



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

**Public**

## Compiled Comments from Members on *Consultation on ComFrame material integrated with ICP 12*

03-Mar-17 to 01-Jun-17

Organisation	Jurisdiction	Answer	Answer Comments
<b>1 - Q1 General Comment on ICP 12 (including ComFrame text)</b>			
1. European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	EIOPA welcomes this opportunity to provide comments.	
2. Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Germany - BAFIN	Proposed definition of key term – A definition of Resolution Plan should be included.	
3. Guernsey Financial Services Commission	Guernsey	<p>Thank you for the opportunity to comment on this ICP.</p> <p>We would question the relevance and practicality of the ICP for some regimes. Such regimes may indeed include an IAIG presence but it may not be locally systemic. Even where it is systemic, the local regulator may conclude that local policyholders are best protected by not participating in a group-wide resolution; not least as such an approach would safeguard any local policy protection scheme. This would be for example through a ring-fenced local subsidiary – or even an asset-backed branch. This does not preclude routine supervisory cross-border co-operation and information sharing.</p> <p>It may also be in a jurisdiction that there are no systemic insurance companies – a status that in itself reinforces financial stability. In that case the national government may reasonably conclude that it is not worth its time – and related additional cost to the industry and therefore consumers – to create and maintain a local resolution regime. The government may also legitimately take the view that a resolution regime is not commensurate with a risk/probability approach – especially for general insurers or where a government-backed policyholder protection scheme operates.</p> <p>The paper does not recognise that some regimes might want to adopt some, but not all, of the requirements. For example, policyholder preference could be adopted without contingency planning. The above points are in part acknowledged in some sections of the paper – for example the Introductory Guidance and 12.7 on Powers. However, generally, there is an expectation throughout the paper that all regimes should have a fully-fledged resolution regime, especially where an IAIG is involved.</p> <p>Were this ICP to be adopted, an expectation would be created that all (as opposed to some) regimes need a resolution regime along the lines set out in the paper. This however is not the case. The ICP therefore risks being still-born.</p>	
4. Bank Negara Malaysia	Malaysia	No comments	
5. Swiss Financial Market Supervisory Authority	Switzerland	FINMA would like to make a general comment, applicable to the ComFrame text of this ICP but also ComFrame texts in all other ICPs:	

(FINMA)		<p>Since the start of the ComFrame project back in 2010, several of the ICPs have considerably developed and thereby contributed to a strengthening of supervisory regimes and practices. Developments occurred especially in revised ICPs 4, 5, 7, 8, 23 and part of 25 by November 2015 as well as in the current revisions of ICPs 9, 10, 12 and 25. For instance, insurance group aspects and international cooperation in supervision have been substantially expanded in the ICPs. In our view, this positive development has led to a situation where the initial existing gaps in terms of supervisory approaches have been reduced. Consequently, we would like to bring up the question if the need to address specific requirements for IAIGs still exists, or if the gap has not already been closed with the ICP revisions. FINMA was among the initiators of ComFrame. However, taking past, current and planned future developments into consideration, we see the need to review the initial justification for the introduction of an additional layer of requirements.</p> <p>To concentrate on one strong holistic layer of requirements (ICPs) would also address the criticism by some of the IAIGs that (1) they fear to be put on competitive disadvantage to those domestic as well as international groups which do not fulfil the IAIG criteria and that (2) an additional layer of supervisory requirements is not needed.</p> <p>FINMA would like to make a comment on the treatment of the financial stability objective in all ICPs and ComFrame texts:</p> <p>Reading through the ICPs and the ComFrame text included, the objective of financial stability seems to be treated differently. In some ICPs, it could be understood that the financial stability objective has priority over the policyholder protection objective. FINMA is of the opinion that the objective in the ICPs should stick to the one in the IAIS bye-laws where it states 'contribute to financial stability', and as also reflected in ICP introduction, paragraph 2, or maybe mention it as an additional objective aside of policyholder protection as in consultation draft ICP 12.2.1.</p>
6. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Because of the variability and complexity of insurance markets around the world, ICP 12 should reflect that resolution regimes can provide for broad regulatory authority that envisions necessary flexibility to address problems when they arise, rather than only focusing exclusively on a prescriptive statutory framework or required explicit powers.
<b>22 - Q22 Comment on CF 12.2a.1</b>		
<b>23 - Q23 Comment on Standard CF 12.2b</b>		
25. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	In relation to IAIG, local resolution frameworks require a harmonisation to some extent. This would avoid fragmented landscape of different national resolution frameworks, which could be a significant impediment to the management of crisis situations. Cross-border cooperation and coordination between national authorities are crucial for an orderly resolution of IAIG
<b>24 - Q24 Standard CF12.2b</b> <b>Do you currently impose requirements on IAIGs such that they would have to achieve the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to legislation, standards, supervisory processes or structures) and to what extent would those changes have to be</b>		

<b>made solely for the purpose of ComFrame?</b>			
26. Bank Negara Malaysia	Malaysia	No	Currently, Bank Negara Malaysia is not a group-wide supervisor for any IAIGs.
27. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	Partially	According to provisions of Act of 22nd May 2003 on compulsory insurance, Insurance Guarantee Fund and the Polish Motor Insurers' Bureau, insurance undertaking may be supported with a repayable loans by the Insurance Guarantee Fund, however this support is offered only to Funds Members. Funds Members are all insurance undertakings that are solvent, because according to article 97 point 7 of the aforementioned Act, the membership in Fund ceases when the mandatory liquidation is ordered, when the insurance undertaking decides to liquidate, and when it declares bankruptcy
28. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Yes	The U.S. system of insurance resolution is proven and has effectively resolved insurers without reliance on public fund for over 150 years. Additionally, IAIGs designated by the U.S. Financial Stability Oversight Council (FSOC) as systemically important non-bank financial institutions (SIFIs) are subject to supervision by the Federal Reserve and the FDIC in addition to all traditional insurance regulation under the state-based system. One of the purposes of this is to ensure that firms considered "too big to fail" have adequate capital resources to meet their obligations to policyholders and counterparties without the need for public funding during a financial crisis.
<b>25 - Q25 Standard CF12.2b</b>			
<b>What are the one-time (initial) costs to the Insurance Supervisory Authority associated with the changes described in the answer to Q24 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
29. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes.	
30. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already in place in the U.S. resolution regime.	
<b>26 - Q26 Standard CF12.2b</b>			
<b>What are the ongoing costs to the Insurance Supervisory Authority per year (excluding one-time costs) associated with the changes described in the answer to Q24 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			

31. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes.	
32. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already in place in the U.S. resolution regime.	
<b>27 - Q27 Standard CF12.2b</b> Please provide the assumptions made to estimate the one-time costs (Q25) and the ongoing costs per year (Q26).			
33. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
34. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Not applicable.	
<b>28 - Q28 Standard CF12.2b</b> Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).			
35. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No benefit	No additional benefit attributable solely to ComFrame as this is already part of the U.S. resolution regime.
<b>29 - Q29 Comment on CF 12.2b.1</b>			
36. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	Bail-out is an instrument unknown to Polish framework.	
37. Dirección General de Seguros y Fondos de Pensiones	Spain	It's not easy to understand the exact meaning of this ComFrame Guidance. Some revision of the wording should be necessary.	
<b>34 - Q34 Comment on Standard CF 12.3a</b>			
42. European Insurance and Occupational Pensions	EIOPA	The pre-emptive nature of the resolutions plans requested in this standard could be explicitly mentioned.	

Authority (EIOPA)			
<b>35 - Q35 Standard CF12.3a</b>			
<b>Do you currently impose requirements on IAIGs such that they would have to achieve the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to legislation, standards, supervisory processes or structures) and to what extent would those changes have to be made solely for the purpose of ComFrame?</b>			
43. Bank Negara Malaysia	Malaysia	No	Currently, Bank Negara Malaysia is not a group-wide supervisor for any IAIGs.
44. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	Partially	In Poland we do not have framework dedicated to resolution sensu stricto, thus we do not have any provisions stating such a requirements explicitly. However such a requirement may be imposed ad hoc depending on the situation.
45. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Yes	IAIGs that are designated as SIFIs under the Dodd-Frank Act are specifically required to have and submit resolution plans to the Federal Reserve and FDIC. These plans are also submitted to the SIFI's state group-wide supervisor. For non-SIFIs, IAIGs can be required, if appropriate, to submit resolution plans to their state group-wide supervisor under the Holding Company Act's group-wide supervision powers that enable state regulators to require any action that is deemed necessary to mitigate risks to the insurer legal entities within a group.
<b>36 - Q36 Standard CF12.3a</b>			
<b>What are the one-time (initial) costs to the Insurance Supervisory Authority associated with the changes described in the answer to Q35 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
46. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
47. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already in place in the U.S. resolution regime.	
<b>37 - Q37 Standard CF12.3a</b>			
<b>What are the ongoing costs to the Insurance Supervisory Authority per year (excluding one-time costs) associated with the changes described in the answer to Q35 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
48. Komisja Nadzoru	Poland	The KNF does not take part in legislative process and	

Finansowego - KNF (Polish Financial Supervision Authority)		thus is not able to estimate costs of legislative changes	
49. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already in place in the U.S. resolution regime.	
<b>38 - Q38 Standard CF12.3a</b>			
<b>Please provide the assumptions made to estimate the one-time costs (Q36) and the ongoing costs per year (Q37).</b>			
50. European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	Please see our response to Q30.	
51. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
52. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Not applicable.	
<b>39 - Q39 Standard CF12.3a</b>			
<b>Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).</b>			
53. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No benefit	No additional benefit attributable solely to ComFrame as this is already part of the U.S. resolution regime.
<b>40 - Q40 Comment on CF 12.3a.1</b>			
54. National Association of Insurance Commissioners (NAIC)	USA, NAIC	As CMGs are covered in ICP 25, it may be helpful to provide a cross reference as otherwise there is no context for them in ICP 12. Suggest: "...in consultation with members of the IAIG CMG (see ComFrame material under ICP 25 Supervisory Cooperation and Coordination), taking at least the following issues into consideration:"	
<b>41 - Q41 Comment on CF 12.3a.2</b>			
55. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	We are of opinion that approach to insurers in relation to resolution planning should differ, depending on the size, complexity, business type and degree of interconnectedness of an insurer with the rest of the group, that the insurer is part of.	
56. National Association of	USA, NAIC	As written, this guidance provides that the group-wide supervisor and/or resolution authority leads the development of group	

Insurance Commissioners (NAIC)		resolution plans. Additional jurisdictional flexibility here would be appropriate as each jurisdiction should have discretion with regard to the mechanics of drafting/submission of group resolution plans. Suggest: “The group-wide supervisor and/or resolution authority initiates the development of...”	
<b>42 - Q42 Comment on CF 12.3a.3</b>			
57. National Association of Insurance Commissioners (NAIC)	USA, NAIC	In line with our comment on 12.3a.2, for 12.3a.3 suggest: “Host supervisors and/or resolution authorities may require separate resolution plans for the IAIG’s...”	
<b>43 - Q43 Comment on CF 12.3a.4</b>			
58. Monetary Authority of Singapore (MAS)	Singapore	The phrases ‘regularly undertaken’ and ‘regular reviews’ are ambiguous and judgemental. Should this be rephrased to say that the assessments and reviews should be done at least annually or when there are material changes to a firm’s business or structure?	
<b>44 - Q44 Comment on Standard CF 12.3b</b>			
59. European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	Please see our response to Q30.	
60. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	Resolution authorities should have power to require the removal of significant impediments to resolvability of an insurers. However only substantive impediments should be considered, as too high complexity of the group structure or too high degree of interconnectedness	
61. Monetary Authority of Singapore (MAS)	Singapore	Please see comment on CF12.3a.4.	
62. Dirección General de Seguros y Fondos de Pensiones	Spain	It seems that the reference to those involved in the assessment should be similar to the reference made to those involved in the decision about the need of a resolution plan for the IAIG. ( Please see CF 12.3 a)). Supervisor and /or resolution authority in consultation with the crisis management....	
<b>45 - Q45 Standard CF12.3b</b>			
<b>Do you currently impose requirements on IAIGs such that they would have to achieve the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to legislation, standards, supervisory processes or structures) and to what extent would those changes have to be made solely for the purpose of ComFrame?</b>			
63. Bank Negara Malaysia	Malaysia	No	Currently, Bank Negara Malaysia is not a group-wide supervisor for any IAIGs.
64. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	Partially	Changes of legislation are necessary



Authority)			
65. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Yes	IAIGs designated as systemically important are undergoing resolvability assessments as a part of their CMGs. Non-SIFI IAIGs can be subject to such assessments as a part of a CMG and/or supervisory college, if a resolution plan is required.
<b>46 - Q46 Standard CF12.3b</b>			
<b>What are the one-time (initial) costs to the Insurance Supervisory Authority associated with the changes described in the answer to Q45 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
66. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
67. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already in place in the U.S. resolution regime.	
<b>47 - Q47 Standard CF12.3b</b>			
<b>What are the ongoing costs to the Insurance Supervisory Authority per year (excluding one-time costs) associated with the changes described in the answer to Q45 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
68. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
69. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already in place in the U.S. resolution regime.	
<b>48 - Q48 Standard CF12.3b</b>			
<b>Please provide the assumptions made to estimate the one-time costs (Q46) and the ongoing costs per year (Q47).</b>			
70. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
71. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Not applicable.	

<b>49 - Q49 Standard CF12.3b</b>			
<b>Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).</b>			
72. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No benefit	No additional benefit attributable solely to ComFrame as this is already part of the U.S. resolution regime.
<b>50 - Q50 Comment on CF 12.3b.1</b>			
<b>51 - Q51 Comment on CF 12.3b.2</b>			
73. National Association of Insurance Commissioners (NAIC)	USA, NAIC	For consistency with CF12.2b, this should read: "...in a way that protects policyholders and maintains financial stability without reliance on the use of public funds."	
<b>52 - Q52 Comment on CF 12.3b.3</b>			
<b>53 - Q53 Comment on Standard CF 12.3c</b>			
74. European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	Please see our response to Q30.	
75. National Association of Insurance Commissioners (NAIC)	USA, NAIC	In general, resolution authorities dealing with the resolution of an IAIG would require that management information systems are well functioning for purposes of resolution planning and resolution actions. It is unclear why this particular issue within the resolution process is being singled out and necessitates a standard and how it is not already covered by requirements (ICPs and/or ComFrame) related to internal controls. Consider deleting this standard.	
<b>54 - Q54 Standard CF12.3c</b>			
<b>Do you currently impose requirements on IAIGs such that they would have to achieve the standard? If "No" or "Partially", what changes would have to be made in order to comply with ComFrame (e.g. changes to legislation, standards, supervisory processes or structures) and to what extent would those changes have to be made solely for the purpose of ComFrame?</b>			
76. Bank Negara Malaysia	Malaysia	No	Currently, Bank Negara Malaysia is not a group-wide supervisor for any IAIGs.
77. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	No	changes of legislation are necessary
78. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Partially	IAIGs designated as systemically important are having such MIS capabilities detailed to supervisors in their resolution plans and provide updates on improvements during their CMGs. While U.S.

			state insurance regulators may not have formal requirements for all IAIGs to develop and maintain management information systems for execution of resolution planning and actions, members of a supervisory college overseeing IAIGs in resolution would require that management information systems are well functioning for proposed recovery actions. Additionally, it is unclear why this standard would not already be covered by requirements (ICPs and/or ComFrame) related to internal controls.
<b>55 - Q55 Standard CF12.3c</b>			
<b>What are the one-time (initial) costs to the Insurance Supervisory Authority associated with the changes described in the answer to Q54 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
79. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
80. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already generally in place in the U.S. resolution regime.	
<b>56 - Q56 Standard CF12.3c</b>			
<b>What are the ongoing costs to the Insurance Supervisory Authority per year (excluding one-time costs) associated with the changes described in the answer to Q54 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
81. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
82. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already generally in place in the U.S. resolution regime.	
<b>57 - Q57 Standard CF12.3c</b>			
<b>Please provide the assumptions made to estimate the one-time costs (Q55) and the ongoing costs per year (Q56).</b>			
83. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	

Authority)			
84. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Not applicable.	
<b>58 - Q58 Standard CF12.3c</b> Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).			
85. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No benefit	See response to Q54.
<b>59 - Q59 Comment on CF 12.3c.1</b>			
<b>60 - Q60 Comment on CF 12.3c.2</b>			
<b>92 - Q92 Comment on Standard CF 12.7a</b>			
103. European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	Please see previous comment to Q76.	
104. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	Powers listed are mostly unavailable in Polish framework, however some of them are considered to be useful (i.e. bridge institution) and some – controversial and questionable (i.e. bail-in)	
105. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	Third last bullet ‘establish a bridge institution’: The term bridge institution seems to be too narrow. FINMA suggests expanding it by the term rescue company. The second last bullet ‘take steps to provide continuity of essential services and functions ....’ seems problematic to FINMA, especially when international enforcement would be necessary.	
<b>93 - Q93 Standard CF12.7a</b> Do you currently impose requirements on IAIGs such that they would have to achieve the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to legislation, standards, supervisory processes or structures) and to what extent would those changes have to be made solely for the purpose of ComFrame?			
106. Bank Negara Malaysia	Malaysia	No	Currently, Bank Negara Malaysia is not a group-wide supervisor for any IAIGs.
107. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	Partially	We can impose some requirements on insurance/reinsurance undertakings that are parts of IAIG operating in Polish market, ie. We can withdraw license to write new business or initiate the liquidation of the insurer operating in Polish market. But mostly we do not have framework enabling PFSA to impose mentioned requirements.

			Changes to legislation are necessary in this field
108. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Yes	U.S. state insurance regulators have broad authority to facilitate the orderly resolution of an insurer and to require any action that is deemed necessary to mitigate risks to the insurer legal entities within a group.
<b>94 - Q94 Standard CF12.7a</b>			
<b>What are the one-time (initial) costs to the Insurance Supervisory Authority associated with the changes described in the answer to Q93 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
109. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
110. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already in place in the U.S. resolution regime.	
<b>95 - Q95 Standard CF12.7a</b>			
<b>What are the ongoing costs to the Insurance Supervisory Authority per year (excluding one-time costs) associated with the changes described in the answer to Q93 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
111. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
112. National Association of Insurance Commissioners (NAIC)	USA, NAIC	None, this is already in place in the U.S. resolution regime.	
<b>96 - Q96 Standard CF12.7a</b>			
<b>Please provide the assumptions made to estimate the one-time costs (Q94) and the ongoing costs per year (Q95).</b>			
113. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	The KNF does not take part in legislative process and thus is not able to estimate costs of legislative changes	
114. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Not applicable.	

