# ICP Questionnaire – ICP 8 Risk Management and Internal Controls

This ICP questionnaire is based on ICP 8 version 2011.

## Introduction

For each question, choose the response that most closely corresponds to the situation in YOUR JURISDICTION and YOUR AUTHORITY. Some questions ask about the actual experience in YOUR JURISDICTION during the last three years. If records or reports exist that would help you to respond to such questions, please refer to them. If not, please respond based on your best estimate of what the actual experience has been.

In this survey (as in the ICPs), the term “legislation” is used to include both primary legislation (which generally requires full legislative consent) and secondary and other forms of legislation, including rules and regulations which have the legal force of law but are usually the responsibility of the supervisor. The term “supervisory guidelines” means documents issued by the supervisor to communicate expectations to the industry, which do not have the legal force of law.

It is recommended that you prepare all answers to this questionnaire in advance and obtain approval in your supervisory authority before entering the results in the ICP Self-Assessment Tool (SAT) via [www.icp-selfassessment.org](http://www.icp-selfassessment.org)

Please note that in contrast to other ICP assessment processes the ICP SAT only takes into account your answers to multiple choice questions without any qualitative review. Therefore the results are only high level and non-binding.

## Questionnaire

**8 The supervisor requires an insurer to have, as part of its overall corporate governance framework, effective systems of risk management and internal controls, including effective functions for risk management, compliance, actuarial matters, and internal audit.**

**8.1 The supervisor requires the insurer to establish, and operate within, an effective risk management system.**

1. How is the requirement that the insurer establishes and operates with an effective risk management system implemented in YOUR JURISDICTION?
   1. This is required under legislation.
   2. This is required under legislation and is further elaborated through published supervisory guidelines.
   3. This is not required under legislation, but the expectation is communicated through published supervisory guidelines.
   4. This is not required under legislation or published supervisory guidelines, but YOUR AUTHORITY advises insurers when its expectation is not being met.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
2. How does YOUR AUTHORITY assess the performance of an insurer in establishing, and operating within, an effective risk management system?
   1. Performance is regularly assessed.
   2. Performance is occasionally assessed even when there are no supervisory concerns.
   3. Performance is assessed only in cases of actual or potential supervisory concerns.
   4. Performance is seldom assessed, even in cases of actual supervisory concerns.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
3. During the last three years, has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the performance of an insurer in establishing, and operating within, an effective risk management system?
   1. Yes, YOUR AUTHORITY has taken appropriate action.
   2. No.
   3. This question is not applicable, because no such concerns arose during the last three years.
4. During the last three years, to what extent has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the performance of an insurer in establishing, and operating within, an effective risk management system?
   1. All concerns were resolved.
   2. Most concerns were resolved.
   3. Some concerns were resolved.
   4. Most concerns were not resolved.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
   6. This question is not applicable, because no such concerns arose during the last three years.

**8.2 The supervisor requires the insurer to establish, and operate within, an effective system of internal controls.**

1. How is the requirement that an insurer will establish, and operate within, an effective and documented system of internal controls implemented in YOUR JURISDICTION?
   1. This is required under legislation.
   2. This is required under legislation and is further elaborated through published supervisory guidelines.
   3. This is not required under legislation, but the expectation is communicated through published supervisory guidelines.
   4. This is not required under legislation or published supervisory guidelines, but YOUR AUTHORITY advises insurers when its expectation is not being met.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
2. How does YOUR AUTHORITY assess the performance of an insurer in establishing, and operating within, an effective and documented system of internal controls?
   1. Performance is regularly assessed across all insurers.
   2. Performance is occasionally assessed across all insurers even when there are no supervisory concerns.
   3. Performance is assessed only in cases of actual or potential supervisory concerns.
   4. Performance is seldom assessed, even in cases of actual supervisory concerns.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
3. During the last three years, has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the performance of an insurer in establishing, and operating within, an effective system of internal controls?
   1. Yes, YOUR AUTHORITY has taken appropriate action.
   2. No.
   3. This question is not applicable, because no such concerns arose during the last three years.
4. During the last three years, to what extent has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the performance of an insurer in establishing, and operating within, an effective system of internal controls?
   1. All concerns were resolved.
   2. Most concerns were resolved.
   3. Some concerns were resolved.
   4. Most concerns were not resolved.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
   6. This question is not applicable, because no such concerns arose during the last three years.

