

Captive Insurance Business Rules (CIB)

*In this appendix underlining indicates new text and striking through indicates deleted text.

2 GENERAL PRUDENTIAL RULES

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2.3 Prudential Requirements – reporting obligations

2.3.1 Purpose

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2.3.2 Annual Regulatory Return

- (1) A Captive Insurer must, at the end of each reporting period, prepare an Annual Regulatory Return.
- (2) The Annual Regulatory Return must comprise the statements set out in this Rule 2.3, together with any Supplementary Notes pertaining to those forms, and including a Statement by Directors.
- (3) The form and content of the statements comprising the Annual Regulatory Return (including the Statement by Directors) is set out in this Rule 2.3 and the ~~Regulator's~~ Electronic Prudential Reporting System (EPRS) of the Regulator.
- (4) Where a Captive Insurer includes in its Annual Regulatory Return a value for General Insurance Liabilities or for assets associated with those liabilities which is inconsistent with the amount referred to in Rule 7.2.3(b), the Captive Insurer must notify the Regulator in writing of:
 - (a) the reasons for not including in its Annual Regulatory Return the value of General Insurance Liabilities or of associated assets as reported by the Actuary; and
 - (b) details of the alternative assumptions and methodologies used for determining the value of General Insurance Liabilities or of associated assets.
- (5) Where a Captive Insurer includes in its Annual Regulatory Return a value for Long-Term Insurance liabilities which is inconsistent with the amount referred to in Rule 7.3.6(e), the Captive Insurer must notify the Regulator in writing of:
 - (a) the reasons for not including in its Annual Regulatory Return the value of Long-Term Insurance liabilities as reported by the Actuary; and
 - (b) details of the alternative assumptions and methods used by the Captive Insurer for determining the value of Long-Term Insurance liabilities.

2.3.3 Quarterly Regulatory Return

- (1) Except as otherwise provided in this Rule 2.3, a Captive Insurer must, at the end of March, June, September and December in each year, prepare a Quarterly Regulatory

Return in respect of the period commencing at the start of the Captive Insurer's reporting period and ending on that date.

- (2) The Quarterly Regulatory Return must comprise the statements set out in this Rule 2.3, together with any Supplementary Notes pertaining to those forms, and including a Statement by Directors.
- (3) The form and content of the statements comprising the Quarterly Regulatory Return (including the Statement by Directors) are set out in this Rule 2.3, and ~~EPRS~~the Regulator's electronic prudential reporting system.
- (4) Class 1 Captive Insurers are not required to prepare a Quarterly Regulatory Return unless required in writing by the Regulator to do so.

2.3.4 Audit of Annual Regulatory return

- (1) Subject to Rule 2.3.4(2), the Annual Regulatory Return of every Captive Insurer must be audited in accordance with International Standards on Auditing relevant to the audit of the Annual Regulatory Return, by the Captive Insurer's Auditor.
- (2) The statements in the Annual Regulatory Return that are not subject to audit are set out in this Rule 2.3, and ~~EPRS~~the Regulator's electronic prudential reporting system.
- (3) The report of the Auditor on the Annual Regulatory Return must be made in writing to the Directors of the Captive Insurer and to the Regulator and must state whether, in the opinion of the Auditor and so far as concerns those parts of the Annual Regulatory Return that are subject to audit:
 - (a) the Annual Regulatory Return has been prepared in accordance with this Chapter;
 - (b) the statements in the Annual Regulatory Return present fairly, in accordance with the basis of preparation prescribed in this Chapter, the financial position of the Captive Insurer as at the reporting date and financial performance of the Captive Insurer during the reporting period ended on that date, and the other information required to be presented; and
 - (c) the statements in the Annual Regulatory Return are in accordance with the books and records of the Captive Insurer.

