

Part II

Supervisory Guidelines and Directives

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II.1 Guidelines on Asset Management

1. Preamble

This guideline containing “best practices” with respect to asset management is largely based on the supervisory standard on Asset Management by Insurance Companies issued by the International Association of Insurance Supervisors (IAIS). The objective of this guideline is to describe the essential elements of a sound asset management system and reporting framework across the full range of investment activities. Given the wide variation in the nature of companies, it is acknowledged that the extent of the application of the practices described in this guideline by any given insurer may differ according to the size and structure of an insurance company and the type of business it conducts. However, the basic principles of sound corporate governance, the need for an investment policy, segregation of duties and control are applicable to all insurance companies.

2. Introduction

2.1 Asset Liability Management

A key driver of the asset strategy adopted by an insurer will be its liabilities profile, and the need to ensure that it holds sufficient assets of appropriate nature, term and liquidity to enable it to meet the liabilities as they become due. Detailed analysis and management of this asset/liability relationship will therefore be a pre-requisite to the development and review of investment policies and procedures, which seek to ensure that the insurer adequately manages the investment-related risks to its solvency.

2.2 The Investment Process

Depending upon the nature of their liabilities insurers will typically hold, in varying proportions, four main types of financial assets either directly, via other investment vehicles, or through third party investment managers:

- a. Bonds and other fixed income instruments;
- b. Equities and equity type investments;
- c. Debts, deposits and other rights;
- d. Property.

The holding of a given asset portfolio carries a range of investment-related risks to technical provisions and solvency which insurers need to monitor, measure, report and control.

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The main risks are market risk (adverse movements in, for example, stocks, bonds and exchange rates), credit risk (counterparty failure), liquidity risk (inability to unwind a position at or near market price), operational risk (system/internal control failure), and legal risk.

The actual composition of an asset portfolio at any given moment should be the product of a well-structured investment process itself, which for the purposes of this standard is regarded as a circular movement characterized by the following steps:

- a. Formulation and development of a strategic and tactical investment policy;
- b. Implementation of the investment policy, in a suitably equipped investment organization, and on the basis of a clear and precise investment mandate(s);
- c. Control, measurement and analysis of the investment results which have been achieved and the risks taken;
- d. Feedback to the appropriate level of authority on points a, b and c.

The insurers should develop and operate overall asset management strategies, which take account of the need to ensure the existence of:

- a. The definition of a strategic investment policy by the Board in consultation with senior-management, based on an assessment of the risks incurred by the company and its risk appetite;
- b. On-going Board and senior management oversight of, and clear management accountability for, investment activities;
- c. Comprehensive, accurate and flexible systems that allow the identification, measurement and assessment of investment risks, and the aggregation of those risks at various levels, and for any given time.
- d. Key control structures, such as the segregation of duties, approvals, verifications, reconciliations;
- e. Adequate procedures for the measurement and assessment of investment performance;
- f. Adequate and timely communication of information on investment activities between all levels within the insurance company;
- g. Internal procedures to review the appropriateness of the investment policies and procedures in place;
- h. Effective audit procedures and monitoring activities to identify and report weaknesses in investment controls and compliance.
- i. Procedures to identify and control the dependence on and vulnerability of the insurer to key personnel and systems.

The following sections further develop the above principles, recognizing that less formalized structures and procedures than those described herein may be applicable depending on the size and nature of the business of an individual insurer.

3. Definition of the Investment Policy and Procedures

3.1 Supervisory Board

The Board in consultation with senior management is responsible for the designing of the strategic investment policy, taking account of the analysis of the asset/liability relationship, the insurer's overall risk tolerance, its long-term risk-return requirements, its liquidity requirements and its solvency position.

The Board should authorize senior management to implement the overall established investment policy. The Board should, however, retain ultimate responsibility for the company's investment policy and procedures, regardless of the extent to which associated activities and functions are delegated or, outsourced.

As part of the development of the asset management strategy, the Board must also ensure that adequate reporting and internal control systems of the insurer are in place, and designed to monitor that assets are being managed in accordance with the investment policy and mandate(s), and legal and legal and regulatory requirements. The Board must ensure that:

- a. They receive regular information, including feedback from the company's risk management function, on asset exposures, and the associated risks, in a form which is understood by them and which permits them to make an informed judgement as to the level of risk on a mark-to-market basis;
- b. The systems provide accurate and timely information on asset risk exposure and are capable of responding to ad hoc requests;
- c. The internal controls include an adequate segregation of the functions responsible for measuring, monitoring and controlling investment activities from those conducting day to day asset transactions;

Where external asset managers are used, the Board must ensure that senior management is in a position to monitor the performance of the external managers against Board approved policies and procedures.

External managers should be engaged under a contract that, inter alia, sets out the policies, procedures and quantitative limits of the investment mandate. The insurer must retain appropriate expertise and ensure that, under the terms of the contract, it regularly receives sufficient information to evaluate the compliance of the external asset manager with the investment mandate.

The Board should collectively have sufficient expertise to understand the important issues related to investment policy and should ensure that all individuals conducting and monitoring investment activities have sufficient levels of knowledge and experience.

At least annually, the Board in consultation with senior management should review the adequacy of its overall investment policy in the light of the insurance company's activities, and its overall risk tolerance, long-term risk-return requirements and solvency position.

3.2 Senior Management

Senior management should be responsible for the preparation of written operational policies and procedures for implanting the overall investment policy established by the Board. The precise content of these policies and procedures will be different for each insurance company but the level of detail should be consistent with the nature of any regulatory constraint and complexity and volume of investment activity, and should specify as appropriate:

- a. The investment objective and the determination of the strategic asset allocation, that is, the long-term asset mix over the main investment categories;
- b. The establishment of limits for the allocation of assets by geographical area, markets, sectors, counterparties and currency;
- c. The formulation of an overall policy on the selection of individual securities and other investment titles;
- d. The adoption of passive or more active investment management in relation to each level of decision making;
- e. In the case of active management, definition of the scope for investment flexibility, usually through the setting of quantitative asset exposure limits;
- f. The extent to which the holding of some types of assets is ruled out or restricted where, for example, the disposal of the asset could be difficult due to the illiquidity of the market or where independent (i.e. external) verification of pricing is not available;
- g. An overall policy on the use of financial derivatives as part of the general portfolio management process or of structured products that have the economic effect of derivatives;
- h. The framework of accountability for all asset transactions;

Senior management should also be responsible for establishing policies on related issues of a more operational nature, including:

- a. The choice between internal or external investment management, and, for the latter, the criteria for selection of the manager(s). Also, in case of external management, a choice usually needs to be made between having a segregated (discretionary) portfolio managed, or participating in a collective or pooled fund, or other indirect investment vehicle;
- b. The selection and the use of brokers;
- c. The nature of custodial arrangements;
- d. The methodology and frequency of the performance measurement and analysis.

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Supporting internal management procedures should be documented and include:

- a. Procedures for seeking approval for the usage of new types of investment instruments: the desirability of retaining the flexibility to utilize new investment instruments should be balanced with the need to identify the risks inherent in them and ensure that they will be subject to adequate controls before approval is given for their acquisition. The principles for measuring such risk, and the methods of accounting for the new investments should be clarified in detail prior to approval being given for their acquisition;
- b. Procedures for the selection and approval of new counterparties and brokers;
- c. Procedures covering front office, back office, measurement of compliance with quantitative limits, control and reporting;
- d. Details of the action which will be taken by senior management in cases of noncompliance;
- e. Valuation procedures for risk management purposes;
- f. Identification of who should be responsible for the valuation. Valuations should be carried out by individuals independent of those responsible for trade execution or, if this is not possible, valuations should be independently checked or audited on a timely basis.

Accounting and taxation rules should be taken into consideration in developing the above operational policies and procedures.

Senior management should ensure that all individuals conducting, monitoring and controlling investment activities are suitably qualified and have appropriate levels of knowledge and experience.

At least annually, senior management should review the adequacy of its written operational procedures and allocated resources in the light of the insurance company's activities and market conditions.

4. Monitoring and Control

4.1 Risk Management Function

Insurers should be capable of identifying, monitoring, measuring, reporting and controlling the risks connected with investment activities. This process should be performed by a risk management function with responsibility for:

- a. Monitoring compliance with the approved investment policy;
- b. Formally noting and promptly reporting breaches;

- c. Reviewing asset risk management activity and results over the past period;
- d. Reviewing the asset/liability and liquidity position.

The risk management function should also assess at least on an annual basis the appropriateness of the asset allocation limits. The risk management function should also regularly report to appropriate levels of senior management and, as appropriate, to the Board. The reports should provide aggregate information as well as sufficient detail to enable management to assess the sensitivity of the company to changes in market conditions and other risk factors. The frequency of reporting should provide these individuals with adequate information to judge the changing nature of the insurer's assets profile, the risks that stem from it and the consequences for the company's solvency.

4.2 Internal Controls

Adequate systems of internal control must be present to ensure that investment activities are properly supervised and that transactions have been entered into only in accordance with the insurer's approved policies and procedures. Internal control procedures should be documented. The extent and nature of internal controls adopted by each insurer will be different, but procedures to be considered should include:

- a. Reconciliations between front office and back office and accounting systems;
- b. Procedures to ensure that any restrictions on the power of all parties to enter into any particular asset transaction are observed. This will require close and regular communication with those responsible for compliance, legal and documentation issues in the insurer;
- c. Procedures to ensure all parties to the asset transaction agree with the terms of the deal. Procedures for promptly sending, receiving and matching confirmations should be independent of the front office function;
- d. Procedures to ensure that formal documentation is completed promptly;
- e. Procedures to ensure reconciliation of positions reported by brokers;
- f. Procedures to ensure that positions are properly settled and reported, and that late payments or late receipts are identified;
- g. Procedures to ensure asset transactions are carried out in conformity with prevailing market terms and conditions;
- h. Procedures to ensure that authority and dealing limits are not exceeded and all breaches can be immediately identified;
- i. Procedures to ensure the independent checking of rates or prices: the systems should not solely rely on dealers for rate/price information.

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The functions responsible for measuring, monitoring, settling and controlling asset transactions should be distinct from the front office functions. These functions should be adequately resourced.

Regular and timely reports of investment activity should be produced which describe the company's exposure in clearly understandable terms and include quantitative and qualitative information. The reports should, in principle, be produced on a daily basis for senior management purposes; less frequent reporting may be acceptable depending on the nature and extent of asset transactions. Upward reporting by senior management is recommended on at least a quarterly basis. Reports should at least include the following areas:

- a. Details of, and commentary on, investment activity in the period and the relevant period end position;
- b. Details of positions by asset type;
- c. An analysis of credit exposures by counterparty;
- d. Details of any regulatory or internal limits breached in the period and the actions taken thereto;
- e. Planned future activity;
- f. Details of the relative position of assets and liabilities.

II.2 Appointment of an external auditor

Directive on the appointment of an external auditor by virtue of article 10 in conjunction with article 15a of the State Ordinance on the Supervision of the Insurance Business (AB 2000 no. 82) (SOSIB) for insurance companies licensed by the Centrale Bank van Aruba (the CBA).

1. Introduction

It is important that supervisors obtain the information they need to properly form an opinion on the financial strength of the operations of each insurance company. This information is obtained, amongst others, from the financial reports that are filed, supported by information obtained through communication with the external auditor. As such, supervisors have a clear interest in ensuring that external audits performed are acceptable and that an adequate relationship between them and the insurance companies' external auditors exists, essentially based on the principles and guidance papers formulated by the International Association of Insurance Supervisors. In this respect, high standards of auditing are indispensable. As such, the audit performed should be carried out by external auditors who:

- are properly licensed and in good standing;
- have relevant professional experience and competence;
- are subject to a quality assurance program;
- are independent in fact and in appearance;
- are objective and impartial; and
- comply with all ethical requirements.

