The authors would welcome any comments on this paper. Citations should refer to a FSC Working Paper.

The Purpose of Supervisory Colleges for Insurance Groups

By

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1. Rationale

1.1. This policy paper provides information regarding the establishment of supervisory colleges for insurance groups and insurance conglomerates. The rationale for the adoption of a group-wide supervisory regime utilising supervisory colleges is based on:

- recommendations arising from the Financial Sector Assessment Programme (FSAP) report;
- the FSC’s Risk-Based Supervisory Framework, and;
- the FSC’s Mission Statement.

Recommendations from the FSAP Report

1.2. The need for the establishment of these supervisory colleges is in response to recommendations arising from the 2013 FSAP mission. Group-wide supervision and supervisory cooperation and coordination which were both rated as partly observed by the FSAP report as they relate to the International Association of Insurance Supervisors (IAIS) Insurance Core Principles (ICP) 23\(^1\) and 25\(^2\).

1.3. To improve this rating the report recommended that the FSC should:

- proactively manage the supervisory colleges for those groups for which it would be the group-wide supervisor and utilise that forum to develop group supervisory activities for those groups;
- enhance the role of the supervisory college for the Sagicor Group and maintain an active engagement with the colleges for other entities where it is a host supervisor, and;
- develop a defined understanding of the entities and group structure and definition, including insurance and non-insurance entities, ensure communication protocols between supervisors are effective, and examine how the group assesses group-wide solvency, governance, risk management and internal control.

FSC’s Risk-Based Supervisory Framework

1.4. The risk-based supervisory framework manual stipulates that where the parent of the group is regulated by the FSC, the FSC should take the lead in dealing with other relevant supervisory authorities to ensure the group is subject to effective consolidated

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\(^1\) ICP 23 Group-wide Supervision – The supervisor supervises insurers on a legal entity and group-wide basis.

\(^2\) ICP 25 Supervisory Cooperation and Coordination – The supervisor cooperates and coordinates with other relevant supervisors and authorities subject to confidentiality requirements.
supervision. The manual further states that the FSC will seek to coordinate with other supervisory authorities to achieve effective “entity-level plus” consolidated supervision. This form of consolidated supervision comprises:

- entity-level supervision for each regulated entity by the relevant supervisory authority, and
- information exchange to allow each supervisor to understand the group-wide risks.

1.5. The establishment of a supervisory college for insurance groups is method which can be used to achieve the “entity-level plus” method of consolidated supervision.

**FSC’s Mission Statement**

1.6. The FSC’s mission

“to promote soundness, stability and transparency with the financial services system in Barbados, using professional staff to provide effective and efficient supervision and regulation in line with best practices.”

1.7. The adoption of a group-wide supervisory regime would ensure that the FSC’s supervision and regulation continues to be consistent with international best practices.

**Definition of Supervisory Colleges**

1.8. Supervisory colleges are an important regulatory tool which allow for more effective and efficient supervision of insurance groups or insurance conglomerates. According to the IAIS Glossary “a supervisory college is a forum for cooperation and communication between the involved supervisors established for the fundamental purpose of facilitating the effectiveness of supervision of entities which belong to an insurance group; facilitating both the supervision of the group as a whole on a group-wide basis and improving the solo supervision of the entities within the insurance group.” An effective supervisory college allows for the supervisors to acquire a better understanding of the insurance group with respect to:

- risk exposures and inherent risks,
- financial position and soundness,
- capital adequacy, business activities, and,
- risk management and governance systems.
2. Role of a Supervisory College

Overview

2.1. The form, membership and operations of a particular supervisory college can be expected to vary according to the circumstances of the insurance group and of the jurisdictions in which the group operates. Consequently, appropriate flexibility in the establishment of a supervisory college and the determination of its functions and operational structure, to reflect its particular circumstances is therefore important. A supervisory college should be organised in accordance with the nature, scale and complexity of the group; its form should also be commensurate with the legal and organisational structure and business activities of the group.

