

INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS



Report on Insurance Laws, Regulations and Practices in IAIS Member Jurisdictions

- **Risk Assessment and Risk Management**
- **Supervision of Insurance Groups and
Financial Conglomerates**

September 2008

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IAIS Member Jurisdictions**

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Introduction

The two new chapters under review in this report were inserted in the Insurance Laws Database (ILD) in July 2007: Risk Assessment and Risk Management (chapter 21) and Supervision of Insurance Groups and Financial Conglomerates (chapter 22).

The IAIS Insurance Laws, Regulations, Practices and Standards Subcommittee (ILS) takes advantage of this opportunity to thank the 57 IAIS Members (44% of 131¹) that have contributed to chapters 21 and 22 of the database in 2007 and 2008. With the data of these jurisdictions, about 70% of the world market is covered (estimated figures based on total premium volume for 2007).

The analysis on the answers to chapters 21 and 22 of the ILD comprises information sent by jurisdictions before September, 2008. Chapter 21 includes contributions of 57 jurisdictions and chapter 22, of 56 jurisdictions.

The data provided give an up to date overview on the implementation of existing IAIS standards and the current supervisory regime. It may serve as a basis for information sharing and first hand information on basic regulatory and supervisory framework of particular jurisdictions for members, observers and third-parties.

Contents of the report

Chapter 21 of the ILD deals with the functions of risk assessment and risk management within the supervised insurance companies, and is comprised of 12 questions.

The first part deals with the main question of whether risk assessment and risk management issues are raised in the jurisdictions' legal framework, and then it separates the questions concerning life and non life insurance.

Specific questions are raised concerning the type of risk assessment and risk management tools used in different jurisdictions, in particular, questions concerning the use of stress testing and scenario analyses.

The report comments on how jurisdictions approach these subjects, as well as details on the timing of these tests, the responsible persons and who the results are presented to, and the specific requirements these tests should consider.

The report on chapter 22 analyzes the specific legal basis and supervisory framework for the regulation and supervision of insurance groups and financial conglomerates, while highlighting the consensus and differences of the specific regulatory requirements.

Furthermore, the report analyzes the organisation of co-operation and of responsibilities between countries that have insurance groups or financial conglomerates having subsidiaries in other countries, in order to look for a possible approach for an appropriate basis for information exchange and for the line-up of the supervisory competence.

¹ 142 members minus jurisdictions who are represented more than 1 time and minus international organisations like

IMF = 131 (US is counted for 1 time

¹ See detailed list in Appendix 1

The question on the need for licensing a leading/holding company of an insurance group or financial conglomerate and the consequences for non-licensed financial and non-financial institutions is also considered.

Finally the report highlights the measures and sanctions that can be imposed to particular entities within the insurance groups and financial conglomerate.

Supervision of insurance groups is important given that many insurers are part of a group structure and therefore subject to management decisions made from a groups' perspective rather than from a single entity perspective. Therefore in particular for insurance groups active on a cross-border basis effective cooperation of involved supervisors is essential.

The Appendix 2 shows the aggregated responses to chapters 21 and 22.

Reliability of the data

All data inputted to the database is checked through an automatic validation process in order to avoid inconsistent and false information. In addition, the information is subject to an approval procedure performed by designated members of the ILS in order to safeguard the quality and consistency of the information which is finally displayed on the database. Nevertheless, the ILS cannot guarantee the validity of the contents of the database and consequently of the report. Furthermore, it should be noted that only the wording of the law can be an authentic source of information. The jurisdictions' relevant laws can be consulted under the internet addresses published in the database in chapter 4 (legislation), under question 4.1.

More information

If there are any questions regarding access to or handling of the database, the Database Administrator (Carine.Notter@bis.org) can be contacted.

History of the Database

The Insurance Laws Database is a full-range information tool for insurance regulatory and supervisory issues, accessible through the IAIS website. Initially, the database was designed for use and benefit by IAIS Members only. Following the interest expressed by IAIS Observers and requests in the context of Technical Assistance projects, the database was opened in October 2005 to Observers, non-Member supervisors if they provide information to the database and – on a case by case basis – to non-profit or academic institutions. Reports on the database were published in October 2005 and in December 2007.

In 1996, the IAIS Insurance Laws, Regulations, Practices and Standards Subcommittee (ILS) was established. In 1997 the ILS decided to prepare a questionnaire on insurance laws, regulations and practices which was the basis for the first report on insurance laws and regulations, published in 1999. In 2000, the ILS started the revision of the 1998 questionnaire. The approach was to establish a permanent database on insurance laws, regulations and practices that should be accessible through the IAIS website. In 2002 the database was fully operational. The Insurance Law Database has been enhanced several times since then, with new functionalities and new contents.

1. Risk Assessment and Risk Management (Chapter 21)

1.1 Legal Framework for risk assessment and risk management

Regarding risk assessment and risk management issues, 48 out of the 57 jurisdictions that have contributed (84%), have these issues addressed in the legislation or the supervisory practice. Out of these 48 jurisdictions, 31 address these issues in insurance regulation, representing 65% of the cases. In 46% of the jurisdictions these issues are addressed in orders and standards issued by the supervisory authority, and in 44% in insurance supervisory law. It is in 14 jurisdictions (29%), that these issues are addressed in binding guidelines, and in 11 jurisdictions in non-binding guidelines.

