FINANCIAL REGULATOR
Rialtóir Airgeadais

Corporate Governance for Reinsurance Undertakings

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Contents

1 Introduction

1.1 Scope

As the reinsurance sector in Ireland moves to formal regulation following the publication of Council Directive 2005/68/EC ("Reinsurance Directive") on the 9th of December 2005, corporate governance standards within reinsurance undertakings will be subject to regulatory oversight. Following transposition of the Reinsurance Directive in Ireland via Statutory Instrument 380 of 2006 ("S.I. 380"), signed into Irish law on the 15th of July 2006, the Irish Financial Services Regulatory Authority ("Financial Regulator") is issuing this paper to outline to the sector how Corporate Governance will be dealt with in practice between individual reinsurance undertakings and the Financial Regulator.

The International Association of Insurance Supervisors ("IAIS") has developed standards for the supervision of reinsurance undertakings. These standards are regarded as the minimum standards to be applied to supervision of reinsurance in most developed economies, including EU jurisdictions, the US, Canada and Australia. As part of these standards, the IAIS has devised principles on corporate governance. The standards set out by the Financial Regulator in this paper are consistent with the IAIS principles (available at www.iaisweb.org).

These standards should be interpreted in conjunction with existing Company Law requirements to which a reinsurance undertaking is subject. The scope of this paper refers to life, non-life, composite and captive reinsurance undertakings that are currently deemed authorised or due to be authorised by the Financial Regulator. This paper does not apply to Special Purpose Reinsurance Vehicles (SPRVs).

1.2 Corporate Governance

The OECD defines corporate governance as ***"a set of relationships between a company's management, its board, its shareholders, and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining these objectives and monitoring performance are determined, good corporate governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and shareholders and should facilitate effective monitoring, thereby encouraging firms to use resources more efficiently."***

Thus, corporate governance encompasses the means by which members of the Board of Directors and senior management of a company are held accountable and responsible for their actions. Corporate governance requires corporate discipline, transparency, independence, accountability, responsibility, fairness and social responsibility. Timely and accurate disclosure on all material matters regarding the reinsurance undertaking, including the financial situation, performance, ownership and governance arrangements, are part of a corporate governance framework. Corporate governance also includes compliance with legal and regulatory requirements.

A reinsurance undertaking must have levels of oversight in operation that are consistent and proportionate to the size and complexity of the reinsurance undertaking and must consider at a minimum, subject to the requirements herein, each of the following six levels:

1) The Board of Directors and its sub-committees;
2) Independent Non-Executive Directors;
3) Senior Management;
4) Internal Controls;
5) Audit (both internal and external) functions; and
6) Compliance.

Chapters 3 to 8 of this paper set out in greater detail the duties and responsibilities attaching to each of the six levels of oversight.

1.3 Financial Regulator's Approach

One of the Financial Regulator's high level goals is to set and monitor standards for the running of sound financial service providers and fair markets[1]. The Financial Regulator's approach to ensuring an adequate and efficient corporate governance regime for reinsurance undertakings, will be based on the following overarching principles:

a) Proportionality: The reinsurance undertaking's corporate governance regime should be proportionate to the risk-profile of the reinsurance undertaking, subject to the minimum standards and provisions of the Reinsurance Directive, S.I. 380 and the IAIS standards;

b) Importance of ongoing dialogue: Irrespective of size and risk profile of the reinsurance undertaking, representatives of reinsurance undertakings are encouraged to continue to communicate with their respective supervisor within the Financial Regulator; and

c) Demonstrable use: The Financial Regulator expects the responsibilities of the reinsurance undertaking's corporate governance regime to be closely integrated into the day-to-day management process of the reinsurance undertaking. The onus is firmly on the reinsurance undertaking to demonstrate compliance with this regulatory framework.

A reinsurance undertaking must comply with the fit and proper requirements of the Financial Regulator as outlined in the paper Fit And Proper Requirements, dated November 2006[2]. At a minimum the reinsurance undertaking is required to demonstrate to the Financial Regulator the fitness and probity of each director and the key executive

[1] See Strategic Plan 2008 – 2010 available in the publications section of the Financial Regulator's website www.financialregulator.ie

[2] See Fit and Proper Requirements, November 2006 available in the publications section of the Financial Regulator's website www.financialregulator.ie

manager (whether CEO, General Manager, or otherwise). This requires the submission of documentation illustrating knowledge, experience, skills and integrity. The knowledge and experience required depends on the position and responsibility of the individual within the reinsurance undertaking. From time to time, the Financial Regulator may specifically request other officers (as defined in Regulation 3 of S.I. 380) of a reinsurance undertaking to submit to the fit and proper requirements.

