



**Office of the Lieutenant Governor
Division of Banking, Insurance and
Financial Regulation**

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BULLETIN 2019-15

TO: All Insurers licensed and authorized to conduct insurance business in the U.S. Virgin Islands

RE: Notice of Act No. 8213, which adds a new chapter 20b entitled "*Corporate Governance Annual Disclosure Act*"

This Bulletin is being issued to notify all insurers licensed and authorized to conduct insurance business in the U.S. Virgin Islands of the passage of Act No. 8213 signed October 6, 2019, now codified in Title 22, Chapter 20b of the Virgin Islands Code ("*Corporate Governance Annual Disclosure Act*").

In accordance with Section §498 of Title 22, Virgin Islands Code, the purpose of this chapter is to:

- (1) Permit the Commissioner of Insurance to gain and maintain an understanding of an insurer's corporate governance framework by requiring that insurers provide to the Commissioner of Insurance a summary of an insurer or insurance group's corporate governance structure policies and practices;
- (2) Establish the requirements for completing a corporate governance annual disclosure and filing it with the Commissioner of Insurance; and
- (3) Provide for the confidential treatment of the corporate governance annual disclosure and related information that will contain confidential and sensitive information related to an insurer or insurance group's internal operations and proprietary and trade secret information which, if made public, could potentially cause the insurer or insurance group competitive harm or disadvantage.

The Corporate Governance Annual Disclosure Act (“CGAD”) requires the Territory’s domiciled insurers and alien insurers not doing business in any other U.S. jurisdiction to submit to the Commissioner of Insurance, a corporate governance disclosure report in accordance with the accreditation standards established by the National Association of Insurance Commissioners.

Corporate governance is the system of rules, practices and processes by which an insurance company governs itself. Corporate governance includes not only the obvious corporate structure (board of directors, senior management, business area functions, etc.) but also organizational culture (values, ethics, etc.) and strategies and controls as well as all the governing documents that capture the spirit and the letter of a company’s guiding principles and mandates.

An insurer, or the insurance group of which the insurer is a member, is required to annually file with the Commissioner a CGAD report **on or before June 1st of each year, beginning January 1, 2020**. The CGAD report is required by the Territory’s Commissioner of Insurance as one of the conditions for licensure, as cited in the Conditional Letter for License Renewal.

Section 498b (d) of Title 22, Virgin Islands Code, states that, for purposes of completing the CGAD, the insurer or insurance group may:

- (1) Provide information regarding corporate governance at the ultimate controlling parent level, an intermediate holding company level and/or the individual legal entity level, depending upon how the insurer or insurance group has structured its system of corporate governance.
- (2) Make the CGAD at the level at which the insurer’s or insurance group’s risk appetite is determined, or at which the earnings, capital, liquidity, operations and reputation of the insurer are overseen collectively and at which the supervision of those factors are coordinated and exercised, or the level at which legal liability for failure of general corporate governance duties would be placed.
- (3) Determine the level of reporting based on these criteria, it shall indicate which of the three criteria was used to determine the level of reporting and explain any subsequent changes in level of reporting.

Notwithstanding, Section 498b (f) of Title 22, Virgin Islands Code provides, insurers providing information substantially similar to the information required by Chapter 20b in other documents provided to the Commissioner, including proxy statements filed in conjunction with Form B requirements, or other state or federal filings provided to the Division shall not be required to duplicate the information in the CGAD, but shall only be required to cross reference the document in which the information is included.

The Act also provides a penalty, in the amount of \$100 for each day delay with a maximum possible penalty amount of \$10,000, for failing to timely file the CGAD Report.

Questions regarding this Bulletin may be directed to the Division of Banking, Insurance and Financial Regulation by calling Attorney Glendina Matthew, Assistant Director/Legal Counsel at (340) 773-6459.

Dated this 20th day of November 2019 at St. Thomas, U.S. Virgin Islands.



A handwritten signature in blue ink that reads "Tregenza A. Roach". The signature is written in a cursive style and is positioned above a horizontal line.

Tregenza A. Roach, Esq.
Lieutenant Governor/
Commissioner of Insurance