

**CONSTITUTION**  
**OF**  
**THE OFFSHORE GROUP OF INSURANCE SUPERVISORS**

**INTERPRETATION**

1. (a) Unless the context otherwise requires, in this Constitution—
- “Chairman” means the Chairman of the Group;
  - “Committee” means the Committee constituted under clause 15;
  - “effective date” means October 8<sup>th</sup> 2002
  - “Evaluation Panel” means the Evaluation Panel established under clause 8;
  - “Group” means the Offshore Group of Insurance Supervisors;
  - “IAIS” means the International Association of Insurance Supervisors;
  - “insurance business” includes reinsurance business, insurance services and the business of insurance intermediaries;
  - “international insurance business” means the insurance of risk situate outside the jurisdiction supervising that business and is deemed to include captive insurance business and international life insurance business whether or not, in each case, the risk insured is situate outside the jurisdiction supervising the business;
  - “jurisdiction” means any nation, state, country, territory, province, or geographical area that has its own enforceable laws governing the incorporation or operation of insurers;
  - “Member” means a Member of the Group;
  - “Observer” means an observer of the Group; and
  - “standards” mean the standards for the supervision of insurance business specified by the Group under clause 7.
- (b) A jurisdiction is concerned with the supervision of international insurance business—
- (i) if a significant amount of the insurance business supervised in the jurisdiction is international business; or
  - (ii) if the jurisdiction has declared an intention to supervise international insurance

business.

## **FORMATION AND CONSTITUTION OF THE GROUP**

2. (a) The Group was formed on 13 March 1993 as an association of jurisdictions concerned with the supervision of international insurance business.
- (b) The Members of the Group at the effective date are set out in Schedule 1.

## **OBJECTS OF GROUP**

3. The principal objects of the Group are—
  - (i) to encourage the proper supervision of insurance business by jurisdictions concerned with the supervision of international insurance business;
  - (ii) to establish standards for the supervision of insurance business to be adhered to by Members;
  - (iii) to provide mechanisms and forums whereby insurance supervisors from jurisdictions concerned with the supervision of international insurance business may discuss areas of mutual interest and concern and formulate appropriate policies;
  - (iv) to facilitate cooperation between insurance supervisors from jurisdictions concerned with the supervision of international insurance business for the purposes of the prudential supervision of insurance business;
  - (v) to provide assistance and encouragement to non-member jurisdictions concerned with international insurance business to establish regimes for the supervision of insurance business to standards at least equivalent to those of the Group; and
  - (vi) to belong to and co-operate with international forums and groups relevant to the supervision of insurance business.

## **CONDITIONS OF MEMBERSHIP**

4. (a) It is a condition of membership of the Group that a Member is concerned with the supervision of international insurance business and that it supervises insurance business in accordance with the standards established by the Group under clause 7.
- (b) As a condition of membership of the Group, each Member—
  - (i) confirms its support for the objects of the Group; and
  - (ii) agrees to be bound by this Constitution, as from time to time amended.

## ADMISSION OF NEW MEMBERS

5. (a) Subject to paragraph (h), a jurisdiction concerned with the supervision of international insurance business may apply for membership of the Group by submitting a written application to the Chairman.
- (b) The Chairman shall refer each application received under paragraph (a) to the Evaluation Panel.
- (c) The Evaluation Panel shall carry out an evaluation of each application referred to it by the Chairman for the purposes of determining whether or not the applicant satisfies the conditions of membership and shall make one of the following recommendations to the Group—
- (i) that the applicant be admitted as a Member of the Group;
  - (ii) that the application for membership of the Group be rejected but that the applicant be invited to become an Observer; or
  - (iii) that the application for membership of the Group be rejected and that the applicant should not be invited to become an Observer.
- (d) The recommendation of the Evaluation Panel made under paragraph (c) shall be sent to the Chairman who shall circulate it to all Members of the Group.
- (e) The Group shall consider a recommendation of the Evaluation Panel made under this clause at its next meeting and—
- (i) if it is satisfied that the applicant satisfies the conditions of membership may, by special resolution, admit the applicant as a Member of the Group; or
  - (ii) may, by ordinary resolution, reject the application.
- (f) Where the Group rejects an application but it is satisfied that the applicant meets the criteria specified in clause 6(a) it may, by ordinary resolution, invite the applicant to become an Observer of the Group.
- (g) If the Group fails to pass a resolution under paragraph (e), the application shall be rejected and the applicant shall not be invited to become an Observer.
- (h) A jurisdiction—
- (i) that was formerly a member of the Group; and
  - (ii) whose membership has been terminated by the Group under clause 14;
- may not apply for membership of the Group in the period of 12 months following the date

