

**INSTRUCTION NO. 06/2020**  
**ON FINANCIAL REPORTING, RECORD-KEEPING REQUIREMENTS FOR GENERAL**  
**INSURANCE COMPANIES**

The general Insurance companies shall prepare their financial statements in accordance with International Accounting Standard, unless otherwise prescribed by Instruction of BCTL as defined on article 35 of Law no. 6/2005, of 7 July on Regime for the Licensing, Supervision and Regulation of Insurance Companies and Insurance Intermediaries (Insurance Law).

The general insurance companies shall prepare the financial report in accordance with the format approved by the BCTL as defined in article 37 of the Insurance Law.

Considering that on the conducting of insurance business, it is required to all licensed insurance companies to submit their periodically financial reports to be filed at BCTL.

The Governing Board of Banco Central de Timor-Leste pursuant to the authority granted in Article 31 paragraph 1 of Law no. 5/2011 of 15 June, and in the Insurance Law, hereby resolves to approve the following Instruction:

**Article 1**  
**Scope**

1. This Instruction regulates the requirements on financial reporting by all general insurance companies.
2. This Instruction applies to all general insurance companies licensed by BCTL.

**Article 2**  
**Definitions**

For the purposes of this Instruction, the following definitions apply:

- a) “Financial Year” means the period of any consecutive twelve (12) months beginning on every 1<sup>st</sup> January and ending on every 31<sup>st</sup> of December each year;
- b) “BSA” or “Banking Supervision Application” shall mean a web-based banking supervision application responsible for the safe submission and validation of financial statements, and analysis of prudential indicators;
- c) “BCTL” means the Banco Central de Timor-Leste constituted pursuant to Law No. 5/2011 of June 15;
- d) “Financial Statements” refers to the balance sheet, income statement or profit and loss accounts, statement of changes in financial position, notes and other statements and explanatory material which are identified as being part of the financial statements;
- e) “Audited Annual Financial Statements” means the annual financial statements of the company, including the Directors report, statements by Directors, statutory declaration, auditors report, balance sheet, income statement, statement of changes in equity, general insurance revenue

account, cash flow statement and schedules of notes appended thereto prepared in a manner consistent with International Account Standards;

- f) “Consolidated Financial Statements” refers to the combined financial reports of a company together with its Affiliated and Subsidiary companies where one (or more) of such companies is an insurance company;
- g) “International Accounting Standards” means the International Financial Reporting Standards including International Accounting Standards and Interpretations with their related documents issued by the International Accounting Standards Board.
- h) “Incurred But Not Reported (IBNR) claims” means the amount owed by an insurer to all valid claimants who have had a covered loss but have not yet reported it.
- i) “Audit Opinion” means a formal report on the annual Financial Statements which provides the auditor’s conclusion, and which clearly sets forth a judgement upon the reasonability with which the financial statements present the insurer’s financial position and result of its operations and are presented in accordance with International Accounting Standards;
- j) “Quarter” means the period of any consecutive three (3) months ending on 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December each year.

### **Article 3**

#### **Purpose Accounting Standard Requirements**

1. General insurance companies must establish a provision for unearned premiums to take account of the fact that policyholders often pay premiums in advance.
2. Under accrual accounting principles, amounts paid in advance of the rendering of a service must be reported as a provision for unearned premiums at the end of an accounting period when the policyholder is still to enjoy the benefit of that coverage.
3. General insurance companies must also establish a provision for claims and it shall meet the following requirements:
  - a. This represents the company’s best estimate for the number of claims that it will need to pay;
  - b. Claims are usually divided into those that have been reported but not yet paid and those that have been incurred but not yet reported (IBNR claims);
  - c. All claim estimates should be fully justifiable and based on statistical evidence as prepared and reviewed by an actuary or by a provision for claims expert, as approved by BCTL.
4. The financial statements of the general insurance companies will record these established amounts or the actual amounts whichever is greater.

