CONSULTATION PAPER

P010 - 2010

June 2010

Proposed Framework For Reinsurance Management

Monetary Authority of Singapore

PREFACE

1 Reinsurance management refers to the oversight and control of outward reinsurance arrangements, where a portion of the risks assumed by an insurer is ceded to another insurer/reinsurer. As every insurer carries in its financial statements a significant amount of liabilities to policyholders and claimants, reinsurance management plays an important role in ensuring the insurer's ability to meet these obligations. If an insurer places significant reliance on reinsurance as a risk mitigant, weaknesses in its reinsurance arrangements may impair its liquidity or capital position, and possibly affect its ability to meet its obligations to policyholders and claimants.

2 This paper sets out the proposed supervisory and regulatory framework governing reinsurance management of insurers, including requiring a direct insurer to submit information on its outward reinsurance arrangements on an annual basis, and removing the need to seek MAS' approval before entering into financial reinsurance arrangements in respect of life insurance business.

3 MAS invites interested parties to submit their views and comments on the recommendations set out in this consultation paper. Submissions in electronic form are strongly preferred and should be sent via e-mail to the following address: rm_10@mas.gov.sg. Written comments should be submitted to:

Insurance Department
Monetary Authority of Singapore
10 Shenton Way
MAS Building
Singapore 079117
Fax: (65) 6229 9694

All comments should be submitted to MAS by 30 July 2010.

4 Please note that all submissions received may be made public unless confidentiality is specifically requested for the whole or part of the submission.

1 BACKGROUND

1.1 INTRODUCTION

1.1.1 Reinsurance management refers to the oversight and control of outward reinsurance arrangements, where a portion of the risks assumed by an insurer is ceded to another insurer/reinsurer. As every insurer carries in its financial statements a significant amount of liabilities to policyholders and claimants, reinsurance management plays an important role in ensuring the insurer's ability to meet these obligations. If an insurer places significant reliance on reinsurance as a risk mitigant, weaknesses in its reinsurance arrangement may impair its liquidity or capital position, and possibly affect its ability to meet its obligations to policyholders and claimants.

1.1.2 Recognising the importance of effective management of the outward reinsurance arrangements, MAS issued Notice 114 on Reinsurance Management Strategy in 2002 to provide clarity and guidance on the role of the Board of Directors and senior management in managing an insurer's reinsurance risks. To provide further guidance on risk management practices in general, MAS issued the Guidelines on Risk Management Practices for Insurance Business - Core Activities (including Reinsurance Management) in 2007. Prior to this, with the emergence of financial reinsurance as an alternative to traditional reinsurance, in August 1999, MAS issued Notices 208 and 316[1] on Financial Reinsurance to general insurers and life insurers respectively.

1.1.3 Notices 208 and 316 set out MAS' expectations for the management of financial reinsurance arrangements, the accounting treatment for such arrangements and guidance on insurance risk transfer. Currently, general insurers are required to disclose details of any financial reinsurance arrangements they have entered into in the statutory returns to MAS, while life insurers need to obtain MAS' approval before engaging in financial reinsurance arrangements.

[1] These Notices were subsequently revised in 2004 to provide for the transition arising from changes in the statutory returns under the risk based capital regime.

2 MAS' SUPERVISORY APPROACH

2.1 CORPORATE GOVERNANCE AND DISCLOSURE ON REINSURANCE ARRANGEMENTS

2.1.1 As mentioned in MAS' Guidelines on Risk Management Practices for Insurance Business – Core Activities, an insurer should have a sound strategy to manage risks arising from its core activities. The insurer should first determine its risk tolerance, i.e. the level of risk that it is able and prepared to bear, taking into account its business objectives and available resources. The Board of Directors and senior management of an insurer are responsible for determining the type of risk mitigation arrangements that they deem appropriate for their financial resources and risk profile.

2.1.2 In the course of MAS' supervision, we observed several unsatisfactory practices in the area of reinsurance management, including:

a. Lack of or incomplete documentation of outward reinsurance arrangements;

b. Late finalisation and signing of reinsurance contracts by the contracting parties after inception of risk;

c. Acceptance of a large risk before securing the relevant facultative capacity to reinsure the portion of risk that exceeds the capacity of the insurer's treaty and risk appetite;

d. No tracking of aggregate exposure to any one reinsurance counterparty or group of related reinsurance counterparties;

e. No limits on aggregate exposure to any one reinsurance counterparty or group of related reinsurance counterparties;

f. Over-concentration in one reinsurance counterparty or group of related reinsurance counterparties; and

g. Reflection of the reinsurance broker as the reinsurance counterparty in the insurer's information system without capturing the names of the actual assuming reinsurers.

