

Long-term insurance business: index linked business

Form 56

Name of insurer
 Total business
 Financial year ended
 Units

Type of assets and liabilities	Name of index link	Value of assets or liabilities	Gross derivative value
	1	2	3
Total assets			n/a
Total liabilities			n/a
Net total assets			n/a

Instructions for completion of Form 56

1. Assets and liabilities in column 2 must be listed individually except that where a group of assets of similar type is held which is intended to mirror the performance of an index, a description of the type of assets held may be given. Liabilities must be shown between round brackets and must be fully described.
2. Assets and liabilities for each index link and for each combination of assets and liabilities matching the *insurer's* liability under any *deposit back arrangement* must be shown separately. Links to different percentages of an index must be treated as different index links.
3. For each index link, the sub-total of values in column 2 (excluding those held in respect of any *deposit back arrangement*) must match the sum of the appropriate entries in column 7 of Form 54 net of *reinsurance ceded*. These sub-totals are not shown on Form 56.
4. Assets and liabilities arising from *derivative contracts* (or contracts or assets which have the effect of a *derivative contract*) must be shown separately. Amounts must be shown net of *variation margin* in column 2 and gross of *variation margin* in column 3. Rights to recover assets transferred by way of *initial margin* must not be shown on Form 56.
5. Where there is a liability to repay *variation margin* and there are no arrangements for netting of amounts outstanding or the arrangements would not permit the accounting of such amounts on a net basis in accordance with generally accepted accounting practice, it must be so stated in a supplementary note (code 5601).
6. Any provision for "reasonably foreseeable adverse variations" must be determined in accordance with *INSPRU* 3.2.17R(3) and shown in a supplementary note (code 5602).
7. The *insurer* must include a supplementary note (code 5603) of any circumstances which make the natural relationships break down (e.g., particular tax treatments).
8. Where unit liabilities are *reinsured* and deposited back with the *ceding insurer*, the amounts deposited back which are either unit liabilities in respect of *property linked benefits* or investment liabilities in respect of *index linked benefits* must be treated as though they are unit liabilities.