

20.0 Introductory Guidance

ICP 20 Public Disclosure

The supervisor requires insurers to disclose relevant and comprehensive information on a timely basis in order to give policyholders and market participants a clear view of their business activities, risks, performance and financial position.

- 20.0.1 Public disclosure of material information is expected to enhance market discipline by providing meaningful and useful information to policyholders to make decisions on insuring risks with the insurer, and to market participants (which includes existing and potential investors, lenders and other creditors) to make decisions about providing resources to the insurer.
- 20.0.2 So far as practicable, information should be presented in accordance with any applicable jurisdictional, international standards or generally accepted practices so as to aid comparisons between insurers.
- 20.0.3 In setting public disclosure requirements, the supervisor should take into account the information provided in general purpose financial statements and complement it as appropriate. The supervisor should note that insurers which provide public general purpose financial reports may largely comply with jurisdictional disclosure standards that are reflective of this ICP. Where a supervisor publishes on a regular and timely basis information received from insurers, the supervisor may decide that those insurers do not need to publicly disclose that same information.
- 20.0.4 To the extent that there are differences between the methodologies used in regulatory reporting, general purpose financial reporting and any other items for public disclosure, such differences should be explained and reconciled where possible.
- 20.0.5 The supervisor's application of disclosure requirements will depend on the nature, scale and complexity of insurers. For example, it may be overly burdensome for a small, private insurer to meet the same requirements developed for large, publicly traded insurers. While disclosure requirements may vary, the outcome should promote market discipline and provide policyholders and market participants with adequate information for their needs.
- 20.0.6 Additionally, the supervisor may decide not to apply disclosure requirements if there is no potential threat to the financial system, no public interest need for disclosure, and no legitimately interested party is prevented from receiving information. It is expected that such situations would be exceptional but could be more relevant for certain types of insurers (for example, captive insurers).
- 20.0.7 Public disclosure may include a description of how information is prepared, including methods applied and assumptions used. Disclosure of methods and assumptions may assist policyholders and market participants in making comparisons between insurers. Accounting and actuarial policies, practices and

procedures differ not only between jurisdictions but also between insurers within the same jurisdiction. Meaningful comparisons can be made only where there is adequate disclosure of how information is prepared.

- 20.0.8 Similarly, meaningful comparisons from one reporting period to another can be made only if the reader is informed how the methods and assumptions of preparation have changed and, if practicable, the impact of that change. Changes over time may not be seen as arbitrary if the reasons for changes in methods and assumptions are explained. If an insurer uses methods and assumptions in the preparation of information which are consistent from period to period, and discloses these, it will assist in the understanding of trends over time.
- 20.0.9 Where changes in methods and assumptions are made, the nature of such changes, the reason for them and their effects, where material, should be disclosed. It may be helpful if information is presented in a manner that facilitates the identification of patterns over time, including providing comparative or corresponding figures from previous periods (eg by presenting loss triangulations).
- 20.0.10 In establishing disclosure requirements for its jurisdiction, the supervisor should consider the need for disclosures that deliver key information rather than unnecessary volumes of data. Excessive disclosure requirements will not lead to effective disclosures for policyholders and market participants and will be burdensome for insurers.
- 20.0.11 In establishing disclosure requirements, the supervisor should take into account proprietary and confidential information. Proprietary information comprises information on characteristics and details of, for example, insurance products, markets, distribution and internal models and systems that could negatively influence the competitive position of an insurer if made available to competitors. Information about policyholders and insured parties is usually confidential under privacy legislation or contractual arrangements.
- 20.0.12 Proprietary and confidential information affects the scope of the required disclosure of information by insurers about their customer base and details on internal arrangements (for example, methodologies used or parameter estimates data). The supervisor should strike an appropriate balance between the need for meaningful disclosure and the protection of proprietary and confidential information.
- 20.0.13 A consolidated group as determined under applicable accounting standards may differ from a group for the purposes of insurance supervision (see ICP 23 Group-wide Supervision). In circumstances where this is the case, the supervisor may require disclosures based on the scope of the group for supervisory purposes. Where an insurer's scope of the group is different under applicable accounting standards and solvency standards, it may be appropriate if reasons are provided and an explanation given about the basis on which disclosures have been provided.
- 20.0.14 Disclosures by insurance legal entities may cross-refer to existing public disclosures to avoid duplication.

20.1 Subject to their nature, scale and complexity, insurers make audited financial statements available at least annually.

20.1.1 Where audited financial statements are not required by the supervisor given the nature, scale and complexity of an insurer (for example, for a small local branch office of a foreign insurer), the supervisor may require that similar information is made publicly available by other means.