2.1.3 In light of the above observations and the importance of effective reinsurance management, MAS proposes to require, under Notice 114, all life and general direct insurers to submit annually, information on their outward reinsurance arrangements which will facilitate MAS to monitor:

a. Whether the amount of risk retained by an insurer, after taking into account all types of reinsurance which have been put in place, is commensurate with its financial resources;

b. The level of concentration in any one reinsurance counterparty or group of related reinsurance counterparties, as well as the security of the reinsurance counterparties; and

c. Timeliness of the signing of the reinsurance contracts by the insurers/reinsurers.

The first set of returns will be due in May 2011.

2.2 DISCLOSURE REGIME FOR FINANCIAL REINSURANCE ARRANGEMENTS

2.2.1 Under the current regime, Notices 208 and 316 focus on what constitutes a financial reinsurance arrangement, owing to the lack of a universally accepted definition of “financial reinsurance”. These Notices also require life insurers to seek MAS’ approval before entering into such arrangements and prescribe how contracts with or without significant insurance risk transfer should be presented in the statutory returns.

2.2.2 As the Board of Directors and senior management of an insurer are primarily responsible for setting the insurer’s reinsurance management strategy, which includes the use of non-traditional risk mitigation techniques, MAS proposes to remove the prior approval regime for financial reinsurance arrangements. Insurers will have to make their own decisions as to whether to enter into financial reinsurance arrangements with the appropriate oversight by the Board of Directors and senior management. MAS will instead focus on whether capital relief should be given for any outward reinsurance contract by placing reliance on the professional opinions of the external auditors and actuaries. Insurers will report financial reinsurance contracts, with or without significant insurance risk transfer, in the statutory returns in accordance with the Accounting Standards.

Reliance on External Auditors

2.2.3 The Financial Reporting Standards on Insurance Contracts, FRS 104, was adopted in Singapore in 2004. It sets out the definition of an insurance contract[2] and the corresponding accounting treatment. Under the two Notices on Financial Reinsurance, MAS had prescribed how contracts with or without significant insurance risk transfer should be reported in the forms lodged with MAS. With the adoption of FRS 104, MAS proposes to remove the prescription on accounting treatment in Notices 208 and 316 and instead, place reliance on the external auditors to ensure that transactions entered into by the insurer would be classified and reported in the statutory returns audited by the external auditors in accordance to FRS 104.

2.2.4 However, as there is no standard definition of significant insurance risk transfer and MAS may have differing views from the external auditors as to whether a particular transaction has significant insurance risk transfer, MAS proposes to empower itself to require an insurer to adjust the amount of capital relief enjoyed under a reinsurance contract. This adjustment would be done on a case-by-case basis, should MAS have grounds to doubt that significant insurance risk has been transferred or the amount of credit taken in the statutory returns for a particular transaction is not commensurate with the economic value, after taking into account the amount of risk transferred.

Reliance on the Actuary

2.2.5 Under Section 37 of the Insurance Act (Cap. 142), the actuary is required to certify the value of the policy liabilities of an insurer which is valued net of reinsurance. MAS intends to clarify the roles and responsibilities of key persons in the near future, including the expectation for the actuary to verify that the reinsurance contracts involve significant insurance risk transfer when he or she values policy liabilities net of reinsurance.

[2] Under FRS 104, an insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

2.3 CHANGES TO INSURANCE LEGISLATION

2.3.1 MAS will be amending the relevant insurance legislation to put into effect the proposed changes. The following paragraphs set out the necessary amendments to the relevant regulations and notices.

Notices 114, 208 and 316

2.3.2 Notices 208 and 316 on financial reinsurance will be repealed. Notice 114 will be revised to incorporate the mandatory submission of annual returns on outward reinsurance arrangements and other refinements. A copy of the revised Notice 114 is attached in Annex A. In particular, in addition to ensuring that a contract involves significant insurance risk transfer before it could be classified as a reinsurance contract and enjoy capital relief, the revised Notice 114 will clarify that the contract should not contain any unfair terms and conditions nor possess characteristics that may jeopardise the ability of the ceding insurer to meet its policy liabilities.

2.3.3 For example, a contract may involve a significant transfer of insurance risk, but the payment owing to and from the assuming insurer is not required to be settled until the end of the tenure of the contract, which could be for an extended period such as 10 years. Such an extended contract settlement term will increase the credit risk exposure of the ceding insurer to the assuming insurer/reinsurer, and the ceding insurer will not be able to avail itself to immediate liquidity relief from cash payment by the assuming insurer/reinsurer as and when the losses emerge from the underlying insurance contracts ceded. In such a case, MAS will not grant capital relief to a ceding insurer entering into a contract with such terms and conditions.

