

Directives

of Federal Office of Private Insurance FOPI

31 December 2006

**13.1/2006 – Reporting on the Organization of Insurance Groups
and Insurance Conglomerates**

Legal basis: Articles 67 and 75 ISA
Article 22 ISA
Article 191 SO
Article 204 SO

Decision of: 21 November 2006

Entry into force: 31 December 2006



Schweizerische Eidgenossenschaft
Confédération suisse
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Swiss Confederation

Swiss Federal Department of Finance FDF
Federal Office of Private Insurance FOPI

1 Background

This Directive describes minimum requirements for reporting on the organization of insurance groups (groups) and insurance conglomerates (conglomerates) subject to supervision.

The Directive is based on article 191, paragraphs 2 and 4, and article 204 of the Supervision Ordinance (SO), according to which the groups and conglomerates must submit information **on their organizational, control, and business management structure**. Changes in any of three reporting areas must be notified within fourteen days of becoming effective.

2 Purpose

The purpose of the report required is to provide comprehensive and timely information to the supervisory authority on the organization of the group or conglomerate.

3 Scope

This Directive applies to all groups and conglomerates that have been placed under supervision by means of an order pursuant to the following legal foundations:

- insurance groups pursuant to article 65 ISA;
- insurance conglomerates pursuant to article 73 ISA.

4 Terminology

4.1 Organizational structure

The organizational structure is an illustration of the division of the group or conglomerate into different business areas, such as life insurance, non-life insurance, etc., or other large, separately run business areas, as well as a description thereof.

4.2 Control structure

The control structure encompasses those persons mandated by the board of directors to monitor the internal control system, as well as the auditing activities of the internal and external audit offices. The internal control system (ICS) includes the internally mandated processes, methods, and measures (group-/conglomerate-internal instructions) that serve to ensure appropriate security with respect to the risks of business management, especially in relation to the effectiveness of business processes, the reliability of financial reporting, and compliance with laws and ordinances.

4.3 Business management structure

The business management structure consists of the board of directors and the persons entrusted with executive management at the group or conglomerate level. Their structure, tasks, and responsibilities are documented in the articles of association, the organizational rules, the rules governing assignment of authority, and the code of conduct.

5 Minimum requirements for reporting

5.1 Personnel organization of the group / conglomerate

- Organizational chart of the business management structure of the group/conglomerate within the meaning of the business management structure and the following management level, with job title and account of specific responsibilities, where possible.
- Name, start of term/assumption of functions at the management level, curriculum vitae, and description of tasks of the business management of the group/conglomerate within the meaning of the business management structure.
- Name, curriculum vitae, description of tasks, and date of assumption of the functions at the management level following the executive management within the meaning of the business management structure.

5.2 Description of the organization

A description of the organization of the business management structure, the responsibilities and authority of the business management, by means of an organizational Directive. The minimum content of the organizational Directive include:

- Fundamentals and scope
- Objective
- Function and procedures of the board of directors
 - Establishment and structure
 - Meetings and frequency thereof
 - Quorum and decision-making
 - Minutes
 - Responsibilities and authority
 - Remuneration
 - Incompatibilities
- Board committees
 - Structure and organization
 - Responsibilities and authority
 - Reporting to the board of directors
- Executive management
 - Appointment and organization
 - Responsibilities and authority
- Internal Audit
 - Appointment and organization
 - Responsibilities and authority

- Joint provisions
 - Signatory rules
 - Abstinance
 - Entry into force
- Annex 1: Allocation of rights and duties
- Annex 2: List of periodic reports to the board and the committees

5.3 Group- / conglomerate-internal instructions

An overview table of the most important instructions within the above meaning. For instance, this table includes underwriting Directives on various product lines, claims processing Directives, etc.

6 First submission and submission deadlines

The organizational, control, and business management structures must be submitted for the first time in accordance with the requirements set out in the order placing the group or conglomerate under supervision.

Federal Office of Private Insurance

Herbert Lüthy
Director