

**Appendix 2**

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



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# The DFSA Rulebook

## Prudential – Insurance Business Module

**(PIN)**

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## 6 FINANCIAL AND OTHER REPORTING BY INSURERS

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### 6.5 Submission of Returns to the DFSA

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**6.5.1** Subject to Rule 6.5.2, an Authorised Firm must, submit its Annual Regulatory Return in writing to the DFSA within four months of the Insurer's reporting date to:

Supervision Division  
DFSA  
Level 13, The Gate  
PO Box 75850  
Dubai, United Arab Emirates

**6.5.2** When the DFSA has issued a notice announcing that the DFSA's electronic prudential reporting system is in operation, an Authorised Firm must, from the date specified in the notice, ~~submit its Annual Regulatory Return to the DFSA using the DFSA's electronic prudential reporting system. Such submission must be in accordance with any instructions set out in the notice and any instructions provided through such a system or specified in App10 and PRU. prepare and submit its Annual Regulatory Return in the following manner:~~

- (a) the Annual Regulatory Return, excepting the parts of the Annual Regulatory Return referred to in (b) and (c), must be submitted to the DFSA using the DFSA'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 App10 and PRU; and
    - (ii) within four months of the Insurer's reporting date;
  - (b) the Statement by Directors need not be submitted to the DFSA, but must be signed and a copy maintained in accordance with Rules 6.5.3 and 6.5.4; and
  - (c) the Global Return for a Branch must be submitted in the manner provided in Rule 6.5.1.
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**Guidance**

The Returns and instructional guidelines are provided in App10, PRU and the DFSA's electronic prudential reporting system.

**6.5.3** ~~The statement of Directors in~~ Statement by Directors forming part of the Annual Regulatory Return must be authenticated signed before the time of submission by:

- (a) the Senior Executive Officer; and
- (b) a Director of the Insurer not being the Person in (a).

**6.5.4** ~~For the purpose of authentication in Rule 6.5.3, the specified individuals must sign a hard copy of the Annual Regulatory Return and keep an original copy of the Annual Regulatory Return. An original signed hard copy of the Statement by Directors together with a copy of the Annual Regulatory Return submitted to the DFSA using the DFSA's electronic prudential reporting system, must be kept for at least 6 years for inspection by the DFSA.~~

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**6.5.7** Subject to Rule 6.5.8, an Authorised Firm must, submit its Quarterly Regulatory Return in writing to the DFSA within two months of the end of each period in respect of which the Insurer is required to prepare a Quarterly Regulatory Return to:

Supervision Division  
DFSA  
Level 13, The Gate  
PO Box 75850  
Dubai, United Arab Emirates

**6.5.8** When the DFSA has issued a notice announcing that the DFSA's electronic prudential reporting system is in operation, an Authorised Firm must, from the date specified in the notice, ~~submit its Quarterly Regulatory Return to the DFSA using the DFSA's electronic prudential reporting system. Such submission must be in accordance with any instructions set out in the notice and instructions provided through such a system or specified in App10 and PRU.~~ 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 (b) and (c), must be submitted to the DFSA using the DFSA'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 App10 and PRU; and
- (ii) within two months of the Insurer's reporting date;
- (b) the Statement by Directors must be signed and a copy maintained in accordance with Rules 6.5.9 and 6.5.10; and
- (c) the Global Return for a Branch must be submitted in the manner provided in Rule 6.5.7.

#### Guidance

The Returns and instructional guidelines are provided in App10, PRU and the DFSA's electronic prudential reporting system.

**6.5.9** ~~The statement of Directors in~~ Statement by Directors forming part of the Quarterly Regulatory Return must be authenticated signed before the time of submission by:

- (a) if the Insurer is a DIFC Incorporated Insurer, one Director of the Insurer; or
- (b) if the Insurer is not a DIFC Incorporated Insurer, the Senior Executive Officer and, if that Person is not a Director, one Director of the Insurer.

**6.5.10** ~~For the purpose of authentication in Rule 6.5.9, the specified individual must sign a hard copy of the Quarterly Regulatory Return and keep an original copy of the Quarterly Regulatory Return~~ An original signed hard copy of the Statement by Directors together with a copy of the Quarterly Regulatory Return submitted to the DFSA using the DFSA's electronic prudential reporting system, must be kept for at least 6 years for inspection by the DFSA.