Pursuant to article 1 of the SOSIB, an external auditor is: 'a person who is not employed by the company or institution, being a "registeraccountant" or an "accountant-administratieconsulent" registered pursuant to article 36, paragraph 2, item i, of the Dutch Law on the accounting profession (Stb. 2012, 680)'.

2. Directive

Any appointment of or change in external auditor needs the CBA's prior written approval. In order to assess the intended appointment or change, the institution concerned and the external auditor are required to complete the "Questionnaire External Auditor" (Annex 2). Reference is also made to the Guidance notes associated with the Questionnaire External Auditor.

In case of a change of external auditor, the CBA should be informed on the reason(s) for the intended change.

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The CBA will grant its approval if the external auditor complies with the requirements as stipulated in article 1 of the SOSIB and if there are no circumstances that, in the opinion of the CBA, would make the external auditor unfit for the assignment.

With regard to the independence in fact and appearance, there may not be any material financial interest, loans and guarantees, business relationships, and family and personal relationships between i) the insurance company, its Managing Board or a member thereof, its Supervisory Board or a member thereof, its direct or indirect shareholder(s), and (ii) the external auditor, the audit firm of the external auditor or a member/partner thereof.

The CBA maintains at all times the right to revoke its approval if there are circumstances that in the opinion of the CBA justify such an action.

Furthermore, when granting the auditor the assignment to audit the annual accounts, the insurance company shall instruct its auditor in writing to:

- a. after consultation with the insurance company that granted the assignment, provide the CBA forthwith with a copy of the auditor's report to the Supervisory Board, of the management letter and of the correspondence that relates directly to the auditor's report, in so far as these documents are considered to be necessary in reason for the proper fulfillment of the CBA's supervisory tasks;
- b. after consultation with the insurance company, inform the CBA in writing forthwith of circumstances that could hinder the issue of an auditor's report stating that the annual accounts give a true and fair view of the financial position of the insurance company;
- c. after consultation with the insurance company that granted the assignment, inform the CBA in writing forthwith of circumstances which could endanger the continuity of the insurance company, or from which it appears that there is a serious suspicion of an extensive fraud; and
- d. furnish the CBA, if required, with additional information on the documents referred to under a. and on the circumstances referred to under b. and c.

Subject provisions should be included in the engagement letter. A copy of the draft engagement letter must be attached to the request for the appointment of an external auditor.

Upon the CBA's approval of the external auditor, the final and signed engagement letter must be submitted to the CBA.

This directive enters into force as of **November 2019**.

II.3 Guidelines for the actuarial report and the actuarial certification for Life Insurance Companies

1. Introduction

These guidelines must be taken into account for the preparation of the actuarial report and the actuarial certification of the adequacy of the technical provisions disclosed in the Annual Statements of life Insurance Companies.

2. Guidelines

1. The certifying actuary shall draw up an actuarial report on his analysis of the financial position of the life insurance company (hereafter: the company) in accordance with the instructions contained in item 2.
2. The Actuarial Report shall contain the following items:
 - (a) The objective of the report;
 - (b) Substantiated conclusions with regard to the financial position;
 - (c) The methods and principles applied;
 - (d) The methods and techniques used to evaluate the financial position;
 - (e) Comments on the activities of the company and the commercial and institutional environment in which it operates, in so far as this has a bearing on the risk profile of the company;
 - (f) Comments, an opinion and recommendations with regard to the operations, based on an actuarial analysis of all possible factors that may threaten the solvency of the institution in the near future. In addition, the measures or management instruments should be stated which the management of the company may take or use to avert these threats;
 - (g) The declaration, as referred to in section 11 paragraph 3 of the State Ordinance on the Supervision of the Insurance Business (AB 2000 No. 82);
 - (h) Information on financially significant reinsurance agreements (including financial reinsurance) and implicit and explicit options contained therein, with an opinion on the purpose and feasibility of these agreements and the extent of the counterparty risk.
3. If deemed necessary, the draft of the report to be issued shall be discussed first with the external auditor. The outcome of these discussions with the external auditor shall be disclosed in a separate addendum to the report. Any remarks made by the auditor shall be taken into account. In the event that the actuary does

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not wish to incorporate the remarks made by the accountant into the report, he shall include these as a separate addendum and shall provide a commentary.

3. Explanatory notes to items 2(b), (c), (d), (f), (g) and (h)

Item 2(b) substantiated conclusions with regard to the financial position

The following aspects should be dealt with in the report:

- (1) Determine the degree of adequacy of the technical provisions as at the balance sheet date for the insurance portfolio as of that date. Furthermore, in determining the adequacy of the provisions, an assessment will have to be made of the sensitivity of changes in the assumptions used.
- (2) The analyses of the development of the adequacy of the provisions referred to under item (1) compared to the previous year.
- (3) If the assets to cover the technical provisions are not sufficient (refer to form H: “coverage test” of the annual statements for life insurance companies) the actuarial report must contain notes explaining how this situation arose, the measures that must be taken to remedy the situation and recommendations aimed at preventing such situation in the future.

Item 2(c) the methods and principles applied

For the evaluation of the financial position it is important to know how the technical provision has been determined. In this regard the following explanation should be provided in the report:

- (1) The method used to establish the technical provision:
 - prospective or retrospective;
 - entry age basis used to determine age at balance sheet date and period until retirement;
 - individual or aggregate approach.
- (2) The actuarial principles used to establish the technical provision:
 - mortality table used;
 - family structure;
 - age difference;
 - actuarial interest rate;

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- (3) A description of the quality (nature and reliability) of the assumptions used.

The relevant assumptions used should be compared to recent, internal and external experience data. In case the assumptions used deviate significantly this should be explained. For example verify the yearly mortality within the portfolio and compare this figure with the expected mortality (used to establish the technical provision).

Item 2(d) the methods and techniques used in evaluating the financial position of the company

The following information should be provided in the report:

- (1) The methods, techniques and assumptions used for the evaluation;
 - Static or dynamic: In case of the static method, the coverage test (as stipulated in the annual filings) can be derived from the balance sheet, whereby the value of the assets are compared to the technical provision. This test should be performed yearly and should be compared with previous year. Significant changes in the outcome of the coverage test should be analyzed;
 - Changes in the methods applied;
- (2) Changes in these compared to the previous report;
- (3) Information on any limitations on the evaluation as a result of a lack of data, shortcomings in the administrative organization and systems, and the qualification that the certifying actuary makes as a consequence of this.

Item 2(f) comments, an opinion and recommendations with regard to the operations, based on an actuarial audit of all possible factors that may threaten the solvency of the institution in the future.

This relates to risks insofar as these have a bearing on the risk profile of the company, from the perspective of the actuary. The risks that can have a direct influence on the performance of life insurance business are for example changes in the mortality assumptions as well as changes in the investments results as a consequence of for example epidemics or war.

Item 2(g) declaration as referred to in section 11 sub 3 of the SOSIB

The declaration of the certifying actuary should consist of the following parts:

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- (1) A description of the relationship of the certifying actuary to the company (internal or external actuary).
- (2) The professional qualifications of the certifying actuary.
- (3) The items to which the declaration relates, such as the correct determination of the technical provisions.
- (4) The extent to which use is made of the work of other experts in the area of administrative data, models and assumptions.
- (5) The opinion of the certifying actuary with regard to the adequacy of the company's finances in relation to the settlement of all liabilities arising from the current insurance agreements.
- (6) Any qualifications in relation to the opinion referred to under point (5).
- (7) Any deviations from legislation and regulations or from the guidelines issued by the Central Bank van Aruba in respect to the assessment of the financial position of the company, with a statement of the acceptability of and a statement of any risks arising from these deviations.
- (8) Dating and signing of the report with the personal signature and the name of the actuary; the name of the firm is not sufficient.

Item 2(h) information on financially significant reinsurance agreements

Financially significant reinsurance agreements shall be understood to be agreements, which, in the event that they were not entered into, would result in clear deviations in the provision and/or the capital adequacy and/or the result and/or the balance-sheet position of the company in question.

II.4 Directive on the publication of the Audited Annual Financial Statements

1. Introduction

In order to promote the soundness and integrity of the financial sector it is necessary that stakeholders (including the public in general) have access to sufficient information to evaluate the financial position and performance of financial institutions. Transparency plays an important role in the constant improvement of the quality of the financial sector. In view thereof, a requirement on public disclosure of relevant, comprehensive and adequate information on a timely basis, in order to give policyholders and market participants a clear view of the insurer's business activities, performance and financial position, is included in the Insurance Core Principles (ICPs) issued by the International Association of Insurance Supervisors (IAIS).

2. Legal framework

'Directive on the Publication of the Audited Annual Financial Statements' is issued, by virtue of section 10 of the State Ordinance on the Supervision of the Insurance Business (AB 2000 no. 82) (SOSIB) for insurance companies licensed by the Centrale Bank van Aruba.

According to article 73, paragraph 7, of the Aruban Code of Commerce (AB 1990 no. GT 50), all insurance companies incorporated under Aruban law should, within 8 days after their financial statements have been approved, file complete transcripts of these documents and the accompanying notes with the Aruban Chamber of Commerce.¹

3. Directive

With due regard to the aforementioned, an insurance company must, within six (6) months after the end of each financial year:

- a) publish its audited financial statements, by filing subject statements with the Aruban Chamber of Commerce and by posting these statements on its website; and
- b) publish an abbreviated audited financial statements including (at a minimum) its certified balance sheet, income statement², accounting and valuation principles, and the auditor's opinion in one (1) or more local newspapers.

Branches and agencies of insurance companies must publish the audited annual financial statements of the legal entity of which they form part and must also post these statements on their website and comply with point (b) above.

¹ If an insurance company is incorporated as a 'Vennootschap met beperkte aansprakelijkheid', article 37, paragraph 4, of the State Ordinance on Limited Liability Company (AB 2008 no. 62) is applicable.

² Insurance companies are allowed to exclude information on the compensation of the management and Supervisory Board from the information that is made public, in consideration of the sensitivity of this information.

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Captive insurance companies must publish their audited financial statements by filing subject statements with the Aruban Chamber of Commerce within six (6) months after the end of each financial year and must also post these statements on their website and comply with point (b) above.

This directive enters into force as of **January 2019**.

II.5 Guidelines on the Coverage Test

1. Legal framework

According to article 13 paragraph 1 of the State Ordinance Supervision Insurance business (AB 2000 no. 82) (SOSIB) an insurer should maintain adequate technical provisions which are fully covered by assets. The Centrale Bank of Aruba (CBA) may raise objections against the nature and valuation of these assets, which objections shall be promptly met by the insurer. According to article 13 paragraph 2 of the SOSIB, the CBA can provide general guidelines with regards to the contents and the magnitude of the technical provisions.

2. Purpose

The purpose of article 13 of the SOSIB is to ensure that the technical provisions are at all times fully covered by sufficient and acceptable assets in order to guarantee that an insurer can meet its actual and future obligations.

3. Policy

In exhibit 1 (life insurance companies) and 2 (nonlife insurance companies) the CBA has listed the categories of assets that can be maintained to cover the technical provisions with their respective weight factors. In order to address specific risk issues, such as the risk that assets could lose value, the CBA has applied the assets-risk method. This method is part of the so-called “risk-based capital” standards. According to this method a risk factor will be assigned to each assets category. This factor is related to the riskiness of the assets. The riskiness is associated with the insurer’s assets losing value and therefore no longer being adequate to cover the liabilities. In order to determine the required amount needed to cover the risk, individual groups of assets are examined separately. The balance sheet values of the relevant assets categories used are multiplied by factors (percentages), which after they have been multiplied by a risk factor are to reflect the special risk of the asset group (excluding the interest rate risk). The lower the risk, the lower the risk factor applied. Government paper for example bears a 0% risk factor while shares bear a 20% risk factor.

