

## Standard form for the Opinion of the person responsible for the compliance function on the outsourcing of a critical or important activity or function

Company: **TO BE COMPLETED**

Critical or important activity or function to be outsourced: **TO BE COMPLETED**

*In accordance with the provisions of Section 7.5 of the overarching circular on governance NBB\_2016\_31 (hereinafter "overarching circular on governance"), the assessment of the person responsible for the compliance function should relate to two aspects: (i) compliance with the governance rules in relation to an outsourcing (pre-contractual stage, contractual stage, post-contractual stage) and (ii) the completeness of the information submitted to the National Bank of Belgium. By "insurance company", it is understood in the present form "insurance and reinsurance company".*

### 1. Governance in relation to the outsourcing

#### 1.1. Pre-contractual stage: verifications to be conducted before entering into an outsourcing agreement

##### §1. Authorization conditions

	Source of the applicable requirement: Article 274 of Delegated Regulation 2015/35 and the following sections of the overarching circular on governance	For each of the requirements below, indicate whether you find that your company's internal procedures on the subject concerned were effectively implemented fully or partially in your company to meet the requirement. If you reply "partially", please mention the problems identified.
The insurance company has ensured that the authorization conditions in relation to the outsourcing of the critical or important function or activity have been complied with, i.e.: a) if the performance of the function or activity requires an authorisation or registration, the service provider has been authorised or registered or is allowed to perform these activities or functions in accordance with the applicable national legal framework; b) in the case of outsourcing to a service provider established in a third country, the specific conditions set out in Section 7.4.3. of the overarching circular on governance have been met.		

##### §2. Appropriate due diligence

(a) the company has verified that an in-depth investigation was carried out by the management committee or on a delegated basis to establish whether the potential service provider has the capacity and suitability required to satisfactorily carry out the required functions or activities, taking into account	Section 7.3.1. of the overarching circular on governance	- fully - partially because <b>free text</b>
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the company's objectives and needs;		
(b) the company has verified that the service provider has the necessary financial resources to perform the outsourced tasks in a proper and reliable way, and that all staff of this service provider who will be involved in providing the outsourced functions or activities are sufficiently qualified and reliable;	<i>Section 7.3.1. of the overarching circular on governance</i>	"
(c) the company has verified that the service provider has done everything possible to prevent actual or potential conflicts of interest compromising the contracting company's needs;	<i>Section 7.3.1. of the overarching circular on governance</i>	"
(d) the company has verified that the outsourcing does not breach any legal text, especially rules on data protection;	<i>Section 7.3.1. of the overarching circular on governance</i>	"
(e) the company has verified that the service provider is subject to the same rules regarding security and confidentiality of information on the insurance company or the policyholders or beneficiaries thereof as those that apply to the insurance or reinsurance company.	<i>Section 7.3.1. of the overarching circular on governance</i>	"
<b><u>§3. Assessment of risks related to the outsourcing arrangement</u></b>		
The insurance company has performed an outsourcing risk assessment taking into consideration at least:	<i>Section 7.3.1. of the overarching circular on governance</i>	
(a) concentrations risks, including from: (i) outsourcing to a dominant service provider that is not easily substitutable and (ii) multiple outsourcing agreements with the same service provider or closely connected service providers;		
(b) the aggregated risks resulting from outsourcing several functions across the company;		
(c) in the case of significant companies, the step-in risk, i.e. the risk that may result from the need to provide financial support to a service provider in distress or to take over its business operations; and		
(d) the measures implemented by the company and by the service provider to manage and mitigate the risks.		

