Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

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Key foundations for high-quality reporting: Good practices of monitoring and enforcement, and compliance

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REPORTING & COMPLIANCE

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• separate insurance supervisor

• good track record

• both prudential and market conduct supervisor

• transition to risk based supervision
REPORTING

• key supervisory tool

• need to avoid duplication

• how to use & monitor the reports

• reporting as part of overall supervisory process
MC v. PRUDENTIAL

Reporting plays part in market conduct, prudential and macro supervision
Market risks example.
REGULAR/EXTRAORDINARY REPORTING

- both part of supervisory process
- one complements the other
- the supervisor needs appropriate powers for extraordinary reporting
- where are the limits of extraordinary reporting?
WHO IS RESPONSIBLE FOR REPORTING

• ultimate responsibility lies with the management of the company
• within S1 it was the management who has been responsible for assigning the reporting duty to the staff
• S2 introduces four key functions
4 KEY FUNCTIONS

- actuarial function
- risk management function
- internal audit
- compliance function

4 key functions complement each other
COMPLIANCE FUNCTION

• key for reporting process

• will be introduced formally with s2

• box ticking/contents dilemma

• proportionality
INDEPENDENCE

The system must ensure the independence of key functions.

• sufficient material and personell means
• direct access to the non-executive part of the board/supervisory board
• direct access to the supervisory authority
• managing the conflict of interest
KEY CHALLENGES FOR THE FUTURE

• reporting is essential part of business process
• reporting is essential for all stakeholders, i.e. policyholders, investors, supervisors, and public at large
• non compliance with reporting requirements presents a risk for the policyholders directly, for the insurance company and potentially also a systemic risk
• the management should recognise as such
• the management should be aware of the risks arising out of reporting process and should properly manage them
• the responsibility for contents of reports and reporting in a timely manner should be properly allocated
• management is ultimately responsible for reports
THANK YOU