



Memorandum on application for authorisation by an insurance or reinsurance company under Belgian law

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It is emphasized that this memorandum represents no more than a guide for the compilation of an application for authorisation and that its use can in no way whatever anticipate the outcome of the decision of the Bank to grant or refuse an authorisation.

Furthermore, the Bank draws the attention to the importance of the answers provided in the application for authorisation. In this respect, one should be conscious of the consequences of the declaration referred to in point 2.5 of this memorandum.

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1. Preamble

1.1. Preliminary authorisation application and procedure

In Belgium, the activities of insurance or reinsurance companies¹ are governed by the Law of 13 March 2016 on the legal status and supervision of insurance and reinsurance companies (hereinafter referred to as “the Law”)². Pursuant to Article 17 of the Law, companies wishing to exercise the activities of an insurance company must be authorised by the National Bank of Belgium (hereinafter referred to as “the Bank”) before commencing operations. Approval is granted per insurance class or per reinsurance activity (life or non-life).

The procedure set out in this memorandum (available in Dutch, French and English) applies to all applications for the establishment of an insurance company in Belgium in the form of a company governed by Belgian law. Other procedures apply to branches of an insurance company established in another Member State of the European Economic Area (hereinafter referred to as the “EEA”) or of an insurance company of a State that is not a member of the EEA.

The authorisation is granted on the basis of an authorisation application that candidates are required to submit to the Bank. In principle, the authorisation procedure itself consists of two phases.

During phase one, the applicants submit a dossier to the Bank, in which they set out their entire project in detail. At this point, the project does not have to be in any stage of implementation, as this is the conceptual phase of the project. Anyone wishing to submit

¹ Whenever “insurance company” is used hereinafter, it should be understood as “insurance or reinsurance company”.

² An unofficial coordination of this law can be found on the Bank’s web site: <http://www.nbb.be>.

an application for authorisation for an insurance company governed by Belgian law should first contact the services of the Bank.

Point two of this memorandum provides a brief review of the main items of information that in principle are required to be included in the dossier submitted by the applicants during phase one of the authorisation procedure. In order to allow the Bank to have the relevant information in respect of each specific project, applicants should bear in mind that they are expected to provide the information required by this memorandum, taking into account the specific characteristics of their project; in addition, the Bank may request supplementary information that is not included in this memorandum. In the case of companies that have already been established, the authorisation dossier is required to be signed by a person validly appointed to commit the company. In the case of companies that have not yet been established, the dossier is required to be signed by the shareholder that will have control of the company or by the future chairman of the board of directors or the chairman of the management committee.

Phase one is designed to enable the Bank services to make a preliminary analysis of the dossier submitted in support of the application for authorisation, on the basis of a programme of operations complying with the conditions laid down by the Bank pursuant to Article 35 of the Law. The Bank's services will assess the project, taking account of the governance and financial outlook, and will examine whether the company will be in a position to operate in conformity with the legal requirements and with the imperatives for sound financial management.

Additionally, where the application for authorisation concerns an insurance company that is to be part of an insurance or reinsurance group, the Bank will consult the supervisory authorities in charge of the group

The Bank will also consult the FSMA in the conditions defined inter alia in Articles 22, 26 and 27 of the Law.

It may be that, on the basis of the dossier submitted and any other additional information that the Bank deems necessary for examination of the dossier, the Bank's services will notify the applicants prior to the commencement of phase two that, in their opinion, there are difficulties in the way of a successful outcome to the project.

If the dossier does not appear to give rise to such difficulties, the Bank's services will notify the applicants accordingly and invite them to proceed to phase two, i.e. to giving concrete form to their project, which includes complying with the legal conditions, fulfilling the formalities necessary for the authorisation to be granted, and setting up the organisation. The conditions that are required to be satisfied and the formalities that are required to be fulfilled during phase two are set out in point 3 of this memorandum.

Additionally, the Bank's services may make an on-site visit before the Bank decides on the granting of an authorisation.

Should they wish, candidates may opt not to conduct their application in two phases. In other words, they are not required to wait until the Bank's services have made a preliminary analysis of the dossier and may submit an application for authorisation to the Bank as soon as they deem that their dossier is complete and that they have satisfied all the conditions for obtaining an authorisation. In that case, however, they run the risk of

going to great expense for the operational start-up of their enterprise, without yet having received the Bank's analysis of their dossier.

Provided the company satisfies the conditions laid down in the Law and its implementing decrees, the Bank will grant the authorisation (Article 28 of the Law). In accordance with Article 29 of the Law, the Bank may impose certain conditions on the exercise of certain of the activities proposed.