1.4 Implementation

Reinsurance undertakings will be required to have corporate governance structures and internal governance mechanisms in place, which are commensurate with the standards laid out herein by no later than the 30th of June 2008, except for the implementation date as specified in 3.3 herein.

1.5 Legal Basis

This paper states the opinion of the Financial Regulator for the purposes of Regulation 20 of S.I. 380 as to its subject matter. Accordingly, this paper outlines the corporate governance that, in the opinion of the Financial Regulator, can be considered to be sound and adequate for the purposes of Regulation 20 with respect to the matters discussed. References in this paper to the “Board of Directors” include, as appropriate, any director who is a member of the Board of Directors.

Chapter 8 contains a requirement under Regulation 71(1) of S.I. 380 to notify the Financial Regulator of the identity of the Compliance Officer.

This paper may be amended or supplemented by the Financial Regulator from time to time. Failure by a reinsurance undertaking to comply with the above provisions of S.I. 380, or requirements laid down in this paper, may be the subject of an administrative sanction under Part IIIC of the Central Bank Act 1942 and may constitute an offence, in accordance with S.I. 380.

2 Heart and Mind

A reinsurance undertaking whose registered office is located in the State must ensure it has sufficient resources available to it to conduct its business and that the strategic direction, decision-making, control, and accountability of the reinsurance undertaking is located in the State.

3 Board of Directors

The Board of Directors is the focal point of the corporate governance regime. It is ultimately accountable and responsible for the performance and conduct of the reinsurance undertaking. Delegating authority to board committees or management does not in any way relieve the Board of Directors of its duties and responsibilities. In the case of a policy established by the Board of Directors, the Board of Directors must be satisfied that the policy has been implemented and that compliance has been monitored.

3.1 Responsibilities

Insofar as corporate governance is concerned, the Board of Directors is responsible for setting out the corporate governance principles that will apply to the reinsurance undertaking, and ensuring that the reinsurance undertaking is run in a manner consistent with those principles.

In developing appropriate corporate governance principles, the Board of Directors must take account of many factors, including the agreed strategy and business plan for the reinsurance undertaking, the nature of the activities of the reinsurance undertaking and its size and complexity. In particular, the directors must formally establish the risk appetite of the reinsurance undertaking commensurate with its capital strength and ensure that the business undertaken by the reinsurance undertaking is consistent with the agreed risk appetite. Any material change to the formal risk appetite of the reinsurance undertaking must be notified to the Financial Regulator.

The following non-exhaustive checklist is intended as a guideline to the key duties of a Board of Directors specifically relating to its operation as a reinsurance undertaking:

a) Ensure the appropriate knowledge, skills, experience and commitment exists within the Board of Directors to oversee the reinsurance undertaking effectively.

b) Set out the corporate governance principles, responsibilities, and commitments appropriate to the reinsurance undertaking and ensure they are communicated throughout the reinsurance undertaking.

c) Establish policies and strategies to ensure compliance with principles, responsibilities, and commitments and to establish procedures for monitoring and evaluating the progress towards them. Adherence to the policies and strategies must be reviewed regularly, at least annually.

d) Establish standards of business conduct and ethical behaviour for directors, senior management and other personnel. These include policies on conflicts of interest, insider dealing, and professional secrecy.

e) Establish procedures for the appointment, disciplinary procedures and dismissal of senior management, including the establishment of a remuneration policy that is reviewed periodically. Such a remuneration policy must not include incentives that would encourage imprudent or reckless behaviour.

f) Satisfy itself that the reinsurance undertaking is organised in a way that promotes the effective and prudent management of the undertaking and the Board of Director's oversight of that management. In this context, the Board of Directors must satisfy itself as to the existence of a risk control function, proportionate to the nature, scale and complexity of the reinsurance undertaking's business, that monitors the risks related to the type of business undertaken. In the absence of such a separate risk control function, the full Board of Directors must carry out this duty.

g) Establish an appropriate audit function, actuarial function, internal control function and establish the applicable checks and balances for each function.

h) Distinguish between the responsibilities, decision-making, interaction and cooperation of the Board of Directors, Chairman, Chief Executive/General Manager and other senior management. The undertaking must have a clear division of responsibilities that will ensure a balance of power and authority, so that no one individual has unfettered powers of decision without adequate consultation.

i) Collectively ensure that the reinsurance undertaking complies with all relevant laws, regulations and any established codes of conduct. The Board of Directors must identify a Compliance Officer whose function is to monitor compliance with all of the relevant legislation and required standards of business conduct and who reports to the Board of Directors at regular intervals to enable the Board of Directors to ensure compliance.

j) Ensure an open and transparent communication with the Financial Regulator.

