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**CORPORATE GOVERNANCE OF INSURERS**

**BELGIAN REPORT**

Hugo Keulers, Partner  
Sandra Lodewijckx, Partner  
Héloïse Fostier, Senior Associate  
Law Firm Lydian, Brussels

**I. General**

***1. In your jurisdiction, what corporate governance models are available to insurance companies? In case multiple models are available, describe the main differences and the allocation of management and monitoring powers among the relevant bodies/committees and which model is generally or ideally adopted by insurance companies.***

There is only one standard corporate governance model available in Belgium for insurance companies.

In practice, this standard corporate governance model varies from insurance company to insurance company as every insurance company must adopt a management structure, which promotes effective and prudent management and takes into account the nature, scale and complexity of the risks inherent to the business model and activities of the insurance companies.

The basic rule concerning the standard corporate governance model is that there must be a clear distinction between the effective management of the insurance company on the one hand and the control over its management on the other hand. There must be a division of competences between

(i) the **board of directors** which is in charge of

(1) the determination of the general strategy of the insurance company and the risk policy; and

(2) the monitoring of the business activities.

(ii) the **management committee** which is in charge of

(1) the management of the business activities;

(2) the implementation of the risk management system; and

(3) the establishment of an organizational and operational structure.

In order to enhance the effectiveness of the monitoring and control of the business activities, operation and risks by the board of directors, the Solvency II Law provides for the constitution of three specialized committees within the board of directors:

(iii) an **audit committee**,

(iv) a **risk committee**, and

(v) a **remuneration committee**.

These committees are responsible for preparing the decisions of the board of directors in their respective areas, without emptying the board of directors of its competences. They are composed by members of the board of directors. Other committees may be formed by the board of directors.

The Solvency II Law also provides that insurance companies have to put in place 4 effective independent control functions

(vi) the **risk management function**,

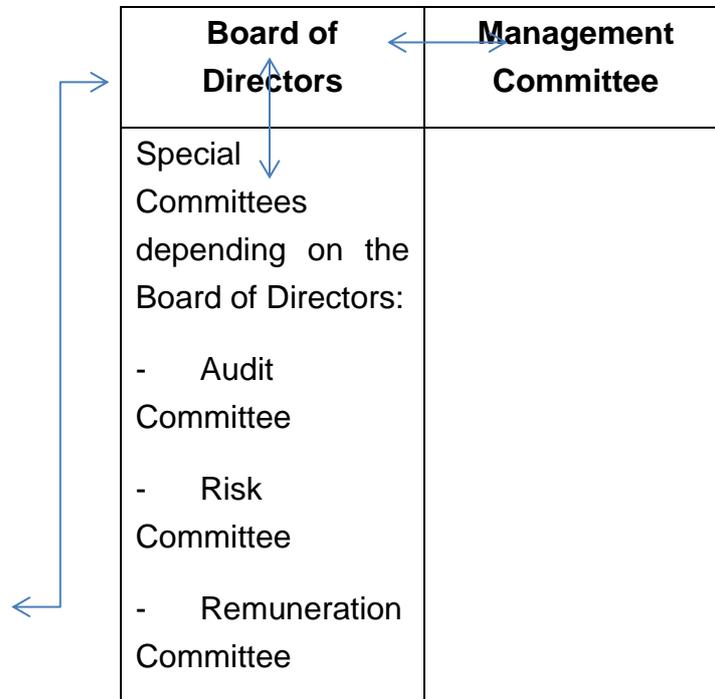
(vii) the **actuarial function**,

(viii) the **compliance function**, and

(ix) the **internal audit function**.