The information required to be given by the applicants during the application procedure is to be provided in as much detail and be as comprehensive as possible. The information requested in this memorandum is not exhaustive. Depending on the specific nature of a dossier, it may appear to be necessary to request additional information.

The applicants are required to be aware of the importance of the information provided. A false declaration or the concealment of relevant details may give rise to administrative sanctions against the enterprise or against the person or persons responsible for providing the details. Furthermore, the applicants are required to notify the Bank's services in writing of all changes that, during the processing phase of the application, occur in respect of the details included in the dossier submitted in support of the application.

1.2. Period within which the Bank is required to reach a decision

In respect of the procedure for the granting of an authorisation, the period within which the Bank is required to reach a decision is as laid down in Article 28 of the Law. The Bank will give its decision on the application within six months of presentation of the information required.

The period of six months mentioned in Article 28 of the Law will begin with effect from the date of submission to the Bank of a complete dossier, i.e. one that contains all elements necessary for assessment of the dossier. Those necessary elements may be details not demanded by this memorandum, but which are nevertheless useful in respect of the specific features of the proposed project.

The company is required to commence its activities within twelve months after the authorisation is granted. If it fails to do this, the Bank will revoke the authorisation (Article 539 of the Law).

1.3. Possibilities for appeal against the Bank's decision

In accordance with the Law of 22 February 1998 establishing the Organic Statute of the National Bank of Belgium, applicants may file an appeal with the Council of State against decisions taken by the Bank in respect of authorisation on the grounds of Article 28 of the Law. Applicants may likewise file an appeal where the Bank has not reached a decision within the period laid down in Article 28 of the Law. In that case, the appeal will be treated as though the application had been rejected.

2. Phase 1

In respect of the compilation of your authorisation dossier, you are required to answer in the correct order the questions set out in this point. For each question, you are required to give the question number, your answer and any annexes that your answer may refer to; and to clearly separate each of your answers. For certain questions, you just need to complete a document that is provided as an annex to this memorandum. In such case, just proceed accordingly. You are required to submit your answers in single copy to the Bank and also provide the Bank with an electronic copy.

2.1. General information

Question 1. On the form in Annex 1 of this memorandum, provide the necessary information regarding the person responsible for the application (this person is the one required to sign the dossier) and regarding the contact person in charge of preparing the dossier.

Q2. On the form in annex 2 of this memorandum, provide the necessary information with regard to the company.

2.2. Scope of the application

Q3. Please specify, using the form in Annex 3 of this memorandum, (i) the classes of insurance³ to which the application relates (and, if applicable, for which the company already has an authorisation), (ii) any (life or non-life) reinsurance activities to which the application relates, and (iii) activities other than direct assurance which the company carries out or intends to carry out (e.g. mortgage credit⁴).

For the company that wishes to carry out activities in class 17 (legal expenses), please indicate the type(s) of claims management as described in Article 4 of the Royal Decree of 12 October 1990 on legal expenses insurance, accompanied by a description of how the type (s) selected is (are) to be carried out and the means used for this purpose.

For the company that wishes to carry out class 18 (assistance), please describe the direct and indirect resources in staff and equipment at its disposal to meet its commitments.

Q4. Briefly explain your business plan. State inter alia the reasons why the company is looking to provide the services summarised in question 3 and describe the role that the company is looking to play in the Belgian insurance sector and, if applicable, in the

³ Please note that insurance companies are licensed to conduct business exclusively in life insurance or non-life insurance.

⁴ Companies wishing to grant mortgage credit as defined in the Law of 4 August 1992 on mortgage credit should enquire with the FSMA on the procedure to be followed.

European insurance sector. In particular, give an overall evaluation of the expected, proportional importance in quantitative terms of each of the activities that the company is looking to provide, each time indicating the various customer types (institutional customers, private individuals, etc.) addressed and their expected importance. Also add here any market studies that you have used as a basis and to which you will have to refer in respect of the technical and financial aspects. Applicants from abroad are required to state why they have chosen Belgium as home country and subsidiaries of insurance companies from the EEA are required to state why preference has been given to a subsidiary above a branch.

2.3. Aspects related to Governance

The Bank's various prudential expectations in terms of governance (within its broader meaning) are described in Circular 2016-31 of 5 July 2016 on the "Governance System", available on the Bank's website. This circular is a so-called umbrella circular in that it coordinates and structures in 15 chapters all the current topics on governance.

