



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Public

Compiled Comments on Consultation on ICP 23 and ICP 25

| Organisation | Jurisdiction | Comments |
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| - General Comment on ICP 23: | | |
| CLHIA | Canada | <p>- The Canadian Life and Health Insurance Association Inc. ("CLHIA") is a voluntary trade association whose member companies account for 99 percent of Canada's life and health insurance business. Our industry provides a wide range of financial security products such as life insurance, annuities and supplementary health insurance to about 26 million Canadians. The CLHIA is also an active participant in the Global Federation of Insurance Associations ("GFIA"). Our comments in this submission add to the comments in the GFIA submission on this ICP.</p> <p>- We compliment the IAIS for the improved principle. The existing principle of "the supervisor supervises..." does not provide sufficient specificity of the main goal(s) of this ICP. The proposed revision to the principle is superior as it clearly articulates the goals of the identification of the insurance group and the scope of group supervision.</p> <p>- If one of the goals of the ICP is to convey the ultimate responsibility of the group-wide supervisor would "in consultation with..." better communicate this authority than "in cooperation and coordination with..."?</p> |
| Insurance Europe | Europe | We understand that the previous Standard 23.5 (The supervisor requires insurance group structures to be sufficiently transparent so that group-wide supervision will not be hindered) is now reflected in ICP 4, however this principle is important for the supervisors effective supervision on an ongoing basis and not only at the point of licensing. We would therefor ask that at least the previous guidance 23.5.3 is reintroduced. |
| Autorité des marchés financiers | Québec | The term « Group-Wide Supervisor » is not defined. We suggest to detail this term in the Glossary. |
| 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) 23 on Group Supervision".</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</p> |

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| | | <p>in the United States.</p> <p>We welcome efforts by the IAIS to ensure that ICP principles, standards and guidance are applied consistently across jurisdictions. We therefore appreciate the IAIS's decision to conduct a systematic review of the ICPs and issue proposed revisions and clarifications to assist supervisors in applying the standards on a consistent basis.</p> <p>We also support supervisors' desire to ensure that there are no gaps in the supervision of insurance groups. The revised standards and guidance in ICP 23 should assist supervisors in this respect.</p> |
| G23.0.1 - Comment on Guidance 23.0.1: | | |
| CLHIA | Canada | <ul style="list-style-type: none"> - We question the use of the word "agree" in the first sentence as the second sentence addresses non-agreement. We suggest instead the use of the word "discuss" in the first sentence. - In reference to the sentence "Involved supervisors should agree amongst themselves on the identification of the insurance group, including the head of the insurance group, and the scope of group-wide supervision to ensure that gaps or duplication in regulatory oversight between jurisdictions do not occur. If agreement cannot be reached in a timely manner, the ultimate responsibility for determining the identification of the insurance group and scope of group-wide supervision rests with the group-wide supervisor. Decisions should be undertaken on a case-by-case basis.", we suggest there should be an understanding of the resolution of the following questions: (i) What if there is disagreement over who the group-wide supervisor is? , (ii) Will it always be clear? (iii) Can it evolve? Shouldn't there be some guidance? |
| Insurance Europe | Europe | The insurance group itself should be involved in the discussions regarding the identification of the group-wide supervisor. |
| German Insurance Association (GDV) | Germany | We support that the responsibility for identifying the insurance group and determining the scope of the group rests with the group-wide supervisor. However, the group itself should be included and consulted before a decision by the group-wide supervisor is made. |
| Swiss Re | Switzerland | We suggest to add in guidance 23.0.1 that the insurance group itself should be involved in discussions regarding the identifications of the group-wide supervisor. |

