

CORPORATE GOVERNANCE IN INSURANCE REGULATIONS

WITH GOETHE FROM GREY TO GREEN TO GOLD?

Goethe University
International Center of Insurance Regulation ICIR

8th Talk on Insurance and Regulation

Frankfurt on the Main, 19 May 2015

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*"Grau, teurer Freund, ist alle Theorie, und grün des
Lebens goldner Baum."*

Mephisto in Goethe's Faust

Overview

- Growing presence of insurance governance regulations
- Analysis of insurance governance regulations
 - Key features
 - Additional elements
 - Efficiency and effectiveness
- Conclusions and outlook

Appendix

Growing presence of insurance governance regulations

Governance topics in financial market regulation

- Focus on governance topics in regulation is increasing exponentially around the globe during the last very few years
- Regulatory corporate governance evolved from specific requirements in corporate law as to roles and responsibilities of corporate bodies to stock exchange regulations with a particular focus on disclosure requirements as to organisation and remuneration to voluntary codes with a broader scope of application
- Intense discussion around regulatory corporate governance in the aftermath of the crisis of 2002/2003 and even more so after 2007/2008 was taken up through regulatory standardsetting as well as regional and national regulation for all sectors of financial markets

International standardsetting and local regulatory action

- Evolution of thinking reflected in global standardsetting such as the following recent examples:
 - FSB
 - Principles for Sound Compensation Practices, 2009
 - Guidance on Supervisory Interaction with Financial Institutions on Risk Culture, 2014
 - OECD
 - Guidelines on Insurer Governance 2011
 - BCBS
 - Corporate Governance Principles for Banks, Consultative document 2010 and forthcoming 2015
 - IAIS
 - ICPs in the version of 2011, as amended in 2012 and 2013
 - Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), Revised Draft 2014
 - Approaches to Group Corporate Governance; Impact on Control Functions, Issues Paper 2014
- Standardsetting regarding the governance part has been the subject of intense debates, but in general less controversial than the development of an international capital standard
- Corresponding adaptations of governance requirements in the regional and national regulation of the financial/insurance sector ongoing, whereby these adaptations may also have been triggered either by Financial Sector Assessment Programs of the IMF, equivalence assessments or by local forces as a result of societal and political evolution

Examples of recent insurance governance regulatory action



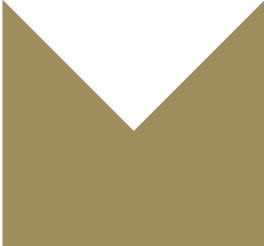
Short summaries
included in Appendix


Interim conclusions


- Insurance governance regulations have grown in reaction to practical needs rather unsystematically. They show some areas of overlap in terms of subject matter, but in terms of methodologies applied wide differences
- Such differences in approaches to insurance regulatory governance around the globe range from
 - reporting system (NAIC) to active supervisory assessment approaches (Switzerland), with many shades in between
 - high level principles (CIRC) to relatively detailed approach at least for particular aspects (Solvency II)
 - covering only regulatorily required aspects of governance (Swiss regulation, but complemented by broader FINMA practice) to relatively comprehensive governance process (Australia, Canada)
- To date, discussions have typically centered around contents. There was, however, limited analysis of – among other aspects - how these rapidly grown IGR operate, what might be missing and whether they are efficient and effective. The following presentation focusses on these latter aspects.

Analysis of insurance governance regulations

Analysis of insurance governance regulations

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- As set out, insurance governance regulations (IGR) have developed in a practical context, but not in a very systematic manner

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- The analysis of insurance governance regulations seems more and more warranted since repeatedly questions are raised that fundamentally touch on regulatory techniques, contents and effects

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- Thus, among others the following matters are of importance:
 - To assess key features of IGR in order to be able to **categorize the patterns** appearing repeatedly
 - To use such categorization to discuss elements not (fully) **addressed**
 - Finally, to test **efficiency and effectiveness**

Analysis of insurance governance regulations

Key features

Categorization according to which criteria?