4. Coverage test

The “total weighted assets” to cover the technical provisions is derived by adding up the sum of the assets multiplied by their respective weight factor.

An insurance company is not allowed to include claims (including loans and current account receivables) on affiliated companies in the calculation of the “total weighted assets” to cover the technical provisions, unless the Aruban insurance activities are conducted via a branch of agency.

The amount of the technical provision must be subtracted from the “assets to cover the technical provision” resulting in either a deficit or a surplus. In case of a deficit, the CBA must be notified thereof immediately and, furthermore, a remediation plan must be prepared and submitted to the CBA for its approval.

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Exhibit 1: COVERAGE TEST¹ FOR LIFE INSURANCE COMPANIES

	ADMISSABLE ASSETS	Outstanding Amount	Weight Factor	Weighted Assets
1.00	Investments			
1.10	Shares	.....	80%	.....
1.20	Bonds			
	Government Bonds	.....	100%	.....
	Corporate-High credit quality	.....	95%	.....
	Corporate-Medium to low grade quality	.....	85%	.....
1.30	Real Estate	.....	90%	.....
1.40	Time Deposits	.....	100%	.....
1.50-1.60	Mortgage and Policy Loans	.....	100%	.....
1.71	Other Loans – secured	.....	100%	.....
1.72	Other loans – unsecured	.....	95%	.....
1.80	Other investments	.....	65%	.....
2.00	Fixed Assets:			
2.10	Real Estate-in own use	.....	90%	.....
2.20-2.40	Other Fixed Assets	.....	65%	.....
3.00	Affiliated companies²	.....	90%	.....
4.00	Current assets:			
4.10	Cash on Hand	.....	100%	.....
4.20	Due from other depository corporations	.....	100%	.....
4.30	Agents'/brokers' balances, 90 days and under	.....	100%	.....
4.40	Uncollected Premiums, 90 days and under	.....	100%	.....
4.50	Investment Income due, 90 days and under	.....	100%	.....
4.60	Reinsurance Receivables	.....	100%	.....
4.70	Amounts due from Members ³	.....	100%	.....
4.80	Other	.....	100%	.....
	Total weighted assets			.....
8.00	Less: Current liabilities⁴			.....
	Assets available to cover Technical Provisions			.....
6.00	Less: Technical Provisions			.....
	Surplus/Deficit			.....
	Coverage ratio (in percent)			.....

¹ In case the company sells insured investment products, whereby the policyholder bears the complete investment risk, the investments and technical provisions associated with these products should not be included in the coverage test calculation. In such case an explanatory note should be added to the coverage test sheet.

² Only branches and agencies of life insurance companies are allowed to include claims on affiliated companies under this line item.

³ Only applicable to mutual insurance companies.

⁴ Excluding liabilities to affiliated companies.

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Exhibit 2: COVERAGE TEST FOR NONLIFE INSURANCE COMPANIES

AFL	Admissible assets	Outstanding amount	Weight Factor	Weighted Assets
1.00	Investments		%	
1.10	Shares	.....	80%	.....
1.20	Bonds			
	Government bonds	.....	100%	.....
	Corporate: Highest or strong credit quality	.....	95%	.....
	Corporate: Upper medium to medium low quality	.....	85%	.....
1.30	Real estate	.....	90%	.....
1.40	Time deposits	.....	100%	.....
1.51	Loans-secured	.....	100%	.....
1.52	Loans-unsecured	.....	95%	.....
1.60	Other	.....	65%	.....
2.00	Fixed assets			
2.10	Real estate	.....	90%	
2.20/2.30/2.40	Other fixed assets	.....	65%	
3.00	Affiliated Companies ¹	.....	90%	
4.00	Current assets			
4.10	Cash in Hand	.....	100%	
4.20	Due from other depository corporations	.....	100%	
4.30	Agents'/brokers' balances, 90 days and under	.....	100%	
4.40	Uncollected Premiums, 90 days and under	.....	100%	
4.50	Investment Income due, 90 days and under	.....	100%	
4.60	Amounts receivable from reinsurers	.....	100%	
4.70	Amounts due from members ²	.....	100%	
4.80	Other	.....	100%	
	Total weighted assets			.....
8.00	Less: Current liabilities ³			.....
	Assets available to cover Technical provisions			.....
6.00	Less: Technical provisions			.....
	Surplus/deficit			.....
	Coverage ratio (in percent)			.....

¹ Only branches and agencies of nonlife insurance companies are allowed to include claims on affiliated companies under this line item.

² Only applicable to mutual insurance companies.

³ Excluding liabilities to affiliated companies.

II.6 Guidelines on the Solvency Margin

1. Legal framework

Life insurance companies

According to article 14, paragraph 1, of the State Ordinance on the Supervision of the Insurance Business (AB 2000 no. 82) (SOSIB) an insurer engaged in the life insurance business must have a solvency margin equal to eight percent of the provision for insurance obligations at the end of the preceding financial year, without taking the reinsurance portion of these obligations into account.

Nonlife insurance companies

According to article 14, paragraph 2, of the SOSIB an insurer engaged in the nonlife insurance business must have a solvency margin equal to the highest outcome of one of the following calculations:

- fifteen percent of the gross premiums booked in the preceding financial year; or
- fifteen percent of the average gross claims incurred in the last three financial years.

Pursuant to article 14, paragraph 3, of the SOSIB, the Centrale Bank van Aruba (CBA) can give general guidelines with regard to the solvency margin. The CBA may also determine the minimum solvency margin amount that needs to be maintained by an insurer.

2. Purpose

The solvency margin serves as a buffer to ensure that the obligations under the insurance contracts can be met at any time and that the insurer has free financial means (own funds) at its disposal in order to absorb discrepancies between the anticipated and actual expenses and profits.

3. Definition

The following capital elements form the available solvency margin:

1. "Paid-in capital";
2. "Statutory and general reserves";
3. "Retained earnings";
4. "Asset revaluation reserves";
5. "Net income current year".

In case of a mutual insurance company the paid-in capital is considered the policyholders' surplus. A branch office or an agency does not have "paid-in capital", in such case the capital assigned to the Aruban operations may be considered as paid-in capital.

4. Policy

The minimum solvency margin should at all times be held or invested in Aruba. The minimum solvency margin that an insurer must have at its disposal amounts to:

1. AFL 400,000 if it is engaged in the life insurance business (exhibit 1).
2. AFL 300,000 if it is engaged in the nonlife insurance business (exhibit 2).
3. AFL 500,000 for an insurer as referred to in section IX of the Implementation Ordinance on the Supervision of Insurance Business (AB 2001, No. 91) (exhibit 3).

The admissible assets to cover the minimum solvency margin are:

1. Treasury bonds issued by the Government of Aruba;
2. Shares certificates, debentures, profit-sharing certificate and other similar securities;
3. Proof of partnership rights;
4. Certificates of the assets as referred to in points 2 and 3;
5. Scrip certificates of the assets as referred to in points 1, 2 and 3;
6. Acknowledgement of debt towards the insurer, not being treasury bills or debentures, issued by or guaranteed by the Government of Aruba or other public entities in Aruba;
7. Acknowledgement of debt towards the insurer, not being debentures, issued by companies incorporated in Aruba or issued by companies incorporated in Aruba for which a license pursuant to article 4 or 24 of the State Ordinance on the Supervision of the Credit System has been granted.

The appraisal and distribution of these assets require the CBA's prior approval.

Furthermore, these assets should be pledged to the CBA and kept in custody of a credit institution supervised by the CBA.

Finally, the amount of intercompany current accounts receivable exceeding the maximum of 5 percent of Total investments must be deducted from the Shareholders' Equity in the calculation of the solvency margin requirement. This does not apply to branches or agencies.

The solvency calculation is also part of the annual statements (CBA format) and quarterly reports that all insurers should submit to the CBA (refer to exhibit 1 to 3).

These guidelines enter into force as of **July 1, 2019**.

SUPERVISORY DIRECTIVES

Exhibit 1

Solvency Margin Calculation Life Insurance Company			
			Amounts in AFL 1,000
9.00	Shareholders' Equity (= available solvency margin)	A	.....
	5% of Total investments		.....
	Excess intercompany current accounts receivable¹	B	.....
6.00	Technical Provisions		.....
	8% thereof or		.....
	a minimum of AFL 400,000		.....
	Required solvency margin ²	C	.....
Surplus/(Deficit) (A-B-C)			.....

Assets to cover minimum Solvency Margin of AFL 400,000		
		<i>Amount in AFL 1,000</i>
1	Treasury bonds issued by the Government of Aruba;	.....
2	Shares certificates, debentures, profit-sharing certificate and other similar securities;	.....
3	Proof of partnership rights;	.....
4	Certificates of the assets as referred to in points 2 and 3;	.....
5	Scrip certificates of the assets as referred to in points 1 up to and including 3;	.....
6	Acknowledgement of debt towards the insurer, not being treasury bills or debentures, issued by or guaranteed by the Government of Aruba or other public entities in Aruba;	.....
7	Acknowledgement of debt towards the insurer, not being debentures, issued by companies incorporated in Aruba or issued by companies incorporated in Aruba for which a license pursuant to article 4 or 24 of the State Ordinance on the Supervision of the Credit System has been granted;	.....
	Total	.....

¹ The outstanding amount of intercompany current accounts receivable that exceeds 5% of Total investments. Not applicable to branches or agencies. Branches or agencies should fill out 0 (zero) under this line item.

² The highest outcome of either:

- 8% of the "Provision for Insurance Obligations" in the preceding financial year, or
- **AFL 400,000** if the insurer is strictly doing life insurance.

SUPERVISORY DIRECTIVES

Exhibit 2

Solvency Margin Calculation Nonlife Insurance Companies			
		Amounts in AFL 1,000	
Shareholders' Equity (= available solvency margin)	A		.....
5% of Total investments		.....
Excess intercompany current accounts receivable¹	B		.....
15% gross premium income; or		.....
15% of the average gross claims incurred		.....
or a minimum of AFL 300,000		300	
Required solvency margin ²	C		.....
Surplus/(Deficit) (A-B-C)			.....

Assets to cover minimum Solvency Margin of AFL 300,000		
		<i>Amount in AFL 1,000</i>
1	Treasury bonds issued by the Government of Aruba;	.....
2	Shares certificates, debentures, profit-sharing certificate and Other similar securities;	.....
3	Proof of partnership rights;	.....
4	Certificates of the assets as referred to in points 2 and 3;	.....
5	Scrip certificates of the assets as referred to in points 1 up to and including 3;	.....
6	Acknowledgement of debt towards the insurer, not being treasury bills or debentures, issued by or guaranteed by the Government of Aruba or other public entities in Aruba;	.....
7	Acknowledgement of debt towards the insurer, not being debentures, issued by companies incorporated in Aruba or Issued by companies incorporated in Aruba for which a license pursuant to article 4 or 24 of the State Ordinance on the Supervision of the Credit System has been granted;	.....
	Total	_____

¹ The outstanding amount of intercompany current accounts receivable that exceeds 5% of Total investments. Not applicable to branches or agencies. Branches or agencies should fill out 0 (zero) under this line item.

² Highest outcome of either:

- 15% of the gross premiums booked in the preceding financial year, or
- 15% of the average gross claims incurred in the last three financial years, or
- a minimum of Afl. 300,000.

SUPERVISORY DIRECTIVES

Exhibit 3

Solvency Margin Calculation Composite Insurance Companies			
		Amounts in AFL 1,000	
Shareholders' Equity (= available solvency margin)	A		.....
5% of Total investments		.....
Excess intercompany current accounts receivable¹	B		.....
Technical Provisions		.....
8% thereof or		.....
a minimum of AFL 500,000		.....
Required solvency margin ²	C		.....
Surplus/(Deficit) (A-B-C)			.....