In summary, the Belgian standard corporate governance model available to insurance companies may be schematized as follows:

**Belgian standard corporate governance model of insurance companies**



**Independent control functions:**

- Risk management function
- Actuarial function
- Compliance function
- Internal audit function

**2. What are the main sources of regulation addressing corporate governance of companies (and in particular of insurance companies)? e.g., statutes, regulations, other rules/recommendations issued by national and supranational supervisors/regulators, self-regulation, codes of best practice, codes of ethics.**

The main sources of regulation addressing corporate governance of insurance companies are the following:

Legislation

- the Belgian Act of 13 March 2016 regarding the statute and supervision of insurance and reinsurance companies (**Solvency II Law**);

#### EU Rules (Level 2)

- the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (**Solvency II Regulation**);

#### EU Rules (Level 2)

- the guidelines of the European Insurance and Occupational Pensions Authority of 14 September 2015 (“comply or explain”);

#### The Circulars of the Belgian supervisory authority

- the various National Bank of Belgium (NBB) 1 Circulars (<https://www.nbb.be/en>)

- The general Circular on the prudential requirements of the National Bank of Belgium (**NBB**) concerning the governance system for the insurance and reinsurance sector (**Corporate Governance Circular**);
- The Communication CBFA\_2009\_22 on the derogation policy concerning audit committees;
- The Circular NBB\_2013\_02 on expertise and professional integrity “Fit & proper”;
- The Circular PPB-2006-13-CPB-CPA on the exercise of external functions by managers of regulated companies;
- The Circular NBB\_2012\_14 on the compliance function;
- The Circular 2015\_21 on the internal control system and the internal audit function;
- The Circular CBFA\_2009\_17 on the financial services via the Internet:

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1 The National Bank of Belgium (NBB) is in charge of the prudential control and the Financial Services and Market Authority (FSMA) is in charge of the conduct control and of consumer protection. The CBFA is the former supervisory authority.

prudential requirements;

- The Circular NBB\_2015\_32 on the additional prudential expectations regarding business continuity and security of systemically important financial institutions;
  - The Communication NBB\_2012\_11 on the prudential requirements for Cloud computing;
  - The Communication 2009\_31 and the Circular CBFA\_2009\_32 on the evaluation of qualified shareholders;
  - The circular CBFA\_2010\_30 on the qualitative reporting to be sent via e-Corporate.
- the Articles of Association of the insurance companies;
  - the internal policies of the insurance companies;

**3. In your jurisdiction, are you aware of any insolvency or distress of an insurer directly attributable to poor corporate governance standards or practices or failure to adequately implement and apply such principles? If so, please identify the main triggers of the insolvency.**

We are not aware of any insolvency or distress of a Belgian insurer which is directly attributable to its corporate governance system. There has been the voluntarily liquidation of the life insurer Apra Leven in 2011 which was more the result of a fraud by the major shareholder rather than a failure of the corporate governance system.

**4. In your jurisdiction, is corporate governance regulation applied according to the nature, scale and complexity of an insurer's business? If yes, please describe any significant differences and rationale for the differences.**

Yes, a proportionality principle is applicable in Belgium.

The NBB expressly indicates in its Corporate Governance Circular that it expects the insurance companies to implement all requirements set out in the Corporate Governance Circular and that only their range and intensity may vary according to the nature, scale and complexity of the risks inherent to the business model and activities of the relevant insurance companies.

The concepts of nature, scope and complexity of risks and activities are to be

appreciated by the NBB.

Nevertheless, the Solvency II Law provides the following examples:

- The establishment of the audit, risk and remuneration committees is not compulsory for insurance companies fulfilling at least 2 of the 3 following conditions:
  - o Number of employees less than or equal to 250;
  - o Balance sheet total less than or equal to EUR 43 million; and
  - o Net yearly turnover less than or equal to EUR 50 million.
- The possibility to combine the risk management function, the compliance function and the actuarial function has to be approved by the NBB for insurance companies having a balance sheet total of up to EUR 3 billion.

The Corporate Governance Circular also gives some explicit examples in which the nature, scope and complexity of risks and activities have to be taken into consideration:

- The number of independent directors in an insurance company has to be in line with the nature, scale and complexity of the risks inherent to the business model and activities. The NBB indicates in its Circular that at least two independent directors should be appointed in the case of insurance companies having a balance sheet total up to EUR 3 billion euros.

