

Compiled Comments on *Consultation on ICP 7*

17-Jun-15 to 19-Aug-15

Organisation	Jurisdiction	Comments
- General Comment on ICP 7:		
AMICE	Europe	<p>AMICE is the representative organisation of the mutual and cooperative insurance sector in Europe with more than 100 direct members and indirectly representing another 1,000 mutuals in six national associations. Of the close to 6,000 insurance undertakings in Europe, more than half are mutuals or cooperatives. The sector accounts for 28% of premiums in Europe, provides its services to more than 200 million citizens and employs more than 350,000 staff.</p> <p>The mutual and cooperative insurers in AMICE are active in private, contractual insurance in all lines, life, non-life and health. They add to the diversity and competitiveness of the European insurance market, and provide a wider choice for consumers.</p> <p>Given the size of our industry, we feel that ICP 7 should give a much more valuable place to mutuals and cooperatives and take into account their particularities. We regret the deletion of the explanation of mutuals and cooperatives in ICP 7. Mutual and cooperative insurers are businesses, providing essential services to citizens, society and the economy, and are in direct competition with other insurers in the form of joint-stock companies. Therefore, they deserve and request the same attention.</p> <p>We believe that the standards on corporate governance should be as flexible as possible in order to take into account different corporate structures and legal regimes.</p> <p>Given the purpose of the ICPs, but in particular of the guidance parts ("provid(ing) detail on how to implement an ICP or standard"), namely to guide potentially less experienced supervisors towards an ICP-conform framework and behaviour, we encourage the IAIS to maintain at certain key places throughout the ICPs the reminder that rules, their application and supervisory behaviour have to follow the proportionality principle.</p>
Insurance Europe	Europe	<p>ICP 7 and 8 have also been amended to ensure alignment with corresponding requirements in the banking area, including the need to enhance the responsibilities of the insurers' Boards with respect to the external auditors following from BCBS guidelines on external audits of banks adopted in March 2014. We would suggest that any alignment with the BCBS guidance on external audit should consider - notably in standard 7.8 - the specificities of the insurance area.</p> <p>We noted that the term "insurer" is used whereas the term "insurance legal entity" is used in the other revised ICPs.</p>
GFIA	international	<p>Many of the provisions in this ICP are too prescriptive, including 7.2.4 and 7.3.6. In addition, the word "ensure" should not be used when referring to the Board - the word "oversee" should be used instead since it is more accurate.</p>
International Actuarial Association	International	<p>We are glad to see the IAIS approaching the topic of Governance as it mirrors our own growing realization of the importance of this topic. The actuarial profession has come to appreciate that sustainable insurance needs more than just reserves and capital. It needs processes focused on governance of the way key risks are undertaken and managed. Reserves and capital are just one set of tools needed to ensure sustainability. Other tools/processes include model validation, stress testing,</p>

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		<p>sound risk management processes, professional standards, etc. Traditionally, the actuarial approach to governance has been labeled as an "Actuarial Control Cycle" and reflects the application of typical engineering controls to the business of accepting risk and managing it in order to gain the social benefits and stability of pooled risk. The paper has done a very good job of explaining the issues involved and the elements that are important for good governance. We feel the following items would strengthen this ICP and also more clearly link it to the bundle of ICP's such as 8, 23 and 25 that deal with related themes.</p> <p>a. The "business" that is being governed is inherently based on the Uncertainty of Risk, both as to its likelihood and the degree of risk aversion one wishes to pay for. Even reserves, balance sheets and capital numbers are only estimates based on today's information and will diverge in the future from those estimates. Thus, the key to sustainable governance includes the process used to identify and maintain the level of estimated risk that needs to be mitigated via reserves and capital and which risks need to be managed via other processes such as risk management, product design and the normal business processes needed for any enterprise. We see three different kinds of focus for governance. One is the legal governance, the other is the tone at the top/culture and processes by which decisions and information flow and the third is the strategies and the incentives used to reward the successful accomplishment of those strategies.</p> <p>b. The paper does a good job identifying what is "fit and proper" governance for processes (that is how to ensure the sound implementation of an agreed on strategy), but it does not address the issue that the processes are only tools to help manage the uncertainty of any strategy. Processes are reflective of the overall discipline of the organization. But it is good or bad strategy that will make the important difference. The risk processes are just early warning indicators needed to adjust bad strategies before they harm other policyholders and shareholders. Excellent strategies may well overcome weaker controls, but good controls cannot make a bad strategy succeed. In addition, good or bad strategy cannot be predicted in advance, only understood and maintained or modified as it proceeds. The legal and compliance system is typically focused on finding violations of law, not on assessing whether there could or should be better laws. This means that part of the supervisory role now includes that of a student of the market and business environment into which it aims to make/shape productive and/or improved rules to let the market do what it does best - deliver services.</p> <p>Thus, reviewing how the Board works together is not being done as an overseer of process nor to second guess its strategy and goals. It is to understand the strategic choices they are making over time and ensure that the Board is holding itself accountable for their execution and success/failure. This will require a carefully cultivated and nurtured skill set by the supervisor to engage in this type of review which will not be a checklist type review or outcome. There is a risk that if not done with the right touch it may overly focus a board on a check list process when its main duty is strategy.</p>
General Insurance Association of Japan	Japan	<p>This draft introduces additions and modifications for a variety of requirements such as the organisational structure of the insurer, the Senior Management, and the External Audit.</p> <p>We believe that their operation and interpretation should differ by each jurisdiction, in accordance with local legislation and circumstances.</p> <p>Therefore, we suggest clarifying that these additions and modifications would be applied in accordance with the legislation and circumstances of each jurisdiction.</p>
Zurich Insurance Company Ltd.	Switzerland	<p>Zurich supports the efforts to reflect the FSB's Principles for An Effective Risk Appetite Framework into the proposed revision of ICPs 7 and 8. Concepts in the area of risk culture, risk governance, and risk appetite are essential components of the governance framework of insurance groups.</p> <p>One area that may warrant further examination though is the delineation of responsibilities between board and</p>

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		<p>management. Zurich notes that some areas of the proposed revision of ICP 7 may imply an over-reach of the board with respect to the responsibilities that properly reside with management (kindly see the specific comments on §§7.1.4 and 7.2.3). With due consideration for today's expectation of board members to have enhanced oversight responsibilities, greater expertise and time commitment, Zurich believes that it remains critical to maintain a clear delineation between the responsibilities of senior management for the business execution, and the oversight responsibilities of the board of directors.</p> <p>Zurich in particular welcomes the expansion of the provision on group corporate governance ("Insurance Groups" in the preamble/introductory guidance), in general and in light of the corresponding Basel Core Principle 5 on Governance of Group Structures. Consequently, Zurich proposes to also recognize the notion of "group interest" in insurance, acknowledging that directors of subsidiaries should be allowed to reasonably take the parent's interest into account without violating their fiduciary duties toward their subsidiary. This would provide directors with some comfort in potential conflicts of interest when taking directions from the parent board (see specific comment on §7.0.8).</p>
ICMIF	UK	<p>ICMIF is a global organisation representing over 225 mutual or cooperative insurers in 70+ countries. Our latest infographic shows that in 2013, the mutual and cooperative sector represented 27.3%* of the global insurance market, a significant growth in global market share from 23.8% in 2007. The sector wrote USD 1.26 trillion in insurance premiums (compared to less than USD 1 trillion in 2007)</p> <p>ICMIF has been an observer to the IAIS since 2002 and has mainly been active in the area of financial inclusion, having contributed significantly to the output of this group over the years.</p> <p>We have distributed the ICP 7 Draft Revisions for Consultation among our membership and are pleased to provide the Governance Working Group with a few comments that reflect our members' views.</p> <p>As a general comment, we would like to stress that the issue of governance is held in high regard by our members who believe it to be a fundamental strength of our sector as well as a major distinguishing factor to differentiate mutuals and cooperatives from shareholder-based insurers.</p> <p>Furthermore, in view of the economic weight of the mutual and cooperative sector globally, we would like to call upon the IAIS to ensure that this Revised Insurance Core Principle better reflect and take account of the sector's distinctive features in the area of governance. To that end, we suggest inserting the paragraph on Mutuals and Co-operatives after the introductory guidance.</p>
ICMIF	UK	<p>ICMIF is a global organisation representing over 225 mutual or cooperative insurers in 70+ countries. Our latest infographic shows that in 2013, the mutual and cooperative sector represented 27.3%* of the global insurance market, a significant growth in global market share from 23.8% in 2007. The sector wrote USD 1.26 trillion in insurance premiums (compared to less than USD 1 trillion in 2007)</p> <p>ICMIF has been an observer to the IAIS since 2002 and has mainly been active in the area of financial inclusion, having contributed significantly to the output of this group over the years.</p> <p>We have distributed the ICP 7 Draft Revisions for Consultation among our membership and are pleased to provide the Governance Working Group with a few comments that reflect our members' views. As a general comment, we would like to stress that the issue of governance is held in high regard by our members who believe it to be a fundamental strength of our sector as well as a major distinguishing factor to differentiate mutuals and cooperatives from shareholder-based insurers.</p> <p>Furthermore, in view of the economic weight of the mutual and cooperative sector globally, we would like to call upon the IAIS to ensure that this Revised Insurance Core Principle better reflect and take account of the sector's distinctive features</p>

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		<p>in the area of governance. To that end, we suggest inserting the paragraph on Mutuals and Co-operatives after the introductory guidance.</p> <p>We would invite the IAIS to use the generic labels of 'insurer' and 'insured', or 'insurer' and 'policyholder', the latter combination being our preference because every entity that takes out an insurance contract (whether that be a company, government, partnership or individual etc) is a policyholder. The label policyholder sits comfortably with any form of corporate/mutual/co-operative model too.</p>
National Association of Mutual Insurance Companies	United States	<p>This submission represents the collective comments of the membership of the National Association of Mutual Insurance Companies (NAMIC) in the United States. NAMIC is the largest property/casualty insurance trade association in the country. Its membership consists of more than 1,300 property/casualty insurance companies serving more than 135 million auto, home, and business policyholders, with more than \$208 billion in premiums accounting for 48 percent of the U.S. automobile/homeowners market and 33 percent of the U.S. business insurance market. More than 200,000 people are employed by NAMIC member companies.</p> <p>NAMIC concurs with the comments submitted to this consultation by the Global Federation of Insurance Associations (GFIA), but there are certain areas of emphasis that we have added in these remarks. In general NAMIC is concerned about the overly prescriptive nature of the revisions to this ICP and the removal of the references to proportionality. We request a discussion at the October stakeholder meeting and written description of how proportionality will be included throughout the ICPs through its inclusion in the introduction to the ICPs. We are concerned about how the omission of proportionality will be reflected in future FSAP reviews by the IMF and how its omission might impact supervisors considering the incorporation of proportionality throughout their enacted laws and regulations. This is a major issue for the thousands of very small companies throughout the U.S. and the world.</p>
American International Group	USA	<p>American International Group Inc. (AIG) welcomes the opportunity to share its views with the International Association of Insurance Supervisors (IAIS) on the consultation issued for "Insurance Core Principle (ICP) 7 on Corporate Governance".</p> <p>AIG is a leading global insurance organization serving customers in more than 100 countries and jurisdictions. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States.</p> <p>We support efforts by the IAIS to ensure that ICP principles, standards and guidance are applied consistently across jurisdictions. We therefore appreciate the efforts of the Governance Working Group in conducting a systematic review of the ICPs and issuing its proposed revisions and clarifications to assist supervisors in applying the standards on a consistent basis.</p> <p>In the corporate governance space, the challenge for regulators is to ensure that a balance is struck between taking a more proactive and intensive approach to supervision and not impinging upon the company's operational independence.</p> <p>We find that this ICP makes insufficient reference to the proportionality principle. Many insurers are members of a larger</p>