1.2 Stress testing and Scenario analysis for life insurance

Regarding stress testing and scenario analysis as tools to assess risk, there are several questions on how insurance companies in the different jurisdictions perform these tests, and they are divided between life and non life insurance. In the case of life insurance, stress testing and/or scenario analysis is performed in 37 jurisdictions, which are in 77% of the jurisdictions that address risk management and risk assessment issues. In 26 of these jurisdictions, stress testing and/or scenario analysis is also performed for non life insurance, that is, 54% of the jurisdictions that deal with risk management and risk assessment.

Regarding life insurance, in more than 60% of the 37 jurisdictions that perform stress tests and/or scenario analysis, these are performed by the companies as part of their own risk management, in 38% of the jurisdictions, these are performed by the insurance companies according to regulatory requirements, and in around 43% these are performed by the company's actuary.

1.3 Stress testing and Scenario analysis for non-life insurance

Regarding non life insurance, there is a slight difference between the stress testing and scenario analysis. In the first case, 73% of the 26 jurisdictions that perform these tests, have the insurance companies doing it as part of their own risk management, 42% doing it according to regulatory requirements, and in 27% of the cases having the company's actuary doing it. In the scenario analysis case, 62% of the jurisdictions have the insurance companies doing it as part of their own risk management, 42% according to regulatory requirements, and 35% having the company's actuary doing it.

1.4 Intervals for Stress testing and Scenario analysis

Both stress testing and scenario analysis for life insurance are performed once a year by almost half of the jurisdictions, and for non life insurance, scenario analysis is performed yearly by 46% of the jurisdictions, and stress testing by 34%

of them. Some other jurisdictions do these tests with a different frequency, mainly quarterly (around 12%).

1.5 Types of Stress testing and Scenario analysis

For those jurisdictions where insurance companies are obliged to perform stress testing and/or scenario analysis, the most common scenarios included are decreases in equity in 65% of jurisdictions, interest rate increase and decrease in 62% of the cases, followed by surrender changes in 43%, general economic shocks in 41%, changes in the value of real estate in 38%, and natural catastrophes in 38% of jurisdictions as well. There are many other criteria mentioned in different jurisdictions, which are taken into account, such as changes in mortality and morbidity rates, cash flow mismatch, changes in expected premium growth, foreign exchange shocks and inflation.

As seen in Figure 21.1 below, 64% of the jurisdictions require all insurance companies, no matter the size or the type of insurance, to establish a risk management function, while 31% report to have no requirement in this topic, and 5% report to have this function established only for certain defined types of insurance companies. None of the jurisdictions responded to have this function established for large insurance companies.

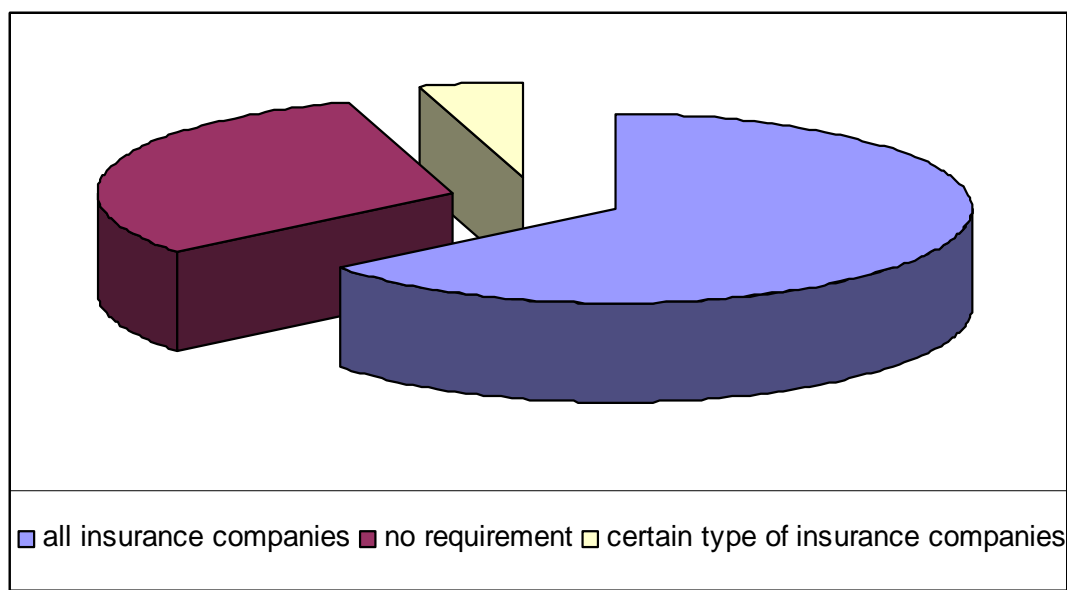
1.6 Duty of reporting of the Stress testing and Scenario analysis

In jurisdictions where a risk management function is required, in 90% of the cases this function has to report to the management, and in 42% of the cases to the supervisor as well. There are some jurisdictions where the risk management function has to report to the internal controller (34%), and a fewer report to the external controller and the business functions. The reports on risk management include, in most of the jurisdictions (around 90%), the company's risk exposure, its actions taken to control risks and the risk tendency. In some other cases, the report includes the emergency scenarios in case the risk models are not available or applicable in a specific situation, the reliability of the figures and information the report is based on, and the qualified support to the technical system available shortly in case the electronic system fails.

1.7 Required risk management functions

In all of the jurisdictions where a risk management function is required, this has to establish the guidelines or procedures regarding risk identification, measurement, testing, assessing and controlling. In addition, in 76% of the cases it has also to establish a risk management information system, and in 65% the benchmarks to assess the risks.

