

SCHEDULE

(Articles 4 to 6)

PART H

GUIDANCE ON COMPLETION OF THE BUSINESS OF INSURANCE STATEMENTS

Introduction

1. Authorised companies should begin by compiling the worksheet named “**Cover Sheet**”, by using the appropriate drop down menus as applicable. Depending on one’s selection in the “**Cover Sheet**”, the appropriate headings will automatically be reflected in the Forms to be completed.
2. Once the “**Cover Sheet**” is completed, authorised companies are to proceed to the worksheet entitled “**Contents**”. This sheet allows direct access to all the other sheets through hyperlinks shown on the right hand side of the screen. to go to a desired Form. It is suggested that Forms should be completed in the sequence presented.
3. The worksheets are password protected and all cells except for the yellow ones are locked. The only cells that should be filled in are the yellow coloured cells, which are write-enabled.
4. For the ease of use, some cells have an automated pop-up box defining a particular requirement. For example, in Part B, reinsurance cessions must be filled in as a negative number whereas premium income must be a positive number.
5. Users are reminded that in so far as these Forms are being prepared by a company with head office outside of Malta, data to be inputted should be restricted to business carried on by it in or from Malta.

1. Contents of Business Statements

Part A - (To be completed in respect of general business)

Form 1 shows the total gross premium written by the company on a *Regulatory Groups of Classes* basis in the calendar year.

Forms 2 to 15 contain statistical information relating to gross premiums written by a company, by *Reporting Groups of Classes*, in respect of:

1. gross premiums written in respect of risks situated in Malta (direct insurance business);
2. gross premiums written in respect of risks situated in Malta (facultative reinsurance business);
3. gross premiums written in respect of risks situated outside Malta (direct insurance business);
4. gross premiums written in respect of risks situated outside Malta (facultative reinsurance business);
5. gross premiums written in respect of proportional treaty reinsurance inwards in respect of risks situated in Malta;
6. gross premiums written in respect of non-proportional treaty reinsurance inwards in respect of risks situated in Malta;
7. gross premiums written in respect of proportional treaty reinsurance inwards in respect of risks situated outside Malta;
8. gross premiums written in respect of non-proportional treaty reinsurance inwards in respect of risks situated outside Malta.

The above information is presented in matrix form per groups of classes of business and the bottom line of each Form represents total gross premium written by the company during the reporting calendar year being reported upon per groups of classes of business, together with comparative figures for the prior calendar year.

Forms 16 to 29 analyse the earned and unearned premiums as at end of the calendar year, gross and net of reinsurance.

Forms 30 to 44 analyse gross claims paid in the same way as gross premiums written in **Form 1 to 15**. The figures for gross claims paid should exclude claims management costs.

Forms 45 to 58 analyse claims incurred into two major subdivisions:

- a. incidents occurring prior to the reporting calendar year; and
- b. incidents occurring in the reporting calendar year.

Forms 59 to 66 are each divided into four parts as follows (per Groups of Classes), and are based on an accident year accounting system:

1. Part A – Direct and facultative general business – Analysis of gross claims and premiums;
2. Part B – Direct and facultative general business – Analysis of net claims and premiums;
3. Part C – Treaty reinsurance inwards – Analysis of gross claims and premiums;
4. Part D – Treaty reinsurance inwards – Analysis of net claims and premiums.

Part A is designed to provide a ten year history of the claims (or loss) ratio of each type of business (by Groups of Classes).

In addition to the above, **Part B** is designed to provide a clear indication of whether reserves throughout the years were adequate or otherwise. All figures should exclude claims management costs.

Forms 67 to 74 show the amount, per Groups of Classes of business, of charges in respect of provisions for unexpired risks attributable to the reporting calendar year in respect of which the business statements are compiled, together with a breakdown of operating expenses as follows:

1. commissions;
2. other acquisition costs;
3. administrative expenses; and
4. reinsurance commissions and profit participations.

This set of forms is to be filled in only if accident year accounting is used. It is recommended that only the sheet 'Printing 67-74' is printed with the hard-copy submission instead of the separate forms 67 to 74.

Forms 75 to 82 are each divided into two parts as follows (per Groups of Classes), and are based on an underwriting year accounting system:

1. Part A – Direct and facultative general business – Analysis of technical provisions;
2. Part B – Treaty reinsurance inwards – Analysis of technical provisions;

These forms are designed to provide a ten year 'attribution' history, by Groups of Classes, to each underwriting year of technical provisions by each individual component of technical provisions as follows:

1. reported claims outstanding;

2. claims incurred but not reported;
3. claims management costs;
4. provision for unearned premiums;
5. provision for unexpired risks;
6. deferred acquisition costs; and
7. other technical reserves.

Allocations to or from other reporting groups and the balance of the fund should only be completed for open years.

Figures for claims outstanding and total technical provisions are applicable for both open and closed underwriting years.

Forms 83 to 90 are each divided into two parts as follows (per Groups of Classes), and are based on an underwriting year accounting system:

1. Part A – Direct and facultative general business – Analysis of premiums, claims and expenses;
2. Part B – Treaty reinsurance inwards – Analysis of premiums, claims and expenses;

These forms are designed to provide a ten year ‘attribution’ history, by Groups of Classes, of the technical results for each underwriting year.