Finally any insurance company has to adopt initially a management structure which promotes effective and prudent management and takes into account the nature, scale and complexity of the risks inherent to the business model and activities and that the board of directors and the management committee have to determine the scope and frequency of scope and frequency of internal reviews of the governance system, taking into account the nature, scale and complexity of the business activities both at individual and group levels.

***5. Please provide specific examples of corporate governance structures and practices that are better implemented through self-regulation rather than through legal or supervisory requirements.***

Under Belgian law, some practices are already implemented through self-regulation.

The Belgian legislator and regulator are aware that good company governance

cannot only be achieved via structures, procedures and control mechanisms. It relies to a large extent on the commitment and the dedication of all employees of the insurance company.

The Corporate Governance Circular provides that the board of directors has to adopt the strategic objectives and values of the insurance company, as well as the internal codes of conduct, rules or formalities and to communicate and promote them internally.

Internal codes of conduct should concern the following topics: corruption, voluntarily action, acceptance or granting of gifts, abuses in transactions between employees and the companies and all other unethical or illegal behavior.

**6. In case your jurisdiction was recently requested to implement domestically certain corporate governance principles set forth by supranational regulations, describe the main obstacles and problems (if any) that resulted from such process.**

The most recent implementation of governance principles is the Circular Corporate Governance from the NBB which has been published on 5 July 2016.

The main objectives of the Circular were to

- (i) translate into the Belgian regulatory environment the guidelines on the system of governance published by EIOPA on 14 September 2015;
- (ii) bring together in a single text all the legal and regulatory texts relating to governance that underpins the control policy applicable to insurance companies;
- (iii) replace regulatory circulars that are no longer consistent with the requirements of Solvency II Law;
- (iv) specify, in certain aspects, the NBB's recommendations and expectations, in particular, in view of the implementation of the Solvency II Law.

**7. Are there any significant differences between general corporate governance rules and the specific rules governing insurance companies?**

Besides the obvious fact that the insurance corporate governance rules have been amended to the unique characteristics of the (re)insurance business, one of the important differences between general corporate governance rules and

specific rules governing insurance companies is that general corporate governance rules are not mandatory, while insurance corporate governance rules are mandatory.

The 2009 Belgian Code on Corporate Governance is based on the “comply or explain” principle. The flexibility provided by this principle has been preferred to a strict and rigid application of a detailed set of rules because it allows for account to be taken of company's specificities such as size, shareholding structure, activities, exposure to risks and management structure. For insurance companies, even if the nature, scale and complexity of the business enter into consideration, most of the insurance corporate governance rules are mandatory and binding requirements. There are also some “best practices” recommended by the NBB but they are expressly indicated as such: “it is recommended (...)” or “(...) is a best practice”.

## **II. Fitness and Propriety of Board Directors**

### ***1. Are there any laws or regulations already adopted or any proposals in your jurisdiction, relating to the qualification and composition of board directors in an insurance company? If so, please explain.***

Yes, the following rules relating to the composition and qualification of board of directors apply:

- The board of directors must be composed of non-executive directors and executive directors;
- The non-executive members of the board of directors – i.e. those who are not members of the management committee – form the majority of the board of directors;
- The chairpersons of the board of directors and of the management committee must be two different persons;
- The members of the board of directors (executive and non-executive directors) must be physical persons. There is an interdiction to appoint a legal person (for example: management company) as director;
- If the insurance company has the obligation to constitute an audit committee, a risk committee and a remuneration committee, there must be at least one director who fulfils the independency criteria set forth in article 526ter

of the Belgian Company Code;

- The insurance company has to define a policy:
  - o for the composition of its administrative bodies (board of directors and management committee), taking into consideration, in addition to the “fit and proper” aspects, certain aspects such as the number of directors, their age, gender, multiple mandates, duration and rotation of mandates, conflict of interest rules, etc; and
  - o for the nomination, renewal and dismissal of directors.

**2. In your opinion, what factors, conditions, or incentives might weaken the independence of the board of directors or individual members of the board?**

The fact that the appointment of one independent director is not mandatory for all insurance companies.