### **Article 4**

#### **Premium Register**

1. All general insurance companies must maintain a premium register in which all premiums written, earned, receivable and collected are captured.
2. The premiums register must show, for each individual policy, the type of insurance policy issued, maximum amount of coverage offered, due date and actual payment date of premiums, the policyholder's and beneficiary's (if applicable) name and the insurance intermediary involved (if applicable).

**Article 5  
Premium Report**

1. All general insurance companies must compile a monthly premiums report.
2. The report will provide details on the number of new policies issued the total of premiums written, earned, receivable and collected.
3. Premiums receivable and premiums past due at each month-end must be transferred to the next monthly premiums report.

**Article 6  
Claim Register**

1. All general insurance companies must produce a claim register in which all claims are reported.
2. The claims register must record, for each individual claim, the type of claim, the anticipated amount of claim, a claim number, date of reception of the claim, the policyholder's and beneficiary's (if applicable) name and the insurance intermediary involved (if applicable).

**Article 7  
Claims Report**

1. All general insurance companies must maintain a monthly claims report.
2. The report will provide details on the total number of claims received, claims paid, claims rejected and claims pending by claim type.
3. Pending claims at each month-end must be transferred to the next monthly claims register.

**Article 8  
Accounting Ledgers**

1. All general insurance companies must produce a premiums ledger, claims ledger as well as the usual general ledger.
2. These ledger reports must be readily reconcilable to the monthly premiums and claims report as well as the underlying premiums and claims registers.

**Article 9  
General Guidance and Requirements electronic form**

1. General insurance companies will maintain all their records in electronic form as long as these are easily accessible for internal and external auditors and BCTL Inspectors.
2. Electronic records must be backed up daily and the copies of all electronic records must be maintained in a secure off-site location.

3. Both on-site and off-site records, whether in hard copy or electronic form, must be kept safe from fire, theft, water damage, sabotage and other potential destructive risks.

**Article 10**  
**Requirements of Financial Reporting**

1. General insurance companies doing business in Timor-Leste must submit monthly, quarterly and annual Financial Statements in conformity with International Accounting Standards, unless otherwise prescribed by Instruction of BCTL.
2. Annual Financial Statements must be audited by an independent external auditor approved in writing by the BCTL to certify the financial condition of insurance companies.
3. The audit referred to in the previous paragraph must be conducted in accordance with International Accounting Standards unless otherwise prescribed by Instruction of BCTL.
4. Insurance companies that are Affiliates or Subsidiaries must submit individual and Consolidated Annual Financial Statements to the BCTL.
5. The Board of Directors and management of insurance companies shall be responsible for the financial information contained in their Audited Financial Statements.
6. A copy of the board resolution adopting the Audited Financial Statements must be submitted to BCTL together with the Audit Financial Statements.
7. Every general insurance company licensed in Timor-Leste must submit three (3) copies of its Audited Annual Statements to the BCTL covering the Financial Year to 31<sup>st</sup> December on or before 30<sup>th</sup> April in the following year.

**Article 11**  
**Publication of Financial Statements**

1. Within thirty (30) days of each calendar quarter, every insurance company shall publish in at least one national newspaper a fair and true summary of its quarterly balance sheet and income statements as at the end of the previous calendar quarter.
2. Within four months of the end of each Financial Year, every insurance company shall publish in at least a national newspaper a summary of its annual balance sheet and income statement for the previous year.
3. Branches of foreign general insurance companies shall publish their balance sheets and income statements on both an individual and consolidated basis.
4. Within four months of the end of each Financial Year, every insurance company shall publish on its website the annual report and Audited Annual Statements for the proceeding of Financial Year
5. The published annual balance sheet and income statement, accompanied by a certification from director/s designated by the Board of Directors, shall be submitted to BCTL within four months of the end of each Financial Year.