of the termination of its membership.

## **OBSERVERS**

6. (a) A jurisdiction concerned with the supervision of international insurance business, including a former Member or Observer, may be permitted to become an Observer of the Group for a period of three years if the Group is satisfied that the jurisdiction—
- (i) is in agreement with the objects of the Group;
  - (ii) although not able to satisfy the conditions of membership, is making a genuine effort to ensure that the conditions will be satisfied whilst it is an Observer; and
  - (iii) intends to apply for membership of the Group whilst an Observer.
- (b) An application under paragraph (a) shall be submitted to the Chairman.
- (c) The Chairman shall refer each application received under paragraph (b) to the Evaluation Panel.
- (d) The Evaluation Panel shall carry out an evaluation of each application referred to it and make a recommendation to the Group upon whether or not the applicant should be permitted to become an Observer.
- (e) The recommendation of the Evaluation Panel under paragraph (d) shall be sent to the Chairman who shall circulate it to all Members of the Group.
- (f) The Group shall consider a recommendation of the Evaluation Panel made under this clause at its next meeting and, if it is satisfied that the applicant meets the conditions specified in paragraph (a), may, by ordinary resolution, permit the applicant to become an Observer of the Group.
- (g) An Observer may apply for membership of the Group under clause 5 at any time prior to the expiration of its period as an Observer.
- (h) Where an Observer makes application for membership of the Group prior to the expiration of its period as an Observer, its period as an Observer shall be extended to the date upon which the application for membership is determined by the Group.
- (i) An Observer may make an application under paragraph (a) for a further period as an Observer at any time during the six months prior to the expiration of its period as an Observer.
- (j) On considering an application made in accordance with paragraph (i), the Evaluation Panel and the Group shall take into account the progress that the jurisdiction has made towards satisfying the conditions for membership of the Group whilst an Observer.
- (k) The permission granted to a jurisdiction to be an Observer may be withdrawn by special

resolution of the Group at any time.

- (l) A jurisdiction may, at any time, give written notice to the Chairman that it no longer wishes to be an Observer and its status as an Observer terminates from the date upon which the Chairman receives the notice.
- (m) The Observers of the Group at the effective date are set out in Schedule 2 together with the date upon which, subject to paragraphs (h), (i), (k) and (l), the period of Observership of each Observer terminates.

## **STANDARDS AND GUIDELINES**

- 7. (a) The Group shall establish standards for the supervision of insurance business to be adhered to by all Members.
- (b) The matters covered by the standards shall include the legislation and subsidiary legislation necessary to enable—
  - (i) the adequate supervision of insurance business; and
  - (ii) the exchange of information with other regulatory authorities for the purposes of the prudential supervision of insurance business.
- (c) In establishing standards under paragraph (a), the Group shall take into account—
  - (i) the anti-money laundering recommendations of the Financial Action Task Force; and
  - (ii) the IAIS principles, standards and guidelines;from time to time in force.
- (d) The Group may issue Guidelines for the purpose of giving practical guidance with respect to—
  - (i) compliance with the standards; and
  - (ii) any other matter concerning the supervision of insurance business.
- (e) Failure to comply with or follow Guidelines issued under paragraph (d) may be taken into account—
  - (i) by the Evaluation panel when carrying out an evaluation under this Constitution; and
  - (ii) by the Group when considering a resolution with respect to—
    - the admission of a new Member;

- granting a jurisdiction permission to become an Observer;
- the termination of the Observer status of a jurisdiction; or
- the termination or suspension of the membership of a Member.