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		insurance group where oftentimes the risk function, the compensation function and other aspects of corporate governance outlined in this ICP are centralized and managed at the group level rather than at the subsidiary level. As such, supervisory expectations and oversight need to be calibrated to reflect the nature, scale and complexity of the insurer.
IG 7.0.1 - Comment on Introductory Guidance 7.0.1:		
Autorité des marchés financiers	Québec	Compare the first sentence with the definition of Corporate Governance in the Glossary. Second bullet: only for consistency with other Standards and Guidance (e.g. 7.0.6, 7.0.11, 7.1, 7.1.1, etc.), we suggest to use "...oversight and management..." in this order. Idem with the fifth bullet: "...relating to the oversight, management and conduct of the..."
Monetary Authority of Singapore	Singapore	"Corporate Governance' is already defined in the glossary as "a set of relationships between an insurer's board, senior management, customers and other stakeholders; and a structure through which the objectives of the insurer are set, and the means of attaining those objectives and monitoring performance are determined'. Hence, we propose to remove the first sentence in ICP 7.0.1.
IG 7.0.2 - Comment on Introductory Guidance 7.0.2:		
AMICE	Europe	Concerning persons in charge of an effective governance, we would appreciate the use of the same wording as in Solvency II. We therefore suggest replacing the wording "...key players responsible for an insurer's corporate governance; i.e. the insurer's Board (the "Board"), Senior Management and Key Persons in Control Functions..." with "those who effectively run the undertaking or have other key functions, as well as members of the insurer's administrative, management or supervisory body".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Concerning persons in charge of an effective governance, we appreciate the use of the same wording as in Solvency II requirements. We suggest replacing the sentence "... key players responsible for an insurer's corporate governance; i.e. the insurer's Board of Directors (the "Board"), Senior Management and Key Persons in Control Functions ..." with "those who effectively run the undertaking or have other key functions, including members of the insurer's administrative, management or supervisory body and other key functions".
International Actuarial Association	International	Organizations need to balance the concentration of power needed to make decisions efficiently with the diffusion of power needed to ensure appropriate checks and balances. This section says to "ensure that powers are not unduly concentrated" [Footnote:This is also raised again in Section 7.3.7 and 7.3.12 (third bullet)], but there is no guidance on how to determine that in comparison to the cost of being less efficient (and perhaps less able to move quickly in a time of crisis).
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	Concerning persons in charge of an effective governance, we appreciate the use of the same wording as in Solvency II requirements. We suggest replacing the sentence "... key players responsible for an insurer's corporate governance; i.e. the insurer's Board of Directors (the "Board"), Senior Management and Key Persons in Control Functions ..." with "those who effectively run the undertaking or have other key functions, including members of the insurer's administrative, management

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		or supervisory body and other key functions".
Autorité des marchés financiers	Québec	First sentence, we suggest the following addition: « Effective corporate governance framework enables... » In the last sentence, since "Board" is already defined in the Glossary, we may delete the following "the insurer's Board of Directors (" ")", and keep only the Board ...
Zurich Insurance Company Ltd.	Switzerland	Re: Consistency of international terminology. In particular with respect to the terminology "Key Persons in Control Functions", any confusion with other internationally acknowledged terms should be avoided to the extent possible (e.g., "Key Function Holders" in the EU Solvency II-context, delineation with "Key Risk Takers" (FINMA) or "Material Risk Takers" (EU CRD IV), etc.). From a corporate perspective, different terms with a broadly but not precisely identical meaning present practical challenges as internally different populations have to be formally designated and managed, while the respective individuals are broadly the same. Inconsistent terminology in international standards and best practice guidelines may create confusion at the corporate level rather than promote the intended transparency.
IG 7.0.3 - Comment on Introductory Guidance 7.0.3:		
AMICE	Europe	See our comment on 7.0.2 about "the Board and Senior Management" (to be replaced with "those who effectively run the undertaking or have other key functions"). We appreciate the explicit mention of mutuals and cooperatives in the second bullet point.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	See our comment on 7.0.2 about "the board and senior management" (to replace with "those who effectively run the undertaking or have other key functions"). We appreciate the explicit mention of mutuals and cooperatives in the second bullet point and we suggest adding "associations".
German Insurance Association (GDV)	Germany	The new section mentions that the senior management should know the structure of the insurance group and the risks it imposes. Such a view is too narrow. A decision for a certain structure is based upon a view at both the risks and benefits. Only to see the risks is not business-like and certainly not proportional.
International Actuarial Association	International	In 7.0.3 it mentions the need to "establish a transparent organizational structure" and that the board should understand the risks of the organization structure. Section 7.0.9 lists some challenges to consider in evaluating an organizational structure: a. Centralized vs. decentralized structure b. Divisions of authority and responsibility c. How to ensure group/enterprise wide direction and coordination d. Entity vs. group perspective e. How does group communicate effectively internally f. Do all levels have adequate information?

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		As an example, there will be relative trade-offs as one weaves in the desired degree of centralized vs. decentralized and concentration vs. diffusion of power. In either case, it is the ability to assess the success or failure of the decision using prior agreed to criteria that will be more important than the relative diffusion of power.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	See our comment on 7.0.2 about "the board and senior management" (to replace with "those who effectively run the undertaking or have other key functions"). We appreciate the explicit mention of mutuals and cooperatives in the second bullet point and we suggest adding "associations".
Zurich Insurance Company Ltd.	Switzerland	Re: Consistency of international terminology. In particular with respect to the terminology "Key Persons in Control Functions", any confusion with other internationally acknowledged terms should be avoided to the extent possible (e.g., "Key Function Holders" in the EU Solvency II-context, delineation with "Key Risk Takers" (FINMA) or "Material Risk Takers" (EU CRD IV), etc.). From a corporate perspective, different terms with a broadly but not precisely identical meaning present practical challenges as internally different populations have to be formally designated and managed, while the respective individuals are broadly the same. Inconsistent terminology in international standards and best practice guidelines may create confusion at the corporate level rather than promote the intended transparency.
IG 7.0.4 - Comment on Introductory Guidance 7.0.4:		
AMICE	Europe	We do not agree with the complete removal of the proportionality clause. We would prefer to see a regular reference to the proportionality principle rather than just a commitment to proportionality in the introduction. This is because it means different things in different places, but also because if a supervisor reads one of the principles in isolation, he/she will overlook the overall commitment. We believe that it cannot be assumed that readers of the ICPs will always start at the top and read through the whole document. The last sentence of paragraph 8 of the introduction ("This is provided for in the ICPs and standards where relevant.") has not been revised and currently contradicts the deletion of the proportionality clause in ICP 7.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We do not agree with the complete removal of the proportionality clause. Given the purpose of the ICPs, but in particular of the guidance parts ("provid(ing) detail on how to implement an ICP or standard"), namely to guide potentially less experienced supervisors towards an ICP-conform framework and behaviour, we regard it indispensable to maintain at certain key places through the ICPs the reminder that rules, their application and supervisory behaviour have to follow the proportionality principle. We believe that it cannot be assumed that readers of the ICPs will always start at the top and read through the whole document.
GFIA	international	We do not agree with the complete removal of the proportionality clause. We would prefer to see a regular reference to the proportionality principle rather than just a commitment to proportionality in the introduction. This is because it means different things in different places, but also because if a supervisor reads one of the principles in isolation, he/she might overlook the overall commitment.

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Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	<p>We do not agree with the complete removal of the proportionality clause. Given the purpose of the ICPs, but in particular of the guidance parts ("provid(ing) detail on how to implement an ICP or standard"), namely to guide potentially less experienced supervisors towards an ICP-conform framework and behaviour, we regard it indispensable to maintain at certain key places through the ICPs the reminder that rules, their application and supervisory behaviour have to follow the proportionality principle.</p> <p>We believe that it cannot be assumed that readers of the ICPs will always start at the top and read through the whole document.</p>
ICMIF	UK	<p>We deem important that the introductory guidance mention the proportionality concept and propose this wording inspired by the OECD's Guidelines on Insurer Governance:</p> <p>'the standards are principle-based and should hence be flexible in their application; they may need to be tailored or applied in such a manner as to reflect the nature, scale and complexity of the business of specific insurers and the risks to which they are exposed.'</p> <p>Justification: we hear from several jurisdictions that proportionality is reluctantly applied if not denied, or that is agreed in principle but not applied.</p>
ICMIF	UK	<p>We deem important that the introductory guidance mention the proportionality concept and propose this wording inspired by the OECD's Guidelines on Insurer Governance:</p> <p>'the standards are principle-based and should hence be flexible in their application; they may need to be tailored or applied in such a manner as to reflect the nature, scale and complexity of the business of specific insurers and the risks to which they are exposed.'</p> <p>Justification: we hear from several jurisdictions that proportionality is reluctantly applied if not denied, or that is agreed in principle but not applied.</p>
IG 7.0.5 - Comment on Introductory Guidance 7.0.5:		
AMICE	Europe	<p>Some jurisdictions also leave companies a choice between a one-tier and a two-tier system (e.g. in Finland, Norway).</p> <p>In order to enable different kinds of organisational models, the principles should not define rigidly the roles and duties of governing bodies. For example, in Solvency II this has been solved by using the term "administrative, management or supervisory board" which leaves room for national interpretation and implementation, as well as at company level.</p> <p>As regards a one-tier board system, instead of the sentence "in a one-tier system, there is one board comprised of both executive and non-executive directors", which is not accurate in every jurisdiction where there are mutuals, we suggest the following sentence "in a one-tier system, there is one administrative, management or supervisory body".</p>

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Insurance Europe	Europe	Last word should be "boards" not "board".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Some jurisdictions also leave companies a choice between a one-tier and a two-tier system (e.g. in the Societas Europaea). As regards the one-tier board system, instead of the sentence "in a one-tier system, there is one board comprised of both executive and non-executive directors", which cannot be translated in every jurisdictions to mutuals, we suggest "in a one-tier system, there is one administrative, management or supervisory body".
GFIA	international	Some jurisdictions also leave companies a choice between a one-tier and a two-tier board system (e.g. Finland, Norway).
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	Some jurisdictions also leave companies a choice between a one-tier and a two-tier system (e.g. in the Societas Europaea). As regards the one-tier board system, instead of the sentence "in a one-tier system, there is one board comprised of both executive and non-executive directors", which cannot be translated in every jurisdictions to mutuals, we suggest "in a one-tier system, there is one administrative, management or supervisory body".
ICMIF	UK	We know of several jurisdictions where the choice is given between the 1 Tier and 2 Tier or even 3 Tier models (supervisory board consisting of policyholders, board of directors consisting of both non-executive and executive members and management board consisting of senior management). We would like to propose the following wording "in a one-tier system, there is one administrative, management or supervisory body." Justification: the current wording is not applicable to mutuals in every jurisdiction.
ICMIF	UK	We know of several jurisdictions where the choice is given between the 1 Tier and 2 Tier or even 3 Tier models (supervisory board consisting of policyholders, board of directors consisting of both non-executive and executive members and management board consisting of senior management). We would like to propose the following wording "in a one-tier system, there is one administrative, management or supervisory body." Justification: the current wording is not applicable to mutuals in every jurisdiction.
IG 7.0.6 - Comment on Introductory Guidance 7.0.6:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We do not think that the two very short definitions in the glossary of "Board" and "Senior Management" suffice to bring clarity to the intentions of ICP 7 and its standards. If "Board" is the "body of elected or appointed individuals ultimately responsible for the governance and oversight of the insurer" and "Senior Management" are the "individuals or body responsible for managing the business on a day-to-day basis in accordance with strategies, policies and procedures set out by the Board" (both as defined in the Glossary), it is confusing then to say in 7.0.8. that a reference to "Board" means the whole board (i.e. including the executives). The reference to the Senior Management "to the extent it assumes day-to-day management functions" is also unclear.

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		<p>We would regard it as more useful to clarify the definitions as follow: "Board" means the body ..., i.e. (a) in a one-tier system the non-executives (b) in a two-tier system the supervisory board. "Senior Management" means the individuals or body ..., i.e. (a) in a one-tier system the business executives who effectively run the undertaking (b) in a two-tier system the executives.</p> <p>Regardless of all considerations above, the sentence "... the internal Board ... shares the responsibilities allocated to the Senior Management" is also unclear. It should be at least clarified whether it is meant to say "shares among them" (and not with others). See also our comment on 7.3.8.</p>
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	<p>We do not think that the two very short definitions in the glossary of "Board" and "Senior Management" suffice to bring clarity to the intentions of ICP 7 and its standards.</p> <p>If "Board" is the "body of elected or appointed individuals ultimately responsible for the governance and oversight of the insurer" and "Senior Management" are the "individuals or body responsible for managing the business on a day-to-day basis in accordance with strategies, policies and procedures set out by the Board" (both as defined in the Glossary), it is confusing then to say in 7.0.8. that a reference to "Board" means the whole board (i.e. including the executives).</p> <p>The reference to the Senior Management "to the extent it assumes day-to-day management functions" is also unclear.</p> <p>We would regard it as more useful to clarify the definitions as follow: "Board" means the body ..., i.e. (a) in a one-tier system the non-executives (b) in a two-tier system the supervisory board. "Senior Management" means the individuals or body ..., i.e. (a) in a one-tier system the business executives who effectively run the undertaking (b) in a two-tier system the executives.</p> <p>Regardless of all considerations above, the sentence "... the internal Board ... shares the responsibilities allocated to the Senior Management" is also unclear. It should be at least clarified whether it is meant to say "shares among them" (and not with others). See also our comment on 7.3.8.</p>
IG 7.0.7 - Comment on Introductory Guidance 7.0.7:		
AMICE	Europe	We object to the elimination of the explanatory sentence about mutual and cooperative structures. The first sentence of the paragraph states that "governance of insurers formed as mutuals and cooperatives is different from

