



FINANCIAL SERVICES  
COMMISSION

## **GUIDELINE NO.6**

**(This guideline is issued pursuant to section 53 of the Financial Services Commission Act, on March 1, 2013)**

### **GUIDELINE ON STATUTORY REPORTING**

#### **LEGISLATIVE REFERENCE:**

Financial Services Commission Act Section 10

Insurance Act Cap 310 Section 39, 41

Exempt Insurance Act CAP 308A Section 18

#### **1.0 BACKGROUND AND PURPOSE:**

- 1.1 The Financial Services Commission Act and the Insurance Act Cap 310 requires companies registered under the Act to submit financial statements and statutory returns in a prescribed form.
- 1.2 The prescribed forms are in need of being updated as they no longer capture all the information required to monitor the prudential risk of the insurance sector.
- 1.3 The Financial Services Commission has sought to produce updated statutory reporting forms. These forms are in draft form and form the basis for this paper.
- 1.4 The Financial Services Commission Act also requires licensees to submit quarterly returns to the regulator which was not previously a requirement under the Insurance Act Cap 310. The Financial Services Commission has also sought to produce the prescribed forms for the Quarterly filings for companies to satisfy the requirement under the FSC Act and these draft forms are included for review and comment in this paper.
- 1.5 This consultation paper presents to the insurance industry the proposed updated statutory filing forms with guidelines and details on how the forms should be completed. The consultation is being presented to allow the industry to review and simulate a filing using

the new forms and then offer their comments on the new forms before a final decision is taken.

## **2.0 INTRODUCTION**

- 2.1 In order to effectively monitor the risk of the insurance sector in an increasingly dynamic environment it is essential that the regulator acquire the requisite information through statutory filing forms. The compiling of this industry information will benefit all stakeholders in the sector. This guideline details the new reporting forms and offers instructions for the preparation of the new forms by insurance companies.
- 2.2 The Commission recognizes the need for clarity as to the scope and implementation of the provisions of the Act if the regulatory system is to command the confidence of insurers and policyholders. It seeks, therefore, to ensure that those operating in Barbados have a good understanding of the nature of the requirements and of the Commission's approach in implementing the Act, the regulations, and the guidelines which are associated.

## **3.0 *FILING REQUIREMENTS***

### **WHO IS REQUIRED TO FILE**

- 3.1 All local insurance companies registered under the Insurance Act CAP 310 are required to file Annual reporting forms and Annual audited financial statements under Section 39 and 41. These companies are also required to file Quarterly reporting forms under the Financial Services Commission Act Section 10.
- 3.2 Local insurance companies will be required to complete and file all of the new annual reporting forms A through D as well as forms Q1 to Q5 on a quarterly basis.
- 3.3 All insurance intermediaries being corporate bodies of Brokers or Agents registered are required to file Quarterly forms Q1 and Q6 to satisfy the requirement in Financial Services Commission Act Section 10. In addition, the Insurance Act Cap 310 Section 99 requires Intermediaries to submit a record of the aggregate amount of the premiums received on policies and along with the existing statutory reporting form required, Intermediaries are also now required to file annually forms A1 – A5.
- 3.4 Exempt insurance companies and qualifying insurance companies are required to file Quarterly reporting forms under the Financial Services Commission Act Section 10. These companies are now required to file forms Q1 – Q3 and Q7 quarterly. Exempt Companies and Qualifying Companies are not required to submit annual statutory returns but the requirement for the submission of annual audited financial statements remain.

## **4.0 WHEN ARE STATUTORY FILINGS DUE**

4.1 For purposes of quarterly filing a “local insurance company” is required to make the filing based on its local operations in Barbados. Quarterly filings are based on a **calendar** year are due 30 days after the end of the quarter and can be submitted in electronic format. Filings are therefore due as follows:

Quarter 1 – April 30.

Quarter 2 – July 30.

Quarter 3 – October 30

Quarter 4 – Jan 30.

4.2 Annual statutory filings are due 4 months after the end of the company’s financial year end for local insurance companies and intermediaries.

4.3 The Act requires each insurer to submit its annual statutory filing no later than four months after the end of its fiscal year. A penalty of \$ 250.00 per day has been prescribed for late filings. The Act also allows the Financial Services Commission to grant an extension of the filing time. In order to obtain an extension an insurer must forward a formal request to the Financial Services Commission outlining reasons why an extension is required. Extensions will only be granted in extraordinary cases.

## **5.0 NEW FORMS AND GUIDELINES**

5.1 The full list of required forms for both Annual filings and Quarterly filings has been attached. The Financial Services Commission will also make the filings available in electronic format.

5.2 A full list of guidelines for the completion of each form has been included in the discussion paper for guidance to persons completing the forms at the insurance companies. Companies will be granted a phase-in period of 3 months to become compliant with the guideline.