20.2 Insurers disclose, at least annually and in a way that is publicly accessible, appropriately detailed information on their:

- company profile;
- corporate governance framework;
- technical provisions;
- insurance risk exposure;
- financial instruments and other investments;
- investment risk exposure;
- asset-liability management;
- capital adequacy;
- liquidity risk; and
- financial performance.

20.2.1 In developing disclosure requirements, the supervisor may consider whether such disclosures are:

- easily accessible and up-to-date;
- comprehensive, reliable and meaningful;
- comparable between different insurers operating in the same market;
- consistent over time so as to enable relevant trends to be discerned; and
- aggregated or disaggregated so that useful information is not obscured.

20.2.2 Information should be disseminated in ways best designed to bring it to the attention of policyholders and market participants, but taking into account the relative effectiveness and costs of different methods of dissemination (for example, printed versus digital methods).

20.2.3 Information should be provided with sufficient frequency and timeliness to give a meaningful picture of the insurer to policyholders and market participants. The need for timeliness will need to be balanced against that for reliability.

20.2.4 Disclosure requirements may also have to balance the interests of reliability against those of relevance or usefulness. For example, in some long-tail classes of insurance, realistic projections as to the ultimate cost of incurred claims are highly relevant. However, due to uncertainties, such projections are subject to a high

degree of inherent errors of estimation. Qualitative or quantitative information can be used to convey to users an understanding of the relevance and reliability of the information disclosed.

20.2.5 Information should be sufficiently comprehensive to enable policyholders and market participants to form a well-rounded view of an insurer's financial condition and performance, business activities, and the risks related to those activities. In order to achieve this, information should be:

- well-explained so that it is meaningful;
- complete so that it covers all material circumstances of an insurer and, where relevant, those of the group of which it is a member; and
- both appropriately aggregated so that a proper overall picture of the insurer is presented and sufficiently disaggregated so that the effect of distinct material items may be separately identified.

20.2.6 Information should, so far as practicable, reflect the economic substance of events and transactions as well as their legal form. The information should be neutral (ie, free from material error or bias) and complete in all material respects.

Company Profile

20.3 Disclosures include information about the insurer's company profile such as:

- **the nature of its business;**
- **its corporate structure;**
- **key business segments;**
- **the external environment in which it operates; and**
- **its objectives and the strategies for achieving those objectives.**

20.3.1 The overall aim for the company profile disclosure is for insurers to provide a contextual framework for the other information required to be made public.

20.3.2 Disclosures on the nature of the insurer's business and its external environment should assist policyholders and market participants in assessing the strategies adopted by the insurer.

- 20.3.3 Disclosures may include information about the insurer's corporate structure, which should include any material changes that have taken place during the year. For insurance groups, where provided, such disclosures should focus on material aspects, both in terms of the legal entities within the corporate structure and the business functions undertaken within the group. In the event of differences in the composition of a group for supervisory purposes and for public reporting purposes, it would be useful if a description of the entities constituting those differences was also provided.
- 20.3.4 Disclosures may include information on the key business segments, main trends, factors and events that have contributed positively or negatively to the development, performance and position of the company.
- 20.3.5 Disclosures may include information on the insurer's competitive position and its business models (such as its approach to dealing and settling claims or to acquiring new business) as well as significant features of regulatory and legal issues affecting its business.
- 20.3.6 Disclosures may include information about company objectives, strategies and timeframes for achieving those objectives, including the approach to risk appetite, methods used to manage risks, and key resources available. To enable policyholders and market participants to assess these objectives, and the insurer's ability to achieve them, it may be appropriate if the insurer also explains significant changes in strategy compared to prior years.
- 20.3.7 Key resources available may include both financial and non-financial resources. For non-financial resources the insurer may, for example, provide information about its human and intellectual capital.

Corporate Governance Framework

20.4 The supervisor requires that disclosures about the insurer's corporate governance framework provide information on the key features of the framework, including its internal controls and risk management, and how they are implemented.

- 20.4.1 Disclosures should include the manner in which key business activities and control functions are organised, and the mechanism used by the Board to oversee these activities and functions, including for changes to key personnel and management committees. Such disclosures should demonstrate how the key activities and control functions fit into an insurer's overall risk management framework.
- 20.4.2** Where a material activity or function of an insurer is outsourced, in part or in whole disclosures may include the insurer's outsourcing policy and how it maintains oversight of, and accountability for, the outsourced activity or function.

Technical Provisions

20.5 The supervisor requires that disclosures about the insurer's technical provisions are presented by material insurance business segment and include, where relevant, information on:

- the future cash flow assumptions;
- the rationale for the choice of discount rates;
- the risk adjustment methodology where used; and
- other information as appropriate to provide a description of the method used.

20.5.1 Disclosures related to technical provisions should provide information on how those technical provisions are determined. As such, disclosures may include information about the level of aggregation used and the amount, timing and uncertainty of future cash flows in respect of insurance obligations.