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		<p>that of insurers formed as joint stock companies", but without explaining this difference. Therefore, we believe it is important to maintain the explanatory sentence.</p> <p>In order to align ICP 7 with the OECD Guidelines on Insurer Governance, we suggest adding the following sentences: "The main difference between a cooperative and a stock company is that the shares of a cooperative cannot be negotiated and therefore the entity cannot be quoted. A mutual is generally an entity without capital, hence, in most cases, without shares or shareholders, and managed collectively by its policyholders."</p>
<p>GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)</p>	<p>France</p>	<p>We don't understand the reason why the specific disclosures of mutuals are eliminated.</p> <p>More generally, we don't understand the inefficient treatment of mutuals in ICP's 7 between definitions of one-tier/two-tier Board and insurance groups. It's more relevant to present specifically in a paragraph the 2 types of governance.</p> <p>Mutuals represent an important model of governance for insurance sector. For us, it seems necessary to present the two models which co-exist: the stock companies and the mutuals & cooperatives.</p> <p>The mutuals and cooperatives represent 28% of insurance sector in Europe.</p> <p>« The insurer is collectively owned (and/or controlled) by policyholders » is an important principle of mutuals governance that you should maintain.</p> <p>We propose to keep these sentences: « 7.0.7 Governance of insurers formed as mutuals or co-operatives is different from that of insurers formed as joint stock companies (i.e., bodies corporate). In these mutuals and co-operative structures, the insurer is collectively owned (and/or controlled) by policyholders. Such governance aims at promoting the alignment of actions and interests of the Board and Senior Management with the broader interests of policyholders. Where there are references to shareholders or stakeholders, they should be generally treated as references to policyholders in mutuals, unless otherwise indicated ».</p>
<p>GFIA</p>	<p>International</p>	<p>We object to the elimination of the explanatory sentence about mutual and cooperative structures. The first sentence of the paragraph states that the governance of mutual and cooperative insurers is different from that of joint stock companies, but without specifying in what exactly consists this difference.</p> <p>In order to align ICP 7 with the OECD Guidelines on Insurance Governance, we also suggest adding the following sentences:</p> <p>"The main difference between a cooperative and a stock company is that the shares of a cooperative cannot be negotiated and therefore the entity cannot be quoted. A mutual is generally an entity without shared capital, hence, in most cases, without shares or shareholders, and managed collectively by its policyholders."</p>
<p>ICMIF</p>	<p>UK</p>	<p>In addition to our comment on the location of the paragraph in the ICP, we would like to suggest adding this to replace the deleted sentence.</p> <p>' The main difference with a stock company is that the shares of a cooperative cannot be negotiated and therefore the entity</p>

Organisation	Jurisdiction	Comments
		<p>cannot be quoted. By contrast, a mutual is generally an entity without capital, hence, in most cases, without shares or shareholders, and managed collectively by its policyholders.'</p> <p>Justification: the current wording is not pedagogical for unexperienced supervisors. Moreover, it is important that international institutions like the IAIS and the OECD use consistent definitions. The proposed wording is excerpted from the aforementioned OECD Guidelines, part IV, Stakeholder protection, Mutuals.p.84</p>
ICMIF	UK	<p>In addition to our general comment on the current location of the paragraph on Mutuals and Co-operatives, we would like to suggest replacing the deleted sentence with the following, excerpted from the OECD's aforementioned guidelines, part IV, Stakeholder protection, Mutuals.p.84</p> <p>' The main difference with a stock company is that the shares of a cooperative cannot be negotiated and therefore the entity cannot be quoted. By contrast, a mutual is generally an entity without capital, hence, in most cases, without shares or shareholders, and managed collectively by its policyholders.'</p> <p>Justification: the current wording is not pedagogical for unexperienced supervisors. Moreover, it is important that international institutions like the IAIS and the OECD use consistent definitions.</p>
IG 7.0.8 - Comment on Introductory Guidance 7.0.8:		
AMICE	Europe	To seek better alignment with Solvency II provisions, the definition of insurance groups should be clarified throughout the paragraph and supplemented as follows : "...business and risks of the insurance group and the insurance legal entities which belong to it".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	To seek better alignment with Solvency II provisions, the group definition should be precised equally in each sentence of the paragraph. Hence, the first is to be supplemented: "... business and risks of the insurance group and the insurance legal entities which belong to it".
GFIA	International	The definition of insurance groups should be clarified and supplemented as follows: "...business and risks of the insurance group and the legal entities which belong to it".
International Actuarial Association	International	The IAA is pleased to see that the introductory guidance 7.0.8- 7.0.10 has been re-written and expanded for insurance groups, however, the primary standards in this ICP (i.e. 7.1 through 7.11) appear to be addressed to the needs of insurers without further reference to insurance groups, especially the head of the insurance group. Due to the complex connections that can exist between members of an insurance group, we suggest that the references to group level governance and the linkage with member level governance should be made much more clearly and strongly in this ICP.
Fédération Nationale de la Mutualité Française	National Federation of Mutual Societies	To seek better alignment with Solvency II provisions, the group definition should be precised equally in each sentence of the paragraph. Hence, the first is to be supplemented: "... business and risks of the insurance group and the insurance legal

Organisation	Jurisdiction	Comments
(FNMF) / Federation of French Mutual Societies		entities which belong to it".
Autorité des marchés financiers	Québec	« ...risks of the insurance group and its legal entities. »
Zurich Insurance Company Ltd.	Switzerland	<p>Zurich supports the update of this paragraph on insurance groups in light of the new provision 95 of the revised <i>BCBS Corporate Governance Principles</i>. For the revision of the ICP on Corporate Governance to be complete, however, Zurich suggests to also account for provision 96 of the aforementioned BCBS Principles, in particular in regard of the notion of group interest (last bullet). Consequently, §7.0.8 could be expanded as follows:</p> <p>"(...) which address risks across the insurance group and legal entities. <i>The (parent company's) Board should ensure that the group's corporate governance framework includes appropriate processes and controls to identify and address potential intragroup conflicts of interest, such as those arising from intragroup transactions, in appropriate recognition of the interest of the group.</i>"</p> <p>In addition to the enhanced flexibility for group management, especially on a cross-border basis, the notion of group interest could operate as a "safe harbor" for the directors and managers of both parent and subsidiary companies against civil and criminal liability if they take action for a group company in consideration of the group as a unitary business entity. Recognizing the importance of group interest in the parent-subsidiary context would support the implementation of group-wide strategic planning, operational efficiency, and corporate decision-making processes. It would help multinational groups deal more effectively with potentially divergent views between the group and its subsidiaries and enhance the alignment of decisions in order to secure strategic consistency and execution.</p>
IG 7.0.9 - Comment on Introductory Guidance 7.0.9:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We object to the elimination of the explanatory sentence about mutual and cooperative structures. We recall the instructive purpose of the ICPs for supervisors. It cannot be assumed that readers of the ICPs will read them in their entirety. The reduced potential for conflicts of interest is a key consequence of the mutual/cooperative governance form.
International Actuarial Association	International	
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We object to the elimination of the explanatory sentence about mutual and cooperative structures. We recall the instructive purpose of the ICPs for supervisors. It cannot be assumed that readers of the ICPs will read them in their entirety. The reduced potential for conflicts of interest is a key consequence of the mutual/cooperative governance form.

Organisation	Jurisdiction	Comments
Autorité des marchés financiers	Québec	Third bullet: Shouldn't the hierarchy rather be: "...of the legal obligations, governance responsibilities and risks both at the..."
IG 7.0.10 - Comment on Introductory Guidance 7.0.10:		
Autorité des marchés financiers	Québec	Last sentence: « ...assesses it on a... »
IG 7.0.11 - Comment on Introductory Guidance 7.0.11:		
German Insurance Association (GDV)	Germany	These sections do not mention that there may be different legal frameworks due to different national corporate law. Such corporate law is binding for insurers.
GFIA	International	We strongly approve of the reference to branches.
S 7.1 - Comment on Standard 7.1:		
German Insurance Association (GDV)	Germany	Two tier structures are not mentioned in a proportionate manner. Several deletions may lead to the conclusion that there are only minor differences between one tier and two tier structures. The opposite is true. Many sections read now "Board" which means the legal differences between such structures cannot be considered properly.
GFIA	International	We appreciate that, consistent with its recent issues paper, the IAIS recognizes that different corporate structures exist and that is not necessarily negative. In addition, the ICPs should explicitly recognize that differences exist between jurisdictions as to the roles of the Board and senior management.
G 7.1.1 - Comment on Guidance 7.1.1:		
AMICE	Europe	<p>Following the above argumentation, we regard the reference to the legal/automatic separation of oversight and management in two-tier systems as valuable, provided that the proportionality principle is respected. This reference should not be removed.</p> <p>Contrary to comment TmA16, there is not sufficient explanation and reference to two-tier structures in the introductory guidance.</p> <p>(editing) Senior Management should be capitalised throughout the paragraph.</p> <p>In view of the diversity of jurisdictions and organisational structures, the last sentence seems too prescriptive. Therefore, we suggest adding the following wording "The implementation of the four-eyes principle to those who effectively run the undertaking reinforces..."</p>

Organisation	Jurisdiction	Comments
Insurance Europe	Europe	"... reinforces" instead of "reinforce". We suggest to delete "The separation of the roles of the Chair of the Board and the Chief Executive Officer (CEO)" It is sufficient that the organization of tasks between senior management and the Board allow them to fulfil their roles in an appropriate way.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Following the above argumentation, we regard the reference to the legal/automatic separation of oversight and management in two-tier systems as valuable, provided the proportionality principle is respected. It should not be removed. In contrast to comment TmA19, there is no sufficient explanation and reference to two-tier structures in the introductory guidance. (editing) Senior Management should be capitalised. As regards the diversity of jurisdictions and organisational structures, the last sentence seems too prescriptive. We suggest "The implementation of the four-eye principle to those who effectively run the undertaking reinforces ...".
German Insurance Association (GDV)	Germany	It was deleted that a two tier structure is required by law. Please reinsert because such structure is indeed required by law. The reader should know this.
GFIA	international	The sentence "The separation of the roles of the Chair of the Board and the Chief Executive Officer (CEO) reinforce a clear distinction between accountability for oversight and management." should be deleted. Many CEOs, especially those of smaller companies, are also effective chairs of their Board of Directors, and should not be precluded from taking on both roles.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	Following the above argumentation, we regard the reference to the legal/automatic separation of oversight and management in two-tier systems as valuable, provided the proportionality principle is respected. It should not be removed. In contrast to comment TmA19, there is no sufficient explanation and reference to two-tier structures in the introductory guidance. (editing) Senior Management should be capitalised. As regards the diversity of jurisdictions and organisational structures, the last sentence seems too prescriptive. We suggest "The implementation of the four-eye principle to those who effectively run the undertaking reinforces ...".
National Association of Mutual Insurance Companies	United States	ICP 7.1.1 now states that "The separation of the roles of the Chair of the Board and the CEO reinforce a clear distinction between accountability for oversight and management." While we support good corporate governance, there is more than one role construct that will achieve good governance. NAMIC members include a very wide range of companies from very small farm mutuals to the very largest property-casualty companies in the U.S. They have a variety of structures and divisions of responsibilities that include strong oversight in different ways. Since proportionality was removed from this ICP we are concerned about how the standards will be applied to the smallest of our members and also have concerns about how the ICPs will be flexible enough to address the varying structures of our more complex member organizations. At a minimum this ICP should be less prescriptive about the separation of these two roles on a board and instead focus on the importance of good governance overall.
Prudential Financial, Inc.	United States of America	We believe the ICP should accommodate governance structures that include a Lead Independent Director in cases where the CEO acts as Chairman of the Board. The Lead Independent Director should have appropriate authority to retain outside

Organisation	Jurisdiction	Comments
		advisors and consultants to report directly to the Board of Directors on issues important to the Board. Such a structure provides independent Board leadership and engagement while providing the benefit of having the CEO, the individual with primary responsibility for managing the company's day-to-day operations chair regular Board meetings as key business and strategic issues are discussed.
American International Group	USA	The requirement that the roles of Chair of the Board and the Chief Executive Officer be separated is, in our view, perhaps only appropriate in the case of the parent company but should not be a supervisory expectation placed on subsidiaries. Generally speaking, our strong preference would be to leave it up to the discretion of the company as to whether these roles are separated or not.
G 7.1.2 - Comment on Guidance 7.1.2:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We do not think that the last sentence (deleted by comment E19) duplicates the introductory guidance. Why does the one-tier board need the clarification and the two-tier board does not? This seems to prejudice the ICP in favour of one-tier structures - a decision which is commonly outside the scope of influence of the insurance supervisor.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We do not think that the last sentence (deleted by comment E19) duplicates the introductory guidance. Why does the one-tier board need the clarification and the two-tier board does not? This seems to prejudice the ICP in favour of one-tier structures - a decision which is commonly outside the scope of influence of the insurance supervisor.
Autorité des marchés financiers	Québec	Last sentence: « ...members of the Board, as they are... »
G 7.1.3 - Comment on Guidance 7.1.3:		
AMICE	Europe	In view of the diversity of jurisdictions and organisational structures, the second sentence does not seem always applicable, especially for smaller insurers. We suggest replacing it with "The system of governance should properly allocate duties and controls among the administrative, management or supervisory body or other key functions, provided that the proportionality principle is respected".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	As regards the diversity of jurisdictions and organisational structures, the second sentence seems not always applicable. We suggest "The system of governance should properly allocate duties and controls among the administrative, management or supervisory body and other key functions, provided the proportionality principle is respected".
GFIA	international	The sentence "The effective oversight of the executive functions should be performed by the non-executive members of the Board because they are not involved in the day-to-day management of the insurer." should be deleted. Many companies, especially smaller ones, have their CEOs and/or other employees on their Boards and such individuals should not be