Insurance (Valuation and Capital) Regulations

2.3.4 Arising from a separate review on the risk based capital regime, the Insurance (Valuation and Capital) Regulations will be amended to incorporate a general provision for MAS to determine the value of financial resources and risk requirements, for the purpose of computing the fund solvency margin and capital adequacy ratio on a case-by-case basis. As an illustration, MAS may invoke the said general provision to reduce the amount of capital relief an insurer can enjoy arising from a reinsurance contract, should MAS be of the view that the contract involves insignificant insurance risk transfer, or contains terms and conditions or characteristics that may jeopardise the ability of the ceding insurer to meet its policy liabilities.

Insurance (Accounts and Statements) Regulations

2.3.5 Insurers will be required to disclose in the statutory returns any reinsurance financing contract (or by whatever name it is called) that does not involve significant insurance risk transfer in the capacity as either a ceding insurer or an assuming insurer. The Insurance (Accounts and Statements) Regulations will be amended to require insurers to disclose the following information on such a contract, under the section on 'Additional information to Form 1':

a) a description of the terms of the contract;
b) a description of the accounting treatment adopted, and an explanation for adopting that treatment;
c) the amounts in respect of the contract reported in Form 1; and
d) the amounts paid and received during the period under that contract.

2.3.6 MAS will carry out separate public consultations on the Insurance (Valuation and Capital) Regulations and Insurance (Accounts and Statements) Regulations respectively when the proposed amendments in each Regulations are ready.

Annex A

Notice No: MAS 114
Issue Date: DD MMM 2010

This Notice replaces MAS 114 dated 28 March 2002

REINSURANCE MANAGEMENT

Introduction

1 This Notice is issued pursuant to section 64(2) of the Insurance Act (Cap. 142) ("the Act"). It shall be read in conjunction with the provisions of the Act and the Insurance (Valuation and Capital) Regulations (G.N. No. S 498/2004) ("the Regulations") and applies to all registered insurers except for paragraph 5 which does not apply to reinsurers and captive insurers. This Notice comprises both mandatory requirement (Part I) and guidelines (Part II).

2 Reinsurance management refers to the oversight and control of outward reinsurance arrangements, where a portion of the risks assumed by an insurer is ceded to another insurer. Insurers may purchase reinsurance to provide security and liquidity, and to increase their capacity to underwrite more business. As every insurer carries in its financial statements a significant amount of liabilities to policyholders and claimants, reinsurance management plays an important role in ensuring the insurer's ability to meet these obligations. If an insurer places significant reliance on reinsurance as a risk mitigant, weaknesses in its reinsurance arrangements may impair its liquidity or capital position, and possibly affect its ability to meet its obligations to policyholders and claimants.

3 Under the Regulations, credit is given to insurers for reinsurance ceded by way of reduction in policy liabilities presented on the balance sheet. Also, the C1 insurance risk requirement is applied to policy liabilities net of reinsurance. It is therefore pertinent that credit for reinsurance ceded is taken only when the reinsurance arrangements effectively reduce the policy liabilities of the insurers and the amount of credit taken is commensurate with the economic value added by entering into these reinsurance arrangements.

4 This Notice sets out the mandatory requirement for direct insurers to submit annual returns pertaining to their outward reinsurance arrangements and exposures to their top ten reinsurance counterparties. The Notice also sets out the guiding principles that relate to the oversight of the reinsurance management process of insurers and the determination of significant insurance risk transfer. Any expression used in this Notice shall, except where expressly defined in this Notice or where the context otherwise requires, have the same meaning as in the Act.

Part I: Mandatory Requirement

Reporting Requirement for Outward Reinsurance Arrangements

5 A registered direct insurer shall lodge electronically with the Authority within 5 months from the end of an accounting period, details of its outward reinsurance arrangements involving significant insurance risk transfer and exposures to its top 10 reinsurers in respect of its Singapore Insurance Fund and Offshore Insurance Fund in the format set out in Appendix A (in respect of general business) and Appendix B (in respect of life business) of this Notice. The first set of returns shall be due in May 2011.

Part II – Guidelines

Reinsurance Management Strategy

6 The Reinsurance Management Strategy ("RMS") should form part of the insurer's overall underwriting strategy and risk management philosophy, and should be properly documented. The RMS should identify the insurer's reinsurance management systems, in particular, its policies and procedures for selecting and monitoring reinsurance arrangements as well as management responsibilities and controls. It should lay down clear methodologies for determining all aspects of the insurer's reinsurance arrangements, including but not limited to:

