it by paragraph (c) of subarticle (2) of article 2 of the Companies Act, 1995.
70. “technical provisions” means the items required by the Insurance Business (Companies Accounts) Regulations, 2000 to be shown in the balance sheet of an authorised company at liabilities items C.1 to 6 and D in the case of technical provisions for linked liabilities.
71. “underwriting year accounting” has the same meaning as is assigned to it by subregulation (1) of regulation 2 of the Regulations.
72. “zillmerising” – has the same meaning as is assigned to it by regulation 7 of the Regulations.