ANNEX B

Instructions to complete Forms 1 - 20 in part D part 1

Unless stated otherwise, reference to forms is made to forms pertaining to part D part 1.

Form 1

1. The entry at 1.1.1 must be equal to 2.11.3,
   the entry at 1.7.1 must be equal to 3.24.3, and
   the entry at 1.8.1 must be equal to 4.24.3.

2. Line 3 is the amount of the increase or decrease (realised or unrealised) in the admissible value of assets (other than linked assets)

3. Line 4 must include all gains and losses in respect of linked assets.

4. Any item of income which cannot properly be allocated to lines 1, 2, 3 or 4 must be entered at line 5, and similarly, any item of expenditure which cannot properly be allocated to lines 7, 8, 9 or 10 must be entered at line 11. Particulars of such items must be specified in a supplementary note. Lines 5 and 11 must be used for transfers of unit management charges into or out of the fund or subfund. Where there are subfunds, inter-subfund other income and other expenditure must be excluded from the total Form 1.

5. Where an insurer decides to allocate to the long-term insurance business the whole or any part of investment income or net capital gains arising from assets not attributable to its long-term insurance business, the amounts in question must be shown as a transfer at line 12 and particulars must be specified in a supplementary note.

6. Interest payable must be included at line 9 and not line 8.

7. Taxation at line 10 is that attributable to the long-term insurance business including payments received in consideration of surrendering losses as group relief.

8. Where a transfer is made to the non-technical account, the entry at line 12 must show amounts which have been included at line 19 of Form 19. However, if there is a net transfer

into the fund the entry at line 12 will be negative. The sum of Form 19 lines 9 and 10 will be positive, lines 3, 4 and 19 remaining blank.

9. The entry at line 2 must exclude value re-adjustments on investments and gains on the realisation of investments, which must be shown at lines 3 or 4 as appropriate.

10. The entry at line 1 must exclude any change in the provision for unearned premiums, even though it may be included in statutory (e.g., Companies Act) accounts.

11. The entry at line 7 must exclude claims management costs, which must be included at line 8, and any change in the provision for claims.

12. Transfers of contracts from or to other funds or from or to another insurer must be included at line 14 or 15, with details specified in a supplementary note. Where there are subfunds, intersubfund transfer must be excluded from the total Form 1.

13. If any of the brought forward amounts differs from the corresponding carried forward amounts in the previous return, the reason must be specified in a supplementary note.

14. Where an insurer maintains more than one long-term insurance business fund, the principles and methods applied to apportioning the investment income, the increase or decrease in the value of assets brought into account, expenses and taxation between the different funds must be stated in a supplementary note.

15. Where arrangements have been in force during the financial year for the provision either by or to the insurer of management services, this fact must be stated in a supplementary note together with the name of the other party (to whom or from whom such services were provided or received). This statement is only needed where a substantial part of the day-to-day administration of an insurer is undertaken by another company or vice versa.

16. Details of any material connected-party transactions must be stated in a supplementary note.

Form 3

1. In the case of industrial assurance business, claims incurred on survival in respect of periodical endowment benefits must be shown in line 3.

2. Maturity payments are lump sums paid to policyholders. Amounts paid to another insurer must be included in ‘surrender or partial surrender’.

3. The entries in line 19 must equal line 1 less the sum of lines 7 and 13.
   The entries in line 20 must equal line 2 less the sum of lines 8 and 14.
   The entries at line 21 must equal line 3 less the sum of lines 9 and 15.
   The entries at line 22 must equal line 4 less the sum of lines 10 and 16.
   The entries at line 23 must equal line 5 less the sum of lines 11 and 17.
   The entries at line 24 must equal line 6 less the sum of lines 12 and 18.