*FSC GUIDELINES*  
*FOR THE FILINGS OF*  
*THE NEW*  
*STATUTORY*  
*REPORTING FORMS*  
*FOR INSURERS*

# **GUIDELINES FOR THE FILINGS OF INSURERS**

## **Table of Contents**

### **1.0 INTRODUCTION AND PURPOSE**

### **2.0 GENERAL REQUIREMENTS FOR THE ANNUAL FILING**

- 2.1 Types of Insurers and Overall Filing Requirements
- 2.2 International Financial Reporting Standards
- 2.3 Monetary Unit for Reporting
- 2.4 Additional Explanations
- 2.5 No Information to Report
- 2.6 Consistency Checks
- 2.7 Retention of Records
- 2.8 Filing Date
- 2.9 Further Information

### **3.0 ATTESTATION AND CERTIFICATION (ANNUAL FILING)**

- 3.1 Company's Certification
- 3.2 Auditor's Certification
- 3.3 Actuary's Certification

### **4.0 ANNUAL FILING FORMS**

#### **A. Background Information**

- A.1: Company Particulars
- A.2: Major Shareholders
- A.3: Board of Directors
- A.4: Board Committees
- A.5: Company Officers
- A.6: Company Advisors
- A.7: Commission Payments
- Group Organization Chart
- Company Organization Chart

#### **B. Main Financial Statements**

- B.1: Balance Sheet
- B.2: Income Statement – General Insurance Business
- B.3: Income Statement – Life Insurance Business
- B.4: Statement of Changes in Capital
- B.5: Solvency Requirement
- B.6: Deposit Requirements
- B.7: Insurance Fund Requirements

B.8: Catastrophe Reserves

**C. Details on Balance Sheet**

- C.1: Cash and Deposits
- C.2: Government Securities and Company Bonds and Debentures
- C.3: Secured Loans
- C.4: Investments in Real Estate
- C.5: Shares and Investment Schemes
- C.6: Related Party Investments
- C.7: Policy Loans and Other Investments
- C.8: Accounts Receivable
- C.9: Fixed Assets
- C.10: Details on Unexpired Risk Provision
- C.11: Details on Claims and Catastrophic Provision
- C.12: Accounts Payable
- C.13: Foreign Currency Assets and Liabilities
- C.14: Life Insurance Term to Maturity
- C.15: Claims Development for General Insurance

**D. Operating Details as Reported in the Income Statement**

- D.1: Premiums and Underwriting for General Insurance
- D.2: Premiums for Life Insurance
- D.3: Analysis of Life Insurance Policies
- D.4: Investment Income
- D.5: Incurred Claims
- D.6: Reinsurance Details
- D.7: Commissions by Class of Insurance
- D.8: Management Expenses
- D.9: Related Party Operating Transactions
- D.10: Other Revenue and Expenses
- D.11: General Insurance Summary of Underwriting Performance

**E. NOTE ON THE QUARTERLY FILING**

## **GUIDELINES FOR THE FILINGS OF INSURERS**

### **1.0 INTRODUCTION AND PURPOSE**

All insurers licensed to conduct business in Barbados are required to submit an annual and a quarterly filing to the Financial Services Commission. The filings are designed to enable the Financial Services Commission to monitor the financial condition and operating performance of each insurer that is licensed to operate. Certain compliance requirements are also monitored through information contained in the filings.

In order for the Financial Services Commission to make valid comparisons among insurers and make valid comparisons of a particular insurer over time, it is necessary that each insurer provide and report information in a consistent manner. It is also vital that the Financial Services Commission be able to aggregate current industry statistics to monitor the Macro Prudential risks of the sector. This statistical monitoring will benefit all stakeholders in the insurance industry.

The purpose of these guidelines is to communicate the format that is required for the filings. These filings will replace the annual statutory returns filed by an insurer. The annual financial statements are still required as per the Act. The Quarterly forms will satisfy the requirement under the FSC Act to submit Quarterly returns.

### **2.0 GENERAL REQUIREMENTS FOR THE ANNUAL FILING**

#### **2.1 Types of Insurers and Overall Filing Requirements**

The Insurance Act (“Act”) defines a local insurance company as a local company or a local branch of a foreign insurance company that has been registered under the Act to carry on an insurance business in Barbados. For purposes of Sections B, C, and D of the annual filing, a local insurance company is required to provide information on both its local operations.

Both local insurance companies and foreign insurance companies are required to submit a complete copy of their audited financial statements including notes with the annual filing as per the Act.

The Act also requires the periodic filing of an actuarial report. If appropriate the actuarial report should be submitted with the annual filing.

#### **2.2 Financial Reporting Standards**

Insurers are encouraged to recognize the accounting best practices when completed the annual statutory returns. There is no requirement to have the quarterly returns audited but the returns need to be signed by a member of senior management as being true representations of the activities of the company. While it is recognized that there may not be total consistency with respect to certain line items in the filing and the audited

financial statements, it is important that the main line items including but not limited to total assets, insurance liabilities, total liabilities, total capital, gross premiums written, net premiums written and net income as reported in the filing be consistent to that reported in the audited financial statements so that it is not expected that there will be material differences in the two statements.