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| American International Group | USA | <p>This section provides guidance on how to resolve situations whereby jurisdictions cannot agree upon the scope of group-wide supervision within a timely manner. In such cases, the final arbiter in determining the scope of group-wide supervision rests with the group's home supervisor.</p> <p>Under such circumstances, we feel there is merit in also offering the insurer some opportunity to appeal or escalate any concerns it has with the identification process.</p> <p>To the extent that supervisors are willing to invite the insurer to participate, it may in fact speed up the identification process and assist in resolving any differences of opinion on what the scope of group-wide supervision should be.</p> |
| G23.0.2 - Comment on Guidance 23.0.2: | | |
| CLHIA | Canada | - If one of the goals of the ICP is to convey the ultimate responsibility of the group-wide supervisor, would "in consultation with" better communicate this authority than "in cooperation and coordination with"? |
| G23.0.3 - Comment on Guidance 23.0.3: | | |
| CLHIA | Canada | - Information disseminated to other involved supervisors should be limited to that necessary for the particular involved supervisor to fulfill its supervisory duties for its respective entity(ies) in its jurisdiction. "As needed" is somewhat ambiguous and could encompass information pertaining to other jurisdictions. |
| Insurance Europe | Europe | <p>There can be legal limits to the availability of information that the head of the insurance group can provide. As such, we would suggest the following redraft:</p> <p>"The group-wide supervisor should require the head of the insurance group to provide information needed to identify the insurance group and to determine the scope of group-wide supervision, keeping in mind potential legal impediments to the transfer of the necessary information."</p> |
| German Insurance Association (GDV) | Germany | We agree that the group-wide supervisor has to be provided with information needed to determine the scope of group-wide supervision. However, it should be noted that the head of the insurance group may in some cases do not have the legal power to obtain the relevant information. |

| S23.1 - Comment on Standard 23.1: | | |
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| CLHIA | Canada | - If one of the goals of the ICP is to convey the ultimate responsibility of the group-wide supervisor, would "in consultation with" better communicate this authority than "in cooperation and coordination with"? |
| G23.1.1 - Comment on Guidance 23.1.1: | | |
| CLHIA | Canada | - This paragraph addresses a scenario of more than one entity having "control". Not knowing the answer on a global basis, we question the global relevance of whether more than one entity could have "control". Would the more appropriate word be "authority"? - Also, if more than one does have "control" (or "authority"), then should those without the "greatest" be excluded from the insurance group? |
| German Insurance Association (GDV) | Germany | It should be clarified that the process for identifying an insurance group as envisaged in 23.1.1 only suggests one practical approach. Other approaches are possible and should not be ruled out. |
| Zurich Insurance Group | Switzerland | This paragraph mentions the head of the insurance group and refers to "greatest level of control". This terminology is not very clear and subject to interpretation; nor is it defined in the text of ICP 23. It is Zurich's position that the head of the group should be the ultimate parent undertaking, or as 23.1.3 says "the head of the insurance group is assumed to control all legal entities". |
| G23.1.2 - Comment on Guidance 23.1.2: | | |
| CLHIA | Canada | - In reference to "The head of an insurance group including an insurance-led financial conglomerate is at least one of the following..."; we suggest the ICP address the following questions (i) What about bank and securities regulators?; (ii) If a group member is primarily regulated by a securities regulator, can the insurance regulator over rule the securities regulator?; (iii) Does the inclusion of the words "At least" create confusion as could it be interpreted as there could be more than one head?; (iv) Does the phrase create ambiguity since other types of entities could be the head? |

| G23.1.3 - Comment on Guidance 23.1.3: | | |
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| CLHIA | Canada | - Presumably the "other relationships" considered can, in relation to entities included in the consolidated accounts, either increase or decrease the scope of entities from the insurance group and if this is so shouldn't this be made clear? |
| Zurich Insurance Group | Switzerland | As drafted this paragraph provides substantial discretion for the supervisor to include legal entities within the scope of the group. It does so by the provision of "relationship examples" that may come within the scope of the group. Zurich would suggest that, apart from a relationship, there should be some demonstrable control by the head of the group over the entities to be in scope. |
| National Association of Insurance Commissioners | USA | <p>This guidance states, "Supervisors should consider legal entities included in the consolidated financial statements and other relationships such as..." We assume a supervisor is considering these "other relationships" to help determine whether such entities should be included in the insurance group, however some clarification may be useful to the reader - suggest: "As part of identifying the insurance group, supervisors should consider legal entities included in the consolidated financial statements and other relationships such entities may have such as....."</p> <p>There is an extra "and" at the start of the 5th bullet that should be deleted.</p> |
| G23.1.4 - Comment on Guidance 23.1.4: | | |
| G23.1.5 - Comment on Guidance 23.1.5: | | |
| S23.2 - Comment on Standard 23.2: | | |
| CLHIA | Canada | - If one of the goals of the ICP is to convey the ultimate responsibility of the group-wide supervisor, would "in consultation |

