



Guidance Note on the Principal Control Officer

This guidance document is issued under section 34 of the Insurance Act 2008 by the Isle of Man Financial Services Authority (“the Authority”). It applies to authorised insurers, registered insurance managers and registered insurance intermediaries.

The Authority issues guidance for various purposes, including to illustrate best practice, to assist regulated entities to comply with legislation and to provide examples or illustrations. This guidance is, by its nature, not law, however it is persuasive. Where a person follows guidance this would tend to indicate compliance with the legislative provisions, and vice versa.

Introduction

The Principal Control Officer (“PCO”) is introduced by the Insurance (Amendment) Act 2017 and was brought into force by the Insurance (Amendment) Act 2017 (Appointed Day) (No.1) Order 2018 on 1 February 2018.

From that date PCOs are subject to the provisions of sections 29 and 30 of the Insurance Act 2008.

The introduction of the PCO is intended to –

- a) capture individuals working in important control functions who are not already subject to section 29 as managers or directors; and
- b) make the Authority aware of the individuals who are carrying out important control functions even if they are already carrying out another role subject to section 29.

It is not the intention to require each insurer to appoint a designated PCO; if an individual is performing a function which falls within the interpretation of PCO he or she is de facto a PCO.

The following sections provide guidance on the interpretation of the PCO and also set out the procedures regulated entities should follow from 1 February 2018.

Interpretation

The following list sets out the functions conducted by individuals that are intended to fall within the definition of PCO under the Insurance Act 2008, and which would require a notification to be made under section 29 of that Act.

- a) Risk management
 - Head of Risk, Head of Risk Management or Head of Risk and Compliance etc.
 - MLRO
 - DMLRO
 - Financial controller
- b) Internal audit
 - Head of Internal Audit
- c) Regulatory Compliance
 - Head of Compliance

Procedures

1. Individuals undertaking a PCO function for the first time must, under section 29, complete the relevant form and submit it to the Authority. If their role is also that of a manager or director, one form will cover all roles.
2. For the avoidance of doubt, the above also applies to PCOs and directors of insurers with an insurance manager.