## **EVALUATION PANEL**

8. (a) The Group shall have an Evaluation Panel comprising at least three members each of whom must—
- (i) be a representative of a Member; and
  - (ii) be employed within the insurance supervisory office of the Member he represents.
- (b) The duties of the Evaluation Panel are—
- (i) to evaluate applications for membership and to make recommendations to the Group in respect of each applicant in accordance with clause 5(c),
  - (ii) to evaluate applications for Observer status and to make recommendations to the Group in respect of each application in accordance with clause 6(d);
  - (iii) to carry out evaluations of Members in accordance with clause 10; and
  - (iv) to carry out such other duties as may be given to it by the Group or imposed upon it under this Constitution.
- (c) The Group shall at each annual general meeting appoint an Evaluation Panel together with an alternate member.
- (d) Retiring members of the Evaluation Panel and the alternate member shall be eligible for re-appointment.
- (e) An Evaluation Panel shall serve until the appointment by the Group of a new Evaluation Panel. In the event of the Group failing to appoint a new Evaluation Panel in accordance with this clause, the Evaluation Panel then in office shall continue in office until a new Evaluation Panel has been appointed. The same provisions shall apply to an alternate member.
- (f) The Group may, by special resolution, appoint a new Evaluation Panel at any time.
- (g) The alternate member shall fill the first vacancy arising on the Evaluation Panel. Any further vacancies arising shall be filled by appointment of the Group.
- (h) Any member of the Evaluation Panel, or the alternate member, shall be deemed to have vacated his office if—

- (i) he ceases to be a representative of a Member of the Group;
- (ii) the jurisdiction which he represents ceases to be a Member of the Group;
- (iii) he ceases to be employed within the insurance supervisory office of the Member he represents;
- (iv) he resigns his office by notice in writing to the Secretary; or
- (v) the Group, by special resolution, dismisses him.

#### **PROCEEDINGS OF THE EVALUATION PANEL**

9. (a) The Evaluation Panel shall not be required to meet formally or in person and, subject to paragraph (b), may adopt its own practices and procedures for carrying out its work, but for any decision of the Evaluation Panel to be valid—
- (i) every member of the Evaluation Panel shall have been given the opportunity to vote;
  - (ii) the minimum number of votes cast shall be 2 or the number nearest above to half of the number of the Panel's members, whichever is the greater; and
  - (iii) any decision must be passed by a simple majority of the votes cast.
- (b) The Evaluation Panel shall keep a written record of all decisions reached and minutes of all meetings held.

#### **EVALUATION OF MEMBERS OF THE GROUP**

10. (a) Subject to paragraph (c), the Evaluation Panel shall carry out regular evaluation exercises in respect of each Member as provided in Schedule 3.
- (b) An evaluation under this clause shall be carried out against the standards in force at the time of the evaluation.
- (c) In carrying out an evaluation under paragraph (a), the Evaluation Panel may adopt the findings of any review of the supervision of insurance business in the jurisdiction it is evaluating if it is satisfied—
- (i) that the organization or person or persons that undertook the review had sufficient experience and expertise to undertake the review;
  - (ii) that the review adequately covered the standard or standards in respect of which its findings are to be adopted; and

- (iii) that there have been no material changes in the supervision of insurance business in the jurisdiction concerned in respect of the findings to be adopted since the review was undertaken.

