



**ISLE OF MAN
FINANCIAL SERVICES AUTHORITY**

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**GROUP SUPERVISION
CONSULTATION PAPER
CP18-07/T13**

9 November 2018

This Consultation paper is issued by the Isle of Man Financial Services Authority (“Authority”) the regulatory authority responsible for the regulation and supervision of all financial services business carried on in or from the Isle of Man.

What is it for?

In June 2013 the Authority published its “Roadmap for updating the Isle of Man’s regulatory framework for insurance business” and through that document set out its objective to establish a project to implement a framework for the regulation and supervision of insurers, insurance managers and general insurance intermediaries that would establish a high level of observance in respect of the updated and revised Insurance Core Principles issued by the International Association of Insurance Supervisors, and remain appropriate and proportionate to the risks of the different parts of the insurance industry that operated in and from the Isle of Man.

This continues to be the objective of the Authority.

Since 2013 the Roadmap has been updated annually and more recently every six months to reflect progress made.

One element of the project to update the regulatory framework for insurance business is the implementation of a framework whereby the Authority may act as the supervisor of an insurance group where it is appropriate for it to do so, and the purpose of this paper is to set out the Authority’s proposed requirements for such a framework for consideration and comment by interested parties.

Who is required to respond to the consultation paper?

Group supervision for long term business will be implemented with effect from 1 July 2019, with implementation for non long term business following later at the beginning of 2021. As such, this paper will be of most immediate relevance and initial interest to the boards and senior management of authorised life insurers which belong to insurance groups of which the Authority expects to be the Group Supervisor, as well as to the boards and senior management of other members of the insurance group.

The themes within this paper will, however, be equally relevant to non-life insurance groups though it is appreciated that the Authority has not yet initiated detailed individual discussions with companies from within that sector for the insurance groups for which it expects to be Group Supervisor.

The paper may also be of more general interest to other existing and prospective insurance companies that belong to groups, and also possibly other parties with an interest in the Isle of Man insurance sector, including the legal and auditing professions.

The closing date for any comments on this consultation is 31 January 2019.

Please send any comments preferably by email to:

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GLOSSARY OF TERMS

Term	Meaning in this document
Act	Insurance Act 2008
Amendment Act	Insurance (Amendment) Act 2017
Authorised insurer	An insurer authorised under section 8 of the Insurance Act 2008 to carry on an insurance business.
Authority	The Isle of Man Financial Services Authority
CGC	Draft Corporate Governance Code of Practice for Designated Insurers
Designated insurer	As defined in Section 21A of the Insurance (Amendment) Act 2017 (See Appendix 1)
ERM	Enterprise risk management
Group regulations	Draft Insurance (Group Supervision) Regulations 2019
Group supervisor	As defined in Section 21A of the Insurance (Amendment) Act 2017 (See Appendix 1)
Head of an insurance group	The company nominated by the Authority, which is the ultimate parent of the entities which, together with the company itself, comprise the insurance group.
IPA	The former Insurance and Pensions Authority
IAIS	International Association of Insurance Supervisors
ICPs	Insurance Core Principles (of the IAIS)
Insurance group	As defined in Section 21B of the Insurance (Amendment) Act 2017 (See Appendix 1)
ORSA	Own risk solvency assessment
QIS	Quantitative Impact Study
Roadmap	Roadmap for updating the Isle of Man's regulatory framework for insurance business