Figure 1: Are insurance companies required to establish a risk management function?



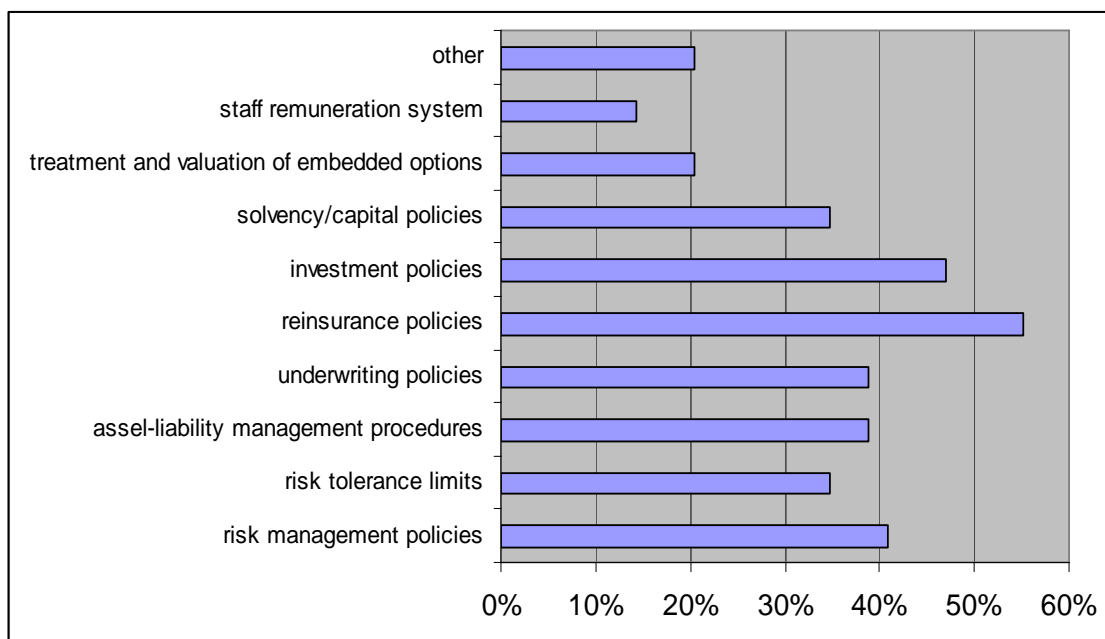
1.8 Outsourcing of the risk management functions

There are a few jurisdictions which, prior approval of the supervisory authority, allow insurance companies to outsource the risk management function, 4 which allow this without any restriction, and 3 which allow it, only after notification to the supervisor. However, there are 17 jurisdictions which have no requirements and 12 of them which do not allow risk management to be outsourced.

1.9 Reporting to the supervisory authorities

With respect to the filing of information to the supervisory authority, of the 49 jurisdictions that contributed to this chapter, 55% reported that insurance companies are required to submit information on the reinsurance policies, 47% on the investment policies, and 39% on underwriting policies and asset-liability management procedures. There is also some information required such as the risk management policies and risk tolerable limits, as well as the capital/solvency policies. As far as the staff remuneration system is concerned, this is required information in only 14% of the jurisdictions. With respect to other information and documents, some of them include reports on internal control and report on compliance with corporate governance codes. In addition, some jurisdictions require these information to be submitted to the supervisory authority not on a periodic basis, but upon request of the authority or via on site inspections.

Figure 2: Information submitted to the supervisory authority



1.10 Receiving methods of supervisory authorities on the risk management information

The supervisory authorities receive information on the risk management systems of insurance companies through different channels. Most of them, 78%, do so through on site inspections, followed by external audit reports 65%, actuarial reports and discussions with the management of the company 55%, internal audit reports and off-site surveillance 50%. 24% of the jurisdictions require this information through partly standardized regulatory reporting, while 20% and 16% of the jurisdictions have a non standardized regulatory reporting system, and a fully standardized one, respectively.

1.11 Regulatory/supervisory measures towards inadequate risk management practices

Finally, regarding the measures which can be applied by the supervisory authority in case, the insurance companies do not comply with the regulatory or supervisory requirements, 61% report applying restrictions on new business, fining the company, and withdrawal of the license. Other jurisdictions, 55%, report the requirement of more frequent risk reporting and additional capital/solvency requirements for insurance companies that do not comply with the requirements.

