

Decision 2010-07 of 15 July 2011 against Groupement français de caution (internal control arrangements)

In a decision in which the company was publicly named, the Sanctions Committee handed Groupement français de caution a warning together with a fine of EUR 20,000. The committee ruled that Article R.336-1 of the Insurance Code, which requires supervised institutions to “establish a permanent internal control system (...) that may be used [in particular] to identify, assess, manage and control the risks arising from the undertaking’s exposures (...)”, created a sufficient legal basis for bringing an action if the breach of obligations concerns an essential condition for carrying on the business of insurance. The sanctions handed down were in response to a failure in the internal control arrangements of Groupement français de caution, a mutual insurer with variable premiums, which meant that it was not possible to identify a potential anomaly affecting the vast majority of its policyholders that would have sufficed to result in the cessation of payments.