Forms 91 to 98 are aimed at analysing the source of business of the reporting company, as follows (by Groups of Classes):

1. direct business;
2. business generated by agents;
3. business generated by brokers;
4. business generated by tied insurance intermediaries.

It is recommended that only the sheet ‘Printing 91-98’ is printed with the hard-copy submission instead of the separate forms 91 to 98.

Part B - (To be completed in respect of general business)

Forms 1 to 9, which together constitute Part B of the business statements, consist of a detailed technical account per Groups of Classes of business. In these forms all claims management costs should be aggregated with claims paid.

Forms 59 to 98 of Part A and **Forms 1 to 9** of Part B should be completed on a reporting basis, i.e. according to the Reporting Groups of Classes, as per Business Groupings listed in Part G of the Schedule to the Rule.

Part C - (To be completed by all companies)

Forms 1 to 14 in Part C relate to the solvency and capital adequacy of the company and are designed to assess compliance with the various requirements of the Insurance Business (Assets and Liabilities) Regulations, 2007.

Forms 1 to 3 are the required margin of solvency calculations.

Forms 4 and 5 calculate the general business and the long term business amounts respectively.

Forms 6 to 11 show a detailed analysis of assets that are allowed after applying asset valuation and admissibility rules.

Form 12 analyses liabilities.

Form 13 shows capital and reserves.

Form 14 are the tests for own funds and margin of solvency.

Part D - (To be completed in respect of long term business)

Part D is dedicated exclusively to long term business and also contains the abstract of the valuation report prepared by the appointed actuary.

Forms 1 and 2 in Part D Part 1 relate to statistical and technical results of the long term insurance business.

Forms 1 to 20 in Part D Part 2 are the long term business of insurance statements designed for the purpose of the continuing supervision of an authorised company, and contain information to help to:

- improve transparency;
- strengthen the governance of insurance companies in ways that are consistent with the responsibilities of directors and senior management;
- ensure actuarial expertise is available to advise life insurers on key aspects of their business; and
- simplify the certification of the insurance returns.

Instructions to complete Forms 1 to 20 in Part D Part 2 have been formulated in order to assist in the correct completion and submission of the statements, as well as to specify the requirements to meet the regulatory disclosure of the information required. These instructions should therefore be considered as an integral part of the statements themselves.

Part D Part 3 – The Abstract of the Valuation Report

Companies which carry on long term business of insurance are required to submit a valuation report which is to be prepared by the appointed actuary, carrying out the actuarial investigation of such company, in accordance with article 23 of the Act. The valuation report to be submitted to the MFSA by every insurer which carries on long term insurance business must comply with, and contain, the information specified in the abstract. The form and content of the abstract satisfy the requirements and responsibilities given in the said article 23 and the requirement made pursuant to the Rule.

Part E - (To be submitted by all companies)

Part E Part 1 - Certificate by Directors

A certificate in accordance with the requirements of paragraphs 1 to 4 in Part E of the Schedule to the Rule signed by the directors of the company shall be annexed to the business statements referred to in the Rule.

Part E Part 2 - Certificate by Appointed Actuary

In the case of a company which has at any time during the reporting year in question carried on long term business, a certificate in accordance with the requirements of paragraphs 5 and 6 in Part E of the Schedule to the Rule signed by the appointed actuary shall be annexed to the business statements referred to in the Rule.

Part E Part 3 - Auditors' Report

The documents referred to in paragraph 7 in Part E of the Schedule to the Rule shall be audited by the auditor of the insurer appointed under article 21 of the Act, who shall make and annex to the documents aforesaid a report in accordance with the requirements of paragraphs 7 and 8 in Part E of the Schedule to the Rule.

Part I - Miscellaneous - (To be submitted by all companies)

Part I Part 1 – Outwards Reinsurance Business

These forms are to be completed by both insurance and reinsurance companies, and for both long term and general business.

Part I Part 2 – Passporting

These forms are to be completed by non-life insurance and life insurance companies carrying out insurance business activity by way of freedom to provide

services or through branches in the EEA in accordance with article 44 of the Third Non-Life Insurance Directive (92/49/EEC) and article 49 of the Life Assurance Directive (2002/83/EC).

2. Date by which the Business of Insurance Statements are to be forwarded to the Authority

1. Where the financial year end coincides with the calendar year end:

To be submitted by not later than six months from the end of the calendar year:

(a) *In the case of general business:*

- Part A
- Part B
- Part C
- Part E (excluding Part E Part 2)
- Part I

(b) *In the case of long term business:*

- Part C
- Part D
- Part E
- Part I

2. Where the financial year end does not coincide with the calendar year end:

(a) To be submitted by not later than six months from the end of the calendar year

(i) *In the case of general business:*

- Part A
- Part B
- Part E Part 1
- Part I Part 2

(ii) *In the case of long term business:*

- Part D Part 1
- Part E Part 1
- Part I Part 2

(b) To be submitted by not later than six months from the end of the financial year

(i) *In the case of general business:*

- Part C
- Part E (excluding Part E Part 2)
- Part I Part 1

(ii) *In the case of long term business:*

- Part C
- Part D (excluding Part D Part 1)
- Part E
- Part I Part 1.