Organisation	Jurisdiction	Comments
		precluded from providing oversight of their companies' executive functions.
General Insurance Association of Japan	Japan	As oversight of executive function differs in each jurisdiction in accordance with local legislation, for some jurisdictions, the second sentence may not necessarily be appropriate. For example, the Companies Act in Japan stipulates that the Board of Directors as a whole, both non-executive and executive members, supervise the execution of duties by directors. The act also stipulates that the Audit & Supervisory Board Members shall audit the execution of duties by directors and enjoin acts of directors when necessary. Therefore, we suggest adding the following sentence after the second sentence : "(This may not be the case if there are other organs or frameworks which perform the effective oversight role in accordance with the legislations and circumstances of each jurisdiction.)"
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	As regards the diversity of jurisdictions and organisational structures, the second sentence seems not always applicable. We suggest "The system of governance should properly allocate duties and controls among the administrative, management or supervisory body and other key functions, provided the proportionality principle is respected".
G 7.1.4 - Comment on Guidance 7.1.4:		
AMICE	Europe	In order to avoid confusion in certain jurisdictions (see our comments on 7.0.5, 7.0.6, 7.1.3) and to seek better alignment with Solvency II provisions, we suggest focusing on duties instead of designated persons in the insurance entity or group: "In order to provide effective oversight on management duties, the administrative or supervisory body should...". See our previous comments on "Senior Management": we prefer the following wording "those who effectively run the undertaking and other key functions".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	To avoid confusion in certain jurisdictions (see comments on 7.0.5, 7.0.6, 7.1.3) and to seek for better alignment with Solvency II provisions, we suggest focusing on duties instead of designated persons in the insurance entity or group: "In order to provide effective oversight on management duties, the administrative or supervisory body should:..." See our previous comments on "Senior management": we prefer "those who effectively run the undertaking and other key functions".
General Insurance Association of Japan	Japan	We suggest further clarifying the situation illustrated by the second bullet point "ensure that senior management's knowledge and expertise remain appropriate given the nature of the business and the insurer's risk profile" using examples.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	To avoid confusion in certain jurisdictions (see comments on 7.0.5, 7.0.6, 7.1.3) and to seek for better alignment with Solvency II provisions, we suggest focusing on duties instead of designated persons in the insurance entity or group: "In order to provide effective oversight on management duties, the administrative or supervisory body should:..." See our previous comments on "Senior management": we prefer "those who effectively run the undertaking and other key functions".

Organisation	Jurisdiction	Comments
Autorité des marchés financiers	Québec	<p>Second and fourth bullets: For consistency, « Senior Management » in capital letters.</p> <p>Second bullet, for consistency with ICP5 : "ensure that Senior Management's suitability remains appropriate..."</p> <p>Rephrasing suggested for third bullet, as follows (hierarchy of concepts): "monitor whether the Senior Management is managing the affairs of the insurer in accordance with Board's approved corporate values, corporate culture, risk appetite, strategies, and policies"</p>
Zurich Insurance Company Ltd.	Switzerland	<p>The description of the oversight responsibilities of the board uses verbs from which an over-reach of the board's responsibilities could be inferred, e.g., "ensure" and "monitor". Zurich takes the view that it should be clarified that the board's role is to oversee and approve, as appropriate, the execution of the respective tasks while it does not perform those management tasks <i>itself</i>.</p> <p>Accordingly, Zurich suggests to replace the verbs "ensure" and "monitor" by: "the board should oversee the establishment of adequate policies and procedures [...], in order to better reflect the limits of board involvement".</p> <p>Similarly, where the appropriateness of senior management's knowledge and expertise is discussed, Zurich recommends replacing the word "ensure" with "seek assurance". This would also clarify that the board can utilize external validation in this context.</p>
American International Group	USA	<p>This ICP includes expanded supervisory guidance on "corporate culture". An accompanying definition of "corporate culture" in the revised glossary of terms is a welcome inclusion. It is understood that the culture of an organization is an important influencer of behavior and risk-taking. Nevertheless, supervision in this space should not focus on the qualitative aspects of corporate culture but should be outcomes focused.</p> <p>Of some concern to us in these sections (paragraph 7.1.4 and 7.2) is the use of other related terms (i.e., "corporate values" and "corporate norms") which are not defined and are already captured under the proposed definition of "corporate culture". For clarity's sake, our preference would simply be to refer to "corporate culture" as has been broadly defined rather than risk confusing matters by introducing these related terms. If "corporate values" and "corporate norms" are to be used on a standalone basis, they should be properly defined.</p>
G 7.1.5 - Comment on Guidance 7.1.5:		
AMICE	Europe	<p>If Senior Management is defined as (only) the executive level, is the sentence enough or are policies and procedures also implemented by other senior staff?</p> <p>In order to be compatible with every organisational structure, we suggest the following wording: "the relevant policies and procedures, as approved by the Board (or administrative or supervisory body)".</p> <p>See our previous comments on "Senior Management": we prefer the following wording "those who effectively run the undertaking and other key functions".</p>

Organisation	Jurisdiction	Comments
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	If Senior Management is defined as (only) the executive level, is the sentence enough - or are policies and procedures also implemented by other senior staff? To be even more compatible with every organisational structure, we suggest: "the relevant policies and procedures, as approved by the Board (or administrative or supervisory body)". See our previous comments on "Senior management": we prefer "those who effectively run the undertaking and other key functions or the management body".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	If Senior Management is defined as (only) the executive level, is the sentence enough - or are policies and procedures also implemented by other senior staff? To be even more compatible with every organisational structure, we suggest: "the relevant policies and procedures, as approved by the Board (or administrative or supervisory body)". See our previous comments on "Senior management": we prefer "those who effectively run the undertaking and other key functions or the management body".
Prudential Financial, Inc.	United States of America	We believe the Board should have the discretion to review whether relevant policies and procedures are being properly implemented and are operating as intended as it sees fit, and the ICP should not prescribe annual reporting.
S 7.2 - Comment on Standard 7.2:		
GFIA	international	In the sentence "The supervisor requires the insurer's Board to set and oversee the implementation of the insurer's corporate culture, business objectives and strategies for achieving those objectives, in line with the insurer's long term interests and viability.", the word "set" should be replaced with "set or approve", as it is senior management who sets or creates the insurer's corporate culture, business objectives and related strategies.
Autorité des marchés financiers	Québec	The AMF agrees with the removal of "including its risk strategy and risk appetite" from this Standard, as proposed, since they will be better addressed by the standard on risk management, as mentioned (eg TmA25 comment). Also, they don't need to be treated here in great detail, given that appropriate references could also be done to ICP 8. However, because of the upfront importance of risk culture as a key element of the Board's oversight role, we are of the view that it should be mentioned in the standard: "...for achieving those objectives, in line with the insurer's risk culture and long term interests and viability."
National Association of Mutual Insurance Companies	United States	This entire section is focused on a Board role in setting and implementing the insurer's corporate culture. The provisions contain detailed descriptions of actions a Board must take to establish this "corporate culture." In general the interactions with the corporation and the implementation of any direction is managed and carried out by Senior Management. Senior Management is in a much better position to set the tone and affect corporate culture in the day-to-day operation of the business. NAMIC questions the focus on the Board's role in developing and implementing the corporate culture as that is really a function of all leaders in the organization. A Board's role is oversight, not necessarily design or implementation.

Organisation	Jurisdiction	Comments
American International Group	USA	As indicated above in our general comments, sections 7.2 through 7.6 provide extensive guidance on supervisory requirements with respect to Boards of Directors. We would welcome some additional language to clarify that the requirements of Boards of Directors should be proportionate to the nature, scale, and complexity of the supervised entity such that Boards at the subsidiary level are not necessarily subject to requirements of the same rigor as Boards at the parent company level.
G 7.2.1 - Comment on Guidance 7.2.1:		
AMICE	Europe	We prefer the following wording "the administrative, management or supervisory body" instead of "the Board". Furthermore, the subjects mentioned in here are dependent on specific requirements under certain jurisdictions. Therefore, we suggest adding the following wording "in accordance with jurisdictional provisions".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Not the Board but the administrative, management or supervisory body. Besides, the subjects mentioned here are subject to dedicated requirements in some jurisdictions. We suggest adding "in accordance with national provisions".
GFIA	international	The areas mentioned in here are subject to specific requirements in certain jurisdictions. Therefore, we suggest adding "in accordance with jurisdictional provisions". In the first sentence, "setting (including approving)" should be replaced with "setting or approving", for the same reason as stated in 7.2.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	Not the Board but the administrative, management or supervisory body. Besides, the subjects mentioned here are subject to dedicated requirements in some jurisdictions. We suggest adding "in accordance with national provisions".
Autorité des marchés financiers	Québec	First sentence: « ...rigorous process for setting, approving, and overseeing the implementation of... ». In our view, these two concepts are not inclusive, but rather exclusive. Suggest to rephrase of last sentence as follows: "The Board ensures that Senior Management has adequately documented and effectively communicated these objectives and strategies to Key Persons in Control Functions and all other relevant staff".
G 7.2.2 - Comment on Guidance 7.2.2:		
GFIA	international	While treating customers consistent with legal requirements is a reasonable general supervisory and business objective, we question whether inclusion in governance ICPs of a subjective and undefined consumer protection standard ("the interests of policyholders") might lead to unintended consequences. For example, what are the interests of policyholders and who

Organisation	Jurisdiction	Comments
		determines that? Does this not lead to a broad potential range of new and unintended second guessing, contention and even liability?
G 7.2.3 - Comment on Guidance 7.2.3:		
AMICE	Europe	We support that each insurer should remain responsible for the choice of communication regarding their values. Hence, we suggest adding "The corporate values...should be communicated via appropriate media chosen by the administrative, management or supervisory body".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We support each insurance entity should remain responsible of the choice of communication regarding their values. Hence, we suggest adding "The corporate values,... throughout the insurer on appropriate media set by the administrative body".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We support each insurance entity should remain responsible of the choice of communication regarding their values. Hence, we suggest adding "The corporate values,... throughout the insurer on appropriate media set by the administrative body".
Zurich Insurance Company Ltd.	Switzerland	Zurich recommends the phrase "the board should take the lead in setting (...) tone at the top" to be redrafted as "the board should reinforce the corporate culture and values as established by management".
G 7.2.4 - Comment on Guidance 7.2.4:		
AMICE	Europe	(editing) "Senior Management" should be capitalised throughout the paragraph.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	(editing) "Senior Management" and "the Board" should be capitalised throughout the paragraph.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of	National Federation of Mutual Societies	(editing) "Senior Management" and "the Board" should be capitalised throughout the paragraph.

Organisation	Jurisdiction	Comments
French Mutual Societies		
Autorité des marchés financiers	Québec	First and last sentences, for consistency: « Senior mManagement » in capital letters.
G 7.2.5 - Comment on Guidance 7.2.5:		
AMICE	Europe	We prefer the following wording "the administrative, management or supervisory body" instead of "the Board". The norms mentioned here are dependent on specific requirements under certain jurisdictions. Therefore, we propose including the following wording "in accordance with jurisdictional provisions".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Not the Board but the administrative, management or supervisory body. Besides, the subjects mentioned here are submitted to dedicated requirements in some jurisdictions. We suggest adding "in accordance with national provisions".
International Actuarial Association	International	7.2.5 and other sections focus on the importance of setting an ethical standard and processes to address fraud, money laundering, etc. We agree that this is an important aspect of sustainable insurance reflective of the trust place on insurance to fulfill its promises when due.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	Not the Board but the administrative, management or supervisory body. Besides, the subjects mentioned here are submitted to dedicated requirements in some jurisdictions. We suggest adding "in accordance with national provisions".
G 7.2.6 - Comment on Guidance 7.2.6:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We regard the first sentence as too demanding and overly prescriptive. We suggest replacing it with " As part of its risk-management system, every insurance undertaking shall conduct its own risk and solvency assessment and provide for an effective internal audit function. The internal audit function shall include an evaluation of the adequacy and effectiveness of the internal control system and other elements of the system of governance".
GFIA	international	In the first sentence, "have been properly implemented" should be replaced with "have been, or are being, properly implemented".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of	National Federation of Mutual Societies	We regard the first sentence as too demanding and overly prescriptive. We suggest replacing it with " As part of its risk-management system, every insurance undertaking shall conduct its own risk and solvency assessment and provide for an effective internal audit function. The internal audit function shall include an evaluation of the adequacy and effectiveness of

Organisation	Jurisdiction	Comments
French Mutual Societies		the internal control system and other elements of the system of governance".
Zurich Insurance Company Ltd.	Switzerland	The guidance sets out that "[T]he Board should ensure that the insurer's corporate governance framework (...) are reviewed at least annually to ensure they have been properly implemented and that they remain appropriate in light of any material changes in organizational structure, activities, strategy, and regulatory and other external factors." The obligation to review a group's corporate governance framework on an annual basis is far-reaching and too broad: such a framework may consist of numerous corporate documents such as charters, rules, policies, guidelines and principles the annual review of which would be highly impractical. Therefore, the current proposal should be replaced by "reviewed <i>regularly, as appropriate</i> ".
ICMIF	UK	We suggest replacing it with the following, excepted from the OECD Guidelines, p.16: 'The board should establish a comprehensive and well-defined risk management framework or strategy that defines the insurer's approach to risk, sets out the methods employed by the insurer to mitigate risk, clearly identifies those responsible for implementation and reflects expected prudent behaviour on the part of the insurer. 'The board should establish an internal control framework that sets out the policies, processes and procedures (including internal reporting) necessary to ensure the proper observance and execution of board strategies and policies.'
National Association of Mutual Insurance Companies	United States	This section makes it a requirement that the Board review the corporate governance framework annually. Dictating that the framework be reviewed on an "annual" schedule seems to lack the flexibility that should be included in the ICPs. A review may be needed more or less frequently than annually. Setting an arbitrary time period between reviews ignores the need for flexibility. The goal of the supervisor should be focused on whether there is a strong corporate culture and how that is evidenced in the activities of the organization, not on the specific timing of a review of the corporate governance framework.
S 7.3 - Comment on Standard 7.3:		
AMICE	Europe	We consider this standard as an example where the proportionality clause is vital and should be maintained. See our comment on 7.0.4.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We consider this standard as an example where the proportionality clause should absolutely be kept.
GFIA	international	We consider this standard as an example where the proportionality clause should absolutely be kept.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We consider this standard as an example where the proportionality clause should absolutely be kept.