Assets to cover minimum Solvency Margin of AFL 500,000		
		<i>Amount in AFL 1,000</i>
1	Treasury bonds issued by the Government of Aruba;	.....
2	Shares certificates, debentures, profit-sharing certificate and other similar securities;	.....
3	Proof of partnership rights;	.....
4	Certificates of the assets as referred to in points 2 and 3;	.....
5	Scrip certificates of the assets as referred to in points 1 up to and including 3;	.....
6	Acknowledgement of debt towards the insurer, not being treasury bills or debentures, issued by or guaranteed by the Government of Aruba or other public entities in Aruba;	.....
7	Acknowledgement of debt towards the insurer, not being debentures, issued by companies incorporated in Aruba or issued by companies incorporated in Aruba for which a license pursuant to article 4 or 24 of the State Ordinance on the Supervision of the Credit System has been granted;	.....
	Total	.....

¹ The outstanding amount of intercompany current accounts receivable that exceeds 5% of Total investments. Not applicable to branches or agencies. Branches or agencies should fill out 0 (zero) under this line item.

² The highest outcome of either:

- 8% of the "Provision for Insurance Obligations" in the preceding financial year, or
- **AFL 500,000** if the insurer has been doing both life, accident & sickness insurance prior to July 2001 within the same legal entity.

II.7 Guidelines with regard to the transfer of rights and obligations from insurance agreements

Guidelines on the execution of Section 22, third paragraph of the State Ordinance on the Supervision of Insurance Business (AB 2000 no. 82)

Introduction

Under the present law the insureds' cooperation is required for the transfer of debts. This does not make it easy for an insurer to transfer its portfolio in whole or in part to another insurer, as this requires the consent of each individual policyholder. Therefore a special arrangement is necessary, because a transfer is often the most expedient way to ensure the interests of the insured parties. Before amplifying this, it should be pointed out that there may be question of a voluntary or a compulsory transfer of rights and obligations.

A transfer is compulsory when, at the request of the Centrale Bank van Aruba (the Bank), the court of first instance orders that the emergency regulation (section 20, first paragraph of the state ordinance) be applied to an insurer and authorizes one or more administrators to transfer all or part of the rights and obligations of the insurer. A transfer is voluntary if the insurer, at the Bank's instigation or not, requests so, or if an individual policyholder requests for a transfer.

In practice a transfer of rights and obligations from insurance agreements is effected for various reasons. It may be that the lack of growth in a certain portfolio induces the insurer to transfer the rights and obligations in question. It is also possible that an insurer wishes to get rid of the part of its portfolio that is not profitable or wishes to sell part of its portfolio in order to use the proceeds to improve its financial position. By a transfer an insurer in difficulties can not only serve the interests of the "transferred" insured persons, but also safeguard the interests of the remaining insured persons and possible creditors by means of the proceeds of the sale. Particularly in the life insurance business it is not in the insured persons interest to liquidate an insurer, even if the insurer is still solvent at that time. In such a case they will only receive the cash value of their claims, which will seldom correspond with the object for which they concluded the insurance. The purpose of these guidelines is to facilitate the transfer of rights and obligations by one insurer to the other and at the same time to protect the interests of the insured.

In view of the special nature of the life insurance business chapter I, part 1, sub a stipulates that for the transfer of rights and obligations from life insurance agreements the Bank's permission is always required. Only at the written request of an individual

policyholder this person's life insurance may be transferred to another insurer without the permission of the Bank.

The difference in character between the life and general insurance business is also apparent in the different procedures laid down in these guidelines with regards to obtaining permission from the Bank. In the case of the transfer of rights and obligations from life insurance agreements the decision is not left exclusively in the hands of the Bank, but the policyholders also have a say in this (chapter I, part 3). For practical reasons it was decided not to opt for a positive declaration of permission by three-fourths of the policyholders, but to reject the transfer when one fourth of the policyholders opposes such a transfer. When assessing the draft agreement to transfer, the Bank in the first place will have to check if the transfer is in the interest of the insured persons. The Bank will reject the transfer of rights and obligations to a financially weak insurer. Moreover, the Bank must ensure that the policy conditions do not undergo substantial changes.

Another consequence of the difference in character between the life and general insurance business is that for the life insurance business no provision is necessary in chapter I, like the one laid down in chapter II, part 3, point c for the general insurance business. Under that provision policyholders who, for whatever reason, object to the transfer of their general insurance are offered the opportunity to terminate their insurance agreement within 60 days subsequent to the publication of the transfer. Such a provision is not necessary for the life insurance business, as the policyholder can terminate the life insurance agreement at all times.

Chapter I

Transfer of rights and obligations life insurance agreements

Part 1

- a. An insurer may only transfer his rights and obligations from all or part of the life insurance agreements to another insurer by written agreement and with the Bank's written permission.
- b. In deviation from the stipulations under point a, an insurer is allowed to transfer his rights and obligations from an individual life insurance agreement to another insurer at the written request of the individual policyholder.

Part 2

SUPERVISORY DIRECTIVES

- a. The application to obtain permission from the Bank for the transfer of rights and obligations shall be accompanied by a draft agreement together with all the explanatory documents. The insurer shall also supply the Bank with any supplementary data it requires.
- b. If the Bank has no initial objections to the draft agreement for the transfer it shall notify the insurer thereof as soon as possible in writing. If it does have initial objections, it shall likewise as soon as possible notify the insurer of its objections in writing.

Part 3

- a. If the Bank has no initial objections to the proposal, or if these objections have been acted upon, the insurer shall publish its intentions to transfer the rights and obligations in the publication containing official government announcements and by other means to be determined by the Bank, in the interests of the policyholders. The announcement shall state a term to be determined by the Bank, within which the policyholders involved may inform the Bank, in writing, of their objections to the transfer.
- b. If policyholders, representing one fourth or more of the insured sum⁵ involved, have raised objections to the transfer within the term stipulated under point a above, a transfer is not permitted. The Bank shall notify the insurer accordingly in writing.
- c. If the Bank still has objections against the transfer, it shall notify the insurer of these objections in writing, as soon as possible after the term stipulated under point a above, has expired, stating the reasons for these objections.
- d. If within the stipulated term, policyholders representing one fourth or more of the insured sum involved have not raised objections to the transfer and also the Bank has no objections, the Bank shall grant the insurer a written permission to effect the transfer. The transfer may then take place and shall be effective with regard to all interested parties.
- e. The insurer that has transferred its rights and obligations shall announce the transfer in the publication containing official government announcements and by other means to be determined by the Bank, in the interests of the policyholders.

⁵ The insured sum shall be understood to be the insured capital increased by ten times the insured annual interests.

The contents of said publications shall require the previous written approval of the Bank.

Chapter II

Transfer of rights and obligations general insurance agreements

Part 1

By written agreement and with written permission from the Bank, an insurer may transfer its rights and obligations from or pursuant to general insurance agreements to another insurer, without permission of those who may derive rights from said agreements. The transfer may involve all or part of the general insurance agreements.

Part 2

- a. Chapter I, part 2, point a, similarly applies to the application to obtain permission from the Bank for a transfer.
- b. The Bank shall notify the insurer as soon as possible, in writing of its decision. A refusal must be motivated.

Part 3

- a. If, with the Bank's permission, a transfer of rights and obligations from general insurance agreements has taken place, the respective insurer shall announce that transfer in the publication containing official government announcements and by other means to be determined by the Bank in the interest of those who may derive rights from the indemnity agreements in question. The contents of said announcements require the previous written approval of the Bank.
- b. With regard to all persons involved, other than the insurers in question, the transfer shall become effective as from the day following the date of publication of the announcements referred to in point a.
- c. During a period of sixty days following the date of publication of the announcement referred to in point a, the policyholders in question shall be entitled to terminate their general insurance agreement in writing. The insurer shall refund the prepaid premium for the part proportional to the part of the period not yet lapsed.

II. 8 Managing Directors and members of the Supervisory Board

The day-to-day policy of an insurance company must be determined by at least one natural person, while it should have a supervisory board or a comparable body of at least three natural persons in so far it concerns a legal entity.

In order to safeguard the good reputation of the financial sector of Aruba, the Centrale Bank van Aruba (the Bank) in its licensing procedure, applies certain requirements as to the integrity, knowledge and experience of directors of the insurance company. These criteria are also applied in cases where new directors are appointed. In view of these requirements, the Bank may object to the appointment of one or more persons who determine the day-to-day policy of a supervised institution because his, her or their knowledge is considered inadequate to engage in the insurance business. Likewise, the Bank may object one or more persons accepting a post involving the (co-) determination of the policy of a supervised institution if, based on the intentions or the past history of that person or those persons, the Bank holds the opinion that the interests of the policy holders of the institution could be jeopardized.

Pursuant to section 7, sub a and b, and section 17 of the SOSIB any appointment of a new managing director and/or member of the supervisory board, needs the Bank's prior written approval. In order to assess the intended appointment in the light of the criteria above, the candidate is required to complete the Bank's questionnaire (Annex 1), sign and return it to the Bank via the institution concerned. A formal request together with the filled-out questionnaire and requested documents should be send to the Bank. Reference is made to paragraph 2 of the Directive on Sound Business Operations for further information on the integrity and suitability assessment conducted by the Bank.

The questions must be answered truthfully and as fully as possible. Questions relating to legal proceedings, convictions, refusal of licenses, supervision of payment or bankruptcy must be answered regardless of whether these facts occurred in Aruba or elsewhere and regardless of the nature of the facts (economic or other offenses).

The Bank's decision is taken on the basis of all available information, including that about the nature of the position and of the institutions. The answers to the questionnaire are merely one among many considerations.

Together with the filled out questionnaire the applicant must submit a declaration of good conduct.

The Bank informs the institutions concerned of its decision.

SUPERVISORY DIRECTIVES

The information obtained is covered by the secrecy obligation provided for in Article 23 of the State Ordinance on the Supervision of the Insurance Business.

II.9 Prospective (In-) Direct Shareholders - Natural Persons

Change in shareholding

(Section 31 of the SOSIB/ section 3 of the State Degree regulating changes in ownership)

Pursuant to section 3 of the State Degree regulating changes in ownership any natural person or legal entity needs the Bank's prior written approval to hold, acquire or increase a qualifying holding in An insurance company or to exercise any control attaching to a qualifying holding. The prospective shareholder should fill in the Bank's questionnaire for prospective shareholder (annex 1). A formal request together with the filled-out questionnaire and requested documents should be send to the Bank. Reference is made to paragraph 2 of the Directive on Sound Business Operations for further information on the integrity and suitability assessment conducted by the Bank. If such an interest or control could lead to any influence on the insurance business, which is contrary to sound insurance policy, the Bank may refuse authorization.

According to section 1 of the SOSIB a qualifying holding is defined as: a direct or indirect holding of more than ten percent of the issued share capital of an insurer or the ability to exercise directly or indirectly more than 10 percent of the voting rights in an insurer or the ability to exercise directly or indirectly a comparable degree of control.

II.10 Directive on the appointment of a certifying actuary

Directive on the appointment of a certifying actuary by virtue of articles 10 and 15a of the State Ordinance on the Supervision of the Insurance Business (AB 2000 no. 82) (SOSIB) for (life) insurance companies licensed by the Centrale Bank van Aruba (CBA).

