**Special Note: The following procedures do not supersede state regulation but are intended to provide guidance and best practices for Supervisory Colleges; but also, to identify some specific minimum procedures to be used by all U.S. lead states and/or group wide supervisors when leading a Supervisory College.**

Overview

Background Information

A Supervisory College is a mechanism that intends to foster cooperation, promote common understanding, communication and information exchange, and facilitate coordination for group-wide supervision. Potential benefits of Supervisory Colleges include:

* Improving all the relevant regulators’ understanding of the group and its risks
* Building relationships between relevant regulators, sharing regulatory approaches, and promoting cooperation and consensus
* Interacting more effectively with a group’s management to gain insights into the group and to reinforce regulatory messages

As the business of insurance has expanded globally, insurance regulators worldwide have determined that increased levels of communication, coordination and cooperation among regulators at Supervisory Colleges is vital to understanding risk trends that could adversely impact policyholder protection and solvency oversight in an increasing global insurance market. As a result, the overall objective is to further information exchange, cooperation and coordination amongst relevant regulators as a key component for enhancing the supervision of cross-border financial institutions.[[1]](#footnote-1)

In the U.S., the *Insurance Holding Company System Regulatory Act* (#440) provides the commissioner the authority to participate in a Supervisory College for any domestic insurer that is part of an insurance holding company system with international operations. The powers of the commissioner with respect to supervisory colleges include, but are not limited to, the following:

* Initiating the establishment of a Supervisory College;
* Clarifying the membership and participation of other supervisors in the Supervisory College;
* Clarifying the functions of the Supervisory College and the role of other regulators, including the establishment of a group-wide supervisor;
* Coordinating the ongoing activities of the Supervisory College, including planning meetings, supervisory activities, and processes for information sharing; and
* Establishing a crisis management plan.

In addition to U.S. guidance, the International Association of Insurance Supervisors (IAIS) has developed guidance for regulators in conducting and participating in supervisory colleges, which are primarily presented in *Insurance Core Principle (ICP) 25 – Supervisory Cooperation and Communication*, as well as additional considerations and best practices in the IAIS’ *Application Paper on Supervisory Colleges[[2]](#footnote-2)*. Information from these sources has been utilized in developing this chapter and regulators are encouraged to reference the source documents as necessary to gather additional insight. However, IAIS materials are not deemed authoritative and should not be viewed as official NAIC guidance if they are not directly incorporated into this chapter.

ICP 25 provides among other things, the following guidance related to supervisory colleges that is hereby incorporated into this chapter:

* ”Supervisors of the different insurance legal entities within an insurance group with cross-border activities should coordinate and cooperate in the supervision of the insurance group as a whole.”
* “Supervisors may draw upon several supervisory practices to facilitate cross-border cooperation and coordination. These practices include the identification of a group-wide supervisor and the use of coordination arrangements, including supervisory colleges.”
* “The procedures for systematic or ad hoc information exchange should be agreed with the other involved supervisors. The sharing of information by the group-wide supervisor and the other involved supervisors should be subject to confidentiality requirements.”
* “Once identified, the group-wide supervisor should be responsible for coordinating the input of insurance legal entity supervisors in undertaking group-wide supervision as a supplement to the existing insurance legal entity supervision. Responsibilities of the group-wide supervisor should include chairing of the supervisory college (where one exists), or consider establishing one if not in place yet.”
* “The group-wide supervisor, in cooperation and coordination with other involved supervisors, should consider establishing a supervisory college where, for instance: the nature, scale and complexity of the cross-border activities or intra-group transactions are significant and associated risks are high; group activities or their cessation could have an impact on the overall stability of the insurance markets in which the insurer operates; and the insurance group has significant market share in more than one jurisdiction.
  + “The group-wide supervisor sets out the coordination arrangements in a written coordination agreement and puts such arrangements in place.”
  + “A written coordination agreement should cover activities including: information flows between involved supervisors; communication with the head of the group; convening periodic meetings of involved supervisors; conduct of a comprehensive assessment of the group, including the objectives and process used for such an assessment; and supervisory cooperation during a crisis.”

Structure

The guidance contained in this and the following sections apply generally to all supervisory colleges of insurance groups involving foreign jurisdictions. Additionally, colleges for insurance groups that meet the IAIG criteria are subject to additional expectations that are separately outlined towards the end of the chapter.