2. The Supervision of Insurance Groups and Financial Conglomerates (Chapter 22)

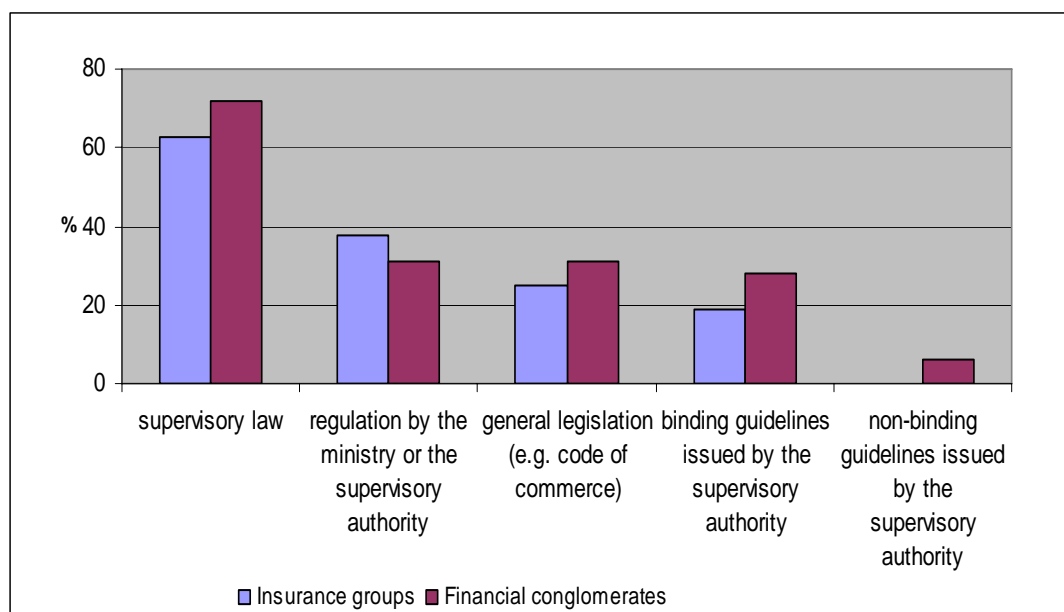
2.1 The legal basis

79% (44) of the jurisdictions consulted are integrated supervisory authorities which -apart from insurance- also supervise other financial sectors e.g. banking, private pensions, securities firms/markets. Two-thirds of these integrated supervisors have specific regulation and/or regulatory practices for the supervision of insurance groups and/or financial conglomerates in place.

In general, without taking the organizational structure of the authority into account, 57% (32) of the jurisdictions apply specific regulation for insurance groups and/or financial conglomerates whereas 43% (24) doesn't have any regulation. 79% (19) of those 24 jurisdictions which allude to no regulatory framework, however, provide information about their day-to-day supervisory practices when regulating and supervising insurance groups or financial conglomerates in the database. This information is paid regard to in the report.

Jurisdictions asked about its specific legislation for regulating insurance groups or financial conglomerates refer in their answers to the supervisory law as the main legislative basis. Two-thirds of the jurisdictions which supervise insurance groups use in addition to the supervisory law, supplementary legislation i.e. regulation by the ministry or the supervisory authority. Almost all of the jurisdictions which supervise financial conglomerates rely on supplementary legislation i.e. regulation by the ministry or the supervisory authority, general legislation (e.g. Code of Commerce). The most relevant legislative basis named can be seen in the graph below:

Figure 3: The main legislative basis for regulating insurance groups or financial conglomerates



13% (4) of the supervisory authorities do not refer to the supervisory law for regulating insurance groups and/or financial conglomerates. Those jurisdictions rely on the regulation by the ministry or the supervisory authority and/or the general legislation (e.g. Code of Commerce).

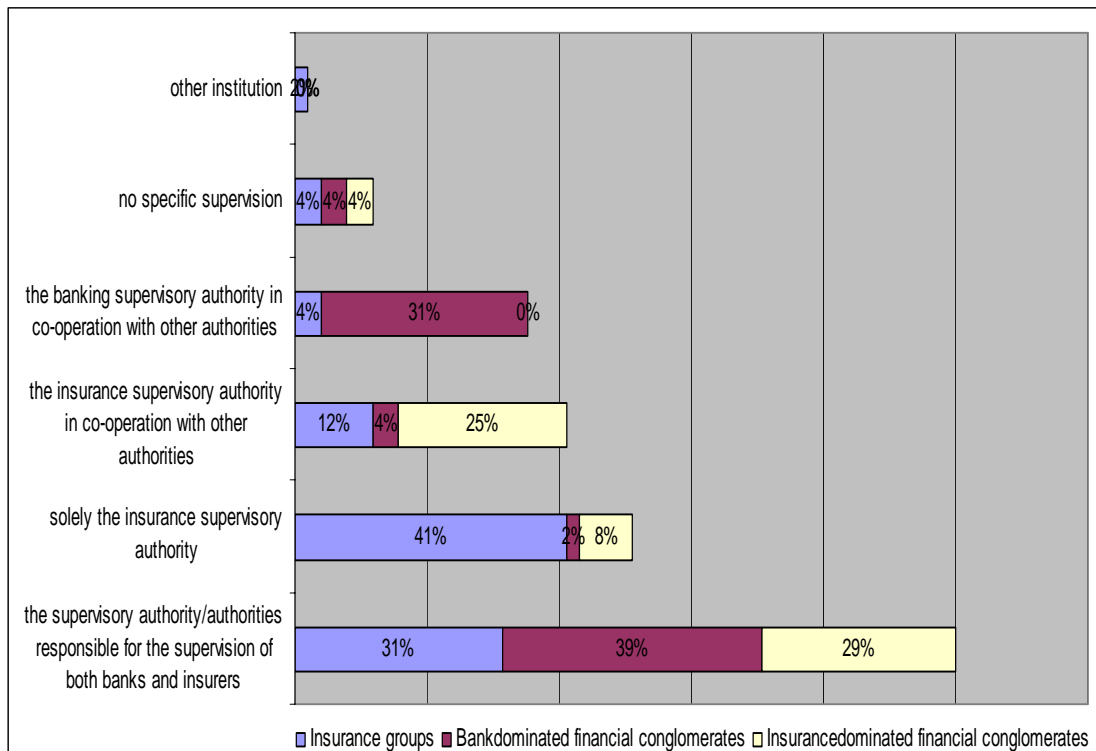
In European countries the requirements existing in its law and regulation result mostly from the transpositions of European Directives 98/78/EC (insurance groups) and 02/87/EC (financial conglomerates).