<b>97 - Q97 Standard CF12.7a</b>			
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).			
115. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No benefit	No additional benefit attributable solely to ComFrame as this is already part of the U.S. resolution regime.
<b>98 - Q98 Standard CF12.7a (21st bullet point)</b>			
Some IAIS Members consider that this power should be available only for IAIGs; other IAIS Members are of the view that the power should be available both for IAIGs and insurers that are neither G-SIIs nor IAIGs. Please provide your thoughts on this with rationale.			
116. European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	See Q75.	
118. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	In our opinion the scope of resolution powers should be wide as much as it is possible. It should cover all insurers, reinsurers, groups, as well as branches of third-country insurers situated in the EU with an option to exclude insurances due to their small size, complexity, type of business.	
119. National Association of Insurance Commissioners (NAIC)	USA, NAIC	This should be available only for IAIGs. Such stay powers are thought to be needed so as to not provide further disruption to financial markets when there is a crisis – namely a “cooling off” period can be beneficial. To the extent that this is the purpose, smaller insurers do not have derivative and security financial transactions sizeable enough to have such market impacts.	
<b>99 - Q99 Comment on CF 12.7a.1</b>			
<b>100 - Q100 Comment on CF 12.7a.2</b>			
<b>101 - Q101 Comment on CF 12.7a.3</b>			
<b>102 - Q102 Comment on CF 12.7a.4</b>			
121. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Should say bullet 20, not 21.	
<b>120 - Q120 Comment on CF 12.12a.1</b>			
139. Bundesanstalt für	Germany -	It is problematic to extend ICP 12 and CF 12 to non-regulated operational entities. Even though these entities are not regulated	

Finanzdienstleistungsaufsicht (BaFin)	BAFIN	thus they will be put under regulation. To include financial institutions other than insurers within the IAIG for example could collide with the resolution regime for banks. Therefore, we recommend to cancel these two points.
140. National Association of Insurance Commissioners (NAIC)	USA, NAIC	This guidance oversteps the legal authorities in many jurisdictions and is presumptive to want insurance resolution standards to apply to non-insurance entity resolution merely because the non-insurance entity is in an insurance group. It is unclear to what extent ICP 12 material would even be applicable or helpful to non-insurance resolutions or to what extent the ComFrame material under ICP 12 would apply to non-IAIGs. This guidance which greatly expands the scope of not only the resolution ComFrame material but all of ICP 12 far beyond the work of the IAIS and the authority of its members is completely inappropriate. This paragraph should be deleted along with 12.12a.2 and 12.12a.3.
<b>121 - Q121 Comment on CF 12.12a.2</b>		
141. National Association of Insurance Commissioners (NAIC)	USA, NAIC	This paragraph should be deleted (see comment on 12.12a.1). If the intended meaning is that non-insurance legal entities within a group that is being resolved should be resolved as well (if necessary) by the relevant authorities, then it is stating the obvious.
<b>122 - Q122 Comment on CF 12.12a.3</b>		
142. National Association of Insurance Commissioners (NAIC)	USA, NAIC	12.12a.1 says ICP 12 and its ComFrame material is extended to financial institutions other than insurers within the IAIG, but then this paragraph says it is not intended to override existing sectoral requirements? How do these extend to but not override? What is the point? This is very contradictory and should be deleted along with 12.12a.1 and 12.12a.2.

Compiled Comments from Stakeholders on *Consultation on ComFrame material  
integrated with ICP 12*



Organisation	Jurisdiction	Answer
<b>1 - Q1 General Comment on ICP 12 (including ComFrame text)</b>		
1. Assuris	Canada	<p>Thank you for the opportunity to provide feedback in response to the International Association of Insurance Supervisors' consultative document on the ICP 12 Exit from the Market and Resolution and the ComFrame Module 3, Element 3 Recovery and Resolution.</p> <p>Assuris is the not for profit Policyholder Protection Scheme (PPS) for life insurance companies operating in Canada. Assuris is formally designated under legislation by the both the Federal and Quebec governments and has agreements to protect policyholders with every province and territory in Canada. Assuris was an active participant in four life insurer insolvencies. Assuris has provided funding to the failed insurer to ensure policyholder benefits are protected during the insolvency. In addition, Assuris has utilized its bridge institution to facilitate the transfer of assets and liabilities from the insolvent insurer.</p> <p>We are pleased at the on-going work completed on the initial draft ICP12 and ComFrame issued in 2016. Assuris strongly supports the focus on policyholder protection and the important role played by the PPS in providing this protection in resolution and in maintaining confidence in the insurance sector. In considering the effective resolution of an insurer, Assuris strongly supports:</p> <ul style="list-style-type: none"> <li>• the definition of multiple resolution authorities – It is important to note that at different stages of recovery and resolution, different relevant authorities may take the lead to coordinate a successful resolution. Close cooperation and coordination between the supervisors, resolution authorities and the PPS is essential to ensure an effective resolution of an insurer.</li> <li>• the need for key risk information – Key risk information is critical for resolution planning and assessing resolvability. Key risk information should be provided routinely by all insurers while they are solvent as part of their regulatory filing.</li> <li>• that resolutions plans are not required for all insurers – Resolution plans should only be required if the resolution authorities are concerned the insurer is not resolvable.</li> <li>• that PPSs should be consulted as they have resolution experience and expertise – PPSs, as a relevant authority, can significantly contribute in developing resolution strategies, assessing resolvability and resolution planning.</li> </ul>
2. Reinsurance Advisory Board (RAB)	EU	<p>General comments on objectives and proportionality</p> <p>Background: The main driver for the development of a recovery and resolution framework for insurers at international level was the experience from the financial crisis during which government and regulatory officials were faced with the sudden failure of systemically connected financial institutions. This required immediate intervention (“weekend resolution”) to prevent</p>

systemic failure and damage to the real economy. These past developments also form the basis of the FSB's "Key Attributes of Effective Resolution Regimes for Financial Institutions" ('FSB Key Attributes') which have significantly influenced the emerging Comframe module.

Objectives – financial stability and the real economy: Protection of financial stability and the real economy and specifically for insurance, policyholder protection, are listed as objectives for recovery and resolution in the FSB Key Attributes. These, in turn, influence the objectives set out in ICP 12. In this context, the Reinsurance Advisory Board (RAB) would like to stress that reinsurance in general does not pose systemic threat in the same way as banks or other potentially systemically connected companies may do. In fact, and as is elaborated in more detail in Insurance Europe's position paper "Why insurers differ from banks", by improving the resilience of individual primary insurance companies, reinsurance enhances financial stability.

Lack of interconnectedness: Notwithstanding the very important role reinsurers play in supporting the activity of primary insurers by pooling tail risk globally, the interconnections between reinsurers and the rest of the financial system are unlikely to prove problematic from a systemic perspective. In fact, only around 5% of global primary insurance premiums are ceded to reinsurers. This risk is partially passed on through insurance-linked securities to capital markets and other reinsurers. But total ILS issuance is equivalent to around 0.1% of global insurance premiums. Retrocession (which consists of reinsurers buying reinsurance) is considered the main channel of direct interaction between reinsurers. Retrocession is mainly used for peak risk exposures and amounts to 13% of global reinsurance premiums and a mere 0.6% of global insurance premiums. Risks are retroceded only once and this process rarely occurs between top reinsurers but more often involves second or third tier reinsurers. Consequently, there is no network-like inter-insurance market similar to the interbank market and the systemic risk potential is correspondingly much lower. It has been shown (in particular by the French regulator) that even an extreme scenario in which all reinsurers in a market fail, would only adversely impact a small number of insurers, without leading to the materialisation of counterparty risk. As the IAIS noted in a 2011 study, "the (re)insurance sector has built in circuit breaks" and "connections between reinsurers are weak and most likely immaterial".

Reinsurance is not a "critical function": Furthermore, in order to satisfy the criteria for the definition of a critical function, an activity should not be easily substituted and must have a material impact on the financial system and the real economy should it fail. The RAB believes that reinsurance would not satisfy either of these criteria. Regarding substitutability, in the case of an isolated reinsurance failure, expertise and capacity will remain in the market giving continued reinsurance options for primary writers. At an industry-wide level, major catastrophes lead to premium increases (a hard reinsurance market) with the consequent attraction of additional capital and reinsurance capacity.

Objectives - policyholder protection: Regarding policyholder protection, the RAB would like to emphasise that reinsurance is a business to business activity. This has a number of important implications in the context of recovery and resolution

		<p>frameworks:</p> <ul style="list-style-type: none"> <li>• Failure or entry into distress of a reinsurer will not have a direct impact on policyholders, and could only do so indirectly through the impact of the reinsurance failure on the direct writer.</li> <li>• Negative publicity surrounding financial difficulties for a reinsurance company and the corresponding impact on policyholders of such publicity will be significantly more limited than in the case of a direct insurer. This will provide the company and authorities with more time to address the issues and use the run-off and transfer/sale tools than would be the case for a direct writer (or banks, more generally).</li> <li>• In the event of reinsurance default, the ceding company as a professional counterparty will be in an appropriate position to engage regarding any claim it may have on the failed reinsurer; it will not need a resolution authority to step in to protect or maximize its interests, as long as a clear legal framework is in place regarding the priority of claims on liquidation etc. This is, however, different for direct policyholder who, without the resolution authority and link to the Insurance Guarantee Scheme, would not be in the same position to protect their interests.</li> </ul>
3. GDV - German Insurance Association	Germany	<p>The German Insurance Association appreciates the opportunity to comment on the revised ICP 12.</p> <p>Considering the informal draft consulted in August 2016, the current wording includes significant progress. From a conceptual perspective, we welcome the decision to integrate ComFrame-related aspects into the ICPs. This contributes to more transparency and ensures consistency with the hierarchy of IAIS' supervisory material.</p> <p>In terms of content, we welcome that language on proportional application of e.g., resolution plans and resolution powers has been added. However, it will be crucial that the proportionality principle also prevails in practice once ICP 12 is adopted and implemented in jurisdictions. In this context, it is important to bear in mind that insurance failures are very rare and regular insolvency procedures have proven to be unsuitable to deal with insurance failures. There is no precedence where a regular insolvency exercise has led to the destruction of values at the cost of policyholders or destabilized financial markets.</p> <p>That is why we urge supervisors to remain cautious to prematurely initiate resolution procedures and apply resolution powers with constraint, since doing so may contradict the well-tailored crisis management procedures of ongoing supervision and possibly result in avoidable losses for policyholders.</p>
4. Global Federation of Insurance Associations	Global	<p>GFIA would like to point out that:</p> <ul style="list-style-type: none"> <li>• The traditional insurance business has proven extremely resilient to business cycle fluctuations in the past, as evidenced by the fact that insurers weathered the recent financial crisis quite well.</li> </ul>

		<ul style="list-style-type: none"> <li>• Insurance failures are rare and do not affect other insurers or the payments system. Should an insurer fail, there is also no convincing evidence of a lack of substitutability of products that would justify the introduction of additional measures.</li> <li>• Unlike in banking, insurers do not fail suddenly as insurers' liabilities crystallise gradually over time, allowing for a structured wind-down, so that policyholders are unlikely to be left without cover. In addition, insurance liabilities are largely independent of each other, and are not 'callable' on demand since an insurance liability occurs at a specified point in time or following a pre-defined, insured event.</li> <li>• The unique characteristics of the insurance business model stand in clear contrast to those of banks; resolution approaches should closely reflect that. The key difference between a bank's resolution and an insurer's resolution is that the latter can be managed over an extended period. There is no need to rush into resolution, particularly because doing so could generate avoidable losses for policyholders.</li> </ul>
6. International Actuarial Association	International	<p>The IAA believes it is helpful to have a revised ICP12 which includes the ComFrame material.</p> <p>A general comment is that the ICP does not distinguish between insurers and reinsurers where there may be different considerations. In some jurisdictions reinsurance policyholder creditors rank below other insurance policyholders</p> <p>The ICP is silent on the issue of capital – in practice there are many different bases on which liabilities can be calculated and on which assets, particularly illiquid assets can be valued. Thus assessing by how much the value of assets exceed the value of liabilities is not a precise or unique calculation. Indeed involved supervisors and resolution authorities from the various jurisdictions in which an insurer or group operate may not initially share a unique and common view on the valuation of assets and liabilities during the winding up process. This may be scenario dependent and may well be dependent on the degree of certainty of the value of the assets and liabilities and how well matched they are. This is why a common actuarial approach has been to focus on assessing the combined future cash flow streams instead of just relying on a balance sheet summary. We recognise that this is partly addressed in 12.6.1 but believe that this could be also considered in other parts of the ICP.</p> <p>The text is quite generic and subjective in places e.g. the supervisor may require / do any number of things. We appreciate that the action to be taken will depend on the circumstances of the company/group/country etc. but perhaps more guidance could be given on when to apply different actions, or a hierarchy depending on solvency coverage e.g. page 4 of CP12.</p> <p>It would be helpful to discuss the treatment of healthy subsidiaries when a group is in resolution.</p> <p>We recommend mentioning data protection requirements in relation to sharing information with other supervisors.</p>

<p>7. International Forum of Insurance Guarantee Schemes (IFIGS)</p>	<p>International</p>	<p>The International Forum of Insurance Guarantee Schemes (IFIGS), on behalf of its members, respectfully submits its comments in response to the International Association of Insurance Supervisors' consultative document regarding revised ICP 12 and the ComFrame material integrated into ICP 12.</p> <p>IFIGS was formed by a group of policyholder protection schemes from around the world interested in sharing their experiences in providing policyholder protection in the event of an insurance company failure. IFIGS facilitates and promotes international cooperation between policyholder protection schemes and other stakeholder organisations with an interest in policyholder protection.</p> <p>IFIGS believes that the consultation document reflects a thoughtful evolution of ICP 12 and ComFrame since last autumn. We support the IAIS' focus on policyholder protection and its recognition of the important role played by policyholder protection schemes. Policyholder protection schemes are a critical part of the resolution framework that ensures policyholders are protected and financial stability is maintained. It is important to emphasize that they are not just a source of funds, but also a source of expertise in resolution. Close cooperation between the supervisor, resolution authority and policyholder protection scheme is essential to ensure an effective resolution of an insurance company.</p> <p>The following points enable a resolution authority to fully utilise the benefits provided by a policyholder protection scheme: (1) Policyholder protection schemes can and should play an important role in developing or assessing resolution strategies, and therefore, should be part of or otherwise support recovery and resolution planning, resolvability assessments, crisis management groups and other coordination efforts, (2) early policyholder protection scheme involvement in a resolution is a critical part of policyholder protection. The policyholder protection scheme should be informed by the supervisor of any potentially non-viable company at the earliest possible time, as well as information about risks that may be encountered in resolution, (3) Policyholder protection schemes must have access to information from the company as early as possible to enable them to plan for a transfer, payout or run off of the business in resolution.</p> <p>Furthermore, while IFIGS supports the goal of maintaining financial stability, financial stability should not be achieved in a way that compromises policyholder protection.</p> <p>We offer these comments regarding how ICP 12 and the related ComFrame material might be strengthened and clarified.</p>
<p>9. Swiss Re</p>	<p>Switzerland</p>	<p>Proportionality</p> <p>Comparing with the material on ICP10, 12 and ComFrame Module 3 Element 3 proposed by the IAIS in the 2Q16 informal</p>

consultation, we appreciate that the proportionality principle, building on ICP0 Introduction and Assessment Methodology, is now mentioned in ICP12. With due consideration though for the critical role the principle plays in resolution, we consider that the principle, and its application, are not yet sufficiently articulated. For instance, proportionality acts as a differentiating factor when the decision is made whether or not proposed measures actually apply. Equally proportionality acts as a guide in elaborating resolution plans. Lastly, proportionality will guide authorities in conducting resolvability assessments, where they are deemed necessary, in a manner which efficiently and effectively addresses the objectives of resolution planning. The language does not seem to elaborate on these different facets of proportionality.

#### Delineation of applicability

As per their scope, FSB's "Key Attributes of Effective Resolution Regimes for Financial Institutions" (2014), thereafter Key Attributes, [http://www.fsb.org/wp-content/uploads/r\\_141015.pdf](http://www.fsb.org/wp-content/uploads/r_141015.pdf) address "[a]ny financial institution that could be systemically significant or CRITICAL [...] if it fails" including holding companies, non-regulated operational entities and branches of foreign firms. That is: at least G-SIIs, and possibly beyond.

As per the IAIS, e.g. §35 of its FAQ 5 Oct. 2015 <https://www.iaisweb.org/page/supervisory-material/financial-stability-and-macroprudential-policy-and-surveillance/file/57111/gsii-and-mps-frequently-asked-questions-updated-5-oct-2015> an insurer qualifying as a G-SII is considered an IAIG, but the reciprocal is not necessarily true: "Policy measures on G-SIIs will apply only to designated G-SIIs and will be appropriate for the risks that G-SIIs pose to the financial system, if any."

In certain instances of ICP 12, as well as ICP10, though, the ComFrame text reads as if the IAIS had adopted the view that IAIGs are all deemed systemically critical when they fail, and the IAIS has therefore opted for a broad application of the Key Attributes, with one exception: the necessity to develop a resolution plan and conduct related resolvability assessments. We think that this broad view lacks in proportionality.

#### Introduction of concepts (requirements) and structure

In general, we believe there is a need for the IAIS to ensure a better articulated sequence of actions with respect to resolution including resolution planning. For instance -

As a first step, the IAIS could explain how insurers, and IAIGs in particular, stand in relation to FSB's Key Attributes, that is when they qualify as systemically critical and when not.

Then the IAIS could introduce the concept of a Crisis Management Group (CMG) for IAIGs, which is actually done in CF 25.7a; an adequate reference may help. CMGs are introduced for for all IAIGs, which may lack in proportionality. We consider that CF 25.7a et seq. should provide guidance under what conditions a CMG is to be formed, about its composition and what the roles and responsibilities of its members are.

Then, the IAIS could introduce the concept of a resolution strategy by adequately leveraging the FSB's "Developing Effective Resolution Strategies and Plans for Systemically Importance Insurers" (2016) <http://www.fsb.org/2016/06/developing->

effective-resolution-strategies-and-plans-for-systemically-important-insurers/. FSB's guidance on resolution strategies acknowledges the need for institution-specific resolution strategies in insurance, privileging portfolio transfers and run-off instruments for the core business of insurance. The IAIS should explicitly endorse the notion of institution-specific resolution strategies in insurance, while making reference to the two resolution models ("opco" and "topco") at the extreme ends of the spectrum.

Finally, the IAIS could introduce the concept of resolution plans and provide guidance as to when and under what conditions they are to be developed, who is responsible etc. The resolution plan should document the composition of the CMG and the resolution strategy. Clearly, though, the plan follows the establishment of the CMG and the development of a resolution strategy.

In all these steps, the IAIS ought to explain how proportionality is to be accounted for. Concretely, we believe that authorities should have at their disposal a set of measures which are to be applied to a given insurer proportional to a substantiated assessment of the risks it poses to policyholders. On one end of the spectrum are insurers for which a CMG is not needed. For other insurers, a CMG will be established and define a resolution strategy but it will forgo the development of a resolution plan. On the other end of the spectrum are insurers for which there is a CMG which has agreed on a resolution strategy and has developed a comprehensive resolution plan which is tested as part of resolvability assessments.

Moreover, when dealing with IAIGs all efforts should drive towards a single group-wide resolution plan. Host supervisors and supervisory authorities should contribute to the overall effort. National efforts should only be considered in rare circumstances, when there is a demonstrable need and following consultation with the group-wide supervisor or resolution authority. To avoid inconsistencies with the CMG's efforts, the national resolution plans must be established in cooperation and coordination with the group-wide effort.

The resolution strategy should guide the development of the resolution plan and the degree of coordination. A "topco" approach clearly calls for a single resolution plan. In an "opco" approach jurisdictions may have a greater influence on local entities; still, the whole resolution planning effort ought to be coordinated.

#### Policyholder Protection Schemes (PPS)

ICP 12 makes reference to policyholder protection schemes in at least ICP12.3.1, 12.3.3, 12.5.1, 12.7.8, 12.9.3 and 12.10.2. The IAIS (2013) and the OECD (2013) noted in their respective papers on policyholder protection schemes that other mechanisms like tied assets play a relevant, possibly equivalent role. The existence of alternative measures ought to be duly noted in ICP12.

ICP12 fails to account for the practical variety in PPS: While PPS and other mechanisms may indeed help achieve orderly resolution, the IAIS should devote some language to the particularities of cooperating and coordinating with a PPS in resolution to ensure a more differentiated view, and that: "As PPSs are a last resort mechanism they should not be over-relied upon. In this context their effectiveness is supported by well-functioning supervisory and winding-up/liquidation regimes, as set out in the ICPs; the existence of a PPS should not be seen as a substitute for either of these." (§119, Issues Paper on Policyholder Protection Schemes, Oct. 2013).