1. Introduction

It is important that supervisors obtain the information they need to properly form an opinion on the minimum required technical provision: the assumptions, methods and principles applied; potential factors that threaten the solvency; financially significant reinsurance agreements; and compliance with related statutory and regulatory requirements. This information is obtained, amongst others, from the actuarial declaration/certification and actuarial report that must be filed, on a yearly basis, at the CBA. As such, supervisors have a clear interest in ensuring that the actuarial valuation is performed in a diligent way, taking into account the principles and guidance issued by the International Association of Insurance Supervisors (IAIS). In this respect, high standards of actuarial duties are essential for the proper operation of an insurer and play a key role in the insurers' overall systems of risk management and internal controls¹. As such, the actuarial valuation performed must be carried out by an actuary who:

- is properly licensed and in good standing;
- has relevant professional experience and competence;
- is independent in fact and in appearance;
- is objective and impartial; and
- complies with all ethical requirements.

2. Certifying and advising actuary

The certifying and advising actuary is an expert in actuarial science and is also chartered by a professional body, such as the “Koninklijk Actuariel Genootschap” in the Netherlands, the Society of Actuaries in the United States of America, or the Canadian Institute of Actuaries in Canada. The certifying and advising actuary is a professional trained in evaluating the financial implications of contingency events and has an understanding of the stochastic nature of insurance and other financial services, the risks inherent in assets and the use of statistical models (Insurance Core Principles, IAIS).

The CBA distinguishes between a certifying actuary and an advising actuary. The certifying actuary is the actuary that issues an actuarial report, based on his/her analysis of the minimum

¹ Insurance Core Principles, November 2017 (IAIS).

required technical provisions of the insurance company, and an actuarial certification or declaration. The actuarial report and actuarial certification/declaration must be submitted to the CBA each year not later than 6 months after the end of the fiscal year, as required by article 11, paragraph 3 of the SOSIB. In this regard, reference is made to supervisory directive II.3. “Actuarial report and certification of a Life Insurance Company”.

The advising actuary may assist the insurance company in different areas. The certifying actuary and advising actuary may not be performed by the same person or the same actuary office/group.

3. Directive

The CBA’s prior written approval is required for any appointment of, or change in the certifying actuary. The request for approval must be submitted to the CBA together with, at least, the following information/documents:

- a. Name of the proposed certifying actuary who will sign the actuarial report and declaration;
- b. Proof of the certifying actuary’s registration at a professional body for actuaries;
- c. Detailed resume/curriculum vitae of the signing actuary, including an overview of the financial institutions to which he/she provided actuarial services during his/her career;
- d. A copy of the draft engagement letter;
- e. Confirmation from the proposed certifying actuary that no disciplinary measures have been taken against him/her, or that a disciplinary complaint has been filed against him/her which is pending a decision; and
- f. A statement from the insurance company and a statement from the actuary firm must be submitted stating that there are no material business interests as described under paragraph 4 below.

4. Independence of a certifying actuary

There may not be any material business interest between i) the insurer, its management or a member thereof, its Supervisory Board or a member thereof, its direct or indirect shareholder(s), and ii) the certifying actuary and the members of the actuary team, and other entities part of the same group of the firm of the certifying actuary.

In case of a change of the certifying actuary, the CBA should be informed on the reasons of the intended change.

The CBA will grant its approval if the proposed certifying actuary complies with the requirements as stipulated in this directive and if there are no circumstances that, in the opinion of the CBA, would make the proposed actuary unfit for the assignment.

The CBA maintains at all times the right to revoke its approval if there are any circumstances that, in the opinion of the CBA, justify such action.

This directive enters into force as of **February 2019**.



CENTRALE BANK VAN ARUBA

PERSONAL QUESTIONNAIRE

&

ASSOCIATED GUIDANCE NOTES

April 1, 2020

J.E. Irausquin Boulevard 8 P.O. Box 18 Oranjestad Aruba
www.cbaruba.org

GUIDANCE NOTES

PURPOSE AND SCOPE

The Centrale Bank van Aruba ('CBA') is, amongst other things, responsible for the integrity and suitability testing of prospective Key Persons (Candidates) in relation to an entity under its supervision pursuant to:

- the State Ordinance on the Supervision of the Credit System (*Landsverordening toezicht kredietwezen* or 'SOSCS')¹;
- the State Ordinance on the Supervision of the Insurance Business (*Landsverordening toezicht verzekeringsbedrijf* or 'SOSIB')²;
- the State Ordinance on the Supervision of Money Transfer Companies (*Landsverordening toezicht geldtransactiebedrijven* or 'SOSMTC')³; and
- the State Ordinance on the Supervision of Trust Service Providers (*Landsverordening toezicht trustkantoren* or 'SOSTSP')⁴;
- the State Ordinance on Company Pension Funds (*Landsverordening ondernemingspensioenfondsen* or 'SOCPF')⁵;
- the State Ordinance on the Supervision of the Securities Business (*Landsverordening toezicht effectenverkeer* or 'SOSSB')⁶.
- the State Decree on the Supervision of Insurance Brokers (*Landsbesluit toezicht assurantiebemiddelaars* or 'SDSIB')⁷;

(henceforth referred to as the 'Supervisory Laws')

Pursuant to the Supervisory Laws, the CBA's prior approval is required to appoint or become a Key Person. In this respect, relevant information must be submitted to enable the CBA to assess the integrity and suitability of the Candidate.

These guidance notes seek to assist Applicants and Candidates by clarifying areas of uncertainty that may arise when completing or answering questions contained within this Personal Questionnaire ('PQ').

When assessing integrity the CBA looks at facts and circumstances that are relevant to ascertain if the behaviour of the Candidate is in line with a sound execution of the key position. When assessing suitability the CBA looks at the knowledge, experience and professional conduct of the Candidate as evident from, for instance, education, work experience, competences and their practical application. Suitability testing takes into account the key position, the nature, scope, complexity, and risk profile of the Regulated Entity, and the composition⁸ and functioning of the respective managing or supervisory body as a whole. If the integrity of the Candidate is not beyond doubt and/or the suitability is not sufficient to fulfil the function in question, the CBA can refuse the request for approval of the Candidate in a key position.

¹ Article 5, paragraph 1, subsections a, b and c; and article 9 of the SOSCS.

² Article 6, paragraph 1, subsections a and b; and article 17 of the SOSIB.

³ Article 4, paragraph 1, subsections a, b and c; and article 5, paragraphs 2 and 3 of the SOSMTC.

⁴ Article 3, paragraph 1, subsections b, c and d; and article 5; and article 5a of the SOSTSP.

⁵ Article 4 of the SOCPF.

⁶ Article 19 and article 20 of the SOSSB.

⁷ Article 6 of the SDSIB.

⁸ In the assessment of the composition of the Supervisory Board, the CBA also takes into account the independence requirements as laid down in the Corporate Governance Policy Papers.

For the purpose of this PQ and associated guidance notes:

Applicant includes the Regulated Entity which has filed an application for approval to appoint a Key Person or, in case the application relates to a qualifying holding⁹ in a Regulated Entity, the person who holds or will hold the qualifying holding.

Candidate means the prospective Key Person.

CBA means Centrale Bank van Aruba.

Key Person is

- a. a natural person who is a managing director or a person who otherwise (co)-determines the policy of a Regulated Entity;
- b. a natural person who is a member of the supervisory board or a comparable body of a Regulated Entity;
- c. a holder (natural person) of a qualifying holding in a Regulated Entity (excluding company pension funds) or, in case the holder of the qualifying holding is a legal person, the persons who determine the policy of this legal person.

Regulated Entity includes an entity that is regulated under any of the Supervisory Laws and supervised by the CBA.

PROCESS FOR APPROVAL

The process for approval usually involves at least three parties:

- the Applicant;
- the Candidate;
- the CBA.

After the Candidate and the Applicant have completed the PQ, the Applicant must submit the PQ and all other requested documents to the CBA for its review and approval.

Upon completion of the assessment and after the CBA has reached a conclusion on the integrity and suitability of the Candidate (which may take up to thirteen weeks once all requested information and documents are in the CBA's possession), the CBA sends its decision to the Applicant. It is very important that the CBA be informed of the proposed commencing date. In this regard it is noteworthy to mention that the Candidate may not exercise the proposed function without the CBA's prior approval. The CBA's decision is subject to objection and appeal by both the Applicant and the Candidate in accordance with the provisions of the State Ordinance on Administrative Proceedings (*Landsverordening administratieve rechtspraak*).

⁹ A qualifying holding is a direct or indirect holding of ten percent or more of the issued share capital or the ability to exercise directly or indirectly ten percent or more of the voting rights or comparable control.

Notwithstanding legal procedures regarding the CBA's decision, the Candidate concerned may not act as a Key Person until the CBA has given its written approval.

It should be noted that approval by the CBA always concerns a specific position in relation to a specific Regulated Entity in specific circumstances. If circumstances change (e.g. the Regulated Entity becomes active in a new field of business), or the person concerned is to be appointed in a new Key Person position or in a Key Position at a different Regulated Entity, a new application must be filled out and submitted to the CBA (see section "*Continuing obligation to advise the CBA of changes*" below).

The CBA reserves the right to request a PQ to be completed if, in the CBA's opinion, the person is considered to be a Key Person.

REQUIRED INFORMATION

In addition to the PQ, the following documents must be submitted to the CBA as part of the application.

Documents and information to be provided by the Applicant:

- a formal request for the appointment of the proposed Candidate, including the reason(s) for the proposed appointment;
- the Regulated Entity's recruitment and selection policy and procedures. This concerns in any case the actual assessment that was followed for the recruitment and selection of the Candidate. If a suitability matrix of the body at which the Candidate will become a member is available this must also be submitted;
- the profile of the function concerned. This profile must at least contain information on the tasks and responsibilities (focus areas) and the expected time expenditure, the required knowledge, experience and competences for the function concerned; and
- the Regulated Entity's decision-making process regarding the selection of a Candidate and the considerations that led to the outcome of the selection process. The considerations must indicate the extent to which the Candidate meets the function profile, in terms of knowledge, experience, competences and professional conduct, taking into account the composition and functioning of the body of which the Candidate will become a member.

Documents and information to be provided by the Candidate:

- a certified true copy of the photograph and signature page(s) of the Candidate's passport ensuring that the photograph is clear and the signature legible;¹⁰
- an extract (*uittreksel*) from the Civil Registry (*Bevolkingsregister*) regarding the Candidate not older than two (2) months;
- a declaration of good conduct (*Verklaring omtrent het gedrag*) or an equivalent declaration from the relevant judicial authority from where the Candidate is domiciled, not older than three (3) months;
- a declaration of good standing of the tax authority (*Verklaring van fiscaal gedrag*) from where the Candidate is domiciled, not older than three (3) months.
- copies of the test results of any assessment with respect to the Candidate's integrity or suitability by a regulator (in Aruba or elsewhere) in charge with financial supervision;

¹⁰ This copy must be certified by a Key Person approved by the CBA or a civil notary. The Key Person certifying the copy of the passport should state, "I certify that this is a true copy of the original page(s) of the passport of [individual's name] presented to me on [date]." The Key Person certifying should also sign and date the copy and print their name and capacity in which they have signed.

- copies of the Candidate's certificated qualifications (including proof of relevant courses attended);
- the Candidate's curriculum vitae; and
- if the Candidate holds any direct or indirect financial and/or controlling interest of ten percent or more in another institution, a copy of the articles of incorporation, the shareholders' register, an extract from the Chamber of Commerce, and the most recent financial statements of that institution.

If the CBA deems it necessary, it may ask the Applicant or Candidate for additional information. Furthermore, the CBA may invite the Candidate for an interview. The CBA may also consult with third parties, such as the references provided by the Candidate, the Chamber of Commerce and Industry Aruba, law enforcement agencies, foreign regulators in charge with financial supervision, tax authorities and any other agencies or persons that may be able to provide relevant information on the Candidate. By submitting and signing this PQ both the Applicant and the Candidate provide their consent to the information gathering by the CBA from third parties.