(i) identification of the insurer's tolerance to risk;
(ii) identification of the risk retention levels appropriate to the insurer's tolerance to risk;
(iii) determination of the types of reinsurance arrangements most appropriate to manage the insurer's risk exposure in relation to its risk tolerance;
(iv) selection of the panel of reinsurers used, including consideration of diversification and credit worthiness of the reinsurers;
(v) management of any known concentration risks with respect to a particular industry, geographical region, product type, and/or single insured in the insurer's underwriting books;
(vi) involvement of reinsurance brokers, if any, including their role in structuring the insurer's reinsurance arrangements and the selection criteria for reinsurance brokers;
(vii) the process for monitoring, reviewing and updating the RMS in response to changes in the market and the insurer's risk profile;
(viii) management of credit risk which will affect the collectability and timely receipt of its reinsurance recoverables;
(ix) management of liquidity risk arising from a timing mismatch between the payment of claims and the receipt of reinsurance recoverables; and
(x) management of legal risk arising from the reinsurance contract wordings not accurately reflecting the intent for the purchase of the reinsurance cover or the reinsurance contract being not legally enforceable.

Role of the Board of Directors and Senior Management

7 The primary responsibility for the sound and prudent management of an insurer rests with the Board of Directors and senior management. The Board of Directors and senior management should develop, implement and maintain a RMS appropriate to the operations of the insurer to ensure that the insurer has sufficient resources to meet obligations as they fall due.

8 The Board of Directors should review the RMS at least once a year, or when there are material changes to the insurer's circumstances, its underwriting policy or the status of its panel of reinsurers.

9 Senior management should define and document clear operational policies and procedures for implementing the RMS approved by the Board of Directors. Adequate internal control systems should be in place to ensure that all business activities are carried out with the RMS in mind and that the planned reinsurance cover is in place. Senior management should ensure proper and effective reporting systems which satisfy all requirements of the Board with respect to reporting frequency, level of detail and recommendations for change are in place.

Classification as Reinsurance Contract

10 In order for an insurer to enjoy the capital relief arising from a reinsurance contract, the insurer should ensure that the terms and conditions of the contract provide that significant insurance risk relating to the reinsured portion of the underlying policies is being transferred to the assuming insurer. There should also be a reasonable possibility that the assuming insurer may realise a significant loss from the contract.

11 An insurer should not classify a contract as a reinsurance contract if such a classification will misrepresent or is designed to disguise, a material risk to the insurer's current or continuing profitability or capital position. There should not be any unconditional obligation on the part of the ceding insurer to indemnify the assuming insurer for any negative balances that may arise out of the contract or any separate agreement or understanding between the contracting parties that would serve to reduce, offset or eliminate the assuming insurer's obligations.

12 The contract should also not contain any unfair terms and conditions nor possess characteristics that may jeopardise the ability of the ceding insurer to meet its policy liabilities such as giving the assuming insurer an option to unilaterally alter the terms and conditions of the contract or terminate the contract due to an increased likelihood of the assuming insurer experiencing losses under the contract.

13 Any contract classified as a reinsurance contract that qualifies for capital relief should not possess any of the following characteristics:

- the contract does not protect the ceding insurer from negative financial impacts arising from the underlying insurance business ceded;
- the amount of payments from the assuming insurer under the contract could be predetermined and is not contingent on the cash flows or the occurrence of an uncertain event in respect of the underlying insurance business ceded; and

- when a reinsured event or loss occurs, the assuming insurer is permitted under the contract to postpone the payment owing to the ceding insurer beyond the common quarterly or annual settlement cycle.

Assessment of Significant Insurance Risk Transfer

14 The assessment of the existence and extent of insurance risk transfer should be carried out in the context of the commercial substance of the contract or, where there are significant connections among a series of contracts, such contracts being evaluated as a whole, and should be judged with reference to the range of outcomes that could reasonably be expected to occur in practice. The assessment should take into consideration the contract wordings and all other agreements between the relevant parties, both written and verbal at the inception of the agreements which affect the reinsurance arrangements as well as any subsequent amendments or modifications. An insurer needs to assess the insurance risk transfer if the contract is modified after inception and the modification significantly alters the expected future cash flows of that contract.

15 It is not required for a significant loss to occur during the course of the contract, as long as at inception, there exists a reasonable possibility of a significant loss to the assuming insurer based on the terms and conditions of the contract. If there are scenarios covered in the contract that can result in substantial loss for the assuming insurer, the condition of significant insurance risk transfer may be met even if the probability of the reinsured event happening is very low.

16 In some contracts, it may be obvious that significant insurance risk transfer exists even in the absence of any quantitative testing. In other cases, extent of insurance risk transfer has to be verified by appropriate tests to assess the streams of cash flows for various scenarios. For each reinsurance contract whereby the insurance risk transfer is not reasonably considered to be self-evident, documentation concerning the economic intent of the transaction and the insurance risk transfer analysis evidencing the proper accounting treatment shall be maintained by a registered insurer in its capacity of either a ceding insurer or an assuming insurer (as the case may be). Such documentation should be available for review by the external auditor, the actuary as approved under Section 37 of the Act or MAS.