- Many criteria are conceivable to analyze norms. With a view to insurance governance regulations the following groups of criteria are chosen:
 - Technical criteria: serving to assess the regulatory techniques applied (in the foreground in this analysis)
 - Contents related criteria: serving to assess the contents (most analysis done to date, therefore here less extensive discussion)
 - Control related criteria: serving to assess the enforceability (rarely assessed)
- In the following the focus will be put on individual regulations, but in the future, it may be of interest to assess
 - the interplay of individual elements of IGR and
 - the regulatory governance pronouncements in their entirety

Technical criteria

Criterion	Subcriteria	Remarks
Level of regulatory pronouncement	Constitution, Act, Ordinance, Guideline, Practice	
«Immediacy» of norm	Target setting Regulatory effects if certain facts are in place Reference to other norms	Finalnorm, Konditionalnorm, Relationalmnorm
Specificity	Principle Defined mandate Specific requirement...	May allow for discretion on the side of the company and/or in the regulatory assessment
Degree of binding nature	Intention Mandatory requirement	
Mechanism	Organisational structure Composition of bodies Personal requirements Policy setting Process...	

Content related criteria

Criterion	Subcriteria	Remarks
Subject matter	Board process Management governance Risk management Functions Remuneration...	
Addressees of the requirements	Company Group of companies Board of Directors Executive Management Individual officers...	Certain requirements may also be addressed to supervisors (e.g. for assessment process)
Deliverables	«Outcome guarantee» Framework Culture Policy Statement...	
Particularities	Contentwise atypical regulation	

Control related requirements

Criterion	Subcriteria	Remarks
Scope and intensity of supervisory review and reporting		May depend on supervisory culture and strategy
Enforceability		Inversely related to immediacy and specificity



Various combinations of criteria can be found that sometimes lead to typical governance related regulatory patterns

Typical insurance governance regulations I

«The Board ensures a sound governance of the company»

- Level of regulation: Act/Directive, sometimes Ordinance or Guideline
 - Immediacy: Target setting
 - Specificity: Principle/very general mandate, with discretion as to implementation by the company and on the side of the supervisor as to assessment
 - Binding nature: Mandatory
 - Mechanisms: Culture, organizational structure, composition of bodies, processes
 - Subject matter: Governance at large
 - Addressee: Board of Directors (or similar body)
 - Deliverables: Outcome guarantee
 - Particularities: None
 - Scope and intensity of supervisory review and reporting: Depending on supervisory culture and detailing provisions
 - Enforceability: As a result of general mandate often not meeting requirements of due process/administrative procedure and thus lending itself to only limited enforceability
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- As a result, this principle-based norm allows for discretion both in implementation by the company and in its supervisory assessment, but is not easily enforceable. Thus, the requirement is regularly complemented with more specifications as to Board composition and availability, committee structure, interrelation with executive management, culture, information flow, risk management, internal controls, compliance, actuarial etc.

Typical insurance governance regulations II

«Risk Management should provide for identifying, measuring, eliminating or reducing risk»

- Level of regulation: Act/Directive, sometimes Ordinance or Guideline
- Immediacy: Target setting
- Specificity: Relatively general mandate, with discretion on the side of the company and on the side of the supervisor
- Binding nature: Mandatory
- Mechanisms: Processes and organisation
- Subject matter: Risk management as core competency
- Addressee: Board of Directors and Executive Management including Chief Risk Officer and risk function
- Deliverables: Outcome guarantee
- Scope and intensity of supervisory review and reporting: Depending on supervisory culture and detailing provisions
- Enforceability: As a result of general mandate often not meeting requirements of due process/administrative procedure and thus lending itself to limited enforceability
 - As a result, the principle-based norm allows for discretion in implementation and supervisory assessment, but is not easily enforceable and it is regularly complemented with more specifications as to the risk governance as well as risk assessment, risk mitigation and risk reporting etc.

Typical insurance governance regulations III

«The Responsible Actuary has to assess the adequacy of the reserves»

- Level of regulation: Act/Directive
- Immediacy of norm: Target setting
- Specificity: Defined mandate, but not specified how to address it, with discretion both on the side of the company and the assessment by the supervisory authority
- Binding nature: Mandatory
- Mechanisms: Policy and processes
- Subject matter: Actuarial function and actuarial (financial) assessment
- Addressee: Responsible Actuary as an individual officer (indirectly Board of Directors and Executive Management)
- Deliverables: Outcome guarantee, indirectly calling for policies and processes
- Specific requirement: Adequacy of reserves (including a discretionary element)
- Scope and intensity of supervisory review and reporting: Depending on supervisory culture and detailing provisions
- Enforceability: Despite defined mandate, sometimes still not meeting requirements of due process/administrative procedure
 - More specific, but still requiring either discretion or detailing requirements for enforceability