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## 6.6 Reporting of group capital adequacy

**6.6.1** An Insurer must, at the end of each reporting period and at the mid-point of each reporting period, prepare a report on the Financial Group capital adequacy of any Financial Group of which it is a member and in respect of which it is required by Chapter 8 to calculate Financial Group Capital Requirements and Financial Group Capital Resources. This Report shall be known as the Financial Group Capital Adequacy Report.

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- 6.6.2** (1) The Financial Group Capital Adequacy Report must be filed in writing by the Insurer with the DFSA:
- (a) within four months of the Insurer's reporting date in the case of a report at the end of a reporting period; or
  - (b) within two months of the Insurer's mid-year date in the case of a report at the mid-point of a reporting period.
- (2) The Financial Group Capital Adequacy Report must state:
- (a) the name of the Insurer;
  - (b) the reference date of the report;
  - (c) the name, location and activity of the Parent entity of the Financial Group in respect of which the report is made;
  - (d) the Financial Group Capital Resources, calculated in accordance with Rule 8.3.4;
  - (e) the Financial Group Capital Requirement, calculated in accordance with Rule 8.3.3;
  - (f) the amount of surplus or deficit, expressed as the amount in (d) minus the amount in (e);
  - (g) a list of all Authorised Firms and Financial Institutions in the Financial Group;
  - (h) if any Authorised Firm in the Financial Group is itself a Parent, the items referred to in (d), (e) and (f) in respect of the Financial Group headed by that Authorised Firm; and
  - (i) particulars of any Authorised Firm or Financial Institution in the Financial Group in respect of which the capital requirement calculated in accordance with Rule 8.3.3 exceeds its Capital Resources or Adjusted Capital Resources calculated in accordance with Rule 8.3.4(1)(b).
- (3) Amounts in the Financial Group Capital Adequacy Report must be expressed in thousands of dollars.
- (4) The Financial Group Capital Adequacy Report must be signed by:
- (a) the ~~p~~Persons specified in ~~Rule 6.5.2~~ Rule 6.5.3 in the case of a report at the end of a reporting period; or
  - (b) the ~~p~~Persons specified in ~~Rule 6.5.5~~ Rule 6.5.9 in the case of a report at the mid-point of a reporting period.
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- (5) The Financial Group Capital Adequacy Report must be accompanied by a statement by the Insurer’s auditor, made in writing to the directors of the Insurer and to the DFSA, and stating whether any significant matter has come to the attention of the auditor to indicate that the report has not been properly compiled in accordance with the requirements of this section, from information provided to the Insurer by other members of the Financial Group and from the Insurer’s own records.

**Guidance**

1. Where information that would be contained in the Financial Group Capital Adequacy Report would be identical with information previously or concurrently provided to the DFSA pursuant to this or another provision of the Rulebook, and that information has not changed, the DFSA will normally accept a statement to that effect in the report in place of that information.
2. Form ~~PIN-17~~ IN 170 in PRU the Prudential Returns Module may be used by an Insurer to present the Financial Group Capital Adequacy Report. Use of this form is not mandatory, however if the form is used the instructional guidelines ~~at~~ in PRU 3-17 must be observed.

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## APP10 REPORTING TO THE DFSA

### A10.1 Purpose and general provisions

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**A10.1.2** In this appendix and the forms, unless the term ‘Annual Regulatory Return’ or ‘Quarterly Regulatory Return’ is used, the term ‘Return’ includes both of those Returns.

#### Guidance

1. The form and content of the Returns differs according to the characteristics of the Insurer.
2. General requirements relating to the recognition and measurement of assets and liabilities are dealt with in PIN chapter 5.
3. The Returns are provided in PRU.
4. This appendix sets out some matters relating to content and presentation of the information contained in the Returns. Further guidance in relation to the preparation and submission of the Returns is provided in PRU and the DFSA’s electronic prudential reporting system.

### A10.2 Completion of forms for global, cell, fund and DIFC business reporting units

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**A10.2.3** Every Insurer that is required by ~~PIN chapter 3~~ PIN chapter 6 to complete a Return must complete a Global Return. A Global Return has the following characteristics:

- (a) Subject to (b), a Global Return includes all of the assets, liabilities, equity, revenues and expenses of the Insurer, regardless of the residency status or location of the Insurer, of the customer or of any asset or liability.
  - (b) The Global Return of a Protected Cell Company does not include any assets, liabilities, equity, revenues or expenses that are attributable to a Cell.
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**A10.2.4** Except as provided otherwise in this appendix, an Insurer that is a Protected Cell Company must complete a Cell Return in respect of each Cell that it maintains. A Cell Return includes all of the assets, liabilities, equity, revenues and expenses attributable to the Cell, regardless of the residency status or location of the customer or of any asset or liability. An Insurer to which this ~~section~~ Rule applies is not required to complete a Quarterly Regulatory Return in respect of any Cells maintained by it that are Captive Cells.