Form 4

1. In allocating management expenses to the relevant lines:

   (a) subject to (b), costs of a non-recurring nature, such as those incurred in developing new systems or new premises, or the costs of corporate restructuring, must be reported as ‘management – other’;

   (b) where they do not exceed 2% of the total management expenses, non-recurring costs may be included as ‘management – acquisition’ or ‘management - maintenance’;

   (c) the costs incurred in writing new business (or in obtaining incremental (but not indexed) premiums on existing business), such as underwriting, policy issue, setting up (or amending) records, and the maintenance and development of the sales and marketing organisation must be reported as management – acquisition’; and

   (d) the balancing item will be expenses related to the ongoing costs throughout the year of maintaining the business in force (including any investment management costs) which must be reported as ‘management – maintenance’.

2. Commission payable to employees of the insurer whose job is to sell policies must be included as 'management – acquisition' or 'management – maintenance'. Commission payable to employees who sell policies on a casual basis must be treated in the same way as that paid to intermediaries and to cedents and so must be included as 'commission – acquisition' or 'commission – other', as the case may be.

3. Expenses must be those which relate only to the insurer's long-term insurance business. Those relating to any other business of the insurer cannot be paid out of the long- term insurance fund and must therefore be shown in the general insurance business profit and loss account (Part B form 10).

4. The entries in line 19 must equal line 1 less the sum of lines 7 and 13.
   The entries in line 20 must equal line 2 less the sum of lines 8 and 14.
   The entries at line 21 must equal line 3 less the sum of lines 9 and 15.
   The entries at line 22 must equal line 4 less the sum of lines 10 and 16.
   The entries at line 23 must equal line 5 less the sum of lines 11 and 17.
   The entries at line 24 must equal line 6 less the sum of lines 12 and 18.

Form 5

1. Double counting of items arising from cross investment between internal linked funds must be eliminated.

2. The basis on which the assets have been valued must be stated in a supplementary note.

3. The aggregate value of rights (gross of variation margin) and the aggregate amount of liabilities (gross of variation margin) under derivative contracts (or in respect of contracts or assets which have the effect of a derivative contract) must each be stated in a supplementary note. The corresponding figures net of variation margin must also be stated. For this purpose, rights and liabilities must not be set off against one another unless-

   (a) such rights and liabilities may be set off against each other in accordance with generally accepted accounting practice; and
   (b) such set off results (in whole or in part) from the closing out of obligations under a contract of insurance.

4. Where there is a liability to repay variation margin and there are no arrangements for netting of amounts outstanding, or the arrangements would not permit the accounting of such amounts on a net basis in accordance with generally accepted accounting practice, it must be so stated in a supplementary note.

5. The total of the net asset value at line 8 must equal line 15 of Form 6.

6. If the surplus units exceed 1% of the net unit liability, a statement of the purpose of the surplus units must be given in a supplementary note.

Form 6

1. Double counting of items arising from cross investment between internal linked funds must be eliminated.

2. If any of the brought forward amounts differs from the corresponding carried forward amounts in the previous return, then the reason for the difference must be stated in a supplementary note.

3. Any item of income which cannot properly be allocated to lines 1, 2, or 3 must be entered at line 4, and similarly, any item of expenditure which cannot properly be allocated to lines 6, 7, or 8 must be entered at line 9. Particulars of such items must be specified in a supplementary note.

4. The gross value of units created must be shown at line 1. The gross value of units cancelled must be shown at line 6. Each day's movements must be netted or recorded as two separate entries, one positive and one negative. The total net positive and negative movements must be recorded at lines 1 or 6 as appropriate.

Form 7

1. Line 1 is the sum of column 2 of Form 8.
   Line 2 is the sum of column 4 of Form 8.
   Lines 4, 5 and 6 are the sum of column 3 of Form 8 for that business.
   Lines 8, 9 and 10 are the sum of column 5 of Form 8 for that business.

2. ‘New’ policyholders or scheme members are those who have effected a new individual contract or joined the scheme during the financial year in question.

3. ‘New’ regular premiums and ‘new’ single premiums are premiums from new policyholders and scheme members, and may also include new increments on existing policies accepted by the insurer, in the financial year in question.

Form 8

1. Information must be shown separately for each type of insurance business in the sequence specified below:
   (a) Commitments where Malta is the country of commitment; and
   (b) Commitments where Malta is not the country of commitment.
   Overseas business may, at the discretion of the insurer, be subdivided by state or territory.