20.5.2 Disclosures should include a presentation of technical provisions and reinsurance assets on a gross basis. However, it may be useful to have information about technical provisions presented on both a net and gross basis.

20.5.3 Information may be disclosed about the method used to derive the assumptions for calculating technical provisions, including the discount rate used. Disclosures may also include information about significant changes in assumptions and the rationale for the changes.

20.5.4 When applicable, information about the current estimate and margin over the current estimate may include the methods used to calculate them, whether or not these components of technical provisions are determined separately. If the methodology has changed since the last reporting period, it would be useful to include the reasons for the change and any material quantitative impact.

20.5.5 It may be useful if the insurer provides an outline of any model(s) used and describe how any range of scenarios regarding future experience has been derived.

20.5.6 Disclosures may include a description of any method used to treat acquisition costs and whether future profits on existing business have been recognised.

20.5.7 Where surrender values are material, disclosures may include the insurer's surrender values payable.

20.5.8 Disclosure of a reconciliation of technical provisions from the end of the previous year to the end of the current year may be particularly useful.

20.5.9 Disclosure of technical provisions may be presented in two parts:

- one part that covers claims from insurance events which have already taken place at the date of reporting (claims provisions including incurred but not reported (IBNR) and incurred but not enough reported (IBNER) provisions) and for which there is an actual or potential liability; and
- another part that covers losses from insurance events which will take place in the future (for example, the sum of provision for unearned premiums and provision for unexpired risks (also termed premium deficiency reserve)).

20.5.10 Providing this disclosure in two parts is particularly important for lines of insurance business where claims may take many years to settle.

Life insurers

20.5.11 It may be useful if the disclosures include key information on the assumed rates, the method of deriving future mortality and disability rates, and whether customised tables are applied. Disclosures may include a life insurer's significant assumptions about future changes of mortality and disability rates.

20.5.12 It may enhance policyholder and market participant understanding if disclosures include information on the conditions for the amount and timing of the allocation of participation features and how such features are valued in technical provisions. Required disclosures could include whether participation features are based on: the performance of a group of contracts; the realised/unrealised investment returns from a pool of assets; the profit or loss of the company; or any other element. Disclosures could also be required on the extent to which such features are contractual and/or discretionary.

20.5.13 Disclosures may include quantitative information on the life insurer's minimum participation features and actual distributions to policyholders. For example, the following quantitative information may be shown by segment:

- guaranteed policyholder benefits paid; and
- additional policyholder benefits paid which arise from profit sharing clauses.

20.5.14 Disclosures may include the assumptions and methodologies employed to value significant guarantees and options, including the assumptions concerning policyholder behaviour.

Non-life insurers

20.5.15 In order to enable policyholders and market participants to evaluate trends, disclosures for non-life insurers may include historical data about earned premiums compared to technical provisions by class of business. To assess the appropriateness of assumptions and methodology used for determining technical provisions, historical data on the run off result and claims development could be disclosed.

20.5.16 To facilitate the evaluation of a non-life insurer's ability to assess the size of the commitments to indemnify losses covered by the insurance contracts issued,

disclosures for non-life insurers may include the run off results over many years, to enable policyholders and market participants to evaluate long-term patterns (for example, how well the insurer estimates the technical provisions). The length of the time period should reflect how long-tailed the distribution of losses is for the insurance classes in question.

20.5.17 Non-life insurers may disclose information on the run off results for incurred losses and for the provisions for future losses.

20.5.18 Disclosures for non-life insurers may include the run off results as a ratio of the initial provisions for the losses in question. When discounting is used, disclosures should include the effect of discounting.

20.5.19 Except for short-tail business, the supervisor may require non-life insurers to disclose information on the development of claims in a claims development triangle. A claims development triangle shows the insurer's estimate of the cost of claims (claims provisions and claims paid), as of the end of each year, and how this estimate develops over time. This information should be reported consistently on an accident year or underwriting year basis and reconciled to amounts reported in the balance sheet.

Insurance Risk Exposures

20.6 The supervisor requires that disclosures about the insurer's reasonably foreseeable and material insurance risk exposures, and their management, include information on:

- **the nature, scale and complexity of risks arising from its insurance contracts;**
- **the insurer's risk management objectives and policies;**
- **models and techniques for managing insurance risks (including underwriting processes);**
- **its use of reinsurance or other forms of risk transfer; and**
- **its insurance risk concentrations.**

20.6.1 Disclosures may include a quantitative analysis of the insurer's sensitivity to changes in key factors both on a gross basis and taking into account the effect of reinsurance, derivatives and other forms of risk mitigation on that sensitivity. For example, disclosures may include a sensitivity analysis by life insurers to the changes in mortality and disability assumptions or sensitivities to increased claim inflation by non-life insurers.