**8.3 The supervisor requires the insurer to have effective control functions with the necessary authority, independence, and resources.**

1. How is the requirement for an insurer to have the following control functions implemented in YOUR JURISDICTION?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Required under legislation | 2. Required under legislation and further elaborated through published supervisory guidelines | 3. Not required under legislation, but communicated through published supervisory guidelines | 4. Not required under legislation or published supervisory guidelines, but insurers are advised when supervisory expectations are not being met | 5. There is no such requirement or expectation |
| a. There is a risk management function |  |  |  |  |  |
| b. There is a compliance function |  |  |  |  |  |
| c. There is an actuarial function |  |  |  |  |  |
| d. There is an internal audit function |  |  |  |  |  |

1. How is the requirement for an insurer’s control functions to have the necessary authority to be effective implemented in YOUR JURISDICTION?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Required under legislation | 2. Required under legislation and further elaborated through published supervisory guidelines | 3. Not required under legislation, but communicated through published supervisory guidelines | 4. Not required under legislation or published supervisory guidelines, but insurers are advised when supervisory expectations are not being met | 5. There is no such requirement or expectation |
| a. With respect to the risk management function |  |  |  |  |  |
| b. With respect to the compliance function |  |  |  |  |  |
| c. With respect to the actuarial function |  |  |  |  |  |
| d. With respect to the internal audit function |  |  |  |  |  |

1. How is the requirement for an insurer’s control functions to have the necessary independence to be effective implemented in YOUR JURISDICTION?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Required under legislation | 2. Required under legislation and further elaborated through published supervisory guidelines | 3. Not required under legislation, but communicated through published supervisory guidelines | 4. Not required under legislation or published supervisory guidelines, but insurers are advised when supervisory expectations are not being met | 5. There is no such requirement or expectation |
| a. With respect to the risk management function |  |  |  |  |  |
| b. With respect to the compliance function |  |  |  |  |  |
| c. With respect to the actuarial function |  |  |  |  |  |
| d. With respect to the internal audit function |  |  |  |  |  |

1. How is the requirement for an insurer’s control functions to have the necessary resources to be effective implemented in YOUR JURISDICTION?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Required under legislation | 2. Required under legislation and further elaborated through published supervisory guidelines | 3. Not required under legislation, but communicated through published supervisory guidelines | 4. Not required under legislation or published supervisory guidelines, but insurers are advised when supervisory expectations are not being met | 5. There is no such requirement or expectation |
| a. With respect to the risk management function |  |  |  |  |  |
| b. With respect to the compliance function |  |  |  |  |  |
| c. With respect to the actuarial function |  |  |  |  |  |
| d. With respect to the internal audit function |  |  |  |  |  |

**8.4 The supervisor requires the insurer to have an effective risk management function capable of assisting the insurer to: identify, assess, monitor, mitigate and report on its key risks in a timely way; and promote and sustain a sound risk culture.**

1. How are the following requirements related to the risk management function of an insurer implemented in YOUR JURISDICTION?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Required under legislation | 2. Required under legislation and further elaborated through published supervisory guidelines | 3. Not required under legislation, but communicated through published supervisory guidelines | 4. Not required under legislation or published supervisory guidelines, but insurers are advised when supervisory expectations are not being met | 5. There is no such requirement or expectation |
| a. The risk management function is capable of assisting the insurer to identify, assess, monitor, mitigate and report on its key risks in a timely way |  |  |  |  |  |
| b. The risk management function is capable of assisting the insurer to promote and sustain a sound risk culture |  |  |  |  |  |

1. How does YOUR AUTHORITY assess the effectiveness of an insurer’s risk management function?
   1. Effectiveness of an insurer’s risk management function is regularly assessed.
   2. Effectiveness of an insurer’s risk management function is occasionally assessed even when there are no supervisory concerns.
   3. Effectiveness of an insurer’s risk management function is assessed only in cases of actual or potential supervisory concerns.
   4. Effectiveness of an insurer’s risk management function is seldom assessed, even in cases of actual supervisory concerns.
   5. This question is not applicable, because there is no expectation that an insurer will have such a function.
2. During the last three years, has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer’s risk management function?
   1. Yes, YOUR AUTHORITY has taken appropriate action.
   2. No.
   3. This question is not applicable, because no such concerns arose during the last three years.
3. During the last three years, to what extent has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer’s risk management function?
   1. All concerns were resolved.
   2. Most concerns were resolved.
   3. Some concerns were resolved.
   4. Most concerns were not resolved.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
   6. This question is not applicable, because no such concerns arose during the last three years.