1. INTRODUCTION AND BACKGROUND

1. International bodies such as the G20, the Financial Stability Board and the IAIS are concerned with financial stability. Indeed, the stated mission of the IAIS is “to promote effective and globally consistent regulation and supervision of the insurance industry in order to develop and maintain a fair, safe and stable insurance market for the benefit and protection of policyholders and to contribute to global financial stability”.
2. A key component of financial stability is considered to be the ability to supplement supervision at the level of the individual insurer with supervision at the group level and this is one of the key themes of the ICPs as updated in 2011. The concept is that at least one supervisor must be able to understand the business strategy, financial position, legal and regulatory position and the risk exposure of an insurance group as a whole. That supervisor should also be able to assess the quality of the group’s governance framework and risk management and internal controls. This should enable supervisors to recognise potential areas of concern across borders and sectors and take appropriate action promptly.
3. Although many of the insurers on the Island belong to groups based elsewhere, there are a small number of insurance groups which are based on the Island, for which the Authority deems the application of group supervision requirements to be beneficial, enhancing the Authority’s understanding of the group’s risks and extending the ability to impose requirements at the group level.
4. In addition to the requirements of the ICPs and the benefits of a group supervision framework, the Authority’s intention is that the Island’s insurance regulatory framework should be capable of a positive Solvency II equivalence assessment for long term insurance. One of the requirements of Solvency II equivalence is that a group supervision framework is in place whereby the Authority has the power to act as a group supervisor and implement requirements at insurance group level. This is therefore another reason supporting the introduction of a group supervision framework.
5. While the Authority participates in group supervision arrangements and attends supervisory colleges where it is appropriate to do so, it does not currently have the legal power to act formally as a group supervisor. Consequently, when the Authority carried out its own gap analysis against the updated ICP requirements, it identified gaps in this area. This was particularly as the focus of the group supervision ICPs is on the powers of the supervisor as the group supervisor, rather than on the power to participate in group supervision where another supervisor is the group supervisor.
6. Group supervision requirements have been consulted on as part of the consultations carried out in respect of the Amendment Act and also by way of a discussion paper issued

in April 2016 and a consultation paper issued in October 2017 which included draft regulations for all group requirements except for group solvency and draft binding guidance in respect of corporate governance for groups. Group solvency was, however, the subject of separate discussions with relevant insurers during 2017 and those insurers were required to provide group solvency calculations to the Authority.

7. The framework for group supervision, including the power for the Authority to determine that it is appropriate for it to be the Group Supervisor and the power to make regulations in respect of group supervision, will come into effect on 1 January 2019 for life insurers (see Appendix 1). The regulations and binding guidance setting out all group supervision requirements for life insurers are proposed to come into force on 1 July 2019 and are the subject of this consultation.

2. THE FRAMEWORK FOR GROUP SUPERVISION

8. From 1 January 2019 the Act will include the necessary legal powers to enable the Authority to act as Group Supervisor and to make regulations which apply to insurance groups of which the Authority has determined that it is the Group Supervisor.
9. The Amendment Act defines an insurance group and gives the Authority the power to determine whether it is appropriate for it to be the Group Supervisor of an insurance group with reference to certain criteria, and enables the Authority to include or exclude members of a group from the scope of group supervision and to withdraw as Group Supervisor if it is appropriate for it to do so, with reference to certain specified circumstances.
11. The functions of the Authority as Group Supervisor are also set out in the Amendment Act and include the following -
 - the supervisory review and assessment of the financial situation of the insurance group;
 - the supervisory review and assessment of the system of governance of the insurance group; and
 - the coordination of communication between supervisors across the insurance group.
12. Where the Authority determines that it is appropriate for it to be the Group Supervisor, the authorised insurer (or the largest authorised insurer should there be more than one) is determined to be the “designated insurer”. The designated insurer is the Authority’s point of contact and is responsible for facilitating and maintaining compliance by the insurance group with the requirements of the Act and provisions made under it.

Enforcement of requirements in respect of the insurance group will be via the designated insurer.

3. THE AUTHORITY'S ACTIONS TO DATE

13. The following actions are in respect of long term business only.
14. The Authority has reviewed existing group structures and determined, in accordance with the provisions of the Amendment Act, the insurance groups for which it anticipates acting as Group Supervisor and the scope of those insurance groups. It has identified the designated insurers and has informed relevant authorised insurers to that effect. Before the Group Regulations are implemented, the Authority will, under the provisions of the Amendment Act, give notice in writing to the proposed designated insurer of the Authority's intention to determine itself to be Group Supervisor. It will also liaise with any other supervisors in the group.
15. The Authority has formally consulted on requirements to be applied to insurance groups in CP17-12/T13 in the areas of fitness and propriety, conduct of business, corporate governance and reporting. As a result of that consultation as well as other ongoing developments, a small number of changes have been made to the Authority's initial proposals as follows:

Regulation 7(1) – Fair treatment of policyholders

We have amended the wording slightly to make it clear that the requirement to establish and implement procedures does not refer to detailed procedures at the level of individual insurers but rather to procedures at the level of the group which may, for example, deal with matters such as the dissemination and monitoring of the policy across the group.