20.6.2 Where an insurance group includes legal entities in other sectors, disclosures may include the risk exposure of the insurance legal entities from those other entities and procedures in place to mitigate those risks.

20.6.3 Disclosures may include a description of the insurer's risk appetite and its policies for identifying, measuring, monitoring and controlling insurance risks, including information on the models and techniques used.

- 20.6.4 Disclosures may include information on the insurer's use of derivatives to hedge risks arising from insurance contracts. This information may include a summary of internal policies on the use of derivatives.
- 20.6.5 Disclosure of how an insurer uses reinsurance and other forms of risk transfer may enable policyholders and market participants to understand how the insurer controls its exposure to insurance risks.
- 20.6.6 Quantitative data on an insurer's reinsurance Disclosure may include the insurer's overall reinsurance programme to explain the net risk retained and the types of reinsurance arrangements made (treaty, facultative, proportional or non-proportional) as well as any risk mitigating devices that reduce the risks arising out of the reinsurance cover.
- 20.6.7 It may be beneficial if disclosures separately detail the reinsurers' share of technical provisions and receivables from reinsurers on settled claims. Further quantitative disclosures on reinsurance may include:
- the credit quality of the reinsurers (for example, by grouping reinsurance assets by credit rating);
 - credit risk concentration of reinsurance assets;
 - the nature and amount of collateral held against reinsurance assets;
 - the development of reinsurance assets over time; and
 - the ageing of receivables from reinsurers on settled claims.
- 20.6.8 Description of the insurer's risk concentrations may include, at least, information on the geographical concentration of insurance risk, the economic sector concentration of insurance risk, the extent to which the risk is reduced by reinsurance and other risk mitigating elements and, if material, the risk concentration inherent in the reinsurance cover.
- 20.6.9 It may be useful if disclosures include the impact and planned action when the expected level or scope of cover from a reinsurance/risk transfer contract is not obtained.
- 20.6.10 Disclosures may include the geographical concentration of premiums. The geographical concentration may be based on where the insured risk is located, rather than where the business is written.
- 20.6.11 If material, disclosures may include the number of reinsurers that it engages, as well as the highest concentration ratios. For example, it would be appropriate to expect an insurer to disclose its highest premium concentration ratios, which shows the premiums ceded to an insurer's largest reinsurers in aggregate, as a ratio of the total reinsurance premium ceded.

Financial Instruments and Other Investments

20.7 The supervisor requires that disclosures about the insurer's financial instruments and other investments include information on:

- instruments and investments by class;
- investment management objectives, policies and processes; and
- values, assumptions and methods used for general purpose financial reporting and solvency purposes, as well as an explanation of any differences, where applicable.

20.7.1 For the purposes of disclosure, an insurer may group assets and liabilities with similar characteristics and/or risks into classes and then disclose information segregated by those classes.

20.7.2 Where investment management objectives, policies and processes differ between segments of an insurer's investment portfolio, disclosures should be sufficient to provide an understanding of those differences.

20.7.3 When providing disclosures around the uncertainty of reported values of financial instruments and other investments, it may be useful if the effect of derivatives on that uncertainty is also disclosed.

Investment Risk Exposures

20.8 The supervisor requires disclosures about the insurer's material investment risk exposures, and their management.

20.8.1 Disclosures may include quantitative information, about its exposure to:

- currency risk;
- market risk;
- credit risk; and
- concentration risk.

20.8.2 The risks listed above may affect both assets and liabilities. For example, market risk arising from interest rate movement may be reflected in changes in the valuation of an insurer's fixed income investments as well as changes in the valuation of insurance liabilities if they are discounted using market interest rates. Changes in interest rates may also change the amounts that an insurer has to pay for its variable rate borrowings. Therefore, required disclosure may include the risk exposure arising from both an insurer's assets and its liabilities.

20.8.3 Disclosures may include the investment return achieved together with the risk exposure and investment objective. Disclosure of risk exposures can provide policyholders and market participants with valuable insight into both the level of variability in performance that one can expect when economic or market conditions change, and the ability of an insurer to achieve its desired investment outcome.