**A10.2.5** Except as provided otherwise in this appendix, an Insurer that maintains a Long-Term Insurance Fund must complete a Fund Return in respect of each Long-Term Insurance Fund that it maintains. A Fund Return includes all of the assets, liabilities, revenues and expenses attributable to the Fund, regardless of the residency status or location of the customer or of any asset or liability. An Insurer to which this ~~section~~ Rule applies is not required to complete a Fund Return in the following cases:

- (a) where the Insurer is deemed to constitute a single, Long-Term Insurance Fund, such that the information contained in the Fund Return would be identical to that in the Global Return; and
- (b) where a Cell of the Insurer is deemed to constitute a single, Long-Term Insurance Fund, such that the information contained in the Fund Return would be identical to that in the Cell Return.

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### **A10.3 Content of Returns**

**A10.3.1** The Annual Regulatory Return comprises the following forms, together with the Supplementary Notes pertaining to those forms and the Statement of ~~by~~ Directors referred to in ~~section~~ Rule A10.5:

- (a) ~~Form 1~~ Form IN 10: (Statement of financial position);
- (b) ~~Form 2~~ Form IN 20: (Statement of capital adequacy);
- (c) ~~Form 3~~ Form IN 30: (Statement of financial performance);
- (d) ~~Form 4~~ Form IN 40: (Statement of premium revenue and reinsurance expense);
- (e) ~~Form 5~~ Form IN 50: (Statement of claims expense and recovery revenue);
- (f) ~~Form 6~~ Form IN 60: (Statement of movements in insurance provisions);



- (g) ~~Form 7~~ Form IN 70: (Statement of investment income);
- (h) ~~Form 8~~ Form IN 80: (Statement of acquisition expenses); and
- (i) ~~Form 9~~ Form IN 90: (Reconciliation to financial statements);
- (j) Form IN 100 (Summary statement of operations);
- ~~(j)~~ (k) ~~Form 11~~ Form IN 110: Reconciliation of Direct to Total Long-Term Insurance Business (Reconciliation of direct to total long-term insurance business);
- ~~(k)~~ (l) ~~Form 12~~ Form IN 120: Statement of Direct Long-Term Insurance Business (Statement of direct long-term insurance business);
- ~~(l)~~ (m) ~~Form 13~~ Form IN 130: Statement of Direct Long-Term Insurance Liabilities (Statement of direct long-term insurance liabilities);
- ~~(m)~~ (n) ~~Form 14~~ Form IN 140: Statement of Assets Covering Direct Linked Long-Term Insurance Liabilities (Statement of assets covering direct linked long-term insurance liabilities);
- ~~(n)~~ (o) ~~Form 15~~ Form IN 150: Statement of Assets Covering Direct Non-Linked Long-Term Insurance Liabilities and Minimum Capital Requirements (Statement of assets covering direct non-linked long-term insurance liabilities and minimum capital requirements); and
- ~~(o)~~ (p) ~~Form 16~~ Form IN 160: Calculation of Direct Long-Term Insurance element of Long-Term Insurance Risk Component (Calculation of direct long-term insurance element of long-term insurance risk component); and
- ~~(p)~~ Form 17: Statement of Financial Group Capital Adequacy.

**A10.3.2** The Quarterly Regulatory Return comprises the following forms, together with the Supplementary Notes pertaining to those forms and the Statement of by Directors referred to in ~~section~~ Rule A10.5:

- (a) ~~Form 1~~ Form IN 10: (Statement of financial position);
- (b) ~~Form 2~~ Form IN 20: (Statement of capital adequacy);
- (c) ~~Form 3~~ Form IN 30: (Statement of financial performance); and
- (d) ~~Form 10~~ Form IN 100: (Summary statement of operations).
- ~~(e)~~ Form 12: Statement of Direct Long-Term Insurance Business.

**A10.3.3** The forms referred to in ~~section~~ Rule A10.3.1 and ~~section~~ Rule A10.3.2 must be prepared for each reporting unit for which an Insurer is required to submit an Annual Regulatory Return or a Quarterly Regulatory Return as applicable, except where:

- (a) this appendix, ~~or the form~~ instructional guidelines to the form set out in PRU or the DFSA's electronic prudential reporting system states that the form is not required for that reporting unit, or for that Insurer; or
- (b) the form would contain no information, in which case the Insurer may omit the form and present a Supplementary Note stating that the form has not been prepared for that reason.