## **MEETINGS AND RESOLUTIONS**

- 11. (a) The Group shall hold an annual general meeting. Lack of notice does not invalidate an annual general meeting provided that it is held at the same place as the IAIS meeting and within one day before or after the said meeting.
- (b) An annual working meeting may be held at such time and at such place as the Committee determine, but at least 3 months before or after the annual general meeting. The Committee may call extraordinary meetings at any time.
- (c) Notice of each meeting shall be given to each Member by the Secretary, or by any member of the Committee on his behalf, no less than two calendar months before the date of the meeting. The notice, which may be delivered by post, facsimile, e-mail or personal service on the Member's representative as recorded in the Group's Register of Members shall specify the time, date and place of the meeting and the business to be considered by the meeting.
- (d) Any Member may give notice to the Secretary of a matter that it wishes to place on the agenda for the next meeting of the Group. Where the notice is received by the Secretary less than seven days prior to him giving notice of a meeting pursuant to paragraph (c), the Secretary may place the matter on the agenda for the meeting next following that in respect of which he intends to give notice.
- (e) The quorum at all meetings of the Group shall be one third of the total number of Members of the Group.
- (f) An Observer may attend all meetings of the Group, but may not vote and shall not be counted towards the quorum. The Group may, by special resolution, enter into closed session at any time. Observers are not entitled to be present during a closed session of the Group.
- (g) At each meeting of the Group, each Member there represented in person or by proxy shall be entitled to one vote.
- (h) Voting by proxy shall be permitted. The Group shall determine rules for the operation of proxy voting.
- (i) A special resolution is required to be passed by 75% of those Members voting.
- (j) An ordinary resolution is required to be passed by a simple majority. Where this Constitution does not expressly provide otherwise, decisions of the Group may be made by ordinary resolution.
- (k) Voting at all meetings of the Group shall be by show of hands, unless by ordinary

resolution, the meeting demands a secret ballot.

- (l) A declaration by the Chairman of the meeting that a resolution has been carried and an entry made to that effect in the minutes of the meeting shall be conclusive evidence of the passing of the resolution.

### **CIRCULAR RESOLUTIONS**

- 12. (a) A resolution in writing signed by at least 75% of the Members is effective as an ordinary resolution, provided that the resolution has been circulated to all Members.
- (b) A resolution in writing signed by at least 75% of the Members is effective as a special resolution, provided that the resolution has been circulated to all Members.

### **FEES**

- 13. (a) Forthwith upon being admitted to membership or becoming an Observer and thereafter on or before the last day of January of each year, each Member and Observer shall pay an annual subscription in such amount as the Group may, by ordinary resolution, determine.
- (b) All subscriptions shall be paid to the Group and shall be deemed to be a debt due to the Chairman for the time being.
- (c) The Group, by ordinary resolution, may levy Members for any special activities undertaken by or on behalf of the Group.

### **TERMINATION AND SUSPENSION OF MEMBERSHIP**

- 14. (a) A Member may resign with immediate effect by giving notice thereof to the Chairman.
- (b) The Group may, by special resolution, terminate or suspend the membership of any Member where it is satisfied that—
  - (i) the Member is not concerned with the supervision of international insurance business;
  - (ii) the Member has acted in a manner contrary to the objects of the Group;
  - (iii) the Member is not supervising insurance business in accordance with the standards specified by the Group under clause 7;
  - (iv) the Member has failed to pay its subscription, or any levy imposed under clause 13(c), within sixty days of the same falling due for payment.
- (c) A Member shall be given at least 60 days notice of any resolution to terminate its membership and shall have the right—

- (i) to provide Members with a written statement of its case; and
  - (ii) by its representative, to address the meeting of the Group at which the resolution is to be voted on.
- (d) The Group may invite any Member whose membership has been terminated to become an Observer.
- (e) A resolution to suspend the membership of a Member—
  - (i) must state the period of suspension, which shall not exceed eighteen months; and
  - (ii) may set out terms, upon compliance with which, the membership of the Member will be reinstated.
- (f) Where—
  - (i) a resolution to suspend a Member sets out reinstatement terms under paragraph (e);
  - (ii) the suspension period has not expired; and
  - (iii) the Group has not passed a resolution under paragraph (g);

the Evaluation Panel may, if it is satisfied that the Member has fully complied with the reinstatement terms, forthwith reinstate the membership of the Member without further reference to the Group.
- (g) Unless the membership of a Member has previously been reinstated under paragraph (f), the Group may, by special resolution, at any time during the suspension period—
  - (i) terminate the membership of the suspended Member in accordance with this clause; or
  - (ii) reinstate the membership of the suspended Member.
- (h) Upon the expiry of the suspension period, the membership of a Member is terminated with immediate effect unless the membership of the Member has previously been reinstated.
- (i) A Member whose membership has been suspended under this clause shall, during the suspension period—
  - (a) be entitled to attend meetings of the Group as an Observer; and
  - (b) be sent the same notices, documents and papers as are sent to Observers.