17 This Notice shall take effect from [date]. MAS Notice 114 dated 28 March 2002 is cancelled.

Instructions for completion of Table 1

Please provide the following information for total reinsurance premiums ceded for the immediately preceding accounting period. The total gross premiums should include both direct and inward reinsurance business (treaty and facultative) and is to be aggregated across all lines of businesses written in the SIF and the OIF, if applicable.

Table 1
Total Reinsurance Premiums Ceded
In respect of General Business
for the Accounting Period ended 31 Dec YYYY

Total gross premiums ($)	Reinsurance premiums ceded ($)			Retention ratio (%)
	Treaty	Facultative	Total	
(1)	(2)	(3)	(4) = (2) + (3)	(5) = [(1)-(4)]/(1)

Instructions for completion of Table 2

Please provide the following information for the immediately preceding accounting period.

If your company has a different retention in respect of per risk and per event for a specific line of business, please specify both as illustrated below.

Table 2
Total Facultative Premiums Ceded and Net Retention
In respect of General Business
for the Accounting Period ended 31 Dec YYYY

Line of business	Total facultative premiums ceded ($) (1)	No. of facultative contracts (2)	Highest net retention after treaty & fac ri ($) (3)	Basis (please specify eg. per risk/loss/event) (4)
Property	***********	**	500,000	per risk
			1,500,000	per event
Motor	***********	*	300,000	per event

Instructions for completion Tables 3A, 3B, 3C and 3D

(a) Please provide details of your outward reinsurance treaties that are still in force as at 1 June of the current accounting period.

(b) If a treaty has different retention/deductible and limit for different type of risks, please provide a summary in the relevant columns of each table.

(c) The reinsurance premiums under column 6 refers to the reinsurance premiums payable by the Singapore office (whether a locally incorporated co or branch) for the individual treaties.

Table 3A: Reinsurance Arrangements – Quota Share Treaties In respect of General Business

Serial No.	Treaty name	Line of business/Type of risks covered	Maximum sum insured/limit of liability ($)	% retained by cedant	% ceded to treaty	Total expected reinsurance premiums payable ($)	Ri comm rate (%)	Inception date	Expiry date	Name of reinsurer[1]	Whether reinsurer is related[2] to cedant	Reinsurer's share (%)	Reinsurance broker (s)	Brokerage (%)	Date treaty is signed by reinsurer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1								DD/MM/YY	DD/MM/YY	Reinsurer A	Yes/No	A's share			DD/MM/YY
										Reinsurer B	Yes/No	B's share			DD/MM/YY
										Reinsurer C	Yes/No	C's share			DD/MM/YY
										Reinsurer D	Yes/No	D's share			DD/MM/YY
										Reinsurer E	Yes/No	E's share			DD/MM/YY
												Total share[3]			
2															
3															
4															

[1] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

[2] "Related" has the same meaning as in section 4 (1) of the Companies Act (Cap.50)

[3] As an illustration, if 60% of any one risk is ceded to the QS treaty and shared equally amongst 4 reinsurers, each reinsurer's share should be reflected as 15/60 = 25% under column 12. Should "Total share" be less than 100%, please explain the reason why the treaty is not fully placed under the Remarks section.

S/N	Remarks

Table 3B: Reinsurance Arrangements – Other Proportional Treaties In Respect of General Business

Serial No.	Treaty name	Line of business/Type of risks covered	Cedant's retention under treaty ($)	Treaty coverage ($)	Aggregate limit[1], if applicable ($)	Total expected reinsurance premiums payable ($)	Ri comm rate (%)	Inception date	Expiry date	Name of reinsurer[2]	Whether reinsurer is related[3] to cedant	Reinsurer's share (%)	Reinsurance broker (s)	Brokerage (%)	Date treaty is signed by reinsurer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1								DD/MM/YY	DD/MM/YY	Reinsurer A	Yes/No	A's share			DD/MM/YY
										Reinsurer B	Yes/No	B's share			DD/MM/YY
										Reinsurer C	Yes/No	C's share			DD/MM/YY
										Reinsurer D	Yes/No	D's share			DD/MM/YY
										Reinsurer E	Yes/No	E's share			DD/MM/YY
												Total share[4]			
2															
3															
4															

[1] Refers to the maximum annual aggregate amount that can be claimed under the treaty even though the individual losses may still be within the treaty limit.

[2] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

[3] "Related" has the same meaning as in section 4 (1) of the Companies Act (Cap.50)

[4] If "Total share" is less than 100%, please explain the reason why the treaty is not fully placed under the Remarks section

S/N	**Remarks**

Instructions for completion Tables 3A, 3B, 3C and 3D

(a) Please provide details of your outward reinsurance treaties that are still in force as at 1 June of the current accounting period.

