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Report on the Functioning of the Colleges of Supervisors

CEIOPS is expected, both by industry and the political level, to show substantial progress in the cooperation between supervisory authorities supervising cross-border insurance groups.

This paper sets out the factual findings of the Questionnaire on the actual functioning of the Colleges of Supervisors (former Coordination Committees) in 2009 and the first quarter of 2010.

Introduction and summary

1. CEIOPS is expected, both by industry and at the political level, to show substantial progress in the co-operation between supervisory authorities supervising cross-border insurance groups. CEIOPS is aware of the importance of this area, and is acting as a network of supervisors to ensure that progress is achieved both in terms of cooperation and convergence. In this context, CEIOPS asked its Insurance Groups Supervision Committee (IGSC) to monitor the practical co-operation between supervisors within the Colleges.
2. For that purpose CEIOPS has conducted three Colleges surveys in the previous four years and reported on the outcomes.
3. The aim of this paper is to report the current development in the functioning of Colleges based on information given in June 2010.
4. Overall, the results of the previous report showed an improvement of the functioning of Colleges.
5. The questionnaire was addressed to members and observers of CEIOPS. This includes the lead supervisors of all 102 cross-border insurance groups.
6. IGSC has actively been developing group supervision and cooperation in colleges during 2010. The scope of the action plan of IGSC covers all the insurance groups. A specific monitoring of the action plan has been done for the 30 largest insurance groups on the Helsinki list.
7. The 2010 survey has been split in two parts:
 - quantitative part that only requires individual yes/no or numerical answers from each College
 - qualitative part when the quantitative survey requires additional individual answers from each College.
8. The 2010 survey shows that even if there are several important areas that could be improved the most important ones are related to the definition of a work plan and an emergency plan for all the groups, the integration of third countries in college work and communication. This can be seen clearly both in the quantitative and qualitative part of the survey.

Conclusions

In general terms, all the respondents follow the Helsinki Protocol. The main practical problems following it are the large administrative burden and difficulties in sharing strictly confidential material, especially when third countries are involved.

According to the survey the main strengths of college work are cooperation and contact between authorities, comprehensive view of the group and high-quality discussions between the authorities. 28% of the colleges already invite supervisors of other sectors, and 20% those of branches. It should be noted that some groups do not have branches and others sectors activities so do not need to invite the relevant supervisors. All of them see the inviting of supervisors of other sectors and branches helpful in getting a clear overview of the whole group and its activities. It has also approved to be beneficial to invite group representatives in the meetings - which is why 3 out of 4 colleges are already doing it.

Also joint inspections performed show colleges are co-operating more actively. This can be seen especially in the colleges of the large groups. 33% of them organised joint inspections within the group in 2009 or beginning 2010.

The main reasons for not attending college work are related mainly to constraints of time, budget and human resources.

The main challenge colleges are dealing with is the integration of third countries in college work. According the participants the status of third countries is varying widely. A majority, about 55%, of the colleges prefer to have a two-tier college having first a general college day followed by an "EEA day".

The survey shows that 41% of the colleges have already installed and implemented a work plan and 35% an emergency plan according to the CEIOPS guidelines. Those colleges that were not having these mechanisms have started working on it. CEIOPS agreed in March 2010 on an action plan for Colleges in 2010 focusing on ensuring that work and emergency plans are set up by Colleges with a close monitoring for the largest groups as a start. The results of the action plan will be available during the 1st half of 2011.

Colleges are generally performing their tasks according the CEIOPS guidelines. Although the guidelines are seen in a positive light colleges are often seen working best when the guidance is not too tight allowing some flexibility to operate.

Finally, according to the survey, further improving co-operation and communication is necessary and will be one key area of focus for next year. For this purpose college work is a strong tool.