

# DEVELOPMENTS IN INSURANCE REGULATION

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ISLE OF MAN  
FINANCIAL SERVICES AUTHORITY

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# AGENDA

- Roadmap
- Key elements of the Roadmap
- Changes to the Insurance Act 2008
- Looking forward



# ROADMAP

- Our implementation plan for updating the regulatory framework for insurance business
- Objectives of the Roadmap
- Annual publication



## KEY ELEMENTS

- Changes to the Insurance Act 2008
- Risk-based capital
- Conduct of business
  
- Group supervision
- Governance and ERM
  
- Intermediaries
- Public disclosure



# CHANGES TO THE INSURANCE ACT 2008

- Insurance (Amendment) Bill 2008
- Reasons for changes
  - Enabling provisions for ICP compliance
  - Clarifications / updates
- Consultation finishes today!
- Passage through House of Keys and Legislative Council
- Royal Assent



# RISK-BASED CAPITAL

- Quantitative Impact Studies (“QIS”)
  - Exercises to test the implications of the proposed new capital framework on insurers
- QIS1 - 2014/15 for life assurance
- QIS2 - 2015/16 for life and non-life insurance
- QIS3 - 2016/17 for life and non-life insurance



## Conduct of business

- Discussion paper - mid 2014
- Consultation paper (life assurance) - mid 2015
- Mini consultation on conflicts of interest - early 2016
- Consultation paper (non-life insurance) - Q3 2016



## GROUP SUPERVISION

- High level framework in primary legislation
- Power to determine that the FSA is group supervisor and impose requirements on insurance groups
- Discussion paper - March 2016





# GOVERNANCE AND ERM

- Discussion paper on ERM end 2014
- Principles addressed in Corporate Governance Code of Practice for regulated entities
- Consultation on Governance and ERM - mid 2016



# GENERAL INSURANCE INTERMEDIARIES

- Most ICPs don't apply
- ICP18 - dedicated to intermediaries
- Range of requirements (licensing, governance etc)



## PUBLIC DISCLOSURE

- Public disclosure by insurers of information on business activities, performance and financial position - to enhance market discipline
- No existing requirements
- Watching developments in other jurisdictions
- Discussion paper - Mid 2016



# INSURANCE (AMENDMENT) BILL 2016

- Objectives
  - Provide the necessary enabling provisions
  - (detailed requirements in secondary legislation)
  - Clarifications / updates
  - Consistency with the Financial Services Act 2008 where appropriate



# INSURANCE (AMENDMENT) BILL 2016

- Headline new / amended provisions
  - Solvency margins (S12 & 13)
  - Group supervision (S21A-21H)
  - Annual re-registration for intermediaries removed
  - Fit & proper matters (S29, S29A-H)
  - Remedies
  - Matters in respect of which regulations can be made



# INSURANCE (AMENDMENT) BILL 2016

## headline provisions

- Solvency margins; reporting and remediation of breaches (S12 & 13)
  - New solvency levels
  - Dividend restrictions
  - Removal of long term business fund
  - Forward-looking reporting
- Group supervision (S21A-21H)
  - Discretion for FSA to determine it is the group supervisor
  - Scope of an insurance group
  - Functions of group supervisor
  - Regulation making powers



# INSURANCE (AMENDMENT) BILL 2016

## headline provisions

- Fit and proper matters
  - Principal control officer
    - Persons responsible for internal control functions
  - Prohibitions
    - Applicable to all individuals
  - Warning notices



# INSURANCE (AMENDMENT) BILL 2016

## headline provisions

- Remedies
  - Petition Court to appoint a receiver or business manager
- Matters in respect of which regulations may be made
  - Primary legislation can be changed by secondary legislation
  - Regulations can allow for discretion in their administration
  - Regulations can be made in respect of public disclosure





# INSURANCE (AMENDMENT) BILL 2016

- Clarifications and updates
  - Accounting and audit requirements formalised for insurance managers and intermediaries
  - Recognition of use of electronic registers and communication
  - Statutory gateways updated



# DEVELOPMENTS IN INSURANCE REGULATION

- Summary
  - Key elements of the Roadmap
    - Current status
    - Future plans
  - Insurance (Amendment) Bill 2016 - headline changes



## LOOKING FORWARD

Insurance (Amendment) Bill 2016	Legislative process completed	<i>June 2016</i>
Risk-based capital	QIS2	<i>March/April 2016</i>
Conduct of business	Consultation feedback	<i>End 2015</i>
Conduct of business - conflicts of interest	Consultation	<i>Q1 2016</i>
Governance/ERM	Consultation	<i>Mid 2016</i>
Group supervision	Discussion paper	<i>March 2016</i>
Intermediaries	Discussion paper	<i>Q1 2016</i>
Public disclosure	Discussion paper	<i>Mid 2016</i>



## KEEPING UP TO DATE

- RSS feeds
- FSA website - regulatory developments / insurance framework
- Consultation pages



 SEARCH

ABOUT APPLICATIONS REGULATED ENTITIES FUNDS AML/CFT ENFORCEMENT DNFBP PUBLICATIONS

The Isle of Man Financial Services Authority is the regulatory body for the financial sector in the Isle of Man. The objectives of the Authority are to secure an appropriate degree of protection for the customers of financial services providers, the reduction of financial crime and the maintenance of confidence in the Island's financial sector through effective regulation.

- REGISTERS**
  - Regulated Entities Register
  - Funds
  - Class of Exempt Person
  - Recognised Auditors
  - DNFBPs
- LICENCEHOLDER QUICK LINKS**
  - AML/CFT Handbook
  - Compliance Support
  - Licenceholder Forms
  - Regulatory Developments
- INDEPENDENT ASSESSMENT**
  - IMF Report
  - MONEYVAL evaluation & follow-up process
- AUDITORS**
  - Auditors
- CONSUMERS**
  - Useful consumer materials
- STATISTICS**
  - Banking Bulletin
  - Funds Bulletin
  - Statistics
- PUBLIC NOTICES**
  - Public Notices
  - FSC/IPA Merger
- CONSULTATIONS**
  - Current Consultations
  - Closed Consultations

Press Releases    Public Warnings

Designated Businesses (Registration & Oversight) Act 2015 – delegation of powers - 6 November 2015

On 29 October 2015 the Board agreed to delegate its powers of oversight under section 6 of the Designated Businesses (Registration & Oversight) Ac...

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The Insurance and Pensions Authority RSS feed - 30 October 2015

The Insurance and Pensions Authority ("IPA") would like to advise that, with effect from Monday 02nd November 2015, the IPA's website will cease to op...

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The Insurance and Pensions Authority launches the 2nd Quantitative Impact Study for Non-Life Insurers - 30 October 2015

The IPA has today launched its 2nd quantitative impact study for authorised non-life insurers ('QIS2') which non-life insurers are requested to comple...