However, this statement should be nuanced since it is a “best practice” to appoint an independent director for insurance companies which do not have the legal obligation to appoint independent director in the meaning of article 526ter of the Belgian Company Code as his/her presence makes it possible (i) to have an adequate representation of all stakeholders and (ii) to strengthen technical expertise.

**3. How does an insurance company ensure that individual board members and the board collectively have enough knowledge to monitor and oversee the activities of the insurer appropriately, particularly where specific expertise is needed?**

The expertise and professional integrity of persons who assume responsibility at the highest level have to be verified via an in-depth assessment to ensure that they are “fit and proper”. The main principles of the “fit and proper” test are as follows:

- The concepts of expertise (fit) and professional integrity (proper) should be understood in the wider sense in order to look at whether a person has the qualities required for a given position; this is only the case when this person has the necessary qualities and characteristics to satisfactorily fulfil all of the duties and obligations relating to position;

- Within the insurance company there needs to be a structured framework for assessing the suitability of members of the management committee, directors, heads of independent control functions and senior managers. This framework needs to be applied in a consistent manner;
- The NBB, acting in its capacity as prudential supervisory authority, has its own power of appraisal in order to decide whether the persons appointed have the required qualities. It must make proper use of this power, in other words using accurate, factual data as a basis, assessing these properly and drawing a reasonable conclusion therefrom; and
- The “fit & proper” status of the persons appointed must be subject to ongoing attention both from the insurance company and from the NBB.

A person is considered to be:

- **Fit** : an expert for a specific position when s/he has knowledge and experience, skills and the professional behavior required for the position in question.

The board of directors of an insurance company must have collectively appropriate experience and knowledge with regard to at least:

- insurance markets and financial markets;
- the company's strategy and business model;
- the governance system;
- the financial and actuarial analysis; and
- the regulatory framework and requirements.
- **Proper**: professionally honorable if there is no evidence to the contrary and nor is there any reasonable doubt about the person in question's good reputation. In other words, if it is possible to consider that the person will perform the task entrusted to him or her honestly, ethically and with integrity.

The insurance company has to take into consideration the duration of a possible professional ban.

The insurance company has to set out a “fit and proper” policy and cannot appoint a director if s/he does not fulfill the “fit and proper” test.

The NBB has issued standard “fit and proper” forms which have to be used by insurance companies in case of “new appointment”, “exit”, “new elements” or “reappointment” concerning a director.

**4. Are there significant differences in terms of requirements and duties between executive and non-executive members of the board of directors of an insurer?**

Yes, there are differences in terms of duties between executive and non-executive directors since

- The non-executive members of the board of directors – i.e. those who are not members of the management committee – form the majority of the board of directors.
- The audit committee, the risk committee and the remuneration committee must be composed exclusively of non-executive directors.

Considering the distribution of competences between the board of directors and the management committee, the non-executive members are consequently more in charge of the determination of the general strategy of the insurance company and the risk policy and the monitoring of the business activities.

**5. In your jurisdiction are there any black letter rules or general principles that enable directors to rely upon external opinions when addressing issues or aspects where specific expertise is needed?**

There is no particular rule concerning the possibility for director to request for external opinion.

Should the insurance company contact an external person to carry on activities or processes which are specific to the insurance business, Belgian rules on outsourcing have to be fulfilled.

One of the main rules is that the insurance company retains the full responsibility for compliance with all the obligations arising from the Solvency II Law, even in case of outsourcing.

**6. Describe the extent and scope of supervisors'/regulators' intervention with reference to the qualifications and to the activities of the board of an insurer.**

The NBB checks the suitability of the persons who wish to hold a position which falls within the scope of the Solvency II Law before they effectively take up their

positions but also when facts and/or circumstances provide grounds for verification.

The specific scope and assessment methods vary depending upon the stage at which the assessment takes place.