- 20.8.4 For investment risk exposures, disclosures may include the intra-period high, median and low exposures where there have been significant changes in exposure since the last reporting date. Disclosures may also include the amount bought and sold during a reporting period as a proxy for turnover. Such disclosure of risk exposures may also be required for each asset class.
- 20.8.5 In jurisdictions that require investment disclosures to be grouped by risk exposure, the disclosures should provide information about the risk management techniques used to measure the economic effect of risk exposure. Such disclosure may include an analysis by type of asset class.
- 20.8.6 Disclosures may include information on its use of derivatives to hedge investment risks, including a summary of internal policies on the use of derivatives.
- 20.8.7 Disclosures may include information on whether or not the insurer it carries out stress tests or sensitivity analysis on its investment risk exposures (for example, the change in capital resources as a percentage of total assets corresponding to a 100 basis point change in interest rates), and, if so, disclose the model, process and types of assumptions used and the manner in which the results are used as part of its investment risk management practices.
- 20.8.8 For debt securities, disclosures on the sensitivity of values to market variables including credit spreads may include breakdowns by credit rating of issue, type of issuer (eg government, corporate) and by period to maturity.
- 20.8.9 In addition to breakdowns on ratings and types of credit issuers, the insurer should disclose the aggregate credit risk arising from off-balance sheet exposures.

Asset-Liability Management

20.9 Disclosures about the insurer's asset-liability management (ALM) include information on:

- **ALM in total and, where appropriate, at a segmented level;**
- **the methodology used and the key assumptions employed in measuring assets and liabilities for ALM purposes; and**
- **any capital and/or provisions held as a consequence of a mismatch between assets and liabilities.**

- 20.9.1 To provide information on its ALM approach, disclosures may include qualitative information explaining how the insurer manages assets and liabilities in a co-ordinated manner. The explanation could take into account the ability to realise its investments quickly, if necessary, without substantial loss, and sensitivities to fluctuations in key market variables (including interest rate, exchange rate, and equity price indices) and credit risks.
- 20.9.2 Where an insurer's ALM is segmented (eg by different lines of business), disclosures may include information on ALM at a segmented level.



20.9.3 Where derivatives are used, it may be useful if the disclosures include a description of both the nature and effect of their use.

20.9.4 Disclosures may include the insurer's sensitivity of regulatory capital resources and provisions for mismatching to:

- changes in the value of assets; and
- changes in the discount rate or rates used to calculate the value of the liabilities.

Capital Adequacy

20.10 Disclosures about the insurer's capital adequacy include information on:

- **its objectives, policies and processes for managing capital and assessing capital adequacy;**
- **the solvency requirements of the jurisdiction(s) in which the insurer operates; and**
- **the capital available to cover regulatory capital requirements. If the insurer uses an internal model to determine capital resources and requirements, information about the model is disclosed.**

20.10.1 Information about objectives, policies and processes for managing capital adequacy assist in promoting the understanding of risks and measures which influence the capital calculation and the risk appetite that is applied.

20.10.2 It may be useful if the insurer discloses information to allow market participants to assess the quantity and quality of its capital in relation to regulatory capital requirements.

20.10.3 Disclosures may include qualitative information about its management of capital regarding:

- instruments regarded as available capital;
- key risks and measures which influence the capital calculation; and
- the insurer's risk appetite.

20.10.4 It may be useful if the disclosures include a description of any variation in the group as defined for capital adequacy purposes from the composition of the group used for general purpose financial reporting purposes.

CF 20.10.0 Introductory Guidance

CF 20.10.0.1 CF 20.10 establishes the ICS public disclosure requirements, which aim to enhance transparency by providing stakeholders with relevant information on the capital adequacy and risk profile of the IAIG. While public disclosure (CF 20.10) and supervisory reporting (CF 9.4) serve distinct purposes, there are instances where certain required information is the same. In such cases, the text in CF 20.10 and CF

9.4 is aligned to ensure consistency as the requirement refers to the same information.

CF 20.10.a The group-wide supervisor requires the Head of the IAIG to disclose comprehensive and appropriately detailed information of its ICS results.

CF 20.10.a.1 ICS results constitute the comprehensive set of information required under CF 20.10.b to CF 20.10.g.

CF 20.10.a.2 As required by ICP 20.2, the ICS results are to be disclosed at least annually and in a way that is publicly accessible.

CF 20.10.a.3 Illustrative examples of the disclosure templates can be found in Annex A.

CF 20.10.b The group-wide supervisor requires the Head of the IAIG to disclose its ICS ratio.

CF 20.10.b.1 The ICS ratio should be disclosed as a breakdown of its numerator and denominator as follows:

$\text{ICS ratio} = \text{Qualifying capital resources} / \text{ICS capital requirement}$

CF 20.10.b.2 The group-wide supervisor may require the Head of the IAIG to disclose the material changes in the ICS ratio since the last reporting period, including an explanation of the underlying drivers of these changes.

CF 20.10.c The group-wide supervisor requires the Head of the IAIG to disclose material entities included, and any material entities that have been excluded, in its ICS calculation.

CF 20.10.c.1 The group-wide supervisor should require the Head of the IAIG to disclose:

- a structure chart and/or list that includes all material entities within the IAIG, identifying entities that are insurance and insurance-related entities, as well as non-insurance entities, and specifying those entities subject to full or proportional consolidation (eg joint ventures and joint operations) and those reported as equity method investments; and
- any organisational changes since the previous reporting date.