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| | | with" better communicate this authority than "in cooperation and coordination with"? |
| G23.2.1 - Comment on Guidance 23.2.1: | | |
| CLHIA | Canada | - The materiality principle should be applied for any inclusion of entities not in the consolidated accounts from the perspective of risk or control |
| Zurich Insurance Group | Switzerland | As drafted this paragraph provides substantial discretion for the supervisor to include legal entities within the scope of the group. It does so by the provision of "relationship examples" that may come within the scope of the group. Zurich would suggest that, apart from a relationship, there should be some demonstrable control by the head of the group over the entities to be in scope. |
| G23.2.2 - Comment on Guidance 23.2.2: | | |
| CLHIA | Canada | - It should be clarified that the impacts of diversification, concentration and fungibility of capital are considered. |
| G23.2.3 - Comment on Guidance 23.2.3: | | |
| CLHIA | Canada | - In relation to 23.2.1, we question why these individual entities are included in the insurance group in the first place. |
| German Insurance Association (GDV) | Germany | <p>We support that individual entities whose risks within the insurance group are negligible may be excluded from group-wider supervision. However, negligibility of risks only constitutes one possible reason for not including individual entities in the scope of group-wide supervision.</p> <p>Other reasons are possible and should be considered, for instance, the inclusion of the individual entity would be inappropriate or misleading or there are legal impediments to the transfer of the necessary information.</p> |
| G23.2.4 - Comment on Guidance 23.2.4: | | |

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| CLHIA | Canada | - We suggest adding a second sentence to state there will be criteria and a process outlined and agreed upon in advance of re-assessments. |
| G23.2.5 - Comment on Guidance 23.2.5: | | |
| CLHIA | Canada | - We suggest this paragraph be moved up to be the second paragraph in 23.2.1. The current second paragraph in 23.2.1 would become 23.2.2 (and accordingly the current 23.2.2, 23.2.3, 23.2.4 would become 23.2.3, 23.2.4 and 23.2.5 respectively) |
| Zurich Insurance Group | Switzerland | Zurich concurs with the premise that the supervisory approach to entities/activities within the group can and do vary subject to a number of factors. Zurich encourages the IAIS to include language in this section that makes clear that group supervision takes place at the group level and that no group supervisory actions should take place at any intermediate level within the group. To do otherwise, for example through sub-group supervision, risks the unnecessary duplication of supervisory actions with the attendant costs with no enhancement to policyholder protection. |
| S23.3 - Comment on Standard 23.3: | | |
| CLHIA | Canada | - The scope should be narrowed if there is lack of legal authority or supervisory power. We recommend the ICP should state instead "...or the scope of indirect group-wide supervision". |
| Insurance Europe | Europe | <p>This standard runs contrary to the practice under Solvency II where a supervisor may decide to exclude an entity from the scope of the group-wide supervision if: "the undertaking is situated in a third country where there are legal impediments to the transfer of the necessary information, without prejudice to the provisions of Article 229;" (Directive Article 214)</p> <p>Instead, we would propose to redraft as follows: Where the supervisor cannot determine the scope of the group due to limits to its legal authority, it seeks to use its power over regulated entities to obtain similar supervisory outcomes, or narrows the scope of its supervision on a case-by-case basis.</p> <p>In contrast with standard 23.1 and 23.2 the standard 23.3 includes a reference to the supervisor and not to the group wide</p> |

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| | | supervisor. We suggest that 23.3 should also only refer to the group wide supervisor. |
| Swiss Re | Switzerland | In contrast with standard 23.1 and 23.2 the standard 23.3 includes a reference to the supervisor and not to the group wide supervisor. We suggest that 23.3 should also include a reference only to the group wide supervisor. |
| G23.3.1 - Comment on Guidance 23.3.1: | | |
| CLHIA | Canada | - We wonder if the last sentence is necessary and/or creates ambiguity. |
| G23.3.2 - Comment on Guidance 23.3.2: | | |
| CLHIA | Canada | - We are concerned about the expectation that indirect supervision will lead to similar supervisory outcomes as direct as it could necessitate unreasonable requirements on the regulated insurance entity to compensate for non-regulated sister companies o Instead say "...to obtain reasonably similar supervisory outcomes"? |
| Insurance Europe | Europe | We don't understand guidance 23.3.2 "Where a supervisor has no direct legal power over certain legal entities in the scope of the group-wide supervision, the supervisor will use its power over regulated entities to obtain supervisory outcomes". We would suggest that IAIS provide more explanations/examples how a group-wide supervisor could obtain supervisory outcomes in a third-country without appropriate legal foundation. |
| GFIA | International | This provision provides that: "Where a supervisor has no direct legal power over certain legal entities in the scope of the group-wide supervision, the supervisor will use its power over regulated entities to obtain similar supervisory outcomes." We believe this overstates the actual authority of the group-wide supervisor, and may ignore the existence of other regulators who do have direct supervisory control over the entity in question. Therefore, this provision should be replaced with "Where a supervisor has no direct legal power over certain legal entities in the scope of group-wide supervision, the supervisor may consult with other appropriate regulators to achieve an appropriate result." |