Submission of an Own Risk Solvency Assessment Summary Report (regulation 9(2)(i) in CP17-12/T13)

In line with requirements that have been determined at the level of the authorised insurer, the requirement for submission of an ORSA summary report has been replaced by the requirement for the results of the insurance group's ORSA to be provided to the Authority when a group-level ORSA is carried out and at least annually. The original requirement has therefore been removed from the Group regulations and the amended requirement has been included in the CGC which is also part of this consultation.

In addition to the above, other changes have been made to Regulation 9 (Reporting) to provide more clarity around the requirements.

16. In respect of group solvency, in light of the variations in group structures, rather than there being a QIS exercise for groups in the same way as QIS exercises have been carried out for individual insurers, the Authority decided that it would be more efficient to liaise with proposed designated insurers on an individual basis and group solvency calculations were provided based on the 2016 year end. **As part of this consultation, those insurers are also asked to provide a group solvency calculation based on their 2017 year end figures.**

4. REQUIREMENTS TO BE APPLIED TO INSURANCE GROUPS

17. Insurance groups may be organised in different ways with functions being centralised or decentralised or possibly a combination of both. The Authority recognises this and proposes, therefore, to implement group supervision requirements in a way that is outcome focussed. It is not expected that detailed requirements applying to an authorised insurer are replicated across the insurance group, but it is expected that the insurance group should seek to ensure that the principles, when applied, lead to similar outcomes across the insurance group.

18. The Authority seeks to apply requirements at the insurance group level on a proportionate basis and does not seek to impose requirements at the level of the insurance group where there is no benefit over that which can be achieved under supervision of the authorised insurer. The Authority expects the designated insurer to take account of the materiality and the activities of the members of the group and to assess which requirements should apply and how they should apply.

19. The following sections explain the requirements which are proposed in the areas of group solvency, fitness and propriety, conduct of business, corporate governance, including risk management, and regulatory reporting.

4.1 Group solvency requirements

20. Group solvency considers an insurance group as a single integrated entity for which a solvency assessment is made. The solvency of each member within the group is assessed on a consolidated basis, and adjustments are made to group own funds to reflect constraints on the fungibility of capital and transferability of assets among members of the insurance group.

21. As at the authorised insurer level, regulatory capital requirements apply and it is proposed to impose a Solvency Capital Requirement (“SCR”) at insurance group level.

22. Designated insurers are required to calculate group solvency using Method 1, the ‘accounting consolidated-based’ method. Method 1 determines group solvency as the difference between the own funds eligible for the group SCR and the group SCR, both calculated on the basis of consolidated accounts at the head of the group.
23. Upon request by the designated insurer, the Authority may approve the use of method 2, the ‘deduction and aggregation’ method. Method 2 determines group solvency as the difference between the own funds eligible to meet the group SCR, from which the value of the members in the head of the group have been deducted, and the group SCR which is determined by aggregating the SCR of group members at individual level with no allowance for diversification benefits.
24. Upon request of the designated insurer, the Authority may also approve the use of a mixture of method 1 and method 2.
25. Full details of both method 1 and method 2 can be found in Part 3 – Solvency Requirements, of the Group regulations.

4.2 Fit and proper requirements

26. In addition to the requirements at the level of the authorised insurer, the Authority expects that those responsible for the direction and management of the insurance group should be fit and proper.
27. Specifically, the Authority will require written notification of certain roles at group level with 10 business days of the appointment. Those roles will be notifiable only, and not subject to “no objection” by the Authority. It is expected that the majority of those roles will already have been notified to the Authority as part of supervision of the authorised insurer.
28. The roles referred to above are:
 - a. Directors and the Chief Executive of the head of the group;
 - b. Group Principal Control Officers; and
 - c. Directors of any other insurers in the group which are members of the insurance group and which carry on insurance in accordance with the laws of a country outside the Island.

In respect of (b) above, Group Principal Control Officers are considered to include the heads of Internal Audit, Compliance and Risk Management at group level.

In respect of (c) above, the Authority will rely on fit and proper assessments carried out by the home regulator.

