



International Association of Insurance Supervisors
Thematic Self Assessment and Peer Review
Supervisory Cooperation and Information Exchange

Feedback report for: Centrale Bank van Curaçao en Sint Maarten

Jurisdiction: Curacao and Sint Maarten

Based on questionnaire response received: March 16, 2011

The International Association of Insurance Supervisors (IAIS) is committed to supporting members in their efforts to strengthen observance of Insurance Core Principles (ICPs), standards and guidance.

As part of this commitment, the IAIS is conducting self assessments and peer reviews of observance of the ICPs on a thematic basis. The theme selected for this report is 'Supervisory Cooperation and Information Exchange'. The IAIS is grateful for the participation of Centrale Bank van Curaçao en Sint Maarten (CBCS) in the thematic self assessment and peer review process. This report has been prepared covering the assessment of observance of the relevant ICPs as they relate to Curacao and Sint Maarten and the specific role and responsibilities allocated to CBCS.

Methodology: The assessment follows the methodology set out in the more general report.

This assessment uses the ICPs current at the time of the questionnaire ... For the purposes of the assessment on the theme of 'Supervisory Cooperation and Information Exchange', the ICPs that have been used as the basis for the assessment are those adopted in October 2003. The ICPs are under review and close to final revision. The revisions with respect to this theme are limited and largely editorial so this assessment should be largely consistent with the new ICPs once adopted.

... and focuses on both ICP 5 and relevant essential criteria from other ICPs For the thematic assessment on Supervisory Cooperation and Information Exchange, the IAIS Insurance Core Principles that are relevant to the theme have been identified. ICP5 is the main area where cooperation and information exchange is addressed. There are aspects of other ICPs that also relate to the theme. These are 6 (Licensing), 7 (Suitability of persons), 17 (Group-wide supervision), 27 (Fraud) and 28 (AML/CFT).

Assessments reflect the situation at a point in time ... The assessment is developed by taking into account some critical elements. First, the assessment takes account of the nature of the insurance market in Curacao and Sint Maarten at the time that the assessment questionnaire was completed. Second, the assessment takes account of the supervisory structure and the responsibilities of CBCS and is, as mentioned above, an assessment reflecting the scope of the responsibilities allocated to CBCS and not the wider arrangements for supervision and regulation in Curacao and Sint Maarten. Third, as the ICPs consider both the legal



arrangements and actual practice, the assessment considers actual experiences during the years 2008 to 2010 inclusive.

ICP assessments are, by their nature, based on circumstances at a point in time. In particular, with respect to this thematic assessment, the assessment reflects legal conditions, supervisory arrangements and practices, and the nature of the insurance market itself. Any changes to any of these aspects could alter the resulting overall assessment. This assessment is based on questionnaire responses from the Centrale Bank van Curaçao en Sint Maarten on the date shown.

including the scope of supervisory functions ...

The scope of supervisory functions are particularly relevant when assessing criteria as 'not applicable' or otherwise. Current market circumstances and supervisory responsibilities of CBCS implied in the responses to questions indicated.

- The CBCS indicated it is responsible for issuing licenses to (re)insurers in Curacao and Sint Maarten. Relevant essential criteria are included in this assessment as it relates to the responsibilities of the CBCS.
- The CBCS has indicated, regarding responsibility for the function of supervising anti-money laundering and combating the financing of terrorism (AML/CFT), that it is responsible with respect to both (re)insurers and agents, brokers and other distribution channels. This aspect of the assessment is most relevant for ICP 28.

and market composition and supervisory structure ...

- The review concentrated on home (and host) supervisory roles created as a result of (re)insurers licensed or supervised by CBCS either operating branches in other jurisdictions or as branches in Curacao and Sint Maarten, having subsidiaries that they own or control that operate as (re)insurers or banks or other non-insurance financial sector entities or being subsidiaries in such cases. In the case of banks or other non-insurance financial sector entities, the review considered those that operate inside and outside Curacao and Sint Maarten.
- The CBCS, at the time of the assessment, did have a home supervisory role.

In the case of ...	CBCS indicated this home supervisory role ...
(re)insurers that are licensed or supervised by CBCS operate insurance subsidiaries in other jurisdictions ...	did apply given market and supervisory structures.
In the case of ...	CBCS indicated this home supervisory role ...
(re)insurers that are licensed or supervised by CBCS operate insurance branches in other jurisdictions ...	did apply given market and supervisory structures.
(re)insurers that are licensed or supervised by CBCS own or control banks or other non-insurance financial sector entities in other jurisdictions ...	did apply given market and supervisory structures.
(re)insurers that are licensed or supervised by CBCS own or control banks or other non-insurance financial sector entities in Curacao and Sint Maarten ...	did not apply given market and supervisory structures.



→ The CBCS, at the time of the assessment, did have a host supervisory role.

In the case of ...	CBCS indicated this host supervisory role ...
(re)insurers that are licensed or supervised by CBCS are subsidiaries of (re)insurers that are licensed or supervised by other insurance supervisors ...	did apply given market and supervisory structures.
(re)insurers that are licensed or supervised by CBCS are branches of (re)insurers that are licensed or supervised by other insurance supervisors ...	did apply given market and supervisory structures.
(re)insurers that are licensed or supervised by CBCS are owned or controlled by banks or other non-insurance financial sector entities in other jurisdictions ...	did apply given market and supervisory structures.
(re)insurers that are licensed or supervised by CBCS are owned or controlled by banks or other non-insurance financial sector entities in Curacao and Sint Maarten ...	did not apply given market and supervisory structures.

The report is based on the questionnaire answers...

This report has been prepared based on the responses provided by Centrale Bank van Curaçao en Sint Maarten to a detailed questionnaire and relies on the accuracy of those responses. Although a draft was provided for review, no other separate attempt to validate or verify the responses has been included as part of this peer review process.

and has been prepared for the Centrale Bank van Curaçao en Sint Maarten.

This report has been prepared on the basis that it is confidential. The results have been used as input to a broader report issued by the IAIS but individual assessment results for each member/jurisdiction are not disclosed by the IAIS. However, the IAIS recognises that Centrale Bank van Curaçao en Sint Maarten may choose to make this report public or to provide it to third parties.

Summary Results of Assessment

- ICP 5 All essential criteria for this ICP were assessed. The overall conclusion is that the core principle is 'Largely observed'.
- ICP 6 Some essential criteria for this ICP were assessed. The overall conclusion, taking into account only the aspects of the core principle that are relevant to this theme, is 'Observed'.
- ICP 7 One essential criterion for this ICP was assessed. The overall conclusion, taking into account only the aspect of the core principle that is relevant to this theme, is 'Partly observed'.
- ICP 17 Some essential criteria for this ICP were assessed. The overall conclusion, taking into account only the aspects of the core principle that are relevant to this theme, is 'Largely observed'.



- ICP 27 Some essential criteria for this ICP were assessed. The overall conclusion, taking into account only the aspects of the core principle that are relevant to this theme, is 'Observed'.
- ICP 28 One essential criterion for this ICP was assessed. The overall conclusion, taking into account only the aspect of the core principle that is relevant to this theme, is 'Observed'.

Detailed Results of Assessment

ICP 5	Supervisory cooperation and information sharing The supervisory authority cooperates and shares information with other relevant supervisors subject to confidentiality requirements.
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- Assessment Note: All of the essential criteria have been considered as part of this assessment.
- Essential Criterion (a)* *The existence of a formal agreement with another supervisor is not a prerequisite for information sharing.*
- Assessment: Observed
- Elaboration: No formal agreement is required by CBCS before exchanging information with another authority.
- Essential Criterion (b)* *The supervisory authority, at its discretion, can enter into agreements or understandings with any other financial sector supervisor (“another supervisor”) to share relevant supervisory information or to otherwise work together.*
- Assessment: Observed
- Elaboration: CBCS has indicated that it does have sole discretion to enter into agreements with another authority.
- Essential Criterion (c)* *When reasonably requested and with appropriate safeguards, the supervisory authority is able to exchange with another supervisor (refer to ICP 7 EC e) the following:*
- relevant supervisory information, including specific information requested and gathered from a supervised entity
- relevant financial data
- objective information on individuals holding positions of responsibility in such entities.
- Assessment: Observed
- Elaboration: CBCS indicated that it can exchange information In a wide range of circumstances and cases. All actual cases during the review period were dealt with satisfactorily.
- Essential Criterion (d)* *Information sharing, whether carried out under formal or informal arrangements, allows for a two-way flow of information without requiring strict reciprocity in terms of the level, format and detailed characteristics of the information exchanged.*
- Assessment: Observed
- Elaboration: Strict reciprocity is not a requirement for exchange of information.



Essential Criterion (e) *The home supervisory authority provides relevant information to the host supervisor.*

Assessment: Largely observed

Elaboration: The authorities indicated that they did provide relevant information to host supervisors during the period under review but not in every case.

Essential Criterion (f) *The supervisory authority is required to take reasonable steps to ensure that any information released to another supervisor will be treated as confidential by the receiving supervisor and will be used only for supervisory purposes.*

Assessment: Observed

Elaboration: CBCS takes steps to ensure both confidentiality and supervisory purposes are in place.

Essential Criterion (g) *The supervisory authority consults with another supervisor if it proposes to take action on the evidence of the information received from that supervisor.*

Assessment: Observed

Elaboration: Arrangements for consultation are in place.

Essential Criterion (h) *The home supervisory authority informs relevant host supervisors of any material changes in supervision that may have a significant bearing on the operations of foreign establishments operating in their jurisdictions.*

Assessment: Observed

Elaboration: Procedures are in place to include these advices.

Essential Criterion (i) *Where possible, the home supervisory authority informs the host supervisor in advance of taking any action that will affect the foreign establishment in the host supervisor's jurisdiction.*

Assessment: Observed

Elaboration: Actions were advised in all circumstances.

Essential Criterion (j) *Where possible, the host supervisory authority informs the home supervisor in advance of taking any action that will affect the parent company or headquarters in the home supervisor's jurisdiction.*

Assessment: Observed

Elaboration: Actions were advised in all circumstances.

ICP 6	Licensing An insurer must be licensed before it can operate within a jurisdiction. The requirements for licensing are clear, objective and public.
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Assessment Note: Only some of the elements of some of the essential criteria have been considered as part of this assessment.



<i>Essential Criterion (b)</i>	<i>Clear, objective and public licensing criteria require:</i> - ... <i>- input from the applicant's home supervisory authority when the insurer or its owners are not domestic and a home supervisory authority exists (refer to ICP 5).</i>
Assessment:	Observed
Elaboration:	Public criteria includes consultation with an applicant's home supervisory authority.
<i>Essential Criterion (d)</i>	<i>... The creation of a cross border establishment should be subject to consultation between the host and home supervisor.</i>
Assessment:	Observed
Elaboration:	There are arrangements in place for consultation.
<i>Essential Criterion (f)</i>	<i>If a foreign insurer is allowed to carry on business in the jurisdiction the supervisory authority must be provided with the following data:</i> <i>- confirmation from the home supervisory authority that the insurer is authorised to carry on the types of insurance business proposed</i> <i>- information from the home supervisory authority that the insurer is solvent and meets all the regulatory requirements in the home jurisdiction</i> ... <i>These information requirements might be waived if insurance is offered on a services basis only.</i>
Assessment:	Observed
Elaboration:	There are arrangements in place for the intended information exchanges.

ICP 7	Suitability of persons The significant owners, board members, senior management, auditors and actuaries of an insurer are fit and proper to fulfill their roles. This requires that they possess the appropriate integrity, competency, experience and qualifications.
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Assessment Note: Only some of the elements of some of the essential criteria have been considered as part of this assessment.

<i>Essential Criterion (e)</i>	<i>The supervisory authority exchanges information with other authorities inside and outside its jurisdiction where necessary to check the suitability of persons. The supervisory authority uses this information as an additional tool to effectively assess the fitness and propriety of, or to obtain information on, a key functionary of an insurer (refer to ICP 5).</i>
Assessment:	Partly observed
Elaboration:	With respect to significant owners, board members and senior managers, the criterion is observed but, regarding actuaries and auditors, the criterion is not observed.

ICP 17	Group-wide supervision The supervisory authority supervises its insurers on a solo and a group-wide basis.
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Assessment Note: Only some of the elements of some of the essential criteria have been considered as part of this assessment.

Essential Criterion (b) ... The supervisory authorities co-operate to avoid unnecessary duplication.

Assessment: Observed

Elaboration: There has been cooperation of this kind during the review period.

Essential Criterion (c) Where different supervisory authorities are responsible for different parts of a group or conglomerate appropriate co-operation and co-ordination exists. The supervisory responsibilities of each authority are well-defined and leave no supervisory gaps.

Assessment: Observed

Elaboration: The authorities indicated positive steps are taken to ensure supervisory responsibilities are well defined and address any issues regarding the potential for supervisory gaps.

Essential Criterion (e) Host supervisory authorities avoid uncooperative behaviour with home supervisory authorities so as not to hinder effective supervision of groups and conglomerates (refer to ICP 5 EC i).

Assessment: Largely observed

Elaboration: All relevant criterion are either observed or largely observed.

ICP 27	Fraud The supervisory authority requires that insurers and intermediaries take the necessary measures to prevent, detect and remedy insurance fraud.
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Assessment Note: Only some of the elements of some of the essential criteria have been considered as part of this assessment.

Essential Criterion (a) The supervisory authority has the powers and resources to ... communicate as appropriate with enforcement authorities, as well as with other supervisors, to deter, detect, record, report and remedy fraud in insurance.

Assessment: Observed

Elaboration: Powers and procedures for both local and foreign cooperation are in place.

Essential Criterion (g) The supervisory authority co-operates with other supervisory authorities including, as appropriate, in other jurisdictions in countering fraud.

Assessment: Observed

Elaboration: There were no cases during the review period.



ICP 28

Anti-money laundering, combating the financing of terrorism

The supervisory authority requires insurers and intermediaries, at a minimum those insurers and intermediaries offering life insurance products or other investment related insurance, to take effective measures to deter, detect and report money laundering and the financing of terrorism consistent with the Recommendations of the Financial Action Task Force on Money Laundering (FATF).

Assessment Note: Only some of the elements of some of the essential criteria have been considered as part of this assessment.

Essential Criterion (a) *The measures required under the AML/CFT legislation and the activities of the supervisors should meet the criteria under those FATF Recommendations applicable to the insurance sector.*

Assessment: Observed