2. For each of 1(a) &(b), the information must be shown separately within each type of insurance business in the sequence specified below:
   (a) direct insurance business;
   (b) reinsurance accepted which is external to the insurance group; and
   (c) reinsurance accepted which is from within the insurance group

3. Information must be further analysed and shown separately under the heading ‘Product description’ by category of contract and types of insurance products as follows:
   Category of contracts:
   (a) with-profits non-linked contracts
   (b) non-profits non-linked contracts
   (c) accumulating with-profits contracts
   (d) property linked contracts
   (e) indexed linked contracts

   Types of insurance products:
   (a) whole life assurance
   (b) endowment insurance
   (c) pure endowment insurance

(d) term assurance

(e) other assurance (to be specified)

(f) miscellaneous assurance

(g) deferred annuity

(h) annuity in payment

(i) other annuity (to be specified)

(j) miscellaneous annuity

(k) permanent health insurance

(l) capital redemption assurance

(m) annuity certain

(n) group pension

(o) group life

(p) group permanent health

(q) other group (to be specified)

4. There may be more than one line for the same *product type* within a type and source of business to identify specific brands or policies with special features.

5. For direct individual policies, columns 2 and 4 are the number of new plans, i.e. eliminating the effect of multiple policies being issued as part of the same premium, identifiable increments and rider benefits. A policyholder who takes out plans of the same product during the year will contribute to column 2 or 4 for each such plan. For direct group scheme business, where the insurer has records of benefits at member level, columns 2 and 4 are the number of new members. For group scheme business, where the insurer has no records of benefits at member level, columns 2 and 4 must be zero.

6. To avoid double counting, a new scheme member for a plan offering a choice of funds may be treated as contributing to column 2 or 4 for unitised with-profits business if all the premiums in the plan are invested in the with-profits fund. For policies with protection rider benefits, the entry in column 2 or 4 must be for the main benefit in the plan.

Form 9

1. The entries in column 1 shall be the corresponding values given in Part C Form 7.

2. Collective investment schemes must be allocated in column 1 to line 8 or 17.

3. The expected income in column 2 must be the amounts before deduction of tax which would be received in the next financial year on the assumption that the assets will be held throughout the year and that the factors which affect income will remain unchanged, but account must be taken of any changes in those factors known to have occurred by the valuation date (in particular changes of the type (a), (b), (c) or (d) denoted in sub-paragraph 5 of Regulation 75 of the Insurance Business (Insurers' Assets and Liabilities) Regulations, 2004). The expected income shown in this Form shall be that determined before any adjustments necessary because of sub-paragraph 13 of Regulation 75 of the Insurance Business (Insurers' Assets and Liabilities) Regulations, 2004).

4. Where a particular asset is required to be taken into account only to a specified extent by the application of the admissibility limits, the expected income from that asset must be included only to the same extent.

5. The treatment of the expected income from any asset where the payment of interest is in default and the amount of interest involved shall be stated in a supplementary note.

6. The gross redemption yield in column 3 must be calculated as in sub-paragraph 11 of Regulation 75 of the Insurance Business (Insurers' Assets and Liabilities) Regulations, 2004, leaving out of account any adjustment considered necessary because of sub-paragraph 13 of Regulation 75 of the Insurance Business (Insurers' Assets and Liabilities) Regulations, 2004). Where a number of assets with different gross redemption yields are held, the weighted average gross redemption yield must be calculated using as weights the value of the asset applicable for entry into column 1. Where securities may be redeemed over a period at the option of the guarantor or the issuer, the yield must be determined on the assumption that they will be redeemed at the date implied by the market valuation. If these securities represent more than 1% of fixed and variable interest assets (Form 10 line 13) a supplementary note must be provided explaining how the assumed redemption date was determined and stating the value of these assets.

7. Where the yield in column 3 for a type of asset shown at line 8 or 17 is significantly different from the weighted average of the yields for each asset of that type determined in accordance with sub-paragraph 11 of Regulation 75 of the Insurance Business (Insurers' Assets and Liabilities) Regulations, 2004, then the latter yield must be shown in a supplementary note.