(b) If a treaty has different retention/deductible and limit for different type of risks, please provide a summary in the relevant columns of each table.

(c) The reinsurance premiums under column 6 refers to the reinsurance premiums payable by the Singapore office (whether a locally incorporated co or branch) for the individual treaties.

Table 3C: Reinsurance Arrangements – Stop-Loss Treaties In Respect of General Business

Serial No.	Treaty name	Line of business/Type of risks covered	Type of trigger[1] under treaty	Trigger point	Treaty limit	Reinsurance premiums payable ($)	Inception date	Expiry date	Name of reinsurer[2]	Whether reinsurer is related[3] to cedant	Reinsurer's share (%)	Reinsurance broker (s)	Brokerage (%)	Date treaty is signed by reinsurer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)	(13)	(14)
1							DD/MM/YY	DD/MM/YY	Reinsurer A	Yes/No	A's share			DD/MM/YY
									Reinsurer B	Yes/No	B's share			DD/MM/YY
									Reinsurer C	Yes/No	C's share			DD/MM/YY
									Reinsurer D	Yes/No	D's share			DD/MM/YY
									Reinsurer E	Yes/No	E's share			DD/MM/YY
											Total share[4]			
2														
3														
4														

[1] If the stop loss treaty is triggered when the portfolio's incurred loss ratio exceeds 80% and treaty provides coverage up to 120% incurred loss ratio, please indicate "incurred loss ratio = incurred claims/earned premiums" under column 3 and "beyond 80%" and "up to 120%" under columns 4 & 5 respectively. If the treaty provides coverage for any loss beyond 80% incurred loss ratio, please indicate "unlimited" under column 5.

[2] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

[3] 'Related' has the same meaning as in section 4 (1) of the Companies Act (Cap.50)

[4] If "Total share" is less than 100%, please explain the reason why the treaty is not fully placed under the Remarks section.

S/N	**Remarks**

Table 3D: Reinsurance Arrangements – Other Non-Proportional Treaties In Respect of General Business

Serial No.	Treaty name	Line of business/Type of risks covered	Deductible under treaty ($)	Treaty limit[1] ($)	No. of reinstatements	Minimum and deposit premiums ($)	Inception date	Expiry date	Name of reinsurer[2]	Whether reinsurer is related[3] to cedant	Reinsurer's share (%)	Reinsurance broker (s)	Brokerage (%)	Date treaty is signed by reinsurer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1							DD/MM/YY	DD/MM/YY	Reinsurer A	Yes/No	A's share			DD/MM/YY
									Reinsurer B	Yes/No	B's share			DD/MM/YY
									Reinsurer C	Yes/No	C's share			DD/MM/YY
									Reinsurer D	Yes/No	D's share			DD/MM/YY
									Reinsurer E	Yes/No	E's share			DD/MM/YY
											Total share[4]			
2														
3														
4														

[1] Please provide information on individual layers of an XOL treaty. If the layer covers any loss in excess of $500k to $2m (i.e. treaty coverage is $1.5m), please indicate "$500,000" and "$2,000,000" under columns 3 and 4 respectively.

[2] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

[3] "Related" has the same meaning as in section 4 (1) of the Companies Act (Cap.50)

[4] If "Total share" is less than 100%, please explain the reason why the treaty is not fully placed under the Remarks section.

S/N	**Remarks**

Instructions for completion of Table 4

Please provide the following information for the top 10 reinsurers in descending order based on the total reinsurance premiums ceded (column 3) in the immediately preceding accounting period.

Table 4
Exposure to Top 10 Reinsurers by Total Reinsurance Premiums Ceded
In respect of General Business
for the Accounting Period ended 31 Dec YYYY

Reinsurer[1]	Aggregate exposure to reinsurer by					
	Reinsurance premiums ceded ($)			Sum insured/limit of liability ($)		
	Treaty	Facultative	Total	Treaty	Facultative	Total
	(1)	(2)	(3) = (1) + (2)	(4)	(5)	(6) = (4) + (5)

[1] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

Instructions for completion of Table 5

Please provide the following information for the top 10 reinsurers in descending order based on the total reinsurance rcoverables on paid and unpaid claims (column 1) as at end of the immediately preceding accounting period.

Table 5
Exposure to Top 10 Reinsurers by Total Reinsurance Recoverables
In respect of General Business
as at 31 Dec YYYY

Reinsurer[1]	Total reinsurance recoverables ($)	Reinsurance recoverables on paid claims[2] outstanding for: ($)				Reinsurance recoverables on unpaid claims[3] ($)
		Up to 1 year	Above 1 year but not exceeding 2 years	Above 2 years	Sub-total	
	(1) = (5) + (6)	(2)	(3)	(4)	(5) = (2) + (3) + (4)	(6)

[1] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

[2] Reinsurance recoverables on paid claims refers to any amount an insurer is entitled to recover, but has yet to do so, in respect of claims that have been paid by the insurer. Claims that an insurer is entitled to recover but has yet to recover from, and premiums owing to, a particular person with whom the insurer has a reinsurance arrangement shall be set off on an individual account basis, provided the insurer has the right of set off.