**8.5 The supervisor requires the insurer to have an effective compliance function capable of assisting the insurer to: meet its legal, regulatory and supervisory obligations; and promote and sustain a compliance culture, including through the monitoring of related internal policies.**

1. How are the following requirements related to the compliance function of an insurer implemented in YOUR JURISDICTION?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Required under legislation | 2. Required under legislation and further elaborated through published supervisory guidelines | 3. Not required under legislation, but communicated through published supervisory guidelines | 4. Not required under legislation or published supervisory guidelines, but insurers are advised when supervisory expectations are not being met | 5. There is no such requirement or expectation |
| a. The compliance function is capable of assisting the insurer to meet its legal, regulatory and supervisory obligations |  |  |  |  |  |
| b. The compliance function is capable of assisting the insurer to promote and sustain a compliance culture, including through the monitoring of related internal policies |  |  |  |  |  |

1. How does YOUR AUTHORITY assess the effectiveness of an insurer’s compliance function?
   1. Effectiveness of an insurer’s compliance function is regularly assessed across all insurers.
   2. Effectiveness of an insurer’s compliance function is occasionally assessed across all insurers even when there are no supervisory concerns.
   3. Effectiveness of an insurer’s compliance function is assessed only in cases of actual or potential supervisory concerns.
   4. Effectiveness of an insurer’s compliance function is seldom assessed, even in cases of actual supervisory concerns.
   5. This question is not applicable, because there is no expectation that an insurer will have such a function.
2. During the last three years, has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer’s compliance function?
   1. Yes, YOUR AUTHORITY has taken appropriate action.
   2. No.
   3. This question is not applicable, because no such concerns arose during the last three years.
3. During the last three years, to what extent has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer’s compliance function?
   1. All concerns were resolved.
   2. Most concerns were resolved.
   3. Some concerns were resolved.
   4. Most concerns were not resolved.
   5. This question is not applicable, because no such concerns arose during the last three years.
   6. This question is not applicable, because there is no expectation that an insurer will have such a function.

**8.6 The supervisor requires the insurer to have an effective actuarial function capable of evaluating and providing advice regarding, at a minimum, technical provisions, premium and pricing activities, capital adequacy, reinsurance and compliance with related statutory and regulatory requirements.**

1. How are the following requirements related to the actuarial function of an insurer implemented in YOUR JURISDICTION?

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 1. Required under legislation | 2. Required under legislation and further elaborated through published supervisory guidelines | 3. Not required under legislation, but communicated through published supervisory guidelines | 4. Not required under legislation or published supervisory guidelines, but insurers are advised when supervisory expectations are not being met | 5. There is no such requirement or expectation |
| a. The actuarial function is capable of evaluating and providing advice regarding technical provisions and compliance with related statutory and regulatory requirements |  |  |  |  |  |
| b. The actuarial function is capable of evaluating and providing advice regarding premium and pricing activities and compliance with related statutory and regulatory requirements |  |  |  |  |  |
| c. The actuarial function is capable of evaluating and providing advice regarding capital adequacy and compliance with related statutory and regulatory requirements |  |  |  |  |  |
| d. The actuarial function is capable of evaluating and providing advice regarding reinsurance and compliance with related statutory and regulatory requirements |  |  |  |  |  |

1. How does YOUR AUTHORITY assess the effectiveness of an insurer’s actuarial function?
   1. Effectiveness of an insurer’s actuarial function is regularly assessed across all insurers.
   2. Effectiveness of an insurer’s actuarial function is occasionally assessed across all insurers even when there are no supervisory concerns.
   3. Effectiveness of an insurer’s actuarial function is assessed only in cases of actual or potential supervisory concerns.
   4. Effectiveness of an insurer’s actuarial function is seldom assessed, even in cases of actual supervisory concerns.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
2. During the last three years, has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer’s actuarial function?
   1. Yes, YOUR AUTHORITY has taken appropriate action.
   2. No.
   3. This question is not applicable, because no such concerns arose during the last three years.
3. During the last three years, to what extent has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer’s actuarial function?
   1. All concerns were resolved.
   2. Most concerns were resolved.
   3. Some concerns were resolved.
   4. Most concerns were not resolved.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
   6. This question is not applicable, because no such concerns arose during the last three years.