3.2 Sub-committees

The Financial Regulator considers it necessary for all reinsurance undertakings to have in place such sub-committees of directors and management as well as other management structures as are necessary to ensure that the business of the reinsurance undertaking is being managed, conducted and controlled in a prudent manner and in accordance with sound administrative and accounting standards. As part of their responsibilities, and in proportion to the size and complexity of the organisation, the Board of Directors may establish sub-committees with specific responsibilities such as a compliance, compensation, risk management, etc. The Financial Regulator considers the existence of an audit committee to be an essential element of an effective control environment.

3.3 Board Composition

The following criteria must be adhered to in relation to the composition of the Board of Directors:

1) The Board of Directors must be such that it provides for the effective, prudent and efficient administration of the activities of the reinsurance undertaking;
2) The Board of Directors must be of sufficient size and expertise to oversee adequately the operations of the reinsurance undertaking;
3) The Board of Directors, except for the exemption in 3.3.1 herein, must have a minimum of two independent Non-Executive Directors;
4) The balance between executive and independent Non-Executive Directors must be evidenced by the composition of the members of the Board of Directors present and eligible to vote at each Board of Directors meeting;
5) Each member of the Board of Directors must have sufficient time to devote to the role of director of a reinsurance undertaking. This is particularly important in the case of non-executive directors. Each non-executive director must ensure that they have adequate time to give to the role; and
6) On an individual basis, directors must not participate in any decision where a conflict of interest may exist.

The Financial Regulator acknowledges that 3) and 4) of the above criteria may be difficult for some reinsurance undertakings to apply in the short term and that a period of transition is required. Therefore, full compliance with 3) and 4) above must be demonstrated by no later than the 30th of June 2010. The Financial Regulator does require a reinsurance undertaking to consider these criteria within the context of its overall corporate governance regime and to develop an action plan for the implementation of this requirement within the timeframe set herein. Upon request by the Financial Regulator, a reinsurance undertaking will be required to demonstrate progress towards the criteria in 3) and 4).

3.3.1 Captive Reinsurance Undertaking

A captive reinsurance undertaking, as defined in S.I. 380, that exclusively carries on reinsurance where only one or more undertakings of the group (including the employees of an undertaking), of which the captive reinsurance undertaking is a part, are the beneficiaries of any recovery under the reinsurance cover (e.g. no third party claimants unrelated to the group), need not appoint a minimum number of independent Non-Executive Directors as required by criteria 3) and 4) in 3.3 herein.

4 Independent Non-Executive Directors

Independent Non-Executive Directors (INED) represents one of the key layers of oversight of the activities of a reinsurance undertaking. There must be a sufficient number of independent Non-Executive Directors to ensure that the independent element of the Board of Directors can be effective, subject to criteria set in 3.3 herein.

4.1 Definition

It is essential for independent Non-Executive Directors to bring a third party viewpoint to the deliberations of the Board of Directors, that are objective and independent of the activities of the management of a reinsurance undertaking

An independent Non-Executive Director must be a non-executive director who is independent of the management and major shareholders of the reinsurance undertaking, with no actual or potential conflicts of interest. The Financial Regulator considers there to be a conflict of interest if there was any business relationship or other relationship that could interfere with the exercise of independent judgement.

Furthermore, in reviewing a director's independence regard must be given to the following:

1. any financial or other obligation the individual may have to the reinsurance undertaking or its directors;
2. whether the individual has been employed by the reinsurance undertaking or a group undertaking in the past and if so, in what capacity;

3. circumstances where the individual has acted as an independent non-executive director of the reinsurance undertaking for extended periods; and
4. any additional remuneration received in addition to the director's fee, related directorships or shareholdings in the reinsurance undertaking.

5 Senior Management

5.1 Responsibilities

Senior management responsibilities should include:

- overseeing the operations of the reinsurance undertaking and providing direction to it on a day-to-day basis, within the objectives and policies set out by the Board of Directors, and as required by legislation;
- providing the Board of Directors with recommendations, for its review and approval, on objectives, strategy, business plans and major policies that govern the operation of the reinsurance undertaking; and
- providing the Board of Directors with comprehensive, relevant and timely information that will enable it to review business objectives, business strategy and policies, and to hold senior management accountable for its performance.