2.3.1. Capital owners

2.3.1.1. Information on significant/qualified shareholders

Pursuant to Articles 23 and 39 of the Law, the Bank is required to be able to verify whether the significant shareholders, co-operators or members, whether natural or legal persons, are adequate to guarantee sound and prudent management of the company (see in this respect the 5 criteria in Article 39 of the Law and chapter 12 of circular 2016-31). Where the Bank has reasons to believe that this is not the case, authorisation will be refused.

A shareholder, co-operator or member is deemed significant where that person, acting alone or in concert, will directly or indirectly have a qualified participation – whether or not with voting rights – in the company's capital, i.e. at least ten per cent of the capital or of the voting rights, or any other possibility to exercise a significant influence on the management of the company in which a participation is held (Article 15, 44°, of the Law). In the absence of a qualified participation, the information required should relate to the identity of the 20 main shareholders and their share in the capital.

For more information on the Bank's expectations in terms of share ownership, please refer to Chapter 12 of Circular 2016-31.

Q5. For the Bank to have the information it needs to conduct this assessment, please provide for each significant shareholder, co-operator or member the information requested in Annex XXX concerning information on significant shareholders, co-operators or members.

Q6. Where the company is already established, please provide a brief description of the developments in shareholdership over the past five years.

Q7. State whether agreements between shareholders exist and, if they do, provide the Bank with a copy of them.

2.3.1.2. Information concerning the insurance or reinsurance group of which the company forms a part

Q8. Please provide a full description of the insurance or reinsurance group of which the insurance company form a part, schematically elucidating its structure and indicating the importance of the participations.

Please supplement that description by providing information on the parent entity heading the group of which the insurance company forms a part as well as on the manner in which the group is governed, organised and steered (see inter alia chapter 13 of Circular 2016-31). Where the group includes one or more insurance holding companies, other than the parent entity heading the group, that are shareholders of the company, please also provide information on the role of these various holding companies in terms of governance and organisation of the group.

Q9. Please specify, for each activity that the insurance company will exercise, how often the company under Belgian law will report to the company of which it is a subsidiary, indicating each time what type of report will be communicated (descriptive report, summary figures, detailed figures, ...).

Q10. Please specify whether the insurance company is expected to be the subject of regular on-site inspections carried out by the group-heading company's inspection or audit teams. If so, please indicate the expected frequency of such inspections and briefly describe their scope.

Q11. Please specify whether the insurance company is expected to be the subject to regular on-site inspections carried out by external auditors of the group-heading company.

2.3.1.3. Information on "group control" at the level of the group-heading entity

For more information on group control, please refer to Chapter 13 of Circular 2016-31.

Q12. Please provide information on how group control is organised, namely:

- Where it is a Belgian group under supervision by the Bank (Article 343): detailed information on how organisational and governance requirements as specified in section 13.1 of Circular 2016-31 are met;
- Where it is a foreign group whose parent entity is subject to:
 - o supervision by a prudential authority of an EEA Member State: details on this authority (name, address, contact person) and on the existence of a College of supervisors; and
 - o supervision by a prudential authority outside the EEA: detailed information on the nature and extent of "group supervision as organised in the home country, with reference to the applicable legal texts.

Where it deems useful, the Bank will contact the prudential supervisor(s) involved.

2.3.2. Company form and object

Articles 33 and 34 of the Law describe the legal requirements as regards company form and object.

Q13. For companies yet to be established, the insurance company's draft Articles of Association are required to be added to the dossier; for companies already established, required to be added to the dossier are the draft amendments to the articles of association and the coordinated articles of association.

2.3.3. Managers

This section concerns the information to be gathered on non-executive directors (i.e. directors who are not members of the management committee, whether they represent a shareholder or partner or are independent within the meaning of Article 526 of the Code on Companies), on members of the management committee (whether they are directors or not), and on the people in charge of the company's independent control functions, with a view to ensuring compliance with the following:

- the requirements on expertise and professional integrity (fitness & propriety) under Article 81 of the Law;
- the requirements on availability and incompatibility under Article 83 of the Law; and
- the specific rules on loans, credits, guarantees and insurance contracts granted to managers and other persons concerned in order to avoid conflicts of interest as specified in Article 93 of the Law.

The non-executive directors, the members of the management committee (directors and non-directors), and the people in charge of independent control functions shall exclusively be physical persons.

For more information on (i) the "fit & proper" requirements, (ii) incompatibilities, and (iii) transactions that are subject to limitations or bans and payments subject to nullity, please refer to Chapter 2 of Circular 2016-31.

Q14. As regards the "fit & proper" rules, please include as attachment 6 to the application file the latest draft "fit & proper" policy planned for adoption in accordance with Article 273 of Delegated Regulation 2015/35.

