

III. GROUPS AND CONGLOMERATES

A. *Transparency and knowledge of structure*

- Group or conglomerate (hereafter “group”) ownership, structures, arrangements and relations should be transparent to all entities within the group and related shareholders as well as to external stakeholders, and should be well understood by boards of directors and key executives.

The purpose, function and activities of all the major entities within a group, and the jurisdiction out of which they operate, should be disclosed.

B. *Comprehensive view*

- The boards and key executives of controlling and controlled entities within a group should have a comprehensive view of the business, operations and overall risks of the group and of the major entities within it.
- The boards and key executives of controlling and controlled entities within a group should have an understanding of any contagion risks within the group so that appropriate mitigation measures can be adopted.

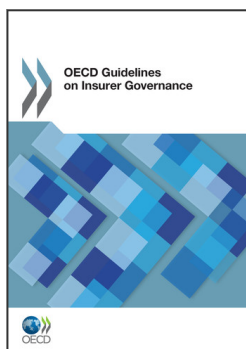
C. *Governance system*

- A coherent, well-functioning and transparent governance system should be established within the group to ensure sound governance practices, with clear lines of responsibility and accountability across the group consistent with applicable legal requirements.
- This governance system should recognise the responsibility of the board of any insurer within a group to exercise independent decision-making and ensure the soundness and performance of the insurer.
- The control functions of the controlling entity in the group should appropriately consider a group-wide perspective in their activities and support, as appropriate and as may be requested, the control functions within controlled entities.

- The essential components of the control functions of an insurer within a group should be retained, permitting independent oversight of the insurer's operations and the identification and mitigation of contagion risks.

D. Communication

- There should be adequate group-wide flows of information to ensure that transparency and a comprehensive view can be brought to group arrangements, operations and risks, and that the risks related to group structures can be identified and mitigated.



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