For a local insurance company, a Statement of Reconciliation should be completed if there are material differences between the information reported in the filing and the information reported in the audited financial statements.

### **2.3 Monetary Unit for Reporting**

The monetary unit for reporting is BDS\$'s. As per normal accounting practice, transactions that are undertaken in foreign currencies are converted at the time of the transaction. Balances of foreign currency are converted to BDS\$'s at the end of the accounting period.

### **2.4 Additional Explanations**

On some forms, there may not be sufficient space to completely provide all the information required. In these cases, an attachment should be prepared to provide the required information. When this is done, it is recommended that the attachment be labelled as "Additional Information Regarding Form X.X".

### **2.5 No Information to Report**

It is possible that certain Forms may not be relevant to a particular insurer. For example, if an insurer has no investments in secured loans there is no information to report on Form C.3. In such cases, it is recommended that the person completing the filing enter the term "NOT APPLICABLE" on the Form in question.

### **2.6 Consistency Checks**

The main financial statements of the annual filing are Form B.1 (Balance Sheet), Form B.2 (Income Statement – General Insurance Business) and Form B.3 (Income Statement – Life Insurance Business).

The forms in the C category of the annual filing provide detailed information for particular line items in the Balance Sheet and are shown as cross reference forms on Form B.1. It is important that the information reported in the balance sheet is the same as that reported in the cross reference forms.

The forms in the D category provide detailed information for particular line items in the Income Statement and are shown as cross reference forms on Forms B.2 and B.3. It is important that the information reported in the income statements is the same as that reported in the cross reference forms.

For the sake of efficiency, it is recommended that the C category forms be prepared before the Balance Sheet and that the D category forms be prepared before the Income Statements.

## **2.7 Retention of Records**

Background papers used to prepare the filing should be retained at the local office of the insurer in the event that questions arise regarding the filing.

## **2.8 Filing Date**

The Act requires each insurer to submit its annual statutory filing no later than four months after the end of its fiscal year. A penalty of \$ 250.00 per day has been prescribed for late filings. The Act also allows the Financial Services Commission to grant an extension of the filing time. In order to obtain an extension an insurer must forward a formal request to the Financial Services Commission outlining reasons why an extension is required. Extensions will only be granted in extraordinary cases.

## **2.9 Further Information**

Any questions regarding the filing requirements can addressed to:

Financial Services Commission  
246-421-2142  
Attn: Insurance Division

## **3.0 ATTESTATION AND CERTIFICATION**

### **3.1 Company's Certification**

It is required that the annual filing to be certified by one of the following: the company secretary, a director of the insurer or the principle representative of the insurer in the case of a foreign insurance company. The individual making the certification on behalf of the Board of Directors should sign the certification and indicate his or her position within the company.

The certification is similar to the certification required for the audited financial statements of the insurer.

### **3.2 Auditor's Certification**

The Act requires a certification by the auditor of the insurer. The auditor's certification is based on a number of obligations imposed on the auditor as prescribed by the Act. It is recommended that the auditor closely examine these obligations before signing the certification.

If the insurer does not meet all of the requirements listed, exceptions should be noted and explained. The partner in charge of the audit should sign the certification on behalf of the auditing firm. Please ensure that the identity of the partner in charge as well as the identity of the auditing firm is clearly disclosed.

### **3.3 Actuary's Certification**

The Act requires a certification by the actuary of the insurer. The actuary must be satisfied that the estimates of technical provisions and actuarial liabilities are adequate.

## **4.0 ANNUAL FILING FORMS**

### **A. BACKGROUND INFORMATION**

#### **Form A.1: Company Particulars**

Form A.1 provides background information regarding the insurer. An insurer can be registered as a local insurance company, a foreign insurance company, an association of underwriters or a mutual insurance company.

The Act identifies two classes of life insurance that can be underwritten including ordinary long term insurance and industrial life insurance and six classes of general insurance business that can be written including: liability insurance; marine insurance; aviation and transport insurance; motor vehicle insurance; pecuniary loss insurance; personal accident insurance and property insurance. A full description of each of these classes of insurance is outlined in the Act.

In "particulars regarding the insurer/email address" please identify a contact person and provide this person's email address. This will facilitate contact with the insurer if questions arise with respect to the filing.

#### **Form A.2: Major Shareholders**

Form A.2 provides information on major shareholders of the insurer. A major shareholder is defined as a person that holds 10% or more of the shares of the insurer or who is entitled to 10% or more of the voting rights of the insurer.

Each beneficial shareholder must be identified, nominee names are not sufficient. If the shareholder of the insurer is a corporation rather than an individual, the full legal name of the corporation should be reported. The address of a corporate shareholder is the address of its head office.