**(i) Prior to the taking up of the position**

This assessment takes place either when the application for authorisation or registration of an insurance company is made or when an already authorised or registered institution has plans to appoint a person to a position which falls within the scope of the Solvency II Law.

Insurance companies must inform the NBB in advance of any proposed appointment, reappointment or revocation of an appointment of persons who fall within the scope of the Solvency II Law.

The NBB must give its consent, within a reasonable period of time, to the proposed appointment. The NBB must make every effort to deal with all non-complex cases within a period of one month, and complex cases (for instance those requiring an interview) within a period of two months, and to consider a large majority of new appointments as non-complex. These indicative time frames start from the moment when the duly completed forms are sent to the NBB. They are suspended when the NBB requires additional information from the insurance company until the information in question will have been provided.

In theory, the appointment may not become effective and may not be made public until the NBB has taken a decision. If the case is considered to be complex, the appointment may, in exceptional circumstances, take place subject to a condition precedent, and may be made public provided that this condition is mentioned.

When a proposed appointment relates to a person who is being proposed for the first time for a position which falls within the scope of the Solvency II Law, the NBB first consults the FSMA. The FSMA sends any relevant factual information to the NBB within one week from receipt of the request for an opinion.

**(ii) During the performance of a position**

An analysis is also carried out to ensure that persons covered by the Solvency II Law are “fit and proper” whenever there are new facts and/or changes in

circumstances which provide reasonable grounds for a reassessment.

The NBB may carry out a reassessment of a person at any time. It is incumbent upon the NBB to determine when there are reasonable grounds.

In the event of a reassessment of a person, the NBB will inform the insurance company what information it would like to receive.

The NBB may ask for information about any periodic assessments which have been carried out by the insurance company.

When the NBB carries out a reassessment, it also calls upon the person in question to take part, and if the interested party refuses to accede to this request, the NBB first of all informs the insurance company of this. If this still does not lead to a satisfactory result, the NBB may then order measures which are legally binding upon the insurance company. In extreme cases, it may even order the insurance company to replace the person in question.

Once the assessment of suitability is complete (either before or during the holding of a very particular position, as the case may be), the NBB informs without delay both the insurance company and the person in question of the result of the assessment and, where applicable, any underlying conclusions. In the communication sent to the insurance company, the NBB will make a clear distinction between the “fit” and “proper” parts of the assessment. If the assessment is negative, the person may contact the NBB for feedback.

In cases involving a reassessment of a person who is already in place and holding the position, the NBB may determine whether any steps need to be taken and, if so, what step is most effective. A grace period may be granted (e.g. in order to go on a specific training course). The NBB may also order the insurance company itself to draw up a plan of approach in which it sets out what steps are to be taken and when, in order to avoid any repetition of the problems which have been detected in future. If the situation so requires, the NBB may finally decide that the interested party may no longer take up the position.

***7. Are there any special rules and regimes applicable to the governance of subsidiaries belonging to an insurance group, also in terms of information flows?***

The corporate governance principles are also applicable when the insurance company belongs to a group but specific regimes are applicable depending on the following:

1. the insurance group is a Belgian group;
2. the insurance group is not a Belgian group but a Belgian insurance company belonging to this group.

**In the first scenario**, the Solvency II Law provides for requirements at group level and at individual level. All the rules applicable to individual insurance companies are also applicable to the insurance group. There are also 3 requirements which are specific to the governance of a group and which have to be fulfilled by the entity responsible of the group: (i) to establish intern governance requirements for the group, (ii) to have an effective risk management at the group level and (iii) to manage the organization at the group level.

Concerning the information flows, the board of directors and the management committee entity responsible of the group interacts with the administrative, management or supervisory bodies of all the companies within the group that have a significant impact on the group's risk profile, asking for information in advance and asking the bodies for explanations on decisions that may affect the group

The entity responsible for a Belgian insurance group subject to the supervision of the NBB shall establish a "group" governance memorandum which shall contain the same information as required at individual level for insurance companies and certain specific information concerning the group.