[3] Reinsurance recoverables on unpaid claims refers to any amount an insurer is entitled to recover, but has yet to do so in respect of claims liabilities (excluding provision for incurred but not reported claims), outstanding claims and claims in the course of payment

Instructions for completion of Table 1

Please provide the following information for total reinsurance premiums ceded for the immediately preceding accounting period. The total gross premiums should include both direct and inward reinsurance business (treaty and facultative).

Table 1
Total Reinsurance Premiums Ceded
In Respect of Life Business
for the Accounting Period ended 31 Dec YYYY

Type of Insurance Fund[1]	Total gross premiums ($) (1)	Reinsurance premiums ceded ($)			Retention ratio (%) (5) = [(1)-(4)]/(1)
		Treaty (2)	Facultative (3)	Total (4) = (2) + (3)	

[1] Participating, Non-Participating, or Linked Fund. If a separate OIF is set up for each of these insurance fund, please aggregate the SIF and OIF figures.

<u>Instructions for completion of Table 2</u>

Please provide the following information for the immediately preceding accounting period.

Table 2
Total Facultative Premiums Ceded and Net Retention
In Respect of Life Business
for the Accounting Period ended 31 Dec YYYY

Type of business[1]	Total facultative premiums ceded ($) (1)	No. of facultative contracts (2)	Highest net retention after treaty & fac ri ($) (3)	Basis (please specify: eg. per risk/loss/event) (4)

[1] Please specify :
Individual Life (this would cover mortality/morbidity/accidental risks)
Group Life (this would cover mortality/morbidity/accidental risks)
Individual Health
Group Health

Instructions for completion of Tables 3A, 3B and 3C

(a) Please provide details of your outward reinsurance treaties that are still in force as at 1 June of the current accounting period.

(b) If a treaty has different retention/deductible and limit for different type of risks, please provide a summary in the relevant columns of each table.

(c) The reinsurance premiums under column 7 refers to the reinsurance premiums payable by the Singapore office (whether a locally incorporated co or branch) for the individual treaties.

Table 3A: Reinsurance Arrangements – Proportional Treaties In Respect of Life Business

Serial No.	Treaty name	Structure of reinsurance program[1]	Type of risks covered	Treaty Limit (for each type of risk)[2]	% retained by cedant	% ceded to treaty	Total expected reinsurance premiums payable ($)	Ri comm rate (%)	Inception date	Expiry date	Name of reinsurer[3]	Whether reinsurer is related[4] to cedant	Reinsurer's share (%)	Reinsurance broker (s)	Brokerage (%)	Date treaty is signed by reinsurer	Terminated for new business?[6]	Are rates guaranteed ?[7]
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
1									DD/MM/YY	DD/MM/YY	Reinsurer A	Yes/No	A's share			DD/MM/YY	Yes/No	Yes/No
											Reinsurer B	Yes/No	B's share			DD/MM/YY		
											Reinsurer C	Yes/No	C's share			DD/MM/YY		
													Total share[5]					
2																		
3																		
4																		

[1] Indicate whether quota share and/or surplus share on risk premium or original terms basis.

[2] This refers to the maximum sum assured/indemnity that can be covered automatically by the treaty for each type of risk. If there is any overall limits on the amount of business that can be accepted under the treaty (e.g. limit on total gross premium written), please elaborate under Remarks section.

[3] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

[4] Related has the same meaning as in section 4 (1) of the Companies Act (Cap.50)

[5] If "Total share" is less than 100%, please explain the reason of the treaty is not fully placed under the Remarks section.

[6] Indicate whether the treaty is terminated for new business. If the treaty allows the cedant to recapture the existing inforce business when the treaty is terminated, please elaborate under remarks.

[7] Indicate whether the reinsurance rates are guaranteed or subject to review by the reinsurer.

S/N	**Remarks**

Instructions for completion Tables 3A, 3B, 3C and 3D

(a) Please provide details of your outward reinsurance treaties that are still in force as at 1 June of the current accounting period.

(b) If a treaty has different retention/deductible and limit for different type of risks, please provide a summary in the relevant columns of each table.

(c) The reinsurance premiums under column 6 refers to the reinsurance premiums payable by the Singapore office (whether a locally incorporated co or branch) for the individual treaties.