Graphic 1 on p. 32 of the IAIS (2013) Issues Paper provides a good overview <https://www.iaisweb.org/page/supervisory-material/issues-papers/file/34547/issues-paper-on-policyholder-protection-schemes>. In the case of IAIGs in particular the implication are that leading resolution authority may have to coordinate with several, not just one, PPS, and that across various legislations. We think this is insufficiently captured by ICP12.5 and 12.7a

#### Formulations

Formulations that express requirements towards insurers tend to be formulated in direct language, whereas formulations that relate to the collaboration and cooperation among supervisors and other resolutions authorities tend to be formulated in a more indirect manner. We urge the IAIS to adopt less ambiguous language when describing the responsibilities of authorities, in particular with regards to cooperation and coordination, not the least because we notice a weakening of both ICP3 and 25 in that regard. In general, we are missing language that encourages jurisdictions, i.e. authorities within jurisdictions, to establish cooperation and coordination agreements for (recovery and) resolution.

The objective is for supervisors to cooperate and coordinate to ensure an orderly path to resolution, or at least to improve the prospects of an orderly resolution. As stated in the FSB document "Developing Effective Resolution Strategies and Plans for Systemically Important Insurers" (2016) <http://www.fsb.org/2016/06/developing-effective-resolution-strategies-and-plans-for-systemically-important-insurers/>, authorities must determine if cross-border cooperation is a necessity, and if so, they must establish mechanisms to ensure effective cooperation. We recommend the IAIS recognizes this necessity in the context of ICP12 including ComFrame. We elaborate on this point in comments to specific standards and guidance.

#### Substantiated intervention

ICP12 states that "Legislation provides requirements for the resolution of insurers that are no longer viable or are "likely to be no longer viable" [...]. Interventions by the supervisor should be substantiated and based on an analysis and not an "impression". The chosen formulation is inappropriate for a principle. ICP12.0.9 is leveraging the exact same language; and we believe that the illustration related to ICP12.0.9 offers a more appropriate depiction of the situation the IAIS is attempting to capture.

Proposed language: "[...] the resolution of insurers that are substantively determined to be no longer viable, and have no reasonable prospect of returning to viability."

-OR-

"[...] the resolution of insurers whose viability is substantively determined to be in question, and have no reasonable prospect of returning to viability."

The language would have to be amended throughout ICP12.

Related to the viability question: We understand the IAIS' focus on resolution as an orderly wind-down process. In insurance



		however, history has established, that insurers may actually recover during a run-off/ wind-down process and become operational again. We are not recommending to make this an objective of resolution, but that the IAIS explicitly acknowledges the possibility.
10. Zurich Insurance Company Ltd.	Switzerland	Kindly note this is a joint submission by Swiss Re and Zurich Insurance Group.
11. Institute and Faculty of Actuaries	UK	The IFoA believes that it is helpful to have a revised ICP12 which includes the ComFrame material.
		<p>A general comment is that ICP 12 does not distinguish between insurers and reinsurers where there may be different considerations – in particular noting that under SII, reinsurance policyholder creditors rank below other insurance policyholders.</p> <p>The ICP is silent on the issue of capital. In practice, there are many different bases on which liabilities can be calculated (and, particularly illiquid, assets can be valued), so assessing by how much the value of assets exceed the value of liabilities is not a precise calculation. Indeed, assets and liabilities may be based on a best-estimate and hence the reason capital needs to be held. In our view therefore, it is insufficient to consider simply the situation where the value of assets is less than liabilities, or that it is likely that claims may not be paid when they fall due, without considering how the likelihood may be assessed.</p> <p>Loss events that would trigger resolution need to be considered. This may be scenario dependent, and may well be impacted by the degree of certainty over the value of the assets and liabilities, and how well-matched they are. We recognise that this is partly addressed in paragraph 12.6.1, but believe that this could be also considered in other parts of the ICP.</p>
12. Association of British Insurers	United Kingdom	<p>The Association of British Insurers (ABI) welcomes the opportunity to comment on the IAIS' revised ICP 12 and ComFrame material integrated with ICP 12.</p> <p>The ABI is broadly supportive of the revised ICP 12. While proposing a common set of principles on insurance resolution for supervisory authorities to follow, it also recognises differences in types of insurers and their circumstances, variations in legal and insolvency rules, as well as diversity in supervisory tools and powers across multiple jurisdictions, which we welcome.</p> <p>Although we understand that this paper is to be read in light of the overarching concept of proportionality as set out in the Introduction and Assessment Methodology paper, we suggest that there be greater elaboration in this ICP on the application of proportionality to resolution.</p>
14. Chubb	United States	We believe that ICP 12 should be focused on identifying the legal authority that a jurisdiction should have to resolve an insurance legal entity that is no longer viable. If a jurisdiction has the requisite authority, specifics of how that authority is exercised should be left to the local jurisdiction and its policy objectives. ICP 12 should focus on the resolution authority rather than requirements for insurers.

<p>15. National Association of Mutual Insurance Companies</p>	<p>United States</p>	<p>Q1 General Comment on ICP 12 (including ComFrame text)</p> <p>NAMIC appreciates the significant response to the stakeholder comments made to the informal draft proposed in 2016. This is a vast improvement from that earlier version. We also appreciate the jurisdictional flexibility generally included in the ICP language and will provide additional information where the same regulatory flexibility would be an improvement over the current draft.</p> <p>Notwithstanding the excellent work on ICP 12 some problems remain to be corrected. The language infers there is unlimited authority of the groupwide supervisor to require and exert power over all the legal entities in the group. Regardless of the language in a country's law or regulation, this is just not so. No group supervisor has power outside of its jurisdictional boundaries over affiliates that do not operate in their jurisdiction. They may be able to apply pressure, but not to enforce or punish behavior except on those entities domiciled or doing business within their jurisdiction. To achieve full group supervision requires engagement in the supervisory colleges with the domiciliary regulator of the legal entity at fault for the infraction. The myth that some supervisors can exert power over the entire group, even non-insurance entities and entities that do not conduct any business in the jurisdiction needs to be eliminated from international standards. All authority over such entities is indirect for all insurance supervisors.</p> <p>The discussions in the ICP's regarding fungibility create the perception that insurance groups will go insolvent and yet only legal entities can be resolved. There may be more than one entity within a group that will be liquidated, but in most jurisdictions only legal entities go insolvent. The ICPs should recognize this fact. Fungibility of capital within a group or lack thereof is not the same in all jurisdictions, so the Consultation Document requires revision to reflect this fact.</p> <p>A point that needs to be emphasizes in the Consultation Draft is that resolution should not occur until all options have been exhausted to rehabilitate the insurer. This is in everyone's best interest. It is important to policyholder protection, regulatory efficiency and to continued opportunity for the insurance firm to survive and thrive. In addition, the resolving the company over an extended period of time may well be beneficial to the policyholders and is not uncommon as it may avoid more serious problems arising from attempts to resolve the company too abruptly.</p> <p>Finally, throughout the ICP there is language that suggests there should be limits on public funding. We suggest that this issue will have to be addressed on a jurisdictional basis and is not appropriate in the ICP.</p> <p>In addition to the comments NAMIC provides we also endorse the comments on ICP 12 provided by the National Conference on Insurance Guaranty Funds and generally those of the Global Federation of Insurance Associations and the National Association of Insurance Commissioners.</p>
<p>16. National Organization of Life and</p>	<p>United States</p>	<p>We appreciated the opportunity to comment on an earlier version of this document and believe that the latest version represents a significant step forward. We have included more granular, point-by-point responses below, but wanted to</p>

<p>Health Insurance Guaranty Associations (NOLHGA) and the National Conference of Insurance Guaranty Funds (NCIGF)</p>		<p>provide an overview of the policy perspectives behind our detailed comments.</p> <ol style="list-style-type: none"> <li>1. Policyholder protection schemes can and should play an important role in developing or assessing resolution strategies, and therefore they should be part of or otherwise support crisis management groups and other coordination efforts.</li> <li>2. Early PPS involvement in a resolution is a critical part of policyholder protection.</li> <li>3. We support the goal of maintaining financial stability, but we do not believe that financial stability should be achieved in a way that compromises policyholder protection.             <ol style="list-style-type: none"> <li>a. In no event should insurance liabilities be restructured, limited or written down in a way that deprives policyholders of the protection afforded by a PPS.</li> <li>b. Policyholders should not be treated differently from each other so that payments can be made to lower priority claimants. Furthermore, in jurisdictions where the PPS is subrogated to the rights of covered policyholders, uncovered policyholders should not be allocated a higher percentage of estate assets than covered policyholders are allocated.</li> </ol> </li> </ol>
<p>17. Institute of International Finance and the Geneva Association</p>	<p>United States/Switzerland and</p>	<p>Leverage FSB's guidance on resolution-related matters for insurers</p> <p>We believe that the IAIS should appropriately leverage what has been developed in the FSB's resolution-related work, which acknowledges the need for institution-specific resolution strategies in insurance, privileging portfolio transfers and run-off instruments for the core business of insurance. The IAIS should endorse the notion of institution-specific resolution strategies in insurance, while referring to the two resolution models ("opco" and "topco") at the extreme ends of the spectrum.</p> <p>In this respect, we would point out that while FSB guidance to date has focused on guidance related to insurers that could be critical should they fail, all insurers can and do fail. Therefore, resolution with properly tailored requirements should cover all insurers, allowing for additional objectives, powers and considerations, subject to supervisory discretion and proportional application. Indeed, we urge against establishing separate statutory resolution regimes for IAIGs versus non-IAIGs and propose instead a common regime that provides a range of options and tools to manage a diversity of circumstances as described above.</p> <p>Furthermore, a supervisor or resolution authority should only be able to utilize extreme powers (e.g., establish a bridge institution, provide continuity of essential services and functions, or temporarily stay early termination rights associated with derivatives and securities financing transactions) in the extremely unlikely event that more traditional tools would not be</p>

sufficient.

As regards resolution planning we recommend the following criteria should be included as part of the considerations for an insurance supervisor or resolution authority to determine whether a resolution plan is required or not, and if so, what degree or level of resolution planning is required:

- the IAIG's type and level of activities as well as the companies' risk mitigation mechanisms in place plus the domestic regulators' existing rules, limitations and restrictions pertaining to these activities;
- an analysis of the likelihood of the IAIG's vulnerability to significant financial distress;
- an impact assessment of the potential failure of the IAIG; and
- the expected benefits and outcomes of the resolution planning requirement.

We also strongly recommend that consideration be given to the fact that contrary to many banks, insurers fail slowly, allowing time for consideration of tools such as portfolio transfer and runoff.

The starting point for a resolution planning requirement should be a comprehensive understanding of an IAIG's activities, their potential connection to risk transmission channels, all relevant risk mitigants, including extant rules, limitations and internal risk mitigation efforts, as well as costs to the IAIG of the resolution planning.

Role and establishment of Crisis Management Groups (CMG) should be elaborated

The IAIS should provide guidance on when a CMG is to be formed, whom it is composed of, and what the roles and responsibilities of its members are. The resolution plan should follow the establishment of the CMG and the development of a resolution strategy.

The full a spectrum of group structures including the two extreme cases of "topco" and "opco" should be recognized:

- In a "topco" approach, to the extent the group-wide supervisor and/or resolution authority in consultation with the CMG of the IAIG determine a resolution plan is necessary, a single plan covering material legal entities in the IAIG (i.e., the head of the IAIG and its material insurance subsidiaries) should be developed.
- In an "opco" approach, we believe that host supervisors and/or resolution authorities, where there is a demonstrable need, may have their own resolution plans for the IAIG's insurance legal entity in their jurisdictions following consultation with the group-wide supervisor and/or resolution authority. These local resolution plans must be established in cooperation and coordination with the group-wide supervisor and/or resolution authority to ensure that the plan is as consistent as possible with the resolution plan for the IAIG.

		<p>Alternative mechanisms and supervisory coordination of Policyholder Protection Schemes (PPS) should be acknowledged</p> <p>ICP 12 refers to policyholder protection schemes (PPS) in several standards and guidelines. We would like to point out that the IAIS (2013) and the OECD (2013) noted in their papers on PPS that other mechanisms, such as tied assets, play a relevant, possibly equivalent role. The existence of such alternative mechanisms should be reflected in ICP 12. We believe that ICP 12 should also capture in its language that, in the case of an IAIG, the leading resolution authority may have to coordinate with more than one PPS across various jurisdictions; i.e. while clearly valuable, PPS introduce an additional layer of complexity regarding cooperation and coordination.</p>	
18. International Association of Insurance Receivers	US Corporation, International membership	The relationship between liquidation and the other resolution tools could be explained more clearly. While liquidation is a subset of resolution, it is treated in ICP 12 as a separate mechanism in some respects. This implication is reinforced by providing a separate standard for liquidation (12.8), and describing it as a counterfactual process in the NCWOL principal.	
19. Liberty Mutual Insurance Group	USA	<p>Supervisors should make plans to coordinate the cross-border resolution of licensed insurance entities within an IAIG that are no longer viable. Pre-arranged plans for multiple insurance supervisors to cooperate are critical to protect policyholders. The focus on insurance supervisor coordination and cooperation in ICP 12 is the proper context in which all of the IAIS's standard setting activity should occur. Accordingly, ICP 12 appropriately recognizes that resolution is a function of regulatory authority. An insurer or IAIG that is the subject of the resolution does not have a significant role to play in its own resolution, other than to ensure its records are maintained in a manner that allows a resolution authority to seamlessly operate the insurer, if the time comes for a resolution.</p> <p>However, ICP 12 should not provide for an insurance supervisor to exercise legal authority over the head of an IAIG that is not, itself, a regulated insurance entity.</p> <p>Furthermore, ICP 12 should recognize the legal limits on the authority of insurance supervisors. For example, U.S. insurance regulatory architecture assumes the existence, and is respectful, of multiple regulators, each with authority over the legal entity domiciled in each jurisdiction. Accordingly, the resolution authority of U.S. insurance regulators and that of insurance supervisors in many other jurisdictions will not extend beyond insurers to a non-insurance head of an IAIG. The IAIS should revise ICP 12 to focus on insurance entities and protecting their policyholders, separate and apart from any broader power an insurance supervisor is mistakenly presumed to have over the IAIG and its non-insurance members.</p>	
20. Property Casualty Insurers Association of America (PCI)	USA	PCI endorses the comments of the Global Federation of Insurance Associations.	
<b>22 - Q22 Comment on CF 12.2a.1</b>			
206. Assuris	Canada	No comment	

207. Insurance Europe	Europe	<p>The objectives of the resolution of insurers should be clear. This is currently not the case in CF12.2a.1, which states that a jurisdiction may choose to rank resolution objectives (policyholder protection and financial stability) at its discretion. It is not clear what is intended by this.</p> <ul style="list-style-type: none"> <li>• On one reading, this suggests different IAIGs could have different resolution objectives in a single jurisdiction. In Insurance Europe’s view, resolution objectives should not explicitly differ between insurers in a jurisdiction because the interests of various stakeholders in a resolution process should be protected in the same way. In practice, some objectives may be more relevant than others (depending on the circumstances of the IAIG).</li> <li>• On another reading, the wording in CF12.2a.1 could suggest that the same IAIG could have different resolution objectives over time, or that different jurisdictions could have different objectives for a single IAIG. Insurance Europe does not support these approaches either. The objectives of the resolution and the rationale for those objectives should be made clear to the IAIG.</li> </ul>
208. Global Federation of Insurance Associations	Global	<p>The objectives of the resolution of insurers should be clear. This is currently not the case in CF12.2a.1 which states that a jurisdiction may choose to rank resolution objectives (policyholder protection and financial stability) at its discretion. It is not clear what is intended by this.</p> <ul style="list-style-type: none"> <li>• On one reading, this suggests different IAIGs could have different resolution objectives in a single jurisdiction. In the GFIA’s view, resolution objectives should not explicitly differ between insurers in a jurisdiction because the interests of various stakeholders in a resolution process should be protected in the same way. In practice, some objectives may be more relevant than others (depending on the circumstances of the IAIG).</li> <li>• On another reading, the wording in CF12.2a.1 could suggest that the same IAIG could have different resolution objectives over time, or that different jurisdictions could have different objectives for a single IAIG. GFIA does not support these approaches either. The objectives of the resolution and the rationale for those objectives should be made clear to the IAIG.</li> </ul> <p>GFIA is also concerned that further explicit emphasis on financial stability as an objective for the resolution of IAIGs will reinforce the common and erroneous assumption that insurance business written by IAIGs poses the same contagion risk as banking.</p>
210. International Forum of Insurance Guarantee Schemes (IFIGS)	International	Financial stability should be achieved in a way that is consistent with – and does not compromise – policyholder protection.
212. Canadian Institute of Actuaries	Ontario	Minor point: This starts with “In addition”, but the end of 12.2.1 already makes the same point that financial stability may be an objective. Adding here that financial stability “should also” be an objective “where applicable” doesn’t seem to add much, and we therefore suggest deleting this.
213. Swiss Re	Switzerland	As stated in our response to question 11, we disagree that resolution of an IAIG should have financial stability as a main objective. Resolution planning for non-systemically important firms ought to focus on policyholder protection.

214. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.
215. Association of British Insurers	United Kingdom	<p>Although some objectives may be more relevant than others, depending on the insurer that is subject to resolution, resolution objectives should not differ between insurers. If the jurisdiction considers a resolution objective to be an appropriate objective, then this should be an objective for the resolution of all insurers, not just IAIGs.</p> <p>For example, although insurance liabilities are largely independent of each other, and are not 'callable' on demand as they occur at a specified point in time (e.g. retirement) or following a pre-defined, insured event (e.g. a flood, or a motor accident), there may be a situation (e.g. natural catastrophe) where multiple non-IAIGs are under stress, creating similar issues to the failure of a single IAIG.</p> <p>We are also concerned that further explicit emphasis on financial stability as an objective for the resolution of IAIGs will reinforce the common and erroneous assumption that insurance business written by IAIGs poses the same contagion risk as banking.</p>
216. Chubb	United States	We do not agree that financial stability should be a required objective for the resolution of an IAIG. A jurisdiction "may" choose to focus on the objective of financial stability but in our view, the failure of an internationally active insurer may be disruptive in the short term but will not impact financial stability in the broader economy. History has proved that even when large insurers fail, there are ample competitors standing ready to take on the business and any market impacts are short lived. To the extent an insurer has appropriately been designated to be systemically important, a case can be made for requiring the consideration of financial stability in any resolution scheme.
217. MetLife, Inc	United States	As explained below, we suggest that this guidance is not necessary. A common resolution framework must necessarily cover all insurers, allowing for additional objectives, powers and considerations subject to supervisory discretion and proportional application. The consideration of discretionary items should include the supervisor's assessment of the degree to which vulnerability assessments conducted within the scope of group-wide risk assessments reveal sources of financial stress linked to transmission vectors that could give rise to meaningfully increased risk to the financial markets (See MetLife's response to Q49, regarding CF 9.2b, in the Consultation Tool for Revised ICP/CF 9 and 10). ICP 12.2.1 acknowledges policy holder protection and financial stability as resolution objectives, and its guidance is sufficient for a uniform framework that covers all insurers, including IAIGs. We would also suggest that since, for the most part, insurers do not pose systemic risk, member jurisdictions would rarely need to rank objectives against policyholder protection. Please also see our comment to question 92 below on CF 12.7a, where we urge against establishing separate statutory resolution regimes for IAIGs versus non-IAIGs : (i) given the limited impact that insurer resolution would have on global financial stability, and (ii) our support for an activity-based approach to oversight and management of systemic risk.
218. National Organization of Life and Health Insurance Guaranty Associations(N	United States	We support the goal of maintaining financial stability, but we do not believe it will be an issue in the vast majority of insurance insolvencies covered by ICP 12 and CF 12.2a. Furthermore, we believe that financial stability should be achieved in a way that is consistent with – and does not compromise – policyholder protection.