**A10.3.4** The forms comprising the Returns are set out in PRU and the DFSA's electronic prudential reporting system.

**A10.3.5** Items must be disclosed in the ~~Rules~~ Returns in accordance with the instructional guidelines set out in PRU and the DFSA's electronic prudential reporting system, subject to the effects of other provisions of this appendix.

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#### **A10.4 General provisions relating to the completion of forms**

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**A10.4.7** Where this appendix or the form requires information to be presented for different Classes of Business or for different types of insurance contract (for example, direct insurance, facultative reinsurance, proportional reinsurance treaty and non-proportional reinsurance treaty), an Insurer required to complete the form must present the relevant information in respect of all Classes of Business and types of contract, except under the following circumstances so far as concerns businesses other than Direct Long Term Insurance Business of a DIFC Incorporated Insurer:

- (a) Where an item of numerical information in respect of a Class of Business for a type of insurance contract is less than two per cent of the total such numerical information in respect of all Classes of Business for that type of insurance contract, the Insurer may aggregate that numerical information for that Class of Business for that type of insurance contract with the same item of information for the Class of Business for that type of contract in which that item of information is the largest.
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- (b) Where an item of numerical information in respect of a type of insurance contract for a Class of Business is less than two per cent of the total such numerical information in respect of all types of insurance contract for that Class of Business, the Insurer may aggregate that numerical information for that type of insurance contract for that Class of Business with the same item of information for the type of insurance contract for that Class of Business in which that item of information is the largest.

**Guidance**

This ~~section~~-Rule establishes de minimis limits for an Insurer in respect of detailed numerical information presented by Class of Business or by type of insurance contract. These de minimis limits do not apply for Direct Long-Term Insurance Business carried on by a DIFC Incorporated Insurer. Amounts below the de minimis limits may be aggregated together with other items of information in the same line or column of a form. Insurers are not required to apply the sub-sections in the order that they are set out. However, Insurers should ensure that the Returns continue to comply with both sub-sections after applying either. It is possible that applying the second sub-section to be applied could affect compliance with the first.

- A10.4.8** Where an Insurer arranges its affairs such that a Cell or Long-Term Insurance Fund maintained by it pays or receives income in the form of interest, dividends, rental, recharge of management expenses or other investment income, from another reporting unit of the Insurer, that income must be shown gross as an expense in the reporting unit bearing the expense, and as income in the reporting unit receiving the income. Where, however, the same reporting unit records the income and the expense, the two must be netted.

**Guidance**

This ~~section~~-Rule establishes accounting policy in respect of transactions between reporting units. Internal recharges within an Insurer should be shown as such where they are external to a reporting unit of that Insurer. However, where a reporting unit (for example, the Global Return of an Insurer that is not a Protected Cell Company, and that maintains one or more Long-Term Insurance Funds) includes both 'sides' of the internal transaction, the internal transaction must be eliminated by netting the income and expense.

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## A10.5 Statement by directors

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**A10.5.2** The Statement by Directors forming part of the Annual Regulatory Return must state that:

- (a) the Annual Regulatory Return has been prepared in accordance with the provisions of PIN chapter 6, and this appendix, PRU chapter 3 and the DFSA's electronic prudential reporting system;
- (b) proper accounting records have been maintained and adequate information obtained by the Insurer;
- (c) appropriate systems and controls have been established and maintained by the Insurer over its transactions and records;
- (d) the Insurer has complied with the provisions of PIN chapter 4 throughout the reporting period; and
- (e) the Insurer complies, as at the date of the statement, with those provisions of PIN that are applicable to it.

**A10.5.3** The Statement by Directors forming part of the Quarterly Regulatory Return must state that:

- (a) the Quarterly Regulatory Return has been prepared in accordance with the provisions of ~~PIN chapter 3~~PIN chapter 6, of and this appendix, PRU chapter 3 and the DFSA's electronic prudential reporting system; and
- (b) the Insurer complies, as at the date of the statement, with those provisions of PIN that are applicable to it.

**A10.5.4** If in the opinion of the directors it would be untrue to make one or more of the statements referred to in ~~section A10.5.4~~ Rule A10.5.2 and ~~section~~ Rule A10.5.3 the statements concerned must be omitted and the Insurer must instead state in a Supplementary Note that the directors are unable to make the statements in question, and must give the reasons for that inability.

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