5.2 General Manager

A reinsurance undertaking, except for a captive reinsurance undertaking (as defined in S.I 380), must directly employ a designated senior manager responsible for the overall prudent and efficient operation of the business of the reinsurance undertaking, herein referred to as a General Manager.

The Board of Directors must ensure that the individual is a competent individual with the experience to act on a fully informed basis, in good faith, with due diligence and care. The following is a non-exhaustive list of qualities and duties of a General Manager:

- be a competent individual with the experience to act on a fully informed basis, in good faith, with due diligence and care; and

- be entitled to perform the duties and exercise the powers that are vested in him or her by the Board of Directors; and
- be accountable and responsible for the duties vested in him or her on behalf of the reinsurance undertaking; and
- be employed on the basis of devoting such time and attention sufficient to ensure the prudent and efficient operation of the business of the reinsurance undertaking; and
- be independent of any undertakings who have a business relationship with the reinsurance undertaking or other relationship with the reinsurance undertaking that could interfere with the exercise of independent judgement.

6 Internal Controls

A robust internal controls system is critical to effective risk management and a foundation for the safe and sound operation of a reinsurance undertaking. It provides a systematic and disciplined approach to evaluating and improving the effectiveness of the operation and assuring compliance with laws and regulations. It is the responsibility of the Board of Directors to develop a strong internal control culture within its organisation, a central feature of which is the establishment of systems for adequate communication of information between levels of management.

Internal controls must be designed to ensure and demonstrate that the firm is being operated within the parameters set by the Board of Directors. These controls must be adequate for the nature and scale of the business and proportional to the size and complexity of the business. The oversight and reporting systems must be sufficient to allow the Board of Directors and management to monitor and control the operations. The onus will be on the Board of Directors to ensure that such systems are applicable to the reinsurance undertaking and that such systems meet their ongoing corporate governance duties and responsibilities.

The Financial Regulator may ask the reinsurance undertaking for a detailed description of the internal control system to assess its adequacy in relation to the nature and the scale of the business. The Board of Directors is ultimately responsible for establishing and maintaining an effective internal control system.

6.1 Purpose

The purpose of a system of internal controls is to verify, inter alia, that

a) the business of a reinsurance undertaking is conducted in a prudent manner in accordance with policies and strategies established by the Board of Directors;
b) transactions are only entered into with appropriate authority;
c) assets are safeguarded;
d) accounting and other records provide complete, accurate, verifiable and timely information;
e) management is able to identify, assess, manage and control the risks of the business and hold sufficient capital for these risks.

6.2 Risk Management

The Board of Directors must provide suitable prudential oversight and provide for a risk management system that includes setting and monitoring policies so that all material risks are identified, measured, monitored and controlled on an on-going basis.

The Board of Directors must be satisfied that comprehensive risk management systems commensurate with the nature, scale and complexity of all the reinsurance undertaking's activities are in place, incorporating continuous measuring, monitoring and controlling of risk, accurate and reliable management information systems, timely management reporting and thorough audit and control procedures.

At a minimum, the risk management system must address operational risk and business risk. Operational risk in this context means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Business risk in this context refers to the inherent uncertainties that arise in carrying on the business of the reinsurance undertaking.

The following non-exhaustive list of internal controls is set out as guidance for reinsurance undertakings as to the actions that the Financial Regulator would expect to find in a risk management regime:

6.2.1 Operational Risk

Operational risk management, within each reinsurance undertaking, must include the following, at a minimum:

- Board of Directors receives regular reporting on the effectiveness of the internal controls;
- Any identified weaknesses are reported to the Board of Directors as soon as detected and appropriate action taken;
- There are clear arrangements for delegating authority and responsibility, and the segregation of duties;
- There are checks and balances in business processes (e.g. cross-checking, dual control of assets, double signatures);
- There are established controls to check the accuracy and compliance of accounting procedures, reconciliation of accounts, control lists and information for management;
- The internal and external audit, actuarial and compliance functions are part of the framework for internal control, and must test adherence to the internal controls as well as to applicable laws and regulations;
- There are controls, including oversight and clear accountability for all outsourced functions as if these functions were performed internally and subject to the normal standards of internal controls.