Organizational Procedures Performed Before Conducting a Supervisory College

Although there is no international legislation that provides that the group-wide supervisor has any authority over the sovereign authority of the jurisdiction, insurance regulators across the world have agreed that having one group-wide supervisor that is responsible for coordination and communication among supervisors within the group strengthens the global insurance regulatory system.

Supervisory College Membership

Supervisory College members are generally the states/jurisdictions where the largest insurance entities within a group are domiciled, premium underwritten and key corporate decision-makers in the organization are located. However, also worth considering is the materiality that the group has for a particular jurisdiction. The group-wide supervisor or U.S. Lead State should consider who the appropriate invitees to the college should be; recognizing that determining the materiality of a group to a particular jurisdiction may be difficult. Ultimately, it is the responsibility of the group-wide supervisor, in cooperation with other involved supervisors, to determine which jurisdictions participate in the college and to review membership on a regular basis to reflect changing circumstances in the insurance group.

While there is a need to include as many members as possible, it must be balanced with the need to maintain a manageable, operational Supervisory College. In this regard, it may be appropriate to establish a tiered membership approach. This approach suggests that regulators that attend a Supervisory College be referred to as “Tier 1 or Tier 2” jurisdiction. If jurisdictions that have primary authority (e.g., state/country of domicile) for insurers that have direct or gross premium greater than 5 percent of the entire group it may be appropriate for this tier 1 cutoff. The state insurance regulator should also consider requesting feedback from the insurance group regarding who it believes should be included in the “Tier 1,” because they will have more specific data on the premiums written in each jurisdiction. In most cases, this type of approach will limit the number of jurisdictions involved. However, it may also be appropriate to place a limit on the total number of individuals participating from each jurisdiction. Some state insurance regulators suggest a maximum of 75 regulators attending a Supervisory College and believe that 50 is a more manageable number to maximize the effectiveness of the college.

In some cases, trying to maintain a specific size may result in some smaller jurisdictions that may be small to the group, but whose market is materially impacted by the group, being excluded from the actual college meeting. However, the group-wide supervisor must determine a means for such jurisdictions to be involved with the college through other means (e.g., follow up correspondence with all jurisdictions after a college meeting has taken place which could include the use of different secure IT tools).

States that are group-wide supervisors should consider developing, or requesting the group to develop, a map of all of the entities within the group and the corresponding jurisdiction for each entity. This mapping can be further enhanced by providing additional information that identifies the actual primary contact for each jurisdiction, as well as other participants from the same jurisdiction, and various contact information. When developing such a list, it is important to consider branches or other aspects of the group that may not be included on an organizational chart. All of this information should be kept up to date at all times, and made available through correspondence to all college members, and may be more easily distributed through a secure IT tool.

The use of such tools is becoming more common, and in addition to requiring confidentiality of data and controls around the sharing and updating of information, they must also allow for the permanent storage of data and they must be efficient to administer. Similar issues may exist as it pertains to other forms of communication, such as conference calls.

Coordination and Information-Sharing Agreements

One of the most critical and lengthy tasks undertaken by the group-wide supervisor is drafting, distributing and obtaining executed coordination and information sharing agreements from the participating supervisory college membership. U.S. Group Wide Supervisors have experienced significant delays in getting information sharing agreements drafted and completed with college members, which can span a period of months. Therefore, sufficient lead time is absolutely critical to ensuring that all agreements are obtained prior to the distribution of any materials for the college meeting. Consequently, this activity should be initiated at the outset of planning and organizing a supervisory college.

A written coordination agreement should cover activities including:

* Information flows between involved supervisors
* Communication with the head of the group
* Convening periodic meetings of involved supervisors
* The conduct of a comprehensive assessment of the group, including the objectives and process used for such an assessment
* Supervisory cooperation during a crisis

In addition, the coordination agreement may also include information on membership of the college, the process for appointing a supervisor to chair, roles and functions of the college and its members, frequency and location of meetings, and the scope of activities of the college.

