BearingPoint

**ARMENIA
INSURANCE FINANCIAL REPORTING, DRAFTING
AND CAPACITY BUILDING (C226)**

**FORM FOR CALCULATION OF SOLVENCY
MARGIN**

Submitted to:

Minstry of Finance and Economy
Head of Insurance Department
Republic of Armenia

Submitted by:

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Non Life Insurance for Capital and Solvency Margin Regulation

Input Data – From Company				
DRAM in 000				
	Prior Year	*2nd Prior*	*3rd Prior*	*Average*
Direct Premium	100,000	90,000	90,000	93,333
Reinsurance Assumed Premium	14,000	-0-	-0-	4,667
Premium Amount	114,000	90,000	90,000	98,000
Direct Claims	70,000	65,000	59,000	64,667
Reinsurance Assumed Claims	10,000	8,000	4,000	7,333
Claim Amount	80,000	73,000	63,000	**72,000**
Reinsurance Ceded Claims	35,000	33,000	31,000	33,000
Reinsurance Ceded Ratio				**45.8%**
Retention Ratio(1.0 - .458 = .542)				**.542**
Calculations – Solvency Margin Non-Life				
(a) Premium Amount of Solvency Margin	98,000			
10% of Premium Amount	9,800			
Premium Amount multiplied by the Retention Ratio	**5,312**			
(b) Claim Amount of Solvency Margin	72,000			
15% of Claim Amount	10,800			
multiplied by Retention Ratio	**5,854**			
Minimum Solvency Level = Greater of Premium Amount or Claim Amount	**5,854**			

Life Insurance for Capital and Solvency Margins Regulation

Input Data – From Company				
DRAM in 000				
	Prior Year			
Actuarial Reserve for Life and Annuity	20,000			
Reserve Credits on Coinsurance Ceded	10,000			
Net Actuarial Reserve	10,000			
Calculation of Solvency Margin – Life Insurance				
4% of Net Actuarial Reserve	**400**			
Minimum Solvency Margin	**400**			
Minimum Combined Solvency Margin, Non-Life and Life	**6,254**			