6.2.2 Business Risk

Given the specific nature of the reinsurance business, reinsurance undertakings must have appropriate policies and procedures covering the conduct of business, including but not limited to:

6.2.2.1 Underwriting

Policies must be in place clearly identifying the lines of business, types of risks and geographical regions of the risks to be assumed by the reinsurance undertaking and the approvals required to bind the reinsurance undertaking. Appropriate procedures for implementing and monitoring the policies must be established.

6.2.2.2 Concentration Risk

The reinsurance undertaking must identify, monitor, and measure any concentration of risk on the underlying lines of business and on the portfolio as a whole due to a single event and exposure. Limits on the whole portfolio must be set relative to the capital resources available to the reinsurance undertaking.

6.2.2.3 Provisioning

Reinsurance undertakings must have policies and procedures in place to ensure a timely establishment of appropriate technical provisions. These policies and procedures must adequately address the specific challenges faced by reinsurance undertakings, particularly with respect to establishing provisions such as incurred but not reported (IBNR) and incurred but not enough reported (IBNER). Incurred but not reported (IBNR) provisions are for claims arising from events that have occurred but have not been reported as at the report date. Incurred but not enough reported (IBNER) provisions are for claims arising from events which have occurred and been reported as at report date, but the amount reported may be understated.

6.2.2.4 Actuarial Certification

Reinsurance undertakings must have policies and procedures in place to ensure a timely preparation and submission to the Financial Regulator of any actuarial certification required by the Financial Regulator.

6.2.2.5 Retrocession Strategy

Reinsurance undertakings must define and document their strategy for retrocession management, identifying the procedures for the retrocession to be purchased, how retrocessionaires will be selected, how retrocessionaires' security will be assessed, the limits per retrocessionaire, the collateral (if any) required, and how the retrocession programme will be monitored (i.e. the reporting and internal control systems) on an ongoing basis.

6.2.2.6 Contracts

Reinsurance undertakings must establish a process whereby contracts are reviewed and approved on a timely basis. Any process must include a regular review of the wording of the reinsurance contracts commonly used by the reinsurance undertaking to ensure that reinsurance documentation accurately and transparently represents the substance of the transaction. All material facts and considerations (e.g. commissions, potential conflicts of interests) must be fully disclosed to all parties to the contract.

6.2.2.7 Investments

A reinsurance undertaking's investment policy must reflect the nature of the business and specifically deal with asset/liability management, asset diversification, liquidity, and cash flow, considering the group structure. It must identify approved investments, set limits by asset class, describe what assets are considered to be suitable matches for the long tail and the short tail business and how various risks will be managed such as the management of currency risk. The investment policy must have concentration limits, such as limits for investments in companies or groups and limits on investments in particular industry sectors. The reinsurance undertaking must have procedures in place to monitor and control its investment policy against the limits approved by the Board of Directors and within regulatory constraints, if any.

7 Audit Function

7.1 Internal Audit

Internal audit is part of the ongoing monitoring of the reinsurance undertaking's system of internal controls and of its internal capital assessment procedure, because internal audit provides an independent assessment of the adequacy of, and compliance with, the reinsurance undertaking's established policies and procedures. As such, the internal audit function assists senior management and the Board of Directors in the efficient and effective discharge of their responsibilities.

In principle, the Financial Regulator requires all reinsurance undertakings to have an ongoing internal audit function. In some situations the nature, scale and complexity of the reinsurance undertaking may warrant the fulfilment of that function by group internal audit or by an outsourced provider of internal audit services. In any event, senior management, and ultimately the Board of Directors, are responsible for ensuring that regular independent assessments are carried out and that resulting recommendations are addressed in a timely manner.

The Financial Regulator attaches particular importance to the role that the internal audit function plays. Accordingly, the reinsurance undertaking, in assessing the effectiveness of the internal audit function in any firm, must have regard to the following criteria:

- **Independence** – the personnel employed in the internal audit department must be independent of the activities audited;
- **Objectivity and Impartiality –** internal audits must be conducted by personnel that are objective and impartial;
- **Authority –** the Board of Directors must ensure that the importance of the internal audit function is communicated throughout the reinsurance undertaking and that it has appropriate standing to enable it to perform its role effectively. This may be

done by compiling an internal audit charter which documents the scope, authority and objectives of the internal audit function;