**In the second scenario**, the insurance company and the insurance group have to ensure that the organization and steering of the group does not prejudice the responsibility of the board of directors and management committee of the subsidiary. In particular, the board of directors and the management committee of the subsidiary shall ensure that group organization complies with the rules and obligations which are applicable to the subsidiary as an autonomous and individually regulated legal personality. The possible conflicts of interests at the group level have to be identified, prevented and managed.

### **III. Risk Management**

***1. In your opinion, what is the biggest risk challenge (e.g. regulation, capital standard, pricing, interest rate, cyber, terrorism, etc.) facing the insurance industry today in your jurisdiction?***

According to recent reports, cybercrime is at the top of the list of concerns of the Belgian insurers.

The other main major industry risks are the persistence of low interest rates, the change in management, the low investment performance and the risk of excessive and obstructive regulation.

***2. What specific laws or regulations, actual or pending in your jurisdiction, will present significant implementation risk challenge toward the insurance industry?***

In the short term, the Belgian insurance industry has to implement the Regulation (EU) 2016/679 of 27 April 2016 on the protection of physical persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation – GDPR) which will be applicable as from 25 May 2018 in all EU Member States and which affects all data processors and controllers that handle EU residents' personal data. Insurers are data controllers and could also be data processors.

Depending on the negotiations between the UK Government and the EEA following "the Brexit", the Belgian insurance industry could have to implement a new system for the service providing of insurance activities in the UK by a Belgian insurance company or for the service providing of insurance activities in Belgium by a UK insurance company.

#### **IV. Ethics and Corporate Social Responsibility**

***1. Please provide any concrete examples where business ethical standards and/or corporate social responsibility standards have been applied and have changed the behaviors of the insurance company.***

The Belgian Act of 28 April 2003 on supplementary pensions and on the tax regime applicable to such pensions and to certain additional social security benefits provides that pension fund managers have to disclose in their annual reports to what extent they take into account social, ethical and environment *criteria in their investments policies.*

***2. In your jurisdiction, are there any specific laws or regulations already adopted or any proposals, or any arrangements in place in the***

***governance system, relating to the protection of policyholders' and/or financial consumers' interests?***

Yes, especially concerning the investment decision of the insurance company.  
For examples,

- the insurance company has to study expressly in its risks policy, the manner in which the assets have to be selected in the best interest of its policyholders and beneficiaries;
- in case of unusual investment or investment activity, the insurance company must evaluate the consistency of the investment or investment activity with the interest of the policyholders and beneficiaries , constraints on commitments of the insurance company and effective portfolio management;
- the insurance company must regularly review and monitor the safety, quality, liquidity and profitability of the portfolio as a whole by examining at least any commitment constraint, including the policyholders' guarantees.
- concerning profitability, the insurance company sets targets for the return on investments it seeks to achieve in taking into account the need to achieve a sustainable return on asset portfolios in order to meet the reasonable expectations of policyholders.

Policyholders are also protected in case of outsourcing by the insurance company since the outsourcing cannot have as effect to reduce in any way services for the policyholders.

Finally, under Belgian law, policyholders are also extremely protected via the Act of 4 April 2014 on insurance and the MiFID regulations which provide for the insurance company (and the insurance intermediary) an extended obligation to disclose specific information to the policyholders/insureds before the inception of the insurance contract, during the insurance contract and at the end of the insurance contract.

***3. In your jurisdiction, is an insurance company required to produce an annual Corporate Social Responsibility (CSR) report or a Global Sustainability Initiative (GSI) report? If so, what context needed to be disclosed in these reports?***

Yes, there is an obligation to publish a non-financial statement for public interest entities such as insurance companies which have more than 500 employees

and which fulfill 1 of the 2 following criteria:

1. Balance sheet : EUR 17 million
2. Annual turnover, VAT excluded: EUR 34 million.

The non-financial statement contains information on the insurance company which is necessary to understand the evolution of business, the performances, the status of the company and the impact of its activities, on the following questions: (i) environmental questions, (ii) social questions, (iii) questions on the employees, (iv) human rights respect and (v) fight against corruption.