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| Swiss Re | Switzerland | We do not understand guidance 23.3.2 "Where a supervisor has no direct legal power over certain legal entities in the scope of the group-wide supervision, the supervisor will use its power over regulated entities to obtain supervisory outcomes". We would suggest that IAIS provide more explanations/examples how a group-wide supervisor could obtain supervisory outcomes in a third-country without appropriate legal foundation. |
| Zurich Insurance Group | Switzerland | Does this paragraph mean that the group-wide supervisor would be expected to directly perform supervisory activities at entities of the group, which are not located in its jurisdiction? If so, Zurich views that action as the competence of the legal entity supervisor and any actions from the group-wide supervisor with regard to the entities, especially if uncoordinated, risk unnecessary duplication of tasks and costs for both the supervisors and the insurer. |
| National Association of Mutual Insurance Companies | United States | This provision provides that: "Where a supervisor has no direct legal power over certain legal entities in the scope of the group-wide supervision, the supervisor will use its power over regulated entities to obtain similar supervisory outcomes." Supervisors do not necessarily share this level of authority from jurisdiction to jurisdiction. Instead of indicating that actions of a supervisor should be taken that will circumvent their limited authority, the ICPs should emphasize the need for working with the supervisor with the direct regulatory authority to achieve the intended goals. We recommend an adjustment to the language to reflect the collaborative and cooperative approach. Please consider the following: "Where a supervisor has no direct legal power over certain legal entities in the scope of group-wide supervision, the supervisor may consult with other appropriate regulators to achieve an appropriate result." |
| American International Group | USA | Supervisors should apply the powers envisaged in this section only as a last resort, after all other avenues for gaining supervisory oversight of the legal entities have been exhausted. To this end, we would welcome some additional language stipulating that supervisors should first and foremost consult with other involved supervisors to assess whether the oversight and/or information on the legal entity in question can be obtained through more direct means. |
| - General Comment on ICP 25: | | |

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| Office of the Commissioner of Insurance | China Hong Kong | 25.1.14 has briefly covered the application of IAIS Multilateral MoU (MMoU) in the case of information exchange for supervisory college. Nonetheless, the opportunity should be taken to amend the ICP25 by promoting the use of MMoU to facilitate and streamline the process of supervisory college. We suggest that a footnote be added to draw further attention on and illustrate the benefits of adopting IAIS MMoU. |
| GFIA | International | <p>We submit the following comments on ICP 25 due to increasing concerns that the growing circulation of forward-looking, internal company information warrants additional attention to the legal protections that should be afforded to that information.</p> <p>ICPs 25.1.7 through 25.1.14 should specifically indicate the critical importance of a strict confidentiality regime. It is essential that parties to any Memorandum of Understanding (MoU) possess the legal authority to enter into the MoU. We believe that ICP 25 should also include specific reference to confidentiality agreements and not only focus on MoUs.</p> <p>We object to the language contained in ICP 25.1.14 that invites communication on a regulator's initiative and ask that it be removed from the document. "Members of a supervisory college should also consider whether to communicate, on their own initiative, information which appears to be essential for other involved supervisors."</p> <p>ICP 25.1.19 states that "A key element of assessment and recognition is that the regime being assessed can, at a minimum, demonstrate compliance with relevant IAIS ICPs and standards. However, this does not exclude the possibility of an assessment of equivalence with the assessor's own regime." We are concerned that this language conflicts with the provisions of ICPs 25.1.16 and 25.1.17 and that an assessor could determine that there is "equivalence" where there is inadequate confidentiality or other protections in the second jurisdictions.</p> <p>ICP 25.1.25 indicates that supervisory recognition can be achieved by unilateral, bilateral or multilateral agreement. This is only achievable where the regulator has the legal authority to so act. A qualifying phrase should be added at the end of the sentence indicating that this is permissible only where the law or regulation empowers this capacity.</p> <p>ICP 25.1.47 addresses confidentiality and information sharing agreements. ICP 25.1.48 specifically indicates that jurisdictional confidentiality rules are to be respected. A supervisor's willingness to enter into an MoU does not necessarily give that person the legal capacity to maintain confidential information in the same manner as the original jurisdiction. It is essential that confidential information have the same protection from the "other supervisor" as it does from the "original supervisor" that receives the information.</p> <p>We support the concept contained in ICP 25.1.53 that envisions having special conditions in an information sharing agreement.</p> <p>ICP 25.1.67 addresses the beginning and end of recognition agreements. We do not believe that it needs to be this formalized and question the need for this language. Our experience is that the reporting criteria noted in this ICP are typically included in meeting minutes of the examination or supervisory college.</p> |