OLHGA) and the National Conference of Insurance Guaranty Funds (NCIGF)			
219. Institute of International Finance and the Geneva Association	United States/Switzerland and	The objectives of the resolution of insurers should be clear. This is currently not the case regarding CF12.2a.1 which states that a jurisdiction may choose to rank resolution objectives (policyholder protection and financial stability) at its discretion. It is not clear what is intended here, in particular whether different IAIGs could have different resolution objectives in a single jurisdiction and why, whether the same IAIG could have different resolution objectives over time or whether different jurisdictions could have different objectives for a single IAIG. The objectives of the resolution and the rationale for those objectives should be made clear to the IAIG. We suggest to rely on ICP 12.2 and eliminate ICP12.2a.1.	
220. American Insurance Association	USA	Section CF12.2a.1 states resolution objectives for IAIGs include maintenance of financial stability, where applicable. The highest priority during resolution should be protecting policyholder interests. Due to the business nature of insurance and the financial supervision and regulation of insurers, financial stability of the economy should not be an issue in the resolution of an insurer.	
221. Property Casualty Insurers Association of America (PCI)	USA	The guidance notes that “the resolution objectives in respect of IAIGs should also include maintenance of financial stability, where applicable.” In the U.S., maintenance of financial stability is generally not a consideration for rehabilitators or liquidators unless a company has been found by the federal government to be systemically important. In that case, federal regulators will play a role in the resolution with financial stability considerations in mind. While we appreciate that the guidance adds a qualifier that financial stability be considered “where applicable,” it would be clearer if the guidance could state more forthrightly that financial stability considerations should arise only in the context of systemically important companies. Again, to do otherwise raises the spectre that policyholders could be harmed for the sake of a financial stability concern held only by only a few, or even a single, regulator and not otherwise established in the proper manner. We do note that there are proposals for an activity-based approach to the oversight and management of systemic risk which, if adopted, could lead away from a formal process of designating systemically important companies. For the most part, insurers do not pose systemic risk, but we acknowledge that, in the absence of formal designations of systemically important insurers, it could be appropriate for resolution objectives to include a consideration of financial stability.	
<b>23 - Q23 Comment on Standard CF 12.2b</b>			
222. Assuris	Canada	Assuris supports that resolution should seek to minimize reliance on public funding. A PPS can act as the mechanism to provide funding and recoup the resolution costs from the insurance sector.	
223. Insurance Europe	Europe	Insurance Europe strongly believes that introducing a principle that requires public funding used for the resolution of an insurer (in any circumstance) to be recouped is not appropriate, as this is ultimately a political decision for each individual jurisdiction to make. The wording used in this provision should allow for such flexibility. In addition, CF 12.2.b seems unnecessary as ICP 12.2.2 already addresses reliance on public funding. We therefore suggest that CF 12.2.b is deleted.	
224. Global Federation of Insurance Associations	Global	GFIA suggests that CF12.2.b be deleted, as GFIA doesn't agree that the IAIS should recommend how countries fund resolutions (see our response to Q21 above). If CF 12.2b is retained, a clarification of the term “public ownership” is needed.	



226. General Insurance Association of Japan	Japan	In principle, the resolution of an IAIG should try not to rely on public ownership or bail-out by use of public funds.
228. Institute and Faculty of Actuaries	UK	See our answer to Q 21.
229. Association of British Insurers	United Kingdom	Standard CF 12.2.b seems unnecessary as ICP 12.2.2 already addresses reliance on public funding (see our comment on ICP 12.2.2). We therefore suggest that 12.2.b is deleted.
230. Chubb	United States	While we are not supporting the use of public funds in any bail-out of an IAIG, this is a decision that should be left to the individual jurisdiction and not dictated by ComFrame. Some resolution schemes bill insurers for policyholder guarantee systems and these costs may be recouped in premium tax offsets or in higher premiums which could be considered “public funds”.
231. MetLife, Inc	United States	We do not believe this CF standard is necessary, since ICP 12.2.2 is a better formulation of the same principle. If it is not deleted, we suggest that CF 12.2b be revised so the language is consistent with ICP 12.2.2.
232. ACLI	US	CF12.2b should be deleted since it is not the role of the IAIS to set standards or recommend how countries should fund resolutions. If it is not deleted, we ask that the term “public ownership” be clarified.
233. Property Casualty Insurers Association of America (PCI)	USA	We do not believe that this CF standard is necessary, since ICP 12.2.2 is a better formulation of the same principles. If it is not deleted, we suggest that CF 12.2b be revised so the language is consistent with ICP 12.2.2.

<b>24 - Q24 Standard CF12.2b</b>			
<b>Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?</b>			
235. General Insurance Association of Japan	Japan	Partially	Japan’s legal system may allow for a bail-out by using public funds.
236. MetLife, Inc	United States	Yes	Legislation fulfilling this standard is in place in the jurisdictions where relevant MetLife operating insurance companies are located.
<b>25 - Q25 Standard CF12.2b</b>			
<b>What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q24 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
237. Assuris	Canada	No comment	
238. MetLife, Inc	United States	None	
<b>26 - Q26 Standard CF12.2b</b>			
<b>What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q24 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
239. Assuris	Canada	No comment	
240. MetLife, Inc	United States	None	
<b>27 - Q27 Standard CF12.2b</b>			
<b>Please provide the assumptions made to estimate the one-time costs (Q25) and the ongoing costs per year (Q26).</b>			
241. Assuris	Canada	No comment	
<b>28 - Q28 Standard CF12.2b</b>			
<b>Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).</b>			
243. General Insurance Association of Japan	Japan	Minimum benefit	(No benefit) As a last resort, there should be room for bail-out by use of public funds.
244. Canadian Institute of Actuaries	Ontario	Reasonably beneficial	
245. Swiss Re	Switzerland	Reasonably beneficial	By ensuring non-reliance on public funds in resolution, resolution plans create

			a significant benefit. However, bail-in or bail-out are extreme measures that should be employed as a measure of last resort. See Q11.
246. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	See Swiss Re comment.
247. MetLife, Inc	United States	Minimum benefit	Please note that the box for "No Benefit" is not showing on the template. This would correspond to our answer, which is "The ComFrame provisions add nothing to the ICP standard." In the absence of the "No Benefit" box, we have marked "Minimum Benefit"
248. Institute of International Finance and the Geneva Association	United States/Switzerland	Reasonably beneficial	By ensuring non-reliance on public funds in resolution, resolution plans create a significant benefit.

<b>29 - Q29 Comment on CF 12.2b.1</b>			
249. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	It is not the IAIS' role to recommend how countries should fund resolutions.	
250. Assuris	Canada	Assuris supports that resolution should seek to minimize reliance on public funding. A PPS can act as the mechanism to provide funding and recoup the costs from the insurance sector.	
251. Insurance Europe	Europe	Insurance Europe strongly believes that introducing a principle that requires public funding used for the resolution of an insurer (in any circumstance) to be recouped is not appropriate, as this is ultimately a political decision for each individual jurisdiction to make. The wording used in this provision should allow for such flexibility.	
252. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	(same comment as on 12.2.2) Recouping funds from the insurance sector should not be targeted (if there has not been initially set up such a common dedicated fund); shareholders should generally come up for such costs. Moreover, would it be enforceable by law to recoup money from the insurance sector, and would it be consistent with existing protective mechanisms such as "Protector" in Germany?	
253. Global Federation of Insurance Associations	Global	As noted above (Q21), is not the IAIS' role to recommend how countries should fund resolutions.	
254. International Forum of Insurance Guarantee Schemes (IFIGS)	International	<p>Note that policyholder protection scheme funds may be used only to protect policyholders and not to achieve other resolution objectives.</p> <p>However, the PPS can sometimes fund resolution solutions that avoid the costs and disruptions of formal liquidations or payouts.</p>	

255. General Insurance Association of Japan	Japan	Please refer to our comment on Standard CF 12.2b (Q23).
257. Swiss Re	Switzerland	See our answer to Q21. Transparency ought to apply both at the ICP and ComFrame level.
258. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.
259. Association of British Insurers	United Kingdom	As noted above (Q21), it should be up to the jurisdiction to determine the source of any public funding that may be provided.
260. National Association of Mutual Insurance Companies	United States	Q29 Comment on CF 12.2b.1 Throughout the ICP there is language that suggests there should be limits on public funding. We suggest that this issue will have to be addressed on a jurisdictional basis and is not appropriate in the ICP. The reference to public funds and recovery from insurers ignores the fact that if insurers are expected to pay the costs of resolution that they will be passed on either to tax-payers in the form of premium tax offsets or to policyholders in the form of higher premiums. There is no mechanism where one or the other will pay the costs. It is only a question of how those costs will be redistributed.
261. Institute of International Finance and the Geneva Association	United States/Switzerland	We think CF12.2b.1 is duplication of ICP12.2.2, and we suggest removing this guidance.
262. ACLI	US	The second sentence should be deleted since it is not the role of the IAIS to set standards or recommend how countries should fund resolutions.
<b>34 - Q34 Comment on Standard CF 12.3a</b>		
310. Assuris	Canada	Assuris supports that only IAIGs that have been determined to have solvency concerns by the group-wide supervisor and/or resolution authorities, should prepare resolution plans.  However, all IAIGs should prepare recovery plans to understand resolution risks. Resolution plans are likely not required, however, all IAIGs should produce key risk information for resolution analysis. Some of the key risk information includes: insurance portfolio transfer values, inter-company guarantees and service agreements as well as legal corporate structure. Also, it is essential to have information on the impact of resolution for risk mitigators such as derivatives and reinsurance.
311. Reinsurance Advisory Board (RAB)	EU	The RAB generally agrees that supervisors/resolution authorities need tools to resolve failing reinsurers although there are strong arguments to support a nuanced treatment of reinsurance compared to direct insurance under a resolution planning framework.  It should be stressed here that for reinsurance activities, these can typically be resolved through portfolio sale and run-off procedures. This is recognised within the FSB Key Attributes for insurance in general. However, these tools are likely to be more useful in general application to reinsurers than direct writers because, due to its business to business nature,

		<p>authorities are likely to have more flexibility and time in applying these tools for reinsurance; this makes pre-emptive resolution planning for reinsurers less relevant for reinsurers.</p> <p>In this context, reinsurers should by default be broadly exempt from requirements resolution planning, particularly as the objectives of the resolution framework do not apply to reinsurers in the same way as direct writers for the below reasons.</p> <ul style="list-style-type: none"> <li>• Regarding the policyholder protection objective set out in 12.2, an exemption would reflect the absence of a direct link between the reinsurer and the policyholder; a reinsurer entering financial difficulty will not directly impact policyholders or even Insurance Guarantee Schemes.</li> <li>• Regarding the financial stability objective set out in 12.2.1 and CF12.2a.1, an exemption would recognise the limited systemic and real economy impact of reinsurance.</li> <li>• Similarly, the objective that the resolution of an IAIG does not rely on public ownership or the bail out by use of public funds is unlikely to apply for reinsurance because of the lack of a direct policyholder link and limited systemic impact of reinsurance.</li> </ul>	
312. Insurance Europe	Europe	<p>Any requirement for resolution planning should be appropriate in the context of the resolution objectives. CF12.3a ,which states that resolution plans are in place for IAIGs in cases where the group-wide supervisor/resolution authority in consultation with the crisis management group of the IAIG deems necessary, in accordance with the resolution objectives. .</p> <p>For example, where the objective of the resolution framework is policyholder protection, it should be clear how the resolution planning increases policyholder protection. There are many circumstances where resolution planning would not necessarily increase policyholder protection. These include when it is extremely unlikely that the firm would enter into resolution or where, upon entering into financial difficulty, the firm/supervisor would have sufficient time to carry out the planning needed to ensure an orderly resolution (which is likely to be the default position in insurance where portfolio run-off has historically proven to be an effective resolution tool). In addition, a resolution strategy is a necessary prerequisite to resolution planning and the resolution plan itself, but no reference is made to it here.</p>	
313. Allianz	Germany	<p>In case a host supervisor has a local resolution plan on top of the Group resolution plan, the ICP should clarify that it is the college's task to ensure consistency between the two, and that any request to take measures to ensure local resolvability must be agreed within the college.</p>	
314. Global Federation of Insurance Associations	Global	<p>Any requirement for resolution planning should be appropriate in the context of the resolution objectives. This standard, which states that resolution plans are in place for IAIGs in cases where the group-wide supervisor/resolution authority in consultation with the crisis management group of the IAIG deems necessary in accordance with the resolution objectives.</p>	

		<p>For example, where the objective of the resolution framework is policyholder protection, it should be clear how the resolution planning helps ensure policyholders are protected. There are many circumstances where resolution planning would not necessarily achieve this. These include when it is extremely unlikely that the firm would enter resolution or where, upon entering financial difficulty, the firm/supervisor would have sufficient time to carry out the planning needed to ensure an orderly resolution (which is likely to be the default position in insurance where portfolio run-off has historically proven to be an effective resolution tool).</p> <p>This standard also does not clarify with whom the responsibility for developing resolution plans lies. GFIA believes that this CF standard should clarify that the responsibility lies with the group-wide supervisor and/or resolution authority and not with insurers, in order to align with the provision in FSB's Key Attributes (i.e. Appendix I, Annex 4, 1.9). The standard should therefore be revised to read as follows: "Resolution plans are developed for IAIGs by the group-wide supervisor or resolution authority in cases where the group-wide supervisor, in consultation with the crisis management group of the IAIG, deems necessary."</p>	
315. International Forum of Insurance Guarantee Schemes (IFIGS)	International	<p>Policyholder protection schemes should be included in Crisis Management Groups and in decisions on resolution plans.</p> <p>The group supervisor and or resolution authority should also take into consideration the risk of policyholder loss of benefits.</p>	
316. General Insurance Association of Japan	Japan	<p>It is redundant to require development of resolution plans in normal times for all IAIGs except G-SIIs, because the systemic risk of such IAIGs is relatively small compared to that of G-SIIs. The scope should be limited to specified conditions when concerns regarding financial soundness arise, for example, when an IAIG's ICS Ratio falls below a certain level, or if certain problems are found in the ORSA.</p>	
317. The Life Insurance Association of Japan	Japan	<p>This ComFrame Standard does not clarify with whom the responsibility for developing resolution plans lies. LIAJ believes this ComFrame Standard should clarify that the responsibility lies with the group-wide supervisor and/or resolution authority, and not with insurers in order to align with the provision in FSB's Key Attributes (i.e. Appendix I, Annex 4, 1.9), which states "the responsibility for developing and maintaining, and where necessary, executing the resolution strategies set out in resolution plan lies with the authorities."</p> <p>This ComFrame Standard should be revised to read as follows: "Resolution plans are in place developed for the IAIGs by the group-wide supervisor or resolution authority in cases where the group-wide supervisor in consultation with the crisis management group of the IAIG (IAIG CMG), deems necessary."</p>	
319. Canadian Institute of Actuaries	Ontario	<p>Suggest adding a cross reference to CF25.7a for the definition and membership of the IAIG CMG.</p>	
320. Swiss Re	Switzerland	<p>Kindly refer to our answer to Q1, on concepts and structure. The concept of a crisis management group (CMG) is actually introduced in CF 25.7a; an adequate reference may help. As presented, the decision to establish plans, or not, should be substantiated, e.g. there is no reference to or explanation of the proportionality principle. More clarification would be helpful.</p>	

		<p>Comparing with the material on ICP10, 12 and ComFrame Module 3 Element 3 proposed by the IAIS in the 2Q16 informal consultation, we appreciate that the proportionality principle, building on ICP0 Introduction and Assessment Methodology, is now mentioned in ICP12. With due consideration though for the critical role the principle plays in resolution, we consider that the principle, and its application, are not yet sufficiently articulated. For instance, proportionality acts as a differentiating factor when the decision is made whether or not proposed measures actually apply. Equally proportionality acts as a guide in elaborating resolution plans. Lastly, proportionality will guide authorities in conducting resolvability assessments, when they are deemed necessary, in a manner which efficiently and effectively addresses the objectives of resolution planning. The language does not seem to elaborate on these different facets of proportionality.</p> <p>Further, there is no reference to the resolution strategy. A resolution strategy is a prerequisite to a resolution plan. See also the Financial Stability Board guidance "Developing Effective Resolution Strategies and Plans for Systemically Important Insurers" (2016) <a href="http://www.fsb.org/2016/06/developing-effective-resolution-strategies-and-plans-for-systemically-important-insurers/">http://www.fsb.org/2016/06/developing-effective-resolution-strategies-and-plans-for-systemically-important-insurers/</a>. We could envision a spectrum of possible approaches, proportional to the CMG's assessment of risk, ranging from merely a strategy, to detailed plans.</p>	
321. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	
322. Institute and Faculty of Actuaries	UK	Given the objective of financial stability, IAIGs should have resolution plans proportionate to their size and risks.	
323. Chubb	United States	We are not sure what is meant by the "crisis management group" and recommend that a current glossary of terms be included. In our view, a specific resolution plan is not possible and is neither necessary nor useful for an IAIG that is not experiencing any financial distress. As reflected in our comments to ICP 10, until the sources of financial stress are known, it is impossible to set forth any specific actions that an insurer would undertake to recover, or in the absence of viability, to unwind.	
324. National Association of Mutual Insurance Companies	United States	Q34 Comment on Standard CF 12.3a Group-wide supervisors may be subject to specific jurisdictional rules as to when a resolution plan should be in place. The requirement that the supervisor must consult with the crisis management group of the IAIS in connection with this decision is onerous and may result in conflicts with the rules and laws of the jurisdiction in which the group-wide supervisor sits. At most, consultation with the crisis management group should be optional rather than mandatory.	
325. Institute of International Finance and the Geneva Association	United States/Switzerland	<p>We believe that the IAIS should appropriately leverage what has been developed in the FSB's resolution-related work, which acknowledges the need for institution-specific resolution strategies in insurance, privileging portfolio transfers and run-off instruments for the core business of insurance. The IAIS should endorse the notion of institution-specific resolution strategies in insurance, while referring to the two resolution models ("opco" and "topco") at the extreme ends of the spectrum.</p> <p>In this respect, we would point out that while FSB guidance to date has focused on guidance related to insurers that could</p>	

		<p>be critical should they fail, all insurers can and do fail. Therefore, resolution with properly tailored requirements should cover all insurers, allowing for additional objectives, powers and considerations, subject to supervisory discretion and proportional application. Indeed, we urge against establishing separate statutory resolution regimes for IAIGs versus non-IAIGs and propose instead a common regime that provides a range of options and tools to manage a diversity of circumstances as described above.</p> <p>Furthermore, a supervisor or resolution authority should only be able to utilize extreme powers (e.g., establish a bridge institution, provide continuity of essential services and functions, or temporarily stay early termination rights associated with derivatives and securities financing transactions) in the extremely unlikely event that more traditional tools would not be sufficient.</p> <p>As regards resolution planning we recommend the following criteria should be included as part of the considerations for an insurance supervisor or resolution authority to determine whether a resolution plan is required or not, and if so, what degree or level of resolution planning is required:</p> <ul style="list-style-type: none"> <li>• the IAIG’s type and level of activities as well as the companies’ risk mitigation mechanisms in place plus the domestic regulators’ existing rules, limitations and restrictions pertaining to these activities;</li> <li>• an analysis of the likelihood of the IAIG’s vulnerability to significant financial distress;</li> <li>• an impact assessment of the potential failure of the IAIG; and</li> <li>• the expected benefits and outcomes of the resolution planning requirement.</li> </ul> <p>We also strongly recommend that consideration be given to the fact that contrary to many banks, insurers fail slowly, allowing time for consideration of tools such as portfolio transfer and runoff.</p> <p>The starting point for a resolution planning requirement should be a comprehensive understanding of an IAIG’s activities, their potential connection to risk transmission channels, all relevant risk mitigants, including extant rules, limitations and internal risk mitigation efforts, as well as costs to the IAIG of the resolution planning.</p>
326. Property Casualty Insurers Association of America (PCI)	USA	<p>The guidance suggests that resolution plans should be in place for all IAIGs where the regulator deems it necessary. The criteria for determining whether a resolution plan is necessary includes “possible impact on the financial system and the macro economy in the jurisdictions within which the IAIG operates.” Again, the standard appears to give regulators authority to find a company to be systemically important whether or not it has been found to be so under the structures in place in each jurisdiction and globally for making that determination. In any event, PCI is skeptical of the value of recovery plans prior to the point at which an insurer’s financial condition has triggered regulatory intervention.</p>