Q15. As regards the requirements on expertise and professional integrity, each non-executive director, member of the management committee (director or not) and head of an independent control function must complete the "new appointment" form (see Annex 7).

Q16. As regards incompatibilities, please include as annex 8 to the application file the draft internal rules planned for adoption in accordance with Article 83, § 3, of the Law with a view to governing the conditions under which external functions may be performed by persons subject to the system of incompatibilities.

Q17. Please indicate whether the insurance company intends to grant or has granted loans, credits, guarantees or individual life insurance contracts to managers of the company and other persons as referred to in Article 93 of the Law (see annex 9).

2.3.4. Organisation

2.3.4.1. Management structure

Article 42, § 1, 1°, of the Law requires that insurance companies governed by Belgian law have an adequate management structure based, at the highest level, on a clear distinction between, on the one hand, the management committee and, on the other hand, the board of directors:

- the board of directors, in charge of the competences legally reserved to it pursuant to the Code on Companies (controlling the management committee) and Article 44 of the Law, which provides that it determines and supervises (i) the company's strategy and objectives, and (ii) the risk policy (including the risk tolerance limits). The board of directors consists of a majority of non-executive directors (directors who are not part of the management committee) and, where the company is required to establish an audit committee, a risk committee and a remuneration committee, includes at least two independent directors within the meaning of Article 526 of the Code on Companies;
- and the management committee, which, pursuant to Article 45 and 46 of the Law, is responsible for the day-to-day management of the insurance company, following the general policy determined by the board of directors. The management committee is normally composed of at least three persons who are members of the board of directors: the Chief Executive Officer, the Chief Risk Officer and the Chief Financial Officer.

Note:

a) Depending on the size and risk profile of the company, an exemption from the obligation to set up a management committee can be granted by the Bank pursuant to Article 47 of the Law. In such case, the obligations of the management committee and its members are complied with by the people in charge of senior management.

b) Depending on the nature, scale and complexity of the risks inherent in the company's models and business operations, a derogation from the obligation to have a Chief Risk Officer who is part of the senior management is possible under Article 56, § 3, paragraph 2, 1°, of the Law.

For more information on the board of directors and the management committee, please refer to sections 1.1 to 1.3 of Circular 2016-31.

Moreover, Article 48 of the Law provides that three specialised committees should be established within the board of directors (an audit committee, a risk committee and a remuneration committee) unless the company meets on a consolidated basis at least two of the following three criteria: an average number of employees lower than 250 people throughout the financial year concerned, a total balance sheet lower than or

equal to 43 million euro, and net annual turnover (earned premiums net of reinsurance) lower than or equal to 50 million euro.

The tasks of these committees and the rules for their composition are set out in Articles 48 to 51 of the Law and sections 1.4 to 1.7 of Circular 2016-31. Merging the audit committee with the risk committee is possible under certain conditions, and exemptions are provided for in Article 52 of the Law and are explained in greater detail in section 1.8 of Circular 2016-31.

Q18. Applicants are requested to submit a draft management structure. That document is required to be developed with the support of the significant shareholders, co-operators or members and is required to be in accordance with the specific characteristics of the insurance company submitting the application for authorisation.

In this context:

a) as regards the board of directors,

- Required to be indicated in this respect is the balance that is to be used to compose the board of directors (the balance is calculated according to the number of mandates per category of directors: directors who represent shareholders, co-operators or members, independent directors within the meaning of Article 526ter of the Code on Companies, directors who are members of the management committee).*
- Furthermore, describe the present state of considerations regarding the principles that will govern the internal operation of the board of directors.*

b) as regards the management committee:

- how will the management committee be composed (executive directors and non-directors)?*
- what is the planned distribution of tasks between the members of the management committee (inter alia as regards the distribution of operational responsibilities and independent control functions)?*
- what is the present state of considerations regarding the principles that will govern the operation of the management committee?*
- what specialised committees are planned to be set up under the authority of the management committee (ALM committee, etc.) and what will be their composition / tasks / principles of internal operation?*

c) as regards the sub-committees within the board of directors: please specify for each of these committees:

- how they will be composed,*
- the competences delegated to them;*
- the interaction with the board of directors as a whole and with the other sub-committees;*
- the present state of considerations regarding the principles that will govern their internal operation.*

2.3.4.2. Risk management system

Article 56 of the Law requires insurance companies governed by Belgian law to develop a risk management system that provides for:

- (a) a risk management strategy (Risk Appetite Framework) with risk tolerance limits;
- (b) a clearly-defined decision-making process that addresses risks;
- (c) written policies that define and categorise by type any material risks to which the company is exposed;
- (d) procedures and reporting processes to guarantee that the information on material risks and exposures to which the company is exposed are actively monitored, analysed and reported;
- (e) the annual production of an ORSA;
- (f) procedures for detecting deterioration in the company's financial situation.