For this purpose, the weighted average of the yields means an average yield weighted by the value of each asset of that type as entered in column 1.

Form 10

1. The value of assets in column 1 must correspond to the value of assets in column 1 of Form 9.

2. The mean term in column 2 may be calculated by using the expected yearly cashflows discounted by the internal rate of return, or an alternative actuarial method. Undated stocks must be assumed to be redeemed after 40 years.

3. The gross redemption yield in column 3 must be calculated in accordance with instruction 6 to Form 9.

4. The gross redemption yield after adjustment in column 4 makes allowance for the risk adjustment required by sub-paragraph 13 of Regulation 75 of the Insurance Business (Insurers' Assets and Liabilities) Regulations, 2004).

5. A supplementary note must be provided stating which rating agency has been used to provide the split by credit rating.

Form 11

1. Lines 1 to 8 are just for gross business.

   Line 1 is the sum of column 8 of Form 12 for with-profits non-linked contracts.
   Line 2 is the sum of column 8 of Form 12 for non-profit non-linked contracts.
   Line 3 is the sum of column 8 of Form 13.
   Line 4 is the sum of column 6 of Form 14.
   Line 5 is the sum of column 7 of Form 14.
   Line 6 is the sum of column 6 of Form 15.
   Line 7 is the sum of column 7 of Form 15.

2. Lines 9 to 16 are just for reinsurance ceded external.

Line 9 is the sum of column 8 of Form 12 for with-profits non-linked contracts.

Line 10 is the sum of column 8 of Form 12 for non-profit non-linked contracts.

Line 11 is the sum of column 8 of Form 13.

Line 12 is the sum of column 6 of Form 14.

Line 13 is the sum of column 7 of Form 14.

Line 14 is the sum of column 6 of Form 15.

Line 15 is the sum of column 7 of Form 15.

Line 16 is the sum of lines 9 to 15.

3. Lines 17 to 24 are just for reinsurance ceded intra-group.

   Line 17 is the sum of column 8 of Form 12 for with-profits non-linked contracts.

   Line 18 is the sum of column 8 of Form 12 for non-profit non-linked contracts.

   Line 19 is the sum of column 8 of Form 13.

   Line 20 is the sum of column 6 of Form 14.

   Line 21 is the sum of column 7 of Form 14.

   Line 22 is the sum of column 6 of Form 15.

   Line 23 is the sum of column 7 of Form 15.

   Line 24 is the sum of lines 17 to 24.

4. Line 25 = line 1 – line 9 – line 17.

   Line 26 = line 2 – line 10 – line 18.

   Line 27 = line 3 – line 11 – line 19.

   Line 28 = line 4 – line 12 – line 20.

   Line 29 = line 5 – line 13 – line 21.

   Line 30 = line 6 – line 14 – line 22.

   Line 31 = line 7 – line 15 – line 23.

   Line 32 = line 8 – line 16 – line 24.

Forms 12, 13, 14 and 15

1. Information must be shown separately for each type of insurance business for each of the following:
   (a) Commitments where Malta is the country of commitment; and

(b) Commitments where Malta is not the country of commitment.

Overseas business may, at the discretion of the insurer, be subdivided by state or territory.

2. For each of 1(a)-(c),The information must be shown separately for each source of business for each type of insurance business in the sequence specified below:
   (a) gross insurance business;
   (b) reinsurance ceded which is external to the insurance group; and
   (c) reinsurance ceded which is from within the insurance group

3. Information must be further analysed and shown separately under the heading 'Product description' by types of insurance products as follows:

   Types of insurance products:
   (a) whole life assurance
   (b) endowment insurance
   (c) pure endowment insurance
   (d) term assurance
   (e) other assurance (to be specified)
   (f) miscellaneous assurance
   (g) deferred annuity
   (h) annuity in payment
   (i) other annuity (to be specified)
   (j) miscellaneous annuity
   (k) permanent health insurance
   (l) capital redemption assurance
   (m) annuity certain
   (n) group pension
   (o) group life
   (p) group permanent health
   (q) other group (to be specified)

4. There may be more than one line for the same product type within a type and source of business to identify specific brands or policies with special features.