**Article 12**

### **Date of Submission Financial Reports**

1. General insurance companies must submit to the BCTL within ten (10) days following the end of each month, in signed hard copy form, the following monthly reports using the formats specified in the annexes to this Instruction:
  - a) Statement of Investment;
  - b) Statement of Outstanding Premiums;
  - c) Statement of Premiums;
  - d) Statement of Claims;
  - e) Statement of Reinsurance;
  - f) Statement of Loans;
  - g) Statement of Borrowers;
2. General insurance companies must submit quarterly Financial Statements to the BCTL, in signed hard copy form, within ten (10) days of the end of the quarter, containing the following financial reports:
  - a) Balance sheet;
  - b) Income statement;
  - c) Underwriting Results;
  - d) Cash flow statement;
  - e) Calculation of Minimum Solvency Margin in accordance with the requirements specified in BCTL regulations;
  - f) Notes containing an explanation of any material change in the company's business or accounting policies.
3. General insurance companies shall continue submitting the signed hard copy reports of the monthly and quarter reports, until further official notification from the BCTL to submit the reports through the BSA system.

### **Article 13 Numeral Conventions**

General insurance companies shall use the following conventions to submit numbers and currency on its financial statements:

- a) Decimal symbol shall be represented by a dot (.)
- b) Digit groupings shall be separated by a comma (,)
- c) The number of decimal places for monetary amounts shall be two.

### **Article 14 Remedial Measures and Administrative Sanctions**

Failure to comply with the provisions of this Instruction may subject a company and its directors and managers to the sanctions prescribed under the Insurance Law.

**Article 15**  
**Entry into Force**

This Instruction shall enter into force on the day of its publication in the Official Gazette.

Adopted on 28 August 2020

The Governor

**Abraão de Vasconcelos**

**ANNEX 1: MONTHLY REPORT STATEMENT OF INVESTMENT**

**NAME OF INSURER :**

**PERIODS OF :**

STATEMENTS OF INVESTMENT			
DETAILS	DATE OF INVESTMENT	DATE OF MATURITY	AMOUNT IN US\$
EASILY CONVERTIBLE TO CASH			
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
NOT EASILY CONVERTIBLE TO CASH			
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			

**ANNEX 2: MONTHLY REPORT STATEMENT OF OUTSTANDING PREMIUMS**

**NAME OF INSURER :**  
**PERIODS OF :**

DESCRIPTION	<b>STATEMENTS OF OUTSTANDING PREMIUMS</b>							
	0 - 2 MONTHS		>2 - 6 MONTHS		>6 - 12 MONTHS		>12 MONTHS	
	AMOUNT	PROVISION FOR DOUBTFUL	AMOUNTS	PROVISION FOR DOUBTFUL	AMOUNTS	PROVISION FOR DOUBTFUL	AMOUNTS	PROVISION FOR DOUBTFUL
1). DIRECT CLIENTS								
2). COINSURANCE								
3). AGENT								
4). BROKERS								
5). BANKING INSTITUTIONS								
6. REINSURANCE								
7. OTHERS								
8. OUTSTANDING PREMIUMS & INTERMEDIARIES BALANCE								
TOTAL								