29. The role of Group Actuary is subject to much the same fit and proper requirements as those to which the Appointed Actuary of an authorised insurer is subject under Section 18 of the Act. As such, prior notification is required and the Authority may direct that a person should not be appointed or continue in the role.
30. The Fitness and Propriety Assessment forms and guidance which were issued on 1 August 2018 will be amended to take account of the above new roles.
31. The Authority will also require notification of the auditor of the head of the group and will expect it to be suitable for that role in terms of its expertise and capacity. Similar to the Fitness and Propriety Assessment process in respect of the auditor of an authorised insurer, the Authority will require notification in writing of the name, address and date of appointment.

4.3 Conduct of business

32. Conduct of business requirements at the level of the authorised insurer are principles-based but also include more prescriptive requirements, particularly in relation to pre-sale disclosure requirements under the “Key Information Document” or “Summary Information Document”.
33. It is not proposed to seek to implement the detailed authorised insurer requirements at group level, but rather to require principles to be followed at group level with the overall aim of achieving an outcome of fair treatment of the policyholders of entities in the group.
34. The focus is therefore on there being policies at group level. In this way, due account can be taken of the nature of the group and particularly other insurers and possibly intermediaries within it.
35. There is also a requirement for there to be procedures at group level. This does not refer to detailed procedures at the level of individual insurers but rather to the procedures associated with the designated insurer implementing, disseminating and monitoring the policy.
36. The Authority would expect group policies and procedures at group level to cover the following areas:
 - a. development and marketing of products;

- b. provision of information to policyholders before, during and after the point of sale;
- c. distribution methods in light of the insurance group's products and its policyholders' needs;
- d. handling of policyholder complaints and disputes;
- e. management of the reasonable expectations of policyholders;
- f. monitoring of the insurance group's performance with respect to the fair treatment of policyholders;
- g. staff and management awareness and training in respect of their obligations in relation to the fair treatment of policyholders; and
- h. performance and reward strategies for an insurance group's staff and management and alignment with the principles of the fair treatment of policyholders and fair policyholder outcomes.

4.4 Corporate governance

37. Governance requirements at group-level are addressed in the Group Regulations and also in the CGC which is binding guidance and also part of this consultation.
38. As with the requirements for conduct of business, governance requirements at the level of the group are mostly principles-based recognising the different ways in which insurance groups may be organised and also recognising the varied nature and scope of groups.
39. There is an overarching requirement for an appropriate and effective corporate governance framework at the level of the insurance group and which is suitable for the group's organisational structure.
40. Notwithstanding the recognition that insurance groups are organised in different ways, the organisational structure of the group must not unreasonably inhibit compliance with group requirements nor the ability of the Authority to carry out its functions as Group Supervisor.
41. It is expected that the corporate governance framework at the level of the insurance group should –
- a. ensure effective, comprehensive and consistent direction and coordination;
 - b. include objectives and strategies to achieve those objectives;
 - c. ensure effective communication across all levels of the group;
 - d. promote a sound and consistent risk management and compliance culture;
 - e. include clearly defined responsibilities and accountabilities, and appropriate segregation of responsibilities and accountabilities;

- f. ensure that persons in key roles are fit and proper at outset and on an ongoing basis;
 - g. include measures to manage conflicts of interest;
 - h. include measures to consider legal and regulatory obligations;
 - i. include suitable internal control systems and functions; and
 - j. have comprehensive and well coordinated policies, procedures and controls.
42. As part of the above, an effective ERM system must be in place, including an ORSA process, that is suitable for the group. This is similar to that which is required for authorised insurers but also includes consideration of matters which are relevant from a group perspective.
43. The designated insurer is required to provide the Authority with the results of its group-level ORSA when an ORSA is carried out and at least annually.