<b>35 - Q35 Standard CF12.3a</b>			
<b>Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?</b>			
328. General Insurance Association of Japan	Japan	No	Resolution plans are not currently being developed.
329. MetLife, Inc	United States	Yes	
<b>36 - Q36 Standard CF12.3a</b>			
<b>What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q35 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
330. Assuris	Canada	No comment	
331. General Insurance Association of Japan	Japan	If insurers were to bear the burden of developing a resolution plan, the cost would amount to several billion Japanese yen.	
332. Chubb	United States	This depends on the scope of the resolution plan that is contemplated.	
333. MetLife, Inc	United States	Not possible to estimate based on current information. See response to question 38.	
<b>37 - Q37 Standard CF12.3a</b>			
<b>What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q35 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
334. Assuris	Canada	No comment	
335. General Insurance Association of Japan	Japan	If insurers were to bear the burden of developing a resolution plan, the cost would amount to several billion Japanese yen.	
336. Chubb	United States	See answer to Q. 36.	
337. MetLife, Inc	United States	Not possible to estimate based on current information. See response to question 38.	
<b>38 - Q38 Standard CF12.3a</b>			
<b>Please provide the assumptions made to estimate the one-time costs (Q36) and the ongoing costs per year (Q37).</b>			
338. Assuris	Canada	No comment	
339. General	Japan	With regard only to external costs, we expect to incur consultation fees and labour	

Insurance Association of Japan		costs. However, we do not have an accurate estimate for the time being.	
340. MetLife, Inc	United States	If required, the preparation of a plan could impose significant obligations on the Company, even though under Revised ICP 12 with ComFrame Material Integrated ("Revised ICP12") resolution planning is the responsibility of the group wide supervisor and the crisis management group. Without knowing: (i) the context for resolution planning, (ii) how the related principles of proportionality and risk based supervision will be applied, and (iii) the extent to which an IAIG may be able to rely upon readily available data and information, we cannot determine the costs of facilitating preparation of a plan. Nevertheless, an IAIG likely would be required to supply data and information from numerous areas, such as the Legal, Finance, Treasury, Actuarial, IT and Risk Management corporate functions, among others, and several businesses and entities, which could result in significant additional costs.	
<b>39 - Q39 Standard CF12.3a</b> <b>Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).</b>			
342. General Insurance Association of Japan	Japan	Minimum benefit	From the perspective of risk management, we do not deny the benefits that development of resolution plans could bring. However, it will be redundant to require development of resolution plans for insurers that are soundly managed.
343. Canadian Institute of Actuaries	Ontario	Very beneficial	

40 - Q40 Comment on CF 12.3a.1			
344. Assuris	Canada	<p>Assuris supports that the group-wide supervisor and/or resolution authorities should decide if resolution plans are needed.</p> <p>Resolution plans are only needed when there are significant resolvability issues. However, all IAIGs should produce key risk information for resolution analysis and to assess resolvability. Some of the key risk information includes: insurance portfolio transfer values, inter-company guarantees and service agreements as well as legal corporate structure. Also, it is essential to have information on the impact of resolution for risk mitigators such as derivatives and reinsurance.</p>	
345. Insurance Europe	Europe	<p>In CF12.3a.1 the IAIS states that at least 1) the number of jurisdictions in which the IAIG operates and the complexity of its group structure, and 2) its possible impact on the financial system and the macro economy should be taken into consideration in deciding whether resolution plans are needed. While the second item has a clear link to the financial stability objective, it is not clear how the first item listed relates to either objective and indeed it would seem that there are other considerations which would be significantly more important than the first item having regard to the policyholder protection objective. These include:</p> <ul style="list-style-type: none"> <li>• the current financial state of the institution</li> <li>• whether entry into resolution is likely</li> <li>• whether financial difficulty could happen suddenly for a given IAIG</li> <li>• whether there is likely to be time to develop an effective resolution plan upon entry into financial difficulty</li> <li>• the extent to which the institution directly insures policyholders</li> </ul>	
346. Global Federation of Insurance Associations	Global	<p>In CF12.3a.1 the IAIS states that at least 1) the number of jurisdictions in which the IAIG operates and the complexity of its group structure, and 2) its possible impact on the financial system and the macro economy should be taken into consideration in deciding whether resolution plans are needed.</p> <p>GFIA believes that there are other considerations which would be important with respect to the policyholder protection objective. These include:</p> <ul style="list-style-type: none"> <li>• the current financial state of the institution / whether entry into resolution is likely,</li> <li>• whether entry into resolution / financial difficulty could happen suddenly for a given IAIG</li> <li>• whether there is likely to be time to develop an effective resolution plan on entry into financial difficulty</li> <li>• the extent to which the institution directly insures policyholders.</li> <li>• the benefits and impacts of the resolution planning requirement.</li> </ul>	

		A predicate for any resolution planning requirement should be a full understanding of an IAIG's activities and risk mitigation efforts, as well as costs to the IAIG of the degree of resolution planning proposed.	
347. International Actuarial Association	International	Information is needed not only on the number of jurisdictions but also the size of the operations and the activities being undertaken.	
349. Swiss Re	Switzerland	The second bullet point is somewhat discretionary and could be interpreted differently from one jurisdiction to the next.	
350. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	
351. Institute and Faculty of Actuaries	UK	Information is needed not only on the number of jurisdictions but also the size of the operations and the activities being undertaken.	
352. Chubb	United States	Consideration of impact on the financial system and macro economy is misplaced for IAIGs and seems to be importing concerns identified for firms designated as systemically important.	
353. MetLife, Inc	United States	<p>The following should be included within 12.3a.1 considerations for determining whether a resolution plan is required, and if so, for determining the degree/level of resolution planning:</p> <ul style="list-style-type: none"> <li>• the IAIG's activities, as well as risk mitigation efforts and existing rules, limitations and restrictions pertaining to these activities;</li> <li>• an analysis of the likelihood of the IAIG's vulnerability to significant financial distress; and</li> <li>• the benefits and impacts of the resolution planning requirement.</li> </ul> <p>A predicate for any resolution planning requirement should be a full understanding of an IAIG's activities, their potential connection to systemic risk transmission vectors, all risk mitigants, including extant rules and limitations and internal risk mitigation efforts, as well as costs to the IAIG of the degree of resolution planning proposed.</p>	
354. National Association of Mutual Insurance Companies	United States	<p>Q40 Comment on CF 12.3a.1</p> <p>A new first bullet should be added limiting plan requirements to situations where the IAIG is no longer viable, likely to be no longer viable or that have no reasonable prospects of being viable. The second bullet of this section sounds more like the responsibility of the local jurisdictional supervisor. One of the bullets should reference exhaustion of all other remedies to address the solvency situation with the insurer. We assert that the global standard, ICP 12, should be focused on resolution that would have more far-reaching impacts.</p>	
355. Institute of International Finance and the Geneva Association	United States/Switzerland	We suggest striking the first bullet point: 'number of jurisdictions where an IAIG operates; 'as this, in and of itself, should not inform whether the the group-wide supervisor and / or resolution authority in consultation with the crisis management group of the IAIG determine a resolution plan is necessary.	

		<p>For this reason, we reiterate our comments in response to Q. 34 above, to the effect that the starting point for a resolution planning requirement should be a comprehensive understanding of an IAIG’s activities, their potential connection to risk transmission channels, all relevant risk mitigants, including extant rules, limitations and internal risk mitigation efforts, as well as costs to the IAIG of the resolution planning.</p> <p>And we recommend the following criteria should be included as part of the considerations for an insurance supervisor or resolution authority to determine whether a resolution plan is required or not, and if so, what degree or level of resolution planning is required:</p> <ul style="list-style-type: none"> <li>• the IAIG’s type and level of activities as well as the companies’ risk mitigation mechanisms in place plus the domestic regulators’ existing rules, limitations and restrictions pertaining to these activities;</li> <li>• an analysis of the likelihood of the IAIG’s vulnerability to significant financial distress;</li> <li>• an impact assessment of the potential failure of the IAIG; and</li> <li>• the expected benefits and outcomes of the resolution planning requirement.</li> </ul> <p>We also strongly recommend that consideration be given to the fact that contrary to many banks, insurers fail slowly, allowing time for consideration of tools such as portfolio transfer and runoff.</p>	
356. ACLI	US	<p>The following should be included within CF 12.3a.1 considerations for determining whether a resolution plan is required, and if so, for determining the degree/level of resolution planning: (1) the IAIG’s insurance and any non-insurance activities, as well as risk mitigation efforts and existing rules, limitations and restrictions pertaining to these activities; (2) an analysis of the likelihood of the IAIG’s vulnerability to significant financial distress; and (3) the benefits and impacts of the resolution planning requirement. A predicate for any resolution planning requirement should be a full understanding of an IAIG’s activities and risk mitigation efforts, as well as costs to the IAIG of the degree of resolution planning proposed.</p>	
357. Property Casualty Insurers Association of America (PCI)	USA	<p>The following should be included within CF 12.3a.1 considerations for determining whether a resolution plan is required, and if so, for determining the degree/level of resolution planning:</p> <ul style="list-style-type: none"> <li>• the IAIG’s activities, as well as risk mitigation efforts and existing rules, limitations and restrictions pertaining to these activities;</li> <li>• an analysis of the likelihood of the IAIG’s vulnerability to significant financial distress; and</li> <li>• the benefits and impacts of the resolution planning requirement.</li> </ul> <p>A predicate for any resolution planning requirement should be a full understanding of an IAIG’s activities, their potential connection, if any, to systemic risk transmission vectors, all risk mitigants, including extant rules and limitations and internal risk mitigation efforts, as well as costs to the IAIG of the degree of resolution planning proposed.</p>	
<b>41 - Q41 Comment on CF 12.3a.2</b>			
358. ABIR Association	BERMUDA	Final bullet requiring “clear options or principles for conclusion of resolution process” is unrealistic. Some jurisdictions may	

of Bermuda Insurers & Reinsurers		require hard and fast rules, but others do not. Often the resolution is unpredictable if claims experience deteriorates significantly during life of resolution process, requiring a change in the plan for conclusion.	
359. Assuris	Canada	Agree	
360. Insurance Europe	Europe	<p>Insurance Europe agrees that the resolution plan, if deemed necessary, should be developed by the group-wide supervisor. However, it would make sense to also consult the IAIG at least on the basic aspects of the plan in order to ensure that it is based on realistic assumptions and is manageable if applied. It is particularly important that the plan offers enough leeway to adequately react to the concrete crisis situation. Furthermore, this refers to the resolution strategy as a component of the resolution plan. The resolution strategy however should be determined before creating the plan, as it is the basis for the resolution planning effort.</p> <p>The IAIS should also substantiate what is meant by "data requirements" in the third bullet point. Data requirements should be limited to data need to execute the resolution plan, and should adhere to the proportionality principle.</p>	
361. GDV - German Insurance Association	Germany	We agree that the resolution plan, if deemed necessary, should be developed by the group-wide supervisor. However, it would make sense to also consult the IAIG at least on the basic aspects of the plan in order to ensure that it is based on realistic assumptions and is manageable if applied. It is particularly important that it offers enough leeway to adequately react to the concrete crisis situation.	
362. Global Federation of Insurance Associations	Global	<p>GFIA agrees that the resolution plan, if deemed necessary, should be developed by the group-wide supervisor. However, it would make sense to also consult the IAIG at least on the basic aspects of the plan in order to ensure that it is based on realistic assumptions and is manageable if applied. It is particularly important that it offers enough leeway to adequately react to the concrete crisis situation.</p> <p>The final bullet requiring "clear options or principles for conclusion of resolution process" seems unrealistic. Some jurisdictions may require hard and fast rules, but others do not.</p>	
364. Swiss Re	Switzerland	<p>This refers to the resolution strategy as a component of the resolution plan. The resolution strategy however should be determined before creating the plan, as it is the basis for the resolution planning effort. According to the principle of proportionality, it may for instance be useful to agree on a resolution strategy for some firms while forgoing development of a detailed resolution plan. FSB's Developing Effective Resolution Strategies and Plans for Systemically Important Insurers" (2016) <a href="http://www.fsb.org/2016/06/developing-effective-resolution-strategies-and-plans-for-systemically-important-insurers/">http://www.fsb.org/2016/06/developing-effective-resolution-strategies-and-plans-for-systemically-important-insurers/</a> states: "A preferred strategy for an insurance group should be supported by detailed resolution plans for each point of entry that provide operational detail of how the strategy would be implemented." in §4.1.</p> <p>The IAIS should also substantiate what is meant by "data requirements" in the third bullet point. Data requirements should be limited to data needed to execute the resolution plan, and should adhere to the proportionality principle.</p> <p>Regarding the fourth bullet, we oppose the use of a priori measures to improve resolvability. In the context of non-systemic</p>	

		<p>firms, without established negative externalities to the global economy, such measures almost always lead to a net destruction of value for policyholders by imposing overly high costs in the form of inefficient structures. As duly noted by the FSB in its guidance on resolution planning for systemically important insurers (6 June 2016), §2.1.2: "The decision to impose any such requirement should take due account of the effect on the soundness and stability of ongoing business."</p> <p>Regarding the last bullet point: we understand the notion of identifying options for the conclusion of the resolution process, i.e. when the insurer has been adequately resolved or wound up. We would appreciate if IAIS could provide more concrete guidance on the proposed "principles".</p> <p>Also, we understand the IAIS' focus on resolution as an orderly wind-down process. In insurance however, history has established, that insurers may actually recover during a run-off/ wind-down process and become operational again. We are not recommending to make this an objective of resolution, but that the IAIS explicitly acknowledges the possibility.</p>	
365. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	
366. Institute and Faculty of Actuaries	UK	The resolution strategy should also consider how it progresses with a change in circumstances and an evolution of the key risks, and ultimately how assumptions are refined accordingly. For example, it should consider how the assessment changes when moving from solvent to insolvent run-off.	
367. Association of British Insurers	United Kingdom	Although the ABI agrees the group-wide supervisor should be responsible for developing the resolution plan (if this is necessary), we consider that the IAIG should be consulted to ensure that the resolution plan is based on realistic assumptions.	
368. Chubb	United States	A group operating in multiple jurisdictions is likely to have greater stability because of the diversification of business gained through its geographic spread. Resolving a group that operates in many jurisdictions cannot be planned in advance by the insurer but rather is wholly dependent on the facts leading to the resolution and most importantly, on the cooperation and agreement among the supervisors. The IAIG is dependent on the approval of the various supervisors which is why we emphasize that ICP 12 should focus on the supervisor's role in resolution. Given jurisdictional sovereignty and self-interest at the time of failure, we are skeptical that the supervisors will be able to agree in advance how they would resolve an insurer across jurisdictions and it is even more challenging, if not impossible, to do so in a manner which is legally binding. Recognition of this intractable legal barrier for supervisory agreements may be why the focus is on requiring insurers to develop plans but these plans are equally untenable and will never be implementable at the time of crisis. The focus should be on developing a supervisory plan for an insurer in distress that realistically reflects what is achievable when resolving a failed insurer operating across jurisdictions, such as advance supervisory communication and cooperation plans.	
369. Institute of International Finance and the Geneva Association	United States/Switzerland	<p>The IAIS should substantiate what is meant by "data requirements" in the third bullet point. Data requirements should be limited to data need to execute the resolution plan, and should adhere to the proportionality principle.</p> <p>Regarding the fourth bullet, we oppose the use of a priori measures to improve resolvability. Such measures may lead to a net destruction of value for policyholders, by imposing overly high costs in the form of inefficient structures. The decision to</p>	

		<p>impose any such requirement should take due account of the effect on the soundness and stability of ongoing business, as acknowledged in FSB guidance.</p> <p>We understand the notion of identifying options for the conclusion of the resolution process, i.e. when the insurer has been adequately resolved or wound up, or possibly, as history has established, when the insurer has actually recovered and is operational again. We do however struggle with the notion of “principles” in this context. Moreover, shouldn’t these options (and principles) also be developed in the ICPs?</p>	
<b>42 - Q42 Comment on CF 12.3a.3</b>			
370. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	It would seem reasonable that that it may be acceptable for host supervisors and/or resolution authorities to have their own resolution plans for IAIG legal entities in their jurisdictions however, this should only take place where there is a clear need for the host to have their own resolution plan.	
371. Assuris	Canada	Agree	
372. Reinsurance Advisory Board (RAB)	EU	The RAB disagrees with the statement in paragraph 12.3a.3 that host supervisors may have their own resolution plans for the IAIG’s insurance legal entity in their jurisdiction. The IAIS should minimise impediments to the overall group supervisor being responsible for group resolution. Group plans would further take sufficient account of the resolution of solo entities in the group and would include dedicated analyses (at least) for major solo entities. Moreover, group plans would necessarily provide a more comprehensive view on all possibilities available during a resolution process: multiple local plans could hardly provide this and could therefore potentially lead to sub-optimal outcomes.	
373. Insurance Europe	Europe	<p>More context should be provided as to the circumstances where host supervisors and/or resolution authorities may have their own resolution plans for the IAIG’s insurance legal entities, as multiple plans may be inefficient as well as costly and seem inconsistent with the desire for supervisory cooperation and coordination.</p> <p>12.3a.3 contradicts 12.3.a.2, which explicitly places the lead with the group-wide supervisor. 12.3.a.2 therefore requires a certain degree of cooperation and coordination in all resolution situations. When dealing with IAIGs, all efforts should drive towards a single group-wide resolution plan. Host supervisors and supervisory authorities should contribute to the overall effort but abstain from localised efforts which may stand in contradiction with the CMG’s efforts.</p> <p>A formulation like “as consistent as possible” undermines the key objective. The resolution strategy should guide the development of the resolution plan and the degree of coordination. A “topco” approach clearly calls for a single resolution plan. In an “opco” approach, jurisdictions may have a greater influence on local entities; even then, the whole resolution planning effort should be coordinated. In all cases, host supervisors should assess the group resolution plan before embarking on an isolated effort.</p>	
374. GDV - German Insurance Association	Germany	We are concerned that supervisors/resolution authorities should be allowed to have own resolution plans on a legal entity basis. This would contradict the whole idea of ComFrame which is to ensure effective group-wide supervision under the aegis of a group-wide supervisor.	