2.2. A supervisory college has no legal or binding authority as a decision-making body. However, in establishing the role and functions of a supervisory college, consideration should be given to the facilitation of coordinated supervisory activities. To the extent agreed among the involved supervisors, and to the extent possible given any legal constraints in particular jurisdictions, this could include the delegation of tasks (but not legal responsibilities) and, where necessary, consistent and coordinated supervisory interventions. Ultimately any supervisory activity (including delegation of tasks) and coordinated supervisory interventions undertaken by a supervisory college will rely on cooperation among involved supervisors and does not override the various individual jurisdictions’ legal responsibilities or existing supervisory relationships.

Purpose of a Supervisory College

To facilitate group supervision

2.3. A supervisory college contributes to the coordinated supervision of the group and facilitates discussion and action on a collaborative approach to supervising a group, subject to any restrictions or requirements under each jurisdiction’s legal framework. Moreover, a supervisory college facilitates information collection and analysis at the group level, including compiling and analysing information available on risk exposures, financial soundness and governance of group entities. With access to such aggregated information, a supervisory college may also enhance supervisory assessment of systemic risks.

To improve solo supervision

2.4. Through information collection and sharing, analysis and discussion, a supervisory college facilitates the transfer of knowledge and expertise among involved supervisors, and hence can contribute to improved supervision of the individual entities within the insurance group.
As a permanent forum for cooperation

2.5. Where a supervisory college is established, to be most effective it should generally be established as a permanent, integral part of the group-wide supervision process. A supervisory college would generally be an ongoing mechanism, contributing to the ongoing protection of policyholders' interests. As such, an effectively operating supervisory college should contribute to the prevention of financial loss or crisis. A supervisory college provides a formal and effective permanent forum for supervisors to build relationships and engender greater cohesiveness in cooperating with each other and coordinating supervisory activities in relation to the insurance group and the entities within the group both on a going-concern basis and in situations of crisis management.

To facilitate improved understanding of supervisory practices and effectiveness of supervision

2.6. There may be significant variances in supervisory practices across jurisdictions, resulting from the diversity of market environments and the specific features of a market which are better understood by the local supervisor. As supervisors work together through a supervisory college, they gain a greater understanding of the nature of the insurance group and the risk faced by the group. A supervisory college facilitates the transfer of knowledge and expertise to other supervisors allowing involved supervisors to become aware of different supervisory tools and approaches. Through the sharing of information and discussion of supervisory issues, involved supervisors gain an improved mutual understanding of supervisory practices, which may contribute to enhanced convergence of supervisory practices on a global basis.

The Range of Functions of a Supervisory College

2.7. There is a range of functions which a supervisory college may undertake, depending on its role and the reasons for its establishment. The circumstances of the particular insurance group, as well as, the legal and supervisory structures in the resident jurisdictions may also influence the range of functions of a supervisory college. Ultimately, the involved supervisors should establish among themselves the appropriate functions of the supervisory college given its role, and the allocation of those functions among the involved supervisors.

2.8. The roles and functions of the supervisory college and the respective roles of the involved supervisors should be clearly defined to ensure that no gaps exist in the supervision of the insurance group. For example, at its establishment the functions of a supervisory college may be set out in its terms of reference and the ongoing operations and activities of the supervisory college detailed in a supervisory plan. Where agreed among involved supervisors, delegation of supervisory tasks can be an appropriate means to increase efficiency of the work of a supervisory college. In establishing the
functions of a supervisory college, some of the key activities which should be considered include:

- Information sharing
- Assessment of risk exposures, financial soundness and capital adequacy and group governance, including risk management and internal control
- Coordinated supervisory activities (for example, joint inspections)
- Specialisation, special focus teams
- Liaison with the insurer management
- Regular assessment of effectiveness.
3. Establishment of a Supervisory College

The Group-Wide Supervisor

3.1. The group-wide supervisor would normally be the supervisor with the statutory responsibility to supervise the head of the insurance group. However, factors relevant to the recognition of the group-wide supervisor include the location where:

- the parent of the insurance group is based
- the insurance business activities of the group are actively controlled
- the largest portion of the group’s balance sheet is located
- the main business activities of the group are undertaken.