## **CONSTITUTION AND ELECTION OF COMMITTEE**

15. (a) The management of the Group, except as otherwise provided by this Constitution, is delegated to a Committee comprising at least four members including the Chairman, the deputy Chairman, the Secretary, the Treasurer and such other officers as the Group may determine.
- (b) Each member of the Committee must—
- (i) be a representative of a Member; and
  - (ii) be employed within the insurance supervisory office of the Member he represents.
- (c) The Group shall at each annual general meeting appoint a new Committee.
- (d) Retiring members of the Committee shall be eligible for re-appointment.
- (e) A Committee member may not be appointed as both Chairman and Deputy Chairman but a Committee member may otherwise be appointed to more than one office.
- (f) A Committee shall serve until the appointment by the Group of a new Committee. In the event that the Group fails to appoint a new Committee in accordance with this clause, the Committee then in office shall continue in office until a new Committee is appointed.
- (g) In the event that a casual vacancy arises on the Committee, the remaining members being at least two, may fill the vacancy. If there are not at least two members of the Committee remaining in office, the vacancies shall be filled by appointment of the Group.
- (h) A member of the Committee, or of any sub-committee, shall be deemed to have vacated his office if—
- (i) he ceases to be a representative of a Member of the Group;
  - (ii) the jurisdiction which he represents ceases to be a Member of the Group;
  - (iii) he ceases to be employed within the insurance supervisory office of the Member he represents;
  - (iv) by notice in writing to the Secretary he resigns his office; or
  - (v) the Group, by special resolution, dismisses him.

#### **PROCEEDINGS OF THE COMMITTEE**

16. (a) The Committee shall not be required to meet in person and may adopt its own practices and procedures for carrying out its work, but for any resolution of the Committee to be valid—
- (i) every member of the Committee shall have been given the opportunity to vote;

- (ii) the minimum number of votes cast shall be 2 or the number nearest above to half of the number of members on the Committee, whichever is the greater; and
  - (iii) any resolution must be passed by a simple majority of the votes cast. In the case of an equality in votes, the Chairman shall have a casting vote.
- (b) The Committee may appoint sub-committees and delegate any of their duties to them subject to such terms and directions as they see fit. A sub-committee shall include at least one member of the Committee and may include other representatives of Group Members who are not members of the Committee. On appointing a sub-committee the Committee must designate one of the members to act as secretary of the sub-committee.
  - (c) The Secretary shall keep, or cause to be kept, correct minutes of every meeting of the Group and of the Committee and shall enter such minutes in proper books provided for that purpose.
  - (d) The secretary of a sub-committee must provide to the Committee such reports of the meetings and activities of the sub-committee as the Committee requires.

#### **THE CHAIR**

- 17. The Chairman shall act as Chairman at all meetings of the Group or of the Committee at which he is present. In his absence, the deputy Chairman, if present, shall act as Chairman and in the absence of both of them a Chairman shall be appointed or elected from those members present at the meeting.

#### **ACCOUNTS**

- 18. (a) It shall be the duty of the Treasurer to keep accounts of the financial affairs of the Group in accordance with generally accepted accounting principles in such manner as may be determined by the Committee.
- (b) At each annual meeting the Treasurer shall present the accounts in respect of the financial year immediately preceding the date of such meeting and shall report thereon to the Members. Such accounts shall be open to inspection by any Member or Observer.
- (c) The financial year of the Group shall end on the 31st day of December of each year.
- (d) A professionally qualified auditor shall be appointed annually by the Group to audit the Group's accounts.