375. Global Federation of Insurance Associations	Global	<p>GFIA welcomes the aim in this paragraph to ensure consistency between local and group resolution plans. The guidance indicates that it may be acceptable for host supervisors and/or resolution authorities to have their own resolution plans for IAIG legal entities in their jurisdictions. In GFIA's view, this should only take place where there is a clear need for the host to have their own resolution plan.</p> <p>Further, in order to avoid inconsistencies in the resolution planning process, GFIA recommends that the organizational guidance stated in CF12.3.a.2 be referenced in CF12.3a.3.</p> <p>GFIA therefore suggests that CF12.3a.3 should read as follows: "Following the coordinated development process set forth in CF12.3a.2, host supervisors and/or resolution authorities may, where there is a clear demonstrable need, have their own resolution plans for the IAIG's insurance legal entity in their jurisdictions, cooperating with the group-wide supervisor and/or resolution authority to ensure that the plan is as consistent as possible with the resolution plan for the IAIG."</p>
376. International Forum of Insurance Guarantee Schemes (IFIGS)	International	Policyholder protection schemes should be included as a resource in host supervisors' and or resolution authorities' resolution planning process.
378. Swiss Re	Switzerland	<p>12.3a.3 contradicts 12.3.a.2, which explicitly places the lead with the group-wide supervisor. 12.3.a.2 therefore requires a certain degree of cooperation and coordination in all resolution situations. When dealing with IAIGs all efforts should drive towards a single group-wide resolution plan. Host supervisors and supervisory authorities should contribute to the overall effort and only consider national efforts in rare circumstance where there is a demonstrable need and following consultation with the group-wide supervisor or resolution authority. To avoid inconsistencies with the CMG's efforts, the national resolution plans must be established in cooperation and coordination with the group-wide effort, not just "[...] as consistent[ly] as possible [...]".</p> <p>In effect it is the resolution strategy that guides the development of the resolution plan and the degree of coordination. A "topco" approach clearly calls for a single resolution plan. In an "opco" approach jurisdictions may have a greater influence on local entities; still, even then, the whole resolution planning effort ought to be coordinated. In all cases, host supervisors should assess the group resolution plan before embarking on an isolated effort.</p>
379. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.
380. Association of British Insurers	United Kingdom	<p>The ABI welcomes the aim in this paragraph to ensure consistency between local and group plans.</p> <p>However, host supervisors and/or resolution authorities having their own plans seems inconsistent with the desire for group planning and supervisory coordination and cooperation set out in CF 12.3a.2, and would introduce added cost and complexity. Therefore, CF 12.3a.3 should be deleted, or should be amended to indicate the circumstances where separate</p>

		plans may be appropriate.	
381. Chubb	United States	Resolution takes place at the legal entity level and this reality needs to be reflected throughout ICP 12.	
382. MetLife, Inc	United States	In its current form, this guidance may be relied on to support a request for an inconsistent or unnecessary resolution plan. We therefore suggest linking CF 12.3a.3 to CF 12.3a.2 above, by adding the language in italics/brackets to the current language: [Following the coordinated development process set forth in CF 12.3a.2, H]“host supervisors and/or resolution authorities may have their own resolution plans for the IAIG’s insurance legal entity in their jurisdictions, cooperating with the group-wide supervisor and/or resolution authority to ensure that the plan is as consistent as possible with the resolution plan for the IAIG.”	
383. Institute of International Finance and the Geneva Association	United States/Switzerland	<p>We believe that the full a spectrum of group structures including the two extreme cases of “topco” and “opco” should be recognized:</p> <ul style="list-style-type: none"> <li>• In a “topco” approach, to the extent the group-wide supervisor and/or resolution authority in consultation with the CMG of the IAIG determine a resolution plan is necessary, a single plan covering material legal entities in the IAIG (i.e., the head of the IAIG and its material insurance subsidiaries) should be developed.</li> <li>• In an “opco” approach, we believe that host supervisors and/or resolution authorities, where there is a demonstrable need, may have their own resolution plans for the IAIG’s insurance legal entity in their jurisdictions following consultation with the group-wide supervisor and/or resolution authority. These local resolution plans must be established in cooperation and coordination with the group-wide supervisor and/or resolution authority to ensure that the plan is as consistent as possible with the resolution plan for the IAIG.</li> </ul>	
384. ACLI	US	In its current form, this guidance may be relied on to support a request for an inconsistent or unnecessary resolution plan. We therefore suggest linking CF12.3a.3 to CF12.3a.2 above, by adding the following language to the beginning of CF12.3a.3: “Following the coordinated development process set forth in CF 12.3a.2”.	
385. Property Casualty Insurers Association of America (PCI)	USA	In its current form, this guidance may be relied on to support a request for an inconsistent or unnecessary resolution plan. We therefore suggest linking CF 12.3a.3 to CF 12.3a.2 above, by adding the language in italics/brackets to the current language: [Following the coordinated development process set forth in CF 12.3a.2, H]“host supervisors and/or resolution authorities may have their own resolution plans for the IAIG’s insurance legal entity in their jurisdictions, cooperating with the group-wide supervisor and/or resolution authority to ensure that the plan is as consistent as possible with the resolution plan for the IAIG.”	
<b>43 - Q43 Comment on CF 12.3a.4</b>			
386. Assuris	Canada	Agree	
387. Global Federation of Insurance Associations	Global	Although resolution plans, where required, should be reviewed periodically, we do not believe it necessary to prescribe a set, annual timeframe. GFIA would suggest that the phrase “at least annually” be replaced with “periodically.”	
388. International	International	No comment.	

Forum of Insurance Guarantee Schemes (IFIGS)			
390. Chubb	United States	See responses to Q. 34 and Q. 41. We do not accept that a resolution plan is viable or realistic and caution against requiring a costly undertaking of limited value so we clearly do not support an annual plan	
391. MetLife, Inc	United States	Although resolution plans--where required-- should be reviewed periodically, we do not believe it necessary to prescribe a set, annual timeframe. We ask that the phrase "at least annually" be substituted with "periodically."	
392. National Association of Mutual Insurance Companies	United States	It seems unnecessary and costly for supervisors as well as firms to require the resolution plans to be updated annually. We think this should be a matter of supervisory discretion or limited to situations where there is a material change in the resolved firm's business	
393. Institute of International Finance and the Geneva Association	United States/Switzerland	We think that An annual review is not necessary; reviews should occur when there is a material change to the IAIG. Suggest the following "The group-wide supervisor and / or resolution authority and crisis management group of the IAIG review the resolution plan (where required) when there are material changes to a firm's business or structure.	
394. ACLI	US	Although resolution plans--where required-- should be reviewed periodically, we do not believe it necessary to prescribe a set, annual timeframe. We ask that the phrase "at least annually" be substituted with "periodically."	
395. CNA	USA	CNA believes that an annual requirement to review and update the resolution plan is excessive. It seems more prudent and practical to update the plan only when there is a material change in the Group.	
396. Property Casualty Insurers Association of America (PCI)	USA	Although resolution plans--where required-- should be reviewed periodically, we do not believe it necessary to prescribe a set, annual timeframe. We ask that the phrase "at least annually" be substituted with "periodically."	
<b>44 - Q44 Comment on Standard CF 12.3b</b>			
397. Assuris	Canada	Assuris strongly supports regular reviews on the resolvability of IAIGs. Resolvability assessments are the most important predictor of a successful resolution to protect policyholders and maintain consumer confidence in the industry. The PPS should be consulted on the resolvability. The resolvability analysis should be assessed even when no resolution plans are completed. This analysis would help determine if a resolution plan is needed. The supervisor and/or resolution authorities may seek advice from other authorities that have expertise and experience in resolution, such as the PPS. Also, the relevant resolution authorities should have the power to instruct the company to make changes to improve its resolvability, if necessary.	
398. Insurance Europe	Europe	The obligation to conduct regular resolvability assessments refers to "relevant resolution authorities". As resolvability assessments are an inseparable part of resolution plans, the responsibility should rest with the group supervisor as well. Insurance Europe strongly supports a specific reference to the proportionality principle. The necessity, frequency and comprehensiveness of resolvability assessments should be carried out proportionally to the supervisor's assessment of the risks posed by an insurer.	

		It would also be appropriate for the IAIS to make a reference to the creditor hierarchy, with policyholders considered last in the pecking order. While shareholders and debt holders invest in an insurer for a profit accepting an investment risk, policyholders seek protection. CF12.3b does not refer to the specific protection needs of policyholders, but puts them on par with other creditors. Losses should be imposed on policyholders only as a last resort.	
399. GDV - German Insurance Association	Germany	The obligation to conduct regular resolvability assessments refers to “relevant resolution authorities”. As resolvability assessments are an inseparable part of resolution plans, the responsibility should rest with the group supervisor as well.	
400. Global Federation of Insurance Associations	Global	The obligation to conduct regular resolvability assessments refers to “relevant resolution authorities”. As resolvability assessments are an inseparable part of resolution plans, the responsibility should rest with the group-wide supervisor as well.  The comment on Q34 applies here as well, in that the requirement for resolvability assessments should be appropriate in the context of the resolution objectives.	
401. International Forum of Insurance Guarantee Schemes (IFIGS)	International	Resolvability assessments should be done in consultation with the policyholder protection scheme. Where the policyholder protection scheme is part of the CMG, the consultation can be done in that forum.	
402. General Insurance Association of Japan	Japan	It is redundant to require development of resolution plans in normal times for all IAIGs except G-SIIs, because systemic risk of such IAIGs is relatively small compared to that of G-SIIs. Development of a resolution plan should be required only under specified conditions when concerns regarding financial soundness arise, for example, when an IAIG’s ICS Ratio falls below a certain level, or if certain problems are found in the ORSA.	
404. Swiss Re	Switzerland	We strongly support a specific reference to the proportionality principle. The necessity, frequency and comprehensiveness of resolvability assessments should be carried out proportionally to the supervisor’s assessment of the risks posed by an insurer.  It would be appropriate for the IAIS to make a reference to the creditor hierarchy with policyholders considered last. While shareholders, debt holders and other creditors invest in an insurer for a profit accepting a risk, policyholders seek protection. CF12.3b does not refer to the specific protection needs of policyholders, but puts them on par with other creditors. Losses should be imposed on policyholders only as a last resort.	
405. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	
406. Institute and Faculty of Actuaries	UK	It might be helpful to specify how regularly resolvability assessments will be made. For example, we anticipate that they will be conducted at least annually or when there are material changes to a firm’s business structure.	
407. Chubb	United States	As stated above, we do not accept that specific planning for unknown future events has any value in the real world. The unknowable potential scenarios could impact various stakeholders (policyholders, bondholders, other creditors) in limitless ways such that it is impossible to evaluate the future feasibility of any recovery or resolution plan. More importantly, resolvability assessments are most dependent on the legal outcomes of local jurisdiction law regarding resolution and	

		priority of payments. No planning by an IAIG can change this fact or supplant the legal outcome; therefore, assessing a plan that does not reflect this legal reality is a waste of time. If supervisors want to attempt to develop a legally binding agreement regarding global resolution, they surely can do so, but we do not see how to overcome legal sovereignty of local jurisdictions.	
408. MetLife, Inc	United States	See our response to Q.48 below.	
409. Institute of International Finance and the Geneva Association	United States/Switzerland	We strongly support a specific reference to the proportionality principle. The necessity, frequency and comprehensiveness of resolvability assessments should be carried out proportionally to the supervisor's assessment of the risks posed by an insurer. It would be appropriate for the IAIS to make a reference to the creditor hierarchy with policyholders considered last in the pecking order. While shareholders and debt holders invest in an insurer for a profit accepting an investment risk, policyholders seek protection. CF12.3b does not refer to the specific protection needs of policyholders, but puts them on par with other creditors. Losses should be imposed on policyholders only as a last resort.	
410. ACLI	US	We do not fully understand how the resolvability assessment process relates to the requirement to review resolution plans set forth in CF12.3a.4. We suggest that CF12.3a.4 guidance be integrated into this standard.	

**45 - Q45 Standard CF12.3b**

**Does the IAIG currently fulfil the requirements of the standard? If "No" or "Partially", what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?**

412. General Insurance Association of Japan	Japan	No	It is impractical to conduct resolvability assessments in normal times.
413. MetLife, Inc	United States	Yes	

**46 - Q46 Standard CF12.3b**

**What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q45 that would have to be made solely for purposes of ComFrame (please specify the currency)?**

414. Assuris	Canada	No comment	
415. General Insurance Association of Japan	Japan	If insurers are to bear the burden of developing a resolution plan, the annual costs would be several hundred million Japanese yen.	
416. MetLife, Inc	United States	Not possible to estimate based on current information.	
417. Institute of	United	The frequency of resolvability assessments should align	

International Finance and the Geneva Association	States/Switzerland	with the frequency of resolution plan reviews (see comments on CF 12.3a.4).	
<b>47 - Q47 Standard CF12.3b</b>			
<b>What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q45 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
418. Assuris	Canada	No comment	
419. Reinsurance Advisory Board (RAB)	EU	The RAB believes that resolution authorities should only have to assess the resolvability of (re)insurers for which a resolution plan is drafted.	
420. General Insurance Association of Japan	Japan	If insurers are to bear the burden of developing a resolution plan, the annual costs would be several hundred million Japanese yen.	
421. MetLife, Inc	United States	Not possible to estimate based on current information.	
<b>48 - Q48 Standard CF12.3b</b>			
<b>Please provide the assumptions made to estimate the one-time costs (Q46) and the ongoing costs per year (Q47).</b>			
422. Assuris	Canada	No comment	
423. Global Federation of Insurance Associations	Global	It is unclear how the resolvability assessment process relates to the requirement to review resolution plans set forth in CF 12.3a.4 above. GFIA suggests that the CF 12.3a.4 guidance be integrated into this standard.	
424. General Insurance Association of Japan	Japan	If insurers are to bear the burden of developing a resolution plan, the annual costs would be several hundred million Japanese yen.	
425. MetLife, Inc	United States	We do not fully understand how the resolvability assessment process relates to the requirement to review resolution plans set forth in CF 12.3a.4 above. We suggest that the CF 12.3a.4 guidance be integrated into this standard.	
<b>49 - Q49 Standard CF12.3b</b>			
<b>Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).</b>			

426. Insurance Europe	Europe	Minimum benefit	Resolvability assessments seem a sensible instrument to provide a degree of comfort about the validity of resolution plans. However, where resolvability assessments lead to requirements for the IAIG to take actions to improve resolvability, this is extreme in the insurance context. In most cases, the future benefits of a priori actions to do not outweigh the immediate costs posed to policyholders, in particular when such actions involve restructuring.
427. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	Reasonably beneficial	We might not require full resolvability assessments regularly, but only initially. The following regular assessments could be slimmer.
429. General Insurance Association of Japan	Japan	Minimum benefit	From the perspective of risk management, we do not deny the benefits that development of resolution plans could bring. However, it will be redundant to require development of resolution plans for insurers that are soundly managed.
431. Canadian Institute of Actuaries	Ontario	Very beneficial	
432. Swiss Re	Switzerland	Minimum benefit	Resolvability assessments seem a sensible instrument to provide a degree of comfort about the validity of resolution plans. However, where resolvability assessments lead to requirements for the IAIG to take actions to improve resolvability, this is extreme in the insurance context as duly noted by the FSB in its guidance on resolution planning for systemically important insurers (6 June 2016), §2.1.2: "The decision to impose any such requirement should take due account of the effect on the soundness and stability of ongoing business." We believe that in most cases, the future benefits of a priori actions do not outweigh the immediate costs posed to policyholders, in particular when such actions involve restructuring.
433. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	See Swiss Re comment.
434. Institute of International Finance	United States/Switzerland	Minimum benefit	Resolvability assessments seem a sensible instrument to provide a degree of comfort about the validity of resolution plans.

and the Geneva Association	nd	<p>However, where resolvability assessments lead to requirements for the IAIG to take actions to improve resolvability, this is extreme in the insurance context as duly noted by the FSB in its guidance on resolution planning for systemically important insurers (6 June 2016), §2.1.2: "Authorities may therefore need to require firms to make appropriate and proportionate changes to legal and business structures where necessary to address such obstacles and improve their resolvability. The decision to impose any such requirement should take due account of the effect on the soundness and stability of ongoing business." We believe that in most cases, the future benefits of a priori actions to do not outweigh the immediate costs posed to policyholders, in particular when such actions involve restructuring.</p>
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50 - Q50 Comment on CF 12.3b.1			
435. Assuris	Canada	<p>Assuris supports that resolvability assessments should be conducted on resolution plans, where required. Resolvability assessments are the most important predictor of a successful resolution to protect policyholders and maintain consumer confidence in the industry. The PPS should be consulted on the resolvability.</p> <p>The resolvability analysis should be assessed even when no resolution plans are completed. This analysis would help determine if a resolution plan is needed. The supervisor and/or resolution authorities may seek advice from other authorities that have expertise and experience in resolution, such as the PPS. Also, the relevant resolution authorities should have the power to instruct the company to make changes to improve its resolvability, if necessary.</p>	
436. Insurance Europe	Europe	<p>CF12.3b.1 is ambiguous in that it could be empowering local authorities or promoting local resolution plans. This goes against CF12.3a.2. It would be appropriate to start with the group perspective and then indicate that the resolvability assessments need to account for the local perspective in a coordinated manner. The necessity for cooperation and coordination should be explicitly mentioned, as this is critical to improving the prospects of the resolution strategy being effectively realised.</p>	
437. Global Federation of Insurance Associations	Global	<p>GFIA welcomes the fact that the revised ICP 12 acknowledges the utilization of a multiple point of entry resolution scheme for IAIGs, which would be an effective substantive strategy for subsidiary-based insurance groups. A typical insurance group's balance sheet demonstrates that the focus of its resolution will be on relevant operating insurance companies. Certain regimes currently give supervisors and resolution authorities a broad range of powers and tools to ensure an orderly multiple point of entry resolution of these operating insurance companies with minimum impact to the broader financial system.</p>	
439. Swiss Re	Switzerland	<p>CF12.3b.1 is ambiguous in that it could be empowering local authorities or promoting local resolution plans. This goes</p>	



		<p>against CF12.3a.2. This could be a matter of formulation; in which case it would be appropriate to start with the group perspective and then indicate that the resolvability assessments need to account for the local perspective in a coordinated manner.</p> <p>See our response to Q42. The necessity for cooperation and coordination should be explicitly mentioned, as this is absolutely critical to guaranteeing, or at a minimum improving the prospects, of the resolution strategy being effectively realized.</p>	
440. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	
441. Chubb	United States	We do not know how one can know which respective legal entity may be expected to take resolution action.	
442. MetLife, Inc	United States	We are pleased that Revised ICP 12 acknowledges the utilization of a multiple point of entry resolution scheme for IAIGs, which would be an effective substantive strategy for subsidiary-based insurance groups. For example, a typical insurance group's balance sheet demonstrates that the focus of its resolution will be on relevant operating insurance companies. The U.S. state regulatory framework currently gives supervisors and resolution authorities a broad range of powers and tools to ensure an orderly multiple point of entry resolution of these operating insurance companies with minimum impact to the broader financial system and without exposing taxpayers to loss.	
443. Institute of International Finance and the Geneva Association	United States/Switzerland	<p>CF12.3b.1 is ambiguous in that it could be empowering local authorities or promoting local resolution plans. This goes against CF12.3a.2. This could be a matter of formulation; in which case it would be appropriate to start with the group perspective and then indicate that the resolvability assessments need to account for the local perspective in a coordinated manner.</p> <p>See our response to Q42. The necessity for cooperation and coordination should be explicitly mentioned, as this is absolutely critical to improving the prospects, of the resolution strategy being effectively realized.</p>	
444. ACLI	US	We are pleased that Revised ICP 12 acknowledges the utilization of a multiple point of entry resolution scheme for IAIGs, which would be an effective substantive strategy for subsidiary-based insurance groups. For example, a typical insurance group's balance sheet demonstrates that the focus of its resolution will be on relevant operating insurance companies. Certain regimes, such as the U.S. state regulatory framework, currently give supervisors and resolution authorities a broad range of powers and tools to ensure an orderly multiple point of entry resolution of these operating insurance companies with minimum impact to the broader financial system and without exposing taxpayers to loss.	
445. Property Casualty Insurers Association of America (PCI)	USA	We are pleased that revised ICP 12 acknowledges the utilization of a multiple point of entry resolution scheme for IAIGs, which would be an effective substantive strategy for subsidiary-based insurance groups. For example, a typical insurance group's balance sheet demonstrates that the focus of its resolution will be on relevant operating insurance companies. The U.S. state regulatory framework currently gives supervisors and resolution authorities a broad range of powers and tools to ensure an orderly multiple point of entry resolution of these operating insurance companies with minimum impact to the broader financial system and without exposing taxpayers to loss.	
<b>51 - Q51 Comment on CF 12.3b.2</b>			
446. Assuris	Canada	Agree	
447. Insurance Europe	Europe	See our response to Q44 and Q50.	