Members who only supervise insurance companies state that supervision of financial conglomerates is implemented in co-operation with other national authorities.

2.2 The supervisory body in charge

Insurance group's supervision is predominantly carried out by the insurance supervisory authority solely. Whereas bank or insurance dominated financial conglomerates are primarily supervised by the supervisory authority responsible for the supervision of both banks and insurers. Please see the graph below:

Figure 4: The institution responsible for the specific supervision of insurance groups or financial conglomerates

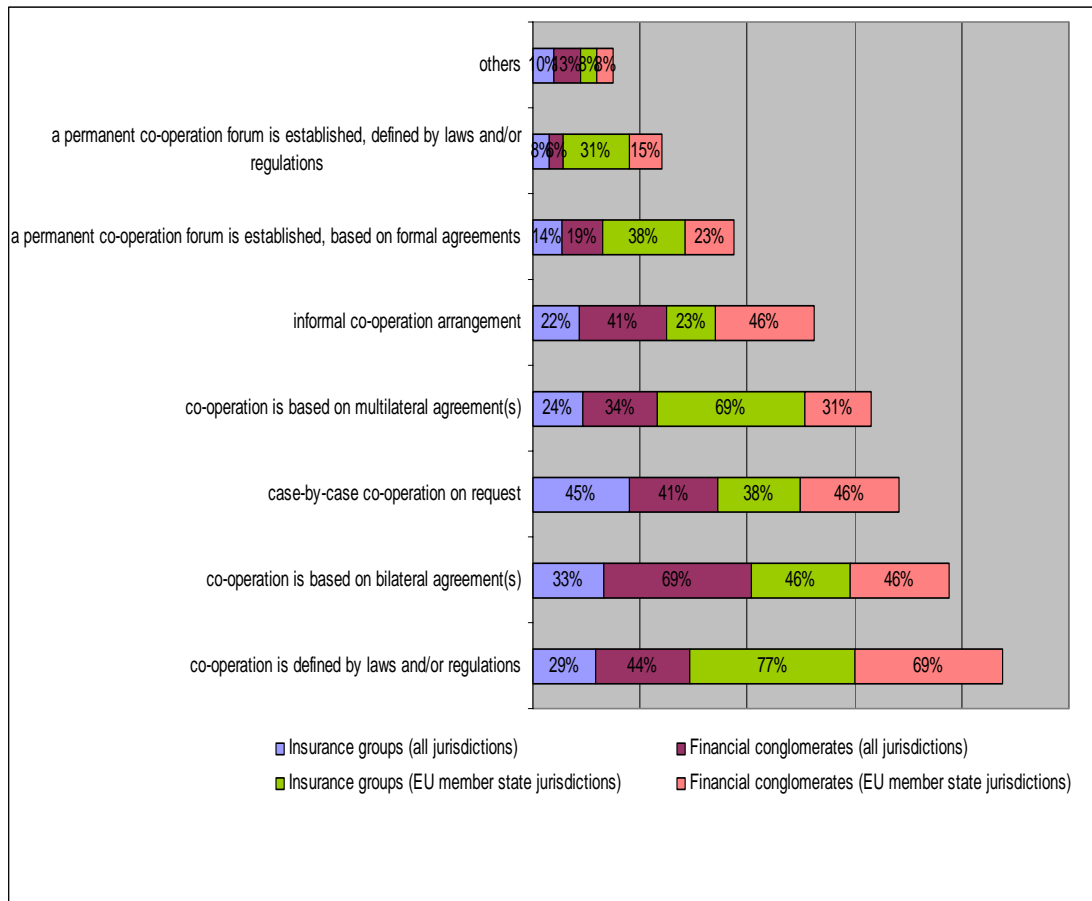


Those 19 jurisdictions which allude to no regulatory framework refer mainly to the same institutions as the supervisory body in charge as those having a specific regulatory framework for supervising insurance groups and/or financial conglomerates in place.

2.3 The co-operation and co-ordination with other authorities

Jurisdictions supervising insurance groups and/or financial conglomerates that have subsidiaries in other countries co-operate with the authorities in those countries mainly based on bilateral agreements or on request. Permanent co-operation forums are used less frequently. Please see graph below:

Figure 5: The co-operation and co-ordination with other authorities



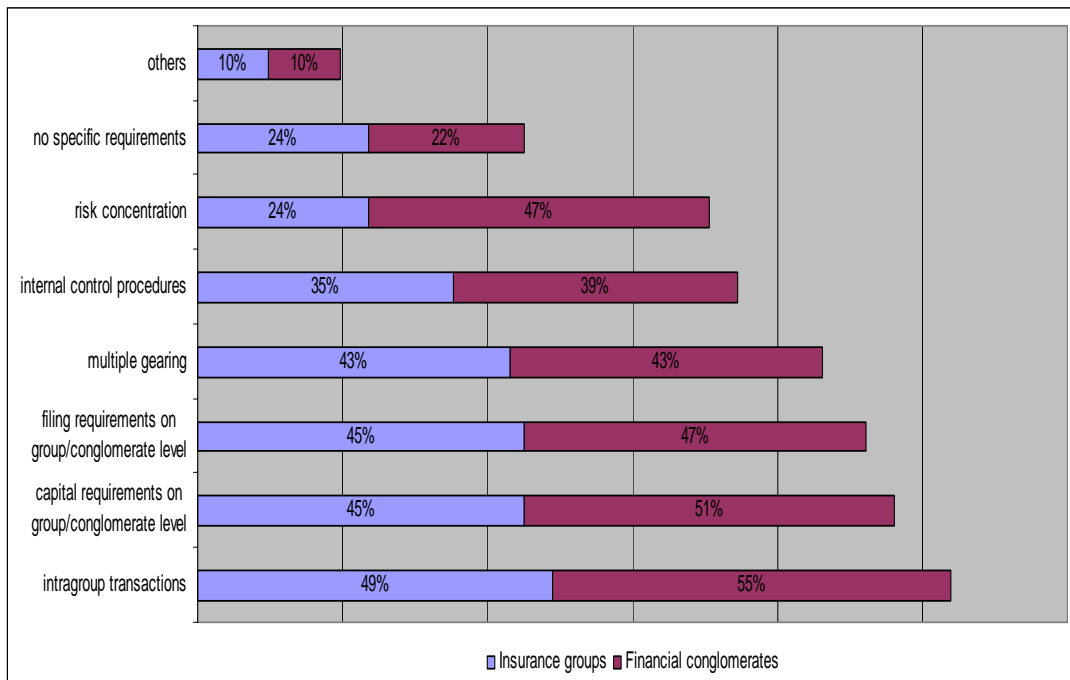
EU member state jurisdictions with regulation for insurance groups and/or financial conglomerates in place co-operate primarily based on laws and/or regulations and multilateral agreements.

Where supervisory authorities in different countries are involved in the supervision of insurance groups or financial conglomerates half of the jurisdictions indicate that there is no responsible authority for the coordination of the supervision on the insurance group or the financial conglomerate identified.

2.4 The regulatory requirements, measures and sanctions

Insurance groups and financial conglomerates mainly follow specific regulatory requirements on intragroup transactions, capital, and filing. Moreover, especially for financial conglomerates the specific regulation on risk concentration applies. Please see graph below:

Figure 6: The regulatory requirements



The supervisory authority can impose measures or sanctions mainly on all domestic licensed insurers within the group/conglomerate if the above mentioned requirements are not met. In certain cases the integrated supervisor can impose measures or sanctions on all domestic licensed entities within the group/conglomerate.

76% (37) of the jurisdictions do not require the leading/holding company of an insurance group or financial conglomerate being a licensed financial institution. For those companies' nevertheless mostly fit and proper, filing and internal control requirements apply. In 18% of the jurisdictions no requirements are established.

If the leading/holding company of an insurance group or financial conglomerate does not have to be a licensed financial institution the following measures can be taken by the supervisory authority [by order of most recognition]:

- meetings with the management of the company, company visits,
- financial analyses and
- on-site inspections.

20% of the jurisdictions can take no measures at all.

Half of the jurisdictions can not impose sanctions on a leading/holding company of an insurance group. Nevertheless, the fining of the entity or the members of the board of directors and the removal of the board of directors are the most recognized sanctions that can be imposed on the leading/holding company which does not have to be a licensed financial institution.

Jurisdictions can hardly impose any sanction on other non-licensed entities within an insurance group or financial conglomerate. In a very few cases it can only fine the entity or the members of the board of directors.

Appendix 1: List of Jurisdictions contributed

1. List of Jurisdictions contributed to the Chapter 21 on risk assessment and risk management

Albania, Argentina, Australia, Austria, Bahrain, Belgium, Brazil, British Virgin Islands, Canada – OSFI, Canada – Quebec, Chinese Taipei, Colombia, Czech Republic, Ecuador, El Salvador, Egypt, France, Germany, Ghana, Gibraltar, Guatemala, Guernsey, Hong Kong, Hungary, Iceland, India, Isle of Man, Israel, Italy, Jersey, Jordan, Lebanon, Lithuania, Malaysia, Malta, Mauritius, Mexico, Morocco, Netherlands Antilles, Peru, Philippines, Poland, Republic of Korea, Romania, Saudi Arabia, Serbia, Singapore, Slovak Republic, South Africa, Spain, Sultanate of Oman, Switzerland, Trinidad & Tobago, Tunisia, Turkey and USA.
(57 Jurisdictions)

2. List of Jurisdictions contributed to the Chapter 22 on the supervision of insurance groups and financial conglomerates

Albania, Australia, Austria, Bahrain, Belgium, Brazil, British-Virgin Islands, Canada - OSFI, Canada - Quebec, Chinese Taipei, Colombia, Czech Republic, Ecuador, Egypt, El Salvador, France, Germany, Ghana, Gibraltar, Guatemala, Guernsey, Hong Kong, Hungary, Iceland, India, Isle of Man, Israel, Italy, Jersey, Jordan, Lebanon, Lithuania, Malaysia, Malta, Mauritius, Mexico, Morocco, Netherlands, Netherlands Antilles, Peru, Philippines, Poland, Republic of Korea, Romania, Saudi Arabia, Serbia, Singapore, Slovak Republic, South Africa, Spain, Sultanate of Oman, Switzerland, Trinidad & Tobago, Tunisia, Turkey, USA.
(56 Jurisdictions)

Appendix 2: Aggregation of the responses to the Chapter 21 & 22

Chapter 21: [All Jurisdictions] Risk assessment and risk management

21.1 Does the legislation or the supervisory practice in the jurisdiction address risk assessment and risk management issues?

42 yes

7 no

21.2 Risk assessment and risk management issues are addressed in:

5 general legislation (e.g. code of commerce)

28 insurance regulation

19 insurance supervisory law

21 orders or standards issued by the supervisory authority

11 binding guidelines

11 non-binding guidelines

2 no explicit reference

2 other (please specify under comments)

21.3 Are stress testing and/or scenario analyses performed for life insurance?

32 yes

15 no

If yes, stress tests and/or scenario analyses are performed by

	Stress testing	scenario testing
the insurance companies according to regulatory requirements	<u>13</u>	<u>13</u>
the insurance companies as part of their own risk management	<u>19</u>	<u>18</u>
the company's actuary	<u>14</u>	<u>12</u>

If yes, stress tests and/or scenario analyses are performed

	Stress testing	scenario testing
monthly	<u>1</u>	<u>1</u>
quarterly	<u>5</u>	<u>4</u>
half-yearly	<u>3</u>	<u>1</u>
yearly	<u>15</u>	<u>15</u>
other frequency (please specify under comments)	<u>7</u>	<u>3</u>

21.4 Are stress testing and/or scenario analyses performed for non-life insurance?

23 yes

24 no

If yes, stress tests and/or scenario analyses are performed by

	Stress testing	scenario testing
the insurance companies according to regulatory requirements	<u>8</u>	<u>11</u>
the insurance companies as part of their own risk management	<u>16</u>	<u>14</u>
the company's actuary	<u>6</u>	<u>8</u>

If yes, stress tests and/or scenario analyses are performed by

	Stress testing	scenario testing
monthly	<u>1</u>	<u>1</u>
quarterly	<u>4</u>	<u>3</u>
half-yearly	<u>2</u>	<u>1</u>
yearly	<u>8</u>	<u>12</u>
other frequency (please specify under comments)	<u>6</u>	<u>2</u>

21.5 If insurance companies are obliged to perform stress testing and/or scenario analyses those test include the following scenarios:

- 20 interest rate increase
- 20 interest rate decrease
- 10 equity increase
- 21 equity decrease
- 12 real estate value decrease
- 11 natural catastrophes
- 7 man-made catastrophes
- 15 surrender changes
- 13 general economic shocks
- 19 other criteria (please specify under comments)

21.6 Are insurance companies required to establish a risk management function?

- 27 all insurance companies
- 0 large insurance companies
- 2 certain defined types of insurance companies (please specify under comments)
- 18 no requirement

21.7 The risk management function, if required, has to report to:

	yes	no
the management	<u>26</u>	<u>3</u>
the business functions	<u>5</u>	<u>9</u>
the internal controller	<u>10</u>	<u>8</u>
the external controller	<u>5</u>	<u>10</u>
the supervisor	<u>12</u>	<u>8</u>
has to report on:		
the company's risk tendency	<u>20</u>	<u>5</u>
the company's risk exposure	<u>25</u>	<u>1</u>
the company's actions taken to control the risks	<u>26</u>	<u>2</u>
the reliability of the figures and information based on	<u>12</u>	<u>7</u>
the emergency scenarios in case the risk models are not available/applicable in a specific situation	<u>10</u>	<u>7</u>
the qualified support to the technical system available shortly in case the electronic system fails	<u>12</u>	<u>6</u>
others, please specify:		
<u>view list</u>	<u>4</u>	<u>0</u>
<u>view list</u>	<u>3</u>	<u>0</u>
<u>view list</u>	<u>2</u>	<u>0</u>

21.8 The risk management function, if required, has to establish

IAIS – Insurance Laws, Regulations and Practices in IAIS Member Jurisdictions
»Risk Assessment and Risk Management and Supervision of Insurance Groups and Financial Conglomerates«

	yes	no
guidelines / procedures regarding risk identification, measurement, testing, assessing and controlling	<u>29</u>	<u>2</u>
benchmarks to assess the risks	<u>19</u>	<u>4</u>
a risk management information system	<u>22</u>	<u>3</u>
a program to enhance risk awareness	<u>15</u>	<u>7</u>
a risk attitude code	<u>10</u>	<u>10</u>

21.9 Is it admissible to outsource the risk management function?

- 5 yes, with approval of the supervisory authority
- 3 yes, after notification to the supervisor
- 0 yes, but only to another insurance company
- 0 yes, but only to another insurance company within the same group/conglomerate
- 3 yes, without any further restrictions
- 15 no requirement
- 11 no, it is not allowed
- 4 other requirements (please specify under comments)

21.10 The insurance companies have to submit the following information to the supervisory authority:

- 20 a copy of the insurer's risk management policies
- 17 a description of the risk tolerance limits for the different risks
- 19 a description of the asset liability management procedures
- 19 a description of the insurer's underwriting policies
- 27 a description of the insurer's reinsurance policies
- 23 a description of the insurer's investment policies
- 17 a description of the insurer's solvency/capital policies
- 10 details on the treatment and valuation of embedded options
- 7 information on staff remuneration system
- 10 other information or documents

21.11 The supervisory authority receives information on the risk management systems of insurance companies through

- 8 publicly disclosed risk reporting
- 8 regulatory reporting - in a fully standardized way
- 12 regulatory reporting - in a partly standardized way
- 10 regulatory reporting - not standardized
- 24 off-site surveillance
- 38 on-site inspections
- 25 internal audit reports
- 32 external audit reports
- 27 actuarial reports
- 27 discussions with the company management
- 23 discussions with the board of directors/supervisory board
- 2 other means