#### **Form A.3: Board of Directors**

Form A.3 provides information on members of the Board of Directors of the insurer. Under the caption of "Position" please indicate whether the director is the chair of the Board, a member of the Board, the chair of a specific Board Committee, a member of a specific Board Committee or any other position occupied. It is possible that a given board member may have more than one position with the insurer (e.g. A particular

director could be the Chair of the Audit Committee and a member of the Human Resources Committee).

Under the caption of “Other Affiliations” please indicate the following affiliations and specify the nature of the affiliation:

- Each company where the director of the insurer owns 10% or more of the voting shares;
- Each company where the director of the insurer is a director; and,
- Each company where the director of the insurer occupies a senior management position.

#### **Form A.4: Board Committees**

Form A.4 provides information on Board Committees. Please indicate the position that each member of committee occupies, including the chair of the committee or member of the committee. It is recognized that in some cases, Board committees will also include individuals who are not members of the Board of Directors of the insurer.

All Committees of the Board should be identified.

#### **Form A.5: Company Officers**

Form A.5 provides information on senior officers of the insurer. Senior officers include the Chief Executive Officer, senior managers, claims manager, underwriting manager, Human Resource Manager, Internal Auditor, the company chief financial officer or treasurer, the principal representative of a foreign insurance company and any other person specified as an officer under the articles of incorporation or bylaws of the company. The job titles may be called by a different name but the intent is to identify the person who is responsible for the responsibilities typically contained in the positions listed above.

#### **Form A.6: Company Advisors**

Form A.6 provides information on company advisors. These include the external auditor of the insurer, the independent actuary and legal counsel. If the insurer has other advisors, such as an investment advisor, please indicate and describe the nature of the advisory service being offered.

#### **Group Organization Chart**

If the insurer is a member of a group of companies, please file an organization chart showing the complete interrelationship between the insurer, its immediate and ultimate

parent and all other affiliated companies (both upstream and downstream) identifying the percentage ownership of each.

### **Company Organization Chart**

Please file an organization chart of the insurer and specify the number of individuals employed by the company. A foreign insurance company should also submit an organization chart and number of employees of its operations in (name of State or Territory).

#### **Form A.7: Commission Payments**

Form A.7 presents information on intermediaries which sell policies on behalf of the insurer including identity, commencement dates, termination dates and commissions paid during the year. If the intermediary continues to represent the insurer after the end of the year please enter N/A in the column entitled Termination Date.

Any discrepancies must be explained.

## **B. MAIN FINANCIAL STATEMENTS**

### **Form B.1: Balance Sheet**

Form B.1 is the balance sheet of the insurer. Amounts are required to be reported for the current year and the previous year. It is noted that most of the asset, liability and capital entries have a “cross reference form” specified. Further explanations of these entries are provided with the cross reference form.

### **Form B.2: Income Statement – General Insurance Business**

Form B.2 is an income statement which is to be completed by a general insurer and a composite insurer for its general insurance business. If the insurer is a life insurer please insert the term “Not Applicable” on the form.

A composite insurer is required to report its income from life insurance operations. This is required so that the total net income of the insurer as well as taxes paid can be determined.

It is noted that most revenue and expense entries have a “cross reference form” specified. Further explanations of these entries are provided with the cross reference form.

### **Form B.3: Income Statement – Life Insurance Business**

Form B.3 is an income statement which is to be completed by a life insurer and by a composite insurer for its life insurance business. If the insurer is a general insurer please insert the term “Not Applicable” on the form.

A composite insurer is not required to complete Rows 22 and 23 of this form as the information in these rows is reported in Form B.2.

It is noted that most revenue and expense entries have a “cross reference form” specified. Further explanations of these entries are provided with the cross reference form.

### **Form B.4: Statement of Changes in Capital**

Form B.4 provides details regarding the changes in the capital position of the insurer during the year. Any material change in the revaluation reserve should be explained. In certain cases, the Financial Services Commission may request appraisal reports to support the change in this reserve.

#### *Consistency Check*

The total amount reported for the opening balance in Form B.4 must equal the amount reported on Row 33 of Form B.1 for the prior year. The total amount reported for the closing balance in Form B.4 must equal the amount reported in Row 33 of Form B.1 for the current year. Any discrepancies must be fully explained.

### **Form B.5: Solvency Requirement**

The purpose of Form B.5 is to provide evidence that the insurer is meeting the solvency requirements as prescribed in the Act. The insurer’s actual solvency margin is compared to the solvency requirements.

Each non- admitted asset as prescribed in the regulations that is held by the insurer must be listed on Form B.5.

#### *Consistency Check*

The total assets reported in Row 1 and the total liabilities reported in Row 3 of Form B.5 must equal the amounts reported in Row 17 and Row 24 of Form B.1 respectively.