448. Global Federation of Insurance Associations	Global	A jurisdiction may have alternative/additional resolution objectives to those identified in this paragraph. GFIA therefore suggests that this paragraph refers instead to the feasibility of resolution in achieving the jurisdiction's resolution objectives.  It is not the IAIS' role to recommend how countries should fund resolutions and therefore, the phrase "without use of public funds" should be deleted."
450. Swiss Re	Switzerland	See our response to Q44 and Q50.
451. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.
452. Association of British Insurers	United Kingdom	A jurisdiction may have alternative/additional resolution objectives to those identified in this paragraph. We suggest that, instead of the current wording, this paragraph refers instead to the feasibility of resolution achieving the jurisdiction's resolution objectives, i.e. '...to resolve the IAIG in a way that achieves the resolution objectives...'
453. Chubb	United States	See above responses to CF 12.3, in addition, this provision seems designed to resolving a systemically important firm, not an IAIG.
454. Institute of International Finance and the Geneva Association	United States/Switzerland	See our response to Q44 and Q50.
455. ACLI	US	The phrase "without use of public funds" should be deleted since it is not the role of the IAIS to set standards or recommend how countries should fund resolutions.
<b>52 - Q52 Comment on CF 12.3b.3</b>		
456. Assuris	Canada	Agree
457. Insurance Europe	Europe	This requirement seems to be redundant in light of 12.3b.1. In all cases, cooperation and coordination should be reinforced and mandated for all resolution strategies, including the two extremes strategies: "topco" and "opco".
458. Global Federation of Insurance Associations	Global	It is likely that a resolution strategy of an IAIG would envisage resolution at different levels, depending on the circumstances giving rise to the need for resolution.  CF 12.3b.3 should include or refer to a definition for the "Head of the IAIG."
459. International Forum of Insurance Guarantee Schemes (IFIGS)	International	Policyholder protection schemes should participate in resolvability assessments at any appropriate level.
461. Swiss Re	Switzerland	This requirement seems to be redundant in light of 12.3b.1. In all cases cooperation and coordination should be reinforced and mandated for all resolution strategies, including the two extremes strategies: "topco" and "opco".
462. Zurich Insurance	Switzerland	See Swiss Re comment.

Company Ltd.			
463. Association of British Insurers	United Kingdom	A resolution strategy of an IAIG should envisage resolution at different levels of the IAIG, depending on the circumstances giving rise to the need for resolution.	
464. MetLife, Inc	United States	Consistent with our comment in response to Q. 12. of the Introduction we recommend that the IAIS clarify and define the term "Head of the IAIG." ICP and ComFrame sections on resolution are unclear about how resolution powers with respect to an insurance legal entity could be extended to the Head of the IAIG and any intermediate holding company within the IAIG in other jurisdictions. Indeed, this issue is relevant to all other sections of the current consultation and we invite the IAIS to clarify the extent and enforceability of such powers.	
465. Institute of International Finance and the Geneva Association	United States/Switzerland	This requirement seems to be redundant in light of 12.3b.1. In all cases cooperation and coordination should be reinforced and mandated for all resolution strategies, including the two extremes strategies: "topco" and "opco".	
466. Property Casualty Insurers Association of America (PCI)	USA	CF 12.3b.3 should include a definition for the "Head of the IAIG." While we assume this will be corrected when the revisions to the ICPs and ComFrame are more advanced, we point out that the IAIS online Glossary contains no definition of an IAIG.	
<b>53 - Q53 Comment on Standard CF 12.3c</b>			
467. Assuris	Canada	Assuris strongly supports the importance of IAIGs maintaining management information systems that can provide resolution focused information.  Resolution plans are only needed when there are significant resolvability issues. However, all IAIGs should produce key risk information for resolution analysis and to assess resolvability. Some of the key risk information includes: insurance portfolio transfer values, inter-company guarantees and service agreements. It is also important to understand the legal corporate structure, the assets, transfer values and obligations in each legal entity and the impact of resolution on the fungibility of assets. Also, it is essential to have information on the impact of resolution on risk mitigators such as derivatives, intercompany guarantees and reinsurance.	
468. Insurance Europe	Europe	The IAIS should make explicit reference to the proportionality principle for this requirement, otherwise this leaves much room for interpretation with regard to what is timely and sufficient.	
469. Global Federation of Insurance Associations	Global	GFIA believes that CF 12.3c, which requires the IAIG to develop and maintain management information systems (MIS), needs to be reconsidered from the following three angles:  - It should be clarified that the content of information produced by MIS should be determined under the proportionality principle for example by giving due consideration to cost/benefit analysis.  - It is not appropriate to give specific name to such a system such as "management information system" as this would lead to the misunderstanding that resolution authorities shall require the IAIG to develop certain pre-defined set of systems.	

		<p>“Adequate arrangements for information management” should replace “management information system”.</p> <p>- The existing information system that IAIG’s have in place should be recognised as an effective MIS where such existing system can function as envisaged by this Standard. It should be clarified that the resolution authority does not necessarily require the IAIG to develop a brand-new system in such cases as it could impose excessive burden on IAIGs in terms of resources (e.g. financial, human).</p> <p>To reflect these considerations, the standard should be redrafted as follows: “The resolution authority requires the IAIG to establish and/or maintain adequate arrangements for information management that are able to produce information on a timely basis to supervisor and/or resolution authorities for purposes of resolution planning and resolution actions. The IAIG can rely on the existing information system it has in place. When setting out detailed content for information produced by IAIG’s information management system, proportionality should apply by considering the nature, scale and complexity of the IAIGs.”</p>	
470. International Forum of Insurance Guarantee Schemes (IFIGS)	International	<p>In a jurisdiction where there is a policyholder protection scheme it should be consulted on the resolvability assessment.</p> <p>It is also important that the resolvability assessment fully covers the operational details of how the resolution will be implemented.</p> <p>The resolution authority should ensure that the IAIG provides the policyholder protection schemes adequate information to protect policyholders in resolution.</p>	
471. Dai-ichi Life Holdings, Inc.	Japan	<p>We recognize that it is not appropriate to develop a new system in terms of cost and benefit if necessary information can be provided through the current system in a timely manner.</p> <p>It should be clearly stated that it is not intended to construct a new system when necessary information can be provided through the existing information system in a timely manner.</p>	
472. General Insurance Association of Japan	Japan	<p>Resolution plans should be developed only under specified conditions when concerns regarding financial soundness arise, for example, when an IAIG’s ICS Ratio falls below a certain level, or if certain problems are found in the ORSA. Therefore, a uniform requirement on development of MIS for all IAIGs is unnecessary.</p>	
473. The Life Insurance Association of Japan	Japan	<p>LIAJ believes CF 12.3c, which requires the IAIG to develop and maintain management information systems (MIS), needs to be reconsidered from the following three viewpoints:</p> <p>It should be clarified that the content of information produced by the management information system should be determined under the proportionality principle, for example by giving due consideration to cost/benefit analysis;</p> <p>It is not appropriate to give a specific name to such a system such as “management information system (MIS)” as this would</p>	

		<p>lead to the misunderstanding that resolution authorities must require the IAIG to develop a certain pre-defined system. “Adequate arrangements for information management” should replace “management information system”; and</p> <p>The existing information systems that IAIGs have in place should be recognised as effective management information systems that can function as envisioned by this Standard. It should be clarified that the resolution authority does not necessarily require the IAIG to develop a brand-new system it could impose excessive burden on the IAIGs in terms of resources (e.g. financial, human).</p> <p>To reflect these considerations, the standard should be redrafted as follows: “The resolution authority requires the IAIG to develop and maintain adequate arrangements for information system that are able to produce information on a timely basis to supervisor and /or resolution authorities for purpose of resolution planning and resolution actions. The IAIG can rely on the existing information system it has in place. When setting out detailed information content produced by the IAIG’s information system, it should be decided proportionate to the nature, scale and complexity of the IAIG.</p>	
475. Swiss Re	Switzerland	We urge the IAIS to make explicit reference to the proportionality principle for this requirement; otherwise, this requirement leaves much room for interpretation with regard to what is timely and sufficient. How should an MIS operate when authorities have the option to ring-fence entities in their jurisdiction? It would seem that cooperation and coordination among jurisdictions must be given (see our answers to Q65 et seq.) for an MIS to fully deliver under these different circumstances.	
476. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	
477. Institute and Faculty of Actuaries	UK	It should be made clear that the regulator will request the insurer to address impediments in the first place, but also retaining the ultimate right to impose changes.	
478. Association of British Insurers	United Kingdom	The requirement in this Standard for an IAIG to develop and maintain management information systems (MIS) for the purpose of resolution planning and actions is overly-prescriptive. Information that is relevant to resolution may come from multiple sources, and firms should not have to maintain a permanent MIS for producing data for resolution. The Standard should simply require that firms have identified, and are able to produce, the information needed for resolution.	
479. Chubb	United States	We do not know what is contemplated. We agree that an insurer should have a plan to maintain access to its data as part of business continuity or crisis management.	
480. National Association of Mutual Insurance Companies	United States	Q53 Comment on Standard CF 12.3c More information is needed about what will be required for and what use will be made of management information systems (MIS). Ongoing maintenance of such information for all IAIGs may produce little useful information. It is not clear whether the MIS is a separate system from the IAIG’s current information systems. At a minimum proportionality, cost/benefit and materiality should be limiting factors in any requirements to maintain or create information collection systems.	
481. Institute of International Finance and the Geneva	United States/Switzerland	We urge the IAIS to make explicit reference to the proportionality principle for this requirement; otherwise this requirement leaves much room for interpretation with regards to what is timely and sufficient.	

Association		Specifically, we think any requirement(s) for MIS should: 1) indicate that manual production is acceptable and 2) clarify that “a timely manner” for an insurance company resolution – which is drawn out over two plus years unlike a bank – does not mean “real-time”.
482. ACLI	US	It is difficult for any IAIG to answer the questions in this series (55-58) without knowing the degree of resolution planning required or the scope of data and information needed. As with resolution planning generally, we suggest that supervisors consider principles of proportionality and risk based supervision, and work cooperatively with IAIGs to ensure that any such new standards are progressively applied over a reasonable timeframe, especially when resolution planning efforts are required of an IAIG not experiencing severe stress.
483. CNA	USA	This guidance appears to imply that all IAIG’s would have to develop and maintain MIS reports available upon request for purposes of resolution planning and actions? Could the IAIS clarify if this needs to be done for IAIG’s that have not triggered a resolution plan? If it does truly apply to all IAIG’s, CNA opposes this guidance since it would be expensive to implement and maintain when the IAIG is multiples over any regulatory action level.

<b>54 - Q54 Standard CF12.3c</b>			
<b>Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?</b>			
484. Assuris	Canada	No	IAIGs in Canada are not required to develop and maintain management information systems for resolution information.  All IAIGs should produce key risk information for resolution analysis and to assess resolvability.
486. Dai-ichi Life Holdings, Inc.	Japan	Yes	We recognize that it is not appropriate to develop a new system in terms of cost and benefit if necessary information can be provided through the current system in a timely manner. It should be clearly stated that it is not intended to construct a new system when necessary information can be provided through the existing information system in a timely manner. And "MIS" misleads to construct systems on IAIG. Therefore, it clearly states that MIS does not require construction of a new system. In addition, the contents included in MIS should be narrowed down according to proportionality.
487. General Insurance Association of Japan	Japan	Partially	When our member companies find it necessary to have MIS as part of their ERM and risk management, they voluntarily develop MIS. However, this is not for resolution planning.

488. Life Insurance Company	Japan	Partially	It is difficult to answer the question because it is still not clear to what extent IAIG should meet the requirements of management information system in which proportionality principle works. To develop MIS could be excessively burden for us depending on contents required in the recovery plan or window time of providing information to the supervisor.
<b>55 - Q55 Standard CF12.3c</b>			
<b>What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q54 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
489. Assuris	Canada	No comment	
490. Dai-ichi Life Holdings, Inc.	Japan	If a new system construction is imposed on IAIG, instead of using an existing systems, it is expected that a huge expense will be required and it will be an excessive burden for IAIG.	
491. General Insurance Association of Japan	Japan	For the time being, it is impossible to make an estimate.	
492. MetLife, Inc	United States	Not possible to estimate based on current information.	
<b>56 - Q56 Standard CF12.3c</b>			
<b>What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q54 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
493. Assuris	Canada	No comment	
494. Dai-ichi Life Holdings, Inc.	Japan	If a new system construction is imposed on IAIG, instead of using an existing systems, it is expected that a huge expense will be required and it will be an excessive burden for IAIG.	
495. General Insurance Association of Japan	Japan	For the time being, it is impossible to make an estimate.	
496. MetLife, Inc	United States	Not possible to estimate based on current information.	
<b>57 - Q57 Standard CF12.3c</b>			
<b>Please provide the assumptions made to estimate the one-time costs (Q55) and the ongoing costs per year (Q56).</b>			
497. Assuris	Canada	No comment	

498. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	MIS should be related to the size of the company, and rely as far as possible on available systems and information.	
499. Global Federation of Insurance Associations	Global	It is difficult to answer the questions in this series (55 to 58) without knowing the degree of resolution planning required or the scope of data and information needed. As with resolution planning generally, GFIA suggests that supervisors consider the overarching concepts of proportionality and risk based supervision, and work cooperatively with IAIGs to ensure that any such new standards are progressively applied over a reasonable timeframe, especially when resolution planning efforts are required of an IAIG not experiencing severe stress.	
500. General Insurance Association of Japan	Japan	For the time being, it is impossible to make an estimate.	
501. MetLife, Inc	United States	It is difficult for any IAIG to answer the questions in this series (55 to 58) without knowing the degree of resolution planning required or the scope of data and information needed. As with resolution planning generally, we suggest that supervisors consider principles of proportionality and risk based supervision, and work cooperatively with IAIGs to ensure that any such new standards are progressively applied over a reasonable timeframe, especially when resolution planning efforts are required of an IAIG not experiencing severe stress.	
<b>58 - Q58 Standard CF12.3c</b> <b>Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).</b>			
503. Dai-ichi Life Holdings, Inc.	Japan	No benefit	We recognize that it is not appropriate to develop a new system in terms of cost and benefit if necessary information can be provided



			through the current system in a timely manner.
504. General Insurance Association of Japan	Japan	Minimum benefit	Resolution plans should be developed only under specified conditions when concerns regarding financial soundness arise, for example, when an IAIG's ICS Ratio falls below a certain level, or if certain problems are found in the ORSA. Therefore, a uniform requirement on development of MIS for all IAIGs is unnecessary.
507. Canadian Institute of Actuaries	Ontario	Very beneficial	
508. Swiss Re	Switzerland	Minimum benefit	Though some benefits may be realized in terms of having management information available even in difficult circumstances, the marginal benefits deplete considerably as the scope of the MIS becomes more detailed/voluminous. As colleagues from the banking industry will gladly point out, the 10'000+ page documentation they produce has not proven particularly useful, neither for their firms internally, nor for their supervisors.
509. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	See Swiss Re comment.
510. Institute of International Finance and the Geneva Association	United States/Switzerland	Minimum benefit	Though some benefits may be realized in terms of having additional management information available even in difficult circumstances, the marginal benefits deplete considerably as the MIS becomes more detailed/voluminous. As colleagues from the banking industry will gladly point out, the 10'000+ page documentation they produce has not proven particularly useful, neither for their firms internally, nor for their supervisors.

<b>59 - Q59 Comment on CF 12.3c.1</b>			
511. Assuris	Canada	Assuris supports having information available at the group and legal entity level. More information on the group and legal entity level will help facilitate resolution actions.	
512. International Forum of Insurance Guarantee Schemes (IFIGS)	International	Policyholder protection schemes should be fully involved in the resolvability assessment as they may be able to provide funds to facilitate resolution.	
513. General Insurance Association of Japan	Japan	Resolution plans should be developed only under specified conditions when concerns regarding financial soundness arise, for example, when an IAIG's ICS Ratio falls below a certain level, or if certain problems are found in the ORSA. Therefore, a uniform requirement on development of MIS for all IAIGs is unnecessary.	

60 - Q60 Comment on CF 12.3c.2		
515. Assuris	Canada	Assuris supports that key risk information will help facilitate the transfer of businesses.  Key risk information is needed to complete the transfer of businesses. This includes the current fair values of the insurer's assets and liabilities. In considering the fair value of the assets, the fair value should include the impact of the insurer's gone concern on the value of risk, such as derivatives and reinsurance.
516. Insurance Europe	Europe	The third bullet point refers to both recovery and resolution planning whereas the Standard CF12.3c refers to MIS in the context of resolution only. Insurance Europe recommends that the reference to "recovery and" be deleted. It also needs to be clarified that resolution plans are only applicable if deemed necessary by the group-wide supervisor. Insurance Europe suggests that this bullet point be amended as follows: "where resolution planning is required by the group-wide supervisor and/or resolution authority, demonstrate, as part of the resolution planning process, that they are able to produce...".
517. GDV - German Insurance Association	Germany	The third bullet point indicates that each IAIG is subject to a recovery and resolution planning process. It needs to be clarified that resolution plans are only applicable if deemed necessary by the group-wide supervisor. Requirements on MIS for recovery planning should be addressed in ICP 10 only.
518. Global Federation of Insurance Associations	Global	The third bullet refers to recovery planning, which is out of place in the integrated ComFrame text that focuses on resolution planning. This drafting error needs to be corrected by deleting the words "recovery and".
519. International Forum of Insurance Guarantee Schemes (IFIGS)	International	Essential information includes the information that the policyholder protection scheme needs in order to protect policyholders by paying their benefits or facilitating the transfer of the business to another insurer.
520. General Insurance Association of Japan	Japan	Resolution plans should be developed only under specified conditions when concerns regarding financial soundness arise, for example, when an IAIG's ICS Ratio falls below a certain level, or if certain problems are found in the ORSA. Therefore, a uniform requirement on development of MIS for all IAIGs is unnecessary.
521. The Life Insurance Association of Japan	Japan	The third bullet point refers to recovery planning, which is out of place in the integrated ComFrame text that focuses on resolution planning. This drafting error needs to be corrected by deleting the words "recovery and"
523. Association of British Insurers	United Kingdom	The third bullet point in CF 12.3c.2 refers to both recovery and resolution planning whereas the Standard CF12.3c refers to MIS in the context of resolution only. The ABI recommends that the reference to "recovery and" be deleted. It also needs to be clarified that resolution plans are only applicable if deemed necessary by the group-wide supervisor.  We suggest that this bullet point be amended as follows: 'where resolution planning is required by the group-wide supervisor and/or resolution authority, demonstrate, as part of the resolution planning process, that they are able to produce...'
524. MetLife, Inc	United States	Please see comment in response to Q. 57 (12.3c) above.
525. National	United States	Q60 Comment on CF 12.3c.2

Association of Mutual Insurance Companies		The MIS requirements for the IAIG, in the third bullet reference the recovery plan which is addressed in ICP 10. Should this be moved or are the IAIGs expected to duplicate the information from the recovery plan to the resolution plan?
<b>92 - Q92 Comment on Standard CF 12.7a</b>		
771. Assuris	Canada	Assuris supports the powers as listed.  Specifically, Assuris strongly supports the provision of a stay on early termination rights associated with derivatives. Insurers increasingly rely on derivative contracts to mitigate risks including interest, currency and market risk. The termination of these risk mitigators could have unpredictable and serious adverse consequences for the failing insurer and confidence in the financial system.
772. Reinsurance Advisory Board (RAB)	EU	Please refer to the comments under 12.7.4 which also apply here.
773. Insurance Europe	Europe	The first 16 bullet points reflecting powers that may be exercised are the same as those listed in 12.7.4. This seems an unnecessary duplication and therefore, we would recommend that these points are deleted from CF12.7.a.  Regarding the 18th bullet point, where resolvability assessments lead to requirements for the IAIG to take actions to improve resolvability, this is extreme in the insurance context. In most cases, the future benefits of a priori actions to do not outweigh the immediate costs posed to policyholders, in particular when such actions involve restructuring.
774. Global Federation of Insurance Associations	Global	In the first sentence, the phrase “including courts where applicable,” should be added after “adequate safeguards”; the word “may” should be added after the phrase “the resolution of the IAIG”. The first 16 bullet points reflecting powers that may be exercised are the same as those listed in 12.7.4. This seems an unnecessary duplication and therefore, GFIA would recommend that these points are deleted from CF12.7.a.  In the 17th bullet point, the phrase “if applicable in certain jurisdictions” should be added after “relevant entities within the group”.  In the 19th bullet point the phrase “if applicable in certain jurisdictions” should be added after “bridge institution”.
775. International Forum of Insurance Guarantee Schemes (IFIGS)	International	Insurance liabilities should not be restructured, terminated, limited or written down such that policyholders do not receive the protection afforded by the policyholder protection scheme. Insurance liabilities should be written down only when necessary to maintain financial stability.
776. General Insurance Association of Japan	Japan	As the listed matters are not always necessary for supervision of all IAIGs, these should be moved to a guidance level (as we see in ICP 12.7.4).
778. Swiss Re	Switzerland	In general, we suggest to build on ICP12.7.4, and only highlight what is specifically required regarding resolution powers