**ANNEX 3: MONTHLY REPORT STATEMENT OF PREMIUMS**

**NAME OF INSURER :**

**PERIODS OF :**

**STATEMENTS OF PREMIUMS**

DESCRIPTION	PRODUCTS LINE OF GENERAL INSURANCE				
	MOTOR VEHICLES	PERSONAL ACCIDENT	PROPERTY/FIRE	OTHERS	TOTAL AMOUNTS IN US\$
TOTAL PREMIUMS (INCLUDING UNCLOSED BUSINESS & THIRD PARTY COLLECTION LESS RETURNED PREMIUMS					
- DIRECT BUSINESS					
- INWARD REINSURANCE BUSINESS					
- THIRD PARTY COLLECTION					
<b>GROSS PREMIUM INCOME (A)</b>					
TREATY REINSURANCE OUTWARDS :					
(A). LOCAL					
(B). OVERSEAS PROPORTIONATE					
(C). OVERSEAS NON-PROPORTIONATE					
SUB-TOTAL (TREATY)					
FACULTATIVE REINSURANCE OUTWARDS					
(A). LOCAL					
(B). OVERSEAS PROPORTIONATE					
(C). OVERSEAS NON-PROPORTIONATE					
SUB-TOTAL (FACULTATIVE)					
<b>TOTAL REINSURANCE (B)</b>					
<b>NET PREMIUM INCOME (A - B)</b>					
RETAINED UNEARNED PREMIUM PROVISION					
- UPP AT BEGINNING OF YEAR(A)					
- UPP AT END OF YEAR (B)					
SUBTOTAL ( A - B )					
<b>NET EARNED PREMIUM ( C )</b>					
NUMBER INDIVIDUAL POLICIES ISSUED					
NUMBER INDIVIDUAL POLICIES RENEWED					
NUMBER GROUP POLICIES ISSUED					
NUMBER GROUP POLICIES ISSUED RENEWED					
NUMBER PERSONS COVERED BY GROUP					

**ANNEX 4: MONTHLY REPORT STATEMENT OF CLAIMS**

**NAME OF INSURER :**

**PERIODS OF :**

**STATEMENTS OF CLAIMS**

DESCRIPTION	CLASSES OF GENERAL INSURANCE BUSINESS				
	MOTOR VEHICLES	PERSONAL ACCIDENT	PROPERTY	OTHERS	TOTAL AMOUNTS US\$
<b>CLAIMS</b>					
<b>GROSS CLAIMS PAID</b>					
- DIRECT BUSINESS					
- INWARD REINSURANCE BUSINESS					
SUB-TOTAL					
<b>REINSURANCE RECOVERIES</b>					
(A). LOCAL					
(B). OVERSEAS PROPORTIONATE					
(C). OVERSEAS NON-PROPORTIONATE					
SUB-TOTAL (TREATY)					
<b>FACULTATIVE REINSURANCE OUTWARDS</b>					
(A). LOCAL					
(B). OVERSEAS PROPORTIONATE					
(C). OVERSEAS NON-PROPORTIONATE					
SUB-TOTAL (FACULTATIVE)					
<b>NET CLAIMS PAID</b>					
(A) NET CLAIMS OUTSTANDING - CLOSING					
(B) NET CLAIMS OUTSTANDING - OPENING					
NET CLAIMS INCURRED ( B-A)					
NUMBER OF CLAIMS					

**ANNEX 5: MONTHLY REPORT STATEMENT OF REINSURANCE**

**NAME OF INSURER :**

**PERIODS OF :**

**STATEMENTS OF REINSURANCE**

DESCRIPTION	CLASSES OF GENERAL INSURANCE BUSINESS				
	MOTOR VEHICLES	PERSONAL ACCIDENT	PROPERTY	OTHERS	AMOUNTS US\$
<b>PART A: RETENTIONS</b>					
<b>HIGHEST RISK RETENTION (NET)</b>					
- BASE RETENTION					
- CO-INSURANCE (IF ANY)					
SUB-TOTAL (HRR)					
<b>MAXIMUM EVENT RETENTION (NET)</b>					
- BASE RETENTION					
- CO-INSURANCE (IF ANY)					
SUB-TOTAL (MER)					
<b>PART B: LIMITS</b>					
MAXIMUM ACCEPTANCE / UNDERWRITING LIMIT					
MAXIMUM AUTOMATIC PER RISK CAPACITY					
<b>PART C: COVER</b>					
MAXIMUM CATASTROPHE COVER ARRANGED					
NUMBER OF REINSTATEMENTS					
ACCUMULATED LOSS (STOP LOSS)					