3.2. Where the group structure is one in which more than one supervisor could fill the conditions of the group-wide supervisor, the identification process used for the final selection should be clear, transparent and agreed to by all supervisors involved.

3.3. The group-wide supervisor will play an important role in the establishment and operation of the supervisory college with respect to:

- Initiating the dialogue with the other competent authorities in other jurisdictions to start the process of establishing the supervisory college;
- Clarifying the membership and participation of involved supervisors in the college;
- Clarifying the role and functions of the supervisory college and the role of the supervisors involved, which may be formalised by a terms of reference;
- Concluding memoranda of understanding, terms of reference and other coordination agreements with the competent authorities in the other jurisdictions involved in the college;
- Coordinating the ongoing activities of the supervisory college, including planning meetings, supervisory activities and the processes for information exchange, and;
- Creating a crisis management plan.

3.4. While the group-wide supervisor is expected to take the initiative as the coordinator/chair of the supervisory college, the group-wide supervisor must work in collaboration with the involved supervisors and seek agreement among them.

Form and Operational Structure of a Supervisory College

3.5. The form and operational structure of a supervisory college may be affected by a number of factors which vary across the jurisdictions involved in the supervisory college. These factors which should be considered include the legal and regulatory, the
resources and capabilities of the supervisors and the supervisory approaches used in the various jurisdictions.

3.6. The legal and regulatory framework that exists in the jurisdictions where the insurance group operates may vary considerably. This may place limitations on how each supervisor involved in the college performs its supervision of legal entities, as well as, the scope of its authority. This in turn will have an impact on any work that the supervisory college agrees to carry out. In that regard, when devising the supervisory college’s work plan, members will need to ensure that any scheduled work does not go beyond the scope of authority of any supervisor or exceed the legal framework that exist in a particular jurisdiction.

3.7. The resources and capabilities of each supervisor involved in a supervisory college may vary considerably. As such the supervisory college will need to ensure that the activities agreed to are proportionate, appropriate and realistic for all of the supervisors involved. This may require that any tasks allocated are achievable for the supervisor assigned to perform the task.

3.8. Supervisory approaches may differ by jurisdiction, for instance some supervisors may have adopted a risk-based approach while others may have adopted a rules-based approach. The differences in these approaches must be considered and appropriately reflected in the form and operations of a supervisory college.

3.9. Supervisory colleges are generally expected to be established on a regular basis. However, there may be circumstances where a supervisory college is established on an ad-hoc basis in order to coordinate a particular issue with respect to the insurance group in question.

Membership of a Supervisory College

3.10. The membership of or participation in the college of supervisors generally comprise representatives of each of the supervisors responsible for the day-to-day supervision of the insurers which are part of the group. Additionally, the competent authorities of branches and non-insurance related subsidiaries may also be allowed to participate in the college, subject to the conclusion of appropriate confidentiality and information sharing protocols. While participation in a supervisory college is generally voluntary, broad involvement by the supervisors of the more significant entities is critical to the effective operation of that college.

3.11. To facilitate effectiveness and efficiency, careful consideration should be given as to how to approach the participation of members at meetings and in other activities of the
supervisory college. There is a need to balance the desire for an inclusive membership approach with the need:

- to maintain manageable operational structures, and;
- to avoid the supervisory college becoming unwieldy and unworkable.

3.12. The membership and participation approach of a supervisory college should be reviewed on a regular basis, to reflect changing circumstances in the group and the effectiveness of the operational structures.