In the non-financial statement, the company describes

1. the company's activities;
2. the company's policies with respect to the abovementioned questions, including the reasonable diligence procedures implemented;
3. the results of these policies and the main risks for the activities relating to those questions, including, where relevant and proportionate, the business relationships, products or services of the company that are likely to have negative impacts in these areas,;
4. how the company manages these risks; and
5. non-financial key performance indicators for the activities in question.

The non-financial statement shall, where appropriate, also contain relevant references to the financial amounts indicated in the annual accounts and additional explanation..

## **V. Disclosure**

***1. In your opinion, what mechanisms shall be in place or considered in an insurance company to ensure the transparency of its governance structure? (e.g., the articles of association, the organization chart, any existing committees, the major shareholders, the ethical standard, corporate social responsibility, etc.)***

Belgian insurance companies, being companies submitted to the Belgian Company Code, have the obligation to publish certain information in the Belgian Official Gazette: constitution of the company, articles of association of the company, appointment of directors, etc.

Therefore, part of the governance structure and system of Belgian insurance companies is already available to the public via publications in the Belgian Official Gazette.

Furthermore, insurance companies have to issue a Solvency and Financial Condition Report, which is a report available to the public and which provide information on the solvency and financial situation of the insurance company.

**2. Are there any governance practices that, in your opinion, can best be achieved through disclosure rather than through specific supervisory requirements? Which governance practices should be mandatory for an insurance company?**

The Belgian corporate governance rules for insurance companies are defined by the Solvency II Law and are mandatory law.

The nature, scale and complexity of the insurance company business enter into consideration for the application of these rules but they remain in principle mandatory.

Beside the mandatory rules, there are also “best practices” defined as such by the NBB.

In term of disclosure, the NBB recommends:

- the actuarial function reporting to the board of directors regularly (and not only via the annual report);
- the management committee using a standard model document established by the NBB for the report on the efficiency of the governance system; and
- considering the governance memorandum as the main document in terms of governance and including in this document all the information required by (i) the Commission Delegated Regulation (EU) 2015/35 concerning the SFCR and RSR and (ii) the Belgian legislation and regulations.

**3. What is the interplay between market abuse regulations and other disclosure/transparency rules applicable to listed insurers and industry specific rules applicable only to insurance companies?**

The Belgian Act of 31 July 2017 modifying the financial supervision act of 2 August 2002 regarding market abuses introduced a protection for persons who inform the Financial Services and Market Authority (**FSMA**) of breaches of

financial legislation.

When a person reports in good faith a breach of financial legislation to the FSMA, the FSMA guarantees in principle the person's anonymity, unless the whistleblower agrees with the disclosure of his/her identity. The person is also protected from civil, criminal and disciplinary claims and professional sanctions. The Royal Decree of 24 September 2017 provides the procedural rules designed by the FSMA for it to receive and handle whistleblowing reports.

## **VI. Outlook**

***In respect of the corporate governance of insurers, please describe your criticisms on the system in your jurisdiction, any recommendations for the future, and/or the main challenges which insurance undertakings encountered.***

The recent legal and regulatory reinforcements of the corporate governance in the (re)insurance sector are undisputable with the Solvency II Law published on 23 March 2016 and the Corporate Governance Circular published on 5 July 2016.

Both contain rules which were already known and applicable but also new and stronger requirements for the corporate governance structure of insurance companies.

When establishing the legal and prudential regulatory regime for corporate governance of insurance companies, the main challenges have been to consider (i) the specific branches of activity (life and non-life), (ii) the complexity of the insurance business which required in particular the development of an "actuary function" and (iii) the constant evolving legal and regulatory framework within which the insurance activities are performed.

Belgian insurance companies have still to get acquainted with all the new corporate governance rules. The NBB will play a key role in supporting the insurance companies with the implementation.

A strong governance system for insurance companies is an undeniable added value to the Belgian financial market and a positive element for policyholders, insureds and beneficiaries.

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