Typical insurance governance regulations IV

«The Company has a Remuneration Policy the implementation of which is ensured by the Board assisted by the Remuneration Committee»

- Level of regulation: Act/Directive
- Immediacy: If there is a company, it has to have a Remuneration Policy (Konditionalnorm)
- Subject matter: Remuneration
- Specificity: Specific requirement as to existence of policy, not as to contents
- Binding nature: Mandatory
- Mechanism: Process
- Subject matter: Remuneration
- Addressee: Company, Board of Directors, Remuneration Committee
- Deliverable: Policy and process, outcome guarantee
- Supervisory review and reporting: Depending on supervisory culture and detailing provisions
- Enforceability: As a result of specificity, existence of policy easy to be enforced, less clear as to contents
 - Specific requirement regarding existence of policy, relatively easy to be enforced, specification of contents call for further details

Typical insurance governance regulations V

«Changes to the internal model have to be approved by the Board of Directors»

- Level of regulation: Often Ordinance or Guideline
 - Immediacy: Approval requirement
 - Specificity: Very specific
 - Binding nature: Mandatory
 - Mechanisms: Process
 - Subject matter: Solvency
 - Addressee: Board of Directors
 - Deliverables: Approval
 - Particularities: High level of detail
 - Scope and intensity of supervisory review and reporting: Availability of approval being checked
 - Enforceability: Lack of approval can be reprimanded
- As a result, the specific process requirement is directly enforceable, only contents of approval may call for more regulatory specifications etc.

Regular patterns of IGR

Targets

- Oftentimes very legitimate objectives, but route to get there unclear (sometimes lack of consent)
- Sometimes driven by the real concern of policyholder protection, sometimes also exhibiting aspects of unspecified supervisory uneasiness
- Sometimes several layers of targets, on the Company as well as on Board of Directors/Board Committee/Executive Management levels

Discretion

- IGR do often include considerable discretion regarding the implementation by the company and regarding the supervisory review process

Deliverables

- Specific deliverables often take the format of
 - a) Outcome guarantee
 - b) Policy documentation
 - b) Process documentation

Enforceability

- Enforceability is then limited when there is considerable discretion as to the implementation by the company
- In order to enhance enforceability there is a temptation to support targets with very specific requirements, thus restricting discretion and judgement (vicious circle!)

Interim conclusions

- The identified patterns of IGR exhibit features that sometimes are fit for purpose, but in other instances give rise to the following concerns:
 - Justification of norms by regulatory purpose and proportionality not always obvious
 - Lack of coherence and consistency as well as too high density or too specific rules
 - Several layers of regulatory targets and outcome guarantees
 - Often Board-only orientation, regularly combined with several layers of outcome guarantees (e.g. Corporate governance, risk management, risk governance, model approval, model changes)
 - Discretion attributed, but factually not always available, because use thereof sometimes blocked by uncertainty on the side of companies that in turn leads to calls for further regulatory specifications
 - Group reality often not reflected in IGR
 - Sometimes mainly «technical governance» in scope, but circumspect governing not addressed
- Search for tools to overcome or reduce the above concerns

Analysis of insurance governance regulations

Additional elements

Principles of good governance

- Looking at IGR it becomes evident that while parts of them operate well, others have not been tested against basic principles of good governance or those principles have not been applied as consequently as they were designed for, often as a result of the recent rapid growth of IGR
- Some of these principles of good governance are of legal-technical nature whereas others may include governance typical issues that have already been the subject of intensive consideration in business administration and/or in corporate law etc.
- Such issues warrant - among others – the examination of
 - Purpose and proportionality
 - Multiple sources of governance requirements applicable to the same company
 - Delegation of responsibilities and liabilities
 - Business judgement rule
 - Legal entities and groups
 - General cornerstones of good governance