CF 20.10.d The group-wide supervisor requires the Head of the IAIG to disclose its ICS consolidated balance sheet.

CF 20.10.d.1 The ICS consolidated balance sheet should include:

- the audited consolidated GAAP starting balance sheet of the IAIG, or where the IAIG does not prepare audited consolidated GAAP financials, an aggregated group balance sheet to reflect group level starting balances;
- any line-item adjustments, when material to the balance sheet, to reflect reclassifications necessary to conform to an ICS balance sheet (eg adjusting from a net to a gross presentation, reclassifications between line items, consolidation of joint

operating entities and non-voting interest entities) and explanations of these adjustments; and

- a reconciliation between the adjusted GAAP starting balance sheet and the ICS balance sheet reflecting valuation adjustments and the offsetting adjustments to equity.

CF 20.10.e The group-wide supervisor requires the Head of the IAIG to disclose quantitative information on the underlying valuation of its ICS balance sheet items, including:

Assets

- **The value of the total assets with a breakdown of main asset classes;**

Liabilities

- **The value of total liabilities;**
- **The value of insurance liabilities with a breakdown of:**
 - **current estimate by main lines of business; and**
 - **margin over current estimate (MOCE)**
- **Information on the value of insurance liabilities based on the discounting curves used and that as replicable by a portfolio of assets; and**
- **The value of non-insurance liabilities, with a breakdown of the main items classified as non-insurance liabilities.**

CF 20.10.e.1 The main lines of business in which the current estimate is split may be specified by the group-wide supervisor in a manner that is relevant to the business of the IAIG.

CF 20.10.e.2 The information disclosed on the value of insurance liabilities should include a breakdown based on the bucketing approach specified by the group-wide supervisor, regardless of the number of buckets. Such information may take the form of a high-level description of the products subject to the bucketing approach, the discounting curves used for material portfolios, the impact on insurance liabilities from the use of the bucketing approach, and other relevant details.

CF 20.10.e.3 Disclosed non-insurance liabilities should include items such as accruals, provisions, current and deferred tax liabilities, borrowings and hybrid securities.

CF 20.10.f The group-wide supervisor requires the Head of the IAIG to disclose quantitative information on its ICS capital resources, including:

- **the value of total qualifying capital resources;**
- **the value of capital resources, split into financial instruments and capital elements other than financial instruments (CEOFI), with their breakdown by tier;**

- the value of deductions from each tier of capital resources and their breakdown; and
- if any, the impact of capital composition limits on the total capital resources, with their breakdown by tier.

CF 20.10.g In cases where the IAIG uses the standard method to calculate the ICS capital requirement, the group-wide supervisor requires the Head of the IAIG to disclose quantitative information, including:

- the ICS capital requirement, with a breakdown of the ICS insurance and non-insurance capital requirement;
- for the insurance capital requirement, a breakdown covering at least the following risk categories: life risk, non-life risk, catastrophe risk, market risk, credit risk and operational risk;
- the effect of diversification between risk categories;
- relevant information to enable stakeholders to understand the IAIG's risk profile, at least in relation to each risk category;
- the utilisable tax effect on the ICS capital requirement, if applicable; and
- the impact of management actions on the ICS capital requirement, if applicable.

CF 20.10.g.1 The arrangement of risk categories may vary depending on the design of the standard method. Specifically, certain risk categories may be structured in a manner that allows for the integration of risk categories, into broader risk categories. In such cases, these risks may be treated as sub-risks within the applicable overarching risk categories (eg catastrophe risk can be treated within the life and non-life risk).

CF 20.10.g.2 The group-wide supervisor should require the Head of the IAIG to disclose quantitative information or, alternatively, relevant qualitative information on its risk profile, for each risk category.

CF 20.10.h In cases where the IAIG received approval to use an internal model, either full or partial, to calculate its ICS capital requirement, the group-wide supervisor requires the Head of the IAIG to disclose the information on its ICS capital requirement according to the internal model.

CF 20.10.h.1 The content and level of detail of this disclosure should align with those specified in CF 20.10.g, subject to the internal model structure and methodology as approved by the group-wide supervisor.

CF 20.10.h.2 Additionally, the group-wide supervisor may require the IAIG to disclose the approved internal model's scope and the differences with the ICS standard method's underlying assumptions when possible.

Liquidity Risk

20.11 The supervisor requires that disclosures about the insurer's liquidity risk include sufficient quantitative and qualitative information to allow a meaningful assessment by market participants of the insurer's material liquidity risk exposures.

