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# SWISS QUALITY ASSESSMENT

## CORPORATE GOVERNANCE TOOL

DOCUMENTATION, APPLICATION IN PRACTICE, SELF-ASSESSMENT

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# CORPORATE GOVERNANCE TOOL

## INTRODUCTION

Directive BPV15/2006 defines corporate governance as a set of customs and principles affecting the way a company is directed and controlled. Corporate governance aims to establish a working balance between the different governing bodies of a company ("checks and balances"), create sufficient transparency in internal processes, and dovetail a company's objectives with the expectations of the various stakeholders. The latter include policyholders and insurance beneficiaries, owners, supervisory bodies and the employees. Protecting the interests of policyholders and insurance beneficiaries is of particular importance from the point of view of insurance supervision.

*The BPV (Bundesamt für Privatversicherungen – Federal Office of Private Insurance) uses the corporate governance tool set out in this document to ascertain whether appropriate corporate governance documentation exists, how it is applied in practice (application in practice), and how this documentation and the application of the principles therein help the company to meet its corporate government objectives (self-assessment).*

The corporate governance tool must be completed, i.e. filled out for every company subject to supervision in Switzerland, including the holding companies of corporate groups. Once submitted with the relevant attachments, the corporate governance tool is evaluated by the BPV. Depending on the result, this is followed by individual talks between BPV representatives and the chairman of the board of directors and the chief executive officer of the company. If need be, talks will also be held with the chairman of the review board, other members of the board of directors and the executive board, the head of internal auditing, the external auditing partners, the responsible actuary, the secretary of the board of directors, and the chief legal officer. The BPV may identify other parties with which it wishes to speak.

Should measures appear necessary, the BPV will conduct a risk dialogue with the company before making any recommendations or delivering instructions.

Further information on Swiss Quality Assessment (SQA), the tools and the procedure in general can be found on the BPV's website ([www.bpv.admin.ch](http://www.bpv.admin.ch)) under "Swiss Quality Assessment (SQA)".

# CORPORATE GOVERNANCE TOOL

## ABBREVIATIONS

BPV	Bundesamt für Privatversicherungen – Federal Office of Private Insurance
BD	Board of Directors
CEO	Chief Executive Officer
CG	Corporate Governance
CG documentation	Corporate Governance documentation
CG practice	Practical application of Corporate Governance
CGT	Corporate Governance Tool
EA	External Auditing
EB	Executive Board
GEB	Group Executive Board
IA	Internal Auditing
RA	Responsible Actuary
SQA	Swiss Quality Assessment



# CORPORATE GOVERNANCE TOOL

## PRACTICAL APPLICATION OF CORPORATE GOVERNANCE

### 1 GENERAL QUESTION

1.1 How would you characterise corporate governance in your company?

*Reference in documentation*

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### 2 QUESTIONS CONCERNING THE BOARD OF DIRECTORS (BD)

*Reference in documentation*

2.1 According to what criteria is the BD selected?

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2.2 How are successors to existing board members planned and appointed?

*Reference in documentation*

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2.3 Do board committees exist? If so, which?

*Reference in documentation*

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2.4 Are the BD committees given formal mandates? If so, please describe.

*Reference in documentation*

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2.5 According to what criteria are committee members selected? Please describe briefly.

*Reference in documentation*

.....

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2.6 Which decisions has the BD elected to take by itself even though these could, essentially, be delegated?

*Reference in documentation*

.....

2.7 How often and in what way does the BD deal with company strategy? *Reference in documentation*

.....

2.8 How often and in what form does the BD or a BD committee address

- a) risk management,
- b) the formation of underwriting reserves,
- c) the Swiss Solvency Test,
- d) accounting?

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2.9 How frequently does the BD or a BD committee review company regulations and guidelines? What form does this take? *Reference in documentation*

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2.10 How often and in what way does the BD deal with the organization of the company? *Reference in documentation*

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2.11 According to what criteria does the BD select the CEO? *Reference in documentation*

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2.12 Is the BD responsible for selecting the other members of the executive board (EB), too? According to what criteria? *Reference in documentation*

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2.13 How does the BD plan and appoint successors to the EB? *Reference in documentation*

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2.14 Does the BD or a BD committee have decision-making authority for any other appointments in the company? *Reference in documentation*

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2.15 What decision-making authority does the BD or a BD committee have in terms of staff compensation?

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*Reference in documentation*

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2.16 How often does the BD meet and who – apart from the BD members – are always present at these sessions?

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*Reference in documentation*

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2.17 How often does the BD meet and which persons – apart from the BD members – are always present at these sessions?