Clarification of purpose and proportionality of IGR

- Insurance governance regulations are basically justified by mainly financial and other risks arising to insureds from an improperly governed insurance undertaking that does not assume – among other obligations - its core governance responsibilities
- Oftentimes, however, there are also other elements identifiable in IGR. As an example, the supervisory process is not always able to fully capture the fabrics of a company and therefore broad outcome guarantees banking on the directional and oversight role of the board of directors are being established as fall back devices. Such motivation is often also found in process and policy documentation requirements
- Careful attention to the justification of every element of IGR in terms of **policyholder protection** and **proportionality** is warranted

Multiple sources of governance requirements and their interrelation

- Corporate governance requirements stem from various sources, namely from corporate law, from stock exchange requirements, from corporate governance codices and from regulation including insurance regulation (including various levels of such IGR)
- Governance requirements did not exist for a long time in regulation, but are now increasing much more rapidly than in the other areas given the less speedy legislative process in areas such as corporate law etc.
- Piling of rules leads to inconsistencies in approaches and in techniques. This may warrant certain radical reductions of some redundant IGR
- If in a jurisdiction governance requirements are written up in a comprehensive document, it should be made clear which parts stem from corporate law, from regulation in general and from IGR
- Thus, growing importance to secure **consistency and coherence** of legal regime for regulated entities and, where so warranted, between unregulated and regulated entities

Delegation of responsibilities and liabilities

- IGR often are addressed to the Board of Directors (or an equivalent body), combined either with outcome guarantees, with policy and process documentation requirements or with very specific approval requirements
- Only in few instances there are delegations provided for in IGR, and if so, by insisting on the continued responsibility of the Board of Directors
- Every organisation needs to allocate responsibilities to the appropriate level, provided the following conditions are met:
 - First the curae in eligendo, in instruendo and in custodiendo come into operation.
 - Secondly, companies are expected to have a well-functioning system of first line of defence (management), second line of defence (control functions) and third line of defence (audit)
- Liabilities follow such delegation and defence responsibilities
- IGR to provide systematically for sound and responsible **delegation of responsibilities and liabilities**

Business judgement rule

- Many of the IGR include considerable discretion in how to be implemented by insurance undertakings
- Nevertheless, there is considerable uncertainty on the side of companies on whether they adequately implement the IGR which leads to calls for specification and thus more regulation
- Often, the appropriateness of governance arrangements is assessed after a miss with the benefit of hindsight
- In the corporate law of many jurisdictions the principle of the «Business judgement rule» is recognized. This means that decisions that are taken based on a considerate evaluation of an adequate level of information and including foreseeable future developments can not lead to liability even if the decision ultimately proves not to be the right nor the optimal one.
- The principles embodied in the «Business judgement rule» to be recognized in IGR

Individual legal entities and groups

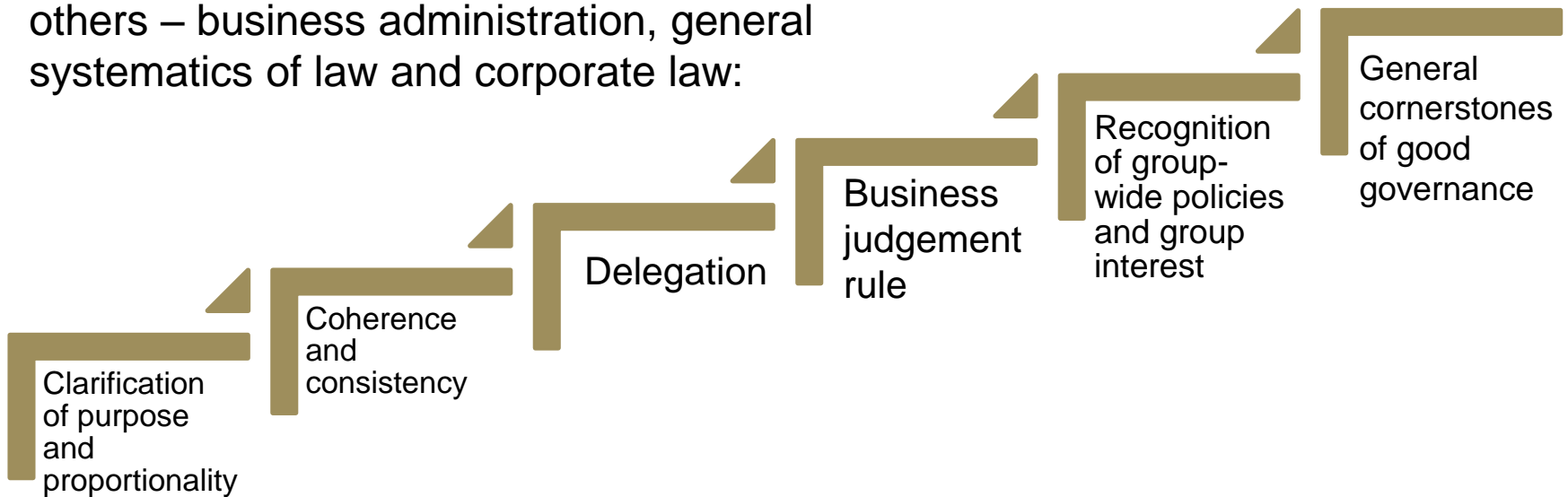
- Traditionally insurance regulations addressed legal entities. Only relatively recently groups of companies have become the subject of regulation and supervisory focus and there is still no consent on the methodologies in the international arena
- Groups of insurance undertakings are, however, a reality. Most groups have set out groupwide policies and management structures in order to align processes and behaviour
- The Australian Prudential Standard CPS 510 Governance requires the local board to approve group policies with a view to test that they do not contradict the interests of the local subsidiary
- In alignment with the corporate law and practice in several European countries the «group interest» is considered as a legitimate justification in balancing elements for decision-making, not only the interests of the subsidiary itself
- IGR should more extensively allow for the **recognition of a group interest** with **reserving a catalogue of local interests** (if possible largely internationally standardized) that may not be overridden