For more information on the risk management system, please refer to Chapter 3 of Circular 2016-31.

Q19. Please describe the measures that will be taken to implement a risk management system.

Q20. Please include as attachment 10 to the authorisation dossier the draft documents on the following policies:

- (i) Risk appetite policy,*
- (ii) General policy for risk management, including in particular the following policies:*
 - a. Policy on managing underwriting risk and provisioning risk*
 - b. Asset and liability management (ALM) policy⁵,*
 - c. Investment risk management policy,*
 - d. Liquidity risk management policy,*
 - e. Concentration risk management policy,*
 - f. Operational risk management policy,*
 - g. Reinsurance policy,*
 - h. Profit sharing policy,*
 - i. Mortgage credit policy (if applicable),*
 - j. Policy on reporting to the Bank, and*
 - k. ORSA policy.*

Q21. Please describe how risk is reported, inter alia to the company's management bodies and the Bank.

Q22. Please describe the process that will be implemented to conduct an internal risk assessment.

Q23. Please describe the organisation of the process that will be set up to detect any deterioration in the company's financial situation.

2.3.4.3. Independent control functions

Articles 54 to 59 of the Law require insurance companies under Belgian law to permanently have 4 independent control functions:

- the risk management function,

⁵ See also question 68.

- the actuarial function,
- the compliance function, and
- the internal audit function.

The relations between on the one hand the business units and on the other hand the independent control functions are defined as forming a “three lines of defence” model for the insurance company:

- the operational units (including the front office) are the company's first line of defence, in charge of identifying the risks posed by each transaction and of complying with the procedures and limits established;
- the second line of defence includes such control functions as the risk management function, the actuarial function and the compliance function, responsible for ensuring that risks have been identified and managed by the units, according to the rules and procedures established;
- the third line of defence is the internal audit, which assesses inter alia compliance with the procedures on the part of the first and second lines of defence, and, more generally, efficiency of the internal control system.

The risk management, actuarial, compliance and internal audit functions form a coherent set of transverse control functions. For more information on these 4 independent control functions, please refer to Chapter 5 of Circular 2016-31.

Q24. Please describe what measures will be taken to ensure independence of the control functions. How is reporting by the control functions to the management bodies organised?

Q25. Please describe how the risk management function will be composed, what its tasks will be and how it will be organised (including any links with the group's risk management function). Please also include the draft charter describing the status and the means of this control function (see annex 11).

Q26. Please describe how the actuarial function will be composed, what its tasks will be and how it will be organised (including any links with the group's actuarial function). Please also include the draft charter describing the status and the means of this control function (see annex 11).

Q27. Please describe how the compliance function will be composed, what its tasks will be and how it will be organised (including any links with the group's compliance function)? Please also include the draft charter describing the status and the means of this control function (see annex 11). Please also indicate the name of the person responsible for application of the Law of 11 January 1993 on prevention of money laundering if that person differs from the person in charge of the compliance function.

Q28. Please describe how the internal audit function will be composed, what its tasks will be and how it will be organised (including any links with the group's internal audit function)? Please also include the draft charter describing the status and the means of this control function (see annex 11).

2.3.4.3. Organisational structure and internal control

Article 42, § 1, 2° and 10°, of the Law requires the company to have an adequate administrative and accounting organisation and adequate internal control.

For more information on this subject, please refer to Chapter 4 of Circular 2016-31.

2.3.4.3.1. Organisation chart, number of staff and developments planned for the first three years

Q29. Please attach as annex 12 to the application the organisation chart as it will look at the moment the insurance company's activities get under way. This organisation chart should include inter alia: (i) for each operational activity of the company, the identity of the person(s) in charge of this activity and the number of persons employed therein; and (ii) for the independent control functions, the identity of the person in charge of this function and the number of persons employed therein.

Q30. Please describe the delegations of authority (representation, signing powers and limits of powers).

Q31. Please communicate the total number of "full-time equivalents" for the first year of the company's activities and any changes planned in the first three years.

Q32. Indicate the scope and timing of proposed adjustments to the organisation chart during the first three financial years to put the organisation of the insurance company in a position to meet the expansion prognosis.

2.3.4.3.2. Internal control

Q33. Please describe how the company's internal control system will be organised (components, general measures and specific procedures). Please also describe the mechanisms for monitoring and reporting to the board of directors and management committee.