Gross premiums written for general insurance (Row 6 of Form B.5) and premiums ceded for general insurance (Row 7 of Form B.5) must be equal to amounts reported in Rows 1 and 3 of Form B.2 respectively.

Life insurance liabilities reported in Row 9 of Form B.5 must equal the sum of the amounts reported in Rows 21, 22 and 23 of Form B.1. Any discrepancies must be explained.

### **Form B.6: Deposit Requirements**

The Act requires each insurer to make a deposit with the Financial Services Commission. The amount of the deposit is prescribed in the Act. The deposit must be in the form of cash or other assets prescribed in the Act. The purpose of Form B.6 is to determine the adequacy of the insurer's deposit in relation to the prescribed requirements.

Rows 1 to 6 of Form B.6 provide information regarding the deposit requirement. Rows 7 to 13 of Form B.6 provide information regarding the deposit that is in place. Row 14 of Form B.6 compares the deposit requirement with the value of the deposit in place.

#### *Consistency Check*

For each class of general insurance, the amounts reported for gross premiums written, premiums ceded and net premiums written must equal the aggregate amounts reported. Any discrepancies must be explained.

### **Form B7: Insurance Fund Requirements**

The Act requires each local insurance company to establish an insurance statutory fund consisting of assets equal to 100% of insurance liabilities and contingency reserves related to that class of insurance less amounts held on deposit by the Financial Services Commission (The deposit is not considered in the amount for long term business). The Act prescribes the type of assets that are eligible to be included in the fund as well as certain limits with respect to these assets. It is recommended that insurers closely examine the applicable sections of the Act with respect to these asset limits.

The Act requires a local insurance company to place fund assets for long term insurance and motor vehicle insurance in trust.

The purpose of Form B.7 is to determine whether the insurer is complying with the insurance fund requirements. The insurer is required to list investment assets that are held by the fund.

#### *Consistency Check*

For life insurance, the sum of the amounts reported as insurance liabilities in Rows 1 and 2 of Form B.7 must equal the amounts reported in Rows 21 and 22 of Form B.1.

The total amount reported in the form as deposits with the Financial Services Commission must equal the amount in the detailed list of assets registered with the Commission.

## **C. DETAILS ON BALANCE SHEET**

### **Form C.1: Cash and Deposits**

Form C.1 provides detailed information on cash and deposits. Cash and demand deposits (Row 4) include cash on hand, demand deposits held by financial institutions and money market funds. To be included as cash and deposits, all amounts must be available on demand by the insurer without the payment of any penalty for withdrawal.

Term deposits of any maturity as well as commercial paper, guaranteed investment certificates, repurchase agreements or treasury bills with a term to maturity of less than one year should be reported as a term deposit.

Amounts reported should include any accrued interest.

### **Form C.2: Government Securities and Company Bonds and Debentures**

Form C.2 provides detailed information on bonds and debentures. Bonds and debentures are fixed term investments having a fixed maturity date or dates for the repayment of principal. Government securities include bonds, debentures or securities issued by a government, a member of the Caribbean Community, or the Caribbean Development Bank.

Amounts reported should include accrued interest.

### **Form C.3: Secured Loans**

Form C.3 provides detailed information on secured loans. Mortgage loans only include loans to third parties. Do not report mortgage loans to related parties as these are to be reported in Form C.6. Under the caption "Description of Security" please identify the type of property used as collateral which could include residential, office, retail, commercial, industrial, hotel or undeveloped.

Other secured loans include loans to third parties only. Do not report secured loans to related parties as these are to be reported in Form C.6. Other secured loans include but are not limited to loans guaranteed by a government body. Under the caption "Description of Security" identify the government body guaranteeing the loan and the nature of the guarantee.

Amounts reported should include accrued interest.

#### **Form C.4: Investments in Real Estate**

Form C.4 provides detailed information on investments in real estate. Real estate for own use should not be included in Form C.4. Rather, it should be included as a fixed asset and reported on Form C.9. In the event that the insurer owns a property that is partially for own use and partially as an investment asset, the financial information regarding the property should be prorated between investments in real estate and fixed assets on the basis of area.

The type of property can include the following: residential, office, retail, commercial, industrial, hotel or undeveloped.

##### *Consistency Check*

The total amount reported as investments in real estate on Form C.4 must equal the amount reported on Row 5 of Form B.1.

Any discrepancies must be explained.

#### **Form C.5: Shares and Investment Schemes**

Form C.5 provides detailed information on equity investments. Ordinary shares include options and warrants. Preference shares include convertible preferred shares. Do not include equity or share investments in related parties in Form C.5 as these are reported in Form C.6.

##### *Consistency Check*

The aggregate amount reported for total ordinary shares and total preferred shares must equal the amount reported on Row 6 of Form B.1.

The total amount reported for unit trusts and mutual funds must equal the amount reported on Row 7 of Form B.1.