General cornerstones of good governance

- Many of the IGR in existence today do not explicitly or only in a technical context address certain general cornerstones of good governance
- **General cornerstones of good governance** of proven merits particularly in business administration and corporate law may serve as overriding orientation points, always with a view to pro-actively engage in the business process. This includes, as already set out in certain BCBS pronouncements:
 - Culture of pro-active, independent thinking and challenging
 - Balance of power
 - Avoidance of conflicts of interest
- To reinforce **the general cornerstones of good governance** as overarching orientation points in IGR

Interim conclusions

IGR as a relatively new materia is now ready to be reoriented to the principles of good governance proven in the context of – among others – business administration, general systematics of law and corporate law:



Analysis of Insurance Governance Regulations

Efficiency and effectiveness

Search for efficiency and effectiveness both from the supervisory and the corporate perspectives

- With regard to governance, efficiency (result achieved with the minimum effort) and effectiveness (capability of producing the desired result) are key for both supervisors and companies
- Supervisors are often faced with constraints as to resources. Sometimes there exists also a limited experience as to corporate processes and practices
- Companies are faced with the need for robust, clear and well manageable processes that lead to sound decision-making as to strategy and business operations
- Efficiency and effectiveness not easy to be assessed and requiring refinements for future testing
- Already with today's tools it is obvious that efficiency and effectiveness of IGR are sometimes endangered by too many layers of requirements that provide for heavily weighing outcome guarantees as well as other process and documentation requirements complemented with many details in lower level regulatory pronouncements

