

Circular 2008/27

Organization — insurance groups

Reporting on the organization of insurance groups and insurance conglomerates

Reference: FINMA Circ. 08/27 “Organization — insurance groups”
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 Entry into force: 1 January 2009
 Last amendment: 20 November 2008
 Concordance: previously FOPI Directive 13.1/2006 “Reporting on the organization” of 21 November 2006
 Legal framework: FINMASA art. 7 sect. 1 lett. b
 ISA art. 22, 67, 75
 ISO art. 191, 204

Addressees																					
BA			ISA			SESTA		CISA					AMLA		Other						
Banks	Financial groups and -congl.	Other intermediaries	Insurers	Insurance groups and -congl.	Insurance intermediaries	Stock exch. and participants	Securities dealers	Fund management companies	SICAVs	Limited partnerships for CISs	SICAFs	Custodian banks	Asset managers CISs	Distributors	Representatives of foreign CISs	Other intermediaries	SROs	DSFIs	SRO-supervised institutions	Audit firms	Rating agencies
				X																	

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I. Introductory remarks

This Circular sets out the minimum reporting requirements pertaining to the organization of insurance groups (groups) and insurance conglomerates (conglomerates) subject to regulatory supervision. 1

This Circular is based on art. 191 sect. 2 and 4 and art. 204 of the Insurance Supervisory Ordinance (ISO; SR 961.011), according to which insurance groups and conglomerates must submit information to FINMA on their organizational, control and business management structure. Changes in any of these three reporting areas must be reported to FINMA within fourteen days of taking effect. 2

II. Purpose

The purpose of reporting is to provide comprehensive and timely information to FINMA on the organization of the group or conglomerate. 3

III. Scope of application

This Circular applies to all groups and conglomerates that have been placed under regulatory supervision by means of an order pursuant to the following legal foundations: 4

- insurance groups: pursuant to art. 65 of the Insurance Supervision Act (ISA; SR 961.01);
- insurance conglomerates: pursuant to art. 73 ISA.

IV. Terminology

A. Organizational structure

The organizational structure is an illustration of the division of the group or conglomerate into different business areas, e.g. life insurance, non-life insurance, etc., or other large, separately run business areas, as well as a description thereof. 5

B. Control structure

The control structure encompasses those persons of the board of directors mandated to monitor the internal control system, as well as the auditing activities of the internal audit body and the audit firm. The internal control system (ICS) includes the internally mandated processes, methods and measures (internal group/conglomerate directives) that serve to ensure appropriate security with respect to business management risks, especially with regard to the effectiveness of business processes, reliability of financial reporting, and compliance with laws and other legal provisions. 6

C. 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 the allocation of powers and responsibilities, and the code of conduct. 7

V. Minimum reporting requirements

A. Personnel organization of the group / conglomerate

Organizational chart depicting the business management of the group/conglomerate in terms of the business management structure and the successive level, including the job title and an itemisation of specific responsibilities, where possible. 8

Name, start of term of office/assumption of functions at the executive management level, curriculum vitae, and description of the executive business management tasks of the group/conglomerate in terms of the business management structure. 9

Name, curriculum vitae, description of tasks, and date of assumption of the functions at the management level below the executive management level in terms of the business management structure. 10

B. Description of the organization

A description of the organization of the business management structure, business management powers and responsibilities by means of organizational rules (by-laws). The organizational rules are to include the following at minimum: 11

- Foundation and scope of application
- Objective
- Function and procedures of the board of directors
 - Establishment and structure
 - Meetings and frequency thereof
 - Quorum and passage of resolutions
 - Minutes
 - Powers and responsibilities
 - Remuneration
 - Incompatibilities
- Board committees
 - Structure and organization
 - Powers and responsibilities
 - Reporting to the board of directors
- Executive management
 - Appointment and organization

- Powers and responsibilities
- Internal audit
 - Appointment and organization
 - Powers and responsibilities
- Joint provisions
 - Signatory rules
 - Exclusion from proceedings and voting
 - Entry into force
- Appendix 1: Allocation of Competence (Powers and Responsibilities)
- Appendix 2: List of Periodic Reports to Be Submitted to the Board of Directors and Committees

C. Internal group / conglomerate directives

An overview table showing the most important directives in terms of the definition given above. This table is to include underwriting guidelines on various product lines, claims processing guidelines, etc. 12

VI. Initial 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 regulatory supervision. 13