Organisation	Jurisdiction	Comments
ICMIF	UK	We would prefer to see regular reference to the principle rather than just a commitment to proportionality in the introduction. This is because it means different things in different places. But also, because if someone reads one of the principles in isolation they will overlook the overall commitment. Nature scale and complexity are key terms widely adopted and thus should be useful references to supervisors.
American International Group	USA	Same comment as above in regards to Standard 7.2
G 7.3.1 - Comment on Guidance 7.3.1:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We consider this standard as an example where the proportionality clause should absolutely be kept.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We consider this standard as an example where the proportionality clause should absolutely be kept.
Autorité des marchés financiers	Québec	For consistency with other Standards and Guidance of ICP 7, and with ICP5, we suggest the following modifications: First sentence, replace "expertise" by "competency"; Second sentence, replace "understanding" by "expertise" (two occurrences); Second sentence: There are some other important areas in which Board members should be expected to have enough knowledge and experience. Among them, strategic planning and IT management. Consequently, we suggest including them, in addition to those already mentioned. Third sentence, replace "competencies and understanding" by "knowledge and expertise".
G 7.3.2 - Comment on Guidance 7.3.2:		
AMICE	Europe	With due respect to efforts to shorten the ICP texts, we think that cross-references make them easier to understand. We therefore recommend maintaining the cross-reference to ICP 5. Rightly, 5.2.2. cross-references to here. The commitment requirement is also included in 5.2.2. and 5.2.3. That it is further explained here certainly helps towards the understanding of the ICPs.

Organisation	Jurisdiction	Comments
		In other parts of the ICP such as 7.5.1 and 7.11.2, there are new additions which cross-refer to other ICPs and we consider that the same approach should be followed in 7.3.2.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	With due respect to efforts to shorten the ICP texts, we think that cross-references make them easier to understand. We recommend therefore maintaining the cross reference to ICP 5. Rightly, 5.2.2. cross-references to here. The commitment requirement is also included in 5.2.2. and 5.2.3. That it is further explained here certainly helps towards the understanding of the ICPs.
GFIA	international	With due respect to efforts to shorten the ICP texts, we consider that cross-references make them easier to understand. Therefore, we recommend maintaining the cross-reference to ICP 5. In other parts of the ICP such as 7.5.1 and 7.11.2, there are new additions which cross-refer to other ICPs and we think that the same approach should be followed in 7.3.2.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	With due respect to efforts to shorten the ICP texts, we think that cross-references make them easier to understand. We recommend therefore maintaining the cross reference to ICP 5. Rightly, 5.2.2. cross-references to here. The commitment requirement is also included in 5.2.2. and 5.2.3. That it is further explained here certainly helps towards the understanding of the ICPs.
G 7.3.3 - Comment on Guidance 7.3.3:		
G 7.3.4 - Comment on Guidance 7.3.4:		
AMICE	Europe	The requirement for the Board to "review, at least annually, its own performance" seems too prescriptive and we suggest instead the following wording "on a regular basis, depending on proportionality considerations and organisational structure".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	"... at least annually" seems too prescriptive and we suggest instead: "on a regular basis, depending on proportionality considerations and organisational structure".
GFIA	international	The requirement for the Board to "review, at least annually, its own performance" seems too prescriptive and we suggest instead the following wording "on a regular basis, depending on proportionality considerations and organizational structure".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	"... at least annually" seems too prescriptive and we suggest instead: "on a regular basis, depending on proportionality considerations and organisational structure".
G 7.3.5 - Comment on Guidance 7.3.5:		
G 7.3.6 - Comment on Guidance 7.3.6:		

Organisation	Jurisdiction	Comments
AMICE	Europe	We find the last sentence as being inflexible and we propose to add the following wording: "taking into account jurisdictional provisions".
Insurance Europe	Europe	We find it very inflexible to request that the Chair of the Board should be a non-executive Board member and should not be allowed to serve as chair of any Board committees as this requirement could go against national law, where specific governance structures exist. Accordingly, we propose to amend the drafting of the newly added paragraph in the following way: "To promote checks and balances, the Chair of the Board should, where local requirements do not prevent this, be a non-executive Board member and should not serve as chair of any Board committee unless local requirements allow this in special circumstances"
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	To avoid confusion in certain jurisdictions with duties of the Corporate Secretary, we suggest "... some members of the Board have leading roles for its proper and effective functioning. The roles of these members, particularly of the Chair of the Board, should...". For the last sentence "where applicable".
GFIA	international	We find the language added is very inflexible. We are concerned that it could be misunderstood to propose rejecting a variety of measures that jurisdictions and/or insurers have in place to promote checks and balances. In addition, the example provided could be disproportionate to the nature, scale and complexity of the governance structure, and it could result in serious negative impacts to many companies which have their CEO or another employee who serves as chair of the Board and/or Board committees. Furthermore, it can even conflict with jurisdictional corporate law, where specific legally defined governance structures exist. Accordingly, we urge the IAIS to delete the last sentence. If the deletion we propose is not accepted by the IAIS, at a minimum, we urge the IAIS to add language that explicitly recognizes the specificities of jurisdictional law and potential alternative measures to take when an Executive Board Member serves as chair.
General Insurance Association of Japan	Japan	The last sentence, "To promote checks and balances, the Chair of the Board should be a non-executive Board member and should not serve as chair of any Board committee.", which was newly added, may not necessarily be appropriate for certain jurisdictions because checks and balances of the Board are promoted differently by each jurisdiction, in accordance with local legislation. For example, establishment of an Audit & Supervisory Board to ensure checks and balances of the Boards of Directors in Japan is allowed. In addition, it is stipulated that the Board of Directors as a whole is ensured to supervise the execution of duties by directors. Therefore, we suggest adding the following sentence after the last sentence: "(In jurisdictions where the chair is permitted to assume executive duties or serve as chair of any Board committee, this may not be the case if there are other measures which promote the checks and balances role.)"
The Life Insurance Association of Japan	Japan	The last sentence, "To promote checks and balances, the Chair of the Board should be a non-executive Board member and should not serve as chair of any Board committee" should be deleted. If not, we urge the IAIS to add language that explicitly recognizes alternative measures for cases where an executive Board member serves as Chair, including having regular meetings consisting primarily of non-executive directors. In practice, measures to promote checks and balances vary among jurisdictions and insurers. We are concerned that the

Organisation	Jurisdiction	Comments
		<p>last sentence would obstruct the diversity of such measures, three of which are cited below. At the same time, it would conflict with the fundamental principle of proportionality that underlies all ICPs.</p> <p>The OECD Principles of Corporate Governance states, "In a number of countries with single tier board systems, the objectivity of the board and its independence from management may be strengthened by designating a lead non-executive director to convene or chair sessions of the outside directors where the roles of chief executive and chairman are combined." (Part Two, VI-E)</p> <p>Japan's Corporate Governance Code for listed companies, developed in reference to the above OECD Principles, states that "Independent directors should endeavor to exchange information and develop a shared awareness among themselves from an independent and objective standpoint. Regular meetings consisting solely of independent directors (executive sessions) would be one way of achieving this." (Principle 4.8.1)</p> <p>In bank governance, the BCBS Guidelines on Corporate Governance Principles for Banks states, "In jurisdictions where the chair is permitted to assume executive duties, the bank should have measures in place to mitigate any adverse impact on the bank's checks and balances." (Principle 3.62)</p>
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	<p>To avoid confusion in certain jurisdictions with duties of the Corporate Secretary, we suggest "... some members of the Board have leading roles for its proper and effective functioning. The roles of these members, particularly of the Chair of the Board, should...".</p> <p>For the last sentence "where applicable".</p>
Swiss Re	Switzerland	<p>We find it unduly prescriptive to request in guidance 7.3.6 that the Chair of the Board should be a non-executive Board member and should not be allowed to serve as chair of any Board committees as these requirements could go against national law, where specific governance structures exist. We propose to amend this guidance in the following way: "To promote checks and balances, the chair of the Board should, where local requirements do not prevent this, be a non-executive board member and should not serve as chair of any Board committee unless local requirements allow this in special circumstances".</p>
Zurich Insurance Company Ltd.	Switzerland	<p>The revision to the guidance (last sentence) reads: "To promote checks and balances, the Chair of the Board should be a non-executive Board member and should not serve as chair of any Board committee".</p> <p>Zurich does not support this additional restriction. Instead, Zurich is in favor of a more proportionate approach to a board's own structure and practices, and one which accepts differences in corporate governance structures. Zurich takes the view that the role of the chair should be commensurate with the insurer's size, complexity, structure, economic significance and risk profile.</p> <p>While Zurich recognizes the importance of the concept of checks and balances, Zurich believes the proposed wording is unduly prescriptive to the extent it prevents the board's chair to chair a board committee. The ability and appropriateness of the chairperson to serve as chair of other board committees depends on the scale and nature of each insurer.</p> <p>To the extent that this paragraph is seeking to limit that ability in all cases, Zurich takes the view that it should be applicable only to the audit and risk committees.</p> <p>It is also to be duly noted that in some jurisdictions, it is required or expected that the chair of the board will also serve as chair of the nomination committee.</p>

Organisation	Jurisdiction	Comments
National Association of Mutual Insurance Companies	United States	The requirement that the Chair of the Board not serve as the chair of any committee creates challenges and does not include the flexibility needed to address varied company sizes and corporate structures. As a result of the changes in the ICPs removing the reference to proportionality there is no language that acknowledges the realities of smaller companies. While we support good corporate governance, there is more than one way to assign committee responsibilities that will achieve good governance and proportionality should be considered in this context. NAMIC members include a very wide range of companies from very small farm mutuals to the very largest property-casualty companies in the U.S. They have a variety of board structures that include strong oversight in different ways. Since proportionality was generally removed from this ICP we are concerned about how the standards will be applied to the smallest of our members and also have concerns about how the ICPs will be flexible enough to address the varying structures of our more complex member organizations.
Prudential Financial, Inc.	United States of America	As noted in our comments on Guidance 7.1.1, we believe the ICP should accommodate governance structures that include a Lead Independent Director in cases where the CEO acts as Chairman of the Board. The Lead Independent Director should have appropriate authority to retain outside advisors and consultants to report directly to the Board of Directors on issues important to the Board. Such a structure provides independent Board leadership and engagement while providing the benefit of having the CEO, the individual with primary responsibility for managing the company's day-to-day operations chair regular Board meetings as key business and strategic issues are discussed.
National Association of Insurance Commissioners	USA	The new addition to end of this paragraph states, "To promote checks and balances, the Chair of the Board should be a non-executive Board member and should not serve as chair of any Board committee." While this approach may be preferable and appropriate for many insurers, this does not seem to reflect proportionality or take into account situations where it is necessary for an executive member to serve as Chair of the Board or for the Chair of the Board to serve as the chair of a committee. In certain circumstances, this may be necessary to address the departure of members or the lack of Board expertise in a particular area. Therefore, suggest rewriting this to be less prescriptive: "To promote checks and balances, it is good practice for the Chair of the Board to be a non-executive Board member and not serve as chair of any Board committee."
G 7.3.7 - Comment on Guidance 7.3.7:		
Office of the Commissioner of Insurance	China Hong Kong	7.3.7 specifies that the Board should consider occasional rotation of members and of the chairs of committees, or tenure limits to serve on a committee, as this can help to avoid undue concentration of power and promote fresh perspectives. While we see merits in the proposal, again it may pose practical difficulty for the smaller insurers which only have boards with smaller number of directors (hence difficult to carry out rotation). Subject to supervisor's guidance, smaller insurers could consider a proportionate adoption of this guidance
AMICE	Europe	We would regard the reference to the proportionality principle as valuable and suggest adding "and in accordance with jurisdictional provisions". See our comment on 7.0.4.
Insurance Europe	Europe	We do not see a reason to delete the reference to the principle of proportionality. It is an important principle, in particular for small and medium insurers. If the new wording to refer to the principle of proportionality as used in 8.0.2 is the preferred way to address this issue, we would suggest inserting this here also for consistency.