20.11.1 Disclosures on liquidity risk should include:

- quantitative information on the insurer's sources and uses of liquidity, considering liquidity characteristics of both assets and liabilities; and
- qualitative information on the insurer's liquidity risk exposures, management strategies, policies and processes.

20.11.2 Disclosures should discuss known trends, significant commitments and significant demands. Disclosures should also discuss reasonably foreseeable events that could result in the insurer's liquidity position improving or deteriorating in a material way.

Financial Performance

20.12 Disclosures about the insurer's financial performance, in total and at a segmented level include information on:

- earnings analysis;
- claims statistics including claims development;
- pricing adequacy; and
- investment performance.

General financial performance

20.12.1 Disclosures should help policyholders and market participants better understand how profit emerges over time from new and in-force insurance contracts.

20.12.2 Disclosure may include a statement of changes in equity showing gains and losses recognised directly in equity as well as capital transactions with, and distributions to, shareholders, and profit sharing with policyholders.

20.12.3 Disclosures may include information on its operating segments and how they were determined.

20.12.4 An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the entity's management to make decisions about resources to be allocated. Examples of features by which business is segmented are:

- type of business: life insurance, non-life insurance, investment management; and
- mix of organisational and geographic approach: eg insurance jurisdiction X, insurance jurisdiction Y, insurance (other), asset management jurisdiction Z.

20.12.5 Disclosures may include the impact of amortisation and impairment of intangible assets on financial performance.

Technical performance

20.12.6 The insurer may provide statements of profit and loss that include the results, both gross and net of reinsurance, of their underwriting by broad lines of business.

20.12.7 If the insurer is a ceding insurer, disclosures may include gains and losses recognised in profit or loss on buying reinsurance.

Technical performance for non-life insurers

20.12.8 In order to judge how well insurance premiums cover the underlying risk of the insurance contracts and the administration expenses (pricing adequacy), disclosures may include data on:

- loss ratio;
- expense ratio;
- combined ratio; and
- operating ratio.

20.12.9 These ratios should be calculated from the profit and loss account of the reporting year and be gross of reinsurance in order to neutralise the effect of mitigation tools on the technical performance of the direct business. Gains on reinsurance cannot be expected to continue indefinitely without price adjustments from reinsurers. If the net ratios are materially different from the gross ratios, then both ratios should be disclosed. The ratios should be measured either on an accident year or an underwriting year basis.

20.12.10 When discounting is used, disclosures may include information on the discount rates used and method of discounting to be disclosed. The discount rates should be disclosed at an appropriate level of aggregation by duration, for example, for each of the next five years and the average rate for claims expected to be paid after five years.

20.12.11 Such disclosure should be accompanied by supporting narrative, covering an appropriate period, to enable policyholders and market participants to evaluate long-term trends better. Information relating to previous years should not be recalculated to take into account present information. The length of the period may reflect the historical volatility of the particular class of insurance business.

20.12.12 It may be appropriate in the case of high volume, homogeneous classes, for the supervisor to require insurers to disclose statistical information on claims. For

instance, the insurer could describe the trend in the number of claims and the average size of claims. To be relevant, this information should be linked to the level of business (eg number of policies or earned premiums).

20.12.13 In principle, the trend in claims may reflect the development in insurance risks. As it is difficult to point to one good measurement method of insurance risk, several can be considered. However, it would be normal for non-life insurers to be required to disclose historical data accompanied by supporting narrative at least on:

- the mean cost of claims incurred (ie, the ratio of the total cost of claims incurred to the number of claims) in the accounting period by class of business; and
- claims frequency (for example, the ratio of the number of claims incurred in the reporting period to the average number of insurance contracts in existence during the period).

Source of earnings analysis for life insurers

20.12.14 Where an applicable jurisdictional standard does not require a similar analysis to be disclosed, it may be useful for disclosures to include expected earnings on in-force business. This represents the earnings on the in-force business that were expected to be realised during the reporting period. Examples of this include expected release of risk margins, net management fees, and earnings on deposits.

20.12.15 Life insurers may disclose the impact of new business. This represents the point-of-sale impact on net income of writing new business during the reporting period. This is the difference between the premium received and the sum of the expenses incurred as a result of the sale and the new technical provisions established at the point of sale. This is also affected by any methodology used to defer and amortise acquisition expenses.

20.12.16 It may be useful for life insurers to disclose experience gains and losses. This represents gains and losses that are due to differences between the actual experience during the reporting period and the technical provisions at the start of the year, based on the assumptions at that date.