CONTINUING OBLIGATION TO ADVISE THE CBA OF CHANGES

On an on-going basis, the CBA is to be informed of any changes to information previously submitted in the PQ and all other circumstances that can reasonably be considered relevant to the CBA's assessment of the Key Person involved. This obligation lies with the Applicant. On the basis of the new information, or other new facts or circumstances, the CBA may decide to conduct a reassessment of the Key Person's integrity and suitability.

RESIGNATIONS

Should a Key Person cease to fulfill this role, the CBA should be advised by the Regulated Entity of the date that the Key Person ceased acting in this capacity and the reason for such cessation. However, should a person be a Key Person by way of his or her qualifying holding in the Regulated Entity, the CBA should be informed of any change in the qualifying holding by the person holding the (qualifying) holding.

COMMUNICATION WITH KEY PERSONS

The CBA will in principle communicate with the Applicant. However, the CBA may invite the Candidate for an interview and thus have direct contact with this person. Also for clarifications on matters that regard the Applicant's antecedents, the CBA may decide to contact the Applicant directly.

GENERAL POINTS

This PQ comprises of 13 sections and each section contains a number of questions. All questions contained in the PQ must be answered.

All responses should be typed or written in blue ink.

Incomplete PQs will be returned to the Applicant for completion and resubmission. The Key Person should initial all amendments to confirm they are correct.

All (other) facts and circumstances that can reasonably be considered relevant to the CBA's assessment must be disclosed in the application. Withholding such information may be considered as providing misleading information and as such may have consequences for this application and future applications.

If you have any further questions concerning the completion of this form, you can contact the CBA via e-mail address: informationcenter@cbaruba.org.

SUBMISSION OF THE PQ

After completion, the PQ should be signed by both the Applicant and the Candidate. The Applicant must submit its request for the appointment of the proposed Candidate, including the filled-out PQ and required documents, to the CBA in hardcopy and provide the CBA with an electronic readable version (pdf format) via e-mail address informationcenter@cbaruba.org.



CENTRALE BANK VAN ARUBA

PERSONAL QUESTIONNAIRE

All questions must be answered.

Please refer to the Guidance Notes to aid completion of this Personal Questionnaire.

All responses should be typed or written in **blue ink**.

Any attachments should be clearly referenced to the relevant question(s) and signed by the individual completing the Personal Questionnaire, as confirmation that they are complete and accurate.

The CBA reserves the right to seek references from organizations and individuals named in this Personal Questionnaire, including foreign regulatory authorities. It is important, therefore, to ensure that **full and accurate names, addresses, and contact information** are provided.

J.E. Irausquin Boulevard 8 P.O. Box 18 Oranjestad Aruba

www.cbaruba.org



CENTRALE BANK VAN ARUBA

Information to be provided by the Applicant

All responses should be typed or written in **blue ink**.

SECTION 1

1.1 Name and address of the Regulated Entity at which the Candidate will become a Key Person:

--

1.2 In which function will the Candidate become a Key Person:

Please provide the job title and a brief description of the role to be undertaken. If the Candidate is to fulfil more than one role, please specify.

--

1.3 Please state the main tasks and responsibilities in respect of the function in which the Candidate will become a Key Person:

--

1.4 Proposed commencement date of the Key Person's duties:

Please note that the proposed commencement is a date in the future and cannot be the same date as the Application form due to the fact that only after the CBA's approval the Key Person is allowed to exercise the proposed function.

Day:			Month:		Year:	
-------------	--	--	---------------	--	--------------	--

1.5 Provide an overview of the new composition of the Managing Board or Supervisory Board after the appointment and approval of the proposed Candidate.

Please state for each Supervisory Board member whether he/she is independent.

--

1.6 Mark the relevant boxes to indicate the legislation under which you are seeking approval:

State Ordinance on the Supervision of the Credit System	
State Ordinance on the Supervision of the Insurance Business	
State Ordinance on the Supervision of Money Transfer Companies	
State Ordinance on the Supervision of Trust Service Providers	
State Ordinance on the Supervision of the Securities Business	
State Ordinance on Company Pension Funds	
State Decree on the Supervision of Insurance Brokers	

Information to be provided by the Candidate

All responses should be typed or written in **blue ink**.

Please refer to the Guidance Notes to aid completion of this PQ.

If you need more writing space to answer a question than provided by this PQ, please provide the requested details on a clearly referenced attachment. The answers provided must be legible.

SECTION 2 – Personal Details

2.1 Surname:

	Title(s):	
--	------------------	--

2.2 Given name(s):

--

2.3 Place of birth:

Town/City:		Country	
-------------------	--	----------------	--

2.4 Date of birth:

Day:		Month:		Year:	
-------------	--	---------------	--	--------------	--

2.5 Nationalities and how acquired:

Nationality:		Acquired:	
---------------------	--	------------------	--

2.6 Private address (including, if applicable, postal code):

--

Home telephone number:

Country/area code:		Number:	
---------------------------	--	----------------	--

Personal mobile number:

--

Private email address:

--

2.7 Business telephone number:

Country/area code:		Number:	
---------------------------	--	----------------	--

Business fax number:

Country/area code:		Number:	
---------------------------	--	----------------	--

Business email address:

--

2.8 Passport:

Number:		Expiry date:	
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Issuing country:	
-------------------------	--

2.9 Have you ever changed your name?

Please include details of any changes to your name, including forenames and surnames, e.g. through marriage.

***YES / NO**

***If YES, please list all previous names (given names and surnames), the dates on which they were changed and reasons for the change.**

Previous full name(s) & title	Date changed	Registry at which details are recorded	Reason for change

2.10 Have you changed your private address at any time in the previous ten years?

***YES / NO**

***If YES, please give details of each address and the date (mm/yy) on which it changed.**

Previous address(es)	Date changed

2.11 Have you ever changed your nationality?

***YES / NO**

***If YES, please list all previous nationalities, the date, how they were acquired/lost.**

Previous nationalit(y)(ies)	Date changed	Acquired by	Lost through

2.12 Please provide the name(s) and address(es) of all banks where you hold accounts.

Name(s) of bank(s)	Address(es)

2.13 Are you a 'Politically Exposed Person' (PEP)?

A PEP or Politically Exposed Person means a person who holds or held a prominent public position, as well as direct family members and direct associates of such a person.

***YES / NO**

***If YES, please give details.**

--

SECTION 3 – Experience

Not applicable in case the application relates to a (qualifying) holding in a Regulated Entity.

3.1 Please state the number of contracted hours per week or month that you anticipate dedicating to this position.

If this position is not full-time, please explain what other roles and activities will be occupying your time. Answers such as ‘as much time as is necessary’ or similar are not acceptable and actual indicative hours are required.

3.2 Will you be acting as a Managing Director or Supervisory Board Member?

***YES / NO**

*If YES, please provide full details on your role and what particular contribution you will bring. Please use clearly referenced attachments if needed.

*If YES, please also give details of your current day-to-day employment position(s).

3.3 Employment history

Please provide details of your current employment position and your employment history. Your reasons for leaving should be categorised as follows:

1. Resignation;
2. Redundancy;
3. Retirement;
4. Termination/dismissal;
5. End of contract; and
6. Other (please provide details).

Please provide as much contact information as possible on any relevant regulator in order to accelerate the inter-regulatory checks process undertaken by the CBA.

Should you, or the Regulated Entity in relation to whom you will become a Key Person, maintain or have previously maintained a business relationship with any of your previous employers listed, please give details using a clearly referenced attachment.

Name / address of employer and nature of business	Name of regulator	Position(s) held	Relevant dates (mm/yy)	Reason(s) for leaving

3.4 Please provide details of any employment or otherwise important positions, whether paid or unpaid, including memberships of a board or a committee, which you will not resign from when you will become a Key Person.

Name / address of organization and nature of business or activities	Name of regulator	Position(s) held	Relevant dates (mm/yy)	Task and responsibilities	Total number of contracted hours per week or month that is dedicated to the position

3.5 Please provide details of relevant professional qualifications, degrees, etc.

Please state the awarding body (to include full name and address), the date the qualification was obtained and provide a copy of the awarding certificate.

Qualification(s)	Date awarded (dd/mm/yy)	Name & address of awarding body

3.6 Please provide details of past and current membership of any relevant professional body or organization and the year of admission.

If applicable, please provide details of why your membership ceased.

Membership details	Date of admission (dd/mm/yy)	Name and address of professional body or organization

A relevant professional body or organization would in any case include an organization of fellow professionals.

3.7 Please provide details of your specific experience (knowledge, capabilities, competences, etc.) relevant to the position.

3.8 Please provide three independent references and further details, including their names, positions, addresses, telephone numbers, e-mail addresses and relationship to you (not applicable in case the application relates to a (qualifying) holding in a Regulated Entity).

The references should preferably have affinity with the financial or trust sector and (used to) work as your direct superior(s) or fellow (co-)policymaker(s). At least one of the three references should work for your last/current employer.

Persons who cannot act as references include persons related by consanguinity in a direct or indirect line up to and including relations in the third degree, your (former) spouse or partner.

Listed references must be notified in advance and be prepared to act in such a capacity.

Name	Position	Address, telephone number(s), e-mail address(es)	Relationship to you

SECTION 4 – Criminal antecedents

4.1 At any time, have you been considered a suspect in a criminal investigation in Aruba or elsewhere, or do you expect to be considered as such?

***YES / NO**

*If YES, please specify and explain the criminal offence, the state of affairs and the outcome of each case, e.g. still under investigation, conviction, acquittal, discharge from further prosecution, a settlement or (conditional) dismissal of charges. For each case, please provide details, including relevant dates, courts, current status of the proceedings (if still pending), etc.

Please also include traffic offences (minor traffic violations may be excluded).

Traffic offences include:

- joyriding;
- driving under the influence of alcohol or drugs;
- hit-and-run driving;
- driving while under a disqualification order;
- driving during suspension of driving license;
- involuntary manslaughter;
- driving with false license plates.

4.2 Has any institution whose policy is or was (co-)determined by you, e.g. as a managing director or supervisory board member, ever been a suspect in a criminal investigation?

***YES / NO**

*If YES, please specify and explain the criminal offence, state of affairs and the outcome of each case, e.g. still under investigation, conviction, acquittal, discharge from further prosecution, a settlement or (conditional) dismissal of charges. For each case, please provide details, including relevant dates, courts, whether or not proceedings are pending or final, etc.

Where applicable, please explain how you were involved or how the offence related to your responsibilities.

This question includes the indirect (co-)determination of policies of companies through the provision of trust services as defined in Article 1 of the SOSTSP.

4.3 Are you/ have you been involved in any criminal related matters not covered by the previous questions?

***YES / NO**

***If YES, please provide details.**

SECTION 5 – Personal financial antecedents

5.1 Do your personal financial liabilities stand in a sound relationship, by general standards, to your income and/or personal assets?

***YES/NO**

*If NO, please explain.

5.2 Have you been in any financial problems or personal financial difficulties?

***YES/NO**

*If YES, please explain if these problems have led to any legal, debt collecting or debt recovery proceedings and how this situation was resolved (e.g. suspension of payments petition filed/declared, bankruptcy petition filed/declared, debts rescheduled, agreement with creditors).

5.3 Do you expect, within a year from today, to run into financial difficulties leading to legal, debt collecting or debt recovery steps?

***YES/NO**

*If YES, please explain.

5.4 Are there any other facts or circumstances on your personal financial position that could be of relevance for the integrity assessment?

***YES/NO**

*If YES, please provide details.

SECTION 6 – Supervisory antecedents

6.1 Have you, or has any institution whose policy is or was (co-)determined by you, ever had a permission, an authorization, a license, an exemption, a dispensation or a registration withdrawn or refused by a (financial) regulator or other authorization-granting entity?