The group-wide supervisor is responsible for the regulatory information collected by the Supervisory College and any notifications that should be made to it (from supervisors and the group). The Supervisory College should agree to the frequency of which information is provided and any information gathering should be coordinated in a way so as to avoid duplicative requests and to reduce the burden on a group. State insurance regulators should understand the difficulty and the amount of time it may take to get these agreements in place. This difficulty can lead to significant delays in beginning a new Supervisory College; therefore, state insurance regulators should take action to complete these coordination and information sharing agreements as soon as possible. The group-wide supervisor must recognize however that such agreement is needed not only for college meetings, but also correspondence that may be made available to all college members (sometimes a wider group than the jurisdictions attending the meetings) subsequent to a meeting.

A written information-sharing and confidentiality agreement between the involved supervisors must be agreed upon and entered into by all parties prior to participating in the Supervisory College, which may be covered through a broader coordination agreement. Th information sharing and confidentiality agreement can be achieved in various ways, such as: 1) through bilateral memorandums of understanding (MoUs) among all of the jurisdictions involved; 2) through a Supervisory College-specific agreement; or 3) through the IAIS multilateral memorandum of understanding (MMoU), which establishes a formal basis for cross-border cooperation and information exchange amongst supervisors around the world to enhance supervision of Internationally Active Insurance Groups (IAIGs). The Department should note that in selecting the best agreement to utilize, while the NAIC Master Information Sharing and Confidentiality Agreement (Master Agreement) addresses the sharing of information between state insurance departments, it does not include information sharing with other functional regulators, such as federal or international regulators, that may be participating in supervisory colleges.

The objective of the MMoU is for a signatory authority[[3]](#footnote-3)i to be able to request from and provide to any other signatory authority having a legitimate interest, information on all issues relevant to regulated insurance companies (including licensing, ongoing supervision and winding-up where necessary) and to other regulated entities such as insurance intermediaries, where appropriate. The MMoU is essentially designed as an alternative vehicle for having every jurisdiction sign a bilateral confidentiality agreement with every other jurisdiction. Further, it facilitates the exchange of confidential information in the Supervisory College context. If all members of a Supervisory College are also signatory authorities of the IAIS MMoU, it would effectively eliminate the need for every Supervisory College member to enter into a bilateral agreement with every other Supervisory College member and/or the drafting of a Supervisory College specific agreement in order to ensure that confidential information can be freely exchanged between Supervisory College members. This mechanism has the potential to significantly improve and expedite the cross-border exchange of information between supervisors. The execution of a memorandum of understanding on either a bi-lateral or multi-lateral basis does not supersede state or federal law governing disclosure of information. The legal obligations and regulatory requirements concerning information sharing and disclosure placed on state insurance regulators remain in effect.

Chairing the Supervisory College/other Supervisory Duties

As previously noted, it is generally expected that the group-wide supervisor will serve as the chair of all Supervisory Colleges, although there are situations where this may not be the case. In addition to serving as the leader for the college, the chair is expected to complete a number of activities prior to and subsequent to each college. The following lists some of these activities:

* Set the date for the meeting.
* Conduct a group-wide supervisory review of the IAIG, including a group-wide risk assessment, and communicate the results to members of the supervisory college and, as appropriate, concerns or areas of focus to the head of the IAIG to assist in college planning
* Set the agenda for the meeting in coordination with other involved supervisors and distribute it in advance. The potential list of agenda topics and company presenters should be discussed with the insurer for input to help maximize the effectiveness of the college.
* Record outcomes that are achieved at each meeting including points arising from the meeting (specifically, the individual to whom each task is assigned and the deadline when an action should be complete) to allow the college to track individual items to make sure that the necessary action has been carried out.
* Liaison with insurer’s designated college coordinator in obtaining information, their participation in the college and any related correspondence.
* Develop a preliminary crisis management plan (see below for further discussion)
* Consider for larger colleges preparing and updating a coordinated work plan. Consider using U.S. Supervisory Plan as starting point.
* Prepare, update and circulate as changes occur, a contact list of members.
* Require a periodic self-assessment of the effectiveness of the college

In addition to these items, it is important to recognize that other expectations may exist from regulators and the US state should determine how to address such expectations. The following may be common examples of such other expectations of the group-wide supervisor:

* Set reporting requirements for the college, including specifying frequency (e.g., annual, quarterly, etc.) and type (technical provisions, issues raised as a result of on-site inspections, intra-group transactions, outsourced activities)
* Analyze data received from the group
* Promote willingness to work together with other regulators
* Provide guidance to other regulators on particular issues
* Improve college effectiveness not within the group-wide supervisor’s purview. Therefore, it may be appropriate to encourage maximum participation from all members of the college.
* Allow college members to submit written comments prior to the college meeting if they are unable to attend due to resource constraints, timing of the meetings, language barriers, or any other reason, even though regulators of entities that are significant to the group are generally expected to attend.
* Draft minutes or action points for approval by the members
* Circulate presentations and other materials for the meeting once information sharing-agreements are obtained from all college participants

Key Functions of the Supervisory College Including Coordination Agreement/Terms of Reference and Work Plan

One of the primary purposes of Supervisory Colleges is to facilitate coordination and communication between regulators. Consequently, one of the key functions of the college is to create the means to facilitate communication. Making this happen begins with the actions of the group-wide supervisor. As previously stated, state insurance regulators should be aware that other regulators may have other expectations when it comes to the group-wide supervisor. Specifically, Article 248 of the *European Union Solvency II Directive* indicates that the group-wide supervisor has a significant planning and coordination role, but also a more defined supervision review and assessment role and significantly more decision-making capacity. State insurance regulators should understand and be aware of these possible differences and seek to establish agreed upon expectations with the other involved supervisors. Understanding the specific expectations may be communicated through conference calls by the college members. These expectations once documented are often referred to as a “Coordination Agreement” or “Terms of Reference”. A Coordination Agreement can serve as defining the expectations of the members of the purpose of the college, and can include clarification on why a particular supervisor was determined to be the lead supervisor(s), group membership, agreement on frequency and location of meetings and finally, the role and responsibilities of the group-wide supervisor.

**Different Approaches to College Structures**

In general, the majority of colleges that states attend, and lead are known as inclusive colleges. Under an inclusive college, there are no differences for the group-wide supervisor and other college members regarding participation in college work or access to information. More specifically, under this approach, the college would not use sub-colleges (e.g., regional colleges) or topical colleges where only certain members are invited to participate. This approach does not preclude the use of joint examinations between jurisdictions where two or more jurisdictions believe that they have a similar issue that applies to their legal entities. Other approaches can include a tiered approach, where there may be a US regional college, or a European college, or some other regional, with a separate world college. In these situations, the group-wide supervisor may be expected to attend each of these, or at least that has become the practice. Consequently, this may be more demanding. Finally, in some cases there may be core colleges that only involve the college members most significant to the business of the group. These may be useful in targeting discussions but may also create additional work for communicating the results back to other members of the world college. States should also be careful to consider the ramifications of these types of approaches on the existing information sharing agreements, as they may require additional more inclusive agreements if jurisdictions carry that opinion.

College Expectations - As the Group-Wide Supervisor

College Requirements for U.S. States Determined to be the Group-Wide Supervisor

The following sets forth examples of regulatory procedures to be used by U.S. lead states when leading a Supervisory College. States that act as group-wide supervisors are encouraged to develop additional internal processes for meeting planning and logistics to supplement these procedures.

**Initial College Procedures (most likely not applicable after first college meeting)**

* Begin to plan all of the relevant logistical items that are important to a successful college, including considering the schedule of other Supervisory Colleges as posted to the Supervisory College Calendar on iSITE+.
* Identify the entities that would fall within the scope of the group, either based upon information from annual holding company filings or through direct communication with the group, or both.
* Determine through various means if your jurisdiction may be considered the group-wide supervisor and proceed under this assumption.
* Make initial contact with other regulators that may also be considered the group-wide supervisor and informally suggest your state may be the group-wide supervisor. If there are no objections, proceed to planning the first Supervisory College.
* Develop and execute information sharing agreements necessary for the protection of confidential information that will be shared among college members. Acceptance of the wording of these agreements and the protections they provide are key to the insurer releasing college materials.
  + Consider establishing and maintaining a confidential information sharing tool or portal, with an appropriate level of access controls and monitoring in place, to collect and share information among college members that have entered into a Coordination/Information Sharing Agreement.
* At the college, present an initial Coordination Agreement or Terms of Reference document that summarizes various important aspects of the college collected prior to the college meeting, then discuss and adjust as deemed appropriate by members.
* At the college, present an initial Crisis Management Plan for discussion then adjust as deemed appropriate by members.
* At the college, direct a short discussion by each jurisdiction of their respective legal entity(ies), and the impact it (they) may have on the group. This type of discussion is not to be repeated after the initial meeting unless the impact is material, or if it is from the perspective of what is driving particular performance for the group as a whole.
* Develop a preliminary Supervisory Work Plan based on information gathered at the college with input from the college members.