4.5 Regulatory reporting

44. The designated insurer of insurance groups for which the Authority has determined that it is the Group Supervisor will be required to provide the information set out in the following paragraph, some of which may be provided through the regulatory reports submitted by the authorised insurer. Information is in respect of the insurance group but depending on the group structure and the information being requested, it may be appropriate to also include details of the wider group where applicable.
45. The information referred to above is as follows -
- a. a full corporate structure chart, which includes details of the insurance group and indicates how the designated insurer fits into that structure;
 - b. in respect of each legal entity in the insurance group –
 - i. the country of incorporation or establishment;
 - ii. the legal structure/type of organisation;
 - iii. the principal activity of each entity;
 - iv. the regulatory status of each entity; and
 - v. the percentage of ownership.
 - c. details of key relationships between insurance group entities, for example, any outsourcing arrangements or other dependencies;
 - d. details of any material financial and non-financial intra group transactions;
 - e. an organisation chart which identifies the executive and non-executive directors of group companies and other persons carrying out group functions and indicates reporting lines;
 - f. the insurance group’s approach to governance, including the degree of authority and autonomy at group-level and entity-level, the structure of the

significant control functions (including risk management, compliance, internal audit and where applicable, actuarial) at the group level and entity level, their relationships to each other and to the group;

- g. details of material risk concentrations across the group with “material” meaning any risk exposures with a loss potential large enough to threaten the solvency or the financial position of an insurer in the group; and
- h. the solvency position of the group.

46. The designated insurer will be required to provide consolidated accounts for the head of the insurance group in accordance with relevant companies legislation. For companies which are holding companies on the Isle of Man the 1982 Companies Act will apply.

47. Although a structure and organisational chart is required in Group Regulations, this will also be a requirement at the level of the authorised insurer. This will enable the Authority to review group structures on a regular basis and to identify cases where it is no longer appropriate for it to be the Group Supervisor or alternatively whether it has become appropriate for it to be the Group Supervisor.

4.6 Supervision and enforcement of requirements

48. As previously indicated, Group Regulations and the CGC apply to the designated insurer and so any non-compliance with the regulatory requirements, whether by the designated insurer or not, must be addressed by way of the Authority’s powers over the designated insurer.

49. Where the matter pertains to a legal entity which is subject to another jurisdiction’s regulatory provisions, the Authority will liaise with the supervisor of that entity to ensure that appropriate action is taken and the breach is addressed satisfactorily.

50. It is expected that the Authority will address most compliance issues through supervisory dialogue between the Authority, any other involved supervisor and the designated insurer. However, if remediation is not achieved, the Authority may, having considered all circumstances, the interests of policyholders and the views of any other supervisor, impose a formal requirement on the designated insurer. For example, should there be governance failings at insurance group level, the Authority might consider withdrawing the designated insurer’s authorisation for carrying on new business contingent on the strengthening of risk management at the group level.

51. It is recognised that group structures change and that this may have implications for the application of group supervision. This will become evident when structure charts for the group are submitted on an annual basis, but should also become evident in a more timely

way as a result of reporting requirements at the level of the authorised insurer, either through the ORSA process or through the requirement in the Corporate Governance Code of Practice for Commercial Insurers for insurers to report significant events.

Appendix 1 – Part 4A of the Insurance (Amendment) Act 2017 in respect of group supervision

PART 4A – GROUP SUPERVISION

21A Interpretation

In this Part, unless the context otherwise requires —

“**college of supervisors**” means a structure for cooperation and coordination among competent authorities;

“**competent authority**” means a regulatory authority that is empowered by law to supervise insurers;

“**designated insurer**” means an insurer designated by the Authority under section 21C(6) in respect of an insurance group;

“**equivalent jurisdiction**” means a jurisdiction that has supervisory standards that the Authority determines to be equivalent to those established by or under this Act;

“**group actuary**” means an individual appointed under section 21I;

“**group supervisor**” in relation to an insurance group, means the Authority or, as the case may be, another competent authority that is the group supervisor for the insurance group.

21B Insurance group (interpretation)

(1) For the purposes of this Part an “**insurance group**” means 2 or more undertakings consisting of an authorised insurer and —

(a) any other undertaking —

(i) which is the holding company or a subsidiary of the insurer;

(ii) which is a subsidiary of that holding company; or

(iii) in which that holding company, the insurer or any subsidiary of the insurer or the holding company is entitled to exercise, or control the exercise of, 10 per cent or more of the voting power at a general meeting; or

(b) any undertaking other than one mentioned in paragraph (a) which has the power to exercise or actually exercises a dominant influence or control over the authorised insurer.