20.12.17 Life insurers may disclose the impact on earnings of management actions and changes in assumptions.

20.12.18 An example of a Source of Earnings analysis table for a life insurer is provided below.

Example: Source of Earnings						
	Segment A		Segment B		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Expected earnings on in-force business						
Impact of new business						
Experienced gains and losses:						
Investment						
Mortality						
Expenses						
Other						
Additional items:						
Changes in assumptions						
Earnings on surplus						
Other						
Income taxes						
= Net income						

Investment performance

20.12.19 Investment performance is one of the key determinants of an insurer's profitability. For many life insurance policies, returns that policyholders receive are either directly or indirectly influenced by the performance of an insurer's investments. Disclosure of investment performance is, therefore, essential to policyholders and market participants.

20.12.20 Disclosure of investment performance may be made on appropriate subsets of an insurer's assets (for example, assets belonging to the insurer's life insurance business, assets belonging to statutory or notionally segregated portfolios, assets backing a group of investment-linked contracts, assets grouped as the same asset class).

20.12.21 For investment performance related to equity securities, debt securities, properties and loans, the disclosures may include a breakdown of income (eg dividend receipts, interest income, rental income), realised gains/losses, unrealised gains/losses, impairments including changes in loan loss provisions and investment expenses.

Non-GAAP Financial Measures

20.13 Insurers that publicly disclose non-GAAP financial measures are required to adhere to the specified practices regarding those measures, where applicable.

20.13.1 In many jurisdictions, publicly-listed insurers are expected to adhere to specific practices, for disclosure of non-GAAP financial measures, which have been promulgated by the domestic securities supervisor. The supervisor could consider standards promulgated by the domestic securities supervisor appropriate.

20.13.2 *If no such requirements exist from the domestic securities supervisor for non-GAAP financial measures, the supervisor may promulgate requirements for insurers based on considerations of best practices and existing international guidance from key standard setting bodies dealing with financial disclosures.*

Annex A: Examples of ComFrame ICS reporting templates by an IAIG to be publicly disclosed

The following is provided as an example for what could constitute a level of detail for public disclosure when implementing the ICS.

ICS Summary

Description		Current period	Prior Period
	ICS ratio		
1	ICS ratio 1 = 2 / 3	xx	xx
2	Qualifying capital resources	xx	xx
3	ICS capital requirement	xx	xx
	Qualifying capital resources		
4	Total qualifying capital resources 4 = 5+6+7+8+9+10-11-12-13-14	xx	xx
5	Financial instruments – Tier 1 Unlimited	xx	xx
6	Financial instruments – Tier 1 Limited	xx	xx
7	Financial instruments – Tier 2 Paid-Up	xx	xx
8	Financial instruments – Tier 2 Non-Paid-Up	xx	xx
9	CEOFI – Tier 1 capital elements	xx	xx
10	CEOFI – Tier 2 capital elements	xx	xx
11	Deductions from Tier 1 capital resources	xx	xx
12	Deductions from Tier 2 capital resources	xx	xx
13	Excess over Tier 1 limits	xx	xx
14	Excess over Tier 2 limits	xx	xx
	ICS capital requirement (15+16)		
15	Non-insurance	xx	xx
16	Insurance	xx	xx
	Insurance capital requirement (17+18+19+20+21+22-23-24-25)	xx	xx
17	Life risk	xx	xx
18	Non-life risk	xx	xx
19	Catastrophe risk	xx	xx
20	Market risk	xx	xx
21	Credit Risk	xx	xx

22	Operational risk	xx	xx
23	Impact of management actions	xx	xx
24	Effect of diversification	xx	xx
25	Utilisable tax effect	xx	xx
	Valuation		
	Assets		
26	Total Assets	xx	xx
27	Investments (may refer to the breakdown in the financial report)	xx	xx
28	Assets other than investments (may refer to the breakdown in the financial report)	xx	xx
	Liabilities		
29	Total Liabilities	xx	xx
30	Insurance liabilities	xx	xx
31	<i>Current estimate</i>	xx	xx
32	<i>Breakdown into main lines of business</i>	xx	xx
33	<i>Breakdown according to different discounting curves used and as replicable by a portfolio of assets</i>	xx	xx
34	<i>Margin over current estimate (MOCE)</i>	xx	xx
35	Non-insurance liabilities (may refer to the breakdown in the financial report)	xx	xx

GAAP Balance Sheet Reconciliation to ICS Balance Sheet

Description	Starting GAAP	Insurance	Reclass (Insurance)	ICS Adjust. (Insurance)	Non- Insurance	ICS
			Plus / (minus)	Plus / (minus)		Total
Assets...	xx	xx	xx	xx	xx	xx
xxx						
xxx						
xxx						
Liabilities...	xx	xx	xx	xx	xx	xx
xxx						
xxx						
xxx						


Reconciliation of Total Equity from GAAP to MAV

GAAP	xxx
<i>Adjustment Offsets</i>	
Investments	xxx
Other Assets	xxx
Deferred Tax	xxx
Other Liabilities	xxx
Insurance Liabilities	xxx
ICS	xxx