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| Prudential Financial, Inc. | United States of America | <p>For ICP 25.1.7, we request that the IAIS require Supervisors to give consideration to freedom of information laws when approaching confidentiality considerations. Specifically, to the extent confidentiality is required, Supervisors should ensure that it is not undermined by freedom of information laws.</p> <p>For ICP 25.1.25, we suggest changing "agreement" to "recognition" in second line.</p> |
| S25.3 - Comment on Standard 25.3: | | |
| S25.4 - Comment on Standard 25.4: | | |
| S25.5 - Comment on Standard 25.5: | | |
| S25.5.4 - Comment on Guidance 25.5.4: | | |
| Zurich Insurance Group | Switzerland | <p>This paragraph defines which supervisor is the group-wide supervisor. The reference to "where the group is based" is unclear; Zurich would suggest using the same language as in the glossary for home supervisor (with regard to the head of the group).</p> |
| S25.6 - Comment on Standard 25.6: | | |
| GFIA | International | <p>ICP 25.6.1 lists a number of materials and documents that supervisors should review. We recommend that annual risk reports, annual corporate governance filings, and the SEC filings of publicly held companies (and the filings required by similar stock exchanges) be added to the list. These materials contain a wealth of information that is often not fully used by the regulators.</p> <p>ICP 25.6.3: We believe that another role to be added in ICP 25.6.3 is that the group-wide supervisor should help educate and create awareness with other regulators, especially since the group-wide supervisor is usually more involved with the insurance group than other jurisdictions would be. It may also be beneficial to explain what a crisis management plan involves and to reference any later explanation of it in the document. One suggestion for an explanation is that a crisis management plan "coordinates a plan of action on a particular issue for the insurance group."</p> <p>ICP 25.7.5 addresses several items that supervisory colleges must consider, including legal constraints. "Ensuring</p> |

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| | | <p>professional secrecy and confidentiality are vital elements in allowing supervisors to share and exchange relevant information. Where there are legal constraints to information exchange, the effectiveness of a supervisory college would be limited. In such a case, in considering the establishment of a supervisory college, supervisors should be encouraged to address any such legal constraints." We are concerned with this language because it could be interpreted to give license to the supervisory college to avoid or attempt to circumvent legal constraints. We believe that the last sentence should be revised to read: "In such a case, in considering the establishment of a supervisory college, supervisors should comply with legal constraints".</p> <p>ICP 25.7.25 contains a list of items that may be included in the terms of operation of a supervisory college. We recommend adding "a review of corporate governance of the insurance group" to the 5th bullet.</p> |
| <p>S25.8 - Comment on Standard 25.8:</p> | | |
| GFIA | International | <p>ICPs 25.8.14 and 25.8.22 each make reference to "joint inspections". We recommend that the word "reviews" should be added to "inspections" in both ICPs. In addition, earlier in the document when it addresses supervisor recognition, we suggest that the ICPs emphasize that the supervisor participants are to be knowledgeable. The success of a supervisory college, which is a large meeting to organize, is only as good as the participants selected to be part of that college. This responsibility rests with the group supervisor.</p> <p>ICP 25.8.18 also contemplates having special conditions in an information sharing agreement. This provision provides that "The ability of each supervisor to share information should be determined to ensure that information remains confidential. The need to establish information sharing agreements should be considered to ensure confidentiality and define the parameters in which the information can be used." We support this provision and recommend that it also include a reference that each supervisor must have the legal authority to receive and to share information.</p> <p>We recommend that the words "subject to a legal determination that confidentiality requirements will not be violated" be added to the end of ICP 25.10.19.</p> |