**Supervisory Colleges at Subgroup Level**

3.13. In order for a supervisory college to function effectively and efficiently, some activities may require the establishment of a college structure consisting of a reduced number of supervisory authorities. These subgroups may be identified to reflect various structural, operational and supervisory objectives. There may be circumstances where it is appropriate to establish a supervisory college at the level of such a subgroup (for example on a regional basis or sectoral basis, as in the case of an insurance group within a financial conglomerate).

3.14. When it is considered necessary to establish colleges at a subgroup level, supervisors should carefully consider the appropriate form and operational structure of the subgroup college, having regard to the circumstances of the group and supervisory structure, to facilitate its effective operation. Further, in these considerations supervisors should be aware of establishing mechanisms or processes to avoid the potential inefficiencies that may arise in a structure of subgroup colleges. It should be noted that where supervisory colleges at subgroup level are implemented, regular assessments of their effectiveness.

**Mechanisms to Facilitate Information Sharing and Co-operation within a Supervisory College**

3.15. The establishment and functioning of a supervisory college generally will be based on written agreements drafted by the group-wide supervisor with input from an agreement by the members of the supervisory college. These agreements would include, inter alia, confidential, cooperation and information sharing agreements, bilateral and multilateral memoranda of understanding and coordination agreements.

3.16. It is the responsibility of each supervisor within the supervisory college to ensure the safe handling of confidential information. Each member of the supervisory college must consider carefully the consequences of unintentional divulgence of information. Therefore, it is vital that appropriate information sharing agreements are in place.
between the members of the supervisory college to ensure that information can be shared in a secure environment.

3.17. There are two principal methods with which this could be achieved:
- Each authority involved in the supervisory college establishes a memorandum of understanding (MoU) on a bilateral basis with the other members of a supervisory college.
- The members of the supervisory college sign up to the IAIS Multilateral Memorandum of Understanding (MMoU) which requires the compatibility and the commitment to a strict confidentiality regime. The IAIS MMoU on Cooperation and Information Exchange establishes a basis for cross-border cooperation and the exchange of information among supervisors.

3.18. Where the agreement permits the communication confidential information shared within a supervisory college to other supervisory authorities, a formal mechanism needs to be in place with these supervisors to ensure the protection of the confidential information.

**Terms of Reference of a Supervisory College/Coordination Agreement**

3.19. When a supervisory college is first established the involved supervisors may seek to underpin its establishment with a formal document known as a terms of reference. This document sets out the agreed terms of operation of the supervisory college. While recognising the need to allow for flexibility in the operation of a supervisory college, the terms of reference could generally cover, inter alia, the following matters:
- The membership of the supervisory college – including the approach to participation of members in the college.
- The process for appointing a supervisor for chairing the college.
- Roles and functions of the supervisory college and of the members of the supervisory college, including expectations of the chair/designated group-wide supervisor.
- Frequency and locations of meetings – The supervisory college should agree locations that are likely to ensure the participation of as many of the members as possible. Where it is not feasible for supervisors to be present at a meeting, best endeavours should be made with the arrangements, so that where possible, people can participate by other means – for example by a conference call or electronic means.
- Scope of the activities of the supervisory college – It is likely that the supervisory college will focus on the following issues at a group level:
  - the solvency and financial stability of the insurance group;
  - the assessment of intra-group transactions and exposures;
• Internal control and risk management within the insurance group; and
• Appropriate actions to mitigate risks identified.

- The regular information collected by the supervisory college and any notifications that should be made to it (from both supervisors and the group). The supervisory college should agree the frequency at which information is provided. This should be coordinated in a way so as to avoid duplicative requests and to reduce the burden on a group. The supervisory college should have an overview of an insurance group’s strategic plans.
- Procedures for dealing with emergencies (including breaches of solvency positions or the crystallising of risk).
- Procedures for facilitating crisis management.
4. Functioning of the Supervisory College

*Responsibilities of the Group-Wide Supervisor*

4.1. There may be various circumstances in which the establishment of a supervisory college is initiated and depending on purpose and membership, various ways in which the roles of involved supervisors – including chairmanship – are determined. In general, the group-wide supervisor, where designated, would be expected to take the responsibility for initiating a supervisory college and to act as the key coordinator or chairman of the supervisory college, to the extent practicable.