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*Reference in documentation*

.....

2.18 Are there any types of business which are ultimately decided in the BD committees? Please name these?

.....

*Reference in documentation*

.....

2.19 What contacts does/do the BD or individual BD members maintain to operational units. What form does this take?

.....

*Reference in documentation*

### 3 **QUESTIONS CONCERNING THE EXECUTIVE BOARD (GEB/EB)**

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3.1 What special authorities does the CEO have compared with the rest of the GEB/EB?

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*Reference in documentation*

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3.2 What authorities does the CEO delegate and what form does this take?

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*Reference in documentation*

- 3.3 Are there any decisions which require the approval of the GEB/EB. If so, please detail these. *Reference in documentation*
- .....
- 3.4 For which appointments in the company does the CEO have decision-making authority? *Reference in documentation*
- .....
- 3.5 What decision-making authority does the CEO have in terms of staff compensation? *Reference in documentation*
- .....
- 3.6 What authorities do the individual members of the GEB/EB delegate and what form does this take? *Reference in documentation*
- .....
- 3.7 In what form does the CEO and, where applicable the individual members of the GEB/EB, monitor delegated business? *Reference in documentation*
- .....
- 3.8 Does the company have management committees and, if so, what tasks do they perform? *Reference in documentation*
- .....
- 3.9 Is/are the GEB/EB or individual members thereof required to notify the BD of specific items on the agenda on a regular basis? *Reference in documentation*
- .....
- 3.10 How often and in what form does the GEB/EB address the Swiss Solvency Test? *Reference in documentation*
- .....

**4 QUESTIONS CONCERNING THE RESPONSIBLE ACTUARY (RA) AND THE INTERNAL AND EXTERNAL AUDITORS**

- 4.1 Who reports to the RA organisationally and in a disciplinary sense? *Reference in documentation*
- .....
- 4.2 What structures and processes are in place to guarantee independent assessment on the part of the RA? *Reference in documentation*
- .....
- 4.3 How is this independence guaranteed if the RA is not a company employee (i.e. an external RA)? *Reference in documentation*
- .....
- 4.4 How are the RA's statutory tasks and duties planned and executed? *Reference in documentation*
- .....
- 4.5 To whom does the RA report? *Reference in documentation*
- .....
- 4.6 To whom does the internal auditing unit report in the organisational and disciplinary senses? *Reference in documentation*
- .....
- 4.7 What structures and processes are in place to guarantee the independence of the internal auditors from the company's business operations? What structures and processes are in place to guarantee independent assessment on the part of the internal auditors? *Reference in documentation*
- .....
- 4.8 How does the internal audit unit create its audit programme? *Reference in documentation*
- .....
- 4.9 To whom does the internal audit unit report? *Reference in documentation*

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4.10 How does the external audit unit create its audit programme? *Reference in documentation*

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4.11 To whom does the external audit unit submit its findings? *Reference in documentation*

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4.12 What structures and processes are in place to guarantee the independence of the external auditors? (a description of the measures taken by the auditing company is not necessary.) *Reference in documentation*

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4.13 Are the external auditors, the internal auditors and the RA given an opportunity to discuss issues with the BD directly while the EB is not present? *Reference in documentation*

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## 5 **QUESTIONS CONCERNING COMPLIANCE AND MONITORING**

5.1 What structures and processes are in place to verify compliance on the part of the company's executive managers? *Reference in documentation*

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5.2 Is there a code of conduct? If so, does it include principles of integrity and ethical behaviour, or are these anchored in some other form elsewhere in the company? *Reference in documentation*

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5.3 What structures and processes are in place to avoid conflicts of interest? *Reference in documentation*

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5.4 What structures and processes are in place to ensure that insider trading cannot take place? *Reference in documentation*

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5.5 How are staff involved in matters affecting compliance?

.....  
*Reference in documentation*

.....  
5.6 What structures and processes are in place to monitor the file register?

.....  
*Reference in documentation*

.....  
5.7 At BD and BD committee meetings, who is responsible for setting the items on the agenda, the general running of the meeting, and taking the minutes? Who is responsible for making sure that passed resolutions are actually implemented?

.....  
*Reference in documentation*

.....  
5.8 At GEB/EB and management committee meetings, who is responsible for setting the items on the agenda, the general running of the meeting, and taking the minutes? Who is responsible for making sure that passed resolutions are actually implemented?

.....  
*Reference in documentation*

.....  
5.9 How does the escalation process proceed if the rules of corporate governance or the code of conduct have been breached?

