

STATEMENT OF SOLVENCY

1. **Paid-up Capital / Working fund** refers to the minimum capital requirements for insurance licensees as specified in the Directive on Minimum Capital Requirement by Labuan Licensed Entities issued on 5 October 2015 which should be read to together with Clarification Note for Directive on Minimum Capital Requirement by Labuan Licensed issued on 13 October 2015. The amount to be reported should not be based on total capital / working fund during establishment or existing capital respectively.

The Ringgit foreign exchange rates should be applied to item 1 based on the “close” session, middle rate as published by Bank Negara Malaysia (BNM) as at end of reporting period. In the event the reporting period is not a trading day, to use the next available previous day BNM Closing Middle Rate”.

In addition, the BNM exchange rates should also applicable to other transaction that involves in ringgit currency.

2. **General: 20% of net premium income (NPI) of the preceding year** refers to the gross premium accounted of the preceding year to which the statement relates in respect of direct business and reinsurance accepted business after deducting reinsurances ceded or retroceded.

The amount of NPI computed should be based on audited returns of last preceding year and consistent with Form GI8a/b or GR8a/b, namely Statement of Premium. Where the audited returns cannot be obtained or unfinalised, the NPI can be computed by using unaudited returns of the preceding year, i.e. as at 31 December (12 months), subject to the approval from Industry Reporting Unit of Labuan FSA. Where the NPI is negative value, the reporting entity shall report “0”.

This item should only be reported for the reporting entity who underwritten general business.

3. **Life: 3% of actuarial valuation of liabilities as at last valuation date** refers to a computed amount of 3% derived from a percentage of the actuarial valuation liabilities.
4. **Required margin of solvency (higher between)** is formularised amount and computed by the system.
5. **Total Assets** refers to the aggregate value of fixed assets, loans, investments, cash and deposits as well as other assets. The amount should be corresponding with the total assets reported in Balance Sheet.
6. **Total liabilities** refers to the aggregate value of insurance funds and reserve, other liabilities, balance of Revenue Account and amount due to P&L / Head Office Account. The amount should be corresponding with the total liabilities (items A, B C and D) reported in Balance Sheet.
7. **Excess of assets over liabilities** is formularised amount and computed by the system.
8. **Surplus / (Deficit) of margin of solvency (G-D)** is formularised amount and computed by the system.

MANPOWER

1. **Senior Management** refers to persons at the highest level of organizational management. They hold specific executive powers conferred onto them with and by authority of the board of directors and/or the shareholders who decide on or participate in the formulation of the policy of the reporting institution and plan, organise and direct the interpretation and execution of policy. Their work involves the responsibility for their organization as a whole or for one or more departments of the organisation. They include, for example, Directors Chief Executive Officer, General Manager, Senior Vice President, Deputy General Manager, Senior Manager, Branch Manager who act as head of the Labuan Branch operations etc.
2. **Middle Management** refers to persons supervising various activities or a particular kind of activity. They normally assist the senior management in the day-to-day operation of the company. Middle management include, for example, Operation Manager, Credit Manager, Technical Manager, Vice President, Manager etc.
3. **Supervisory Staff** refers to person supervisory various activities or a particular kind of activity. They control and co-ordinate activities of staff under their charge, such as Assistant Managers, Marketing Officer, Sub-Accountants, Credit Officer, Claim processing officer etc.
4. **Clerical Staff** refers to persons compiling and maintaining records of financial transactions other activities, handle cash on behalf of the organisation, such as data entry clerk, accounts clerk, technical assistant etc.
5. **Others** refers to person who are engaged in activities more related to the services support pool, including stenographers, confidential secretaries, personal assistants, typists and machine, telex, telephone and computer key punch operators or person involved in services activities, such as messengers, drivers and guards.

EQUITY PARTICIPATION

Authorised capital is the capital to which an organisation is authorised to use in the business and maximum amount that can be used for the working capital of organisation. The authorised capital of a company (sometimes referred to as the authorised share capital or the nominal capital,) is the ceiling for the paid-up capital.