2.3.4.3.3. Commercial policy and operating network

Q34. Please detail the general commercial policy that the insurance company will be pursuing to attract customers, stating more particularly the channels that will be used. Where insurance intermediaries are resorted to, please include as an annex to the application the draft agreement that will be concluded with them.

Q35. Please indicate whether, in the three years after the authorisation has been granted, the insurance company plans to establish or acquire, in Belgium or abroad, either directly or indirectly, subsidiaries, branches or places of business. If so, indicate for each entity in what place or country and within what period. Please describe the activities that will be engaged in by each entity and the way, in terms of management and supervision, in which those activities will be incorporated into the organisation chart. Please also indicate whether one or more subsidiaries will be subject to a specific legal status. Also provide this information for the activities which the company plans to develop abroad by means of the free provision of services. A separate application must be submitted to the Bank for companies wishing to carry out activities abroad.

Q36. Please indicate whether the company will use its web site for transactional purposes (i.e. to take out an insurance contract).

Q37. Indicate whether the web site will be directed towards a customer base built up outside Belgium and, if so, indicate which type of customers will be the target group, in what country and for what services.

2.3.4.3.4. Conservation of data

Q38. Please describe the rules governing information storing as regards data on transactions by the company on behalf of its clients, its staff, its managers, or for own account (how long will the information be kept?).

2.3.4.4. Financial management

Article 42, § 1, 2°, of the Law requires the company to have an adequate financial organisation, which implies in particular complying with the principle of the prudent person as regards investments, establishing a capital management policy and developing policies and procedures for the valuation of assets and liabilities.

For more information, please refer to Chapter 6 of Circular 2016-31.

Q39. Please describe how accounting and reporting to the Bank will be organised within the insurance company.

Q40. Please include as annex 13 to the application the following draft policies: (i) the investment policy, (ii) the capital management policy and the management action plan, and (iii) the assets and liabilities valuation policy.

2.3.4.5. Outsourcing

Companies resorting to outsourcing are expected to comply with the requirements provided for in Article 92 of the Law and Chapter 7 of Circular 2016-31. This implies in particular that the company should establish a policy for outsourcing that distinguishes inter alia between critical and non-critical outsourcing and will apply to both intragroup and external subcontracting.

Q41. Please include as annex 14 to the application file the draft outsourcing policy.

Q42. Please describe the (both critical and non-critical) functions or activities for which outsourcing is considered, indicating who will be resorted to, and, for critical functions or activities, including as annex 14 to the application file the draft written agreement(s).

2.3.4.6. Remuneration

Article 42, § 1, 6°, of the Law requires the company to have a remuneration policy that ensures sound and efficient risk management and prevents such risk-taking as exceeds the tolerance level set by the company.

For more information on this subject, please refer to Chapter 8 of Circular 2016-31.

Q43. Please include as annex 15 to the application file the draft remuneration policy and the draft list of people who, in principle, fall within the category of "Identified Staff".

2.3.4.7. Integrity policy, whistleblowing, prevention of money laundering and conflicts of interest

Article 42, § 1, 5° and 8°, of the Law requires the company to have an adequate integrity policy and an adequate internal whistleblowing system that includes specific provisions for independent and autonomous transmission of breaches of the company's standards and codes of conduct.

If the company intends to carry out life insurance activities, it will have to comply with the requirements on prevention of money laundering and of terrorist financing. The applicable legal and regulatory framework currently comprises the Law of 11 January 1993 and a set of other texts available on the Bank's website. However, attention is drawn to an imminent in-depth review of these provisions of national law upon transposition of Directive (EU) 2015/849 of the European Parliament and the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.

Furthermore, in its communication D.207, the Bank defined the general criteria on which it will assess the adequacy of measures taken to avoid any special schemes the purpose or effect of which is to facilitate tax evasion by third parties.

Finally, Delegated Regulation 2015/35 also provides that the Company should establish processes and procedures to prevent conflicts of interest.

For more information on these various subjects, please refer to Chapter 9 of Circular 2016-31.

Q44. Please include as annex 16 to the application file the proposed integrity policy. Please also specify how the integrity policy is to be implemented, as well as the scope, frequency and operational details of the verification of compliance with this policy.

Q45. If the company intends to carry out life insurance activities, please describe what measures will be taken to comply with the legal and regulatory framework on prevention of money laundering (in particular as regards the administrative organisation and internal control procedures based on a risk analysis with a view to mitigating risks, the human and technical resources available to the officer in charge of prevention of money laundering (inter alia in terms of the number of staff), the definition of an appropriate policy based on customer acceptance risks, the second-line transaction monitoring system, training and awareness raising for the staff and people representing them as independent persons, such as their authorised agents or their insurance brokers, etc.).

