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Independence Management Plan: Model Protocols

Status	These model protocols are available for adoption, with appropriate modification as required to reflect national circumstances, on a voluntary basis by AAE member associations.
Application	The model protocols are designed to apply to all Solvency II key functions, in particular the Actuarial Function, irrespective of the contractual relationship between the function holder and the regulated entity. For example, they are applicable when: • The function holder is an employee of the regulated entity • The function holder is employed by a service provider which provides the role of the function holder through a contract between the service provider and the regulated entity • The function holder is employed by a regulator which provides the role of the function holder through a contract between the regulator and the regulated entity.
Model protocols	It is envisaged that the model protocols will be part of the contractual relationship between the function holder and the regulated entity.
Terms of reference	The terms of reference of the function holder should be described in full in writing, including all aspects which are relevant to supporting the independence of the function holder.
Reporting lines	The function holder should report to a named person (the “Äccountable Person”) who is personally accountable for the management of the function holder.

	The Accountable Person should be independent of the executive management of the regulated entity. For example, the Accountable Person may be: • A Non-Executive Director on the most senior management body of the regulated entity whose terms of reference and personal remuneration are designed to support the Non-Executive Director in maintaining a role which is independent of the executive management of the regulated entity; or • A senior executive of the regulator.
Communication	Clear lines of communication should be established between the function holder, the Accountable Person, the regulator and the senior management of the regulated entity. These communication lines should be designed to ensure that all matters affecting the independence of the function holder are managed effectively and transparently: • Effective management should include taking steps to ensure that any undue pressure on the independence of the function holder is avoided or, where such pressure arises, is resolved without delay • Transparent management should include taking steps to ensure that all communications that relate to independence of the function holder are conducted formally and minuted accordingly.
Incentives	The Accountable Person should ensure that the remuneration of the function holder is designed so that no incentive is created that might conflict, or be seen to conflict, with the independence of the function holder.

Performance objectives	The Accountable Person should ensure that the performance objectives of the function holder are designed so that no objective is created that might conflict, or be seen to conflict, with the independence of the function holder. .
Appointment	The Accountable Person should ensure that there are appropriate procedures in place which are designed so that the method of appointing the function holder does not undermine the independence of the function holder. For example, appropriate procedures may include obtaining the approval of the most senior management body, including at least a majority of the members of that body who do not perform any executive function in the regulated entity.
Term of office	The Accountable Person should ensure that the term of office of the function holder is limited, according to the circumstances of the function holder, to ensure that there is a change of function holder at regular intervals.
Removal or disciplinary sanctioning	The Accountable Person should ensure that there are appropriate procedures in place which are designed so that the removal or any other disciplinary sanctioning of the function holder does not undermine the independence of the function holder. For example, appropriate procedures may include obtaining the approval of the most senior management body, including at least a majority of the members of that body who do not perform any executive function in the regulated entity.