Any discrepancies must be explained.

#### **Form C.6: Related Party Investments**

Form C.6 provides detailed information on investments in related parties. Related parties include all affiliated companies identified in Form A.7 as well as each owner of 10% or more of the shares of the insurer (Form A.2), each director of the insurer (Form A.3), each senior officer of the insurer (Form A.5) and their respective spouses. In addition, companies which directors have identified under the caption of “Other Affiliations” in Form A.3 are considered to be related parties to the insurer.

Under the caption “Description of Investment” please specify the nature of the investment which might include shares, secured loans, bonds or debentures. In addition,

please identify the major terms of the investment. For example, if the investment is a debenture please specify the term of the debenture as well as the interest rate.

*Consistency Check*

The total amount reported as related party investments in Form C.6 must equal the amount reported on Row 8 of Form B.1.

Any discrepancies must be explained.

**Form C.7: Policy Loans and Other Investments**

Form C.7 provides detailed information on other investments. Policy loans are to be reported at their unpaid balances.

Please describe in detail the nature of any “other investments” including payment terms and time to maturity.

Do not include any “other investments” in related parties as these are reported in Form C.6

*Consistency Check*

The total amount reported as policy loans in Form C.7 must equal the amount reported on Row 9 of Form B.1.

The total amount reported as ‘Other Investments’ in Form C.7 must equal the amount reported on Row 10 of Form B.1.

Any discrepancies must be explained.

**Form C.8: Accounts Receivable**

Form C.8 provides detailed information on accounts receivable. Accounts receivable are to be reported on a gross basis. For example, receivables from agents and brokers should not be offset with amounts due for commission payments. These amounts should be separately identified in Form C.12- Accounts Payable. Receivables should also include amounts due from reinsurers for claims that have been paid by the insurer.

Any allowance for doubtful accounts should be deducted from the gross amount of receivables.

### **Form C.9: Fixed Assets**

Form C.9 provides detailed information on fixed assets. Fixed assets should be reported after the deduction of depreciation. An explanation should be provided for any fixed assets where the total value reported on the balance sheet is in excess of acquisition cost.

#### *Consistency Check*

Total fixed assets as reported in Form C.9 must equal the amount reported on Row 14 of Form B.1.

Any discrepancies must be explained.

### **Form C.10: Details on Unexpired Risk Provision**

Form C.10 provides detailed information on the unexpired risk provision and is relevant only for insurers undertaking general insurance business. Life insurers should insert the term “Not Applicable” on this Form

An unexpired/unearned risk provision must be established at year end which is sufficient to cover future claims and general expenses related to the unexpired term of general insurance policies. The unexpired risk provision is to be reported net of deferred acquisition costs.

### **Form C.11: Details on Claims**

Form C.11 provides detailed information on the claims provision catastrophic loss provision and is relevant only for insurers undertaking general insurance business. Life insurers should insert the term “Not Applicable” on this Form.

The claims provision includes a provision for claims that have been reported but not yet settled as well as a provision for claims that have been incurred but not yet reported (“IBNR”). These should be reported separately in Rows 1 and 2 of Form C.11 respectively. Expected adjustment expenses should be included in the amounts reported.

Please attach a description of the methodology used to estimate each of these provisions as required by the Act.

Any discrepancies must be explained.

### **Form C.12: Accounts Payable**

Form C.12 provides details on accounts payable. The counter party for each specific Account Payable in excess of 1% of total assets must be identified separately. Specific accounts payable of less than 1% of assets can be aggregated as “other”.

Please provide an explanation for any account payable that have been outstanding for more than six months.

*Consistency Check*

Total accounts payable as reported in Form C.12 must equal the amount reported in Row 25 of Form B.1.

Any discrepancy must be explained.

**Form C.13: Foreign Currency Assets and Liabilities**

The purpose of Form C.13 is to determine whether an insurer has a significant mismatch between assets and liabilities with respect to foreign currencies.

**Form C.14: Life Insurance Term to Maturity**

The purpose of Form C.14 is to detect any significant mismatch between the term to maturity of assets and liabilities for life insurers. The Form is relevant only for insurers undertaking life insurance business. General insurers should insert the term “Not Applicable” on this Form.

*Consistency Check*

Amounts reported for total policy holder liabilities and total investments should equal the amounts reported in Row 24 and Row 11 of Form B.1 respectively.

**Form C.15: Claims Development for General Insurance**

This Form is intended to provide information on claims development over time for general insurance business. Life insurers should insert the term “Not Applicable” on the Form.