**Initial and Ongoing College Meetings**

* Send to all of the appropriate jurisdictions, initial information regarding the potential for a Supervisory College meeting approximately six to nine months before the intended date (two to three months each conference calls) and modify the date to fit the needs of as many regulators as possible. Use of conference calls to discuss specific issues raised regarding the insurer will enable the regulator-to-regulator meeting immediately preceding the college meeting to be more efficient.
* Develop a tentative agenda and distribute it eight weeks before the college to all other regulators who plan to attend, asking for changes in order to ensure each jurisdiction’s needs are met. Refine the agenda as needed and redistribute to all regulators four weeks prior to the college.
  + The agenda should be focused on a regulators’ shared view of the primary risks of the group. At the end of the meeting, college members should reach consensus upon the updated shared view of the primary risks of the group.
    - The primary risks of the group will vary but will require the same general understanding of the group’s business strategy, risk management and governance processes, in addition to its financial, legal and regulatory position. Therefore, initial colleges should have an agenda that develops this same general understanding of each of these items. Primary risks can be determined prior to such an understanding, but such a list is expected to be modified over time as the college gathers more information each meeting.
  + The agenda should include presentations from the group regarding those topics selected by the regulators when voting on the agenda (either to the entire group, or breakout sessions on more specific topics). This can include things such as the following:
    - Strategic and financial overview
    - Material changes to the group since last meeting
    - Material plans and projects for the coming year
    - Governance and risk management
    - Identification of key risks
    - Capital planning and management
    - Stress testing
    - Interconnectivity
    - Non-regulated entities
    - Succession planning
  + The meeting should include targeted discussions on the primary risks of the group, or trends that suggest a modification to such a list. The group-wide supervisor should consider utilizing a Group Profile Summary, or a similar document to meet this objective and summarize the results of their group-wide risk assessment. This specifically includes a document that would focus on the branded risk classifications of the group.
    - Exchange/discuss qualitative and quantitative information and data either prepared by the regulator or by the group. The information shared should be based upon the regulators shared view of the primary risks of the group, including any evolving or new potential material risks identified by any member. Discuss at each college if the information is adequate or if further information is appropriate for ongoing review of the group.
    - The group should present on the implications and readiness of the group for work adopted within various jurisdictions (e.g., ORSA, reporting or model development for Solvency II, etc.)
* After the agenda topics/insurer presenters are identified by the college participants, contact the insurer’s designated college coordinator to make certain the key personnel are available for the appropriate portions of the college meeting before finalizing the date.
* Discuss and agree on feedback to the group and where appropriate, solo/legal entities.
* Update and reach consensus upon a modified Coordination Agreement/Terms of Reference document.
* Update and reach consensus upon a modified Crisis Management Plan.
* Update and agree upon a modified Supervisory Work Plan including updates to risks and identification of individuals and the jurisdiction to whom each task is assigned and the deadline or frequency when an action should be complete. The updated Supervisory Work Plan should be updated and distributed to all members of the college.
* Record a summary of each meeting, documenting decisions that were reached. Distribute the summary to the participants following each college meeting.
* Distribute an updated contact list of members following each college meeting, or something more flexible if that is agreeable to college members.
* Have each member of the college meeting discuss the effectiveness of the college and the need for any changes, and have each member complete a survey of its effectiveness.

With regard to agendas, the above tries to capture the need for agendas that are focused on the risks of the group, which can be different from one group to the next. However, as Supervisory Colleges are intended to employ best practices because participating members are expected to attend other colleges, emphasis should be placed on asking all jurisdictions to provide suggestions to draft agendas.

Group Risks Perspective from Each Supervisory College Member

As discussed previously, the Coordination Plan/Terms of Reference document is intended to capture the specific expectations of each member of the Supervisory College. Understanding each member’s expectation is critical to having a successful college. In order to meet the majority members expectations, it is suggested that the group-wide supervisor request input from other college members as necessary to identify group risk exposures and tailor the college agenda and supervisory workplan as necessary to address concerns.

Crisis Management Plan – (Note: Sample Plan is available within iSITE+ – FAH Report Links)

Many regulators believe that Supervisory Colleges are most effective when mutual cooperation and mutual trust is achieved. This attribute proves most beneficial and perhaps needed in times of financial difficulties or financial distress for the company. Although regulators take steps to encourage companies to avoid financial trouble and distress, they must all be prepared for such situations to occur. To that end, the Supervisory College should engage in a conversation about the issue and how the college will work in these situations. The intent is for these discussions to occur at the inception of the college itself, and then be documented and approved formally as early as possible. Such plans should attempt to be flexible and should consider the need to adapt to the particular individual company situation.

College Expectations - As the Lead State but Not the Group-wide Supervisor

The following are suggestions relating to the role of the U.S. lead state to function as the U.S. contact for parent holding companies domiciled in other countries.

* + Communicate on a consistent basis with applicable international regulators
  + Attend Supervisory Colleges and informal conference calls
  + Provide consistency in who participates in the Supervisory College for continued building of international relationships

The U.S. lead state plays a key role in coordinating communication to and from the international holding companies to the non-lead states.

The U.S. lead state also provides a financial review of the international holding companies, and must:

* + Have a good understanding of the holding company organizational structure
  + Keep current of the financial review of the ultimate controlling person’s financial statements and those of key subsidiaries
  + Keep current of the significant events that impact the holding company system (e.g., financial, market, stock, catastrophic, etc.)
  + Maintain contact with the international holding companies and the international regulators
  + Coordinate the sharing and requesting of information where appropriate

After participating in a supervisory college session, the U.S. lead state is encouraged to:

* + Develop and document an overall summary and conclusion regarding the college
  + Describe structure of college, attendees, key risks identified, etc.
  + Identify key observations and risk noted during the Supervisory College
  + Coordinate and communicate follow-up on key takeaways to relevant regulators, including in-house state departments (such as examination, actuarial, rates and forms, etc.)
  + Update the Holding Company System Analysis if there are observations from the college that have a material impact on the view of the group
  + Update the Group Profile Summary and Supervisory Plan if there are observations from the college that have a material impact on the view of the group.

**U.S. Based IAIG Considerations**

While the guidance included in this chapter is generally applicable to all supervisory colleges, there are some specific considerations and requirements for IAIG supervisory colleges that should be followed by U.S. group-wide supervisors as summarized below. For additional background information and best practice suggestions, please see ICP 25.

* **Frequency of College Sessions** – IAIG college sessions are expected to be conducted at least annually (in-person or via conference/video call), with the first session taking place in a timely manner after the identification of the IAIG.
* **Initial College Session** - Priorities for the initial supervisory college meeting should include:
  + Confirming the group-wide supervisor and the structure of the supervisory college
  + Describing the scope of group-wide supervision including an explanation from the group-wide supervisor on the scope of group supervision and any entities excluded
  + Discussing proposed coordination agreements
* **Ongoing College Sessions** – The group-wide supervisor should ensure that the IAIG’s supervisory college discusses the most relevant elements of the group-wide supervisory process and the supervisory plan by coordinating with other involved supervisors. The agenda set by the group-wide supervisor should provide for discussion of at least the IAIG’s:
  + Corporate governance framework
  + Enterprise risk management
  + Main risks and intra-group transactions
  + Financial position
  + Regulatory capital adequacy and compliance with supervisory requirements
  + Coordination of ongoing supervisory oversight activities and examinations (if appropriate)
* **Communication and Information Exchange** – The members of the IAIG’s supervisory college should communicate and exchange information on an ongoing basis (i.e., in conjunction with and outside of formal college sessions) in accordance with information sharing and confidentiality agreements.
* **Review and Assessment of Group Capital** – The members of the IAIG’s supervisory college should obtain, discuss and assess group capital information from the IAIG, including information provided in the GCC and ORSA Summary Report. In addition, a discussion of group capital may include information provided through the Aggregation Method, or the Reference Insurance Capital Standard (ICS) as reported to the IAIS, if applicable and available.
  + The discussion by group-wide supervisors and supervisory colleges could include: 1) a comparison of group capital calculations (current or under development) to the Reference ICS; 2) the extent to which material risks of the IAIG are captured; 3) the appropriateness and practicality of the calculations required, and 4) any difficulties in implementing the group capital calculations by the IAIG or the group-wide supervisor.
* **Crisis Management Group (CMG)** – The group-wide supervisor establishes a CMG for the IAIG with the objective of enhancing preparedness for, and facilitating the recovery and resolution of, the IAIG.
  + There should be clear membership conditions and members should include the group-wide supervisor, other relevant involved supervisors, and relevant resolution authorities (if possible)
  + The CMG should keep under active review the process for sharing information within the CMG and with host resolution authorities not represented, the processes for recovery and resolution planning for the IAIG and the resolvability of the IAIG.
  + The group-wide supervisor, in consultation with the CMG, should determine whether to require that the IAIG develop a formal recovery plan[[4]](#footnote-4) to establish in advance the options to restore the financial position and viability of the IAIG in a crisis situation, as well as how and when the plan should be updated on an ongoing basis. The role, priorities, and approach of any CMG should be proportional to each group’s organization, capital structure, characteristics, and financial condition.
    - The recovery plan should be utilized by the CMG and the IAIG to take actions for recovery if the IAIG comes under severe stress.
    - It is recommended the group-wide supervisor consider the IAIG’s nature, scale and complexity when setting recovery plan requirements, including the form, content and detail of the recovery plan and the frequency for reviewing and updating the plan.
    - The head of the IAIG should maintain management information systems that are able to produce and communicate information relevant to the recovery plan on a timely basis.
  + Resolution plans[[5]](#footnote-5) are put in place at IAIGs where the group-wide supervisor and/or resolution authority, in consultation with the crisis management group, deems necessary. Where a resolution plan is required, the group-wide supervisor and/or resolution authority, in coordination with the IAIG CMG should:
    - Determine whether a resolution plan is necessary, including consideration of factors such as size and complexity of the IAIG;
    - Require relevant legal entities within the IAIG to submit necessary information for the development of resolution plan;
    - Regularly undertake resolvability assessments to evaluate the feasibility and credibility of resolution strategies, in light of the possible impact of the IAIG’s failure on policyholders and the financial system and real economy in the jurisdictions in which the IAIG operates; and
    - Require the IAIG to take prospective actions to improve its resolvability.
  + The group-wide supervisor puts in place a written coordination agreement between the members of the IAIG Crisis Management Group, which covers the following:
    - Roles and responsibilities of the respective members of the IAIG CMG
    - The process for coordination and cooperation, including information sharing, among members of the IAIG CMG

1. i The statement from the G-20 Summit on Financial Markets and the World Economy, held in Washington, DC, in November 2008, states the following: "Supervisors should collaborate to establish Supervisory Colleges for all major cross-border financial institutions, as part of efforts to strengthen the surveillance of cross-border firms."

   ii “Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience,” Financial Stability Forum, April 2008. [↑](#footnote-ref-1)
2. Located on the IAIS website: <https://www.iaisweb.org/home> [↑](#footnote-ref-2)
3. iii A “signatory authority” is defined in the IAIS MMoU Article 2 as “any insurance industry supervisor who is an IAIS member or is represented by an IAIS member [reference made here to the NAIC per the IAIS Bylaws Article 6 No. 2(b)] and following a successful qualification procedure has acceded to the MMoU by its signature.” Each U.S. state insurance regulator, as an IAIS member or represented by an IAIS member (the NAIC), is eligible to be a signatory authority. [↑](#footnote-ref-3)
4. Refer to ICP CF 16.15 and the IAIS “Application Paper on Recovery Planning” for more background information and possible best practice guidance regarding: governance, monitoring, updating the recovery plan, and key elements of a recovery plan (e.g, stress scenarios, trigger frameworks to identify emerging risks, recovery options, communication strategies, and governance). (https://www.iaisweb.org/home) [↑](#footnote-ref-4)
5. Refer to [ICP CF 12.2](file:///C:\\Users\\jkoenigsman\\AppData\\Local\\Microsoft\\Windows\\INetCache\\Content.Outlook\\FFDMPN6R\\%20ICP%20CF%2012.2) and 12.3 and the Application Paper on Resolution Powers and Planning for more background information and possible best practice guidance including: approach to determining if resolution plans are needed, and key elements of a plan (e.g., resolution strategies, financial stability impacts, governance, communication, impact on guaranty fund systems). (https://www.iaisweb.org/home) [↑](#footnote-ref-5)