Q46. Please describe the measures that will be taken to comply with the obligations on special schemes.

Q47. Please include as annex 16 the policy on conflicts of interest and describe the measures that will be taken to ensure adequate prevention of conflicts of interest.

Q48. Please include as annex 16 the draft whistleblowing policy and describe the provisions for transmission which will be set up.

2.3.4.8. IT infrastructure and continuity

Article 42, § 1, 7° and 9°, of the Law provides that the company has control and security mechanisms in information technology that are appropriate to the company's activities, as well as adequate continuity measures.

For more information, please refer to chapters 10 and 11 of Circular 2016-31.

Q49. Please describe the organisation of the company's IT department and its IT environment. State especially what the material resources – *inter alia* the management tools – are that the company will have at its disposal to engage in the planned activities. The elements should demonstrate that the material resources are adequate for those activities. More particularly, your application should specify: the company's IT strategy; the IT infrastructure (servers, internal network, PCs, etc.); the external network connections; the software and operating systems used; the professional electronic channels used for operational and informational purposes; the internal IT policy and (logical and physical) IT security; the policy and measures to ensure continuity in IT (back-ups, emergency site, etc.) and in the activities of the business lines; the list of outsourced IT services. Information should also be provided on the use of cloud computing.

Q50. If the company plans to offer insurance contracts via the Internet, please describe the contracts and demonstrate that the company has an adequate organisation and internal control.

Q51. Please describe the measures the company will take to ensure that its services are delivered and its operations are carried out without interruption. Please specify the procedures to be adopted in order to ensure that, in the case of a serious unplanned interruption of business, the company can maintain or restore as soon as possible its critical functions, and resume activities within a reasonable timetable.

2.3.5. Central administration

Article 61 of the Law provides that the company must have its registered office in Belgium. For more information on this subject, please refer to Section 4.6 of Circular 2016-31.

Q52. Please describe the measures that will be taken to comply with the provisions on central administration as provided for in the terms and conditions for authorisation.

2.3.6. Protection of insurance creditors

Article 62 of the Law provides that if the company carries out life insurance activities, it must adhere to an insurance protection scheme and finance it to ensure that in case of failure, compensation will be provided to insurance creditors as regards life insurance contracts with guaranteed yield within class 21 as listed in Annexe II of the Law or any other category of contracts covered by such a scheme.

Q53. If the company plans to carry out “class 21” insurance life activities, please provide evidence that the company has adhered to the guarantee fund for the protection of “class 21” insurance products.

Q54. If the company plans to carry out activities in classes 1 and 10, please also provide evidence that the necessary measures have been taken to adhere to (i) the Fund for Occupational Accidents and (ii) the Fonds commun de garantie belge/Belgisch Gemeenschappelijk Waarborgfonds.

2.3.7. Accredited auditor

Articles 325 et seq. of the Law require insurance companies to appoint an accredited auditor. The accredited auditor must be selected from the auditors or firms of auditors accredited by the Bank, and the appointment is subject to prior approval by the Bank.

Q55. Please provide, on the form for proposed appointment included in Annex 17 of this memorandum the necessary information concerning the person(s) proposed as accredited auditor(s).

2.4. Financial aspects

The Bank's prudential expectations as regards financial information are described in Article 35 (programme of activities), Articles 37 and 38 (own funds) and, where the company had exercised another activity prior to the application, also in Article 25 (previous annual accounts) of the Law.

Please include the following in the company's activities programme:

Q56. Indications or evidence of the nature of the risks or commitments which the insurance or reinsurance company proposes to cover.

Q57. Indications or evidence of the type of reinsurance contracts which the reinsurance company proposes to conclude with ceding companies.

Q58. Indications or evidence concerning the insurance company's guidelines on reinsurance and the reinsurance company's guidelines on retrocession

Q59. Indications or evidence concerning core capital items corresponding to the absolute threshold for the Minimum Capital Requirement.

Q60. Indications or evidence concerning the forecasts of costs necessary for the implementation of the governance system, including installation charges for administrative services and the production network, the financial and technical means to deal with these costs and, if the risks to be covered fall within class 18 as listed in Annex I of the Law, the means available to the insurance company to provide the assistance promised.

Q61. A provisional balance sheet for the first three financial years. The company should fill out Annex 18 for this purpose. The assumptions made in preparing this provisional balance sheet must be adequately documented and duly accounted for. Please indicate the projections and principles that were assumed to evaluate the main items of the balance sheet.