The claims provision in any given year is composed of claims reported in the current year as well as claims reported in all previous years which have not yet been settled. For example, the claims provision established at the end of 2004 includes an estimate for claims incurred but not settled during 2004 and well as claims incurred but not settled during previous years. The claims provision relating to the 2004 claims is the amount reported in the cell “Provision made at end of initial year/2004.” In subsequent years, payments have been made to settle these claims. The amounts paid in 2005, 2006 and 2007 are reported in each of the rows indicated. At the end of 2007, a provision for remaining unpaid claims for 2004 may still be in place and is reported in Row 7 of Form C.15. If the sum of payments to date and the current provision as reported in Row 9 exceeds the original provision established in 2004 (Row 1), it indicates that the original provision was under estimated.

The Financial Services Commission may require an insurer to re-examine its methodology for determining the claims provision if the information presented in Form C.15 suggests that the claims provision is being consistently under estimated by the insurer.

## **D. OPERATING DETAILS AS REPORTED IN THE INCOME STATEMENT**

### **Form D.1: Premiums and Underwriting for General Insurance**

Form D.1 provides detailed information on general insurance underwriting and is to be completed for general insurance business only. Life insurers should insert the term “Not Applicable” on this Form.

Maximum retentions for a single risk and a single event are to be reported net of reinsurance.

#### *Consistency Check*

The total amounts reported for Gross Premiums Written, Reinsurance Assumed, Reinsurance Ceded and Net Premiums Written (Rows 1 to 4 of Form D.1) should equal the amounts reported on Rows 1 to 4 of Form B.2 (Income Statement – General Insurance Business).

The total amount reported in Row 5 of Form D.1 for the unexpired risk provision at the end of the previous year should equal the prior year amount as reported in Row 18 of Form B.1. The total amount reported in Row 6 of Form D.1 for the unexpired risk provision at the end of the current year should equal the current year amount reported in Row 18 of Form B.1.

The change in unexpired risk to be reported in Row 7 of Form D.1 is simply the difference between the amounts reported in Row 5 and Row 6. The total reported in Row 7 of Form D.1 should also equal the amount reported in Row 5 of Form B.2.

The total amount reported in Row 8 of Form D.1 for net premiums earned should equal the amount reported in Row 6 of Form B.2.

Any discrepancies must be explained.

### **Form D.2: Premiums for Life Insurance**

Form D.2 provides detailed information on life insurance premiums and is to be completed for life insurance business only. General insurers should insert the term “Not Applicable” on this form.

### *Consistency Check*

The total amounts reported for Gross Premiums Written, Premiums Assumed, Premiums Ceded and Net Premiums Written (Rows 1 to 4 of Form D.2) should equal the amounts reported in the current year in Rows 1 to 4 of Form B.3 (Income Statement – Life Insurance Business).

Any discrepancies must be explained.

### **Form D.3: Analysis of Life Insurance Policies**

Form D.3 provides details on changes of life insurance in force over the year including both additions and discontinuance of policies over the year. This form is to be completed for life insurance only. General insurers should insert the term “Not Applicable” on the form.

### **Form D.4: Investment Income**

Form D.4 provides details on investment income by source during the current and previous year. Composite insurers are required to allocate investment income between general insurance and life insurance business.

Please specify the nature of any “other investment income.”

Investment expenses include such expenses as salaries and employee benefits for investment personnel, brokerage fees, investment management expenses, maintenance expenses for investment properties and legal fees associated with the purchase and sale of investments.

### **Form D.5: Incurred Claims**

Form D.5 provides detailed information on claims incurred by class of insurance. Incurred claims are to be reported net of recoveries from reinsurers.

### *Consistency Check*

The total amount reported for net incurred claims for life insurance (Row 4 of Form D.5) must equal the amount reported on Row 9 of Form B.3.

The total amount reported for net incurred claims for general insurance (Row 4 of Form D.5) must equal the amount reported on Row 7 of Form B.2.

Any discrepancies must be explained.

## **Form D.6: Reinsurance Details**

Form D.6 provides details on reinsurance transactions. All reinsurance counterparties must be identified and it is important that the formal legal name of the reinsurer be identified, as many reinsurance companies have similar names.

The rating of the claims paying ability of the reinsurer should also be reported (e.g. A+, A, B etc.) as well as the identity of the rating agency that provided the rating. Examples of rating agencies include but are not limited to Standard and Poor's and A.M. Best. If the reinsurer has not been rated please enter "NR".

It is recognized that many insurers obtain reinsurance through brokers. However, the identity of the broker is not relevant for this particular form. What is required to be reported is the identity of the reinsurer that is accountable for paying any claim, as this is the true counter party to the transaction. A broker is merely the intermediary that arranges the transaction.

### *Consistency Check*

For a general insurer, the total amounts reported for reinsurance ceded and commissions paid by reinsurers in Form D.6 must equal the amounts reported in Row 3 and Row 11 of Form B.2 respectively.

For a life insurer, the total amounts reported for reinsurance ceded and commissions paid by reinsurers in Form D.6 must equal the amounts reported in Row 3 and Row 6 of Form B.3 respectively.

