



CORPORATE GOVERNANCE (AMENDMENT) CODE OF PRACTICE FOR REGULATED INSURANCE ENTITIES 2021

Index

Regulation	Page
1 Title	3
2 Commencement	3
3 Amendments to the Corporate Governance Code of Practice for Regulated Insurance Entities.....	3

Statutory Document No. 2021/0277



Insurance Act 2008

CORPORATE GOVERNANCE (AMENDMENT) CODE OF PRACTICE FOR REGULATED INSURANCE ENTITIES 2021

Laid before Tynwald:

Coming into Operation:

30 June 2022

The Isle of Man Financial Services Authority issues the following binding Guidance Notes under section 51(1) of the Insurance Act 2008, after carrying out the consultation required by section 51(6) of that Act.

1 Title

These Guidance Notes are the Corporate Governance (Amendment) Code of Practice for Regulated Insurance Entities 2021.

2 Commencement

These Guidance Notes come into operation on 30 June 2022¹.

3 Amendments to the Corporate Governance Code of Practice for Regulated Insurance Entities

- (1) The Corporate Governance Code of Practice for Regulated Insurance Entities² is amended as follows.
- (2) For the content of paragraph 3.1, substitute—
 - ▣ The CGC applies to a person registered under Part 6 of the Act as an insurance manager (in these Guidance Notes, a "**regulated entity**"). ▣.
- (3) The following provisions are withdrawn—
 - (a) paragraph 3.2;
 - (b) paragraph 7.4(c);

¹ Under section 51(7) of the Insurance Act 2008, Guidance Notes shall be laid before Tynwald as soon as practicable after being issued.

² SD 0880/10

- (c) paragraph 7.14(c);
 - (d) paragraph 11;
 - (e) paragraph 12;
 - (f) paragraph 16.1(a);
 - (g) paragraph 19; and
 - (h) Schedule 1.
- (4) For paragraph 6.2(b) to (e) and the paragraph that immediately follows (e), substitute—
- █(b) The board of a regulated entity shall include at least two directors who are resident in the Isle of Man. █.
- (5) For paragraph 7.12(c), substitute—
- █(c) establish and maintain the risk strategies and significant risk policies and procedures of the regulated entity; █.
- (6) For paragraph 7.13(b), substitute—
- █ allocate responsibility for, and ensure it receives, reports in accordance with paragraph 13.4; █.
- (7) In paragraph 7.13(d), omit the words “in a manner that is consistent with paragraph 12,”.
- (8) In paragraph 9(g), for “insurer”, substitute █regulated entity █.
- (9) For paragraphs 15.2(b) and (c) substitute—
- █(b) encompass all relevant and material risks on an individual and aggregate basis to which the regulated entity is exposed; and
 - (c) ensure that the operations and risk exposures of the regulated entity are within the risk strategies and significant risk policies and procedures of the regulated entity as referred to in paragraph 7.12(c). █
- (10) In paragraph 16.1, omit the words “its actuary (where applicable), and”.
- (11) In paragraph 21—
- (a) omit the following definitions—
 - (i) “actuary”;
 - (ii) “asset-liability management”;
 - (iii) “class 2 business”;
 - (iv) “derivative”;
 - (v) “dormant”;
 - (vi) “front office”;
 - (vii) “independent non-executive director”;

- (viii) “insurance provisions”;
 - (ix) “insurer”;
 - (x) “internal audit function”;
 - (xi) “member policyholder”;
 - (xii) “participating policyholder”;
 - (xiii) “policyholder”;
 - (xiv) “risk tolerance limits”; and
 - (xv) “shareholders”;
- (b) for the definition of “annual accounts”, substitute—
- “annual accounts”**, in relation to a regulated entity, mean the audited annual accounts required to be produced to the Authority under section 27A(3) of the Act and regulation 6 of the Insurance Regulations 2021; **”;**
- (c) for the definition of “holding company”, substitute—
- “holding company”** has the meaning given in section 220 of the Companies Act 2006; **”;**
- (d) for the definition of “stakeholders”, substitute—
- “stakeholders”** in relation to a regulated entity, means any person with a direct or indirect interest or involvement (a stake) in the regulated entity because that person can affect or be affected by the regulated entity’s actions, strategies, policies or procedures (a regulated entity’s stakeholders include the insurers it manages and may prospectively manage, its shareholders and other investors, creditors, employees, the general public, the Isle of Man Government and the Authority); and **”;** and
- (e) for the definition of “subsidiary” substitute—
- “subsidiary”** has the meaning given in section 220 of the Companies Act 2006. **.”**
- (12) In paragraph 22, omit the words “22.1 Schedule 1 – Risks”.
- (13) Any other modifications necessary to give effect to the change under paragraph (2), as may be determined by the Authority.
- (14) For simplification purposes, where appearing—
- (a) for “including, but not limited to,” “including, but not limited to” and “including but not limited to”, substitute **“including”**; and
 - (b) for “includes, but is not limited to,” substitute **“includes”**.

ISSUED 2 DECEMBER 2021

B. ROTH

Chief Executive of the Isle of Man Financial Services Authority

L. BOYLE

Member of the Isle of Man Financial Services Authority

EXPLANATORY NOTE

(This note is not part of the Guidance Notes)

These Guidance Notes withdraw the Corporate Governance Code of Practice for Regulated Insurance Entities insofar as that code applies to insurers. These Guidance Notes remove from that code its insurer-only requirements and makes some other corrections and updates. The remaining code (as amended) will apply only to registered insurance managers.