Efficiency and effectiveness enhancements

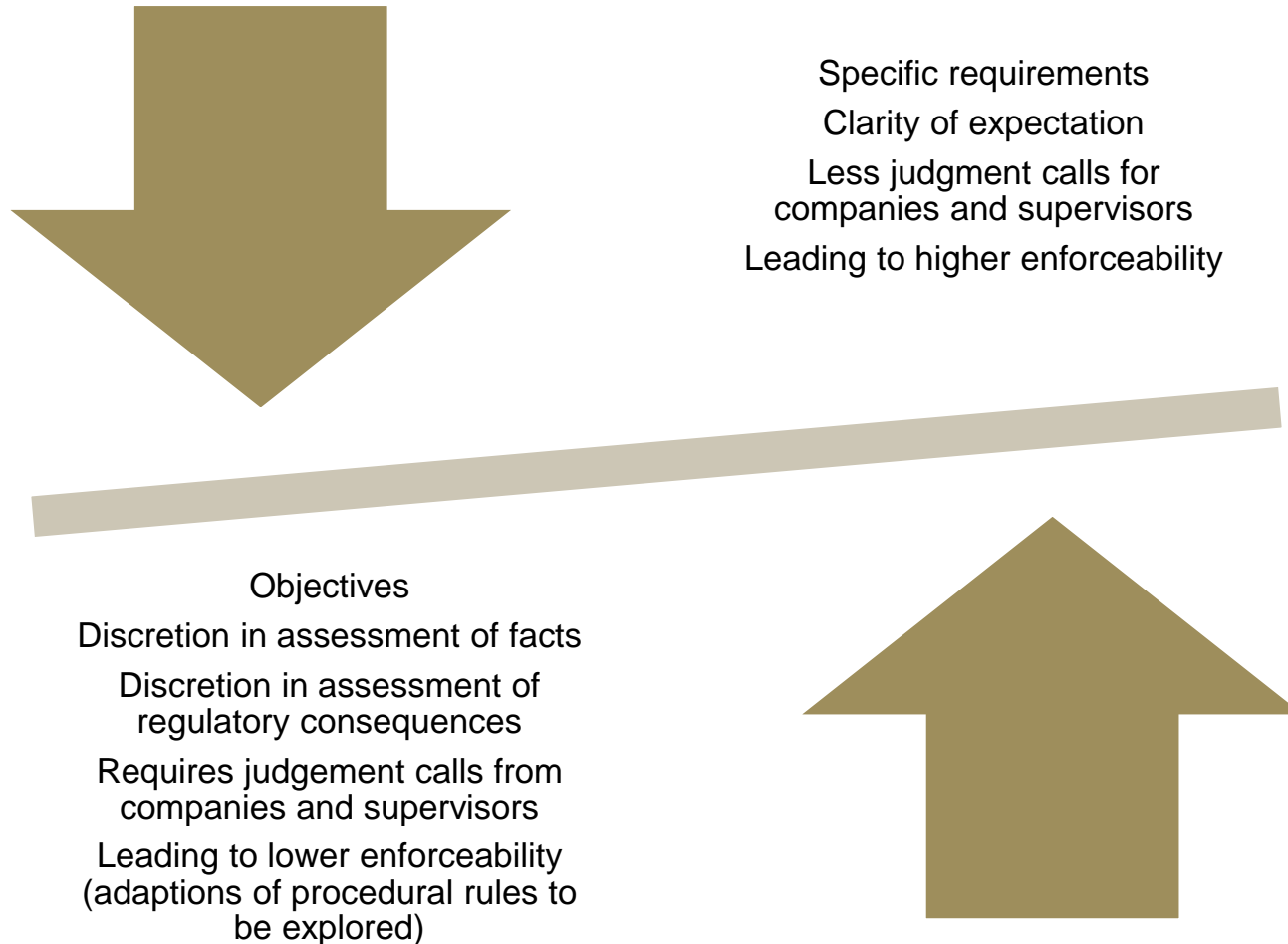
- Efficiency and effectiveness in IGR are likely to be enhanced by
 - A very considerate approach to what is regulated with what technical, content and control features
 - Reinforcement or where necessary inclusion of the principles of good governance proven in general legal systematics, corporate law and business administration
 - Improvement in measuring efficiency and effectiveness
- Additionally, need for a integrated supervisory assessment process and a redesign of enforcement mechanisms
- **The combination of these factors is designed to lead to succinct IGR, focused on the essentials («Verwesentlichung») that support in case of deficiencies a robust process within the insurance undertakings the monitoring of which is manageable for the supervisors**

Conclusions and outlook

IGR in evolution

- The overview of growing IGR around the globe demonstrates that they are at a point where a systematic review and analysis is warranted
- Such analysis should include
 - A conscious process of norm testing and policy setting relating to techniques, contents and controls
 - An evenly conscious process of norm testing and policy setting in relation to the principles of good governance
- This should be complemented by an integrated supervisory assessment process and redesigned enforcement mechanisms
- Such process is designed to lead to IGR focussed on the essentials («Verwesentlichung») that are likely to be operated in a robust manner by companies and supervisors

Conscious process of norm testing and policy setting requires balancing of various elements



Conscious process of norm testing and policy setting with a view to the principles of good governance



However...