5. For direct individual policies, column 2 is the number of plans, i.e. eliminating the effect of multiple policies being issued as part of the same premium, identifiable increments and rider benefits. A policyholder who holds plans of the same product type taken out at different dates

will contribute to column 2 for each such plan. For direct group scheme business, where the insurer has records of benefits at member level, column 2 is the number of members. For group scheme business, where the insurer has no records of benefits at member level, column 2 must be zero. For reinsurance accepted and reinsurance ceded column 3 is nil.

6. To avoid double counting, if all the premiums in the plan are invested in the with-profits fund, a member of a plan offering a choice of funds may be treated as contributing to column 2 for unitized with-profits business. For policies with protection rider benefits, the entry in column 2 must be for the main benefit in the plan.

7. Columns 5, 6 and 7 must be left blank on Form 12. The purpose of the unused columns in Form 12 is the standardisation of column headings in Forms 12-15.

8. For non-linked contracts the amount of benefit in column 3 is the current death benefit for assurances, the amount payable on claim for stand-alone critical illness, the annual amount of annuity for deferred annuities and annuities in payment and the annual amount of benefit for income protection and waiver of premium. For linked long-term contracts including life assurance, column 3 must be the current amount payable on death.

9. For linked long-term contracts, unitised with-profits policies and deposit administration contracts, column 5 must be the current value of the units or fund as presented to the policyholder. The amount in column 6 is the amount in column 5 allowing for any discounting in the valuation. The amount in column 8 is the sum of columns 6 and 7.

Form 16

1. The fund types for column 3 are as follows:
   01 - life - stock market managed fund
   02 - life - balanced managed fund
   03 - life - defensive managed fund
   04 - life - other managed fund
   05 - life - Malta equity
   06 - life - overseas equity
   07 - life - property
   11 - group managed fund - stock market managed fund

12 - group managed fund - balanced managed fund

13 - group managed fund - defensive managed fund

14 - group managed fund - other managed fund

15 - group managed fund - Malta equity

16 - group managed fund - overseas equity

17 - group managed fund - property.

2. The amount in column 4 is the total net assets attributable to the fund.

3. Columns 6 and 7 are the prices used to value the unit liabilities.

4. Column 8 is (column 7 – column 6) / column 6.

Form 17

1. Assets and liabilities in column 2 must be listed individually except that where a group of assets of similar type is held which is intended to mirror the performance of an index, a description of the type of assets held may be given. Liabilities must be shown between round brackets and must be fully described.

2. Assets and liabilities for each index link and for each combination of assets and liabilities matching the insurer's liability under any deposit back arrangement[1] must be shown separately. Links to different percentages of an index must be treated as different index links.

3. For each index link, the sub-total of values in column 2 (excluding those held in respect of any deposit back arrangement) must match the sum of the appropriate entries in column 6 of Form 15 net of reinsurance ceded. These sub-totals are not shown on Form 17.

4. Assets and liabilities arising from derivative contracts (or contracts or assets which have the effect of a derivative contract) must be shown separately. Amounts must be shown net of variation margin in column 2 and gross of variation margin in column 3. Rights to recover assets transferred by way of initial margin must not be shown on Form 17.

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[1] In relation to any contract of reinsurance, a deposit back arrangement is one whereby an amount is deposited by the reinsurer with the cedant

Form 18

1. Separate lines are required for each of the following:
   (a) Commitments where Malta is the country of commitment, and
   (b) Commitments where Malta is not the country of commitment.

2. Separate lines are required for with-profits and non-profit business.

3. Separate lines are required for each separate asset mix determined by the notional allocation of assets to contracts.

4. Separate lines are required for each valuation interest rate.

5. The product group in column 1 must be a narrative description of the products included in the line sufficient to give a cross reference to Forms 12-15. (The description must include the name of the specific form e.g. Form 12A, even though in this case the figures might not correspond, as the figure required in Form 18 is the net value whereas that given in Form 12A is the gross value. The figure cross-referenced with a figure in Form 12A, as given in Form 18, should correspond to a figure in form 12A less a corresponding figure given in Form 12C less a corresponding figure given in Form 12E. Notwithstanding, it suffices to put down Form 12A only under the heading product group for the cross reference.)