***YES/NO**

*If YES, please provide details.

6.2 Have you, or has any institution whose policy is or was (co-)determined by you, ever had a conflict with a foreign or domestic (financial) regulator that led to a regulatory measure, or do you expect such a situation to develop within the next twelve months?

***YES/NO**

*If YES, please explain.

6.3 Are there any other facts or circumstances with a foreign or domestic (financial) regulator or other authorization-granting entity that could be of relevance for the integrity assessment?

Examples would be: warning letters, normative conversations, settlement agreements with a foreign or domestic (financial) regulator and withdrawn nomination(s) for appointment.

***YES/NO**

*If YES, please provide details.

SECTION 7 – Tax related antecedents

7.1 Have you ever received a tax punitive fine (*fiscale vergrijpboete*) that became irrevocable?

***YES/NO**

*If YES, please provide details.

7.2 Are you currently involved in a procedure that might lead to the imposition of a tax punitive fine?

***YES/NO**

*If YES, please provide details (including the current status of the proceedings).

7.3 Has a tax subject whose policy is or was (co-)determined by you ever received a tax punitive fine that became irrevocable?

This question includes the indirect (co-)determination of policies of companies through the provision of trust services as defined in Article 1 of the SOSTSP.

***YES/NO**

*If YES, please provide details.

7.4 Is a tax subject whose policy is or was (co-)determined by you currently involved in a procedure that might lead to the imposition of a tax punitive fine?

This question includes the indirect (co-)determination of policies of companies through the provision of trust services as defined in Article 1 of the SOSTSP.

***YES/NO**

*If YES, please provide details (including the current status of the proceedings).

7.5 Are there any other facts or circumstances on tax related matters that could be of relevance for the integrity assessment?

***YES/NO**

*If YES, please provide details.

SECTION 8 – Business related financial antecedents

8.1 Do you have a direct or indirect interest or relationship with the Regulated Entity as referred to under section 1.1, other than your proposed Key Person position?

A direct or indirect interest may in this case be related by consanguinity or affinity in a direct or indirect line up to and including relations in the third degree, your (former) spouse or cohabitant.

***YES/NO**

*If YES, please provide details.

8.2 Has any institution whose policy is or was (co-)determined by you experienced major financial difficulties?

This question includes the indirect (co-)determination of policies of companies through the provision of trust services as defined in Article 1 of the SOSTSP.

***YES/NO**

*If YES, please explain (legal procedure, suspension of payments, bankruptcy, or other).

8.3 Is there currently a judicial inquiry concerning, or were you ever ordered by a court of law to pay, (unpaid) debts because of liability for the bankruptcy of a legal entity pursuant to the applicable provisions of the Bankruptcy State Ordinance (*Faillissementsverordening*), the Civil Code of Aruba (*Burgerlijk Wetboek van Aruba*) or any similar provisions elsewhere?

***YES/NO**

*If YES, please provide details.

8.4 If you answered question 8.2 or 8.3 affirmatively, please provide any particulars if you were directly involved with the financial difficulties, or with the legal proceedings, suspension of payments, bankruptcy or other, and if you were found liable on what grounds.

8.5 Of which other institutions are you currently a (co-)policymaker?

8.6 Do you hold any direct or indirect financial and/or controlling interest of ten percent or more in an other institution?

Financial interest entails: the equity share or other similar capital providing interest which you have in an institution other than the one you work for or intend to join.

Controlling interest entails: voting rights or another similar type of controlling power at the highest level in an institution other than the one you work for or intend to join.

***YES/NO**

*If YES, please provide details.

8.7 Do these other institution(s), referred to under sections 8.5 and 8.6, maintain a commercial interest with the Regulated Entity as referred to under section 1.1?

***YES/NO**

*If YES, please provide details.

SECTION 9 – Other antecedents

9.1 If you are now, or have ever been, a member of a relevant professional body or organization (refer to section 3.6), have any disciplinary or similar measures ever been taken against you?

***YES/NO**

*If YES, please explain (the measures, the organization by which, when, and the reason why).

9.2 Have you ever been involved in a conflict with an employer?

***YES/NO**

*If YES, please provide the name of the employer(s) and explain.

9.3 Relating to any conflict specified under question 9.2, where there any sanctions imposed on you under employment law (e.g., a warning, a reprimand, or dismissal)?

***YES/NO**

*If YES, please explain.

SECTION 10 – Holders of a qualifying holding

Complete this section only if you intend to become (a director of) a holder of a qualifying holding in a Regulated Entity.

Pursuant to the Supervisory Laws, the CBA assesses the integrity of the holders of a qualifying holding in the Applicant. In case a holder of a qualifying holding is a legal person, all natural persons determining the day-to-day policy of this legal person (in any case: the legal person’s directors), must complete this PQ.

A qualifying holding is a direct or indirect holding of 10% or more of the issued capital or the right to exercise, directly or indirectly, 10% or more of the voting rights or equivalent control.

10.1 Please provide the following information concerning the prospective qualifying holding in the applicant.

Name(s) qualifying holder (s)	Address(es) qualifying holder(s)	Shares (%)	Preferred shares (Yes/No)	Priority shares (Yes/No)	Share certificates (Yes/No)	Voting rights (%)	Other form of control (%)	Direct (D) or Indirect (I)

10.2 Please explain your reasons for acquiring or increasing the qualifying holding in the Regulated Entity and your intentions regarding the qualifying holding.

10.3 Please specify any existing relationships between the prospective holder(s) of a qualifying holding mentioned in 10.1 and the existing shareholders of the Regulated Entity.

10.4 Please provide the name(s) and address(es) of all other subsidiaries and affiliates of the prospective holder(s) of a qualifying holding mentioned in 10.1

10.5 Are you or will you be involved in the (co-)determining of the Regulated Entity's policy?

***YES/NO**

***If YES, please explain.**

SECTION 11 – Miscellaneous questions

11.1 Is there between you and the Regulated Entity any financial relationship which does not ensue directly from your (intended) function or position (e.g. a loan)?

***YES/NO**

***If YES, please explain.**

11.2 At any time in the past, have you been assessed with respect to integrity and suitability by a regulator (in Aruba or elsewhere) in charge of financial supervision?

***YES/NO**

***If YES, please explain (name of regulator, period and result of the assessment).**

11.3 Are you aware of any other facts or circumstances that could reasonably be expected to be of relevance to the CBA when assessing your personal and/or professional qualities?

***YES/NO**

***If YES, please provide full particulars.**

PLEASE DISCLOSE ANY OTHER FACTS THAT YOU CONSIDER MATERIAL TO THIS APPLICATION.

SECTION 12 – Checklist additional information and documents

Please check the corresponding box to indicate whether the documents and information listed have been included with your application (reference is made to pages 4 and 5 of the Guidance Notes).

Documents and information to be provided by the Applicant:

- A formal request for the appointment of the proposed Candidate, including the reason(s) for the proposed appointment.
- The Regulated Entity's recruitment and selection policy and procedures.¹¹
- The profile of the function concerned.¹²
- The decision-making process regarding the selection of a Candidate and the considerations that led to the outcome of the selection process.¹³

Documents and information to be provided by the Candidate:

- A certified true copy of the photograph and signature page(s) of the Candidate's passport.¹⁴
- An extract (*uittreksel*) from the Civil Registry (*Bevolkingsregister*) regarding the Candidate not older than two (2) months.
- A Declaration of Good Conduct (*Verklaring omtrent het gedrag*) or an equivalent declaration from the relevant judicial authority from where the Candidate is domiciled, not older than three (3) months.
- A declaration of good standing of the tax authority (*Verklaring van fiscaal gedrag*) from where the Candidate is domiciled, not older than three (3) months.
- Test results of any assessment with respect to the Candidate's integrity or suitability by a regulator (in Aruba or elsewhere) in charge with financial supervision.
- The Candidate's certificated qualifications (including proof of relevant courses attended).
- The Candidate's curriculum vitae.
- If the Candidate holds any direct or indirect financial and/or controlling interest of ten percent or more in another institution, a copy of the articles of incorporation, the shareholders' register, an extract from the Chamber of Commerce, and the most recent financial statements, of that institution.

¹¹ This concerns in any case the actual assessment that was followed for the recruitment and selection of the Candidate. If a suitability matrix of the body at which the Candidate will become a member is available this must also be submitted

¹² This profile must at least contain information on the tasks and responsibilities (focus areas) and the expected time expenditure, the required knowledge, experience and competences for the function concerned

¹³ The considerations must indicate the extent to which the Candidate meets the function profile, in terms of knowledge, experience, competences and professional conduct, taking into account the composition and functioning of the body of which the Candidate will become a member.

¹⁴ This copy must be certified by a Key Person approved by the CBA or a civil notary. The Key Person certifying the copy of the passport should state, "I certify that this is a true copy of the original page(s) of the passport of [individual's name] presented to me on [date]." The Key Person certifying should also sign and date the copy and print their name and capacity in which they have signed.

SECTION 13 – Declaration(s)

The Candidate

I am aware that withholding information may be considered as providing misleading information and as such may have consequences for this application and future applications.

I am also aware that it is a criminal offence to knowingly or recklessly provide any information which is false or misleading in connection to this PQ.

I confirm that the information in this form and any attachment is accurate and complete to the best of my knowledge and belief.

I agree to provide details of any changes to information in this form and any attachment immediately to the CBA.

I authorize the CBA to make such enquiries and to seek further information as it deems appropriate to verify the information given in this form. In particular, I consent to the CBA carrying out a judicial record check on any unspent convictions and convictions for relevant offences that I may have, conducting checks with other regulators, companies and institutions stated in this Personal Questionnaire and using external data sources.

I confirm that I fully understand my role(s), responsibilities and accountabilities under the Supervisory Law(s) to which this PQ relates.

Signed:

--

Date:

--

Name (BLOCK CAPITALS):

--

The Applicant *(Only in case the Applicant is not the same person as the Candidate.)*

I confirm to have completed Section 1 of the PQ fully and truthfully.

I declare to be authorised to represent the Applicant named under 1.1.

Signed:

--

Date:

--

Name (BLOCK CAPITALS):

--

Position:

--



CENTRALE BANK VAN ARUBA

QUESTIONNAIRE EXTERNAL AUDITOR &

ASSOCIATED GUIDANCE NOTES

April 1, 2020

J.E. Irausquin Boulevard 8 P.O. Box 18 Oranjestad Aruba
www.cbaruba.org

PURPOSE AND SCOPE

The Centrale Bank van Aruba's ('CBA') written approval is required for any appointment of, or change in external auditor in relation to an entity under its supervision pursuant to:

- the State Ordinance on the Supervision of the Credit System (*Landsverordening toezicht kredietwezen* or 'SOSCS')¹;
- the State Ordinance on the Supervision of the Insurance Business (*landsverordening toezicht verzekeringsbedrijf* or 'SOSIB')²;
- the State Ordinance Company Pension Funds (*Landsverordening ondernemingspensioenfondsen* or 'SOCPF')³;
- the State Ordinance on the Supervision of the Security Business (*Landsverordening toezicht effectenverkeer* or 'SOSSB')⁴; and
- the State Decree on the Supervision of Insurance Brokers (*Landsbesluit toezicht assurantiebedruidelaars* or 'SDSIB')⁵.

(henceforth referred to as the 'Supervisory Laws')

Beside abovementioned supervisory laws, reference is made to the supervisory directives issued by the CBA for the different sectors on the appointment of an external auditor.

These guidance notes seek to assist applicants and external auditors by clarifying areas of uncertainty that may arise when completing or answering questions contained within this Questionnaire External Auditor ('Questionnaire').

For the purpose of this Questionnaire and associated guidance notes:

Applicant includes the regulated entity which has filed an application for approval to appoint an external auditor.