For a combined insurer, the total amounts reported for reinsurance ceded in Form D.6 must equal the sum of the amounts reported in Row 3 of Form B.2 and Row 3 of Form B.3.

For a combined insurer, the total amounts reported for commissions paid by reinsurers in Form D.6 must equal the sum of the amounts reported in Row 11 of Form B.2 and Row 6 of Form B.3.

Any discrepancies must be explained.

## **Form D.7: Commissions by Class of Insurance**

Form D.7 provides information on commissions paid to agents and brokers and commissions received from reinsurers for each class of insurance.

## **Form D.8: Management Expenses**

Form D.8 provides information on management expenses by class of insurance. In cases where the insurer has not developed a specific methodology to allocate expenses by class of insurance, it is recommended that the value of net premiums written for each class of

insurance relative to the total value of net premiums written be used to allocate expenses by class of insurance, unless other information for a given expense category suggests a superior allocation method (e.g. if advertising was only undertaken for the motor vehicle class of insurance, total advertising expenditure should be allocated totally to the motor vehicle class of insurance).

### **Form D.9: Related Party Operating Transactions**

Form D.9 provides detailed information on related party operating transactions. Related parties include all affiliated companies identified in Form A.7 as well as each owner of 10% or more of the shares of the insurer (Form A.2), each director of the insurer (Form A.3), each senior officer of the insurer (Form A.5) and their respective spouses. In addition, companies which directors have identified under the caption of “Other Affiliations” in Form A.3 are considered to be related parties to the insurer.

Please identify each related party involved in operating transactions with the insurer and describe the transaction resulting in a revenue and expense to the insurer. For example, if the services provided by the related party are general management services, the description of the transaction would be “expenses for management services”.

It is expected that all material transactions between an insurer and its related parties would be covered under written contracts or agreements. In certain instances, the Financial Services Commission may request a copy of the written contracts or agreements.

### **Form D.10: Other Revenue and Expenses**

Form D.10 provides detailed information on other revenue and detail on extraordinary revenue and expenses. Extraordinary revenue and expenses are revenue or expenses which are not normally received or paid by the insurer on an annual basis. An example of an extraordinary expense is severance payments made to terminated employees as a result of downsizing.

Each specific revenue or expense item in excess of 1% of gross premiums written must be described separately. Specific revenue and expense items of less than 1% of gross premiums written can be aggregated as “other”.

#### *Consistency Check*

For life insurance business, the amounts reported as total “other revenue” and total “extraordinary revenue (expenses)” in Form D.10 must equal the amounts reported in Row 7 and Row 20 of Form B.3 respectively.

For general insurance business, the amounts reported as total “other revenue” and total “extraordinary revenue (expenses)” in Form D.10 must equal the amounts reported in Row 17 and Row 20 of Form B.2 respectively.

Any discrepancies must be explained.

### **Form D.11: General Insurance Summary of Underwriting Performance**

Form D.11 provides summary information on general insurance underwriting and is to be completed for general insurance business only. Life insurers should insert the term “Not Applicable” on this Form.

There is no new information presented in Form D.11 and all information reported can be taken from other forms or derived from simple arithmetic operations:

### **V. NOTE ON THE QUARTERLY FILING**

In addition to the annual filing, the Financial Services Commission requires each insurer to submit a quarterly filing no later than 30 days after the end of the quarter in question. The information to be filed is not required to be audited although a signed certification by the Chief Executive Officer or principal representative of the insurer is required.

A “local insurance company” is a local company or a branch office of a company registered in another jurisdiction that has been registered under the Insurance Act Cap 310 to carry on insurance business in Barbados. An “Insurance Intermediary” is a broker or agent who is a corporate entity registered under the Insurance Act Cap 310. An “Exempt Insurance Company or a Qualifying Insurance Company” is a company licensed to carry on insurance activities under the Exempt Insurance Act or as a Qualifying Insurance Company under the Insurance Act Cap 310 and is registered under this Act to carry on an insurance business in (name of State or Territory) on a branch basis.

For purposes of quarterly filing a “local insurance company” is required to make the filing based on its local operations in Barbados. Local insurance companies are required to complete forms Q1 to Q5 for their quarterly filing. Insurance Intermediaries are required to complete forms Q1 and Q6 for their quarterly filing. Exempt Insurance Companies or Qualifying Insurance Companies are required to complete forms Q1-Q3 and Q7 for their quarterly filing.

Quarterly filings are based on a calendar year and are due 30 days after the end of the quarter. Filings are therefore due as follows:

Quarter 1 – April 30.

Quarter 2 – July 30.

Quarter 3 – October 30

Quarter 4 – Jan 30.

Some forms of the quarterly filing are identical to Forms of the annual filing and provide information on changes in in the asset base and Solvency Requirements for the relevant period or at the end of the relevant period.

The guidance notes prepared for the appropriate sections of the annual filing can also be used to assist in the preparation of the quarterly filing.