- **Access** – internal audit must have access to all activities and subsidiaries of a reinsurance undertaking;
- **Reporting** – internal audit must be able to report directly to the Board of Directors or the Audit Committee without other members of senior management being present. An internal audit report must be provided to the Board of Directors or the Audit Committee on a regular basis;
- **Remuneration** – the remuneration of internal audit personnel must not be determined by any member of management that is subject to internal audit;
- **Resources** – the internal audit function must be adequately resourced;
- **Scope** – the work of the internal audit department must include an evaluation of the internal controls and a review of the adequacy of polices and procedures approved by the Board;
- **Key Findings** – the internal audit function must prepare annual audit plans, compile reports on their findings, report findings to the Board of Directors or the Audit Committee and follow-up on the resolution of audit findings;
- **New Products** – internal audit must be regularly updated in relation to new products offered by the reinsurance undertaking to ensure that any new risks to the business are subject to their review; and
- **Competence** – the internal audit function must contain sufficient competence to perform an audit on any of the activities of the reinsurance undertaking.

7.2 External Audit

While not part of the reinsurance undertaking, external auditors have an important role in re-enforcing the corporate governance of reinsurance undertakings further to the work undertaken in the audit of financial statements. The obligations of auditors of regulated financial service providers are as outlined in S.I. 380 and in the Central Bank Act 1997 as amended in Part 3 of the Central Bank and Financial Services Authority of Ireland Act 2004.

The Financial Regulator places a great deal of importance on the independence of external auditors and the added value of their opinion on the annual financial statements. A great deal of importance is also placed on the various reports provided by external auditors and the Financial Regulator regards them as one of the key levels of oversight of the operations of a reinsurance undertaking.

8 Compliance Function

The appointment of a Compliance Officer is designed to supplement, not supplant, the responsibility of the Board of Directors and of senior management to ensure compliance with legislation and applicable requirements.

An authorised reinsurance undertaking must appoint an individual to act as Compliance Officer. Reflecting the size and complexity of some reinsurance undertakings, the Compliance Officer may simultaneously hold other offices within a company (e.g. Company Secretary, General Manager etc). In appropriate circumstances, a single individual could also be a Compliance Officer for more than one reinsurance undertaking (e.g. in the case of captives managed by the same management company).

Pursuant to Regulation 71(1) of S.I. 380, the Financial Regulator hereby requires that a reinsurance undertaking notify the Financial Regulator of the name of the its Compliance Officer, promptly following (i) his or her appointment, and (ii) any replacement (including any replacement on a temporary basis).

8.1 Functions of Compliance Officer

The functions of the Compliance Officer must encompass the following tasks:

- To ensure the reinsurance undertaking is kept up to date with the Financial Regulator's compliance standards;
- To obtain the approval of the Board of Directors for a policy statement on compliance with the regulations in S.I. 380, with the requirements of the Financial Regulator and with any other applicable legislation;
- To monitor the implementation of compliance and to report periodically to the senior management and to the Board of Directors thereon;

- To review products, procedures and systems on a planned basis from the viewpoint of effective compliance and to advise as to steps necessary to ensure compliance;
- To monitor anti-money laundering policies and procedures for effectiveness and ensure any suspicions are reported to the relevant authorities; and
- To review staff training processes so as to ensure appropriate compliance competencies.

9 Frequently Asked Questions

The Financial Regulator's approach to the development of a corporate governance regime for reinsurance in Ireland has been guided by two principles. Firstly to devise a regulatory framework for corporate governance that is robust, credible and competitive and secondly to develop the regime transparently, with extensive consultation with the reinsurance industry to assist an orderly transition to full regulation.

In furtherance of our approach, two consultations have been conducted, which sought the views of the reinsurance industry, its representative groups as well as the Financial Services Industry Panel. Attention is drawn to questions received as part of these consultations which are reflected in the frequently asked questions (FAQs) published separately on our website[3] (www.financialregulator.ie). The Financial Regulator considers that the publication of these FAQs provides important information for a full understanding of how corporate governance will be dealt with in practice between individual reinsurance undertakings and the Financial Regulator.

[3] See under Publications and Speeches in the reinsurance section of our website. To access the reinsurance section on the website, go to INDUSTRY, then INSURANCE, then REINSURANCE (this drop down menu on left hand side of page may take a brief time to be visible).

FINANCIAL REGULATOR
Rialtóir Airgeadais

PO Box No 9138
College Green,
Dublin 2, Ireland

T +353 1 410 4000
Consumer help-line
lo call 1890 77 77 77
Register of Financial Service Providers help-line
lo call 1890 20 04 69
F +353 1 410 4900
www.financialregulator.ie
www.itsyourmoney.ie
Information Centre: 6-8 College Green, Dublin 2