External auditor as defined under article 1 of the Supervisory Laws: 'a person who is not employed by the company or institution, being a "registeraccountant" or an "accountant-administratieconsulent" registered pursuant to article 36, paragraph 2, item i, of the Dutch Law on the accounting profession (Stb. 2012, 680)'.

CBA means Centrale Bank van Aruba.

Regulated entity includes an entity that is regulated under the SOSCS, SOSIB, SOCPF, SOSSB, or SDSIB.

PRIOR WRITTEN APPROVAL

Pursuant to the respective Supervisory Laws, the CBA's prior written approval is required for any appointment of or change in external auditor. In this respect, relevant information must be submitted to enable the CBA to assess the proposed candidate.

¹ Article 15, paragraph 1, in conjunction with article 21a, of the SOSCS.

² Article 10 in conjunction with article 15a of the SOSIB.

³ Article 11a in conjunction with article 12a of the SOCPF.

⁴ Article 98 of the SOSSB.

⁵ Article 4, paragraph 5 of the SDSIB.

PROCESS FOR APPROVAL

The process for approval usually involves at least three parties:

- the regulated entity (“applicant”) that intends to appoint an external auditor;
- the external auditor;
- the CBA.

After the applicant and the external auditor have completed the Questionnaire, the applicant must submit the Questionnaire and all other requested documents to the CBA for its review and approval.

Upon completion of the assessment and after the CBA has reached a conclusion, the CBA sends its decision to the applicant. The CBA’s decision is subject to objection and appeal by both the applicant and the external auditor in accordance with the provisions of the State Ordinance on Administrative Proceedings (*Landsverordening administratieve rechtspraak AB 1993 no. 45*).

REQUIRED INFORMATION

In addition to the Questionnaire External Auditor, the following documents must be submitted to the CBA as part of the application:

- A formal request for the appointment of the proposed external auditor, including the reason(s) for the intended change.
- Draft engagement letter, including the stipulations as mentioned in the supervisory directive “Appointment of an External Auditor”.
- Detailed resume/curriculum vitae of the external auditor, including an overview of the financial institutions which he/she audited during his/her career.
- Proof of the registration of the external auditor at the “Nederlandse Beroepsorganisatie van Accountants” (including registration number).
- A summary of the Quality Review Process in place at the audit firm; and the name and resume (including the audit experience in the sector) of the Quality Review Partner assigned to perform the quality review on the audit engagement.

If the CBA deems this necessary, it may ask the applicant and the external auditor for additional information.

CONTINUING OBLIGATION TO ADVISE THE CBA OF CHANGES

On an on-going basis, the CBA is to be informed of any changes to information previously submitted in the Questionnaire, and of any other circumstances, that can reasonably be considered relevant to the CBA’s assessment of the external auditor involved. This obligation lies with the applicant. On the basis of the new information, or other new facts or circumstances, the CBA may decide to conduct a re-assessment of the external auditor.

CHANGE OF EXTERNAL AUDITOR

In case of a change of the external auditor, the CBA should be informed on the reason(s) for the intended change.

COMMUNICATION

The CBA will in principle communicate with the applicant. However, the CBA may invite the external auditor for an interview at its premises.

GENERAL POINTS

This Questionnaire comprises of 9 sections and each section contains a number of questions. All questions contained in the Questionnaire must be answered.

All responses should be typed or written in blue ink.

Incomplete Questionnaires will be returned to the applicant for completion and re-submission.

All (other) facts and circumstances that can reasonably be considered relevant to the CBA's assessment must be disclosed in the application. Withholding such information may be considered as providing misleading information and as such may have consequences for this application and future applications.

SUBMISSION OF THE QUESTIONNAIRE

After completion, the Questionnaire should be signed by both the External Auditor and the Applicant. The Applicant must submit its request for the appointment of the External Auditor, including the filled-out Questionnaire and required documents, to the CBA in hardcopy and provide the CBA with an electronic readable version (pdf format) via e-mail address informationcenter@cbaruba.org.



CENTRALE BANK VAN ARUBA

QUESTIONNAIRE EXTERNAL AUDITOR

All questions must be answered.

Please refer to the Guidance Notes to aid completion of this Questionnaire.

All responses should be typed or written in **blue ink**.

Any attachments should be clearly referenced to the relevant question(s) and signed by the individual completing the Questionnaire, as confirmation that they are complete and accurate.

The CBA reserves the right to seek references from organizations and individuals named in this Questionnaire, including foreign regulatory authorities. It is important, therefore, to ensure that **full and accurate names, addresses, and contact information** are provided.

J.E. Irausquin Boulevard 8 P.O. Box 18 Oranjestad Aruba
www.cbaruba.org



CENTRALE BANK VAN ARUBA

Information to be provided by the applicant

SECTION 1

1.1 Name and address of the regulated entity who requests the proposed appointment of the external auditor:

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1.2 Name and address of the audit firm of the external auditor:

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1.3 Mark the relevant boxes to indicate the legislation under which you are seeking approval:

State Ordinance on the Supervision of the Credit System	
State Ordinance on the Supervision of the Insurance Business	
State Ordinance Company Pension Funds	
State Ordinance on the Supervision of the Security Business	
State Decree on the Supervision of Insurance Brokers	

Information to be provided by the external auditor

SECTION 2 – Personal Details

2.1 Surname:

	Title(s):	
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2.2 Given name(s):

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SECTION 3 – Experience

3.1 Employment history

Please provide details of your current employment position and your employment history. Your reasons for leaving should be categorised as follows:

1. Resignation;
2. Redundancy;
3. Retirement;
4. Termination/dismissal;
5. End of contract; and
6. Other (please provide details).

Please provide as much contact information as possible on any relevant regulator in order to accelerate the inter-regulatory checks process undertaken by the CBA.

Should you, or the regulated entity, maintain or have previously maintained a business relationship with any of your previous employers listed, please give details using a clearly referenced attachment.

Name / address of employer and nature of business	Name of regulator	Position(s) held	Relevant dates (mm/yy)	Reason(s) for leaving

3.2 Please provide details of any employment or otherwise important positions, whether paid or unpaid, including memberships of a board or a committee.

Name / address of organization and nature of business or activities	Name of regulator	Position(s) held	Relevant dates (mm/yy)	Task and responsibilities

3.3 Please provide details of relevant professional qualifications, degrees, etc.

Please state the awarding body (to include full name and address), and the date the qualification was obtained.

Qualification(s)	Date awarded (dd/mm/yy)	Name & address of awarding body

3.4 Please provide details of past and current membership of any relevant professional body or organization and the year of admission.

If applicable, please provide details of why your membership ceased.

Membership details	Date of admission (dd/mm/yy)	Name and address of professional body or organization

A relevant professional body or organization would in any case include an organization of fellow professionals.

3.5 Please provide details of your specific experience (knowledge, capabilities, competences, fields of expertise, etc.).

SECTION 4 – Quality review process

4.1 Provide a summary of the Quality Review Process in place at your firm including supporting documents.

4.2 Provide the name and resume (including the audit experience in the sector) of the Quality Review Partner assigned to perform the quality review on the engagement.

SECTION 5 – Business related financial antecedents

5.1 Do you have a direct or indirect interest or relationship with the regulated entity as referred to under section 1.1, other than your proposed appointment?

A direct or indirect interest may in this case be related by consanguinity or affinity in a direct or indirect line up to and including relations in the third degree, your (former) spouse or cohabitant.

***YES/NO**

*If YES, please provide details.

5.2 Has any institution whose policy is or was (co-)determined by you experienced major financial difficulties?

***YES/NO**

*If YES, please explain (legal procedure, suspension of payments, bankruptcy, or other).

5.3 Is there currently a judicial inquiry concerning, or were you ever ordered by a court of law to pay, (unpaid) debts because of liability for the bankruptcy of a legal entity pursuant to the applicable provisions of the Bankruptcy State Ordinance (*Faillissementsverordening*), the Civil Code of Aruba (*Burgerlijk Wetboek van Aruba*) or any similar provisions elsewhere?

***YES/NO**

*If YES, please provide details.

5.4 If you answered question 5.2 or 5.3 affirmatively, please provide any particulars if you were directly involved with the financial difficulties, or with the legal proceedings, suspension of payments, bankruptcy or other, and if you were found liable on what grounds.

5.5 Do you hold directly or indirectly, shares in an other institution?

***YES/NO**

*If YES, please provide details.

5.6 Do these other institution(s), referred to under section 5.5, maintain a commercial interest with the regulated entity as referred to under section 1.1?

***YES/NO**

*If YES, please provide details.

SECTION 6 – Other antecedents

6.1 Have any disciplinary or similar measures ever been taken against you or a disciplinary complaint has been filed against you which is pending a decision by a relevant professional body or organization (refer to section 3.4)?

***YES/NO**

*If YES, please explain (the measures, the organization by which, when, and the reason why).

6.2 Have you ever been involved in a conflict with an employer?

***YES/NO**

*If YES, please provide the name of the employer(s) and explain.

6.3 Relating to any conflict specified under question 6.2, where there any sanctions imposed on you under employment law (e.g., a warning, a reprimand, or dismissal)?

***YES/NO**

*If YES, please explain.

SECTION 7 – Miscellaneous questions

7.1 Is there between you and the regulated entity any financial relationship?

***YES/NO**

*If YES, please explain.

7.2 At any time in the past, have you been assessed by a regulator (in Aruba or elsewhere) in charge of financial supervision?

***YES/NO**

*If YES, please explain (name of regulator, period and result of the assessment).

7.3 Are you aware of any other facts or circumstances that could reasonably be expected to be of relevance to the CBA when assessing your personal and/or professional qualities?

***YES/NO**

*If YES, please provide full particulars.

PLEASE DISCLOSE ANY OTHER FACTS THAT YOU CONSIDER MATERIAL TO THIS APPLICATION.

SECTION 8 – Checklist additional information and documents

Please check the corresponding box to indicate whether the documents and information listed have been included with your application (reference is made to page 3 of the Guidance Notes).

Documents and information to be provided by the applicant:

- A formal request for the appointment of the proposed external auditor, including the reason(s) for the intended change.

Documents and information to be provided by the external auditor:

- Draft engagement letter, including the stipulations as mentioned in the supervisory directive “Appointment of an External Auditor”.
- Detailed resume/curriculum vitae of the external auditor, including an overview of the financial institutions which he/she audited during his/her career.
- Proof of the registration of the external auditor at the “Nederlandse Beroepsorganisatie van Accountants” (including registration number).
- A summary of the Quality Review Process in place at the audit firm; and the name and resume (including the audit experience in the sector) of the Quality Review Partner assigned to perform the quality review on the audit engagement.

SECTION 9 – Declaration(s)

The external auditor

I am aware that withholding information may be considered as providing misleading information and as such may have consequences for this application and future applications.

I am also aware that it is a criminal offence to knowingly or recklessly provide any information which is false or misleading in connection to this Questionnaire.

I confirm that the information in this form and any attachment is accurate and complete to the best of my knowledge and belief.

I agree to provide details of any changes to information in this form and any attachment immediately to the CBA.

I authorize the CBA to make such enquiries and to seek further information as it deems appropriate to verify the information given in this form. In particular, I consent to the CBA carrying out a judicial record check on any unspent convictions and convictions for relevant offences that I may have, conducting checks with other regulators, companies and institutions stated in this Questionnaire External Auditor and using external data sources.

I confirm that I fully understand my role(s), responsibilities and accountabilities under the Supervisory Law(s) to which this Questionnaire relates.

Signed:

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Date:

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Name (BLOCK CAPITALS):

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The applicant

I confirm to have completed Section 1 of the Questionnaire fully and truthfully.

I declare to be authorised to represent the applicant named under 1.1.

Signed:

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Date:

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Name (BLOCK CAPITALS):

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Position:

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