<b>1.2. Contractual stage: minimum content of the agreement in writing with the service provider</b>		
	Source of the applicable requirement:	Indicate whether the written outsourcing agreement complies fully, sufficiently but with findings or insufficiently with prudential content requirements.
<p>The agreement in writing entered into by the insurance company and the service provider includes a clear mention of all following points in particular:</p> <ul style="list-style-type: none"> <li>(a) the tasks and responsibilities of both parties;</li> <li>(b) the service provider's commitment to comply with all applicable legal provisions, regulatory requirements and guidelines, as well as with the policies approved by the insurance company, and to cooperate with the Bank as regards the outsourced activities or functions;</li> <li>(c) the service provider's obligation to report any development that could be of material influence on its ability to conduct the outsourced activities or functions efficiently and with due regard to the applicable legal provisions and regulatory requirements;</li> <li>(d) a notice period for the service provider to terminate the agreement that is long enough for the insurance company to find an alternative solution;</li> <li>(e) that the insurance company may, where necessary, terminate the outsourcing agreement with no negative consequences for the continuity and quality of its service to policyholders;</li> <li>(f) that the insurance company reserves the right to be informed on the outsourced functions and activities and the performance thereof by the service provider, as well as the right to give the service provider general guidelines or individual instructions on what needs to be taken into account in the performance of the outsourced functions or activities;</li> <li>(g) that the service provider must safeguard all confidential information on the insurance company and its policyholders, beneficiaries, staff, contractual parties and all other persons;</li> <li>(h) that the insurance company, its statutory auditor and the Bank must have effective access to all information on the outsourced functions and activities as well as the service provider's places of work to be able to conduct on-site</li> </ul>	<p><i>Section 7.3.2. of the overarching circular on governance</i></p>	<ul style="list-style-type: none"> <li>- fully</li> <li>- sufficiently but with the following findings <b>free text</b></li> <li>- insufficiently</li> <li>- not applicable</li> </ul>

<p>inspections/audits;</p> <p>(i) that the Bank, where such is appropriate and necessary for supervisory purposes, may ask the service provider questions directly, which the service provider must answer;</p> <p>(j) that the insurance company may obtain information on the outsourced functions and activities and give instructions on the outsourced functions and activities;</p> <p>(k) the conditions under which the service provider may sub-contract any outsourced functions and activities;</p> <p>(l) that the obligations and responsibilities of the service provider by virtue of its agreement with the insurance company remain unchanged by any sub-contracting in accordance with point k).</p>		
<p>The general conditions of the outsourcing agreement have been clearly explained to the company's management committee and board of directors, and have been approved by them.</p>	<p><i>Section 7.3.2. of the overarching circular on governance</i></p>	<p>[Date of the meeting of the management committee] [Date of the meeting of the board of directors]</p>
<p><b>1.3. <u>Post-contractual stage: requirements to be met after entering into an outsourcing agreement</u></b></p>		
	<p>Source of the applicable requirement:</p>	<p>For each of the requirements below, indicate whether you find that your company's internal procedures on the subject concerned were effectively implemented fully or partially in your company to meet the requirement. If you reply "partially", please mention the problems identified.</p>
<p>(a) the company has ensured that the relevant aspects of the service provider's risk management and internal control system are adequate enough to safeguard compliance with the above provisions of the Law of 13 March 2016 ("Solvency II Law");</p>	<p><i>Section 7.3.3. of the overarching circular on governance</i></p>	<p>- fully - partially because <span style="background-color: #90EE90;">free text</span></p>
<p>(b) the company has sufficiently taken into account the outsourced functions or activities in its risk management and internal control system to safeguard compliance with the provisions of the Solvency II Law;</p>	<p><i>Section 7.3.3. of the overarching circular on governance</i></p>	
<p>(c) the company has implemented a system to monitor the outsourced functions or activities through regular structured monitoring of the performance of the service</p>	<p><i>Section 7.3.3. of the overarching circular on</i></p>	

provider (e.g. using key performance indicators) according to a risk-based approach including in particular data integrity and security;	<i>governance</i>	
(d) the company has ensured that the service provider has suitable contingency plans to deal with emergencies or business interruptions and performs regular tests of its backup systems, if necessary, in light of the outsourced functions or activities;	<i>Section 7.3.3. of the overarching circular on governance</i>	
(e) the company has a documented exit strategy.	<i>Section 7.3.3. of the overarching circular on governance</i>	

**2. Completeness of the file submitted to the National Bank of Belgium**

Through this opinion, the undersigned

- declares having verified compliance with the rules in relation to the governance of the critical or important outsourcing mentioned above and in relation to the content of the agreement with the service provider, which has led to no other findings than those mentioned above; and
- confirms that the file submitted to the National Bank of Belgium contains all documents required by Section 7.5. of the overarching circular on governance.

Date: [DD/MM/YYYY]

[Name and First Name]

Person responsible for the compliance function of [company]