**8.7 The supervisor requires the insurer to have an effective internal audit function capable of providing the Board with independent assurance in respect of the quality and effectiveness of the insurer’s corporate governance framework.**

1. How is the requirement that an insurer’s internal audit function will be effective and capable of providing the Board with independent assurance in respect of the quality and effectiveness of the insurer’s corporate governance framework implemented in YOUR JURISDICTION?
   1. This is required under legislation.
   2. This is required under legislation and is further elaborated through published supervisory guidelines.
   3. This is not required under legislation, but the expectation is communicated through published supervisory guidelines.
   4. This expectation is not required under legislation or published supervisory guidelines, but YOUR AUTHORITY advises insurers when its expectation is not being met.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
   6. This question is not applicable, because there is no expectation that an insurer will have such a function.
2. How does YOUR AUTHORITY assess the effectiveness of an insurer’s internal audit function?
   1. Effectiveness of an insurer’s internal audit function is regularly assessed across all insurers.
   2. Effectiveness of an insurer’s internal audit function is occasionally assessed across all insurers even when there are no supervisory concerns.
   3. Effectiveness of an insurer’s internal audit function is assessed only in cases of actual or potential supervisory concerns.
   4. Effectiveness of an insurer’s internal audit function is seldom assessed, even in cases of actual supervisory concerns.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
   6. This question is not applicable, because there is no expectation that an insurer will have such a function.
3. During the last three years, has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer’s internal audit function?
   1. Yes, YOUR AUTHORITY has taken appropriate action.
   2. No.
   3. This question is not applicable, because no such concerns arose during the last three years.
4. During the last three years, to what extent has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer’s internal audit function?
   1. All concerns were resolved.
   2. Most concerns were resolved.
   3. Some concerns were resolved.
   4. Most concerns were not resolved.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
   6. This question is not applicable, because no such concerns arose during the last three years.

**8.8 The supervisor requires the insurer to retain at least the same degree of oversight of, and accountability for, any outsourced material activity or function (such as a control function) as applies to non-outsourced activities or functions.**

1. How is the requirement that an insurer will retain at least the same degree of oversight of, and accountability for, any outsourced material activity or function (such as a control function) as applies to non-outsourced activities or functions implemented in YOUR JURISDICTION?
   1. This is required under legislation.
   2. This is required under legislation and is further elaborated through published supervisory guidelines.
   3. This is not required under legislation, but the expectation is communicated through published supervisory guidelines.
   4. This expectation is not required under legislation or published supervisory guidelines, but YOUR AUTHORITY advises insurers when its expectation is not being met.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
   6. This question is not applicable, because insurers are prohibited from outsourcing any material activity or function.
2. How does YOUR AUTHORITY assess the effectiveness of an insurer in maintaining oversight of, and accountability for, any outsourced material activities or functions?
   1. Effectiveness is regularly assessed across all insurers.
   2. Effectiveness is occasionally assessed across all insurers even when there are no supervisory concerns.
   3. Effectiveness is assessed only in cases of actual or potential supervisory concerns.
   4. Effectiveness is seldom assessed, even in cases of actual supervisory concerns.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
3. During the last three years, has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer in maintaining oversight of, and accountability for, any outsourced material activities or functions?
   1. Yes, YOUR AUTHORITY has taken appropriate action.
   2. No.
   3. This question is not applicable, because no such concerns arose during the last three years.
4. During the last three years, to what extent has YOUR AUTHORITY taken appropriate action to resolve supervisory concerns regarding the effectiveness of an insurer in maintaining oversight of, and accountability for, any outsourced material activities or functions?
   1. All concerns were resolved.
   2. Most concerns were resolved.
   3. Some concerns were resolved.
   4. Most concerns were not resolved.
   5. There is no such requirement or expectation in YOUR JURISDICTION.
   6. This question is not applicable, because no such concerns arose during the last three years.

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