4.2. The group supervisor should lead the supervisory college activities in the following areas:

- Chair the college;
- Seek and coordinate input from college members regarding college activities, as listed;
- Act as a central point of contact for all matters related to the practical organisation and coordination of the college and college activities;
- Prepare and circulate for input an agendum which clearly identifies the objectives of the college well in advance of the actual meeting;
- Create timelines;
- Prepare and update the coordinated supervisory work plan (“work plan”) for the supervision of the group, as needed;
- Produce, update, and circulate the contact list containing college members (supervisory authority’s official representative and designated alternate), and recirculate whenever significant changes occur;
- Organise meetings and periodic communications;
- Draft, distribute, and discuss composition of the supervisory college, memoranda of understanding, confidentiality agreements, and coordination and cooperation arrangements.
- Produce an overall assessment of the risk and solvency position of the group;
- Ensure effective cooperation and exchange of information among the members of the college;
- Define a clear allocation of responsibilities among the college membership and that of the group-wide supervisor;
- Review the effectiveness of the college process;
- Record and disseminate minutes of all meetings related to and involving the college, and formalise and follow-up on action points;
- Act as main coordinator of information and communicator with the head of the group; and
• Distribute the decisions and outcomes of college meetings to supervisors who did not attend or where not invited to the meeting, where appropriate.

Meetings and Agenda

4.3. As a governance principle, the agenda of any college meeting should clearly identify the objectives of the meeting based on issues to be discussed, input expected from the attendees, and expected outcome (including actions or measures).

4.4. The chairman should propose the agenda for supervisory college meetings, but should incorporate the views and opinions of other members. The agenda may be set to discuss specific issues, or wide ranging issues depending on what is happening regionally or internationally and/or in respect of a particular insurance group. The final agenda should be distributed to all the members of the college along with any related documentation in a timely matter so participants can be fully prepared for the meeting.

4.5. Supervisory college meetings should be planned with clarity of the outcomes that are being sought and, based on this, should clearly record the outcomes that are achieved, including:
   • action points arising from any meeting(s);
   • the individual(s) to whom a task has been assigned; and
   • the deadline when an action should be complete.

4.6. It will be the responsibility of the supervisory college to track individual items to make sure that the necessary action has been carried out.

Supervisory Work Plan

4.7. The members of the supervisory college should endeavour to come to a common evaluation of the group in terms of its formal and operational structure, its business strategy, skills and propriety of management, corporate governance, internal control, risk management processes, capital adequacy, and risk profile.

4.8. To this end, under the coordination of group-wide supervisor, the supervisory college will draw up a coordinated supervisory work plan that includes the parent of the insurance group and other relevant entities of the group, which are supervised by competent authorities participating in the college. The establishment of a group supervisory work plan for the planning and coordination of supervisory activities on a going concern basis should reflect the following objectives:
   • to have a clear group-wide approach to and view of the risks of the group; and
• to increase consistency of supervisory work, thereby increasing efficiency of the supervisory approach.

4.9. The annual work plan will coordinate the principal supervisory activities of the group, including major on-site and off-site inspections, reporting, and special projects or work streams. The plan should cover at least a 12-month period and be updated at least annually or as circumstances warrant.

Work Collaboration and Supervisory Cooperation

4.10. In order to fulfil one of the key objectives for holding supervisory colleges, that of enhancing the effectiveness of supervision at both the group and solo levels, a platform for strong cooperation and coordination among supervisory authorities needs to be established. This platform would include coordinating and planning supervisory activities, and optimising supervisory resources and expertise.

4.11. Based on international standards and best practices a college of supervisors should provide a framework for members to discuss and consider the voluntary sharing of tasks and delegation of tasks, where appropriate. The sharing and delegation of tasks does not alter the decision-making power of the regulatory authorities as prescribed by legislation.