		<p>towards IAIGs.</p> <p>Specifically, 18th bullet point: Where resolvability assessments lead to requirements for the IAIG to take actions to improve resolvability, this is extreme in the insurance context as duly noted by the FSB in its guidance on resolution planning for systemically important insurers (6 June 2016), §2.1.2: “The decision to impose any such requirement should take due account of the effect on the soundness and stability of ongoing business.” We believe that in most cases, the future benefits of a priori measures do not outweigh the immediate costs posed to policyholders, in particular when such actions involve restructuring. If a supervisor requires such measures from the IAIG, in addition to proportionality as per CF12.7a.2, they should be duly substantiated, and supported by the supervisory college and the CMG.</p>
779. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.
780. Institute and Faculty of Actuaries	UK	<p>There should an explicit mention of restructuring, limiting or writing down of ‘Excessive Benefits’ in the list.</p> <p>An additional point to include could be to prohibit loan payments to non-insurance entities / unregulated entities. This is particularly pertinent if the entity is part of a mixed conglomerate.</p> <p>The 17th, 18th and 20th bullet points should form a separate list of powers that should be exercised in advance of entering the resolution phase.</p> <p>A point on ‘stay on termination rights for reinsurance’ should be added to the final bullet point, for consistency with previous comments regarding this.</p>
781. Chubb	United States	<p>Much of these powers seem to be contained in the ICP 12.7. We believe that these powers are too prescriptive and more discretion should be provided for local jurisdiction to create the resolution authorities based on its public policy objectives. Resolution occurs at the legal entity level and rather than trying to draft global requirements that must be adopted everywhere, the primary focus should be high-level guidance for local resolution requirements along with supervisory coordination and cooperation.</p>
782. MetLife, Inc	United States	<p>This standard enumerates many resolution powers already included in ICP 12.7.4 (e.g., bullets 1 through 16), which do not need to be repeated. Moreover, certain of the enumerated “powers” (e.g., bullets 17 and 18) relate to resolution planning, rather than resolution. For clarity, these elements relating to resolution planning should be moved to ICP/CF 12.3.</p> <p>In response to Q22, we suggest that rather than separate regimes, the IAIS’s ICP/CF guidance recommend a uniform resolution framework with a graduated approach that relies on supervisory discretion. The discretion should include a consideration of the degree to which group-wide risk assessments reveal vulnerabilities that may be linked to risk transmission</p>

		<p>vectors and that could give rise to meaningfully increased risk to the financial markets. We would make the same recommendation here and urge against establishing separate statutory resolution regimes for IAIGs versus non-IAIGs. We therefore suggest that the three remaining distinct powers in CF 12.7a (e.g., bullets 19 through 21) be incorporated into ICP 12.7.4. Further, a supervisor or resolution authority should only be able to utilize the extreme powers articulated in bullets 19, 20, and 21 upon what would be a rare finding that resolution of the insurer would otherwise have a serious adverse effect on global financial stability.</p> <p>Finally, we suggest that the phrase “such as approval or review by a court” be added after the words adequate safeguards in ICP 12.7.4 as U.S. insurance insolvencies take place in the state court system and many of the powers set forth herein would be exercised or reviewable by state courts.</p>
783. National Association of Mutual Insurance Companies	United States	<p>Q92 Comment on Standard CF 12.7a</p> <p>The list of powers in this ComFrame section seem redundant with the powers in the ICP. Is there any need to repeat them here? Also in the 18th bullet about the IAIG taking actions to improve its resolvability, more information is needed about what may be anticipated by this suggested power.</p>
784. National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) and the National Conference of Insurance Guaranty Funds (NCIGF)	United States	<p>Each jurisdiction should be required to have only those resolution powers that make sense given the industry make-up and the legal/supervisory structure in that jurisdiction.</p> <p>Given the emphasis on policyholder protection, insurance liabilities should be written down only when necessary to maintain financial stability. In no event should insurance liabilities be restructured, limited or written down in a way that deprives policyholders of the protection afforded by a PPS. Similarly, insurance contracts should not be terminated if doing so would deprive policyholders of the protection afforded by a PPS. The duration of any restriction or suspension of policyholder withdrawal rights should take into account whether there is a PPS.</p>
785. Institute of International Finance and the Geneva Association	United States/Switzerland	<p>This standard enumerates many resolution powers already included in ICP 12.7.4 (e.g., bullets 1 through 16), which do not need to be repeated. Moreover, certain of the enumerated “powers” (e.g., bullets 17 and 18) relate to resolution planning, rather than resolution. For clarity, these elements relating to resolution planning should be moved to ICP/CF 12.3.</p> <p>In response to Q34, we suggest that rather than separate regimes, the IAIS’s ICP/CF guidance recommend a uniform resolution framework with a graduated approach that relies on supervisory discretion. We would make the same recommendation here and urge against establishing separate statutory resolution regimes for IAIGs versus non-IAIGs. We therefore suggest that the three remaining distinct powers in CF 12.7a (e.g., bullets 19 through 21) be incorporated into ICP 12.7.4. Further, a supervisor or resolution authority should only be able to utilize the extreme powers articulated in bullets 19, 20, and 21 in the extremely unlikely event that more traditional tools would not be sufficient.</p> <p>Additionally, we believe that in most cases, the future benefits of a priori measures do not outweigh the immediate costs posed to policyholders, in particular when such actions involve restructuring. If a supervisor requires such measures from the IAIG, in addition to proportionality as per CF12.7a.2, they should be duly substantiated, and supported by the supervisory college and</p>

		the CMG.
786. ACLI	US	In the first sentence, the phrase “including courts where applicable,” should be added after “adequate safeguards”; the word “may” should be added after the phrase “the resolution of the IAIG”. In the 3rd bullet on Page 15, the phrase “if applicable in certain jurisdictions” should be added after “relevant entities within the group”. In the 5th bullet on Page 15, the phrase “if applicable in certain jurisdictions” should be added after “bridge institution”.
787. CNA	USA	This guidance proposes that one of the powers a supervisor should have is the ability to require the IAIG to change its corporate structure to improve its resolvability. CNA recommends that this standard add proportionality guidance so that it would apply only to firms required to complete a resolution plan. The structure of a group is the result of balancing act between tax, capital and expense consideration. Since insurers are resolved over decades rather than a long weekend, we would propose not requiring such authority until it is practical and actually needed.
788. Property Casualty Insurers Association of America (PCI)	USA	The powers of a supervisor in resolution include to “restructure, limit or write down liabilities. . .” PCI again emphasizes that liabilities to policyholders should not be written down except as necessary in the context of resolving an insurer that has been found to be systemically important. We note that several other powers described here are not powers that state insurance regulators in the U.S. have. These include the power to establish a bridge institution. We also reiterate previously stated concerns about the circumstances in which resolution plans should be required. However, we commend the acknowledgement that any actions required of IAIGs to improve resolvability should be proportionate and that the AIIG should first be given the opportunity to propose appropriate actions.

**93 - Q93 Standard CF12.7a**

**Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?**

789. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	Partially	(same comments as for 12.7.4)  Recovering money from persons could be difficult to enforce by law. Especially without having proven the person’s deliberate intention or gross negligence.  Additional comment: We understand in such a case that according to VAG, policyholder participation is also exempted (at least temporarily). Otherwise we could mention it separately.
791. General Insurance Association of Japan	Japan	Partially	

**94 - Q94 Standard CF12.7a**

**What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q93 that would have to be made solely for purposes of**

<b>ComFrame (please specify the currency)?</b>			
792. Assuris	Canada	No comment	
793. MetLife, Inc	United States	Not possible to estimate based on current information.	
<b>95 - Q95 Standard CF12.7a</b> <b>What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q93 that would have to be made solely for purposes of ComFrame (please specify the currency)?</b>			
794. Assuris	Canada	No comment	
795. MetLife, Inc	United States	Not possible to estimate based on current information.	
<b>96 - Q96 Standard CF12.7a</b> <b>Please provide the assumptions made to estimate the one-time costs (Q94) and the ongoing costs per year (Q95).</b>			
796. Assuris	Canada	No comment	
797. MetLife, Inc	United States	We do not have enough information to estimate costs to MetLife of providing any additional powers to relevant supervisors/resolution authorities.	
<b>97 - Q97 Standard CF12.7a</b> <b>Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).</b>			
798. Insurance Europe	Europe	Reasonably beneficial	Providing supervisors and resolution authorities such powers can improve policyholder protection, when they are exercised in conjunction with the NCWOL principle.
800. General Insurance Association of Japan	Japan	No benefit	
801. Canadian Institute of Actuaries	Ontario	Very beneficial	
802. Swiss Re	Switzerland	Reasonably beneficial	Providing supervisors and resolution authorities such powers can improve policyholder protection, when they are adequately exercised in conjunction with the "no creditor worse off than in liquidation" principle. See our answer to

			Q116.
803. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	See Swiss Re comment.
<b>98 - Q98 Standard CF12.7a (21st bullet point)</b> Some IAIS Members consider that this power should be available only for IAIGs; other IAIS Members are of the view that the power should be available both for IAIGs and insurers that are neither G-SIIs nor IAIGs. Please provide your thoughts on this with rationale.			
804. Assuris	Canada	No comment	

<b>99 - Q99 Comment on CF 12.7a.1</b>			
806. Assuris	Canada	Assuris strongly supports a PPS can be used as bridge institution for transferring contracts of an IAIG. This type of action during an insurance resolution provides a supporting reason for including PPSs in any crisis management group.	
807. International Forum of Insurance Guarantee Schemes (IFIGS)	International	Agreed, policyholder protection schemes can either be the bridge institution or work closely with it to ensure policyholder protection.  Policyholder protection schemes should be involved in any restructuring and in any Crisis Management Group.	
<b>100 - Q100 Comment on CF 12.7a.2</b>			
809. Assuris	Canada	Assuris supports supervisors and/or resolution authorities should have the power to order an insurer to provide sufficient information for an effective resolvability analysis to be completed, and if necessary order corrective action.  The supervisor should also have the power to instruct the company to make changes to improve its resolvability. A PPS, where applicable, will have expertise and experience in assessing the resolvability of an insurer.	
810. Insurance Europe	Europe	Insurance Europe welcomes the fact that supervisory measures to improve resolvability are only exercised in a proportionate manner and agrees that, before powers to require an IAIG to take actions to improve its resolvability are used, the IAIG should be given the opportunity to propose its own remedies. Insurance Europe also considers that there should be some safeguards surrounding the use of powers to improve resolvability so that an IAIG has a right to appeal and challenge such actions if it disagrees with their appropriateness.	
811. GDV - German Insurance Association	Germany	The power to require the IAIG to take actions to improve its resolvability should be considered with restraint. Requiring the removal of impediments means that the competent authorities interfere with the legal structure of the insurer. This would be a massive intervention that is only justified under exceptional circumstances. It should also be noted that the power to remove impediments to resolvability is of little relevance in an insurance context, given the timeframe over which insurer resolutions can take place. Therefore, we strongly welcome that the supervisor/resolution authority should exercise this power proportionately and give the IAIG the opportunity to make own proposals.	



812. Global Federation of Insurance Associations	Global	GFIA agrees that, before powers to require an IAIG to take actions to improve its resolvability are used, the IAIG should be given the opportunity to propose its own remedies. GFIA also considers that there should be some safeguards surrounding the use of powers to improve resolvability so that an IAIG has a right to appeal and challenge such actions if it disagrees with their appropriateness. Given that CF 12.7a.2 relates to resolution planning, it could be moved to CF 12.3.
813. International Forum of Insurance Guarantee Schemes (IFIGS)	International	No comment
815. Swiss Re	Switzerland	See our answer to Q92 and specifically to the 18th bullet point.
816. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.
817. Association of British Insurers	United Kingdom	The ABI agrees that, before powers to require an IAIG to take actions to improve its resolvability are used, the IAIG should be given the opportunity to propose its own remedies. We also consider that there should be some safeguards surrounding the use of powers to improve resolvability so that an IAIG has a right to appeal and challenge such actions if it disagrees with their appropriateness.
818. MetLife, Inc	United States	CF 12.7a.2 relates to resolution planning and therefore should be moved to CF 12.3.
819. Institute of International Finance and the Geneva Association	United States/Switzerland	See our answer to Q92 We agree that before powers to require an IAIG to take actions to improve its resolvability are used that it should be given the opportunity to propose its own remedies. We also consider that there should be some safeguards surrounding the use of powers to improve resolvability so that an IAIG has a right to appeal and challenge such action if it disagrees with their appropriateness.
820. ACLI	US	CF12.7a.2 relates to resolution planning and therefore should be moved to CF12.3.
<b>101 - Q101 Comment on CF 12.7a.3</b>		
821. Assuris	Canada	Assuris supports that the resolution authorities should exercise resolution powers with the necessary speed and flexibility. In Canada, speed and flexibility can be achieved through the courts.
822. Insurance Europe	Europe	Insurance Europe supports this wording because the proportionality of the measures taken is essential. The analysis of what is to be required should take into account the time available to resolve an insurance entity – a key difference with banking being the fact that typically in banking very little time is available for resolution.
823. GDV - German Insurance Association	Germany	We support the current wording as it reminds the supervisor/resolution authority to take into account proportionality considerations before resolution powers are applied on the IAIG.
824. Global Federation of Insurance Associations	Global	GFIA supports the explicit statement in this paragraph that powers should only be used if suitable and necessary to meet resolution objectives.
825. International Forum of Insurance Guarantee Schemes (IFIGS)	International	No comment

827. Association of British Insurers	United Kingdom	The ABI supports the explicit statement in this paragraph that powers should only be used if suitable and necessary to meet resolution objectives.	
<b>102 - Q102 Comment on CF 12.7a.4</b>			
828. Assuris	Canada	Agree	
829. Insurance Europe	Europe	Essential services referred to are covered in the 20th bullet point, and not the 21st as noted in the draft.	
830. Global Federation of Insurance Associations	Global	Essential services referred to are covered in the 20th bullet point, and not the 21st as noted in the draft.	
831. International Actuarial Association	International	We believe the reference here should be to the 20th bullet point.	
832. International Forum of Insurance Guarantee Schemes (IFIGS)	International	No comment	
833. The Life Insurance Association of Japan	Japan	A drafting error should be corrected: the referenced essential services are covered in the 20th bullet point, not in the 21st bullet point as noted in the draft.	
835. Swiss Re	Switzerland	Essential services are addressed in the 20th and not the 21st bullet point if our count is correct.	
836. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	
837. Institute and Faculty of Actuaries	UK	We believe the reference here should be to the 20th bullet point	
838. Association of British Insurers	United Kingdom	Essential services referred to are covered in the twentieth bullet point, and not the twenty-first as noted in the draft.	
839. Institute of International Finance and the Geneva Association	United States/Switzerland	Instead of a bullet point list in CF12.7a the IAIS ought to consider numbering the points? Essential services are addressed in the 20th and not the 21st bullet point if our count is correct.	
<b>120 - Q120 Comment on CF 12.12a.1</b>			
963. Assuris	Canada	Agree	
964. Global Federation of Insurance Associations	Global	See comment to ICP 12.12 above.  It is unclear how resolution powers used on an insurance legal entity could be extended to the Head of the IAIG and any intermediate holding company within the IAIG in other jurisdictions. This guidance should either be deleted or explicitly clarify how such powers would be enforceable.	
966. International Forum of Insurance Guarantee Schemes (IFIGS)	International	No comment	

967. General Insurance Association of Japan	Japan	This guidance could be read to indicate that the scope of the resolution powers of the resolution authority of a jurisdiction where an insurance legal entity within an IAIG, for which resolution actions are to be taken, is located could be extended to the Head of the IAIG and any intermediate holding company within the IAIG. However, in such cases, ambiguity exists as to whether the resolution powers of the resolution authority are enforceable. If it is possible to make these powers enforceable under ComFrame and jurisdictional regulations, the guidance should clarify the point. If not, the guidance should be deleted. Furthermore, if this guidance is premised on international cooperation between resolution authorities, we suggest adding "through cooperation between relevant resolution authorities" after "where appropriate".
969. Chubb	United States	See response to Q 12.
970. MetLife, Inc	United States	See comment in response to Q. 52 (CF12.3b.3) and 120 (ICP 12.12) above.
971. CNA	USA	Although ICP 23, Group-Wide Supervision, has not been updated to incorporate the new ComFrame text, we recommend that the definition of the Head of the IAIG be consistent with Head of the Insurance Group as outlined in ICP 23.
972. Liberty Mutual Insurance Group	USA	Contrary to the IAIS's mistaken view expressed throughout ICP 12 and in many of other proposed ICPs regarding the existence of direct authority, insurance supervisors in the U.S. do not have resolution authority over non-regulated holding companies and non-insurance operating companies. Providing U.S. supervisors with direct authority over non-insurance entities is inconsistent with the U.S.'s multi-jurisdictional and entity-based regulatory architecture described in our answer to Question 1.
973. Property Casualty Insurers Association of America (PCI)	USA	See our comments on ICP 12.12 above.
<b>121 - Q121 Comment on CF 12.12a.2</b>		
974. Assuris	Canada	Agree
975. Global Federation of Insurance Associations	Global	See comment to ICP 12.12 above
977. International Forum of Insurance Guarantee Schemes (IFIGS)	International	No comment
978. General Insurance Association of Japan	Japan	This guidance could be read to indicate that the scope of the resolution powers of the resolution authority of a jurisdiction where an insurance legal entity within an IAIG, for which resolution actions are to be taken, is located could be extended to the Head of the IAIG and any intermediate holding company within the IAIG. However, in such cases, ambiguity exists as to whether the resolution powers of the resolution authority are enforceable. If it is possible to make these powers enforceable under ComFrame and jurisdictional regulations, the guidance should clarify the point. If not, the guidance should be deleted. Furthermore, if this guidance is premised on international cooperation between resolution authorities, we suggest adding "through cooperation between relevant resolution authorities" after "where

		appropriate".	
980. MetLife, Inc	United States	See comment in response to Q. 52 (CF12.3b.3) and 120 (ICP 12.12) above.	
<b>122 - Q122 Comment on CF 12.12a.3</b>			
981. Assuris	Canada	No comment	
982. Insurance Europe	Europe	Insurance Europe understands the caveat, but would welcome a requirement of cooperation and coordination among involved authorities, including those in charge of other sectors of the financial system.  Any recovery and resolution requirements for branches should be within the supervisory remit of the home supervisory authority (i.e. the legal entity to which the branch belongs) in cooperation and coordination with the host authority: No additional resolution responsibilities of the host authorities of the branch should be established; otherwise this would create an additional layer of uncertainty and burden regarding cooperation and coordination between home and host supervisors.	
983. Global Federation of Insurance Associations	Global	See comment to ICP 12.12 above.	
984. International Forum of Insurance Guarantee Schemes (IFIGS)	International	No comment	
986. Swiss Re	Switzerland	We understand the caveat, but would welcome a requirement about cooperation and coordination among involved authorities, also of authorities addressing other sectors of the financial system.	
987. Zurich Insurance Company Ltd.	Switzerland	See Swiss Re comment.	
988. MetLife, Inc	United States	See comment in response to Q. 52 (CF12.3b.3) and 120 (ICP 12.12) above.	
989. Institute of International Finance and the Geneva Association	United States/Switzerland	We understand the caveat, but would welcome a requirement about cooperation and coordination among involved authorities, also of authorities addressing other sectors of the financial system.	