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2.3.7 Submission of Returns to the Regulator

- (1) Subject to Rule 2.3.7(2), a Captive Insurer must submit its Annual Regulatory Return in writing to the Regulator within four months of the Captive Insurer's reporting date.
- (2) When the Regulator has issued a notice announcing that ~~the Regulator's electronic prudential reporting system~~ EPRS is in operation, a Captive Insurer must, from the date specified in the notice, prepare and submit its Annual Regulatory Return in the following manner:

- (a) the Annual Regulatory Return must be submitted to the Regulator using ~~the Regulator's electronic prudential reporting system~~ EPRS:
 - (i) in accordance with any instructions set out in the notice and any instructions provided through such a system or specified in this Chapter; and
 - (ii) within four months of the Captive Insurer's reporting date;
 - (b) the Statement by Directors need not be submitted to the Regulator, but must be signed and a copy maintained in accordance with Rules 2.3.7(3) and 2.3.7(4); and
 - (c) the Global Return for a Branch must be submitted in the manner provided in Rule 2.3.7(1).
- (3) The Statement by Directors forming part of the Annual Regulatory Return must be signed before the time of submission by:
- (a) the Senior Executive Officer; and
 - (b) a Director of the Captive Insurer not being the Senior Executive Officer.
- (4) An original signed hard copy of the Statement by Directors, together with a copy of the Annual Regulatory Return submitted to the Regulator using EPRS ~~the Regulator's electronic prudential reporting system~~, must be kept for at least six years for inspection by the Regulator.
- (5) The Auditor's report on the Annual Regulatory Return and any actuarial report prepared as at the reporting date must be submitted in writing by the Captive Insurer to the Regulator within four months of the Captive Insurer's reporting date.
- (6) An Auditor's report or an actuarial report submitted to the Regulator must be signed by the Auditor or the Actuary preparing that report.
- (7) Subject to Rule 2.3.7(8), a Captive Insurer must submit its Quarterly Regulatory Return in writing to the Regulator within two months of the end of each period in respect of which the Captive Insurer is required to prepare a Quarterly Regulatory Return.
- (8) When the Regulator has issued a notice announcing that EPRS ~~the Regulator's electronic prudential reporting system~~ is in operation, a Captive Insurer must, from the date specified in the notice, prepare and submit its Quarterly Regulatory Return in the following manner:
- (a) the Quarterly Regulatory Return, excepting the parts of the Quarterly Regulatory Return referred to in 2.3.7(8)(b) and 2.3.7(8)(c), must be submitted to the Regulator using EPRS ~~the Regulator's electronic prudential reporting system~~:
 - (i) in accordance with any instructions set out in the notice and any instructions provided through such a system or specified in this Chapter; and

- (ii) within two months of the Captive Insurer's reporting date;
 - (b) the Statement by Directors must be signed and a copy maintained in accordance with Rules 2.3.7(9) and 2.3.7(10); and
 - (c) the Global Return for a Branch must be submitted in the manner provided in Rule 2.3.7(7).
- (9) The Statement by Directors forming part of the Quarterly Regulatory Return must be signed before the time of submission by one Director of the Captive Insurer.
- (10) An original signed hard copy of the Statement by Directors, together with a copy of the Quarterly Regulatory Return submitted to the Regulator using EPRS ~~the Regulator's electronic prudential reporting system~~, must be kept for at least six years for inspection by the Regulator.
- (11) If within twenty-four months of the date that an Annual Regulatory Return or Quarterly Regulatory Return is submitted to the Regulator, the Regulator notifies the Captive Insurer that a Return appears to be inaccurate or incomplete, the Captive Insurer must consider the matter and within one month of the date of notification it must correct any inaccuracies, make good any omissions and re-submit the relevant parts of the Return.
- (12) A Captive Insurer must submit, at the same time as every Annual Regulatory Return of that insurer or as soon as practicable thereafter, any report on the affairs of the Captive Insurer submitted to the shareholders or policyholders of the Captive Insurer in respect of the reporting period to which the Annual Regulatory Return relates.

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