No governance norms will be able to replace the need of persons in charge acting with integrity, cognizant of their responsibilities, and with the determination to reach good business decisions ... or with Goethe:

➤ From the grey body of relatively unstructured IGR many green leaves can be generated through the systematic analysis based on a thoughtful categorization and the application of the principles of good governance, but only with the involvement of responsible persons acting in the corporate context with maturity the golden tree will be formed!



Appendix

References to recent governance regulatory actions

- International Association of Insurance Supervisors (IAIS): Insurance Core Principles, <http://iaisweb.org/index.cfm?event=showPage&nodeId=25227>
- European Union: Solvency II Directive, Delegated Acts and their implementation, <https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii>
- United States: National Association of Insurance Commissioners (NAIC), Governance Annual Disclosure Model Act and Regulation, http://www.naic.org/documents/committees_e_isftf_corp_governance_related_cgad_model_act_140728.pdf
- Canada: Office of the Superintendent of Financial Institutions (OSFI), Corporate Governance Guideline, http://www.osfi-bsif.gc.ca/eng/fi-if/rg-ro/gdn-ort/gl-ld/pages/cg_gias.aspx
- Australia: Australian Prudential Regulatory Authority (APRA), Governance Standard CPS 510, 2015 [http://www.apra.gov.au/CrossIndustry/Documents/Final-Prudential-Standard-CPS-510-Governance-\(January-2014\).pdf](http://www.apra.gov.au/CrossIndustry/Documents/Final-Prudential-Standard-CPS-510-Governance-(January-2014).pdf)
- China: China Insurance Regulatory Commission (CIRC), Risk-Oriented Solvency System Conceptual Framework, <http://www.circ.gov.cn/web/site0/tab4566/info3905736.htm>
- Switzerland: Amendments to the Insurance Supervisory Ordinance, effective 1 July 2015, <https://www.news.admin.ch/message/index.html?lang=de&msg-id=56674>
- IAIS: Common Framework for the Supervision of Internationally Active Insurance Groups, Revised Draft, September 2014, <http://iaisweb.org/index.cfm?event=getPage&nodeId=25229>

IAIS Insurance Core Principles

- 2011, as amended in 2012 and 2013
- Of immediate governance relevance are ICPs 5 (Suitability of Persons), 7 (Corporate Governance), 8 (Risk Management and Internal Controls), 16 (Enterprise Risk Management) and 23 (Group-wide Supervision)
- Governance implications also resulting from ICP 9 (Supervisory Review and Reporting), 10 (Preventive and Corrective Measures), 11 (Enforcement), Solvency related ICPs 14, 15 and 17, as well as market conduct related IPCs 18 (Intermediaries), 19 (Conduct of Business), 20 (Public Disclosure), 21 (Countering Fraud in Insurance) and 22 (Anti-Money Laundering)
- Non-binding nature, but peer pressure through IAIS own monitoring plus observance being tested through IMF in Financial Sector Assessment Programs (FSAPs), including pressure from the FSB
- Aspirational style, reflected in ICP statements, standards and guidance

Solvency II Directive and Delegated Regulation I

- Solvency II Directive 2009/138/EC, Commission Delegated Regulation 2015/35 of 10 October 2014, EIOPA Implementing Technical Standards (ITS) and Guidelines
- Solvency II Directive
 - Objectives as to overall responsibility of administrative, management supervisory body (AMSB) as to compliance with laws, regulations and administrative provisions
 - Objectives and specifications as to insurance undertaking/insurance group having an effective system of governance
 - Fit and proper requirements
 - Objectives and specifications as to insurance undertaking/insurance group having an effective risk management system leading to an own risk and solvency assessment
 - Objectives and some specifications as to internal control system, internal audit function, actuarial function and outsourcing
 - Objectives and some specifications also as to public disclosure, duties of auditors, approval by AMSB of the application of the internal model and of system to ensure ongoing proper working of the internal model, use test, model validation, model changes etc.