Organisation	Jurisdiction	Comments
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We would regard it valuable to maintain the reference to the proportionality principle and add "and in accordance with national provisions".
German Insurance Association (GDV)	Germany	We don't see a reason to delete the principle of proportionality. As it is an important principle, in particular for small and medium insurers, it should be reinserted.
GFIA	international	It is not clear what the reasoning is behind deleting the reference to "nature, scale and complexity" as it is a reference to the principle of proportionality, which is very important to all insurers, particularly to small and medium sized insurers.. Is the wording used in ICP 8.02 the preferred wording for reference to the principle of proportionality that should also be used here?
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We would regard it valuable to maintain the reference to the proportionality principle and add "and in accordance with national provisions".
Autorité des marchés financiers	Québec	Third sentence, for consistency with other Standards and Guidance of ICP 7, these two words should be written in the following order: "...a degree of objectivity and independence as..." Penultimate sentence, we suggest the following modification: "...not compromise the integrity and effectiveness of the..."
National Association of Mutual Insurance Companies	United States	The added language in this section that calls for committee membership rotation and as mentioned in our response to Question 32, such rotation may not be feasible on smaller insurance boards. The changes in the ICP removing the reference to proportionality ignore the realities of smaller companies. While we support good corporate governance, there is more than one way to structure committees that will achieve good governance and proportionality should be considered in this context. NAMIC members include a very wide range of companies from very small farm mutuals to the very largest property-casualty companies in the U.S. They have a variety of board structures that include strong oversight in different ways. Since proportionality was removed from this section we are concerned about how the standards will be applied to the smallest of our members and also have concerns about how the ICPs will be flexible enough to address the varying structures of our more complex member organizations.
G 7.3.8 - Comment on Guidance 7.3.8:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	See comment on 7.3.7, we suggest adding: "... (such as members of the remuneration and audit committees, if any)...".

Organisation	Jurisdiction	Comments
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	See comment on 7.3.7., we suggest adding: "... (such as members of the remuneration and audit committees, if any)...".
Autorité des marchés financiers	Québec	As suggested in 7.3.7, we suggest to switch the two words of the headline: "Objectivity and independence"
G 7.3.9 - Comment on Guidance 7.3.9:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We suggest adding for mutuals: "... (such as the constitution, by-laws, internal rules,...)".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	we suggest adding for mutuals: "... (such as the constitution, by-laws, internal rules,...)".
Autorité des marchés financiers	Québec	Last sentence: "...such as Senior Management and..."
G 7.3.10 - Comment on Guidance 7.3.10:		
AMICE	Europe	We suggest using the wording "adequate resources" instead of "resources, such as adequate funding, staff and facilities". The current wording is too prescriptive and burdensome for small and medium-sized insurers.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We suggest using the wording "adequate resources where necessary" instead of "resources, such as adequate funding, staff and facilities". The current wording is too prescriptive and burdensome for small and medium enterprises.
GFIA	international	We suggest using the wording "adequate resources" instead of "resources, such as adequate funding, staff and facilities".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We suggest using the wording "adequate resources where necessary" instead of "resources, such as adequate funding, staff and facilities". The current wording is too prescriptive and burdensome for small and medium enterprises.

Organisation	Jurisdiction	Comments
Autorité des marchés financiers	Québec	Last sentence: "...where necessary or appropriate, subject to criteria (particularly independency) and due procedures for appointment..."
ICMIF	UK	We would like to suggest this wording: 'resources shall be allocated to the Board to enable the Board members to carry out their roles and responsibilities'.
G 7.3.11 - Comment on Guidance 7.3.11:		
German Insurance Association (GDV)	Germany	We don't see a reason to delete the principle of proportionality. As it is an important principle, in particular for small and medium insurers, it should be reinserted.
Autorité des marchés financiers	Québec	Second sentence, we suggest to remove the parenthesis: Delegations in this context are distinguished from outsourcing of business activities by the insurer, which is dealt with in ICP 8 (Risk Management and Internal Controls).
G 7.3.12 - Comment on Guidance 7.3.12:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We consider this standard as an example where the proportionality clause should absolutely be kept.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We consider this standard as an example where the proportionality clause should absolutely be kept.
ICMIF	UK	We think that the proportionality principle should be inserted here.
S 7.4 - Comment on Standard 7.4:		
International Actuarial Association	International	7.4 in the third bullet mentions the Board's duties to the insurer and the policyholder. We think shareholder may be a more accurate word choice to clarify the duty is not to the management of the insurer (delegated by the Board), but to its shareholders.
Autorité des marchés financiers	Québec	Third bullet, to eliminate repetition: "...putting those interests ahead of..."
Prudential Financial, Inc.	United States of America	We request that the IAIS make clear that "the insurer" refers to the insurer's shareholders in order to accommodate directors' U.S. state law duties to shareholders.

Organisation	Jurisdiction	Comments
American International Group	USA	Same comment as above in regards to Standard 7.2
G 7.4.1 - Comment on Guidance 7.4.1:		
AMICE	Europe	In view of the diversity of jurisdictions and organisational structures, we suggest adding "if such a charter or mandate exists in the respective jurisdiction" at the end of the last sentence.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	As regards the diversity of jurisdictions and organisational structures, we suggest adding "if any" at the end of the last sentence.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	As regards the diversity of jurisdictions and organisational structures, we suggest adding "if any" at the end of the last sentence.
G 7.4.2 - Comment on Guidance 7.4.2:		
G 7.4.3 - Comment on Guidance 7.4.3:		
AMICE	Europe	Concerning conflict of interests that could arise in groups, the sentence seems too prescriptive and difficult to apply. A simple cross-reference to 7.3.8 (Independence and objectivity) could be sufficient.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Concerning conflicts of interests that could arise in groups, the sentence seems too prescriptive and difficult to apply. A simple cross-reference to 7.3.8 could be sufficient.
GFIA	international	A member of an insurer's Board who also serves on another Board(s) has a duty of loyalty to all of the companies in which he/she is a Board member. Therefore, the phrase "there should be clear and well defined procedures that require the member of the insurer's Board to act in the best interests of the insurer, putting the insurer's and policyholders interests ahead of that of any other entity or that of his/her own" should be replaced with "there should be clear and well defined procedures regarding the member's duty of loyalty to the insurer". The revised provision would read: "Where a member of the Board of an insurer has common membership on the Board of any other entity within or outside the insurer's group, there should be clear and well defined procedures regarding the member's duty of loyalty to the insurer. These may include appropriate disclosure and in some instances shareholder approval of such overlapping roles. In the event of a material conflict with the interests of the insurer, the member should disclose such conflicts promptly to the Board of the insurer and its stakeholders as appropriate, and be required to decline to vote or take any decisions in any matters in

Organisation	Jurisdiction	Comments
		which he/she has an interest."
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	Concerning conflicts of interests that could arise in groups, the sentence seems too prescriptive and difficult to apply. A simple cross-reference to 7.3.8 could be sufficient.
Autorité des marchés financiers	Québec	On the last sentence, when referring to disclosures to be made by a Board Member having incurred in conflict with interests of the insurer, we recommend to mention that a Board-approved conflict-of-interests policy should make such disclosures mandatory (cf. BCBS par. 83).
S 7.5 - Comment on Standard 7.5:		
American International Group	USA	Same comment as above in regards to Standard 7.2
G 7.5.1 - Comment on Guidance 7.5.1:		
S 7.6: - Comment on Standard 7.6:		
AMICE	Europe	We appreciate the mention of "policyholders and other stakeholders". We would appreciate the use of the same wording as in Solvency II. We therefore suggest replacing the sentence "... those individuals who are members of the Board, Senior Management, Key Persons in Control Functions and other employees whose actions may have a material impact on the risk exposure of the insurer..." with "those who effectively run the undertaking or have other key functions, as well as members of the insurer's administrative, management or supervisory body and other key functions".
Insurance Europe	Europe	It would be helpful if the guidance could acknowledge that regulated firms may be part of a larger group where certain functions, such as the Remuneration Committee overseeing the role of financial incentives may be performed centrally at a holding company level under delegated powers from the Boards, rather than being replicated at each Board within the group.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We appreciate the mention of "policyholders and other stakeholders". See our comments on 7.0.2. We suggest replacing the sentence "... those individuals who are members of the Board, Senior Management, Key Persons in Control Functions and other employees whose actions may have a material impact on the risk exposure of the insurer..." with "those who effectively run the undertaking or have other key functions, including members of the insurer's administrative, management or supervisory body and other key functions".
GFIA	international	It is our view that remuneration, to the extent it is dealt with, should be the subject only of very high level principles. We fear that this section is trending toward a too prescriptive approach borrowed from banking regulation without a clear justification

Organisation	Jurisdiction	Comments
		of need in the insurance sector.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We appreciate the mention of "policyholders and other stakeholders". See our comments on 7.0.2. We suggest replacing the sentence "... those individuals who are members of the Board, Senior Management, Key Persons in Control Functions and other employees whose actions may have a material impact on the risk exposure of the insurer..." with "those who effectively run the undertaking or have other key functions, including members of the insurer's administrative, management or supervisory body and other key functions".
Autorité des marchés financiers	Québec	For consistency of the headlines : « Duties related to remuneration » First bullet: "...in line with the corporate culture, risk culture, business objectives, strategies and long term interest...". We suggest not to include "identified risk appetite" in the standard as it deals with a level of detail and it is already dealt with in guidance 7.6.4. Also, it is encompassed (relatively to remuneration) in the "business objectives and strategies".
Swiss Re	Switzerland	Standard 7.6 on remuneration and practices should acknowledge that insurance groups may oversee the role of financial incentives centrally at Board level rather than being replicated at each Board within the group. We suggest to extend the standard accordingly.
American International Group	USA	Same comment as above in regards to Standard 7.2
G 7.6.1 - Comment on Guidance 7.6.1:		
GFIA	international	In the third sentence, the phrase "thereby promoting sound overall governance of insurers and fair treatment of customers" is unnecessary and should be deleted.
Autorité des marchés financiers	Québec	Our understanding is that reference to the proportionality principle should not be included in guidance for each ICP. We therefore suggest to delete reference to this principle throughout the ICP. We suggest to remove the last part : "taking into account the nature, scale and complexity of the business of the insurer."
G 7.6.2 - Comment on Guidance 7.6.2:		
AMICE	Europe	We suggest replacing the sentence "...individuals, particularly members of the Board and Senior Management, Key Persons in Control Functions and major risk-taking staff..." with "those who effectively run the undertaking or have other key functions, as well as members of the insurer's administrative, management or supervisory body and other key functions".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de	France	See our comments on 7.6. We suggest replacing the sentence "...individuals, particularly members of the Board and Senior Management, Key Persons in Control Functions and major risk-taking staff..." with "those who effectively run the undertaking or have other key functions, including members of the insurer's administrative, management or supervisory body and other key functions".

Organisation	Jurisdiction	Comments
la Mutualité Française)		
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	See our comments on 7.6. We suggest replacing the sentence "...individuals, particularly members of the Board and Senior Management, Key Persons in Control Functions and major risk-taking staff..." with "those who effectively run the undertaking or have other key functions, including members of the insurer's administrative, management or supervisory body and other key functions".
G 7.6.3 - Comment on Guidance 7.6.3:		
G 7.6.4 - Comment on Guidance 7.6.4:		
AMICE	Europe	<p>We wonder whether it is true (as in comment TmA42) and clear that "other benefits" are included in "fixed and variable components". "Fixed and variable components" may easily be understood as being (only) financial/monetary while other benefits include non-financial benefits such as cars, housing, company jet etc.</p> <p>In the third bullet point, we suggest deleting the reference to the CEO. However the reference to the structure of remuneration should be maintained as it includes the relation in level of remunerations between the layers of management, as well as any overall proportions between different remuneration elements.</p>
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	<p>We wonder whether it is true (as in comment TmA42) and clear that "other benefits" are included in "fixed and variable components". "Fixed and variable components" may easily be understood as being (only) financial/monetary while other benefits include non-financial benefits such as cars, housing, company jet etc.</p> <p>In the third bullet point, the reference to the CEO seems dispensable, much more than that to the "structure of remuneration" which may include the relation in size of remunerations between the layers of management, but also simply any overall proportions between different remuneration elements.</p>
GFIA	international	In the first sentence, the phrase "and its policyholders and other stakeholders" is unnecessary and should be deleted.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	<p>We wonder whether it is true (as in comment TmA42) and clear that "other benefits" are included in "fixed and variable components". "Fixed and variable components" may easily be understood as being (only) financial/monetary while other benefits include non-financial benefits such as cars, housing, company jet etc.</p> <p>In the third bullet point, the reference to the CEO seems dispensable, much more than that to the "structure of remuneration" which may include the relation in size of remunerations between the layers of management, but also simply any overall proportions between different remuneration elements.</p>
G 7.6.5 - Comment on Guidance 7.6.5:		
Autorité des marchés financiers	Québec	Last sentence: "No member of the Board should be placed in..."