6. The mathematical reserves in column 2 must include any increase in reserves resulting from the bonus declaration for the year and must be net of reinsurance ceded.

7. The risk adjusted yield in column 5 must allow for the adjustments required by sub-paragraph 13 of Regulation 75 of the Insurance Business (Insurers' Assets and Liabilities) Regulations, 2004).

Form 19

1. The entry at line 1 must be equal to the entry at line 18 in Form 1.

2. Where interim, mortuary or terminal bonuses are determined in advance of a valuation and are paid in anticipation of surplus arising at the valuation, the amounts of such bonus actually paid in the period up to the relevant date must be entered at lines 2 and 13. To the extent that

it is the practice of the insurer to make special provision for the cost of such bonuses payable on future claims out of surplus arising at a valuation, such amounts must be treated as amounts allocated to policyholders at the valuation in question and included at line 16, and the actual amounts paid must not appear at lines 2 and 13 at future valuations.

3. Where policies have been transferred from one subfund to another, the associated transfer of reserves must not be included as a "transfer" in this Form. Where any other transfer has been made, only one block of lines must be used (lines 3 and 4 or 9 and 10, depending on the direction of the net transfer) leaving the other block blank.

4. When the insurer records a transfer to the non-technical account or to another fund or part fund in a revenue account (Form 1) for a particular period, the amount of which has been derived from a valuation completed at the end of that period, that transfer must be shown at line 3 or 4 as appropriate, so that the true surplus appears in line 7.

5. Where the insurer decides to allocate to the long-term insurance business the whole or any part of the investment income or net capital gains arising from assets not attributable to its long-term insurance business, the allocation must be included in Form 19 as a transfer from the non-technical account. This transfer must be included at lines 3 or 9, depending on whether, for the financial year in question, there is an overall net transfer out of, or into, the fund (or part fund).

6. Where the entry at line 4 or line 10 represents more than one transaction, each transfer must be separately identified in a supplementary note.

7. Line 23 is line 18 expressed as a percentage of line 20.

8. The entry at line 6 must equal the total liabilities shown at line 32 in column 4 of Form 11.

9. The figure at lines 12 and 22 must equal the figure at line 7.

10. The figure at line 19 must equal the sum of lines 3 and 4.

Forms 20A and 20B

1. The date of the maturity value or surrender value is the 1st of the month preceding the date that the submission of the return is due.

2. In Form 20A, column 2 is the maturity value for endowment assurances. In Form 20B, column 2 is the surrender value for endowment assurances and with-profits bonds.

3. Maturity values for endowment assurances must be based on a €70 monthly premium paid by a male non-smoker aged 30 next birthday at the date the policy commenced.

4. Surrender values for endowment assurances must be based on a €70 monthly premium paid by a male non-smoker aged 30 next birthday with an original term of 25 years at the date the policy commenced.

5. Surrender values for with-profits bonds must be based on a €15,000 single premium paid by a male aged 50 at the date the policy commenced. The insurer must assume that no prior withdrawals have taken place.

6. Where the insurer did not effect policies in a particular category or the policy category was not open to new business (apart from increments) at the date the policy is assumed to have commenced, the entry in columns 2 to 7 must be 'n/a'.

7. Column 3 is the amount of terminal bonus included in column 2. If a market value (or similar) adjustment has been applied, then that amount must be shown as a negative amount in column 5.

8. Column 5 is CWP (conventional with-profits) or UWP (unitised with-profits).

9. Column 6 is Y if a Market Value Adjustment (MVA) is permitted by the policy conditions at the date of maturity / date of surrender for that policy, otherwise N.

10. Where there is more than one version or premium rate for one of the data lines, the data shown must be for the version where there is the largest amount of business.