Q62. For the first three financial years, forecasts for the Solvency Capital Requirement as provided for in Article 151 of the Law on the basis of the provisional balance sheet referred to above, as well as the calculation method used to derive such forecasts. For this purpose, the company should fill out Annex 19 (standard formula), 20 (partial internal model) or 21 (internal model).

Q63. For the first three financial years, forecasts for the Minimum Capital Requirement as provided in Article 189 of the Law, on the basis of the provisional balance sheet referred above, as well as the calculation method used to derive such forecasts. For this purpose, the company should fill out Annex 22 (non-life) or 23 (life).

Q64. For the first three financial years, forecasts for the financial resources planned to cover the technical provisions, the Minimum Capital Requirement and the Solvency Capital Requirement. The company should fill out Annex 24 for this purpose.

Q65. For non-life insurance and reinsurance, forecasts for the first three financial years on management fees other than installation costs, inter alia current general expenses and commissions as well as forecasts of premiums or contributions and claims. The company should fill out Annex 25 for this purpose.

Q66. For life insurance, a plan for the first three financial years showing detailed forecasts of income and expenditure for both direct business and reinsurance acceptances and cessions. The company should fill out Annex 26 for this purpose.

Q67. Please demonstrate that the company holds sufficient eligible core capital to cover the absolute floor for the Minimum Capital Requirement (Article 189, § 1, 4°, of the Law) and the Solvency Capital Requirement (Article 151 of the Law). In this respect, the company should describe its proposed investment policy, according to the prudent person principle - see question Q20.

Q68. The company should also describe its proposed asset and liability management (ALM) policy, in particular:

- the implemented segmentation for ALM;
- the interest rate measurement applied (maturity gap, duration, convexity, others);
- the model used for risk measurement (VaR, TailVaR, probability of ruin, determination of the economic capital, others);
- a description of the organisation and structures established within the company, as well as the means allocated for ALM and the role of the internal audit;
- the manner in which the ALM policy is integrated into the company's daily management.

Q69. Where the company had carried out activities prior to the application, please also provide the annual accounts for the last three financial years. In particular, where, prior to the application for authorisation, the company had carried out an insurance activity that does not require an authorisation under Belgian law, the company should also include in its application a detailed statement of the technical reserves and corresponding investments upon filing the application for authorisation, a statement of unsettled claims reported before the start of the calendar year in which the application is filed, and annual QRTs for the last three financial years, to the extent that they were prepared and published.

Companies that have already been authorised by the Bank (i.e. companies extending their existing activities) need not provide such documents.

2.5. Statement by the person responsible for the application for authorisation

The person responsible for the application for authorisation is requested to add the following statement at the end of the application and to sign it.

'I, the undersigned, (name and first name(s) of the person responsible for the application for authorisation) hereby confirm the accuracy of the information provided in the present authorisation dossier and its annexes. I am aware that communication of inaccurate information to the Bank could have a negative impact on its evaluation of the application for authorisation or on its evaluation of the qualities demanded of me for the exercise of a function as director or member of the board of directors that could be entrusted to me at a later date'.

3. Phase 2

Phase 2 is meant to give substance to the project presented under phase 1. This is where the project as a whole is to be implemented. This includes inter alia:

- incorporating the company;
- providing the Bank with a certified true copy of the company's articles of association;
- providing the Bank with a statement of account showing that the necessary capital has been credited;
- installing the company's registered office;
- installing the company's administrative office or offices, where they differ from the registered office;
- appointing the directors and members of the management committee;
- providing the Bank with the draft internal regulations of the board of directors, management committee, and audit, risk and remuneration committees if any;
- fitting out the buildings;
- setting up the infrastructure, also as regards IT and telecommunication;
- providing the Bank with the company's business number;
- appointing one or more auditors accredited by the Bank;
- appointing the heads of the four independent control functions: risk management, actuarial function, compliance (as well as, where applicable, the officer in charge of prevention of money laundering) and internal audit;
- where the company wishes to carry out insurance activities within class 1 (industrial injury as provided for in the Law of 10 April 1971 on industrial injury), please provide evidence that the Fund for Occupational Accidents has been informed of the planned activity, as well as evidence that a statement has been provided to the Fund for Occupational Accidents to the effect that the insurance company will, upon first request by the Fund, constitute a bank guarantee as referred to in Article 60 of the Law of 10 April 1971 on industrial injury.

Where the company wishes to carry out insurance activities within class 10 (compulsory liability insurance for motor vehicles), please provide evidence that the company has adhered to the Belgian Motor Insurance Bureau and to the *Fonds commun de garantie belge/Belgisch Gemeenschappelijk Waarborgfonds*, as well as the name and address of the representative in charge of settling claims appointed in each other member State of the European Union.