4.12. The sharing and delegation of tasks should be based on the principle of a cooperative framework that has been established through the supervisory college and based on proportionality with the organisational structure, nature, scale, and complexity of the insurance group and the supervised entities within. Other considerations would be that the sharing and delegation of tasks be consistent with the relevant national, legal, and regulatory framework in all the jurisdictions concerned, as well as any confidentiality restrictions and their potential impact on any such arrangement.

Communication Channels and Exchange of Information

4.13. Regular communication involving the exchange of information needs to be in place among the members of the supervisory college for effective group supervision. Therefore an exchange of information mechanism must be in place among the college members that ensures efficiency, ease-of-use, reliability, and integrity. To facilitate this process the full range of communication channels should be considered providing that confidentiality of the information can remain secure.

4.14. In an effort to promote continuous, timely, and relevant information exchange, the following communication tools may be used:
• teleconferences;
• e-mail infrastructure;
• online communication tools;
• official letters; and
• face-to-face meetings of supervisors.

4.15. The choice of communication channel will vary according to the information to be conveyed and the accompanying circumstances. However, the choice of channel should be based on improving communication among supervisors, and take into account the differences in geographic area and language.

4.16. Any exchange of information mechanism should have procedures and processes in place which help individual supervisors to provide and receive all necessary information in a straightforward, reliable, and timely manner to facilitate decision making within their own jurisdictions.

4.17. As part of the responsibilities of the group-wide supervisor, a contact list should be developed and maintained (and updates distributed to college members as information changes) containing the name, responsibilities, and contact data of all representatives of the supervisory authorities. This contact list would be a useful tool used in the course of regular supervision for going concerns and emergency or crisis situations.

4.18. With regard to, specific jurisdictional confidentiality arrangements and the use of communication channels, supervisors should inform the group-wide supervisor if any jurisdictional limits exist as to the use of specific communication tools, so these can be resolved on a best-efforts basis.

**Communication with the Insurance Group**

4.19. The group-wide supervisor is responsible for communication with the head of the insurance group, and coordinating communication and sharing all appropriate information with the other supervisory authorities of the college; and regional supervisors are responsible for communication with the entities within their respective jurisdictions.

4.20. Information requests to the head and local entities of the group insurance should be coordinated between the group-wide supervisor and other competent authorities, to the greatest extent possible, to eliminate unnecessary or duplicative requests. The group-wide supervisor will usually meet or communicate with the group’s insurance parent in advance of any scheduled supervisory college meetings to receive any input or
concerns that the insurance group may have. So that these concerns can be discussed and possibly resolved during the meeting of the supervisory college.

4.21. Communication with the management of the head of the insurance group will need to reflect the key activities of the college. It will generally cover feedback on areas of supervisory concerns identified by the college members. After holding the supervisory college, the group-wide supervisor would be responsible for coordinating any feedback or outcomes back to the head of the insurance group and discuss any next steps, if appropriate.

4.22. The members of the supervisory college would need to come to an agreement regarding the types of information to be communicated to the head of the insurance group, bearing in mind that the sharing of information with the group should be consistent with an individual jurisdiction’s legal requirements regarding confidentiality.

4.23. Where the supervisory college has conducted joint or coordinated supervisory reviews, communication of inspection findings at the group level may involve a multilateral meeting, which consists of the group-wide supervisor, other members of the college, and representatives of the insurance group. Communication of relevant to an entity within the group generally would remain the responsibility of the college member with supervisory jurisdiction over the entity.
5. The Role of the Supervisory College in Crisis Management

5.1. Supervisory colleges can be an effective tool in reducing the likelihood of crises and averting them. In fact, they are a tool for crisis prevention that contributes to the safeguarding of overall financial stability. The relationships built and cooperation established among supervisory authorities during successive college meetings, along with the cohesiveness developed through the coordination of supervisory activities, makes the supervisory college an excellent forum to deal with emergency or crisis situations.