21.12 If an insurance company does not comply with the regulatory or supervisory requirements the following measures can be applied:

- 30 restrictions on new business
- 19 application of specific investment rules

- 17 application of quantitative underwriting restrictions
- 12 prescription of risk tolerance levels
- 27 frequent risk reporting
- 27 additional capital/solvency requirements
- 30 withdrawal of the licence
- 24 removal of key persons
- 30 fining the company
- 17 fining of key persons
- 1 no measures
- 3 other system

Chapter 22: [All Jurisdictions]

Supervision of insurance groups and financial conglomerates

22.1 Is there any specific regulation for insurance groups or financial conglomerates in your jurisdiction?

- 5 yes, specific regulation for insurance groups
- 7 yes, specific regulation for financial conglomerates
- 20 yes, specific regulation for both insurance groups and financial conglomerates
- 24 no

In case of 'yes', please state the main legislative basis for regulating insurance groups or financial conglomerates

	Insurance groups	Financial conglomerates
general legislation (e.g. code of commerce)	8	10
supervisory law	20	23
regulation by the ministry or the supervisory authority	12	10
binding guidelines issued by the supervisory authority	6	9
non-binding guidelines issued by the supervisory authority	0	2

22.2 Which institution is responsible for the specific supervision of insurance groups or financial conglomerates?

	Insurance groups	Bank dominated financial conglomerates	Insurance dominated financial conglomerates
solely the insurance supervisory authority	21	1	4
the insurance supervisory authority in co-operation with other authorities	6	2	13
solely the banking supervisory authority	1	3	1
the banking supervisory authority in co-operation with other authorities	2	16	0

	Insurance groups	Bank dominated financial conglomerates	Insurance dominated financial conglomerates
the supervisory authority/authorities responsible for the supervision of both banks and insurers	16	20	15
other institution	1	0	0
no specific supervision	2	2	2

22.3 In case of insurance groups or financial conglomerates that have subsidiaries in other countries how is the co-operation with the authorities in those countries organised?

	Insurance groups	Financial conglomerates
co-operation is defined by laws and/or regulations	15	14
co-operation is based on bilateral agreement(s)	17	22
co-operation is based on multilateral agreement(s)	12	11
a permanent co-operation forum is established, defined by laws and/or regulations	4	2
a permanent co-operation forum is established, based on formal agreements	7	6
informal co-operation arrangement	11	13
case-by-case co-operation on request	23	21
others (please specify under comments)	5	4

22.4 Where supervisory authorities in different countries are involved in the supervision of insurance groups or financial conglomerates, is one of them responsible for the coordination of the supervision on the insurance group or the financial conglomerate?

- 5 yes, in case of insurance groups
- 3 yes, in case of financial conglomerates
- 16 yes, in case of both insurance groups and financial conglomerates
- 24 no

22.5 Which specific regulatory requirements apply to insurance groups and financial conglomerates?

	Insurance groups	Financial conglomerates
risk concentration	12	24
multiple gearing	22	22
intragroup transactions	25	28
capital requirements on group/conglomerate level	23	26
filing requirements on group/conglomerate level	23	24
internal control procedures	18	20
no specific requirements	12	11
others (please specify under comments)	5	5

22.6 In case specific regulatory requirements apply, on which entities can the supervisory authority impose measures or sanctions, if the requirements are not met?

	Insurance groups	Financial conglomerates
on all domestic licensed entities within the group/conglomerate	10	17
on all domestic licensed insurers within the group/conglomerate	23	15
on all domestic licensed banks within the group/conglomerate	4	8
on all domestic entities within the group/conglomerate	2	5
only on the leading/holding company within the group/conglomerate	4	6
others (please specify under comments)	2	2

22.7 Does the leading/holding company of an insurance group or financial conglomerate have to be a licensed financial institution?

- 3 yes, in case of insurance groups
- 4 yes, in case of financial conglomerates
- 5 yes, in case of both insurance groups and financial conglomerates
- 37 no

22.8 If the leading/holding company of an insurance group or financial conglomerate does not have to be a licensed financial institution, which regulatory requirements apply to the leading/holding company?

	Insurance groups	Financial conglomerates
fit and proper requirements	21	22
filing requirements	9	10
capital requirements	7	9
internal control procedures	5	9
no requirements	10	7
others (please specify under comments)	8	6

22.9 If the leading/holding company of an insurance group or financial conglomerate does not have to be a licensed financial institution, which measures can be taken by the supervisory authority with respect to the leading/holding company?

	Insurance groups	Financial conglomerates
financial analyses	15	15
on-site inspections	12	15
meetings with the management of the company, company visits	20	20
no measures	10	7
other types of measures (please specify under comments)	6	6

22.10 If the leading/holding company of an insurance group or financial conglomerate does not have to be a licensed financial institution, which sanctions can be imposed on the leading/holding company?

	Insurance groups	Financial conglomerates
removal of members of the board of directors	5	9
removal of other managers	3	6
fining the entity	8	12
fining the members of the board of directors	4	5
no sanctions	21	14
others (please specify under comments)	6	6

22.11 Which sanctions can be imposed on other non-licensed entities within an insurance group or financial conglomerate?

	Insurance groups	Financial conglomerates
removal of members of the board of directors	1	2
removal of other managers	1	2
fining the entity	5	7
fining the members of the board of directors	3	3
no sanctions	29	25
others (please specify under comments)	4	1