Organisation	Jurisdiction	Comments
G 7.6.6 - Comment on Guidance 7.6.6:		
International Actuarial Association	International	7.6.6 and other Sections use the phrase "excessive risk taking", but no guidance is given on how to determine what is excessive. A company's strategy may be explicit about taking on more risk. While it may be explicit about the higher limits and controls, there will be no way to tell ahead of time whether it was excessive other than through subjective impressions, hopefully enhanced via stress tests.
G 7.6.7 - Comment on Guidance 7.6.7:		
G 7.6.8 - Comment on Guidance 7.6.8:		
G 7.6.9 - Comment on Guidance 7.6.9:		
G 7.6.10 - Comment on Guidance 7.6.10:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	(drafting) The wording in the fourth bullet point "the award of variable remuneration" (instead of "bonuses") indicates that the authors only think of "positive" variable remuneration in form of an additional (bonus) payment. "Variable remuneration" is commonly a more general term. The terminology challenge is visible at the end of the first bullet point. In a bad year, you do not "eliminate variable remuneration" (it remains variable, but has fallen to zero); you eliminate or just do not award a bonus. Similar problem in the last bullet point.
GFIA	international	The fourth bullet states "The award of variable remuneration should contain provisions that enable the insurer, under certain circumstances, to apply malus or claw back arrangements in the case of subdued or negative financial performance of the insurer ..." In the U.S., the Securities and Exchange Commission (SEC) recently proposed new, enhanced claw back rules that are expected take effect in the near future, and we are concerned that this ICP provision could create potential conflicts with the new SEC rule. We, therefore, recommend that language be added to state that companies that are compliance with the new SEC rule would also be in compliance with this ICP provision.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	(drafting) The wording in the fourth bullet point "the award of variable remuneration" (instead of "bonuses") indicates that the authors only think of "positive" variable remuneration in form of an additional (bonus) payment. "Variable remuneration" is commonly a more general term. The terminology challenge is visible at the end of the first bullet point. In a bad year, you do not "eliminate variable remuneration" (it remains variable, but has fallen to zero); you eliminate or just do not award a bonus. Similar problem in the last bullet point.
Zurich Insurance Company Ltd.	Switzerland	With respect to the 4th bullet point of the guidance. Malus or claw back arrangements should be restricted to key risk takers and need to be compliant with local employment law. The current wording would also encompass short term cash incentives and thus may cover the majority of the employee population which would go far beyond the aim of the respective rule. Employees who do not meet major risk taking profiles

Organisation	Jurisdiction	Comments
		should not be subjected to claw back arrangements. Further, according to local employment law, variable remuneration may actually be qualified as part of the fixed remuneration and may not be validly clawed back.
ICMIF	UK	We welcome the deletion of bonus (quite an emotive word for most of the public given the debacle which followed the investment banking industry post GFC) and its replacement with variable remuneration, We also welcome the board's reduced flexibility in a bad year.
G 7.6.11 - Comment on Guidance 7.6.11:		
G 7.6.12 - Comment on Guidance 7.6.12:		
G 7.6.13 - Comment on Guidance 7.6.13:		
Zurich Insurance Company Ltd.	Switzerland	With respect to the 3rd bullet point ("retention restrictions") of the guidance. It is unclear what "appropriate proportion" means. In order to illustrate this paragraph's underlying rationale more clearly, Zurich takes the view that the holding period and the period within which the respective risks may potentially materialize (in consideration of the amount of the respective financial risk) should be aligned.
G 7.6.14 - Comment on Guidance 7.6.14:		
GFIA	international	The language "... it is appropriate that future vesting and holding restrictions for share-based remuneration remain operative even upon cessation of employment ..." could be interpreted to mean that there should not be any acceleration of vesting for equity (stock) grants upon the termination of employment. Such interpretation would conflict with the terms of many insurers' compensation programs, and should be clarified accordingly.
Zurich Insurance Company Ltd.	Switzerland	The scope of application of this rule should be limited to key risk taker positions. In Zurich's view it is only appropriate to request a long-term view beyond the end of employment relationship from key risk takers. Further, according to local employment law provisions it may not be admissible to impose restrictions to all employees which last beyond the end of their contractual relationship.
Prudential Financial, Inc.	United States of America	We believe this ICP is too rigid, and that accelerated vesting may be appropriate in many circumstances, including retirement or other forms of separation.
G 7.6.15 - Comment on Guidance 7.6.15:		
S 7.7 - Comment on Standard 7.7:		
AMICE	Europe	Roles and responsibilities among stakeholders are clearly defined in many jurisdictions and often supported by Solvency II provisions at the European level. Hence, we suggest replacing the end of the sentence by "... purposes and to allocate responsibilities subject to any applicable legal provisions among the administrative, management or supervisory body and other internal key functions and external or statutory auditors if any".

Organisation	Jurisdiction	Comments
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Roles and responsibilities among stakeholders are clearly defined in many jurisdictions and often supported by Solvency II provisions. Hence, we suggest replacing the end of the sentence by "...purposes and to allocate responsibilities subject to any applicable legal provisions among the administrative, management or supervisory body and other internal key functions and external or statutory auditors if any".
International Actuarial Association	International	7.7 is another example of a focus on correct controls (financial statements in this case) which are worthwhile, but which will not prevent a failure if the accounting reporting framework is itself flawed. Requiring a board to present a balanced and accurate assessment of its business (Section 7.7.1) may put it in conflict with a required reporting basis that has shortcomings and may not be focused on viability as a going concern. Rather, the board may want and need to see reports under multiple accounting lenses to help it unearth/realize the risks or flaws that may be buried in its required reporting framework.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	Roles and responsibilities among stakeholders are clearly defined in many jurisdictions and often supported by Solvency II provisions. Hence, we suggest replacing the end of the sentence by "... purposes and to allocate responsibilities subject to any applicable legal provisions among the administrative, management or supervisory body and other internal key functions and external or statutory auditors if any".
National Association of Mutual Insurance Companies	United States	The initial sentence of this standard makes it the responsibility of the "insurer's Board to ensure there is a reliable financial reporting process. . ." This duty really lies with the insurer directly and not specifically with the Board. We suggest deletion of the reference to the "insurer's Board" in this first sentence and replace it with "insurer."
G 7.7.1 - Comment on Guidance 7.7.1:		
AMICE	Europe	The Audit Committee is compulsory only in some jurisdictions and its articulation with the Board is clearly defined. In order to have a coherent and flexible approach, we suggest replacing "...or the Audit Committee" with "...or any body or individuals to which the Board has delegated some of its assignments subject to any applicable restrictions...".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	In some jurisdictions, the Audit committee is compulsory and its articulation with the Board clearly defined. To seek better coherence and flexibility, we suggest replacing "... or the Audit committee..." with "... or any body or individuals to which the Board should have delegated some of its assignments subject to any applicable restrictions ...".
GFIA	international	In the first sentence, the phrase "The Board is responsible for having adequate systems and controls" should be replaced with "The Board is responsible for overseeing the insurers' systems and controls".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	In some jurisdictions, the Audit committee is compulsory and its articulation with the Board clearly defined. To seek better coherence and flexibility, we suggest replacing "... or the Audit committee..." with "... or any body or individuals to which the Board should have delegated some of its assignments subject to any applicable restrictions ...".

Organisation	Jurisdiction	Comments
G 7.7.2 - Comment on Guidance 7.7.2:		
AMICE	Europe	We suggest using more flexible wording as follows: "...recommendations by the external or statutory auditor if any".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	According to national jurisdictions, we prefer a more flexible wording: "... recommendations by the external or statutory auditor if any".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	According to national jurisdictions, we prefer a more flexible wording: "... recommendations by the external or statutory auditor if any".
S 7.8 - Comment on Standard 7.8:		
Insurance Europe	Europe	Any alignment with the BCBS guidance on external audit, and particularly guidance 7.8, should consider the specificities of the insurance industry.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	See our comment on 7.7.2. The replacement wording "External or Statutory Audit if any" should be capitalised throughout the paragraph (title and every bullet in 7.8.1 and 7.8.2).
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	See our comment on 7.7.2. The replacement wording "External or Statutory Audit if any" should be capitalised throughout the paragraph (title and every bullet in 7.8.1 and 7.8.2).
Swiss Re	Switzerland	ICP 7 and 8 have also been amended to ensure alignment with corresponding requirements in the banking area, including the need to enhance the responsibilities of the insurers' Boards with respect to external auditors following from BCBS guidelines on external audits of banks adopted in March 2014. We suggest that any alignment with the BCBS guidance on external audit and particularly on Standard 7.8 should consider the specificities of the insurance area.
G 7.8.1 - Comment on Guidance 7.8.1:		
Insurance Europe	Europe	Third bullet point: either this should be removed or the Board / Audit Committee responsibility should be limited to "ensure there is a process for monitoring and assessing the effectiveness of the external audit process throughout the audit cycle". In cases where these bodies are largely or entirely made up of external non-executives it is not reasonable to expect them

Organisation	Jurisdiction	Comments
		to do this monitoring themselves.
Swiss Re	Switzerland	The third bullet point of guidance 7.8.1 should either be removed or the Board / Audit Committee' responsibility should be limited to "ensure there is a process for monitoring and assessing the effectiveness of the external audit process throughout the audit cycle". In cases where these bodies are largely or entirely made up of external non-executives it is not reasonable to expect them to do this monitoring process themselves.
G 7.8.2 - Comment on Guidance 7.8.2:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Concerning the third bullet point, we wonder whether it is really up to the Board to have a policy on the external auditor's compliance with his/her professional standards. We consider this standard as too prescriptive and burdensome for small and medium enterprises. In addition, some detailed national provisions are already applicable to statutory audit. In these cases, the administrative, management or supervisory body is responsible of its compliance.
GFIA	international	We wonder whether it should be the Board's responsibility to have a policy on the external auditor's compliance with his/her professional standards. The content of these standards is not usually well known by others other than external auditors themselves.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We wonder whether it is really up to the Board to have a policy on the external auditor's compliance with his/her professional standards. We consider this standard as too prescriptive and burdensome for small and medium enterprises. In addition, some detailed national provisions are already applicable to statutory audit. In these cases, the administrative, management or supervisory body is responsible of its compliance.
Autorité des marchés financiers	Québec	Second bullet, we suggest to switch the two words : «...relevant local and international audit... ».
ICMIF	UK	We agree that the Board should have an effective relationship with the external auditor and most of the measures seem reasonably adequate. That said, an external auditor secures owners' interests in a company and ultimately reports to the General Meeting. So it would be odd that the Board should be responsible for ensuring the compliance of external audit. Moreover the FSA are (or should be) more competent to perform a check of the auditor's compliance with ethical and professional standards than any board. It is easy to say that the board should have control over the auditor's adherence to ethical and professional standards, but how does a board obtain such information other than from official sources? A board should therefore be able to rely on the judgement of the FSA in respect of this issue. We agree with the rotation of the members of the audit team provided one retains the words "as appropriate". Given one may rotate an audit partner within the same firm it may not be necessary to swap the actual audit firm per se. For information, the UK mutuals'governance code suggests larger mutuals shoule rotate their external audi every ten years but there is a discretion for smaller members.
G 7.8.3 - Comment on Guidance 7.8.3:		

Organisation	Jurisdiction	Comments
AMICE	Europe	<p>Comment on Guidance 7.8.3 third bullet point:</p> <p>We wonder whether it is really up to the Board to have a policy on the external auditor's compliance with his/her professional standards. We consider this standard as too prescriptive and burdensome for small and medium-sized insurers. External auditors are required to comply with internationally accepted ethical and professional standards, the content of which is not usually well known by anyone other than external auditors themselves. Therefore, it would not be appropriate for the Board to be responsible for ensuring the compliance of external audit.</p>
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	<p>See our comment on 7.7.1. In some jurisdictions, the Audit committee is compulsory and its articulation with the Board clearly defined. To seek better coherence and flexibility, we suggest adding "This includes the assessment by the administrative, management or supervisory body or by any committee or individuals to which the Board should have delegated some of its assignments subject to any applicable restrictions ...".</p> <p>"External or Statutory Audit if any" should be capitalised throughout the paragraph.</p>
General Insurance Association of Japan	Japan	<p>The way in which external auditors are positioned in corporate governance structure and how and by whom their assessments are conducted differ by jurisdiction, in accordance with local legislation.</p> <p>In Japan, the Audit & Supervisory Board took over the role of assessing the competence of external auditors from the Board of Directors after the revision of the Companies Act this May.</p> <p>Therefore, we suggest revising the second sentence "This includes the assessment of the external auditor's ability to:" as follows:</p> <p>"When assessing the external auditor's ability for this purpose, examples of the external auditor's ability to be assessed are as follows (The assessment of the competency of the external auditors could be conducted by the Board of Directors or by other organs besides Board of Directors in accordance with the local circumstances of each jurisdiction):"</p>
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	<p>See our comment on 7.7.1. In some jurisdictions, the Audit committee is compulsory and its articulation with the Board clearly defined. To seek better coherence and flexibility, we suggest adding "This includes the assessment by the administrative, management or supervisory body or by any committee or individuals to which the Board should have delegated some of its assignments subject to any applicable restrictions ...".</p> <p>"External or Statutory Audit if any" should be capitalised throughout the paragraph</p>
G 7.8.4 - Comment on Guidance 7.8.4:		
Insurance Europe	Europe	<p>We suggest this should refer to the Board "or an appropriate Board subcommittee such as the Audit Committee, where one exists". Due to the frequency of such meetings it may be too onerous to set them up with the entire board.</p>
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	<p>See our comment on 7.8.3. In some jurisdictions, the Audit committee is compulsory and its articulation with the Board clearly defined. To seek better coherence and flexibility, we suggest adding "This should include for the administrative, management or supervisory body or any committee or individuals to which the Board should have delegated some of its assignments subject to any applicable restrictions ...".</p> <p>"External or Statutory Audit if any" should be capitalised throughout the paragraph.</p>