5.2. Since a supervisory college is a forum to engender cooperation and mutual trust among supervisors, an effectively operating supervisory college would result in established relationships which would be beneficial particularly in times of financial distress or a crisis. Regular cooperation and communication can facilitate efficient action in times of crisis. Where a crisis situation arises, an existing supervisory college could function, and should be well positioned, to contribute to the management of that situation and to finding coordinated and agreed solutions.

5.3. To be effective in crisis management, it is essential for a supervisory college to provide mechanisms to exchange and communicate important information effectively and efficiently. The timely exchange of information is crucial, while always preserving confidentiality requirements. This may mean that, under very exceptional circumstances, highly sensitive information is only exchanged on a “need to know” basis. In addition, requirements to consult widely on supervisory actions which may be appropriate in normal times may need to be limited in crisis situations to ensure necessary timely responses.

5.4. While it is not expected to be the ultimate focus of a supervisory college, a crisis management plan should be discussed. In establishing the role and functions of any supervisory college it is important to consider the scenario of a crisis and the expected role of the college in that situation. Through the supervisory college process and under the group-wide supervisor’s guidance, college members will create a framework for planning and coordinating supervisory activities in preparation for and during emergency or crisis situations.

5.5. The approach to a crisis situation should appropriately reflect the nature, size and complexity of the insurance group and the particular crisis situation. It may be the supervisory college, as a whole, which responds to a crisis or a crisis management team. If the supervisory response to a crisis is more efficient by utilising a special college (comprised of those members most likely to be affected by the crisis), the planning and coordination of supervision activities, such as supervisory assessments
and actions, will be handled within the restricted college composition. Alternatively, the supervisory college may establish a subgroup whose focus would be on crisis management aspects and, therefore, may be better capable to assess systemic risks. If a subgroup for crisis management is established, it is the responsibility of the group-wide supervisor to ensure keeping the remaining college members informed in a timely, secure, and proportionate manner.

5.6. The supervisory college should remain aware of the important role it will play in supporting the group-wide supervisor, especially in times of financial stress or crisis. Also the benefit of such a holistic approach is to provide the supervisory college with solutions for the best overall result for all jurisdictions. Members of the supervisory college should proactively identify, where possible, any conflicts of interest that may occur between their own jurisdictions and the relevant objectives of the supervisory college, and agree upon processes within the college to minimise any adverse and biased effect that may arise.

5.7. A supervisory college could also be a means for involved supervisors to coordinate on the timing and content of information that could be disclosed to/communicated with third parties (such as local supervisory/regulatory bodies, international organisations or the public where appropriate) and the insurance group, both on an ongoing basis and/or in a crisis situation and in particular where systemic risks exist taking into account confidentiality requirements. The supervisory college should identify any potential areas where the interests of third parties, in a crisis situation, may be in conflict with the relevant objectives of the college.
6. Recommendations

6.1. This section of the paper looks at the key steps necessary for the implementation of supervisory colleges and by extension effective consolidated supervision.

6.2. The first step in the process is an evaluation of the current legislation to ensure that it contains provisions which support information sharing and the other requirements necessary to support group-wide or consolidated supervision. If there are deficiencies these should be addressed through amendments to the legislation. This is a very crucial step which must be completed with regard to the establishment of a supervisory college.

6.3. Following this, an identification of the insurance companies/groups for which the FSC is the group-wide (home) supervisor. If the FSC adopt the assumption of group-wide supervisor for an insurance group, for example Sagicor, then all entities which fall within the scope of the insurance group should be identified. All the information necessary to gain a comprehensive overview of the group, its entities and their business activities should be gathered by the FSC.

6.4. The next step is to identify the regulatory authorities responsible for the supervision of the entities which comprise the insurance group, as well as the relevant frameworks that may be applicable to the supervisory activities of the group. The relevant framework would include the laws and regulations of the various jurisdictions of the supervisors involved and the IAIS insurance core principles.