Table 3B: Reinsurance Arrangements – Stop-Loss Treaties In Respect of Life Business

Serial No.	Treaty name	Type of risks covered	Type of trigger[1] under treaty	Trigger point	Treaty limit	Reinsurance premiums payable ($)	Inception date	Expiry date	Name of reinsurer[2]	Whether reinsurer is related[3] to cedant	Reinsurer's share (%)	Reinsurance broker (s)	Brokerage (%)	Date treaty is signed by reinsurer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(11)	(13)	(14)
1							DD/MM/YY	DD/MM/YY	Reinsurer A	Yes/No	A's share			DD/MM/YY
									Reinsurer B	Yes/No	B's share			DD/MM/YY
									Reinsurer C	Yes/No	C's share			DD/MM/YY
											Total share[4]			
2														
3														
4														

[1] If the stop loss treaty is triggered when the portfolio's incurred loss ratio exceeds 80% and treaty provides coverage up to 120% incurred loss ratio, please indicate "incurred loss ratio = incurred claims/earned premiums" under column 3 and "beyond 80%" and "up to 120%" under columns 4 & 5 respectively. If the treaty provides coverage for any loss beyond 80% incurred loss ratio, please indicate "unlimited" under column 5.

[2] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

[3] "Related" has the same meaning as in section 4 (1) of the Companies Act (Cap.50)

[4] If "Total share" is less than 100%, please explain the reason why the treaty is not fully placed under the Remarks section.

S/N	Remarks

Table 3C: Reinsurance Arrangements – In Respect of Life Business

Serial No.	Treaty name	Type of risks covered	Trigger point	Treaty limit[1] ($)	No. of reinstatements	Minimum and deposit premiums ($)	Inception date	Expiry date	Name of reinsurer[2]	Whether reinsurer is related[3] to cedant	Reinsurer's share (%)	Reinsurance broker (s)	Brokerage (%)	Date treaty is signed by reinsurer
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1							DD/MM/YY	DD/MM/YY	Reinsurer A	Yes/No	A's share			DD/MM/YY
									Reinsurer B	Yes/No	B's share			DD/MM/YY
									Reinsurer C	Yes/No	C's share			DD/MM/YY
											Total share[4]			
2														
3														
4														

[1] Please provide information on individual layers of an XOL treaty. If the layer covers any loss excess of $500k to $2m (i.e. treaty coverage if $1.5m), please indicate "$500,000" and "$2,000,000" under columns 3 and 4 respectively.

[2] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

[3] "Related" has the same meaning as in section 4 (1) of the Companies Act (Cap.50)

[4] If "Total share" is less than 100%, please explain the reason why the treaty is not fully placed under the Remarks section.

S/N	Remarks

Instructions for completion of Table 4

Please provide the following information for the top 10 reinsurers in descending order based on the total reinsurance premiums ceded (column 3) in the immediately preceding accounting period.

Table 4
Exposure to Top 10 Reinsurers by Total Reinsurance Premiums Ceded
In Respect of Life Business
for the Accounting Period ended 31 Dec YYYY

Reinsurer[1]	Aggregate Exposure to Reinsurer by					
	Reinsurance premiums ceded ($)			Sum Insured/Limit of Liability ($)		
	Treaty	Facultative	Total	Treaty	Facultative	Total
	(1)	(2)	(3) = (1) + (2)	(4)	(5)	(6) = (4) + (5)

[1] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

Instructions for completion of Table 5

Please provide the following information for the top 10 reinsurers in descending order based on the total reinsurance recoverables on paid and unpaid claims (column 1) as at end of the immediately preceding accounting period.

Table 5
Exposure to Top 10 Reinsurers by Total Reinsurance Recoverables
In Respect of Life Business
as at 31 Dec YYYY

Reinsurer[1]	Total reinsurance recoverables ($)	Reinsurance recoverables on paid claims[2] outstanding for: ($)				Reinsurance recoverables on unpaid claims[3] ($)
		Up to 1 year	Above 1 year but not exceeding 2 years	Above 2 years	Sub-total	
	(1) = (5) + (6)	(2)	(3)	(4)	(5) = (2) + (3) + (4)	(6)

[1] If the reinsurance counterparty is a branch, please indicate accordingly eg. XYZ Reinsurance Co Ltd, Singapore branch

[2] Reinsurance recoverables on paid claims refers to any amount an insurer is entitled to recover, but has yet to do so, in respect of claims that have been paid by the insurer. Claims that an insurer is entitled to recover but has yet to recover from, and premiums owing to, a particular person with whom the insurer has a reinsurance arrangement shall be set off on an individual account basis, provided the insurer has the right of set off.

[3] Reinsurance recoverables on unpaid claims refers to any amount an insurer is entitled to recover, but has yet to do so in respect of claims which have been incurred and reported to the insurer, but have not been paid yet.

Monetary Authority of Singapore