Solvency II Directive and Delegated Regulation II

- Delegated Regulation including more specifications as to
 - model governance (use test, validation, documentation etc.)
 - elements of the system of governance (general governance requirements)
 - risk management
 - internal control system
 - functions as to risk management, compliance, internal controls, internal audit, actuarial
 - fit and proper requirements
 - outsourcing
 - remuneration policy
 - disclosure and reporting
- Complemented by EIOPA ITS and Guidelines (e.g. governance regarding internal models and on reporting and disclosure)

NAIC Governance Annual Disclosure Model Act and Regulation

- 2014, effective 2016
- Company or group of companies requested to annually report on governance system covering at least the following:
 - Corporate governance framework and structure including duties and structure of the Board of Directors and its committees
 - Policies and practices of Board of Directors and significant committees
 - Policies and practices directing Senior Management including suitability standards, code of conduct and ethics, performance evaluation, compensation practices and succession planning
 - Processes of the Board of Directors, its committees and senior management regarding oversight to the critical risk areas including risk management, actuarial function, and investment, reinsurance and business strategy decision-making processes

Canadian OSFI Corporate Governance Guideline

- January 2013
- Applicable to banks, life and non-life insurers and other financial institutions
- Objectives and specifications as to comprehensive strategy and business approach to governance including the Board of Directors, its responsibilities and its interrelation with Senior Management and Control Functions
- Objectives and specifications as to comprehensive approach to Risk Committee and Risk Appetite Framework and its implementation
- Objectives and specified approach to Audit Committee
- Requirements for delegations
- References to corporate law
- Regulatory purpose and supervisory assessment

Australian Prudential Standard CPS 510 Governance

- January 2015
- Addressing deposit taking institutions, life and non-life insurance companies
- Objectives and relatively specific regulation as to the
 - Board of Directors (scope and composition), substitute mechanisms for branches of foreign companies etc.
 - Remuneration Committee and Audit Committee
 - Risk Committee
- Addressing group context (e.g. as to Non-Australian group policies and Australian subsidiaries)
- This guideline is not covering other parts of governance such as role of Appointed Actuary (but see Prudential Standard CPS 320 Actuarial and Related Matters, January 2013)

China Risk-Oriented Solvency System Conceptual Framework

- Issued by the China Insurance Regulatory Authority in 2014
- Objective and some specification regarding Risk Management Function particularly as to hardly quantifiable risks such as strategic, operational and reputational risks, liquidity as well as enterprise risk management (ERM)
- Complemented for listed companies by the Code of Corporate Governance for Listed Companies in China of the China Securities Regulatory Commission
 - Objectives and some specifications as to Board and Committee governance

Swiss Insurance Regulations

- Act of 2004, Ordinance of 2005, both in force since 2006, as amended from time to time (latest amendments of the Ordinance to become effective as of 1 July 2015)
- As to the Board of Directors and the Executive Management requirements regarding fitness and properness, availability, incompatibilities of roles of members of Boards of Directors and of Executive Management (being extended with the 2015 revised Insurance Supervisory Ordinance)
- Objectives and certain specifications as to risk management, internal controls, internal and external audit, actuarial, outsourcing, reporting, investment process and now also compliance and disclosure
- Complemented by Circular 2008/32 on Corporate Governance Insurance Undertakings (reflecting practice of FINMA as to general governance process of the Board of Directors, the Committees and other involved parties)
- Governance practices assessed by FINMA through the Swiss Qualitative Assessment (SQA) (setting expectations, evaluating individual insurers, and providing macro-findings to stimulate industry improvement)

ComFrame

- Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), 2014 Draft (closely following the ICPs)
- Module 2
 - Element 1: Objectives and certain specifications as to the identification of the legal and management structure of the group, crisis plans and policyholder protection schemes
 - Element 2: Objectives and certain specifications as to
 - Company to have group-wide governance framework
 - Board to oversee implementation of business objectives and strategies in view of risk strategy and risk appetite
 - Board oversight on responsibilities of Board, Senior Management and Key Control Functions
 - Board composition, Board support, powers and resources
 - Board to adopt and oversee implementation of Remuneration Policy
 - Board to have system and controls for timely regulatory communication
 - Insurer to establish and operate an effective system of risk management and internal controls
 - Insurer to have effective control functions (risk management, compliance, actuarial, internal audit, oversight as to outsourcing)
 - Board to ensure reliable financial reporting process
 - Insurer to establish and operate ERM Framework and ERM policy, effective risk management on a group-wide basis, group-wide ORSA, group-wide investment policy, group-wide underwriting policy, group-wide claims management policy, group-wide reinsurance and risk transfer policy as well as a group-wide actuarial policy with group-wide insurance liabilities valuation policy