(2) For the purposes of this Part “**undertaking**” means any of the following —

(a) a body corporate;

(b) a partnership;

(c) an unincorporated association; or

(d) a trust,

and references to any undertaking mentioned in paragraphs (a) to (d) include a comparable undertaking incorporated in, formed or established under the law of a country or territory outside the Island.

21C Group Supervisor

(1) The Authority may, in respect of an insurance group, determine whether it is appropriate for it to be the group supervisor of that group.

(2) Before making such a determination the Authority must take into account the matters set out in subsection (3).

(3) Those matters are —

(a) whether the insurance group is headed by an authorised insurer;

(b) where the insurance group is not headed by an authorised insurer whether the insurance group is headed by a holding company which is incorporated in the Island;

(c) where the insurance group is headed by a holding company which is not incorporated in the Island, whether the Authority is satisfied that —

(i) the insurance group is directed and managed from the Island; or

(ii) the insurer in the insurance group with the largest balance sheet total is an authorised insurer;

(d) whether the principal activity of the group is the carrying on of insurance business;

(e) any other matter which may be prescribed.

(4) The Authority may determine, notwithstanding any other consideration, that it is not appropriate for it to be the group supervisor of an insurance group where the insurance business carried on does not involve liability to third parties.

(5) The Authority must give notice in writing to the proposed designated insurer of the Authority's intention to make such a determination and must take into account any written representation made by the proposed designated insurer within such period as the Authority may specify in the notice.

(6) If the Authority makes a determination under subsection (1) that it is appropriate for it to be the group supervisor in respect of an insurance group, the Authority must designate an authorised insurer who is a member of the insurance group to be the designated insurer in respect of that insurance group for the purposes of this Part.

(7) The Authority must notify the designated insurer for an insurance group and other competent authorities in writing that the Authority is the group supervisor for that insurance group.

(8) The Authority must establish and maintain a register containing the prescribed particulars in respect of every insurance group of which it is the group supervisor.

(9) The designated insurer for an insurance group must immediately notify the Authority of any change of the particulars entered in the register in respect of that insurance group.

21D Excluding undertakings from group supervision

(1) The Authority may, on its own initiative or on the application of the relevant designated insurer, exclude from group supervision any undertaking that is a member of an insurance group if the Authority is satisfied that —

(a) the undertaking is situated in a country or territory where there are legal impediments to cooperation and exchange of information;

(b) the financial operations of the undertaking have a negligible impact on insurance group operations; or

(c) the inclusion of the undertaking would be for some other reason inappropriate.

(2) The Authority must notify the relevant designated insurer and competent authority in writing of any decision to exclude an undertaking from the scope of group supervision.

21E Authority's power to include undertakings within group supervision

(1) The Authority may, on its own initiative or on the application of the relevant designated insurer, include within group supervision any undertaking that is a member of the insurance group but is not on the register maintained under section 21C(8) if the Authority is satisfied that —

(a) the financial operations of the undertaking may have a material impact on the insurance group's operations; and

(b) the inclusion of the undertaking would be appropriate in the opinion of the Authority.

(2) The Authority must notify the relevant designated insurer and competent authority in writing of any decision to include an undertaking within the scope of group supervision.

21F Authority's power to withdraw as group supervisor

(1) The Authority may withdraw as group supervisor —

(a) on its own initiative;

- (b) at the request of a competent authority from an equivalent jurisdiction; or
- (c) on the application of a designated insurer in respect of the insurance group of which it is a member.

(2) The Authority must notify the relevant insurance group in writing of its intention to withdraw as group supervisor and must take into account any written representation made by the insurance group within such period as it may specify in the notice.

(3) The Authority may withdraw as group supervisor if —

(a) the Authority considers that it would be appropriate to do so having regard to the structure of the insurance group and the relative importance of the insurance group's insurance business in different countries or territories;

(b) the Authority determines that there has been a material change in the structure or operations of the insurance group or an absence of cooperation by other competent authorities; or

(c) for any other reason that prevents the Authority from effectively discharging its function as group supervisor for that insurance group.

(4) The Authority must notify the designated insurer and any other relevant competent authority in writing of any decision made by it under this section.