**ANNEX 8: QUARTER REPORT BALANCE SHEET****NAME OF INSURER :****PERIODS OF :**

<b>BALANCE SHEET</b>		<b>Amounts US\$</b>
<b>ASSETS</b>		
ADMITTED ASSETS		
	CASH AND CASH EQUIVALENT	
	INVESTMENTS (EASILY CONVERTIBLE INTO CASH)	
	OUTSTANDING PREMIUMS	
	AMOUNT DUE FROM REINSURANCE	
	OTHER ADMITTED ASSETS	
NON-ADMITTED ASSETS		
	ACCOUNT RECEIVABLES	
	LOANS	
	INVESTMENTS (NOT EASILY CONVERTIBLE INTO CASH)	
	FIXED ASSETS	
	OTHER ASSETS	
<b>TOTAL ASSETS</b>		
<b>LIABILITIES</b>		
	UNDERWRITING RESERVES	
	UNEARNED PREMIUMS RESERVES	
	OUTSTANDING CLAIMS	
	OTHER RESERVES	
	REINSURANCE PAYABLES	
	BORROWING	
	ACCRUAL AND DEFERRED INCOME	
	OTHER LIABILITIES	
<b>TOTAL LIABILITIES</b>		
<b>SHAREHOLDER'S EQUITY</b>		
	PAID-UP SHARE CAPITAL	
	RETAINED PROFITS/(LOSS)	
	RESERVES	
	CURRENT YEAR PROFIT/(LOSS)	
<b>TOTAL SHAREHOLDER'S EQUITY</b>		
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		

**ANNEX 9: QUARTER REPORT INCOME STATEMENT****NAME OF INSURER :****PERIODS OF :**

<b>STATEMENTS OF PROFITS &amp; LOSS</b>		<b>Amounts US\$</b>
<b>PART A – RPROFITS AND LOSS ACCOUNT</b>		
	NON UNDERWRITING INCOMES	
	ADD:	
	OTHER NON UNDERWRITING INCOMES	
	TOTAL NON UNDERWRITING INCOMES	
	UNDERWRITING SURPLUS/(DEFICIT)	
	OPERATING EXPENSES	
	EXTRAORDINARY	
	PROFITS/(LOSS) BEFORE TAX	
	TAXATION EXPENSES	
	NET PROFITS/(LOSS)	
<b>PART B- APPROPRIATION ACCOUNT</b>		
	UNAPPROPRIATED PROFITS/(LOSS) BROUGHT FORWARD	
	ADD:	
	PROFITS/(LOSS) AFTER TAXATION FOR THE CURRENT PERIODS	
	LESS:	
	DIVIDENDS, TRANSFER AND OTHER APPROPRIATIONS	
	UNAPPROPRIATION PROFITS/(LOSS) CARRIED FORWARD	

**ANNEX 10: QUARTER REPORT UNDERWRITING RESULT****NAME OF INSURER :****PERIODS OF :**

<b>STATEMENTS OF UNDERWRITING RESULTS</b>		<b>AMOUNTS US\$</b>
<b>PART A- PREMIUMS</b>		
	GROSS PREMIUMS	
	LESS:	
	REINSURANCE OUTWARDS	
	NET PREMIUM INCOMES	
	ADD:	
	RETAINED UNEARNED PREMIUM - OPENING	
	LESS:	
	RETAINED UNEARNED PREMIUM - CLOSING	
	NET EARNED PREMIMU (A)	
<b>PART B- CLAIMS</b>		
	NET CLAIMS PAID	
	REINSURANCE CLAIMS	
	ADD:	
	NET CLAIMS OUTSTANDING CLOSING	
	LESS:	
	NET CLAIMS OPENING	
	NET CLAIMS INCURRED (B)	
<b>PART C – UNDERWRITING EXPENSES</b>		
	COMMISSION EXPENSES	
	ACQUISITION EXPENSES	
	TOTAL EXPENSES (c)	
	<b>UNDERWRITING SURPLUS/(DEFICIT)</b> <b>(A-B-C)</b>	
	NET LOSS RATIO % (B/A)	
	EXPENSES RATIO % (C/B)	