#### **REGISTER OF MEMBERS**

- 19. The Secretary shall keep a Register of Members in which shall be recorded every Member and Observer of the Group. The following information shall be recorded against each Member or

Observer—

- (i) the address, including fax number and e-mail address, for service of all notices or documents;
- (ii) the name and address of the person or persons nominated to represent the Member or Observer with respect to the affairs of the Group.

## **NOTICES**

- 20. A notice may be served on the representative of a Member recorded in the Group's Register of Members personally, by prepaid post in an envelope addressed to the address of the Member or Observer shown in the Register, by facsimile transmission to the fax number of the Member or Observer shown in the Register or by e-mail to the e-mail address of the Member or Observer shown in the Register.

## **WINDING UP**

- 21. In the event of the Members voting to wind up the Group, the Chairman shall organise for it to be wound up in an orderly fashion and for the Group's assets to be realised and, after payment of any liabilities, to be distributed equally between its Members and Observers in proportion to their relative paid subscriptions for the year then current.

## **AMENDMENT OF CONSTITUTION**

- 22. Any revocation, amendment or addition to this Constitution shall require a special resolution of the Group.

## **INTERPRETATION OF CONSTITUTION**

- 23. The Committee shall be the sole authority for the interpretation of this Constitution and the decision of the Committee upon any question of interpretation or upon any matter affecting the Group and not provided for by this Constitution shall be final and binding upon the Members.

**SCHEDULE 1**

**MEMBERS OF THE GROUP  
AT THE EFFECTIVE DATE**

**BAHAMAS  
BARBADOS  
BRITISH VIRGIN ISLANDS  
CAYMAN ISLANDS  
CURACAO  
GIBRALTAR  
GUERNSEY  
ISLE OF MAN  
JERSEY  
LABUAN  
REPUBLIC OF MAURITIUS  
MACAU  
SAMOA  
TURKS & CAICOS ISLANDS**

**SCHEDULE 2**

**OBSERVERS OF THE GROUP  
AT THE EFFECTIVE DATE**

**Observers**

**Date Period as Observer Terminates**

[Subject to clause 6(h), (i), (k) and (l)]

<b>ANGUILLA</b>	<b>2003</b>
<b>ARUBA</b>	<b>2003</b>
<b>BAHRAIN</b>	<b>2002</b>
<b>BELIZE</b>	<b>2003</b>
<b>REPUBLIC OF VANUATU</b>	<b>2002</b>

### **SCHEDULE 3**

#### **REGULAR EVALUATION OF MEMBERS**

1. The Evaluation Panel shall carry out an evaluation exercise in accordance with this Schedule.
2. Every Member shall be evaluated by the Evaluation Panel in accordance with a timetable to be determined by the Panel.
3. Following the evaluation of a Member under clause 10, the Evaluation Panel shall—
  - (a) if it is satisfied that the Member is supervising insurance business in accordance with the standards and any Guidelines issued under clause 7(d), make a determination that the Member shall remain a Member;
  - (b) if it is not satisfied as to the matters specified in subparagraph (a)—
    - (i) make a recommendation that the membership of the Member evaluated should be suspended;
    - (ii) make a recommendation that the membership of the Member evaluated should be terminated but that the jurisdiction should be invited to become an Observer; or
    - (iii) make a recommendation that the membership of the Member evaluated should be terminated without the jurisdiction being offered the opportunity to become an Observer.
4. A determination of the Evaluation Panel under paragraph 3(a) of this Schedule is final.
5. A recommendation of the Evaluation Panel under paragraph 3(b) (referred to in this Schedule as a "qualified recommendation"), shall be subject to appeal by the Member concerned .
6. The Group shall consider any qualified recommendation of the Evaluation Panel at its next meeting and may, by ordinary resolution, determine the Member's status to be a Member, or may suspend or terminate the Member's membership. If the Group terminates the Member's membership it shall also determine whether the jurisdiction will be invited to become an Observer. If the Group fails to pass a resolution as provided for in this paragraph, the recommendation of the Evaluation Panel shall be deemed to be a binding determination of the Member's status.