21G Functions of Authority as group supervisor

The Authority as group supervisor has the following functions with regard to group supervision —

(a) coordination of the gathering and dissemination of relevant or essential information for going concerns and emergency situations, including the dissemination of information which is of importance for the supervisory task of other competent authorities;

(b) supervisory review and assessment of the financial situation of insurance groups;

(c) assessment of compliance of insurance groups with any regulations in relation to solvency and risk concentration and intra-group transactions prescribed by or under this Act;

(d) assessment of any system of governance in relation to insurance groups prescribed by or under this Act, and whether the persons involved in the management or administration of participating undertakings meet the requirements set out therein;

(e) planning and coordination, through regular meetings held at least annually or by other appropriate means, of supervisory activities in going concerns as well as in emergency situations, in cooperation with the competent authorities concerned and taking into account

the nature, scale and complexity of the risks inherent in the business of all undertakings that are part of insurance groups;

(f) coordination of any enforcement action that may be taken against insurance groups or any of their members; and

(g) planning and coordinating, as required, meetings of colleges of supervisors, to be chaired by a representative of the Authority where the Authority acts as the group supervisor, to facilitate the exercise of the functions set out in paragraphs (a) to (f).

21H Regulations in relation to group supervision

(1) The Authority may for the purposes of group supervision make regulations applying to designated insurers which take into account, in their case, any activity of the insurance group of which they are members or of other members of the insurance group.

(2) Without prejudice to the generality of subsection (1), such regulations may make provision for —

(a) the assessment of the financial situation of the insurance group;

(b) the solvency position of the insurance group;

(c) intra-group transactions and risk concentration;

(d) the system of governance and risk management of the insurance group; and

(e) supervisory reporting and disclosures in respect of the insurance group.

(3) The Authority in such regulations may in relation to group financial statements require that they be prepared in the English language and that the currency of any amount shown therein be converted to a currency specified by the Authority as at a specified date.

21I Appointment of group actuary

(1) Where any insurer in an insurance group carries on long-term business the designated insurer for that group must ensure that there is appointed an actuary for the group who is qualified in accordance with section 18(2).

(2) No appointment shall be made under subsection (1) unless a written notice containing such particulars as may be determined by the Authority is served on the Authority by the insurer concerned within such period as the Authority may require.

(3) If it appears to the Authority that a person is not a fit and proper person to be appointed as actuary under subsection (1), the Authority may direct that such person shall not, without the written consent of the Authority, be appointed as actuary.

(4) If it appears to the Authority that a person appointed under subsection (1) is not a fit and proper person to continue as such, the Authority may direct that such person shall not, without the written consent of the Authority, continue in such capacity.

(5) The Authority shall give written notice to the person concerned of any decision to make a direction under this section.

(6) Except where the Authority is satisfied that urgent action is necessary, the notice under subsection (5) shall be served on the person not less than 28 days before the date on which the direction is to take effect.

(7) Any consent by the Authority under subsections (3) or (4) may be —

(a) given subject to conditions;

(b) varied from time to time; or

(c) revoked at any time,

and the Authority shall give written notice to the person concerned of any decision to exercise the powers conferred by paragraph (a), (b) or (c).

(8) No person shall accept or continue in any appointment referred to in subsection (3) or (4) in contravention of a direction under this section.

(9) It is the duty of a designated insurer to take care not to appoint or continue the appointment of a person in contravention of a direction under this section.

(10) Whenever an appointment under subsection (1) comes to an end the designated insurer shall —

(a) within 14 days of the termination of the appointment, notify the Authority in writing of the termination and the reason for the termination;

(b) satisfy the Authority that appropriate arrangements have been made to cover any absence of a person appointed under subsection (1); and

(c) as soon as practicable following the termination, ensure that the insurance group makes a new appointment under subsection (1).

(11) Whenever an appointment under subsection (1) comes to an end the person ceasing to be appointed under that provision shall serve a written notice on the Authority containing such particulars as may be prescribed within 14 days of such cessation.

(12) The Authority may appoint a person qualified in accordance with section 18(2) as actuary to an insurance group where a designated insurer has failed to ensure that an appointment is made under subsection (10)(c) and such appointment shall be deemed to have been made by the designated insurer.

(13) Where no insurer in an insurance group carries on long-term business regulations may provide for this section to have effect subject to any exception, adaptation or modification specified in the regulations.