Organisation	Jurisdiction	Comments
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	See our comment on 7.8.3. In some jurisdictions, the Audit committee is compulsory and its articulation with the Board clearly defined. To seek better coherence and flexibility, we suggest adding "This should include for the administrative, management or supervisory body or any committee or individuals to which the Board should have delegated some of its assignments subject to any applicable restrictions ...". "External or Statutory Audit if any" should be capitalised throughout the paragraph.
Swiss Re	Switzerland	We suggest that guidance 7.8.4 should refer to the board or an appropriate Board subcommittee such as the Audit Committee, where one exists". Auditors of notably large cross-border (re)insurance groups meet to ACs since it would be too onerous to arrange regular meetings with the entire Board.
National Association of Mutual Insurance Companies	United States	
G 7.8.5 - Comment on Guidance 7.8.5:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	"External or Statutory Audit if any" should be capitalised throughout the paragraph.
GFIA	international	This provision states "The supervisor and the external auditor should have an effective relationship that includes appropriate communication channels for the exchange of information relevant to carrying out their respective statutory responsibilities". With the exception of the financial examination process, we are not aware of any other instances in which the external auditor is able to communicate directly with the insurer's supervisor about company-specific matters without the insurer's participation. Therefore, this provision should be appropriately clarified.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	"External or Statutory Audit if any" should be capitalised throughout the paragraph
National Association of Mutual Insurance Companies	United States	Sections 7.8.5 and 7.8.6 both include guidance that relates to supervisory communication with the external auditor. In the U.S. there may be a variety of practices by insurers, but generally there is no requirement that the external auditor report directly to the supervisor without the participation and/or consent of the insurer and in fact there may be a violation of the external auditor's ethical obligation to their client in making such unsolicited direct contact with supervisory authorities. This requirement in the ICP goes beyond jurisdictional practice. While this language is not proposed for revision we point out the inconsistency with the AICPA code of ethics for consideration.
G 7.8.6 - Comment on Guidance 7.8.6:		

Organisation	Jurisdiction	Comments
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	"External or Statutory Audit if any" should be capitalised throughout the paragraph.
GFIA	international	This provision states "Reports prepared by the external auditor for the insurer (e.g., such as management letters) should be made available to the supervisor. Such information should be provided to the supervisor without the need for prior consent of the insurer and the external auditor should be duly protected from liability for any information disclosed to the supervisor in good faith". We are not aware of any specific authority that would allow a supervisor to require an external auditor to convey such information directly to the supervisor without first bringing it to the attention of the insurer. Therefore, this provision should be appropriately clarified.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	"External or Statutory Audit if any" should be capitalised throughout the paragraph
National Association of Mutual Insurance Companies	United States	Sections 7.8.5 and 7.8.6 both include guidance that relates to supervisory communication with the external auditor. In the U.S. there may be a variety of practices by insurers, but generally there is no requirement that the external auditor report directly to the supervisor without the participation and/or consent of the insurer and in fact there may be a violation of the external auditor's ethical obligation to their client in making such unsolicited direct contact with supervisory authorities. This requirement in the ICP goes beyond jurisdictional practice. While this language is not proposed for revision we point out the inconsistency with the AICPA code of ethics for consideration.
G 7.8.7 - Comment on Guidance 7.8.7:		
AMICE	Europe	The administrative, management or supervisory body is responsible for the internal control. Therefore, we suggest adding the following wording at the end of the sentence: "...providing an open debate between the supervisor and the insurer's administrative, management or supervisory body regarding the nature, sphere and financing of this audit".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Internal control is up to the administrative, management or supervisory body. Hence, we suggest adding at the end of the sentence: "providing an open debate between the supervisor and the insurer's administrative, management or supervisory body, regarding the nature, sphere and financing this extra-audit, for instance".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	Internal control is up to the administrative, management or supervisory body. Hence, we suggest adding at the end of the sentence: "providing an open debate between the supervisor and the insurer's administrative, management or supervisory body, regarding the nature, sphere and financing this extra-audit, for instance".

Organisation	Jurisdiction	Comments
S 7.9 - Comment on Standard 7.9:		
National Association of Mutual Insurance Companies	United States	The initial sentence of this standard makes it the responsibility of the "insurer's Board to have systems and controls to ensure . . . communications with the supervisor." This duty really lies with the insurer directly and not specifically with the Board. We suggest deletion of the reference to the "insurer's Board" in this first sentence and replace it with "insurer."
G 7.9.1 - Comment on Guidance 7.9.1:		
G 7.9.2 - Comment on Guidance 7.9.2:		
AMICE	Europe	In order to reduce burdensome costs for insurance entities and groups, we believe that a better alignment with Solvency II requirements should be sought as regards reporting and disclosure of information. We suggest using the following wording "those who effectively run the undertaking or have other key functions, as well as members of the insurer's administrative, management or supervisory body" instead of "the Board, Senior Management and Key Persons in Control Functions".
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	In order to cut burdensome costs for insurance entities and group, better alignment with Solvency II requirements should be sought as regards reporting matters. We suggest using the wording "those who effectively run the undertaking or have other key functions, including members of the insurer's administrative, management or supervisory body and other key functions" instead of "the Board, Senior Management and Key Persons in Control Functions".
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	In order to cut burdensome costs for insurance entities and group, better alignment with Solvency II requirements should be sought as regards reporting matters. We suggest using the wording "those who effectively run the undertaking or have other key functions, including members of the insurer's administrative, management or supervisory body and other key functions" instead of "the Board, Senior Management and Key Persons in Control Functions".
G 7.9.3 - Comment on Guidance 7.9.3:		
GFIA	international	In the last sentence, "Supervisors should safeguard such information having due regard to the confidentiality of commercially sensitive information and applicable laws", the word "should" should be replaced with "shall" in order to require supervisors to safeguard information that is in their possession.
National Association of Mutual Insurance Companies	United States	In this standard there is a discussion of the extensive proprietary information that is to be shared with the supervisor as needed. While this language was not changed in the ICP revision process there is an important change that should be made. At the end of the section there is reference to the protection of that information by the supervisor. We strongly recommend that the obligation of the supervisor to safeguard the information should be very clear and not voluntary. For this reason we ask that the word "should" in the last sentence of ICP 7.9.3 be changed to the word "must" so that it is a clear requirement to safeguard company information that is in their possession.

Organisation	Jurisdiction	Comments
American International Group	USA	We would welcome stronger language in the following sentence by replacing the word "should" with "shall" so that it reads: "Supervisors shall safeguard such information having due regard to the confidentiality of commercially sensitive information and applicable laws."
G 7.9.4 - Comment on Guidance 7.9.4:		
G 7.9.5 - Comment on Guidance 7.9.5:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	Given national provisions.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	Given national provisions.
Autorité des marchés financiers	Québec	First bullet, for consistency with other guidance (e.g. first, fourth and fifth bullet of 7.6.10): « ...variable remuneration and... »
G 7.9.6 - Comment on Guidance 7.9.6:		
S 7.10 - Comment on Standard 7.10:		
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	We suggest deleting this chapter, which is too prescriptive as far as organisational structures are involved, and disrespectful to flexibility allowed in Solvency II requirements, provided that the administrative, managements or supervisory body assignments are well taken account, the proportionality and four-eye principle applied.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	We suggest deleting this chapter, which is too prescriptive as far as organisational structures are involved, and disrespectful to flexibility allowed in Solvency II requirements, provided that the administrative, managements or supervisory body assignments are well taken account, the proportionality and four-eye principle applied.
Autorité des marchés financiers	Québec	This standard on Duties of Senior Management comes too far in the ICP. It would be more appropriate moving it immediately after the standard on Duties of individual Board Members (Standard 7.4)
National Association of Mutual Insurance	United States	In the second bullet of this section the concept of promoting "fair treatment of customers" is used. The comment in the margin asks whether this should reference "policyholders" instead of "customers." Since "policyholders" are referred to in

Organisation	Jurisdiction	Comments
Companies		most portions of this ICP it seems consistent to change this reference as well.
G 7.10.1 - Comment on Guidance 7.10.1:		
G 7.10.2 - Comment on Guidance 7.10.2:		
G 7.10.3 - Comment on Guidance 7.10.3:		
G 7.10.4 - Comment on Guidance 7.10.4:		
Autorité des marchés financiers	Québec	Second sentence: "Senior Management"
S 7.11 - Comment on Standard 7.11:		
International Actuarial Association	International	Lastly, we would comment on Section 7.11 (Supervisory Review). To be candid, the paper presents a daunting, but necessary, list of duties that need to be performed by the board. As an aid for both boards and regulators we think the use of the actuarial profession will enhance and streamline the assessment of the risk governance processes for the board and the regulator. ERM standards for actuaries are already in place in some jurisdictions and similar ones are being developed in other national and international organizations. In addition work is ongoing for the role of the actuary in the ORSA process and for assessing model governance. As stated in the beginning, our work too is a work in process, but which also has our active attention and interest.
Autorité des marchés financiers	Québec	Pursuant to Comment NM60, we suggest to rename the standard : « Supervisory role » (cf: Similarity with BCBS Principle 13)
G 7.11.1 - Comment on Guidance 7.11.1:		
G 7.11.2 - Comment on Guidance 7.11.2:		
Autorité des marchés financiers	Québec	<p>We suggest to merge a part of the second sentence with the first as the proportionality principle should not be mentioned. Therefore, the first sentence should be modified as follows: «The supervisor should assess through its off-site monitoring and on-site inspections whether... »</p> <p>Third sentence, we suggest to switch two words to read « ...rulings and guidance... »</p> <p>Fourth and last sentence, we do not need such detailed references. To simplify, we suggest replacing the last sentence by this one: « Refer to Standard ICP9 (Supervisory Review and Reporting). »</p>
G 7.11.3 - Comment on Guidance 7.11.3:		

Organisation	Jurisdiction	Comments
National Association of Mutual Insurance Companies	United States	This section is appropriate for communication between the supervisor and the insurer. The earlier sections of 7.9 requiring the "Board to have systems and controls to ensure . . . communications with the supervisor" are misplaced. We would suggest that the obligation to have systems and controls to ensure such communication lie with both the insurer and the supervisor but not at the Board level.
G 7.11.4 - Comment on Guidance 7.11.4:		
Autorité des marchés financiers	Québec	Second sentence, for consistency: « ... the Board and Senior Management contribute...»
G 7.11.5 - Comment on Guidance 7.11.5:		
AMICE	Europe	(editing) Board and Senior Management should be capitalised throughout the paragraph.
GEMA (Groupement des entreprises mutuelles d'assurance) and FNMF (Fédération nationale de la Mutualité Française)	France	(editing) Board and Senior Management should start with capital letters for consistency reasons.
GFIA	international	This provision would allow a supervisor to interview the Board and to attend and observe Board meetings. In some jurisdictions, these are not appropriate roles of the supervisor and the language should be changed to reflect that fact.
Fédération Nationale de la Mutualité Française (FNMF) / Federation of French Mutual Societies	National Federation of Mutual Societies	(editing) Board and Senior Management should start with capital letters for consistency reasons.
Autorité des marchés financiers	Québec	First bullet: « ...commensurate with the respective duties, roles and responsibilities of the Board and Senior Management within the insurer. »
National Association of Mutual Insurance Companies	United States	The last two bullets in this section would authorize the insurance supervisor to interview the board and to attend and observe board meetings. This is not consistent with the practice and role of the supervisor in the U.S. We would oppose this Guidance.
American International Group	USA	We oppose the guidance in this section suggesting that supervisors may attend and/or observe Board meetings. It may be acceptable for supervisors to attend board meetings provided it is done in a non-intrusive manner and allows for the Board to discuss company sensitive issues in private.
G 7.11.6 - Comment on Guidance 7.11.6:		