.....  
*Reference in documentation*

.....  
5.10 At which company hierarchy and for which activities is individual signing authority (single signature) permitted?

.....  
*Reference in documentation*

.....  
5.11 How are new company directives and adjustments to existing ones initialised, approved and communicated?

.....  
*Reference in documentation*

## 6 QUESTIONS CONCERNING POLICYHOLDERS, INSURANCE

## **BENEFICIARIES AND OTHER PARTIES**

- 6.1 According to what standards is corporate governance disclosed to policyholders and insurance beneficiaries and, where applicable, to other stakeholders? *Reference in documentation*

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.....

- 6.2 What options exist within corporate governance to ensure that the interests of policyholders, insurance beneficiaries and, where applicable, other stakeholders are adequately taken into account? *Reference in documentation*

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## **7 ADDITIONALLY FOR THE HOLDING COMPANY/PARENT COMPANY OF GROUPS AND CONGLOMERATES SUBJECT TO SUPERVISION IN SWITZERLAND**

- 7.1 What corporate governance guidelines and regulations apply on a group-wide basis? *Reference in documentation*

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- 7.2 How are these corporate governance guidelines and regulations split among the individual subsidiaries? *Reference in documentation*

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# CORPORATE GOVERNANCE TOOL

## CORPORATE GOVERNANCE SELF-ASSESSMENT

1. The *existing* CG documentation gives rise to a balanced system of checks and balances.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

2. The *practical* application of the CG documentation (CG practice) gives rise to a balanced system of checks and balances in practice.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

3. The existing rules, structures and reporting processes concerning corporate governance are clearly documented.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

4. Rules exist for implementing the legal foundations and regulatory requirements that are of relevance to the company's business activities.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

5. Appropriate principles of integrity and ethical behaviour exist.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

6. Structures and processes exist to avoid conflicts of interest and misusages.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

7. The board of directors acknowledges its responsibility for the overall management, organisation and supervision of the company.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

8. The board of directors as a whole possesses the necessary general corporate governance expertise, in addition to strategic insurance know-how.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

9. The members of the board guarantee sound corporate governance.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

10. The CEO has both the know-how and the experience necessary to head up the executive board.

- |                   |   |   |
|-------------------|---|---|
| Applies           |   | <input type="checkbox"/>                |
| Could be improved | { | slightly <input type="checkbox"/>       |
|                   |   | to some extent <input type="checkbox"/> |
|                   |   | greatly <input type="checkbox"/>        |
| Does not apply    |   | <input type="checkbox"/>                |

Remarks (please be specific about the potential for improvement)

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11. The members of the executive board have both the know-how and the experience necessary to head up their respective divisions.

- |                   |   |   |
|-------------------|---|---|
| Applies           |   | <input type="checkbox"/>                |
| Could be improved | { | slightly <input type="checkbox"/>       |
|                   |   | to some extent <input type="checkbox"/> |
|                   |   | greatly <input type="checkbox"/>        |
| Does not apply    |   | <input type="checkbox"/>                |

Remarks (please be specific about the potential for improvement)

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12. The CEO and the members of the executive board guarantee sound corporate governance.

- |                   |   |   |
|-------------------|---|---|
| Applies           |   | <input type="checkbox"/>                |
| Could be improved | { | slightly <input type="checkbox"/>       |
|                   |   | to some extent <input type="checkbox"/> |
|                   |   | greatly <input type="checkbox"/>        |
| Does not apply    |   | <input type="checkbox"/>                |

Remarks (please be specific about the potential for improvement)

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13. Structures and processes exist in the company to ensure that controllers such as the responsible actuary, the head of internal auditing, the head of the compliance department, the secretary of the board of directors and the chief legal officer are able to incorporate their opinions fully and without hindrance into the decision-making process.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

14. The responsible supervisory authorities are provided with information comprehensively and in a timely fashion on the basis of the applicable laws.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

15. The need to protect the interests of the policyholder/insured is always adequately recognised in the decision-making process.

Applies

Could be improved { slightly   
to some extent   
greatly

Does not apply

Remarks (please be specific about the potential for improvement)

.....

16. Additionally for the holding company/the parent company of an insurance group or conglomerate:

Structures and processes are in place to ensure that mandatory provisions and regulations are actually implemented in the various subsidiaries.

Applies

Could be improved 

}	slightly	<input type="checkbox"/>
	to some extent	<input type="checkbox"/>
	greatly	<input type="checkbox"/>

Does not apply

Remarks (please be specific about the potential for improvement)

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Place and date:

Signatures

The Chairman of the Board of Directors:

The Chairman of the Executive Board: