



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Public

Comments from Members and Stakeholders on *Consultation on ComFrame material integrated with ICPs 5, 7 and 8*

03-Mar-17 to 01-Jun-17

Organisation	Jurisdiction	Answer
1 - Q1 General Comment on ComFrame material integrated with ICP 5		
1. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	<p>The Association of Bermuda Insurers and Reinsurers appreciates the opportunity to submit comments.</p> <p>Whilst we acknowledge and accept that ICPs 5, 7 and 8 are not the subject of public consultation, we would like to note the following:</p> <ul style="list-style-type: none"> • The extent to which supervisors oversee suitability of Board Members, Senior Management and Key Persons in Control Functions differs significantly from jurisdiction to jurisdiction. In some jurisdictions, suitability is limited to assuring the absence of criminal or other wrong doing, does not include a determination by the supervisor of competence. For those jurisdictions, ICP 5 goes far beyond existing supervisory authority and intrudes into matters left to company management, and ICP 5 would be considered inappropriate, most clearly exemplified by paragraphs 5.5, 5.5.1 and 5.5.2. • It is also uncertain in some cases how ICP 5 applies to IAIGs. In particular, ICP 5.4 and ICP 5.6 also purport to give supervisors very far-reaching powers, and it is uncertain how these powers would be applied in practice, in particular if there is a conflict between the group-wide and legal entity supervisors. It is unclear how far the powers extend, i.e. whether they apply at the level of the individual legal entity and/or the group, and how the powers in ICP 5.6 interact with the provisions of ICPs 3 and 25. This could be addressed by introducing ComFrame guidance in relation to ICPs 5.4 and 5.6. • Different jurisdictions have different legal and regulatory systems with different rules and requirements, including those relating to a supervisor’s powers, responsibilities and discretion, and this should be appropriately recognized and reflected in the underlying ICP. As a result, many of the elements within 5.3, 5.4, 5.5 and 5.6 should begin with “In certain jurisdictions,”, and the word “may” should be used in order to give a supervisor discretion with regard to certain actions. • In addition, the term “Significant Owners” should be clarified in 5.0.1; the words “possible”, “civil liability” and “pending proceedings” and the 2nd and 4th sub-bullets of the 4th bullet should be deleted in 5.3.7; the bullets in 5.5.1 should be deleted; and a statement that “any information exchanged with other authorities should be subject to the confidentiality provisions of such authorities” should be added to the elements within 5.6.
2. Office of the Superintendent of Financial Institutions (OSFI)	Canada - OSFI	We have no specific comments/concerns as it relates to IPC 5, 7 & 8
3. Insurance Europe	Europe	<p>In general, Insurance Europe believes that the integration and revision of the relevant ComFrame requirements related to ICP 5 has been done successfully.</p> <p>Summary of points made on the Suitability of Persons:</p>

		<ul style="list-style-type: none"> • Insurance Europe generally agrees with the structure and addition of CF5.2a and accompanying Guidance in the context of Suitability of Persons. • It however believes that the required competences for Key Persons in control functions should be more targeted to their responsibilities, as opposed to a broad requirement for management of the IAIG. • Insurance Europe would encourage greater clarity as to how requirements are to be applied across an IAIG – for example whether they are applied at the group level or the legal entity level, and what approach should be taken if the group-wide and legal entity supervisors have different expectations.
4. Allianz	Germany	We thank the IAIS for the opportunity to provide feedback regarding the proposals for changes to the ICP and the integration of ComFrame into the ICP Framework. We support the opinions provided by the insurance associations and the Geneva Association in collaboration with the International Institute of Finance. The following provides further comments on additional detailed issues.
5. GDV - German Insurance Association	Germany	The German Insurance Association (GDV) appreciates the opportunity to comment on ICP 5.
6. Global Federation of Insurance Associations	Global	<p>GFIA appreciates the opportunity to comment on ComFrame material integrated into ICPs 5, 7 and 8. GFIA appreciates that the IAIS is not seeking comments on the ICPs themselves. However, some of the GFIA members are submitting individual comments on ICPs. GFIA therefore decided to include in its submission some of the key emerging positions that are shared by these organisations, for consideration by the IAIS.</p> <p>The extent to which supervisors oversee suitability of Board Members, Senior Management and Key Persons in Control Functions differs significantly from jurisdiction to jurisdiction. In some jurisdictions, suitability is limited to assuring the absence of criminal or other wrong doing, and does not include a determination by the supervisor of competence. For those jurisdictions, ICP 5 goes far beyond existing supervisory authority and intrudes into matters left to company management, and ICP 5 would be considered inappropriate, most clearly exemplified by paragraphs 5.5, 5.5.1 and 5.5.2.</p> <p>It is also uncertain in some cases how ICP 5 applies to IAIGs. In particular, ICP 5.4 and ICP 5.6 also purport to give supervisors very far-reaching powers, and it is uncertain how these powers would be applied in practice, in particular if there is a conflict between the group-wide and legal entity supervisors. It is unclear how far the powers extend, i.e. whether they apply at the level of the individual legal entity and/or the group, and how the powers in ICP 5.6 interact with the provisions of ICPs 3 and 25.</p> <p>Different jurisdictions have different legal and regulatory systems with different rules and requirements, including those relating to a supervisor's powers, responsibilities and discretion, and this should be appropriately recognized and reflected in the underlying ICP. As a result, many of the elements within 5.3, 5.4, 5.5 and 5.6 should begin with "In certain jurisdictions," and the word "may" should be used in order to give a supervisor discretion with regard to certain actions.</p>

		<p>In addition, the term “Significant Owners” should be clarified in 5.0.1; the words “possible”, “civil liability” and “pending proceedings” and the 2nd and 4th sub-bullets of the 4th bullet should be deleted in 5.3.7; all of the bullets in 5.5.1 should be deleted; and a statement that “any information exchanged with other authorities should be subject to the confidentiality provisions of such authorities” should be added to the elements within 5.6.</p> <p>Please find below comments on specific ICPs:</p> <p>ICP 5.2 and 5.4: A “Significant Owner” – especially one that is a natural person – is not ordinarily under the control of the insurer and therefore may not possess the information requested in this section. In general, these sections appear to over-reach regarding the powers of the supervisor, especially if the insurer consists of a group of companies, some of which are outside the jurisdiction of the supervisor.</p> <p>ICP 5.3.7 and 5.3.10: A factor to be considered in assessing the integrity of the listed persons is whether they have declared bankruptcy, or an entity in which the individual held a certain position went bankrupt. Not every business succeeds, and bankruptcy is not necessarily indicative of wrongdoing. Businesses must take risks and sometimes those come to fruition and result in bankruptcy. This criterion should be removed or qualified.</p> <p>ICP 5.5.1: The supervisor may not have the power to prevent, delay or revoke the appointment of a key individual (or require the appointment of a different person), and this power may be deemed to interfere with the management of the insurer</p> <p>ICP 5.6.3: The supervisor is urged to seek confirmation that an entity is "in good standing". However, the meaning of this term is not clear.</p>
<p>8. International Actuarial Association</p>	<p>International</p>	<p>It is clear from the ICP introductory remarks that ICP’s are to be applied in the supervision of insurance entities and insurance groups that are headed by an insurance legal entity. ICP language that makes reference to insurers is therefore also applicable to insurers who head an insurance group. Unfortunately, this results in a standards cliff, at the group level, since the head of an insurance group which is a non-insurance holding company is not subject to IAIS standards unless it is an IAIG (i.e., is subject to ComFrame).</p> <p>The wording of the ComFrame insert references the head of the IAIG. There is no IAIS glossary definition of IAIG but the original ComFrame Guideline M1E1-1-1-2 includes non-insurer led FCs. It states,</p> <p>“An IAIG may be:</p> <ul style="list-style-type: none"> • an insurance group that only conducts insurance business • a financial conglomerate dominated by insurance business that

		<p>also includes other financial business such as banking or securities related activities</p> <ul style="list-style-type: none"> • part of a financial conglomerate dominated by other financial business • part of a diversified conglomerate including non-financial activities.” <p>Therefore, the two roles of ComFrame text inserted into the ICPs are 1) to define an additional layer of standards to IAIGs and 2) to make sure that the head of the IAIG (even for one which is non-insurer led) will be subject to ComFrame.</p> <p>The addition of CF25.2 to ICP 5 is necessary to ensure that an additional layer of “suitability of persons” requirements are in place for all IAIGs, especially the head of an IAIG, thus requiring any non-insurer entities which are the head of the IAIG to also be subject to similar standards. Given the nature of the ComFrame requirements, the IAA suggests it is inappropriate for the non-insurance heads of insurance groups (non-IAIGs) to be exempt from such a similar requirement.</p>
9. Insurance Ireland	Ireland	<p>- In relation to "Suitability requirements for Significant Owners" 5.3.8. What does the term "Significant Owner" mean?</p> <p>- 5.4 is extremely granular/wide reaching re supervisor powers to take appropriate measures to rectify suitability of Board/Management/ CF or Significant Owner. We could also encounter difficulties if there was a conflict/ difference in approach from a local supervisor. In addition, how far down does this go? Is it referring to Group individuals or looking at the legal entities? More clarity is required here.</p> <p>- Same granularity point for 5.6. As per previous comments on exchange of information, how is this to be done? We have an expectation that we should know prior to any exchange and should be granting permission for the same (particularly in respect of non-public information) Again, how far does this go? What level of control is the GWS looking for here?</p>
10. Bank Negara Malaysia	Malaysia	No comments
11. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	According to SII implementation to Polish law, only key function holders are subject to notification to the supervisory authority and fit and proper assessment (article 42 of SII directive, see also: recital 34). In our view, term “senior management” is much broader than SII requirements. It is not clear how “Key persons in control functions” are defined.
12. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	<p>FINMA would like to make a general comment, applicable to the ComFrame text of this ICP but also ComFrame texts in all other ICPs:</p> <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</p>

		<p>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>
13. Swiss Re	Switzerland	Kindly note this is a joint submission by Swiss Re and Zurich Insurance Group.
14. Zurich Insurance Company Ltd.	Switzerland	Kindly note this is a joint submission by Swiss Re and Zurich Insurance Group.
15. Association of British Insurers	United Kingdom	<p>The Association of British Insurers (ABI) welcomes the opportunity to comment on the integration of ComFrame material with ICPs in relation to governance.</p> <p>Having recently experienced a number of significant changes to regulatory requirements in relation to suitability of senior managers and key function holders, we encourage the IAIS to avoid creating even greater complexity by introducing suitability requirements in ComFrame that are uncertain in their practical application to an IAIG.</p> <p>In particular, we note that ICP 5.4 and ICP 5.6 purport to give supervisors very far-reaching powers, and it is uncertain how these powers would be applied in practice, in particular if there is a conflict between the group-wide and legal entity supervisors. It is unclear how far the powers extend, i.e. whether they apply at the level of the individual legal entity and/or the group, and how the powers in ICP 5.6 interact with the provisions of ICPs 3 and 25. This could be addressed by introducing ComFrame guidance in relation to ICPs 5.4 and 5.6.</p>
16. Chubb	United States	<p>We want to confirm that “significant owners” does not include shareholders of publicly traded holding companies. Chubb Limited has minimal control over who purchases significant shares and we lack forceful measures to acquire information about such entities or force disgorgement of their ownership.</p> <p>We have concerns about the supervisor role in determining suitability of individuals and caution that this authority is not present in every jurisdiction and where it is present, should be exercised with clear parameters. We agree that Board members and Key persons need to be suitable for their roles but in the absence of a disqualifying characteristic, an individual with the requisite experience and education should be deemed suitable.</p> <p>We do not agree that a supervisor should have the authority to substitute its judgment for that of management regarding an individual who is otherwise qualified. The provisions regarding the powers of supervisors in response to an individual who no longer meets the suitability requirements is confusing. In our view, this situation should only arise in limited instances where an individual has committed an offense that is disqualifying. The more routine issues of performance are for</p>

		management to address and should not involve supervisory involvement. Short of these disqualifying circumstances, it is for management to decide whether an individual should be removed from his or her position.
17. National Association of Mutual Insurance Companies	United States	General Comment ICP 5. NAMIC is supportive of the comments and concerns expressed by the Global Federation of Insurance Associations related to ICP 5. We have no additional issues to add.
18. The Travelers Companies, Inc.	United States	<p>“5.6: The supervisor exchanges information with other authorities inside and outside its jurisdiction where necessary to check the suitability of Board Members, Senior Management, Key Persons in Control Functions and Significant Owners of an insurer.”</p> <p>Comment:</p> <p>Appropriate confidentiality requirements and restrictions must be in place before an insurer’s information is exchanged between supervisory authorities. Therefore, we propose the following revised wording of 5.6:</p> <p>“The supervisor exchanges information with other authorities inside and outside its jurisdiction where necessary to check the suitability of Board Members, Senior Management, Key Persons in Control Functions and Significant Owners of an insurer, provided that the recipient supervisor or other authority agrees in writing to maintain the confidentiality and privileged status of any such non-public or confidential information and has verified in writing the legal authority to maintain confidentiality.”</p>
19. ACLI	US	Different jurisdictions have different legal and regulatory systems with different rules and requirements, including those relating to a supervisor’s powers, responsibilities, and discretion, and this should be appropriately recognized and reflected in the underlying ICP. As a result, many of the elements within 5.3, 5.4, 5.5 and 5.6 should begin with “In certain jurisdictions,”, and the word “may” should be used in order to give a supervisor discretion with regard to certain actions. In addition, the term “Significant Owners” should be clarified in 5.0.1. The words “possible”, “civil liability” and “pending proceedings” and the 2nd and 4th sub-bullets of the 4th bullet should be deleted in 5.3.7. All of the bullets in 5.5.1 should be deleted. A statement that “any information exchanged with other authorities should be subject to the confidentiality provisions of such authorities” should be added to the elements within 5.6.
20. American Insurance Association	USA	The extent to which supervisors oversee suitability of Board Members, Senior Management and Key Persons in Control Functions differs significantly from jurisdiction to jurisdiction. In some jurisdictions, suitability is limited to assuring the absence of criminal or other wrongdoing, and does not include a determination by the supervisor of competence. AIA supports this limited approach to suitability. We recognize there are jurisdictions that allow supervisors to take on a more collaborative role in selecting leadership of an insurer, but we believe that the more limited approach would provide suitable guidance for implemented into any jurisdiction.
21. MetLife, Inc	USA	Given the limited ComFrame guidance in Section 5, we have reviewed and comment on the underlying ICP 5 as the basis for ComFrame related provisions.

		<p>As mentioned in our response to Q. 12 (Paragraph 11) Introduction, the ICPs, ComFrame and related material would greatly benefit from a standardization and definition of terminology in a central Glossary. We recognize that the IAIS intend to reference the existing Glossary and that work to amend it may take place at a later time when revisions to ICPs and the integration of ComFrame are further advanced.</p> <p>There are frequent references to actions that group-wide supervisors are expected to take, such as verification of appropriateness of functions. There is however no guidance on how these actions should take place and more importantly a lack of objective criteria to determine the appropriateness of the action.</p> <p>Given the critical important of protection of sensitive and confidential company data, we reiterate our recommendation in response to Q. 19 of the Introduction that each ICP/ComFrame section incorporate by reference the terms of ICP 3.</p> <p>While efforts have been made to recognize that corporate structures may vary by jurisdiction, ICP 5 appears to take a somewhat prescriptive approach and make recommendations that could be inconsistent with current legal commitments and requirements in jurisdictions around the world. Therefore, we would recommend that ICP 5 recognize that recommendations for supervisory action and other governance assessments (e.g. board assessments for potential conflicts of interest mentioned in Paragraph 48 of the March 3 Draft Application Paper on Group Corporate Governance) may have to be reconciled with local legal commitments and requirements.</p> <p>Similarly, ICP 5 fails to recognize that there are various models of board structure which impact the role the board plays. Many jurisdictions follow the one-tier board model. Under this model (and perhaps others) the role of the board is essentially to assess and approve the overall direction and strategy of the business on recommendation and advice from senior management. Where this is the case, in addition to being responsible for the day-to-day operations of the business, senior management is responsible for developing and advising the board on strategy, as well as executing on it. Therefore, in these cases, if the supervisor has an interest in understanding strategy, senior management (not the board) would be the most appropriate first step.</p> <p>Likewise, under this model, suggestions that the supervisor assess the degree to which the board of directors (as opposed to senior management or key persons) is aware of, understands and implements risk appetite policy and limits are misplaced as the board would have no obligation with respect to implementation. In this case, the board's approval of such policies should suffice.</p>
	USA	PCI endorses the comments of the Global Federation of Insurance Associations (GFIA). .

22. Property Casualty Insurers Association of America (PCI)

The extent to which supervisors oversee suitability of Board Members, Senior Management and Key Persons in Control Functions differs significantly from jurisdiction to jurisdiction. In some jurisdictions, suitability is limited to assuring the absence of criminal or other wrong doing, does not include a determination by the supervisor of competence. For those jurisdictions, ICP 5 goes far beyond existing supervisory authority and intrudes into matters left to company management, and ICP 5 would be considered inappropriate, most clearly exemplified by paragraphs 5.5, 5.5.1 and 5.5.2.

It is also uncertain in some cases how ICP 5 applies to IAIGs. In particular, ICP 5.4 and ICP 5.6 also purport to give supervisors very far-reaching powers, and it is uncertain how these powers would be applied in practice, in particular if there is a conflict between the group-wide and legal entity supervisors. It is unclear how far the powers extend, i.e. whether they apply at the level of the individual legal entity and/or the group, and how the powers in ICP 5.6 interact with the provisions of ICPs 3 and 25.

Different jurisdictions have different legal and regulatory systems with different rules and requirements, including those relating to a supervisor's powers, responsibilities and discretion, and this should be appropriately recognized and reflected in the underlying ICP. As a result, many of the elements within 5.3, 5.4, 5.5 and 5.6 should begin with "In certain jurisdictions," and the word "may" should be used in order to give a supervisor discretion with regard to certain actions.

In addition, the term "Significant Owners" should be clarified in 5.0.1; the words "possible", "civil liability" and "pending proceedings" and the 2nd and 4th sub-bullets of the 4th bullet should be deleted in 5.3.7; all of the bullets in 5.5.1 should be deleted; and a statement that "any information exchanged with other authorities should be subject to the confidentiality provisions of such authorities" should be added to the elements within 5.6

ICPs 5.2 and 5.4 -- A "Significant Owner" -- especially one that is a natural person -- is not ordinarily under the control of the investee insurer and therefore may not possess the information requested in this section. In general, these sections appear to over-reach regarding the powers of the supervisor, especially if the insurer consists of a group of companies, some of which are outside the jurisdiction of the supervisor.

ICPs 5.3.7 and 5.3.10 -- A factor to be considered in assessing the integrity of the listed persons is whether they have declared bankruptcy, or an entity in which the individual held a certain position went bankrupt. Not every business succeeds, and bankruptcy is not necessarily indicative of wrongdoing. Businesses must take risks and sometimes those come to fruition and result in bankruptcy. This criterion should be removed or qualified.

ICP 5.5.1 -- The supervisor may not have the power to prevent, delay or revoke the appointment of a key individual (or require the appointment of a different person), and this power may be deemed to interfere with the management of the insurer.

		ICP 5.6.3 -- The supervisor may not have the power to prevent, delay or revoke the appointment of a key individual (or require the appointment of a different person), and this power may be deemed to interfere with the management of the insurer.
2 - Q2 Comment on Standard CF5.2a		
23. Insurance Europe	Europe	<p>Insurance Europe welcomes the acknowledgement of the principle of proportionality in CF5.2a and would encourage the IAIS to refer to certain aspects of proportionality in other provisions where appropriate.</p> <p>However, this standard should be more process-oriented rather than contain expectations that Board members possess knowledge of “any specific features of the jurisdictions where the IAIG operates”. In terms of process, the focus should be on ensuring that Board members have adequate powers and resources to be able to discharge their duties fully and effectively.</p> <p>It would further be helpful if IAIS could include a clarification of who (or what) is meant by ‘Head of IAIG’, however, Insurance Europe appreciates that the IAIS Insurance Groups Working Group may be progressing work on this issue in parallel, and therefore the IAIS may not be able to provide more detail at this stage.</p>
24. Allianz	Germany	<ul style="list-style-type: none"> • The ICP do not yet define “IAIG” and “Head of the IAIG”, reference should be made to the draft ComFrame definitions. • The term “Senior Management” is used for undertakings organized with a one tier board structure, where a board of directors comprises non-executive directors and the undertaking is effectively run by a senior management reporting to such board or to a CEO. For undertakings organized with a two tier board structure, i.e. a supervisory board and a management board, the management board is effectively by the business. Thus, the role and responsibilities of senior managers below the management board is different. The extent to which principles for “Senior Management” should apply to this group of people, has not been undertaken and any differentiation is missing in the ICP. • It should be clarified that the group of persons referred to as “IAIG Board members, senior management and key persons in control functions” comprises only to the relevant persons at the Head of the IAIG, and not also the board members, senior managers and key control persons of entities within the IAIG (see also the differentiation in Guideline M2E2-3-1-3 of the draft ComFrame). In order to not interfere with the responsibilities assigned by the relevant national corporate law, the responsibility for the fitness assessment must remain with the local supervisory boards (in a two tier system) and the Head IAIG’s role can only be limited to policy setting and oversight. The comment applies also to CF5.2a.1.
25. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	We observe that the ComFrame material included into ICP 5 (Suitability of Persons) does only partly correspond to the context. Whereas ICP 5 covers the suitability of persons (including integrity and competence) as well as the availability of sufficient resource to fulfil the particular role, CF5.2 solely concentrates on the competence dimension of suitability. This may be addressed by moving the CF paragraph up just after para 5.2.1.
26. GDV - German Insurance Association	Germany	We welcome the acknowledgement of the principle of proportionality in CF 5.2a and would encourage the IAIS to refer to certain aspects of proportionality in other provisions where appropriate.
27. Global Federation of Insurance Associations	Global	This ComFrame Guidance seems to be unprecise as it requires Key Persons in control functions to have appropriate competence to manage the IAIG. However, the internal control function, which is one of the governance control functions, is at the same time expected to maintain independence and be separated from the operational business of the IAIG. The

		<p>internal control function therefore does not manage the IAIG and hence would not require related competences. We would propose tailoring this guidance to the respective roles, for example with the following minor adjustment:</p> <p>“...Key Persons in control functions should have appropriate competences to fulfil their responsibilities within the IAIG, such as...” This Standard should be more process oriented rather than contain expectations that Board members possess knowledge of “any specific features of the jurisdictions where the IAIG operates”. In terms of process, the focus should be on ensuring that Board members have adequate powers and resources to be able to discharge their duties fully and effectively.</p> <p>We do not believe the standard should require that individual Board members possess “knowledge and experience with international business and processes as well as different business models”. It should only apply to the IAIG Board collectively. The phrase “knowledge and experience” should be replaced with “knowledge or experience”.</p>
28. International Actuarial Association	International	<p>In ICP 5 the “supervisor requires Board Members, Senior Management, ... to be and remain suitable...” In CF5.2 it is the “Head of the IAIG to ensure ...” we do not understand why there is a difference.</p> <p>The wording “...the competence of the IAIG board...” should change to “...the competence and integrity of the IAIG board...” in order to be consistent with ICP 5.2</p>
29. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	See comment above.
30. Swiss Re	Switzerland	<p>We would welcome language from the IAIS with the view to drive harmonization with regard to fitness and propriety requirements sufficiently forward. For instance, currently, in the case of M&A transactions, a change-of-control procedure is required in multiple jurisdictions. The questions and requirements vary materially and substantially to the point that it is almost impossible to make such filings without major investigations.</p> <p>We could envision language that makes the outcome of the fit & proper assessment by the group supervisor “binding”, or at least sufficiently guiding, for host supervisors with regards to a local change of control.</p>
31. Zurich Insurance Company Ltd.	Switzerland	<p>We would welcome language from the IAIS with the view to drive harmonization with regard to fitness and propriety requirements sufficiently forward. For instance, currently, in the case of M&A transactions, a change-of-control procedure is required in multiple jurisdictions. The questions and requirements vary materially and substantially to the point that it is almost impossible to make such filings without major investigations.</p> <p>We could envision language that makes the outcome of the fit & proper assessment by the group supervisor “binding”, or at least sufficiently guiding, for host supervisors with regards to a local change of control.</p>

<p>32. Association of British Insurers</p>	<p>United Kingdom</p>	<p>The ABI welcomes the explicit recognition of the need for proportionality in this Standard. We suggest that the considerations for the application of proportionality identified in this Standard be extended to include ownership structure, and stage of development, per the Financial Stability Board’s recommendations following its peer review on corporate governance.</p> <p>It is currently not clear how this Standard would work in practice. The Standard requires the Head of the IAIG to ensure appropriate competence of Board Members, Senior Management, and Key Persons in control functions, taking into account complexity and international nature of the IAIG, and any specific features of the jurisdictions where the IAIG operates, and the risks to which it is exposed. We would suggest that it should be the legal entity that is responsible for ensuring its own Board members, Senior Management, and Key Persons have appropriate knowledge and competence, as it is better placed to understand the specific features of the entity and the risks that it faces.</p> <p>This standard should be more process-oriented rather than contain expectations that Board members possess knowledge of “any specific features of the jurisdictions where the IAIG operates”. In terms of process, the focus should be on ensuring that Board members have adequate powers and resources to be able to discharge their duties fully and effectively.</p> <p>Furthermore, it is not clear who or what the ‘Head of the IAIG’ is in the context of this proposal. Although the IAIS’ glossary definition of ‘head of the insurance group’ suggests this refers to the legal entity, it should be made clear who would be ultimately responsible for fulfilling this requirement, for example the chairman, the CEO, the Board.</p>
<p>33. Institute of International Finance/Geneva Association</p>	<p>United States/Switzerland</p>	<p>Our comment to this section is twofold, first of all, although we are aware of the IAIS definition of ‘Head of the group’, which is defined as the legal entity that is at the top of the group structure with significant influence over the activities of the group as a whole, this section would nevertheless benefit from a clarification of who (or what) is meant by the reference to ‘head of IAIG’. Does this mean the legal entity, the chairman, the CEO or indeed the Board itself? Secondly, we think that this standard should be more process oriented rather than contain expectations that Board members possess knowledge of “any specific features of the jurisdictions where the IAIG operates”. In terms of process, the focus should be on ensuring that Board members have adequate powers and resources to be able to discharge their duties fully and effectively.</p>
<p>34. ACLI</p>	<p>US</p>	<p>This standard should be more process oriented rather than contain expectations that Board members possess knowledge of “any specific features of the jurisdictions where the IAIG operates”. In terms of process, the focus should be on ensuring that Board members have adequate powers and resources to be able to discharge their duties fully and effectively.</p>
<p>35. Property Casualty Insurers Association of America (PCI)</p>	<p>USA</p>	<p>This ComFrame Guidance seems to be imprecise as it requires Key Persons in control functions to have appropriate competence to manage the IAIG. However, the internal control function, which is one of the governance control functions, is at the same time expected to maintain independence and be separated from the operational business of the IAIG. The internal control function therefore does not manage the IAIG and hence would not require related competences. We would propose tailoring this guidance to the respective roles, for example with the following minor adjustment: “...Key Persons in control functions should have appropriate competences to fulfil their responsibilities within the IAIG, such as...” This Standard should be more process oriented rather than contain expectations that Board members possess knowledge of “any specific features of the jurisdictions where the IAIG operates”. In terms of process, the focus should be on ensuring that Board members have adequate powers and resources to be able to discharge their duties fully and effectively.</p>

		We do not believe the standard should require that individual Board members possess “knowledge and experience with international business and processes as well as different business models”. It should only apply to the IAIG Board collectively. The phrase “knowledge and experience” should be replaced with “knowledge or experience”.
3 - Q3 Comment on Guidance CF5.2a.1		
36. Insurance Europe	Europe	<p>This ComFrame Guidance seems to be unprecise as it requires Key Persons in control functions to have appropriate competence to manage the IAIG. However, the internal control function, which is one of the governance control functions, is at the same time expected to maintain independence and be separated from the operational business of the IAIG. The internal control function therefore does not manage the IAIG and hence would not require related competences.</p> <p>Insurance Europe would hence propose tailoring this Guidance to the respective roles, for example with the following minor adjustment:</p> <p>“...Key Persons in control functions should have appropriate competences to fulfil their responsibilities within the IAIG, such as....”</p> <p>Further, Insurance Europe does not consider this Guidance should require that Board members on an individual basis possess “knowledge and experience with international business and processes as well as different business models”. This would be an adequate requirement for the IAIG Board, collectively.</p>
37. Allianz	Germany	See comment on Q2
38. Global Federation of Insurance Associations	Global	<p>This ComFrame Guidance seems to be unprecise as it requires Key Persons in control functions to have appropriate competence to manage the IAIG. However, the internal control function, which is one of the governance control functions, is at the same time expected to maintain independence and be separated from the operational business of the IAIG. The internal control function therefore does not manage the IAIG and hence would not require related competences. We would propose tailoring this guidance to the respective roles, for example with the following minor adjustment:</p> <p>“...Key Persons in control functions should have appropriate competences to fulfil their responsibilities within the IAIG, such as....” This Standard should be more process oriented rather than contain expectations that Board members possess knowledge of “any specific features of the jurisdictions where the IAIG operates”. In terms of process, the focus should be on ensuring that Board members have adequate powers and resources to be able to discharge their duties fully and effectively.</p> <p>We do not believe the standard should require that individual Board members possess “knowledge and experience with international business and processes as well as different business models”. It should only apply to the IAIG Board collectively. The phrase “knowledge and experience” should be replaced with “knowledge or experience”.</p>
39. General Insurance Association of Japan	Japan	Considering one of the criteria to identify IAIGs (i.e. the percentage of gross premiums written outside the home jurisdiction is at least 10% of the group’s total gross written premium), it is redundant to require all IAIG Board members, Senior

		Management and Key Persons in control functions to have knowledge and experience with international business and processes. While what this guidance describes might be necessary for IAIG Board members "collectively", it is not always necessary for all Board members "individually" to have experience with different business models.
40. Association of British Insurers	United Kingdom	<p>This Guidance suggests that Key Persons in control functions should have the appropriate competences to manage the IAIG. The ABI suggests that it is not the responsibility of Key Persons in control functions to manage the IAIG; indeed ICP 7.1.1 indicates day-to-day management is for Senior Management. We recommend that the application of this Guidance is restricted to key decision-makers only.</p> <p>We do not believe this Guidance should require that Board members on an individual basis possess 'knowledge and experience with international business and processes as well as different business models'. This is an acceptable requirement for the IAIG Board, collectively. To this end, we suggest replacing "knowledge and experience" with "knowledge or experience".</p>
41. Institute of International Finance/Geneva Association	United States/Switzerland	We do not believe the standard should require that Board members on an individual basis possess "knowledge and experience with international business and processes as well as different business models". This is an acceptable requirement for the IAIG Board, collectively. Also suggest replacing "and" with "or" between "knowledge and experience".
42. ACLI	US	We do not believe the standard should require that Board members on an individual basis possess "knowledge and experience with international business and processes as well as different business models". This is an acceptable requirement for the IAIG Board, collectively. The phrase "knowledge and experience" should be replaced with "knowledge or experience".
43. Property Casualty Insurers Association of America (PCI)	USA	See comment on CF5.2a.
4 - Q4 General Comment on ComFrame material integrated with ICP 7		
44. Insurance Europe	Europe	<p>In general, Insurance Europe believes that the integration and revision of the relevant ComFrame requirements related to ICP 7 has been done successfully. Some of the comments provided below will outline suggestions where Insurance Europe sees room for further alignment. These mostly relate to structure or minor inconsistencies in content. Some terms used in the Standards could be clarified further to increase a common understanding of the requirements. In addition:</p> <ul style="list-style-type: none"> • In areas, the ComFrame provisions seem to be overly descriptive and thereby limiting the necessary flexibility for supervisors. This is the case, for example, where format requirements are set for internal policies (CF7.0a), or where the text of the provision lacks materiality thresholds to enable supervisors to apply the principle of proportionality efficiently (CF7.2b.1, CF7.3a, CF7.3a.1). • The structure of the provisions in CF7.2a (and its Guidance) requires improvements, to avoid limiting the members of the IAIG's boards in their commercial decision making-power.

45. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	Many of the requirements on the governance structures of IAIGs would also apply to other groups and insurance undertakings. It would be beneficial to specify which additional requirements apply to IAIGs.
46. GDV - German Insurance Association	Germany	<p>The German Insurance Association appreciates the opportunity to comment on ICP 7.</p> <p>Against the background that strategy should demonstrate the long-term perspective we find the frequency (at least annually) for a strategy explanation by the IAIG board not adequate. With respect to the principle of proportionality we would state that check of the strategy should depend on risk profile of the IAIG. Explanation should be always provided if business strategy is confirmed or changed after the check. Also the frequencies for reports on insurer's operation (see 7.1.5) and implementation of the corporate governance framework, overall business objectives and strategies overall (7.2.6) should take into account the complexity and nature of the entity.</p> <p>With regard to the specific recommendations on remuneration in ICP 7.6.10 there should be no need for a "claw back" of variable remuneration components. Such a "claw back" would lead to unsolvable problems with national labour law in Germany, especially related to employees as holders of key functions.</p>
47. Global Federation of Insurance Associations	Global	<p>While we agree that general principles and expectations outlined in the ComFrame material under ICP 7 for corporate governance should be applicable to the Head of the IAIG, we are concerned that some of the standards and guidance come across as a prescriptive, one size fits all approach that requires the Head of the IAIG to perform specific oversight responsibilities for all of its insurance legal entities.</p> <p>In our experience, insurance groups can also be effectively governed under decentralized approaches, whereby significant oversight responsibility is delegated to legal entity and/or other intermediate holding company levels. Under such a decentralized model, material issues or concerns are still communicated to the Head of the IAIG through an escalation process, but such a structure allows the concepts of proportionality and materiality to be more effectively implemented at a local level. In addition, such an approach can allow the Head of the IAIG to focus on more substantive group-wide issues, as opposed to utilizing its time to address legal entity issues that may not affect the overall group.</p> <p>While ICP 7 and recent IAIS Issue Papers and Application Papers recognize the variety of governance approaches insurance groups may have, this is not clear in some of the ComFrame material, which seems to assume a centralized approach for all IAIGs. We suggest making the ComFrame material more balanced, rather than favoring the centralized approach.</p> <p>We also suggest further explanation should be provided as to how some of the requirements in ICP 7 are to be applied in a group situation, for example –</p>

1. ICP 7.4 – there is potential for different supervisors to apply different standards, and it is unclear how an insurer/group should manage this;
2. ICP 7.8 – while the group Board may require oversight of the external audit process, it is the legal entities' Boards and audit committees that should be involved in the detail, and the ICP should clarify this;
3. ICP 7.10 – it is unclear how far-reaching these requirements are. We would expect the legal entity Board and senior management to be responsible for the legal entity, and the group Board at group level, with oversight of the rest;

ICP 7.11 – again, it would be useful for the IAIS to clarify how far-reaching this is in terms of the group. In many jurisdictions, insurers are allowed to have CEOs sit on and/or chair their Boards as such individuals can provide a valuable perspective and important insight to other Board members, including those relating to executive functions, and this should be appropriately recognized and reflected in the underlying ICP (7.1.1, 7.1.3, 7.3.5). In addition, not all Boards “set” the corporate culture or all business objectives and strategies, though they may “approve” these items, as their main function is to set the overall direction and broad policies of the insurer and to oversee their implementation (7.2).

While the interests of customers should be considered when a company sets its objectives and strategies, determining the “fair” treatment of such customers is too subjective and should not be included as a consideration (7.2.1, 7.3.1, 7.6.1). In addition, a Board’s review of its governance framework, objectives, strategies and performance should be performed “regularly” rather than “at least annually” (7.2.6, 7.3.3). With regard to variable remuneration in 7.6, different jurisdictions have different rules and regulations, and this should be appropriately recognized and reflected in the ICP.

Please find below comments on specific ICPs:

Standard ICP 7.4: The duties do not necessarily reflect longstanding Board members’ duty of care under common law. For instance, in these jurisdictions, the duties of board members are to “(a) act honestly and in good faith with a view to the best interests of the company; and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances”. These duties are supported by decades of jurisprudence. The duty set out in 7.4 will create a conflict with the well-established standard.

ICP 7.6.13: The last bullet seems identical to the following bullet in 7.6.14.

ICP 7.9.3: Supervisors are urged to safeguard confidential information. In some jurisdictions, protection of such information by statute is weak. For instance, in some jurisdictions, confidential information can be subpoenaed in a civil action. Jurisdictions should be urged to adopt legislation preventing this.

		ICP 7.9.5: In some jurisdictions, the disclosure of remuneration is properly handled under securities law for publicly-traded entities, not through insurance regulation. GFIA requests that the text be amended to clarify that this is not requiring public disclosure, but rather reporting to the supervisor.
49. International Actuarial Association	International	Consistent with our response to ICP 5, it is clear from the ICP introductory remarks that ICP's are to be applied in the supervision of insurance entities and insurance groups that are headed by an insurance legal entity. As noted previously, ICP language that makes reference to insurers is therefore also applicable to insurers who head an insurance group. Unfortunately, this results in a standards cliff, at the group level, since the head of an insurance group which is a non-insurance holding company is not subject to IAIS standards unless it is an IAIG (i.e., is subject to ComFrame). The addition of ComFrame language to ICP 7 is necessary to ensure that an additional layer of "corporate governance" requirements are in place for all IAIGs, especially the head of an IAIG, thus requiring any non-insurer entities which are the head of the IAIG to also be subject to similar standards. The IAA asks whether it is appropriate for the non-insurance heads of insurance groups (non-IAIGs) to be exempt from all such requirements.
50. Insurance Ireland	Ireland	<ul style="list-style-type: none"> -In relation to C.F 7.2 confidentiality again should apply regarding information sharing between supervisors. - Regarding the duties of individual Board members at CF 7.4 how is it intended that we address these? It might be preferable to leave it to the legal entity supervisors. - Remuneration duties as at C.F 7.6 how far down does this go in respect of e.g. "senior management" and Key Persons"? - External audit as at C.F 7.8 Where do e.g. LE Boards and Audit Committees come into this? While the group Board may require oversight, is it not appropriate for other Committees etc to be dealing with the granular detail? -Communications, as at C.F 7.9 supervisor requires the insurer's Board to have systems and controls to ensure appropriate timely and effective communications with the supervisor on the governance of the insurer - see C.F 9a1 for IAIG. This would be more appropriate at LE level. Group Board will require oversight, but would not necessarily be expected to be directly involved. - As at C.F 7.10 Duties of Senior Management how far down does this go? LE Board do this at LE level; Group Board would do this at Group level and have oversight of the rest. - As at C.F 7.11 Demonstrate adequacy and effectiveness of its corporate governance framework. It is unclear at what level this would apply- if at various levels, how far down does it go?
51. Bank Negara Malaysia	Malaysia	No comments
52. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	<p>FINMA would like to make a general comment, applicable to the ComFrame text of this ICP but also ComFrame texts in all other ICPs:</p> <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</p>

		<p>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>
53. Swiss Re	Switzerland	<p>Building on the response made to the Application Paper on Group Corporate Governance we take the view that the notion of "group interest" (or: interest of the group) be explicitly recognized in ICP 7 and even more so in CF7, and developed and its practical application illustrated in the aforementioned application paper.</p> <p>The IAIS would then properly acknowledge that directors of subsidiaries should be allowed to reasonably take the parent's interest into account without prejudice to their fiduciary duties toward their subsidiary. This would provide enhanced flexibility for management of groups especially on a cross-border basis, and provide directors with comfort in potential conflicts of interest when taking directions from the parent board (see specific comment on CF7.2a).</p>
54. Zurich Insurance Company Ltd.	Switzerland	<p>Building on the response made to the Application Paper on Group Corporate Governance we take the view that the notion of "group interest" (or: interest of the group) be explicitly recognized in ICP 7 and even more so in CF7, and developed and its practical application illustrated in the aforementioned application paper.</p> <p>The IAIS would then properly acknowledge that directors of subsidiaries should be allowed to reasonably take the parent's interest into account without prejudice to their fiduciary duties toward their subsidiary. This would provide enhanced flexibility for management of groups especially on a cross-border basis, and provide directors with comfort in potential conflicts of interest when taking directions from the parent board (see specific comment on CF7.2a).</p>

<p>55. Association of British Insurers</p>	<p>United Kingdom</p>	<p>The ABI welcomes the focus in this ICP on key risk managers and decision makers within the insurer/group, and encourages the IAIS to further explicitly incorporate the principle of proportionality in the integration of ComFrame with ICP 7.</p> <p>Furthermore, we invite the IAIS to provide more clarity as to who or what the ‘Head of the IAIG’ is – is the definition of “Head of the Insurance Group” the relevant definition, and whether the governance requirements are properly imposed on the Board or the corporate legal entity.</p> <p>We also consider further explanation could be provided as to how some of the requirements in the ICPs are to be applied in a group situation, for example –</p> <ul style="list-style-type: none"> - ICP 7.4 – there is potential for different supervisors to apply different standards, and it is unclear how an insurer/group should manage this; - ICP 7.8 – while the group Board may require oversight of the external audit process, it is the legal entities’ Boards and audit committees that should be involved in the detail, and the ICP should clarify this; - ICP 7.10 – it is unclear how far-reaching these requirements are. We would expect the legal entity Board and senior management to be responsible for the legal entity, and the group Board at group level, with oversight of the rest. - ICP 7.11 – again, it would be useful for the IAIS to clarify how far-reaching this is in terms of the group.
<p>56. Chubb</p>	<p>United States</p>	<p>We do not agree that a host supervisor should have the authority to require a separate governance structure for a branch—a branch is by definition under the corporate structure of the parent and it is not appropriate or consistent with corporate law to require a separate management and board structure for a branch which by definition is not a separate corporate entity.</p>
<p>57. National Association of Mutual Insurance Companies</p>	<p>United States</p>	<p>General Comment ICP7. NAMIC is supportive of the comments and concerns expressed by the Global Federation of Insurance Associations related to ICP 7. We have no additional issues to add.</p>
<p>58. The Travelers Companies, Inc.</p>	<p>United States</p>	<p>ICP 7 prescribes and imposes corporate governance standards on a Company’s Board of Directors and senior management through the group-wide supervisor. ICP 7 includes prescriptive requirements for the group-wide supervisor as well as requirements with regard to the roles and responsibilities of the Board, Senior Management and Key Persons in Control Functions. These requirements further include prescriptive guidance concerning remuneration policies, Board structure and governance, duties of individual Board members and communications.</p> <p>We would note that, in certain jurisdictions, the requirements detailed in ICP 7 are promulgated by more than one regulatory authority, and, as a result, not all of the ICP 7 requirements can be imposed by a single authority such as a group-wide supervisor. For example, in the United States, certain corporate governance requirements are embodied in state insurance statutes and regulations, while other corporate governance standards are required under the general</p>

		<p>corporation laws of the individual states. In addition, for companies whose stocks are listed on an exchange, the respective exchanges have certain listing requirements relating to corporate governance, and, further, companies which are publicly traded are subject to governance standards promulgated by the United States Securities and Exchange Commission. Accordingly, the requirements of ICP 7 are not workable under the U.S. regulatory and legal structure.</p> <p>To address jurisdictions where corporate governance standards are imposed by multiple regulatory authorities, we recommend that ICP 7 and ComFrame 7 be re-worded to refer to the “relevant regulatory authorities” in all instances in which the term “group-wide supervisor” or “supervisor” is used.</p>
59. Institute of International Finance/Geneva Association	United States/Switzerland	Building on the response made to the Application Paper on Group Corporate Governance we take the view that the notion of “group interest” be explicitly recognized in ICP 7, and then developed and its practical application illustrated in the application paper. This would properly acknowledge that directors of subsidiaries should be allowed to reasonably take the parent’s interest into account without violating their fiduciary duties toward their subsidiary.
60. ACLI	US	<p>In many jurisdictions, insurers are allowed to have CEOs sit on and/or chair their Boards as such individuals can provide a valuable perspective and important insight to other Board members, including those relating to executive functions. This should be appropriately recognized and reflected in the underlying ICP (7.1.1, 7.1.3, 7.3.5). In addition, not all Boards “set” the corporate culture or all business objectives and strategies, though they may “approve” these items, as their main function is to set the overall direction and broad policies of the insurer and to oversee their implementation (7.2).</p> <p>While the interests of customers should be considered when a company sets its objectives and strategies, determining the “fair” treatment of such customers is too subjective and should not be included as a consideration (7.2.1, 7.3.1, 7.6.1). In addition, a Board’s review of its governance framework, objectives, strategies, and performance should be performed “regularly” rather than “at least annually” (7.2.6, 7.3.3). With regard to variable remuneration in 7.6, different jurisdictions have different rules and regulations, and this should be appropriately recognized and reflected in the ICP.</p>
61. American Insurance Association	USA	<p>The principles and expectations outlined under ICP 7 and the ComFrame requirements for the Head of the IAIG are too prescriptive and reflect a one-size-fits-all focus that is inconsistent with the proportionality concept. Mandating the board and senior management to adopt specific procedures and practices, and documenting those practices and procedures for the sole benefit group-wide supervisor, could possibly divert attention and resources from the primary business objectives of the IAIG enterprise – especially when the desired information may be readily available through the periodic ORSA reports and the supervisory college process.</p> <p>In addition, it is not practical or necessary for the Head of the IAIG to perform specific oversight responsibilities for all of its insurance legal entities. Insurance groups can and do operate quite effectively under decentralized approaches, whereby significant oversight responsibilities may be carried out by the subsidiary entities and/or other intermediate holding companies.</p>

		<p>The IAIG must remain free to conduct its affairs in a manner that is efficient and effective for its business, while meeting expectations of all regulatory authorities. Consequently, the ICP and ComFrame guidance should not dictate measures that will constrain the IAIG’s ability to conduct its business efficiently, rather than be distracted with a supervisory mandate to address specific legal entity issues that may not affect the overall group.</p> <p>AIA is also concerned that despite the time and energy the IAIS has invested in developing issue and application papers on corporate governance, we see little of that work reflected in the proposed ICP 7/ComFrame guidance.</p>
62. Liberty Mutual Insurance Group	USA	<p>The ComFrame material integrated with ICP 7 establishes prescriptive standards that must be achieved by the Board of the Head of the IAIG. Examples include the “written outline” of management structures in CF7.0, the specified “reporting lines” in CF7.1a, and the operational duties of the board in CF7.2a (which are entirely inconsistent with the activities of U.S. boards of directors and U.S. corporate law). Insurance supervisors generally do not have authority to impose standards such as these on non-insurance entities. In the U.S. and other jurisdictions resolution authority does not extend beyond insurers to a non-insurance head of an IAIG. Expanding that authority to the head of the IAIG would not fit with the United States’ multi-jurisdictional and entity-based regulatory architecture, under which each insurance entity is subject to the jurisdiction of its domestic regulator. Although many of the provisions in ICP 7 are not unreasonable substantively, individually and in the aggregate they assume the existence of authority over non-insurance entities that simply does not exist under current law.</p>
63. MetLife, Inc	USA	<p>Given the limited ComFrame guidance in Section 7, we have reviewed and comment on the underlying ICP 7 as the basis for ComFrame related provisions.</p> <p>1) Lack of Reference to Globally Recognized Control Structures for Guidance as to Application of Principles of Proportionality and Absence of Concept of Materiality</p> <p>As mentioned in our response to Q 19 of the Introduction (see Control Structures, Industry Standards and Materiality) while implicit in the concept of proportionality which is set out in Paragraph 9 of the ICP Introduction, the concept of materiality and reference to globally recognized control structures and industry standards are largely absent from the ICPs and related ComFrame sections. What is more, as mentioned in response to Q.28 of the Introduction, it is unclear whether the concept of proportionality applies to ComFrame. Without these important reference points, the nature, timing and extent of required review procedures could be significantly misunderstood and/or misinterpreted, putting an exceptional burden on firms and their supervisors.</p> <p>We would propose that materiality be made an explicit element of the concept of proportionality and that the IAIS consider either adding an additional “Overarching Concept” paragraph or expanding the concept of proportionality to incorporate globally recognized control structures or industry standards that could be appropriate guides to how to right-size governance, risk management and internal control measures.</p>

	<p>One example would be guidance on internal control, and enterprise risk management designed by the United States Committee of Sponsoring Organizations of the Treadway Commission (“COSO Framework”) and guidelines issues by the Institute of Internal Auditors (IIA).</p> <p>2) Distinction and Interplay of Group, Regional and Local Entity Governance Structures There is a need for clarity between group and legal entity and to recognize the internal governance structures that exist. Firms’ governance processes may be group and regionally driven within a common process that includes legal entities.</p> <p>3) Board Qualification and Role Consistent with our comment in response to Q1. (General Comments on ICP 5) above, we find recommended Board qualification criteria to be in need of clarification. The requirements set out in ICP 7.3.1 as expectations for the Board’s “adequate spread and level of relevant competencies and understanding as appropriate to the insurer’s business” are excessive. Consistent with CF 7.3a, we would suggest that the board should collectively have a balance of skills, knowledge, and experience to clearly understand the activities and risks to which the organization is exposed. The board should take steps to develop an appropriate understanding of the risks the organization faces, through briefings from experts internal to their organization and potentially from external experts.</p> <p>In addition, rotation of chairs of Committees would require the need for more experts in that area. Board members should be more strategic and focus on leading the company in the right direction. Senior management is responsible for the day to day business and sound functioning of the enterprise.</p> <p>The failure to distinguish between group and legal entity boards and the roles they play continues in ICP 7 where it is inferred that the board has responsibility for every legal entity. Legal entities have their own boards with local requirements and fiduciary duties. This distinction must be recognized.</p> <p>4) External Audit We would also comment here on ICP 7.8 requirements for External Audit. The requirements of ICP 7.8 are similar to the nine principles of the Basel Committee for Banking Supervision guidance on External Audit for Banks. However, where the BCBS principles provide expectations regarding the application of guidance on this issue, ICP 7.8 provides none. However, more importantly, we would be concerned that ICP 7.8.1 – 7.8.7 arbitrarily repeats guidance developed for the banking sector, and therefore strongly recommend that these sections be reviewed for appropriate application to the insurance sector.</p> <p>5) External Auditor Reporting to Regulators</p>
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<p>64. Property Casualty Insurers Association of America (PCI)</p>	<p>USA</p>	<p>PCI endorses the comments of the Global Federation of Insurance Associations (GFIA).</p> <p>While we agree that general principles and expectations outlined in the ComFrame material under ICP 7 for corporate governance should be applicable to the Head of the IAIG, we are concerned that some of the standards and guidance come across as a prescriptive, one size fits all approach that requires the Head of the IAIG to perform specific oversight responsibilities for all of its insurance legal entities.</p> <p>In our experience, insurance groups can also be effectively governed under decentralized approaches, whereby significant oversight responsibility is delegated to legal entity and/or other intermediate holding company levels. Under such a decentralized model, material issues or concerns are still communicated to the Head of the IAIG through an escalation process, but such a structure allows the concepts of proportionality and materiality to be more effectively implemented at a local level. In addition, such an approach can allow the Head of the IAIG to focus on more substantive group-wide issues, as opposed to utilizing its time to address legal entity issues that may not affect the overall group.</p> <p>While ICP 7 and recent IAIS Issue Papers and Application Papers recognize the variety of governance approaches insurance groups may have, this is not clear in some of the ComFrame material, which seems to assume a centralized approach for all IAIGs. We suggest making the ComFrame material more balanced, rather than favoring the centralized approach.</p> <p>We also consider further explanation could be provided as to how some of the requirements in ICP 7 are to be applied in a group situation, for example –</p> <ul style="list-style-type: none"> • ICP 7.4 – there is potential for different supervisors to apply different standards, and it is unclear how an insurer/group should manage this; • ICP 7.8 – while the group Board may require oversight of the external audit process, it is the legal entities' Boards and audit committees that should be involved in the detail, and the ICP should clarify this;

• ICP 7.10 – it is unclear how far-reaching these requirements are. We would expect the legal entity Board and senior management to be responsible for the legal entity, and the group Board at group level, with oversight of the rest;

ICP 7.11 – Again, it would be useful for the IAIS to clarify how far-reaching this is in terms of the group.

In many jurisdictions, insurers are allowed to have CEOs sit on and/or chair their Boards as such individuals can provide a valuable perspective and important insight to other Board members, including those relating to executive functions, and this should be appropriately recognized and reflected in the underlying ICP (7.1.1, 7.1.3, 7.3.5). In addition, not all Boards “set” the corporate culture or all business objectives and strategies, though they may “approve” these items, as their main function is to set the overall direction and broad policies of the insurer and to oversee their implementation (7.2).

While the interests of customers should be considered when a company sets its objectives and strategies, determining the “fair” treatment of such customers is too subjective and should not be included as a consideration (7.2.1, 7.3.1, 7.6.1). In addition, a Board’s review of its governance framework, objectives, strategies and performance should be performed “regularly” rather than “at least annually” (7.2.6, 7.3.3). With regard to variable remuneration in 7.6, different jurisdictions have different rules and regulations, and this should be appropriately recognized and reflected in the ICP.

In addition, we would suggest an overarching reference to the principle of proportionality and/or a suitable frame of reference to provide guidance as to the appropriate right-sizing of governance, risk management and internal control measures supervisors may consider applying. An example would be guidance on internal control, enterprise risk management designed by the United States Committee of Sponsoring Organizations of the Treadway Commission (“COSO Framework”), to improve organizational performance and oversight and to reduce the extent of fraud in organization.

ICP 7.4 -- The duties do not necessarily reflect longstanding Board members’ duty of care under common law. For instance, in these jurisdictions, the duties of board members are to “(a) act honestly and in good faith with a view to the best interests of the company; and (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances”. These duties are supported by decades of jurisprudence. The duty set out in 7.4 will create a conflict with the well-established standard.

ICP 7.6.13 - The last bullet seems identical to the following bullet in 7.6.14.

ICP 7.9.3 -- Supervisors are urged to safeguard confidential information. In some jurisdictions, protection of such information by statute is weak. For instance, in some jurisdictions, confidential information can be subpoenaed in a civil action. Jurisdictions should be urged to adopt legislation preventing this.

		ICP 7.9.5 - In some jurisdictions, the disclosure of remuneration is properly handled under securities law for publicly-traded entities, not through insurance regulation. We request that the text be amended to clarify that this is not requiring public disclosure, but rather reporting to the supervisor.
65. National Association of Insurance Commissioners (NAIC)	USA, NAIC	While we agree that general principles and expectations outlined in the ComFrame material under ICP 7 for corporate governance should be applicable to the Head of the IAIG, we are concerned that some of the standards and guidance come across as a prescriptive, one size fits all approach that requires the Head of the IAIG to perform specific oversight responsibilities for all of its insurance legal entities. In our experience, insurance groups can also be effectively governed under decentralized approaches, whereby significant oversight responsibility is delegated to legal entity and/or other intermediate holding company levels. Under such a decentralized model, material issues or concerns are still communicated to the Head of the IAIG through an escalation process, but such a structure allows the concepts of proportionality and materiality to be more effectively implemented at a local level. In addition, such an approach can allow the Head of the IAIG to focus on more substantive group-wide issues, as opposed to utilizing its time to address legal entity issues that may not affect the overall group. While ICP 7 and recent IAIS issue and application papers recognize the variety of governance approaches insurance groups may have, this does not come across in some of the ComFrame material which seems to assume a centralized approach for all IAIGs. Suggest making the ComFrame material more balanced.
5 - Q5 Comment on Standard CF7.0a		
66. Insurance Europe	Europe	<p>Within ICP7, it is CF7.0a that first establishes a concrete requirement for written policies (“to have a written outline”). Whereas Insurance Europe would not object to the fact that the head of the IAIG should possess or have access to the IAIG’s structure (legal, management and inter-relationships) in a well-documented manner, this formal requirement could structurally be established on a higher / more general level of the framework. Further, Insurance Europe would like to clarify that the concrete form of the documentation of the IAIG’s structure should remain in the discretion of the entity.</p> <p>Insurance Europe would again request clarification as to who or what is the ‘Head of the IAIG’.</p>
67. Global Federation of Insurance Associations	Global	<p>It does not seem reasonable to expect the IAIG to present the information necessary to sufficiently understand the legal/management structures and inter-relationships of the group within a single written outline. Therefore, we don’t agree with the supervisor requiring a specific document in this area for purposes of identifying and managing risks.</p> <p>Instead, the standard should be revised to require the Head of the IAIG to have such an understanding and to demonstrate such an understanding at the request of the group-wide supervisor. Guidance could then suggest ways that such an understanding could be demonstrated.</p>
69. International Actuarial Association	International	The wording “...to enable an understanding of its structure to help identify and manage risks.” It is not clear for whose benefit this requirement is -- the head of the IAIG or the group-wide supervisor.
70. Insurance Ireland	Ireland	In relation to GWS requirement over HD of IAIG to have written outline of legal/management structures/ inter-relationships. We are concerned by bullets 3&4 under CF 7.0A.1. These seem particularly demanding. We are unclear how we would meet such requirements.

71. Swiss Re	Switzerland	We believe that it is important to recognize the internal structure of governance of the group. For example, local boards should be allowed to take responsibility for local operating entities as it may be required by law. However, in order to improve the alignment and consistency of provisions on group corporate governance, as recommended in the 2016 report on the recognition of the interest of the group by the Informal Company Law Expert Group (ICLEG), it seems important for the IAIS to adopt the notion of group interest. Without prejudice to the fiduciary duties local board members owe to local subsidiaries, we propose ICP 7 and CF7 recognize the notion of "group interest", acknowledging that directors of subsidiaries should be allowed to reasonably take the parent's interest into account.
72. Zurich Insurance Company Ltd.	Switzerland	We believe that it is important to recognize the internal structure of governance of the group. For example, local boards should be allowed to take responsibility for local operating entities as it may be required by law. However, in order to improve the alignment and consistency of provisions on group corporate governance, as recommended in the 2016 report on the recognition of the interest of the group by the Informal Company Law Expert Group (ICLEG), it seems important for the IAIS to adopt the notion of group interest. Without prejudice to the fiduciary duties local board members owe to local subsidiaries, we propose ICP 7 and CF7 recognize the notion of "group interest", acknowledging that directors of subsidiaries should be allowed to reasonably take the parent's interest into account.
73. Association of British Insurers	United Kingdom	It is unclear from this Standard whether the purpose of the written outline anticipated by this Standard is to enable the supervisor and/or the IAIG to have the understanding of the IAIG's structure. The Standard should also clarify that the written outline does not need to be a single specific document.
74. Institute of International Finance/Geneva Association	United States/Switzerland	We believe that it is important to recognize the internal structure of governance of the group. For example, local boards should be allowed to take responsibility for local operating entities as it may be required by law. However, in order to improve the alignment and consistency of provisions on group corporate governance, as recommended in the 2016 report on the recognition of the interest of the group by the Informal Company Law Expert Group (ICLEG), it seems important for the IAIS to position the notion of group interest more prominently. Without prejudice to the fiduciary duties local board members owe to local subsidiaries, we propose ICP 7 (and ComFrame sections) recognize the notion of "group interest" in, acknowledging that directors of subsidiaries should be allowed to reasonably take the parent's interest into account.
75. American Insurance Association	USA	AIA recommends that the requirements included in the proposed ComFrame guidance should be removed and replaced with an approach that focuses on gaining a comprehensive understanding of the IAIG's approach to corporate governance, in order to assess whether the IAIG succeeds (or fails) in efficiently and responsibly conducting its business, while maintaining transparency to major constituencies, including supervisory authorities. The problem with the specific guidance referenced here is that there is an underlying assumption that the mandated requirements will provide a suitable governance framework; but such an assumption is not possible without specific knowledge about the IAIG.
76. Property Casualty Insurers Association of America (PCI)	USA	<p>It does not seem reasonable to expect the IAIG to present the information necessary to sufficiently understand the legal/management structures and inter-relationships of the group within a single written outline. Therefore, we don't agree with the supervisor requiring a specific document in this area for purposes of identifying and managing risks.</p> <p>Instead, the standard should be revised to require the Head of the IAIG to have such an understanding and to demonstrate such an understanding at the request of the group-wide supervisor. Guidance could then suggest ways that such an understanding could be demonstrated.</p>

77. National Association of Insurance Commissioners (NAIC)	USA, NAIC	It does not seem reasonable to expect the IAIG to present the information necessary to sufficiently understand the legal/management structures and inter-relationships of the group within a single written outline. Therefore, we don't agree with the supervisor requiring a specific document in this area for purposes of identifying and managing risks. Instead, the standard should be revised to require the Head of the IAIG to have such an understanding and to demonstrate such an understanding at the request of the group-wide supervisor. Guidance could then suggest ways that such an understanding could be demonstrated, which may include the submission of written documentation, participation in supervisory college sessions or conducting other in-person meetings with the group-wide supervisor.
6 - Q6 Comment on Guidance CF7.0a.1		
79. Insurance Europe	Europe	<p>Insurance Europe supports the new order and streamlining of CF7.0a.1. On the general inclusion of the requirement to establish a written policy in this section of the framework, please refer to response provided to Q5 (on CF7.0a). Insurance Europe does not consider it necessary that the outline takes form of a specific single document.</p> <p>Insurance Europe suggests that the requirement to provide the information in the 3rd and 4th bullet points of this Guidance be subject to materiality considerations. Further, Insurance Europe suggests removing the reference to common directors or commercial ties in the 4th bullet point, as the materiality of legal entities or business lines is likely to be determined on factors other than common directors or commercial ties.</p>
80. Allianz	Germany	The difference between “the IAIG” and the “wider group” should be defined.
81. Global Federation of Insurance Associations	Global	<p>The requirement to provide the information in the 3rd and 4th bullet points of this Guidance should be subject to materiality considerations.</p> <p>The items listed may not be covered in a single specific document or outline.</p>
82. International Actuarial Association	International	<p>Another item to be included in the list should be the nature of the business allowed to be done by each legal entity.</p> <p>The 4'th bullet should be clarified to read “commentary on the materiality of legal entities...”</p> <p>The 5'th bullet should state that it applied to both the IAIG and each legal entity.</p>
83. Insurance Ireland	Ireland	These seem particularly demanding. We are unclear how we would meet such requirements.
84. Canadian Institute of Actuaries	Ontario	We suggest clarifying the fourth bullet to read “Commentary on the materiality of legal entities or business lines within the IAIG financial and non-financial ties, such as common directors or commercial ties;”
85. Monetary Authority of Singapore (MAS)	Singapore	<p>Not totally clear what the 4rd bullet in the guidance (eg. commercial ties) refers to. Suggest to split the bullet to improve the clarity:</p> <p>The outline covers entities within the IAIG and, where relevant, the wider group and includes items such as:</p> <ul style="list-style-type: none"> • materiality of legal entities or business lines within the IAIG ; • financial and non-financial relationships, such as material intra- group transactions or the sharing of common directors;

86. Association of British Insurers	United Kingdom	<p>The ABI suggests that the requirement to provide the information in the third and fourth bullet points of this Guidance be subject to materiality considerations.</p> <p>Further, we suggest removing the reference to common directors or commercial ties in the fourth bullet point, as the materiality of legal entities or business lines is likely to be determined on factors other than common directors or commercial ties.</p>
87. Institute of International Finance/Geneva Association	United States/Switzerland	<p>The list of what is covered may need some clarification. In particular, the fourth bullet point should be divided into two separate points, as the materiality of legal entities or business lines is likely to be determined on factors other than common directors or commercial ties. We are otherwise fine with the requirements set out in this standard with the caveat that the expectation is not that the bulleted items be covered in a single specific document.</p>
88. ACLI	US	<p>These items may not be covered in a single specific document or outline.</p>
89. Property Casualty Insurers Association of America (PCI)	USA	<p>The requirement to provide the information in the 3rd and 4th bullet points of this Guidance should be subject to materiality considerations.</p> <p>The items listed may not be covered in a single specific document or outline.</p>
7 - Q7 Comment on Standard CF7.0b		
90. Insurance Europe	Europe	<p>Insurance Europe welcomes the new aligned wording of Standard CF7.0b with the ICP framework and the reflection of the principle of proportionality which is clearly necessary in this context.</p> <p>However, Insurance Europe would kindly request clarification as to who the 'head of the IAIG' is (please refer to CF5.2a).</p>
91. Allianz	Germany	<p>The term "ensure" does not reflect potential legal restrictions hindering the parent undertaking of the IAIG to interfere with the corporate governance of its subsidiaries. Thus, there should be a proviso in this respect.</p>
92. Global Federation of Insurance Associations	Global	<p>While we agree that general principles and expectations outlined in the ComFrame material under ICP 7 for corporate governance should be applicable to the Head of the IAIG, we feel that it should be the local supervisor's responsibility to ensure that a sufficient governance framework is in place to address the needs of each insurance legal entity. The group-wide supervisor should not have responsibility for reviewing the governance in place at each legal entity, with the exception of those legal entities that are domiciled in the group-wide supervisor's jurisdiction. Otherwise, supervisory review of processes and responsibilities can become duplicative and ineffective. We suggest amending CF7.0b and its guidance to clarify expectations in this area.</p>
93. International Actuarial Association	International	<p>The wording in this section "requires" while the corresponding section 7.0.7 uses the word "should". They should be consistent.</p>
94. Association of British Insurers	United Kingdom	<p>Assuming that the 'Head of the IAIG' is the 'head of the insurance group', we question whether it is appropriate that this obligation falls on the corporate legal entity.</p>
95. American Insurance Association	USA	<p>AIA recommends that the requirements included in the proposed ComFrame guidance should be removed and replaced with an approach that focuses on gaining a comprehensive understanding of the IAIG's approach to corporate governance, in order to assess whether the IAIG succeeds (or fails) in efficiently and responsibly conducting its business, while maintaining transparency to major constituencies, including supervisory authorities. The problem with the specific guidance</p>

		referenced here is that there is an underlying assumption that the mandated requirements will provide a suitable governance framework; but such an assumption is not possible without specific knowledge about the IAIG.
96. Property Casualty Insurers Association of America (PCI)	USA	While we agree that general principles and expectations outlined in the ComFrame material under ICP 7 for corporate governance should be applicable to the Head of the IAIG, we feel that it should be the local supervisor's responsibility to ensure that a sufficient governance framework is in place to address the needs of each insurance legal entity. The group-wide supervisor should not have responsibility for reviewing the governance in place at each legal entity, with the exception of those legal entities that are domiciled in the group-wide supervisor's jurisdiction. Otherwise, supervisory review of processes and responsibilities can become duplicative and ineffective. We suggest amending CF7.0b and its guidance to clarify expectations in this area.
97. National Association of Insurance Commissioners (NAIC)	USA, NAIC	While we agree that the group-wide supervisor should require the Head of the IAIG to ensure that an appropriate governance framework is in place to address the structure, business and risks that are significant/material to the IAIG, we feel that it should be the local supervisor's responsibility to ensure that a sufficient governance framework is in place to address the needs of each insurance legal entity. The group-wide supervisor should not have responsibility for reviewing the governance in place at each legal entity, with the exception of those legal entities that are domiciled in the group-wide supervisor's jurisdiction. Otherwise, supervisory review processes and responsibilities can become duplicative and ineffective. Suggest adjusting CF7.0b and its guidance to clarify expectations in this area.
8 - Q8 Comment on Guidance CF7.0b.1		
98. Insurance Europe	Europe	Insurance Europe welcomes the new aligned wording of Standard CF7.0b with the ICP framework and the reflection of the principle of proportionality which is clearly necessary in this context. However, Insurance Europe would kindly request clarification as to who the 'head of the IAIG' is (please refer to CF5.2a).
99. Allianz	Germany	The sentence "The ultimate responsibility for the sound and prudent management of the IAIG rests with the IAIG Board" must be subject to the responsibilities of the boards of the individual undertakings that are part of the IAIG. From a corporate law and supervisory law perspective, the responsibilities for the sound and prudent management of the insurance undertaking rests with such undertaking's board of management resp. board of directors.
100. Global Federation of Insurance Associations	Global	This guidance should distinguish more clearly between the role of Boards in some jurisdictions which have more of an oversight function, and the role of Boards in other jurisdictions that have a tiered structure which includes both a Management Board and an Executive Board where we would expect a Management Board to have responsibility for the "sound and prudent management of the IAIG". Accordingly, the second sentence should begin with "In certain jurisdictions,".
101. Monetary Authority of Singapore (MAS)	Singapore	1st line : Should this be "regulatory and legal obligations" instead of "supervisory and legal obligations"
102. Association of British Insurers	United Kingdom	The ABI notes that in some jurisdictions the Board has more of an oversight function, whereas in other jurisdictions boards tend to have a tiered structure with a 'management' and an 'executive' Board. This Guidance should clarify that it would be the 'management' board that would have responsibility for the sound and prudent management of the IAIG.

103. Institute of International Finance/Geneva Association	United States/Switzerland	This standard should distinguish more between the role of Boards in the US (which carries out more of an oversight function) and European boards which have a tiered structure which includes a “management” and an “executive” board whereby we would expect the former (“management boards”) to have responsibility for the sound and prudent management of the IAIG.
104. ACLI	US	This standard should distinguish more clearly between the role of Boards in the US, which hinges on more of an oversight function, and European boards which have a tiered structure, with both a Management Board and an Executive Board, where we would expect the Management Board to have responsibility for the “sound and prudent management of the IAIG.” Accordingly, the second sentence should begin with “In certain jurisdictions....”
105. MetLife, Inc	USA	
106. Property Casualty Insurers Association of America (PCI)	USA	This guidance should distinguish more clearly between the role of Boards in some jurisdictions which have more of an oversight function, and the role of Boards in other jurisdictions that have a tiered structure which includes both a Management Board and an Executive Board where we would expect a Management Board to have responsibility for the “sound and prudent management of the IAIG”. Accordingly, the second sentence should begin with “In certain jurisdictions,”.
9 - Q9 Comment on Standard CF7.1a		
107. Insurance Europe	Europe	Insurance Europe would suggest deleting the reference to the independence of day-to-day management. It is not clear what additional value this section brings to the Standard. The effective oversight of the IAIG’s group-wide operations will, indeed, represent the core of the IAIG Board’s management function. The scope and exact meaning of “day-to-day management” in this context is not clear and should therefore be deleted.
108. Global Federation of Insurance Associations	Global	As noted in the General Comment above, this ComFrame guidance is prescriptive and intrudes upon the roles of the Board and Senior Management.
109. Insurance Ireland	Ireland	We need a well defined group wide corporate governance structure which includes clear reporting lines etc. The reporting requirements on the Group CEO under CF7.1b seem fairly onerous.
110. General Insurance Association of Japan	Japan	As what “independent of day-to-day management” means is ambiguous, the phrase should be deleted.
111. Association of British Insurers	United Kingdom	The text - ‘independent of day-to-day management’ at the end of the sentence should be deleted as day-to-day management should be integral to the governance structure.
112. Chubb	United States	We disagree with the express preference for a separation of the role of Board Chair and CEO and note that the practice of allowing an individual to serve as Board Chair and assume executive duties is permissible in some jurisdictions. We submit that there are available safeguards such as appointment of a lead independent director, shareholder approval of the Chairman, use of executive sessions of the Board and other measures that are accepted practice in the jurisdiction which provide meaningful checks and balances between senior management and the Board.
113. Institute of International Finance/Geneva Association	United States/Switzerland	This sentence ought to be reworded as at the moment it implies that that the Board need an additional governance structure that is ‘separate to /different from/’independent from day to day management’ and we believe this is not what was intended.
114. American Insurance Association	USA	AIA recommends that the requirements included in the proposed ComFrame guidance should be removed and replaced with an approach that focuses on gaining a comprehensive understanding of the IAIG’s approach to corporate governance, in order to assess whether the IAIG succeeds (or fails) in efficiently and responsibly conducting its business, while

		maintaining transparency to major constituencies, including supervisory authorities. The problem with the specific guidance referenced here is that there is an underlying assumption that the mandated requirements will provide a suitable governance framework; but such an assumption is not possible without specific knowledge about the IAIG.
115. Property Casualty Insurers Association of America (PCI)	USA	As noted in the General Comment above, this ComFrame guidance is prescriptive and intrudes upon the roles of the Board and Senior Management.
10 - Q10 Comment on Guidance CF7.1a.1		
116. Insurance Europe	Europe	Insurance Europe generally welcomes the clarification of this Guidance but would propose the following additional wording: "Taking into account the unique structure of the IAIG, clear reporting lines should exist..."
117. Allianz	Germany	What is meant by "reporting lines"? Only information obligations or disciplinary reporting lines? The latter would be in conflict with the legal entities' boards responsibility and, except in cases of control agreements, not in line with corporate law.
118. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	We agree that there shall be clear reporting lines between IAIG Board and its management and Key Persons in Control Functions (on terms used – see comment on CF 5.2.a). But, in our view, if an IAIG affiliate is a legal entity registered in another state, it is subject to supervision of NCA of state of its seat. Clear reporting lines shall not have a final effect that Board of entities within IAIG shall not be responsible for sound and prudent management, nor, that IAIG Board or senior management shall have decision-making role without board of that entity. We see that in certain circumstances, management or control functions holder are obliged to report to IAIG centrale, but not to the board.
119. Monetary Authority of Singapore (MAS)	Singapore	Suggest to align with ICP 7.1.2 by including the committees of the Board: "Clear reporting lines should exist between the IAIG Board, committees of the Board, Senior Management and Key Persons in Control Functions, and the Boards, committees of the Board, Senior Management and Key Persons in Control Functions of legal entities within the IAIG."
120. MetLife, Inc	USA	First, while not open for consultation, we suggest that insertion of "group" before "management structure" may add clarity to ICP 7.0.9. Second, both the ICP and ComFrame standard should recognize that legal entity subsidiary boards may have commitments under local laws and that the governance structures of internationally active insurance groups may be driven by group and regional structure, followed by legal entity structure. Please see our comment in response to Q.4 above and Q.24 below under 1) Distinction and Interplay of Group, Regional and Local Entity Governance Structures
11 - Q11 Comment on Guidance CF7.1a.2		
121. Insurance Europe	Europe	Insurance Europe would propose that the notion of "group interest" (please refer to Insurance Europe's response provided to the IAIS' consultation on the draft application paper on group corporate governance) be incorporated into this regulatory standard to offset the implication (inherent in the language) that there will be conflict in cases of cross-representation on boards. Further, the Guidance should clarify what the term "appropriate measures" is alluding to.
122. Global Federation of Insurance Associations	Global	Some level of "group interest" should be incorporated into this standard in order to offset the inherent implication that there will be conflict in cases of cross-representation on Boards. See our comment on CF7.3b.1. In addition, the words "so that

		there is no conflict” should be replaced with “to avoid potential conflict”. Clarification is also needed to describe “appropriate measures”.
123. Swiss Re	Switzerland	The notion of “group interest” should be recognized to offset the (sole) focus of the language on conflicts of interest with regard to cross-representation on boards.
124. Zurich Insurance Company Ltd.	Switzerland	The notion of “group interest” should be recognized to offset the (sole) focus of the language on conflicts of interest with regard to cross-representation on boards.
125. Association of British Insurers	United Kingdom	Some level of “group interest” should be incorporated into this Guidance to offset the implication (inherent in the language) that there will be conflict in cases of cross-representation on boards. This Guidance should also clarify the term “appropriate measures”.
126. Institute of International Finance/Geneva Association	United States/Switzerland	Some level of “group interest” should be inserted into this regulatory standard to offset the implication inherent in the language that there will be conflict in cases of cross-representation on boards. Also, we would request clarification as to what “appropriate measures” might be alluding to.
127. ACLI	US	Some level of “group interest” should be incorporated into this regulatory standard to offset the inherent implication that there will be conflict in cases of cross-representation on boards. The words “so that there is no conflict” should be replaced with “to avoid potential conflict”. Clarification is also needed to describe “appropriate measures”.
128. Property Casualty Insurers Association of America (PCI)	USA	Some level of “group interest” should be incorporated into this standard in order to offset the inherent implication that there will be conflict in cases of cross-representation on Boards. See our comment on CF 7.3b.1. In addition, the words “so that there is no conflict” should be replaced with “to avoid potential conflict”. Clarification is also needed to describe “appropriate measures”.
12 - Q12 Comment on Standard CF7.1b		
130. Insurance Europe	Europe	<p>Insurance Europe would again kindly request clarification as to who or what is the ‘Head of the IAIG’.</p> <p>Subject to further clarifications of scope and meaning of the term “Head of the IAIG”, Insurance Europe would propose the following clarifications in relation to the reporting Standard:</p> <p>The group-wide supervisor requires the Head of the IAIG to report – through regularly scheduled or ad hoc reporting – material changes related to the following, at a minimum:</p> <ul style="list-style-type: none"> • domicile of legal entities; • legal structures; • management structures; • governance structure and processes of the IAIG Board to evaluate its effectiveness;

		<ul style="list-style-type: none"> • affiliations with other groups; • strategy as per CF7.2b; • risk appetite as established in the relevant internal policies; and • scope and strategy relating to the IAIG's business activities. <p>On strategy, please also refer to the feedback provided to Q16 (CF7.2b).</p>
131. Global Federation of Insurance Associations	Global	<p>This Standard should be more explicit in the application of the idea of proportionality to the reporting requirements. While the Standard requires material changes to be reported, a number of the bullet points listed could also be subject to a materiality requirement to avoid creating a great deal of onerous, non-material reporting. For example, reporting should be limited to material changes relating to material or significant management structures (3rd bullet point). Clarification is needed that the Head of the IAIG reports to the IAIG Board (as opposed to the group-wide supervisor).</p>
133. International Actuarial Association	International	<p>It is not clear to whom the reports required in this section should be addressed, internal management or the supervisor. The previous three sections seem to deal with reporting internal to the IAIG. This last section has the flavour of reporting to the supervisor.</p>
134. Association of British Insurers	United Kingdom	<p>This Standard should be more explicit in the application of the idea of proportionality to the reporting requirements. While the Standard requires material changes to be reported, a number of the bullet points listed could also be subject to a materiality requirement to avoid creating onerous reporting of non-material information. For example, reporting should be limited to material changes relating to material or significant management structures (third bullet point).</p>
135. Institute of International Finance/Geneva Association	United States/Switzerland	<p>See answer to Q2. In addition, in a number of the bullet points listed should be qualified to avoid driving a great deal of non-material reporting to the Board. So for example IAIG Board would be interested in material management structural changes, but not all management restructures. Change in 'Business activities' is probably too vague. The board would be required to consider material changes to business activities, but not all changes to business activities.</p>
136. ACLI	US	<p>Clarification is needed that the Head of the IAIG reports to the IAIG Board (as distinguished from the group-wide supervisor).</p>
137. Property Casualty Insurers Association of America (PCI)	USA	<p>This Standard should be more explicit in the application of the idea of proportionality to the reporting requirements. While the Standard requires material changes to be reported, a number of the bullet points listed could also be subject to a materiality requirement to avoid creating a great deal of onerous, non-material reporting. For example, reporting should be limited to material changes relating to material or significant management structures (3rd bullet point). Clarification is needed that the Head of the IAIG reports to the IAIG Board (as opposed to the group-wide supervisor).</p>
13 - Q13 Comment on Standard CF7.2a		

138. Insurance Europe	Europe	Whereas Insurance Europe agrees that an IAIG's strategy will broadly account for the listed features in CF7.2a, the setting of concrete objectives and of the overall strategy should remain in the IAIG's commercial decision-making power. In establishing an IAIG's strategy, suitable members of an IAIG Board will act prudently and take into account the necessary requirements and interests. Insurance Europe would propose that the list in CF7.2a be moved into the subsequent Guidance and the Standard be amended to require the IAIG Board to act responsibly and prudently when setting and implementing the IAIG's corporate culture, objectives, and strategy.
139. Global Federation of Insurance Associations	Global	<p>In general, responsibility for ensuring that local laws and regulations are complied with should rest with the local boards and legal entity supervisors as opposed to the IAIG Board and the group-wide supervisor. However, we do recognize that major compliance issues and conflicting objectives between a legal entity and the group can impact the overall condition of the group. Therefore, we recommend that this standard be revised to clarify expectations in this area, as well as incorporate considerations related to proportionality and materiality (i.e. use of key or significant entities/jurisdictions when referring to group-wide supervisor responsibilities).</p> <p>The words “, as appropriate,” should follow “ensure”. The third bullet should read “the interests of policyholders, customers and other stakeholders; and”. The fourth bullet regarding the “fair treatment of customers” should be deleted since the notion of “fair treatment” is very subjective.</p> <p>The business objectives should take into account “the interests of policyholders and stakeholders” and also the “fair treatment of customers”. These do not seem to differ, so the latter can be removed.</p>
140. International Actuarial Association	International	The 5th bullet addresses the legal requirements within the IAIG. The 2nd bullet requires the long term financial soundness of the IAIG as a whole. This 2nd bullet should also be required for each legal entity.
141. General Insurance Association of Japan	Japan	It should be clarified that this standard requires these 5 bullet points to be considered, rather than to be explicitly demonstrated in group-wide business objectives and strategies.
142. Swiss Re	Switzerland	<p>In addition to the background provided in our response to Q4 and Q5, we note that the BCBS endorsed the notion of group interest in the latest revision of its Corporate Governance Principles; concretely in provisions 95 and 96. We had provided references in our answers to the Application Paper on Group Corporate Governance.</p> <p>We recommend that the IAIS emphasizes the legitimate interests of insurance groups as opposed to highlighting (only) the interests and objectives of the subsidiaries. Guidance 7.0.7 or the last sentence of guidance 7.0.8 (after the four bullets) could be amended as follows:</p> <p>“[...] The corporate governance framework should include policies, processes, and controls which address risks across the insurance group and legal entities. The (parent company’s) Board should ensure that the group’s corporate governance framework includes appropriate processes and controls to identify and address potential intragroup conflicts of interest, such as those arising from intragroup transactions, in appropriate recognition of the interest of the group.”</p> <p>CF7.0b.1 should be amended correspondingly.</p>
143. Zurich Insurance Company Ltd.	Switzerland	In addition to the background provided in our response to Q4 and Q5, we note that the BCBS endorsed the notion of group interest in the latest revision of its Corporate Governance Principles; concretely in provisions 95 and 96. We had provided references in our answers to the Application Paper on Group Corporate Governance.

		<p>We recommend that the IAIS emphasizes the legitimate interests of insurance groups as opposed to highlighting (only) the interests and objectives of the subsidiaries. Guidance 7.0.7 or the last sentence of guidance 7.0.8 (after the four bullets) could be amended as follows:</p> <p>"[...] The corporate governance framework should include policies, processes, and controls which address risks across the insurance group and legal entities. The (parent company's) Board should ensure that the group's corporate governance framework includes appropriate processes and controls to identify and address potential intragroup conflicts of interest, such as those arising from intragroup transactions, in appropriate recognition of the interest of the group."</p> <p>CF7.0b.1 should be amended correspondingly.</p>
144. Institute of International Finance/Geneva Association	United States/Switzerland	<p>The ICP should recognize that certain structures require taking into account the group interest. To have a complete picture on the important topic of group corporate governance, however, it would be recommended to also include the notion of group interest (last bullet). Consequently, para. 7.0.7 or the last sentence of para. 7.0.8 (after the four bullets) could be amended as follows:</p> <p>[...] The corporate governance framework should include policies, processes, and controls which address risks across the insurance group and legal entities. The (parent company's) Board should ensure that the group's corporate governance framework includes appropriate processes and controls to identify and address potential intragroup conflicts of interest, such as those arising from intragroup transactions, in appropriate recognition of the interest of the group."</p> <p>And the guidance at CF7.0b.1 could be amended correspondingly.</p>
145. ACLI	US	<p>The words “, as appropriate,” should follow “ensure”. The third bullet should read “the interests of policyholders, customers and other stakeholders; and”. The fourth bullet regarding the “fair treatment of customers” should be deleted since the notion of “fair treatment” is very subjective.</p>
146. American Insurance Association	USA	<p>AIA recommends that the requirements included in the proposed ComFrame guidance should be removed and replaced with an approach that focuses on gaining a comprehensive understanding of the IAIG's approach to corporate governance, in order to assess whether the IAIG succeeds (or fails) in efficiently and responsibly conducting its business, while maintaining transparency to major constituencies, including supervisory authorities. The problem with the specific guidance referenced here is that there is an underlying assumption that the mandated requirements will provide a suitable governance framework; but such an assumption is not possible without specific knowledge about the IAIG.</p>
147. MetLife, Inc	USA	<p>Consistent with our comment in response to Q.1 and Q.4 General Comments on ICP 5 and 7, we note here that the ICPs and related ComFrame provisions fail to recognize that there are various models of board structure which impacts the role the board plays. In the US, management is responsible for strategy and the Board approves strategy. If the goal is to assess the quality of oversight, we would suggest that the board of directors the board of directors should approve the institution's overall business strategies and significant policies, including those related to managing risks.</p>
148. Property Casualty Insurers Association of America (PCI)	USA	<p>In general, responsibility for ensuring that local laws and regulations are complied with should rest with the local boards and legal entity supervisors as opposed to the IAIG Board and the group-wide supervisor. However, we do recognize that major compliance issues and conflicting objectives between a legal entity and the group can impact the overall condition of the group. Therefore, we recommend that this standard be revised to clarify expectations in this area, as well as</p>

		<p>incorporate considerations related to proportionality and materiality (i.e. use of key or significant entities/jurisdictions when referring to group-wide supervisor responsibilities).</p> <p>The words “, as appropriate,” should follow “ensure”. The third bullet should read “the interests of policyholders, customers and other stakeholders; and”. The fourth bullet regarding the “fair treatment of customers” should be deleted since the notion of “fair treatment” is very subjective.</p> <p>The business objectives should take into account “the interests of policyholders and stakeholders” and also the “fair treatment of customers”. These do not seem to differ, so the latter can be removed.</p>
149. National Association of Insurance Commissioners (NAIC)	USA, NAIC	<p>In general, we feel that responsibility for ensuring that local laws and regulations are complied with should rest with the local boards and legal entity supervisors as opposed to the IAIG Board and the group-wide supervisor. However, we do recognize that major compliance issues and conflicting objectives between a legal entity and the group can impact the overall condition of the group. Therefore, we recommend that this standard be revised to clarify expectations in this area, as well as incorporate considerations related to proportionality and materiality (i.e. use of key or significant entities/jurisdictions when referring to group-wide supervisor responsibilities).</p>
14 - Q14 Comment on Guidance CF7.2a.1		
150. GDV - German Insurance Association	Germany	<p>Strategy ensures the long-term perspective of an insurer. Therefore, we reject the frequency (“at least annually”) for a strategy explanation by the IAIG. With respect to the principle of proportionality we would state that check of the strategy should depend on risk profile of the IAIG. Explanation should be always provided if business strategy was confirmed or changed. In case of confirmation explanation should be less complex.</p>
151. Global Federation of Insurance Associations	Global	<p>The word “material” should be inserted before “risks” in both instances.</p>
152. ACLI	US	<p>The word “material” should be inserted before the word “risks” in both instances.</p>
153. MetLife, Inc	USA	<p>“[A]ny risks” should be replaced with “material risks”. Goals and measures need to be defined</p>
154. Property Casualty Insurers Association of America (PCI)	USA	<p>The word “material” should be inserted before “risks” in both instances</p>
15 - Q15 Comment on Guidance CF7.2a.2		
155. Insurance Europe	Europe	<p>Insurance Europe would like to make reference to the feedback provided on the IAIS draft application paper on group corporate governance. The information sharing anticipated by the Guidance must be subject to high confidentiality (professional secrecy) requirements. Please refer to responses provided on ICP 3 and related ComFrame material.</p>
156. Global Federation of Insurance Associations	Global	<p>The information sharing anticipated by the Guidance must be subject to confidentiality or professional secrecy requirements.</p>
158. Association of British Insurers	United Kingdom	<p>This Guidance should indicate that information sharing between supervisors is subject to confidentiality requirements.</p>

159. Property Casualty Insurers Association of America (PCI)	USA	The information sharing anticipated by the Guidance must be subject to confidentiality or professional secrecy requirements.
16 - Q16 Comment on Standard CF7.2b		
160. Insurance Europe	Europe	Insurance Europe would suggest the following minor changes to the Standard to further clarify the objective of the requirement: To enable the group-wide supervisor to gain a good understanding of the IAIG's system of governance and to assess its appropriateness to the IAIG's strategy and operations, the group-supervisor requires the Head of the IAIG to provide, at least annually, a clear explanation of the strategy that the IAIG Board has set for the IAIG as a whole and its key legal entities and business lines.
161. Global Federation of Insurance Associations	Global	This provision is too prescriptive and fails to address the confidentiality concern of such a request. We suggest the following re-write: "Subject to a confidentiality agreement, the group-wide supervisor periodically requests the Head of the IAIG to provide to the group-wide supervisor a clear, detailed explanation of the strategy that the IAIG Board has approved. The phrase "at least annually" is too prescriptive and should be replaced with "periodically". The words "(or approved)" should follow "set for the IAIG as a whole and its key legal entities and business lines.".
163. International Actuarial Association	International	It is not clear to whom the strategy explanation should be addressed, the supervisor or the company internally.
164. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	In FINMA's view, it is not fully clear to whom the Head of the IAIG should report to. "...the Head of the IAIG to provide...a detailed explanation of the strategy..." Does it mean that the Head of the IAIG should report on the strategy to the supervisor or to the board of the IAIG or to the management of the IAIG, etc.?
165. Association of British Insurers	United Kingdom	The wording of this ComFrame Standard now requires the Head of the IAIG to provide (presumably to the group-wide supervisor) a strategy document annually, where previously there was no frequency stipulated. The ABI suggests removing the requirement for annual provision, so that supervisors can require strategy documents on a more proportionate basis, for example when there is a change in strategy.
166. ACLI	US	Clarification is needed that the Head of the IAIG provides the detailed explanation of the strategy to the IAIG Board (as distinguished from the group-wide supervisor). The phrase "at least annually" is too prescriptive and should be replaced with "regularly". The words "(or approved)" should follow "set".
167. American Insurance Association	USA	AIA recommends that the requirements included in the proposed ComFrame guidance should be removed and replaced with an approach that focuses on gaining a comprehensive understanding of the IAIG's approach to corporate governance, in order to assess whether the IAIG succeeds (or fails) in efficiently and responsibly conducting its business, while

		maintaining transparency to major constituencies, including supervisory authorities. The problem with the specific guidance referenced here is that there is an underlying assumption that the mandated requirements will provide a suitable governance framework; but such an assumption is not possible without specific knowledge about the IAIG.
168. MetLife, Inc	USA	The reference to "key legal entities" should be clarified.
169. Property Casualty Insurers Association of America (PCI)	USA	This provision is too prescriptive and fails to address the confidentiality concern of such a request. We suggest the following re-write: "Subject to a confidentiality agreement, the group-wide supervisor periodically requests the Head of the IAIG to provide to the group-wide supervisor a clear, detailed explanation of the strategy that the IAIG Board has approved. The phrase "at least annually" is too prescriptive and should be replaced with "regularly". The words "(or approved)" should follow "set for the IAIG as a whole and its key legal entities and business lines."".
17 - Q17 Comment on Guidance CF7.2b.1		
170. Insurance Europe	Europe	Insurance Europe would urge the IAIS to introduce a materiality threshold ('material' or 'significant'), at least for bullet points 3, 5 and 6. Further, the IAIS should reconsider the necessity of including anticipated changes in market share (5th bullet point).
171. Global Federation of Insurance Associations	Global	The fifth bullet should be deleted since we do not believe that an explanation of strategy necessarily needs to contain "anticipated changes in market share".
173. General Insurance Association of Japan	Japan	We understand that the list of components here is intended to provide guidance. Therefore, we suggest revising "should include" to "may include, but is not limited to".
174. Swiss Re	Switzerland	Bullet points 3, 5 and 6 should include the word "material" or "significant". In our view, a strategy document however should not necessarily report on anticipated changes in market share as mentioned as set out in bullet five.
175. Zurich Insurance Company Ltd.	Switzerland	Bullet points 3, 5 and 6 should include the word "material" or "significant". In our view, a strategy document however should not necessarily report on anticipated changes in market share as mentioned as set out in bullet five.
176. Association of British Insurers	United Kingdom	The ABI suggests that bullet points 3, 5 and 6 be qualified by including the word 'material' or 'significant'. We also question whether it is necessary for the strategy document to include anticipated changes in market share.
177. Institute of International Finance/Geneva Association	United States/Switzerland	Bullet points 3, 5 and 6 should include the word 'material' or 'significant'. In our view, a strategy document however should not necessarily report on anticipated changes in market share as mentioned under bullet five.
178. ACLI	US	The fifth bullet should be deleted since we do not believe that a strategy document necessarily needs to contain "anticipated changes in market share."
179. Property Casualty Insurers Association of America (PCI)	USA	The fifth bullet should be deleted since we do not believe that an explanation of strategy necessarily needs to contain "anticipated changes in market share".
18 - Q18 Comment on Standard CF7.3a		
180. Insurance Europe	Europe	Insurance Europe fully agrees with the intention of this Standard and welcomes the streamlining of former M2E2-4-1 and M2E2-4-1-1. However, proportionality could be recognised in the following way:

		<p>The group-wide supervisor requires that the collective competence of the IAIG Board includes, at a minimum, an appropriate understanding of: [...]</p> <p>In addition, Insurance Europe would recommend amending the following bullet points:</p> <ul style="list-style-type: none"> • The second bullet point should be amended to ‘the business of the significant legal entities, within the IAIG, including associated significant risks’ • The third bullet point should be amended to ‘the main supervisory regimes applicable to the IAIG’ <p>Furthermore, the fifth bullet point is very vague and would benefit from clarification as to what the Board needs to understand about the audit, risk, compliance and other control functions to provide appropriate oversight.</p>
181. Global Federation of Insurance Associations	Global	It does not seem reasonable to require IAIG Board members to have a full understanding of the business of ALL legal entities of the IAIG, including their associated risks. We suggest incorporating materiality considerations into this standard.
182. International Actuarial Association	International	The 5th bullet should also explicitly include the actuarial function in the list of key control functions. Section 5.2a just uses the term “control functions” instead of listing them. The two sections should be consistent.
183. Association of British Insurers	United Kingdom	<p>While the ABI supports the intention of this Standard, there could be greater recognition of the overarching concept of proportionality in how this is applied – for example, by amending the following bullet points to provide some further qualification:</p> <ul style="list-style-type: none"> -The second bullet point should be amended to ‘the business of the significant legal entities, within the IAIG, including associated significant risks’ - The third bullet point should be amended to ‘the main supervisory regimes applicable to the IAIG’ <p>Further, the fifth bullet point is very vague and requires clarification of what the Board needs to understand about the audit, risk, compliance and other control functions to provide appropriate oversight</p>
184. Institute of International Finance/Geneva Association	United States/Switzerland	<p>As an overall comment to this standard, we would like to see an element of materiality applied to the entire standard.</p> <p>In bullet 3 it might be better to refer to the Board needing to understand the ‘main’ supervisory regimes applicable to the IAIG.</p> <p>The word ‘significant’ should be inserted in bullet 2. ‘Significant legal entities’ and ‘significant risk’ in Bullet 5 is very vague. What does the Board need to understand about ‘audit and related areas for example’? Their detailed methodologies and ways of working? Their plan for the reviews for the year?</p>

185. American Insurance Association	USA	AIA recommends that the requirements included in the proposed ComFrame guidance should be removed and replaced with an approach that focuses on gaining a comprehensive understanding of the IAIG's approach to corporate governance, in order to assess whether the IAIG succeeds (or fails) in efficiently and responsibly conducting its business, while maintaining transparency to major constituencies, including supervisory authorities. The problem with the specific guidance referenced here is that there is an underlying assumption that the mandated requirements will provide a suitable governance framework; but such an assumption is not possible without specific knowledge about the IAIG.
186. MetLife, Inc	USA	<p>Consistent with our comment in response to Q4. (General Comments on ICP 7) above, we find recommended Board qualification criteria to be in need of clarification. The requirements set out in ICP 7.3.1 as expectations for the Board's "adequate spread and level of relevant competencies and understanding as appropriate to the insurer's business" are excessive.</p> <p>Consistent with CF 7.3a, we would suggest that the board should collectively have a balance of skills, knowledge, and experience to clearly understand the activities and risks to which the organization is exposed. The board should take steps to develop an appropriate understanding of the risks the organization faces, through briefings from experts internal to their organization and potentially from external experts.</p> <p>We would also suggest that the concept of materiality apply generally and in particular to Bullet 2, "the business of the legal entities within the IAIG, including associated risks;"</p>
187. Property Casualty Insurers Association of America (PCI)	USA	It does not seem reasonable to require IAIG Board members to have a full understanding of the business of ALL legal entities of the IAIG, including their associated risks. We suggest incorporating materiality considerations into this standard.
188. National Association of Insurance Commissioners (NAIC)	USA, NAIC	It does not seem reasonable to require IAIG Board members to have a full understanding of the business of ALL legal entities of the IAIG, including their associated risks. Suggest materiality considerations be incorporated into this standard.
19 - Q19 Comment on Guidance CF7.3a.1		
189. Insurance Europe	Europe	<p>Insurance Europe would suggest the text is amended as follows:</p> <p>"The IAIG Board should be capable of understanding and describing the purpose, structure, strategy, material operations, and material risks of the IAIG, including those of material legal entities in other financial sectors and unregulated entities that are part of the group."</p>
190. Global Federation of Insurance Associations	Global	Same comment as on CF7.3a -- this guidance should include recognition of materiality considerations. Clarification is needed to confirm that the reference to "material operations" and "material risks" relates to "legal entities".
191. Association of British Insurers	United Kingdom	<p>The ABI suggests an amendment to the text, to explicitly recognise the application of the overarching concept of proportionality:</p> <p>The IAIG Board should be capable of understanding and describing the purpose, structure, strategy, material operations, and material risks of the IAIG, including those of material legal entities in other</p>

		financial sectors and unregulated entities that are part of the group.
192. Institute of International Finance/Geneva Association	United States/Switzerland	'Significant' or 'material' probably needs to be added at the end of the sentence:... 'including material legal entities in other financial sectors.....
193. ACLI	US	We request clarification that the reference to "material operations" and "material risks" relate to legal entities.
194. Property Casualty Insurers Association of America (PCI)	USA	Same comment as on CF7.3a -- this guidance should include recognition of materiality considerations. Clarification is needed to confirm that the reference to "material operations" and "material risks" relates to "legal entities".
195. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Same comment as on CF7.3a -- this guidance should include recognition of materiality considerations.
20 - Q20 Comment on Standard CF7.3b		
196. Insurance Europe	Europe	Insurance Europe agrees that policies and procedures addressing conflicts of interests are relevant for IAIGs. The escalation mechanism (identify, avoid/mitigate, report) is further appropriate and adequate to form part of this Standard. However, Insurance Europe suggests including the word "materially" in this Standard, as follows: "...conflicts of interests that may materially adversely affect the IAIG as a whole or any of its legal entities."
197. Global Federation of Insurance Associations	Global	The approach to conflicts of interest in this Standard and the following Guidance is preferable to that in taken in the recent draft Application Paper on Group Corporate Governance, as it recognises that conflicts may be managed and mitigated by the insurer, and need not be a trigger for immediate supervisory action. We suggest that the word "materially" is added to this requirement – i.e. "...that may materially adversely affect the IAIG as a whole...".
198. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	
199. Association of British Insurers	United Kingdom	The ABI notes that the approach to conflicts of interest in this Standard and the following Guidance is preferable to that in taken in the recent draft Application Paper on Group Corporate Governance, as it recognises that conflicts may be managed and mitigated by the insurer, and need not be a trigger for immediate supervisory action. However, we suggest that a materiality requirement is added to this Standard as follows: '...conflicts of interests that may materially adversely affect the IAIG as a whole or any of its legal entities.'
200. Institute of International Finance/Geneva Association	United States/Switzerland	We would like to propose to add the word "materially" ahead of "adversely affect the IAIG as a whole..."

201. ACLI	US	The word “materially” should be inserted before the phrase “adversely affect”.
202. Property Casualty Insurers Association of America (PCI)	USA	<p>The approach to conflicts of interest in this Standard and the following Guidance is preferable to that in taken in the recent draft Application Paper on Group Corporate Governance, as it recognizes that conflicts may be managed and mitigated by the insurer, and need not be a trigger for immediate supervisory action.</p> <p>We suggest that the word “materially” is added to this requirement – i.e. “...that may materially adversely affect the IAIG as a whole...”.</p>
21 - Q21 Comment on Guidance CF7.3b.1		
203. Insurance Europe	Europe	Please refer to comment provided to Q20 (CF7.3b).
204. Global Federation of Insurance Associations	Global	We suggest that this Guidance also recognise the benefits of cross-representation within decision-making bodies of the group, and also the idea of group interest, acknowledging that directors of subsidiaries should be allowed to reasonably take the parent’s interest into account without violating their fiduciary duties toward their subsidiary. Supervisory recognition of group interest, which provides enhanced flexibility for management of groups, especially on a cross-border basis, this would provide directors with comfort when taking directions from the parent board. In alternative, this provision can be viewed as more of an editorial comment than a regulatory standard and should be deleted.
205. General Insurance Association of Japan	Japan	It is always possible that, due to the principle of competition, profit generated by one legal entity within an IAIG equals a loss for another entity within the same IAIG (for example, when they are engaged in similar businesses in the same area). It should be clarified that the “conflicts of interest” referred to in this guidance do not cover such cases.
206. Association of British Insurers	United Kingdom	We suggest that this Guidance also recognises the benefits of cross-representation within decisionmaking bodies of the group, and also the idea of group interest, acknowledging that directors of subsidiaries should be allowed to reasonably take the parent’s interest into account without violating their fiduciary duties toward their subsidiary. Supervisory recognition of group interest, which provides enhanced flexibility for the management of groups especially on a cross-border basis, would provide directors with comfort when taking directions from the parent board.
207. ACLI	US	This provision reads like an editorial comment rather than a regulatory standard and should be deleted.
208. Property Casualty Insurers Association of America (PCI)	USA	We suggest that this Guidance also recognize the benefits of cross-representation within decision-making bodies of the group, and also the idea of group interest, acknowledging that directors of subsidiaries should be allowed to reasonably take the parent’s interest into account without violating their fiduciary duties toward their subsidiary. Supervisory recognition of group interest, which provides enhanced flexibility for management of groups, especially on a cross-border basis, this would provide directors with comfort when taking directions from the parent board. In alternative, this provision can be viewed as more of an editorial comment than a regulatory standard and should be deleted.
22 - Q22 Comment on Guidance CF7.3b.2		
209. Insurance Europe	Europe	Please refer to comment provided to Q20 (CF7.3b).
210. GDV - German Insurance Association	Germany	<p>The German Insurance Association (GDV) appreciates the opportunity to comment on ICP 8.</p> <p>IAIGs need more flexibility in light of the diversity of structures that IAIGs may have. For this reason, strict prohibitions of combination of functions (CF8.3c) or risk management and risk taking activities (CF8.4a) should be avoided. Of course, in these cases IAIGs should be obliged to identify and manage any conflicts of interests by adequate measures.</p>

		<p>In addition, to take account of the proportionality principle GDV believes that requirement of strict annual frequencies for annual review of the risk management system (CF8.1b) and assessment of the internal controls (CF8.2b) are not adequate and do not capture the diversity of the market. It should better be determined periodically and risk-orientated according to the individual risk profile of each IAIG.</p> <p>The tasks of the internal audit function should be limited to the internal control system.</p>
211. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	<p>In our view, where conflict of interest cannot be avoided, the relevant body (Board of IAIG or its entity) shall take appropriate measures to mitigate it. Therefore, the wording of this guideline might be:</p> <p>Where a conflict of interest involving individuals or legal entities cannot be avoided, the policies and procedures should require the relevant individuals to inform their superiors or the relevant Board or the IAIG Board of the conflict and to take measures prescribed by the Board to mitigate its adverse impact.</p>
23 - Q23 Comment on Guidance CF7.9.1		
212. Insurance Europe	Europe	<p>It is unclear what aim this new Guidance has and why it is necessary to address communication systems in a specific IAIG context. An IAIG will naturally be required to have efficient tools in place in order to fulfil its regulatory reporting requirements vis-à-vis the group-wide regulator (including but not limited to reporting on governance issues). Although the group Board will have an oversight role, it will not necessarily be directly involved in issues concerning particular insurance entities, and the information would come from the legal entity, as anticipated by ICP 7.9. Insurance Europe therefore questions that this Guidance is relevant – neither in practice nor to cover any legislative gaps.</p>
213. GDV - German Insurance Association	Germany	<p>The frequency of the review should not be annually but periodically depending on the risk profile of the undertaking.</p>
214. Global Federation of Insurance Associations	Global	<p>We suggest that this Guidance is not necessary as, although the group Board will have an oversight role, it will not necessarily be directly involved in issues concerning particular insurance entities, and the information would come from the legal entity, as anticipated by ICP 7.9. At the very least, this Guidance should incorporate proportionality, by considering the materiality of individual legal entities.</p>
215. International Actuarial Association	International	<p>In CF7.9a.1, the use of the words “particular insurance legal entities” suggests that this section only applies to certain legal entities (picked by whom?). This wording should be expanded to “...both the IAIG as a whole and at all levels of the insurance legal entities within the IAIG.” This would bring consistency with the wording used in section 8.1a.</p>
216. Association of British Insurers	United Kingdom	<p>The ABI suggests that this Guidance is not necessary. Although the group Board will have an oversight role, it will not necessarily be directly involved in issues concerning particular insurance entities, and the information would come from the legal entity, which is covered under ICP 7.9.</p>
217. Chubb	United States	<p>We broadly acknowledge our obligations to provide disclosure of compensation policies to shareholders and insurance regulators, however, we do not agree that it is appropriate or useful from a public policy perspective to mandate disclosure to outside stakeholders and recommend that stakeholders be replaced with the term shareholders.</p>
218. Institute of International Finance/Geneva Association	United States/Switzerland	<p>See comment for Q2.</p>

219. Property Casualty Insurers Association of America (PCI)	USA	We suggest that this Guidance is not necessary as, although the group Board will have an oversight role, it will not necessarily be directly involved in issues concerning particular insurance entities, and the information would come from the legal entity, as anticipated by ICP 7.9. At the very least, this Guidance should incorporate proportionality, by considering the materiality of individual legal entities.
220. National Association of Insurance Commissioners (NAIC)	USA, NAIC	This guidance should incorporate considerations related to the materiality of individual legal entities.
24 - Q24 General Comment on ComFrame material integrated with ICP 8		
221. Insurance Europe	Europe	<p>In general, Insurance Europe believes that the integration and revision of the relevant ComFrame requirements related to ICP 8 has been done successfully. In addition:</p> <ul style="list-style-type: none"> • In areas, the ComFrame provisions seem to be overly descriptive and thereby limiting the necessary flexibility for supervisors. This is the case, for example, where review periods are prescribed in fixed terms (CF8.1b, CF8.2b, and CF8.4a), in relation to the independence of the risk management and internal control functions (CF8.3c and CF8.7a.1), or relating to outsourcing (CF8.8a to CF8.8d). • Some terms used in the Standards (eg CF8.1a on reporting systems, CF8.3b on internal management reporting) could be clarified further to increase a common understanding of the requirements. • The tasks listed for the Compliance function should be limited to its core function on regulatory compliance. • The tasks listed for the Actuarial function should be reworded to reflect that its core role is assessing the appropriateness of methodologies and assumptions used.
222. Allianz	Germany	<p>General remarks regarding selected ICPs:</p> <p>8.2.2 The focus should be on key controls only (not each single control).</p> <p>8.2.4 Policies and processes: the wording should be changed to “Appropriate controls for all material risks inherent in business processes and policies...” rather than all key business processes and policies to implement a risk-based view. Monitoring of review: Internal control systems should be effective to manage material risks. An appropriate focus on key controls (rather than including all individual controls) should therefore be implemented that are based on a costs-benefit analysis and risk appetite decisions.</p> <p>8.2.5 For each material risk an appropriate control should exist rather than for each key process, as a company may have key processes without material risks and a control set-up should always be risk-based.</p> <p>8.2.8 The focus should be on key controls only.</p> <p>8.3.5 The paragraph should be removed.</p> <p>8.8.4 The outsourcing policy of an insurance company should not include limits regarding what activities or to what extent activities may be outsourced to a single service provider. In comparison to banks and asset managers, insurers should not</p>

		<p>be more limited in the scope of outsourcing. Appropriate exit strategies, like insourcing, should be viable for managing the risk of outsourcing concentrations well.</p>
<p>223. Global Federation of Insurance Associations</p>	<p>Global</p>	<p>Similar to our general comments on the ComFrame material under ICP 7, we are concerned that ComFrame material under ICP 8 is too prescriptive and would not allow for decentralized approaches in risk management and internal controls.</p> <p>Responsibility for certain control functions and risk management processes can be delegated to local business units and/or legal entities without compromising the overall effectiveness of the group function. Guidance should be developed that would allow the Head of the IAIG to delegate certain responsibilities to local business units and/or legal entities, as long as an effective overall framework is in place to identify and address issues that should be escalated to the Head of the IAIG for remediation. Such an approach would allow the group-wide supervisor and the local supervisor to have separate and distinct roles in assessment and to avoid duplication in monitoring efforts. In addition, such an approach would further encourage supervisor communication across jurisdictions and leverage the use of supervisory college sessions that are currently taking place to facilitate this type of communication.</p> <p>Please find below comments on specific ICPs:</p> <p>ICP 8.2.8: There is a reporting requirement, but it is not clear who the intended recipient of the reports is. If it is to supervisors, it may not be appropriate to report "an assessment of how the various business units are performing against internal....goals". GFIA suggests that the first sentence be amended as follows: "reporting to the Board or Board Committees by the internal control system".</p> <p>ICP 8.3.5: "The insurer should notify the supervisor of the reasons for dismissals of heads of control functions". As noted later in the document, there are statutory requirements to notify a supervisor of the dismissal of the appointed actuary or sometimes of the auditor. By implication, an insurer is not required to notify on all control functions. This could become unwieldy if heads of control functions include individuals who have the duties of, but not the title of, CCO, CRO, and Head of Internal Audit are included.</p> <p>ICP 8.4.3: The title doesn't align with the section (should refer to Risk Management not to Compliance).</p> <p>ICP 8.5.6: There are two bullets requiring the compliance function to "ensure" (1) that the insurer monitors and has appropriate policies. and (2) that the insurer ensures adequate disciplinary actions are taken. The compliance function does not have the authority to ensure either of these. The CCO can report to the Board on failures to do certain things, it can promote, facilitate, etc., but it can't "ensure".</p>

		<p>ICP 8.6: Our observations on ComFrame’s assumption of the scope of the actuarial function also apply to the ICP and if accepted for ComFrame should lead to the following adjustments at the ICP level:</p> <ol style="list-style-type: none"> 1. ICP 8.6 should remove “capital adequacy” from the requirements 2. ICP 8.6.2 bullet 4 should be removed 3. ICP 8.6.4 bullet 2 should remove the “and capital requirements, as well as other obligations or activities” portion of the bullet 4. ICP 8.6.4 bullet 3 should remove “and the valuation of assets” portion of the bullet 5. ICP 8.6.4 bullet 4 and bullet 5 should be reworded so that the actuarial function is only reviewing the actuarial portion of the insurer’s current and prospective solvency position 6. ICP 8.6.4 bullet 6 should remove the “or the financial condition of the insurer” portion of the bullet 7. ICP 8.6.4 bullet 12 should remove the “or financial projections, or for solvency” portion of the bullet 8. ICP 8.6.4 bullet 13 should remove the “or financial matters” portion of the bullet. 9. We have an additional ICP comment as follows: ICP 8.6.12 should be removed in its entirety. The phrase “adequately perform” is open to interpretation and could lead the Appointed Actuary to be unable to adequately perform the duties of their position when regulators take positions that the Appointed Actuary may disagree with.
<p>225. International Actuarial Association</p>	<p>International</p>	<p>Consistent with our response to ICP 5 & 7, it is clear from the ICP introductory remarks that ICP’s are to be applied in the supervision of insurance entities and insurance groups that are headed by an insurance legal entity. As noted previously, ICP language that makes reference to insurers is therefore also applicable to insurers who head an insurance group. Unfortunately, this results in a standards cliff, at the group level, since the head of an insurance group which is a non-insurance holding company is not subject to IAIS standards unless it is an IAIG (i.e., is subject to ComFrame). The addition of ComFrame language to ICP 8 is necessary to ensure that an additional layer of “risk management and internal controls” requirements are in place for all IAIGs, especially the head of an IAIG, thus requiring any non-insurer entities which are the head of the IAIG to also be subject to similar standards. The IAA asks whether it is appropriate for the non-insurance heads of insurance groups (non-IAIGs) to be exempt from all such requirements.</p>

226. General Insurance Association of Japan	Japan	While IAIG governance structures can be centralised or decentralised, the ComFrame material in ICP 8 is seemingly premised on IAIGs whose governance structures are centralised to a considerable degree. As business and regulatory environments vary among insurance legal entities within an IAIG, in addition to centralised governance approaches which establish a unified risk management system at the group level, decentralised approaches should be allowed, where, according to the IAIG’s risk management framework, each group entity establishes its own risk management system in consideration of factors such as its business size and surrounding environment. Therefore, at the beginning of the ComFrame material, it should be clarified that both approaches are allowed.
227. Bank Negara Malaysia	Malaysia	No comments
228. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	<p>FINMA would like to make a general comment, applicable to the ComFrame text of this ICP but also ComFrame texts in all other ICPs:</p> <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>
229. Swiss Re	Switzerland	<p>In guidance 8.0.5 it is unclear who would authorise the insurer’ functions. We recommend that it would be the Board (or equivalent within the insurer).</p> <p>Guidance 8.0.6 refers to a strong risk management and compliance culture. The term “culture” is not well defined in the body of the ICPs nor according to any other regulatory standard. We recommend to replace it with the concept of risk management “systems”.</p> <p>Guidance 8.0.9 makes reference to the establishment of comprehensive and consistent group governance – it is unclear how “comprehensive” meets the requirements elsewhere for systems to be “adequate” or often referred to as “proportionate” to the nature, size and risk of the entity.</p> <p>Similarly, the concept of consistency is difficult to define, and even more so to implement, considering the different legal requirements that determine governance in all the jurisdictions. We would recommend to replace with “establishment of adequate group governance and assess its effectiveness”.</p>

		<p>Guidance 8.1.1 makes mention that the system shall be designed and operated at all levels of the insurer. It is unclear how “all levels” are defined and how this aligns with the requirement for the system to be adequate. Maintaining the reference to ‘all’ will inevitably create duplication and overlaps that are neither effective nor efficient. Finally, the reference is not essential for the requirement to achieve their objective. We recommend reformulating to state “for the relevant functions and businesses of the insurer”.</p> <p>Bullet point 4 of guidance 8.1.2 makes reference to levels of acceptable risk limits for each type of these risks. This does not take into account that material risks of a qualitative nature may arise. These do not lend themselves to limit setting. An example would be the human resource risk linked to voluntary turnover. Setting limit for such a risk in most instances is not meaningful. We recommend reformulating to state “acceptable risk limits for the relevant type of risk”. This would also align with the statement in guidance 8.1.7.</p> <p>Guidance 8.1.9 makes reference to “strategies and tools to mitigate against material risks”. As insurers are in the business of taking risk, it is important to make the distinction between unwanted, unrewarded material risks and residual risks. We recommend to introduce a clarification in the first sentence of the paragraph. It should remain totally acceptable for an insurer to take material risks that are properly managed and rewarded.</p> <p>Guidance 8.1.11 requires any activity that would go beyond the Board-approved risk appetite to be subject to appropriate review and require Board approval. This requirement does not take into account that an insurer’s risk appetite framework is often multi-dimensional and multi-layered: Overall group limits may be broken down in sub-limits, and such limits have risk appetite and tolerance levels. Breaching such limits requires appropriate review, but it is disproportionate or may sometimes not be adequate for the breach to require Board approval, for instance when it is of temporary nature. We recommend simplifying this requirement.</p> <p>Guidance 8.1.4 makes reference to the insurer’s risk culture, which, as mentioned, is not well defined in the body of the ICPs nor according to any other regulatory standard. We recommend simplifying the sentence (see also 8.0.6).</p>
<p>230. Zurich Insurance Company Ltd.</p>	<p>Switzerland</p>	<p>In guidance 8.0.5 it is unclear who would authorise the insurer’ functions. We recommend that it would be the Board (or equivalent within the insurer).</p> <p>Guidance 8.0.6 refers to a strong risk management and compliance culture. The term “culture” is not well defined in the body of the ICPs nor according to any other regulatory standard. We recommend to replace it with the concept of risk management “systems”.</p> <p>Guidance 8.0.9 makes reference to the establishment of comprehensive and consistent group governance – it is unclear how “comprehensive” meets the requirements elsewhere for systems to be “adequate” or often referred to as “proportionate” to the nature, size and risk of the entity.</p>

		<p>Similarly, the concept of consistency is difficult to define, and even more so to implement, considering the different legal requirements that determine governance in all the jurisdictions. We would recommend to replace with “establishment of adequate group governance and assess its effectiveness”.</p> <p>Guidance 8.1.1 makes mention that the system shall be designed and operated at all levels of the insurer. It is unclear how “all levels” are defined and how this aligns with the requirement for the system to be adequate. Maintaining the reference to ‘all’ will inevitably create duplication and overlaps that are neither effective nor efficient. Finally, the reference is not essential for the requirement to achieve their objective. We recommend reformulating to state “for the relevant functions and businesses of the insurer”.</p> <p>Bullet point 4 of guidance 8.1.2 makes reference to levels of acceptable risk limits for each type of these risks. This does not take into account that material risks of a qualitative nature may arise. These do not lend themselves to limit setting. An example would be the human resource risk linked to voluntary turnover. Setting limit for such a risk in most instances is not meaningful. We recommend reformulating to state “acceptable risk limits for the relevant type of risk”. This would also align with the statement in guidance 8.1.7.</p> <p>Guidance 8.1.9 makes reference to “strategies and tools to mitigate against material risks”. As insurers are in the business of taking risk, it is important to make the distinction between unwanted, unrewarded material risks and residual risks. We recommend to introduce a clarification in the first sentence of the paragraph. It should remain totally acceptable for an insurer to take material risks that are properly managed and rewarded.</p> <p>Guidance 8.1.11 requires any activity that would go beyond the Board-approved risk appetite to be subject to appropriate review and require Board approval. This requirement does not take into account that an insurer’s risk appetite framework is often multi-dimensional and multi-layered: Overall group limits may be broken down in sub-limits, and such limits have risk appetite and tolerance levels. Breaching such limits requires appropriate review, but it is disproportionate or may sometimes not be adequate for the breach to require Board approval, for instance when it is of temporary nature. We recommend simplifying this requirement.</p> <p>Guidance 8.1.4 makes reference to the insurer’s risk culture, which, as mentioned, is not well defined in the body of the ICPs nor according to any other regulatory standard. We recommend simplifying the sentence (see also 8.0.6).</p>
231. Association of British Insurers	United Kingdom	<p>The integration of ComFrame material into ICP 8 makes a number of assumptions about the respective roles of internal control functions that are incorrect, or too narrowly defined. Accordingly, the ABI suggests amendments to some of the Standards and Guidance to take account of the fact that not all IAIGs will be organised in the same way.</p>
233. Chubb	United States	<p>Throughout this section the direction is that the heads of risk and compliance functions must have direct lines to the Board, presumably unobstructed by management. These standards are overly vague in that it is unclear which Board is being referenced, the subsidiary or group parent Board and how this would apply to different control role employees under different circumstances. The group Board role is to exercise proper oversight of management, controls and risks to the</p>

		company. It is counter-productive to the Board's ability to successfully carry out these duties to establish a rules based set of mandates specifying an array of company employees who must have direct communication with the Board.
234. National Association of Mutual Insurance Companies	United States	Several ComFrame provisions in ICP 8 would require costly changes not justifiable on a cost-benefit basis. These changes would require IAIGs to adopt new systems, employ more people, and dedicate additional resources without any clear value to the goal of policyholder protection. In addition, many of the requirements of ICP 8 are not consistent with the IAIS proportionality principles. They provide no flexibility and are granular, detailed, and reflect a "one-size fits all" approach to insurance supervision. Proportionality in this ICP needs to be discussed more thoroughly and built into the language of the standard and guidance in ICP 8.
235. American Academy of Actuaries	United States of America	<p>May 8, 2017</p> <p>Mr. Yoshihiro Kawai Secretary General International Association of Insurance Supervisors c/o Bank for International Settlements CH-4002 Basel Switzerland</p> <p>Re: Revised Insurance Core Principles (ICPs) and ComFrame material integrated with ICPs Public Consultation Package (March 3, 2017)</p> <p>Dear Secretary General Kawai,</p> <p>On behalf of the Solvency Committee of the American Academy of Actuaries , I appreciate the opportunity to provide comments on the International Association of Insurance Supervisors' (IAIS) recent public consultation package on the Insurance Core Principles (ICPs), Standards, Guidance and Assessment Methodology, dated March 3.</p> <p>Our comments are limited to ICP 8 Risk Management and Internal Controls, focusing on the definitions of the risk management and actuarial functions. These definitions should be explicitly permissive rather than prescriptive in nature, given the substantial overlap in expertise and experience between these two functions. Such an approach would allow for better alignment with the currently defined roles of the appointed actuary and the risk management function under U.S. insurance law and regulation. Moreover, for groups of lesser complexity, proportionality should be considered.</p> <p>As an initial matter, the core responsibilities of the actuarial and risk management functions are better described in the respective standards (Sections 8.4 and 8.6) rather than the principle statements (Sections CF8.4a and CF8.6a). In general, the actuarial function should be responsible for items such as the statement of actuarial opinion and providing actuarial</p>

		<p>advice on pricing and reserving. The risk management function should be responsible for the risk management process including identifying, assessing, monitoring, and mitigating risks (including the ORSA process and report).</p> <p>Principle statement CF8.3c states that the Internationally Active Insurance Group (IAIG) control functions (including the risk management and actuarial functions) should not be combined. However, the division of duties between these functions does not seem well defined, particularly at the level of the principle statements CF8.4a and CF8.6a. The principle statements, standards, and guidance for each of these functions are inconsistent. For example, principle statement CF8.6a requires an actuarial function overview including “conducting capital adequacy assessments and stress tests under various scenarios.” The guidance for the risk management function includes “conducting regular stress testing and scenario analyses” in Section 8.4.4. Given that the functions are not to be combined, it is unclear how the interaction between the functions should occur regarding such responsibilities.</p> <p>Fundamentally, we believe permissive guidance would be preferable to prescriptive requirements with respect to the actuarial and risk management functions. The ICPs should not prescribe specific roles for the actuarial versus risk management functions. There is substantial overlap in expertise and experience and the appropriate allocation of responsibilities may depend on a variety of factors, including the nature of a group’s business, the size and complexity of the group, the group’s organizational and governance structure, and the group’s risk exposures. For example, actuarial skills may be helpful for certain aspects of risk management, and relevant responsibilities can be allocated to either the actuarial function or the risk management function, based on the group’s environment.</p> <p>*****</p> <p>Thank you for this opportunity to provide our views on the revised Insurance Core Principles (ICPs) and ComFrame material integrated with ICPs’ public consultation package. If you have any questions or would like to discuss this letter in more detail, please contact Nikhail Nigam, the Academy’s policy analyst for risk management and financial reporting issues, at 202-223-8196 or nigam@actuary.org.</p> <p>Sincerely,</p> <p>Elizabeth K. Brill, MAAA, FSA Chairperson, Solvency Committee Risk Management and Financial Reporting Council American Academy of Actuaries</p>
236. ACLI	US	<p>We find the new Elements overly prescriptive in points. We believe that ComFrame should be neutral towards centralized and decentralized structures. We suggest adding the phrase “according to the laws or frameworks within their jurisdiction” at appropriate points. This would help point IAIGs and group-wide supervisors (GWS) to enterprise risk management or</p>

		<p>internal control frameworks developed for the EU (EIOPA standards), U.S., and other jurisdictions. These established best-practices frameworks would provide a helpful guide for IAIGs and their GWS to understand what is a reasonable framework for implementing the ComFrame 8.0 standards and guidance.</p> <p>Our observations on ComFrame’s assumption of the scope of the actuarial function also apply to the ICP and if accepted for ComFrame should lead to the following adjustments at the ICP level: (1) ICP 8.6 should remove “capital adequacy” from the requirements. (2) ICP 8.6.2 bullet 4 should be removed. (3) ICP 8.6.4 bullet 2 should remove the “and capital requirements, as well as other obligations or activities” portion of the bullet. (4) ICP 8.6.4 bullet 3 should remove “and the valuation of assets” portion of the bullet. (5) ICP 8.6.4 bullet 4 and bullet 5 should be reworded so that the actuarial function is only reviewing the actuarial portion of the insurer’s current and prospective solvency position. (6) ICP 8.6.4 bullet 6 should remove the “or the financial condition of the insurer” portion of the bullet. (7) ICP 8.6.4 bullet 12 should remove the “or financial projections, or for solvency” portion of the bullet. (8) ICP 8.6.4 bullet 13 should remove the “or financial matters” portion of the bullet. (9) ICP 8.6.12 should be removed in its entirety. The phrase “adequately perform” is open to interpretation and could lead the Appointed Actuary to be unable to adequately perform the duties of their position when regulators take positions that the Appointed Actuary may disagree with.</p>
237. American Insurance Association	USA	<p>Similar to our general comments on the ComFrame material under ICP 7, AIA is concerned that ComFrame material under ICP 8 is too prescriptive and would not allow for decentralized approaches in risk management and internal controls. It is inappropriate to dictate the risk management features that the IAIG must have without knowledge of the specific business risks and legal climate to which the IAIG is subject. It is more important for the supervisor to know how the IAIG assesses its risks and how it develops an action plan for managing those risks. Consequently, the ComFrame guidance should focus on conducting an assessment, probably through a supervisory college, for the purpose of understanding the IAIG’s risk management practices.</p>
238. Liberty Mutual Insurance Group	USA	<p>The ComFrame material integrated with ICP 8 establishes prescriptive standards that must be achieved by the Head of the IAIG, as is too often the case with other provisions in the proposed ComFrame materials.</p> <p>Examples include the specific components of a risk management system in CF8.1a, the mandatory involvement of the IAIG’s board in the IAIG’s control systems in CF8.3c, and the obligations imposed on an IAIG’s compliance function in CF8.5a. Insurance supervisors generally do not have authority to impose detailed standards such as these on non-insurance entities.</p> <p>These provisions are also not reasonable from a substantive perspective. The ComFrame provisions in ICP 8 in most cases would require costly changes to how insurance groups conduct business that are not justifiable on a cost-benefit basis. They would require insurers to adopt new systems, hire new people, and employ new resources without any clear justification in terms of policyholder protection. Moreover, the new proposed new standards seem to ignore the IAIS’s professed goal of proportionality in developing standards. Instead, they are granular, detailed, and reflect a “one-size fits all” approach to insurance supervision.</p>
239. MetLife, Inc	USA	<p>Please see our comments in response to Q. 4 above. Please also note that given the limited ComFrame guidance in Section 8, we have reviewed and comment on the underlying ICP 8 as the basis for ComFrame related provisions.</p>
	USA	<p>PCI endorses the comments of the Global Federation of Insurance Associations (GFIA).</p>

<p>240. Property Casualty Insurers Association of America (PCI)</p>	<p>Similar to our general comments on the ComFrame material under ICP 7, we are concerned that ComFrame material under ICP 8 is too prescriptive and would not allow for decentralized approaches in risk management and internal controls.</p> <p>Responsibility for certain control functions and risk management processes can be delegated to local business units and/or legal entities without compromising the overall effectiveness of the group function. Guidance should be developed that would allow the Head of the IAIG to delegate certain responsibilities to local business units and/or legal entities, as long as an effective overall framework is in place to identify and address issues that should be escalated to the Head of the IAIG for remediation. Such an approach would allow the group-wide supervisor and the local supervisor to have separate and distinct roles in assessment and to avoid duplication in monitoring efforts. In addition, such an approach would further encourage supervisor communication across jurisdictions and leverage the use of supervisory college sessions that are currently taking place to facilitate this type of communication.</p> <p>In addition, we would suggest an overarching reference to the principle of proportionality and/or a suitable frame of reference to provide guidance as to the appropriate right-sizing of governance, risk management and internal control measures supervisors may consider applying. An example would be guidance on internal control, enterprise risk management designed by the United States Committee of Sponsoring Organizations of the Treadway Commission (“COSO Framework”), to improve organizational performance and oversight and to reduce the extent of fraud in organization.</p> <p>ICP 8.2.8 - There is a reporting requirement, but it is not clear who the intended recipient of the reports is. If it is to supervisors, it may not be appropriate to report "an assessment of how the various business units are performing against internal...goals". We suggest that the first sentence be amended as follows: "reporting to the Board or Board Committees by the internal control system".</p> <p>ICP 8.3.5 -- "The insurer should notify the supervisor of the reasons for dismissals of heads of control functions". As noted later in the document, there are statutory requirements to notify a supervisor of the dismissal of the appointed actuary or sometimes of the auditor. By implication, an insurer is not required to notify on all control functions. This could become unwieldy if heads of control functions include individuals who have the duties of, but not the title of, CCO, CRO, and Head of Internal Audit are included.</p> <p>ICP 8.4.3 -- The title doesn't align with the section (should refer to Risk Management, not to Compliance).</p> <p>ICP 8.5.6 - There are two bullets requiring the compliance function to "ensure" (1) that the insurer monitors and has appropriate policies.. and (2) that the insurer ensures adequate disciplinary actions are taken. The compliance function does not have the authority to ensure either of these. The CCO can report to the Board on failures to do certain things, it can promote, facilitate, etc., but it can't "ensure".</p>
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<p>241. National Association of Insurance Commissioners (NAIC)</p>	<p>USA, NAIC</p>	<p>Similar to our general comments on the ComFrame material under ICP 7, we are concerned that ComFrame material under ICP 8 is too prescriptive and would not allow for decentralized approaches in risk management and internal controls. Responsibility for certain control functions and risk management processes can be delegated to local business units and/or legal entities without compromising the overall effectiveness of the group function. Guidance should be developed that would allow the Head of the IAIG to delegate certain responsibilities to local business units and/or legal entities, as long as an effective overall framework is in place to identify and address issues that should be escalated to the Head of the IAIG for remediation. Such an approach would allow the group-wide supervisor and the local supervisor to have separate and distinct roles in assessment and to avoid duplication in monitoring efforts. In addition, such an approach would further encourage supervisor communication across jurisdictions and leverage the use of supervisory college sessions that are currently taking place to facilitate this type of communication.</p>
<p>25 - Q25 Comment on Standard CF8.1a</p>		
<p>242. Insurance Europe</p>	<p>Europe</p>	<p>It is not entirely clear what is meant by “sophistication and functionality of information and reporting systems in addressing key group-wide risks”. Insurance Europe believes that – if this refers to internal reporting lines and information exchange within the IAIG – a more general category should be adapted at Standard level. This category could say for example:</p> <ul style="list-style-type: none"> • Complexity of the IAIG structure and related operational risks, such as efficient information exchange.
<p>243. Global Federation of Insurance Associations</p>	<p>Global</p>	<p>The Head of the IAIG should be able to delegate responsibility for certain elements of risk management functions to local business units or legal entities. For example, the Head of the IAIG should not be required to ensure that the function covers compliance with all laws and regulations of the jurisdictions where the IAIG operates. We suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.</p> <p>We are concerned that CF 8.1a appears to mandate that the Head of the IAIG establish the risk management system that operates at all levels of the IAIG.</p> <p>While we strongly support effective risk management systems, this ComFrame element does not recognize the principle of neutrality towards IAIGs governance structures that is documented in paragraph 23 of the ComFrame Introduction. Paragraph 23 states that “IAIGs have different models of governance (i.e., more centralized or more decentralized). ComFrame does not favour any particular governance model and instead focuses on the outcomes that the governance model needs to achieve.”</p> <p>We recommend that the IAIS strike the words “to establish, and” to avoid contradicting the overarching principle that ComFrame supports both centralized and decentralized governance model. The current phrasing seems to insist that the Head entity design and operate its risk management program for all group entities on a centralized basis. We believe the ultimate objectives of ensuring that the entire IAIG operate within an appropriately documented and effective risk management program can be achieved whether an IAIG is operating in a centralized or decentralized governance model.</p>

		Out of deference to ComFrame’s neutrality to centralized/decentralized structures, guidance should be developed that permit the IAIG to delegate certain responsibilities to legal entities, as long as there is a framework in place to identify and escalate material issues to the Board and IAIG Senior Management.
244. International Actuarial Association	International	The words in the 2’nd bullet “...individual legal entities or business lines” should be changed to “...individual legal entities and business lines.” The use of “or” could suggest that if one reports at the business line level that reporting is not needed for legal entities.
245. General Insurance Association of Japan	Japan	Although this standard is premised on more centralised Control Functions, more decentralised Control Functions should also be allowed. Therefore, the description is too detailed for a standard, and the list here should be moved to a guidance level. Even if the list is dealt with in guidance, we are concerned that the description could be read to indicate that strict documentation of all the matters on the list is required to establish a risk management system. In particular, it is impractical to require documentation of “laws and regulations of the jurisdictions where the IAIG operates”. It is more appropriate to require the Head of the IAIG to establish a system that “considers” these listed matters, rather than “covers”.
246. Monetary Authority of Singapore (MAS)	Singapore	Besides cross-border related risks mentioned in bullet 3, contagion risk between entities in the IAIG is also important. Unless contagion risk is captured in bullet 4, suggest that contagion risk between entities in the IAIG be included in bullet 3
247. Swiss Re	Switzerland	The standard makes mention that the system shall be designed and operated at all levels of the insurer. It is unclear how “all levels” are defined and how this aligns with the requirement for the system to be adequate. Maintaining the reference to “all” will inevitably create duplication and overlaps that are neither effective nor efficient. Finally, the reference is not essential for the requirement to achieve its objective. We recommend reformulating to state “at the relevant functions and businesses of the insurer”. In addition, the principle states what elements have to be covered at a minimum. While the requirements are clear when they refer to risks (e.g., nature and degree of risk of individual legal entities), their scope is unclear when referring to non-risk related elements (e.g., sophistication and functionality of information [...]). We recommend re-formulating to explicitly link to the risks that have to be covered by the risk management system. Finally, the 3rd bullet point makes reference to cumulative risk. This introduces a new concept that was not used previously. Are we talking of risk concentration or risk accumulation? Are we talking of risk of capital fungibility across borders? We strongly recommend the IAIS provides additional clarification or guidance on that point.
248. Zurich Insurance Company Ltd.	Switzerland	The standard makes mention that the system shall be designed and operated at all levels of the insurer. It is unclear how “all levels” are defined and how this aligns with the requirement for the system to be adequate. Maintaining the reference to “all” will inevitably create duplication and overlaps that are neither effective nor efficient. Finally, the reference is not essential for the requirement to achieve its objective. We recommend reformulating to state “at the relevant functions and businesses of the insurer”. In addition, the principle states what elements have to be covered at a minimum. While the requirements are clear when they refer to risks (e.g., nature and degree of risk of individual legal entities), their scope is unclear when referring to non-risk related elements (e.g., sophistication and functionality of information [...]). We recommend re-formulating to explicitly link to the risks that have to be covered by the risk management system.

		<p>Finally, the 3rd bullet point makes reference to cumulative risk. This introduces a new concept that was not used previously. Are we talking of risk concentration or risk accumulation? Are we talking of risk of capital fungibility across borders? We strongly recommend the IAIS provides additional clarification or guidance on that point.</p>
249. ACLI	US	<p>We are concerned that CF 8.1a appears to mandate that the Head of the IAIG establish the risk management system that operates at all levels of the IAIG. ComFrame defines the Head of the IAIG as “the entity that controls or exerts dominant influence over the insurance group. It is usually the ultimate parent or, if the insurance group is a subset of a conglomerate, the head of the insurance group within the conglomerate.”</p> <p>While we strongly support effective risk management systems, this ComFrame element does not recognize the principle of neutrality towards IAIGs governance structures that is documented in paragraph 23 of the ComFrame Introduction. Paragraph 23 states that “IAIGs have different models of governance (i.e., more centralized or more decentralized). ComFrame does not favor any particular governance model and instead focuses on the outcomes that the governance model needs to achieve.”</p> <p>We recommend that the IAIS to strike the words “to establish, and” to avoid contradicting the overarching principle that ComFrame supports both centralized and decentralized governance models. The current phrasing seems to insist that the Head entity design and operate its risk management program for all group entities on a centralized basis. We believe the ultimate objectives of ensuring that the entire IAIG operate within an appropriately documented and effective risk management program can be achieved whether an IAIG is operating in a centralized or decentralized governance model. Out of deference to ComFrame’s neutrality to centralized/decentralized structures, guidance should be developed that permits the IAIG to delegate certain responsibilities to legal entities, as long as there is a framework in place to identify and escalate material issues to the Board and IAIG Senior Management.</p>
250. American Insurance Association	USA	<p>The Head of the IAIG should be able to delegate responsibility for certain elements of risk management functions to local business units or legal entities. Therefore, we suggest revising this standard to recognize the need for additional flexibility in delegating responsibilities and recognizing materiality considerations.</p>
251. Property Casualty Insurers Association of America (PCI)	USA	<p>The Head of the IAIG should be able to delegate responsibility for certain elements of risk management functions to local business units or legal entities. For example, the Head of the IAIG should not be required to ensure that the function covers compliance with all laws and regulations of the jurisdictions where the IAIG operates. We suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.</p> <p>We are concerned that CF 8.1a appears to mandate that the Head of the IAIG establish the risk management system that operates at all levels of the IAIG. ComFrame defines the Head of the IAIG as “the entity that controls or exerts dominant influence over the insurance group. It is usually the ultimate parent or, if the insurance group is a subset of a conglomerate, the head of the insurance group within the conglomerate.”</p> <p>While we strongly support effective risk management systems, this ComFrame element does not recognize the principle of neutrality towards IAIGs governance structures that is documented in paragraph 23 of the ComFrame Introduction. Paragraph 23 states that “IAIGs have different models of governance (i.e., more centralized or more decentralized). ComFrame does not favor any particular governance model and instead focuses on the outcomes that the governance model needs to achieve.”</p>

		<p>We recommend that the IAIS to strike the words “to establish, and” to avoid contradicting the overarching principle that ComFrame supports both centralized and decentralized governance model. The current phrasing seems to insist that the Head entity design and operate its risk management program for all group entities on a centralized basis. We believe the ultimate objectives of ensuring that the entire IAIG operate within an appropriately documented and effective risk management program can be achieved whether an IAIG is operating in a centralized or decentralized governance model.</p> <p>Out of deference to ComFrame’s neutrality to centralized/decentralized structures, guidance should be developed that permit the IAIG to delegate certain responsibilities to legal entities, as long as there is a framework in place to identify and escalate material issues to the Board and IAIG Senior Management.</p>
252. National Association of Insurance Commissioners (NAIC)	USA, NAIC	The Head of the IAIG should be able to delegate responsibility for certain elements of risk management functions to local business units or legal entities. For example, the Head of the IAIG should not be required to ensure that the function covers compliance with all laws and regulations of the jurisdictions where the IAIG operates. Suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.
26 - Q26 Comment on Guidance CF8.1a.1		
253. Insurance Europe	Europe	Structurally, the two bullet points appear to not fit together necessarily.
254. Global Federation of Insurance Associations	Global	The risk management function at the Head of the IAIG may not need to be fully integrated with that of a legal entity, as long as there is some level of collaboration and communication to ensure that the functions do not conflict and that material risk exposures are communicated to the Head of the IAIG. Suggest developing guidance in this area to recognize that different approaches may be appropriate in this regard.
255. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	Please delete double « ; » sign in first point
256. Swiss Re	Switzerland	<p>The first bullet point requires the risk management system to be integrated with the risk culture. The term culture is not well defined in the body of ICPs nor according to any other regulatory standard. It could create confusion, in particular as the risk culture is probably either a consequence of the risk management system or an explicit element of the system (as suggested in CF 8.1c). We recommend simplifying the requirement.</p> <p>Paragraph 8.2.1 states that ‘some insurers have a designated person of function to “support [...]”. It is unclear why the paragraph brings such an example that addresses “how” requirements are implemented, while other paragraph do not. It creates an inconsistency that we recommend to eliminate, or to justify with additional context.</p>
257. Zurich Insurance Company Ltd.	Switzerland	<p>The first bullet point requires the risk management system to be integrated with the risk culture. The term culture is not well defined in the body of ICPs nor according to any other regulatory standard. It could create confusion, in particular as the risk culture is probably either a consequence of the risk management system or an explicit element of the system (as suggested in CF 8.1c). We recommend simplifying the requirement.</p> <p>Paragraph 8.2.1 states that ‘some insurers have a designated person of function to “support [...]”. It is unclear why the paragraph brings such an example that addresses “how” requirements are implemented, while other paragraph do not. It creates an inconsistency that we recommend to eliminate, or to justify with additional context.</p>

258. American Insurance Association	USA	The risk management function at the Head of the IAIG may not need to be fully integrated with that of a legal entity. This guidance should be re-written to recognize that different approaches may be appropriate in this regard.
259. Property Casualty Insurers Association of America (PCI)	USA	The risk management function at the Head of the IAIG may not need to be fully integrated with that of a legal entity, as long as there is some level of collaboration and communication to ensure that the functions do not conflict and that material risk exposures are communicated to the Head of the IAIG. Suggest developing guidance in this area to recognize that different approaches may be appropriate in this regard.
260. National Association of Insurance Commissioners (NAIC)	USA, NAIC	The risk management function at the Head of the IAIG may not need to be fully integrated with that of a legal entity, as long as there is some level of collaboration and communication to ensure that the functions do not conflict and that material risk exposures are communicated to the Head of the IAIG. Suggest developing additional guidance in this area to recognize that different approaches may be appropriate in this regard.
27 - Q27 Comment on Guidance CF8.1a.2		
261. Insurance Europe	Europe	<p>Insurance Europe agrees with the content of the Guidance in general. However, the general requirement to properly assess risks associated with new business lines and products would sit better elsewhere in the framework. For example the responsibility may be better placed on local entity Boards of operating subsidiaries who manufacture products, rather than the Head of the IAIG which may in fact be a parent/holding company.</p> <p>Furthermore, it may not be appropriate to require a full risk assessment is carried out before any new business lines and/or products are introduced at a legal entity level. Insurance Europe suggests amending this as follows:</p> <p>“...before the IAIG enters into material new business lines and products...”</p>
262. Global Federation of Insurance Associations	Global	The general requirement to properly assess risks associated with new business lines and products would sit better elsewhere in the framework. For example, the responsibility may be more appropriate at the level of the operating subsidiaries who manufacture products, rather than the head of the IAIG, which may in fact be a parent/holding company. Further, it may not be efficient and appropriate to require the Head of the IAIG to ensure that a full risk assessment is carried out before ANY new business lines and/or products are introduced at a legal entity level. Suggest adding some language related to materiality in this guidance, e.g. “...before the IAIG enters into material new business lines and products...”
263. International Actuarial Association	International	The first sentence of this section would fit better as a separate bullet in CF8.1a with the wording “risk assessments prior to entering into new legal entities or new business lines, especially non-insurance ones.” Leaving this in CF8.1a.2 with the word “should” denigrates the importance of assessing new ventures from a risk point of view.
264. General Insurance Association of Japan	Japan	This guidance may be read to indicate that the Head of the IAIG is required to conduct a risk assessment regarding all new products sold by insurance legal entities within the IAIG, in which case such an approach would be too centralised. The first sentence should be deleted and the wording revised such to the following: "The Head of the IAIG should have in place

		adequate processes, controls and systems to manage the risks of new business lines, and require its legal entities to take appropriate measures."
265. Monetary Authority of Singapore (MAS)	Singapore	<p>Suggest to include "resources" (ie qualified manpower) in the 2nd sentence.</p> <p>The current drafting of the 2nd sentence seems to suggest that the Head of the IAIG is responsible for putting in place processes, controls and systems for managing new product risks. In the case whereby the Head of the IAIG is a non-operating entity, the entering into and management of the new product risks may not necessarily be at the Head of the IAIG. Hence, we suggest to rephrase the 2nd sentence to clarify the expectation that the Head of the IAIG should ensure that the IAIG has in place the necessary processes, controls and systems, regardless which entity within the IAIG enters into new product risks.</p> <p>Slight rephrasing to the 1st sentence to align with the 2nd sentence.</p> <p>Taking into consideration all of the above, the suggested rephrased paragraph is as follows:</p> <p>"The Head of the IAIG should ensure that the IAIG carries out (a) a risk assessment before entering into new business lines and products and (b) ongoing risk assessments after entering into new business areas. The Head of the IAIG should ensure that the IAIG has in place adequate resources, processes, controls and systems to manage the risks of new products."</p>
266. Association of British Insurers	United Kingdom	<p>The ABI suggests that the general requirement in this Guidance to properly assess risks associated with new business lines and products should be less prescriptive. For example, the responsibility may be better applied to local entity Boards of operating subsidiaries who manufacture the products, rather than the head of the IAIG, which may in fact be a parent/holding company.</p> <p>The ABI also suggests that this requirement only applies to new business lines and products that are material, rather than to all new business lines and products.</p>
267. Institute of International Finance/Geneva Association	United States/Switzerland	Rather than the head of the IAIG having adequate processes and controls in place to manage risks of new products, we would envisage the local entity Board to have in place processes and controls to manage those risks.
268. American Insurance Association	USA	It may not be efficient or appropriate to require the Head of the IAIG to ensure that a full risk assessment is carried out before ANY new business lines and/or products are introduced at a legal entity level. In addition, we have noticed the frequent use of the term "ensure" in other parts of the proposed ComFrame material. Given that the insurance industry attempts to manage a world of uncertainty, it is never possible to "ensure" against all possible eventualities. Therefore, we find it troublesome that the proposed ComFrame guidance continues to use that term. We recommend removing the term "ensure" and re-writing the guidance to incorporate materiality.

269. Property Casualty Insurers Association of America (PCI)	USA	The general requirement to properly assess risks associated with new business lines and products would sit better elsewhere in the framework. For example, the responsibility may be more appropriate at the level of the operating subsidiaries who manufacture products, rather than the head of the IAIG, which may in fact be a parent/holding company. Further, it may not be efficient and appropriate to require the Head of the IAIG to ensure that a full risk assessment is carried out before ANY new business lines and/or products are introduced at a legal entity level. Suggest adding some language related to materiality in this guidance, e.g. "...before the IAIG enters into material new business lines and products..."
270. National Association of Insurance Commissioners (NAIC)	USA, NAIC	It may not be efficient and appropriate to require the Head of the IAIG to ensure that a full risk assessment is carried out before ANY new business lines and/or products are introduced at a legal entity level. Suggest adding some language related to materiality in this guidance.
28 - Q28 Comment on Standard CF8.1b		
271. Insurance Europe	Europe	Insurance Europe supports the new structuring related to this Standard. However, the frequency of the review should not be annually but periodically depending on the risk profile of the undertaking.
272. GDV - German Insurance Association	Germany	Risk management training should only affect relevant staff.
273. Global Federation of Insurance Associations	Global	We support the concept of regularly reviewing the risk management system to ensure that emerging risks are taken into account and necessary modifications and improvements are identified and made in a timely fashion. However, as we noted in our comment to 8.1a, this function may not always be carried out by the Holding Company (the head of the IAIG) in IAIGs with a more decentralized governance structure and the ComFrame elements should be phrased in a manner which supports the overarching ComFrame methodology of not favoring or insisting on a centralized or decentralized governance structure. We are generally in support of the new structuring related to this Standard. However, the frequency of the review should not be annually but periodically depending on the risk profile of the undertaking.
274. General Insurance Association of Japan	Japan	It is redundant to require the Head of the IAIG to annually review the risk management system. We suggest revising "annually" to "as appropriate".
275. Monetary Authority of Singapore (MAS)	Singapore	Suggest to add the word "current" to the sentence "... to ensure that both current and emerging risks are taken into account ..."
276. Association of British Insurers	United Kingdom	The frequency of the review anticipated by this Standard should not be fixed as an annual requirement, but review should be an ongoing process as new and emerging issues are identified.
277. Institute of International Finance/Geneva Association	United States/Switzerland	We disagree with the notion that this should be a static annual exercise. Rather, we would encourage a change in the language to allow for this type of review to be an iterative, ongoing process.
278. ACLI	US	We support the concept of regularly reviewing the risk management system to ensure that emerging risks are taken into account and necessary modifications and improvements are identified and made in a timely fashion. However, as we noted in our comment to 8.1a, this function may not always be carried out by the Holding Company (the Head of the IAIG) in IAIGs with a more decentralized governance structure. The ComFrame elements should be phrased in a manner which supports the overarching ComFrame methodology of not favoring or insisting on a centralized or decentralized governance structure.

279. MetLife, Inc	USA	This standard should reference and align with globally recognized control structures such as guidance on internal control, enterprise risk management designed by the United States Committee of Sponsoring Organizations of the Treadway Commission (“COSO Framework”).
280. Property Casualty Insurers Association of America (PCI)	USA	We support the concept of regularly reviewing the risk management system to ensure that emerging risks are taken into account and necessary modifications and improvements are identified and made in a timely fashion. However, as we noted in our comment to 8.1a, this function may not always be carried out by the Holding Company (the head of the IAIG) in IAIGs with a more decentralized governance structure and the ComFrame elements should be phrased in a manner which supports the overarching ComFrame methodology of not favoring or insisting on a centralized or decentralized governance structure. We are generally in support of the new structuring related to this Standard. However, the frequency of the review should not be annually but periodically depending on the risk profile of the undertaking.
29 - Q29 Comment on Standard CF8.1c		
281. General Insurance Association of Japan	Japan	There are various ways to promote a risk culture, depending on the group entities’ business size and surrounding environment. As the unified requirement in this standard on "processes and procedures" at the group level could lessen the effectiveness, we suggest deleting or revising it as follows, for example: "The group-wide supervisor requires the Head of the IAIG to promote an appropriate risk culture."
282. Monetary Authority of Singapore (MAS)	Singapore	Referring to our comment for CF8.1a.2, suggest the following phrasing of the requirement: "The group-wide supervisor requires the Head of the IAIG to ensure that the IAIG has in place processes and procedures for promoting an appropriate risk culture."
30 - Q30 Comment on Guidance CF8.1c.1		
283. Insurance Europe	Europe	Insurance Europe would like to clarify that risk management training should be only necessary for staff it is of relevance to. The following slight re-wording is further proposed in relation to the prescribed content for processes and procedures: 'Processes and procedures for promoting an appropriate risk culture should include risk management training, address the segregation of duties and create appropriate incentives for staff.'
284. GDV - German Insurance Association	Germany	The frequency of the review should not be annually but periodically depending on the risk profile of the undertaking.
285. General Insurance Association of Japan	Japan	There are various ways to promote a risk culture, depending on the group entities’ business size and surrounding environment. As the unified requirement in this standard on "processes and procedures" at the group level could lessen the effectiveness, we suggest deleting it. There are insurance groups, particularly in Japan, that have entities engaged in businesses less relevant to insurance and other financial businesses. It is difficult, for example, to promote a risk culture which provides all general staff members of such entities with salary incentives. Therefore, the reference to "appropriate incentives for staff" should be deleted.
286. Monetary Authority of Singapore (MAS)	Singapore	These processes and procedures for promoting an appropriate risk culture are not unique to IAIGs. Suggest to consider including this guidance in the ICP in the next ICP review.
	United Kingdom	The ABI suggests clarifying what is meant by the “issue of independence” mentioned in this Guidance.

287. Association of British Insurers		We recommend that the wording is amended as follows: 'Processes and procedures for promoting an appropriate risk culture should include risk management training, address segregation of duties and create appropriate incentives for staff.'
288. Institute of International Finance/Geneva Association	United States/Switzerland	Instead of 'independence', 'segregation of duties' would be more appropriate.
31 - Q31 Comment on Standard CF8.2a		
289. Insurance Europe	Europe	Insurance Europe agrees with the improved wording of CF8.2a. However, Insurance Europe would suggest clarification as to who or what is the 'Head of the IAIG' in the context of this proposal.
290. Global Federation of Insurance Associations	Global	It does not seem necessary to require the Head of the IAIG to ensure that the internal controls at the group-wide level cover issues that would typically be the responsibility of local business units or legal entities, unless they are clearly relevant and material to the entire group. Suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.
291. General Insurance Association of Japan	Japan	Although this standard is premised on centralised Control Functions, more decentralised Control Functions should also be allowed. Therefore, the description is too detailed for a standard, and the list here should be moved to a guidance level. Even if the list is dealt with in guidance, we are concerned that the description could be read to indicate that strict documentation of all the matters on the list is required to establish an internal controls system. In particular, it is impractical to document "laws and regulations of the jurisdictions where the IAIG operates". At the same time, although there are lots of relevant laws and regulations, the scope of this standard is ambiguous. It is more appropriate to require establishment of a system that "considers" these listed matters in documents, rather than "covers".
292. Swiss Re	Switzerland	The standard states what elements have to be covered at a minimum. Controls are clear when they refer to specific risks that they address. However none of the elements refer to specific risk that should be in scope of the control systems. We recommend re-formulating to explicitly link to the risks that have to be covered by the internal control systems (typically operational risk).
293. Zurich Insurance Company Ltd.	Switzerland	The standard states what elements have to be covered at a minimum. Controls are clear when they refer to specific risks that they address. However none of the elements refer to specific risk that should be in scope of the control systems. We recommend re-formulating to explicitly link to the risks that have to be covered by the internal control systems (typically operational risk).
294. Association of British Insurers	United Kingdom	Clarification should be provided as to who or what is the 'Head of the IAIG' in the context of this Standard.
295. Institute of International Finance/Geneva Association	United States/Switzerland	See comment on Q2.
296. American Insurance Association	USA	It does not seem necessary to require the Head of the IAIG to ensure that the internal controls at the group-wide level cover issues that would typically be the responsibility of local business units or legal entities, unless they are clearly relevant and material to the entire group. Suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.

297. MetLife, Inc	USA	It is unclear how this ComFrame Standard aligns with the underlying ICPs. In addition it is inconsistent with industry standards, U.S. COSO Framework, U.S. SEC regulations such as those implementing the U.S. Sarbanes–Oxley Act (“SOX”). There is no indication of materiality. Its inconsistency with SOX makes this standard difficult to implement.
298. Property Casualty Insurers Association of America (PCI)	USA	It does not seem necessary to require the Head of the IAIG to ensure that the internal controls at the group-wide level cover issues that would typically be the responsibility of local business units or legal entities, unless they are clearly relevant and material to the entire group. Suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.
299. National Association of Insurance Commissioners (NAIC)	USA, NAIC	It does not seem necessary to require the Head of the IAIG to ensure that the internal controls at the group-wide level cover issues that would typically be the responsibility of local business units or legal entities, unless they are clearly relevant and material to the entire group. Suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.
32 - Q32 Comment on Standard CF8.2b		
300. Insurance Europe	Europe	<p>The frequency of the assessment should not be annually but periodically, depending on the risk profile of the undertaking. In general, the internal audit will be responsible for assessing and testing the internal control system on an ongoing process according to a multi-year plan.</p> <p>Further, Insurance Europe considers that the legal entity Board would be best placed to assess the internal controls systems at legal entity level. As such, it is unclear whether the role of the Head of the IAIG in this case is to carry out the assessment, or to oversee it. It is also unclear what ‘internal controls systems’ extends to.</p> <p>Insurance Europe also requests that the term “independent objective party” be clarified as being able to be performed by one of the independent second or third-line control functions within an organisation. It need not be performed by an external auditor, which would be inefficient and unnecessarily onerous.</p>
301. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	CF8.2b requires annual testing and assessments by an independent objective party. Can you please further specify if this needs to be an external party, or whether for example internal Audit could fulfill this role.
302. Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Germany - BAFIN	<p>Please delete the beginning of the second bullet point:</p> <ul style="list-style-type: none"> • "annual testing and assessments carried out by an independent objective Party"
303. Global Federation of Insurance Associations	Global	<p>We support the regular assessment of internal control systems. We do have several suggested changes.</p> <p>First, we recommend replacing the word “determine” with “evaluate” because an evaluation would fulfill the same objective that we believe CF 8.2b is attempting to achieve and avoids the implied decision-making capacity of the word “determine.” The independent auditor’s role is to provide honest and objective evaluations. Independent auditors may be reluctant to extend their opinions to a final “determination” on the coherence, completeness and effectiveness of the internal controls system.</p>

Second, we believe that an annual assessment is overly burdensome and would not allow the Board and Senior Management enough time to review the results and implement modifications and determine if they are actually working. For example, an audit of this depth would likely take the better part of a year to complete, the results must be reviewed by the Board and Senior Management. If the results indicate there are deficiencies in the internal controls, then the Board and Senior Management will need to agree on changes to the system, the changes must be implemented, and then given a period of time to evaluate their effectiveness. Back-to-back audits do not provide enough time for the potential implementation and evaluation of changes.

We recommend modifying the CF element to say that the independent assessment should occur on “a periodic basis depending on the nature, scale and complexity of the IAIG.” The Group Wide Supervisor and the IAIG should be able to agree on a practical period of time, depending on the scale or complexity of the group. This will also ensure that the independent auditors findings have real utility to the Board and Senior Management.

Depending upon the expectations here, this could be a significant undertaking for the group and its legal entities, depending upon how it is interpreted and implemented. We suggest additional clarification in this regard. Further, the frequency of the assessment should not be annually but periodically, depending on the risk profile of the undertaking. In general, the internal audit will be responsible for assessing and testing the internal control system on an ongoing process according to a multi-year plan.

Additionally, the Head of the IAIG should be able to delegate responsibility for certain elements of internal control systems to local business units or legal entities that are in a better position to test and review those functions. We consider that the legal entity Board would be best placed to assess the internal controls systems at the legal entity level. Under this approach, material issues or concerns could still be required to be communicated to the Head of the IAIG through a defined escalation process.

The term “independent objective party” should be clarified as being able to be performed by one of the independent second or third-line control functions within an organisation. It need not be performed by an external auditor, which would be inefficient and unnecessarily onerous.

The second bullet of this ComFrame Standard provides that testing and assessments to determine the appropriateness of the internal control system are carried out by “an independent objective party”. On the other hand, ICP 8.2.4 provides specific examples of such objective parties by stating that such testing and assessments are carried out by “objective parties such as an internal or external auditor”.

		<p>There is no need for ComFrame to deviate from the ICP with regard to who carries out such testing and assessments. The second bullet of this ComFrame Standard should be amended to read as follows in order to ensure consistency with ICP:</p> <p>“periodic testing and assessments are carried out by objective parties such as an internal or external auditor”.</p>
304. International Actuarial Association	International	In the 2 nd bullet annual testing is required. This seems too frequent to be considered worthwhile. Instead of annual, it should require “periodic” or “in a three-year cycle” or if there are any material changes or acquisitions, etc.
305. Insurance Ireland	Ireland	Does the first point here expect that the head of the Group actually carries out this exercise, or just oversees it? What does the “internal controls systems” refer to? How wide does it go?
306. General Insurance Association of Japan	Japan	As for the second bullet point, in light of current jurisdictional circumstances, assessments carried out by an independent objective party should be limited to those on effectiveness of internal controls over financial reporting under jurisdictional regulations. Additionally, it should be clarified that this standard will be applied depending on materiality.
307. The Life Insurance Association of Japan	Japan	<p>The second bullet point of this ComFrame Standard provides testing and assessments to determine the appropriateness of the internal control system, which are carried out by “an independent objective party”.</p> <p>On the other hand, ICP 8.2.4 provides specific examples of such objective parties by stating such testing and assessments are carried out by “objective parties such as an internal or external auditor”.</p> <p>LIAJ believes it is not necessary for ComFrame to deviate from ICP with regard to who carries out such testing and assessments. The second bullet point of this ComFrame Standard should be amended to read as follows in order to ensure consistency with ICP: “annual testing and assessments are carried out by objective parties such as an internal and external auditor”</p>
308. Canadian Institute of Actuaries	Ontario	Second bullet: Annual testing across the entire IAIG seems excessive. We suggest modifying this to say “annual testing and assessments carried out by an independent objective party of portions of the internal control system such that the entire IAIG is covered over a three-year cycle to determine the coherence, completeness and effectiveness of the internal controls system and its utility to the IAIG Board and Senior Management for controlling the operations of the IAIG.”
309. Association of British Insurers	United Kingdom	<p>The ABI considers that the legal entity Board would be best placed to assess the internal controls systems at legal entity level. As such, it is unclear whether the role of the Head of the IAIG in this case is to carry out the assessment, or to oversee it. It is also unclear what ‘internal controls systems’ extends to.</p> <p>The term “independent objective party” should be clarified as being able to be performed by one of the independent second or third-line control functions within an organisation. It need not be performed by an external auditor, which would be inefficient and unnecessarily onerous.</p>
310. Chubb	United States	We agree that the group supervisor should require the IAIG to demonstrate that its internal controls are effective; however, we disagree that the group-wide supervisor should require annual testing and assessments by an independent party. The

		supervisor should be able to conduct this assessment without requiring the IAIG incur significant costs of third-party reviews which are not currently required by many jurisdictions.
311. National Association of Mutual Insurance Companies	United States	Comment on CF8.2b. NAMIC members are highly concerned about the requirements under this section deviating from the ICP that require an independent objective third party to conduct annual testing and assessment of internal controls. The cost of this cannot be over-emphasized. Questions about the validity of an insurer's controls should be left to the sound business judgment of management and not dependent upon validation by a third party.
312. Institute of International Finance/Geneva Association	United States/Switzerland	<p>This standard prescribes that the group-wide supervisor requires an independent objective party to carry out annual testing and assessments to determine the coherence, completeness and effectiveness of the internal control system.</p> <p>On the other hand, because ICP8.2.4 prescribes that the similar periodic testing and assessments are carried by objective parties such as an internal or external auditor, the provision raises specific examples of an independent objective party.</p> <p>It is not necessary to differentiate ICP from ComFrame regarding the party which carried out the periodic testing and assessments. In order to be consistent with ICP8.2.4, the IAIS should provide further clarification on the "independent objective party". We suggest to rephrase and replace "an independent objective party" with "objective parties such as 2nd or 3rd line control functions within an organization. Involving an external auditor would be inefficient and unnecessarily burdensome.</p>
313. ACLI	US	<p>We support the regular assessment of internal control systems. We do have several suggested changes to the second bullet point of CF 8.2b. First, we recommend replacing the word "determine" with "evaluate" because an evaluation would fulfill the same objective that we believe CF 8.2b is attempting to achieve and avoids the implied decision-making capacity of the word "determine." The independent auditor's role is to provide honest and objective evaluations. Independent auditors may be reluctant to extend their opinions to a final "determination" on the coherence, completeness, and effectiveness of the internal controls system. An "evaluation" would fulfill the same objective. "Evaluate" is defined to mean "to determine or fix the value of," and "to determine the significance, worth or condition of, usually by careful appraisal and study." Synonyms of evaluate are assess, appraise, gage, estimate, weigh, value.</p> <p>In contrast, the definition of "determine" is such that it would extend the role of the independent auditor into a decision-making role that should be reserved for the Board of the IAIG. Determine is defined to mean "to fix conclusively or authoritatively; to settle or decide by choice of alternatives or possibilities; to settle or decide by choice of alternatives or possibilities; and "to fix the form, position or character beforehand; ordain, to bring about a result." Synonyms of determine are control, regulate, govern, fix, limit, define, decide.</p> <p>We do not believe it is the role of the independent auditor to make final decisions about an IAIGs control system. The independent auditor's role is to provide the Board and Senior Management with an objective assessment that evaluates the items outlined in the ComFrame standard. It is then up to the Board and Senior Management to review the results of the assessments and make any necessary modifications to its internal controls.</p> <p>Second, we believe that an annual assessment is overly burdensome and would not allow the Board and Senior Management enough time to review the results and implement modifications and determine if they are actually working. For example, an audit of this depth would likely take the better part of a year to complete, and the results must be reviewed by the Board and Senior Management. If the results indicate there are deficiencies in the internal controls, then the Board</p>

		<p>and Senior Management will need to agree on changes to the system, the changes must be implemented, and then given a period of time to evaluate their effectiveness. Back-to-back audits do not provide enough time for the potential implementation and evaluation of changes.</p> <p>We recommend modifying the CF Element to say that the independent assessment should occur on “a periodic basis depending on the nature, scale and complexity of the IAIG.” The Group Wide Supervisor and the IAIG should be able to agree on a practical period of time, depending on the scale or complexity of the group. This will also ensure that the independent auditors findings have real utility to the Board and Senior Management.</p>
314. American Insurance Association	USA	<p>AIA has noticed a fixation on “annual assessments” in the proposed ComFrame material, regardless of a need for them, and irrespective of the practicality of conducting group-wide assessments on an annual basis. It is not clear what is meant by requiring the Head of the IAIG to assess annually that the internal control systems at both the group-wide and legal entity levels are coherent, complete and effective: Is the IAIG expected to assess whether the functions are effective on an annual basis or to attest annually to the fact that they are effective?</p> <p>This guidance could result in a significant undertaking that may significantly exceed a year’s time to complete. AIA reiterates its recommendation that the ComFrame guidance should avoid mandating requirements in the abstract. Periodic assessments may be necessary, but the relevant period, as well as the scope of the assessment, should be the subject of agreement between the supervisor and the IAIG.</p> <p>Additionally, the Head of the IAIG should be able to delegate responsibility for certain elements of internal control systems to local business units or legal entities that are in a better position to test and review those functions.</p>
315. Liberty Mutual Insurance Group	USA	<p>The requirement in this standard that an insurance group must arrange for annual testing and assessment of its internal controls system by an independent objective party could be extremely costly if the scope of this assessment is not limited and made more proportional. More importantly, this standard implies that the third party assessment could replace the sound business judgment of management as to the structure of an IAIG’s internal controls. In the U.S. publicly traded companies are required to receive an “attestation” from their external auditors that management’s evaluation of the company’s internal controls is accurate, but the proposed standard in CF8.2b appears to call for a potentially much more extensive role for an independent third party.</p>
316. MetLife, Inc	USA	<p>We suggest this standard is excessive in scope and expectation. It exceeds guidance set by globally recognized control structures. There is no indication of application of the concepts of proportionality or of materiality. See also our comment in response to Q.4 and Q.24 General Comments on ICP 7 and 8 and related ComFrame Material.</p>
317. Property Casualty Insurers Association of America (PCI)	USA	<p>We support the regular assessment of internal control systems. We do have several suggested changes.</p> <p>First, we recommend replacing the word “determine” with “evaluate” because an evaluation would fulfill the same objective that we believe CF 8.2b is attempting to achieve and avoids the implied decision-making capacity of the word “determine.”</p>

The independent auditors role is to provide honest and objective evaluations. Independent auditors may be reluctant to extend their opinions to a final “determination” on the coherence, completeness and effectiveness of the internal controls system.

Second, we believe that an annual assessment is overly burdensome and would not allow the Board and Senior Management enough time to review the results and implement modifications and determine if they are actually working. For example, an audit of this depth would likely take the better part of a year to complete, the results must be reviewed by the Board and Senior Management. If the results indicate there are deficiencies in the internal controls, then the Board and Senior Management will need to agree on changes to the system, the changes must be implemented, and then given a period of time to evaluate their effectiveness. Back-to-back audits do not provide enough time for the potential implementation and evaluation of changes.

We recommend modifying the CF element to say that the independent assessment should occur on “a periodic basis depending on the nature, scale and complexity of the IAIG.” The Group Wide Supervisor and the IAIG should be able to agree on a practical period of time, depending on the scale or complexity of the group. This will also ensure that the independent auditors findings have real utility to the Board and Senior Management.

Depending upon the expectations here, this could be a significant undertaking for the group and its legal entities, depending upon how it is interpreted and implemented. We suggest additional clarification in this regard. Further, the frequency of the assessment should not be annually but periodically, depending on the risk profile of the undertaking. In general, the internal audit will be responsible for assessing and testing the internal control system on an ongoing process according to a multi-year plan.

Additionally, the Head of the IAIG should be able to delegate responsibility for certain elements of internal control systems to local business units or legal entities that are in a better position to test and review those functions. We consider that the legal entity Board would be best placed to assess the internal controls systems at the legal entity level. Under this approach, material issues or concerns could still be required to be communicated to the Head of the IAIG through a defined escalation process.

The term “independent objective party” should be clarified as being able to be performed by one of the independent second or third-line control functions within an organization. It need not be performed by an external auditor, which would be inefficient and unnecessarily onerous.

The second bullet of this ComFrame Standard provides that testing and assessments to determine the appropriateness of the internal control system are carried out by “an independent objective party”. On the other hand, ICP 8.2.4 provides specific examples of such objective parties by stating that such testing and assessments are carried out by “objective parties such as an internal or external auditor”.

		There is no need for ComFrame to deviate from the ICP with regard to who carries out such testing and assessments. The second bullet of this ComFrame Standard should be amended to read as follows in order to ensure consistency with ICP: “annual periodic testing and assessments are carried out by objective parties such as an internal and external auditor”.
318. National Association of Insurance Commissioners (NAIC)	USA, NAIC	It is not clear what is meant by requiring the Head of the IAIG to assess annually that the internal control systems at both the group-wide and legal entity levels are coherent, complete and effective. Does the IAIG need to assess whether the functions are effective on an annual basis or to attest to the fact that they are effective (or both)? Depending upon the expectations here, this could be a significant undertaking for the group and its legal entities, depending upon how it is interpreted and implemented. Suggest additional clarification in this regard, as well as consideration as to whether certain areas may be assessed on a rotational basis, as opposed to annually. Additionally, the Head of the IAIG should be able to delegate responsibility for certain elements of internal control systems to local business units or legal entities that are in a better position to test and review those functions. Under this approach, material issues or concerns could still be required to be communicated to the Head of the IAIG through a defined escalation process.
33 - Q33 Comment on Standard CF8.3a		
319. Insurance Europe	Europe	Whereas Insurance Europe broadly agrees with the requirement to clearly assess roles and functions within the IAIG, avoiding duplication of tasks and responsibilities should be in every business’s own interest and hence does not need to be explicitly listed in Standard CF8.3a.
320. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	CF8.3a states that the group function should not duplicate, limit or restrict local control functions. Does this prevent the outsourcing of local control function tasks to the group level (or vice versa), and how does this interfere with the necessary interaction between group and local functions as defined in CF8.4a? Generally spoken, CF8.3a seems to assign a relatively light role to IAIG control functions (coordination and evaluation of management reporting), whereas CF8.4a defines a much stronger role for the IAIS risk management function, for example. Could you please clarify?
321. GDV - German Insurance Association	Germany	The prohibition of the combination of control functions in the first bullet represents a stringent one-fits-all approach that may neither fit in all existing regulatory frameworks nor be appropriate for all IAIGs. We would strongly support the first bullet point to be redrafted as follow: “are sufficiently independent; in case of combination conflicts of interest need to be controlled.” IAIGs need more flexibility in light of the diversity of structures that IAIGs may have. It further appears to be unnecessarily stricter than the 2014 ComFrame text.
322. International Actuarial Association	International	The word “duplicate” should be removed. If a control function at a legal entity level does risk work, this should not preclude the risk considered at the IAIG level control functions.
323. Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	In our view, guideline no CF 8.3a shall be more aligned with CF 8.3.c. We understand, that the main issue is that control functions in IAIG entities shall be independent in order to fulfill its requirements in due manner and that Head of IAIG shall not replace IAIG entities in their control functions. In CF 8.3.c there is obligation not to combine control functions.
34 - Q34 Comment on Standard CF8.3b		

324. Insurance Europe	Europe	The term “group-wide internal management reporting” should be specified.
325. GDV - German Insurance Association	Germany	The quarterly risk management reports should be changed to periodically as in many IAIG a quarterly frequency is not adequate.
326. Global Federation of Insurance Associations	Global	<p>The second bullet point implies that the IAIG needs to track risks and internal capital measures on a legal entity basis. In some jurisdictions, an IAIG may have hundreds of legal entities as part of the IAIG. We recommend modifying CF 8.3b to permit the IAIG control functions to account for legal entity risk. Streamlining or centralizing control functions may be desirable, depending on the structure of the IAIG. The group-wide supervisor should consult with the IAIG regarding the structure and coordination of control functions.</p> <p>We recommend modifying this sentence to say “coordinate with the control functions at the insurance legal entity level, in a manner appropriate to the IAIGs legal structure and jurisdictional laws.”</p>
327. Swiss Re	Switzerland	<p>Guidance 8.3.5 requires a notification of the supervisor for the reasons for dismissing heads of control functions. We would welcome a clarification of the implications of the notification, in particular if it should limit the prerogatives and responsibilities of the Board and the CEO.</p> <p>Guidance 8.3.13 introduces the principle of “suitability” for persons who perform control functions. Established regulation, like Solvency II, have introduced the principles of “fitness and propriety”. An alignment of the terms would be welcomed, if indeed the concepts are equivalent.</p>
328. Zurich Insurance Company Ltd.	Switzerland	<p>Guidance 8.3.5 requires a notification of the supervisor for the reasons for dismissing heads of control functions. We would welcome a clarification of the implications of the notification, in particular if it should limit the prerogatives and responsibilities of the Board and the CEO.</p> <p>Guidance 8.3.13 introduces the principle of “suitability” for persons who perform control functions. Established regulation, like Solvency II, have introduced the principles of “fitness and propriety”. An alignment of the terms would be welcomed, if indeed the concepts are equivalent.</p>
329. ACLI	US	<p>The second bullet point of CF 8.3b implies that the IAIG needs to track risks and internal capital measures on a legal entity basis. In some jurisdictions, like the U.S., an IAIG may have hundreds of legal entities as part of the IAIG. We recommend modifying CF 8.3b to permit the IAIG control functions to account for legal entity risk. Streamlining or centralizing control functions may be desirable, depending on the structure of the IAIG. The group-wide supervisor should consult with the IAIG regarding the structure and coordination of control functions.</p> <p>We recommend modifying this sentence to say “coordinate with the control functions at the insurance legal entity level, in a manner appropriate to the IAIGs legal structure and jurisdictional laws.</p>
330. Property Casualty Insurers Association of America (PCI)	USA	The second bullet point implies that the IAIG needs to track risks and internal capital measures on a legal entity basis. In some jurisdictions, an IAIG may have hundreds of legal entities as part of the IAIG. We recommend modifying CF 8.3b to permit the IAIG control functions to account for legal entity risk. Streamlining or centralizing control functions may be desirable, depending on the structure of the IAIG. The group-wide supervisor should consult with the IAIG regarding the structure and coordination of control functions.

		We recommend modifying this sentence to say “coordinate with the control functions at the insurance legal entity level, in a manner appropriate to the IAIGs legal structure and jurisdictional laws.
35 - Q35 Comment on Standard CF8.3c		
331. Insurance Europe	Europe	<p>Insurance Europe would strongly support the first bullet point be replaced by:</p> <ul style="list-style-type: none"> • are sufficiently independent. <p>This allows supervisors, as well as IAIGs more flexibility in light of the diversity of structures that IAIGs may have. To per se prohibit the combination of control functions represents a stringent one-fits-all approach that may neither fit in all existing regulatory frameworks nor be appropriate for all IAIGs. It further appears to be unnecessarily stricter than the 2014 ComFrame text.</p>
332. Allianz	Germany	The combination of control functions should be allowed for second line defense functions, e.g. the combination of Risk with Compliance or Risk with Actuarial Function, or all three together.
333. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	CF8.3c requires that IAIG control functions are not combined. This seems to be contradictory to paras 8.3.9 and 8.3.10. According to these paragraphs, a combination of certain control functions seems possible, as long as potential conflicts of interest are avoided. Could you please clarify, and please in particular refer to whether risk management and actuarial functions could be combined on IAIG level or on individual entity level.
334. GDV - German Insurance Association	Germany	A separation of risk management und risk taking activities could not always be implemented (for instance if IAIGs do have less complex subsidiaries, see also Q33). We would suggest to expand the requirement "...or, in case of combination, to control conflicts of interests by adequate measures."
335. Global Federation of Insurance Associations	Global	<p>We understand that some control functions, like the audit function, must be independent and should not be combined with other units. As currently written, this Element would have significant staffing functions by requiring a completely separate second line of control functions for every internal control function, regardless of whether the risks were material or not.</p> <p>While we understand that material, high-risk control functions like audit should not be combined with other control functions, we believe that non-material risks or even some material but low-impacting risks, do not require a completely separate first and second line set of controls. Even for material risks that are lower-impact, having a combination of 1st line staff perform some 2nd line oversight should be acceptable. The staffing implications for having to maintain separate 1st and 2nd line oversight for every control function is not reasonable.</p> <p>It is unclear what the phrase “are not combined” requires in practice. We note there is no outright ban on combining control functions under current guideline M2E2-8-1-2, and we suggest that this bullet point be deleted.</p>
337. International Actuarial Association	International	<p>The 4th bullet should change the word “or” to “and”. Same reason as for CF8.1a above.</p> <p>CF8.3c requires that IAIG control functions are not combined. This seems to be contradictory to paras 8.3.9 and 8.3.10. According to these paragraphs, a combination of certain control functions seems possible, as long as potential conflicts of interest are avoided. Could you please clarify, and please in particular refer to whether risk management and actuarial functions could be combined on IAIG level or on individual entity level.</p>

338. Dai-ichi Life Holdings, Inc.	Japan	<p>CF8.3c says that the group supervisor requests IAIG Board of Directors to ensure that internal control functions of IAIG are "not combined". But depending on a business structure, "combined" function should not be denied uniformly. For example, when a head of IAIG supervises and monitors operations of insurance subsidiaries, with their operation left to themselves, organic cooperation between actuary function and risk management function in the head of IAIG would be more efficient to conduct group governance.</p> <p>It is not appropriate to ensure being not combined which leads to unnecessary organizational segregation.</p>
339. General Insurance Association of Japan	Japan	<p>As for the first bullet point ("are not combined"), it is common in Japan for one division (a risk management division, an accounting division, etc.) to perform more than one control function (a risk management function, an actuarial function, etc.), and an insurer's actuarial function is fulfilled collectively by several divisions. We recognise that such practices do not entail problems. As the point could place unnecessarily strict restrictions on an IAIG's control structure, it should be deleted. If it is difficult to delete it, we suggest revising this standard to clearly allow for practices such as the above.</p>
340. Association of British Insurers	United Kingdom	<p>This Standard, which states that the IAIG is not to combine control functions, should be amended to address the particular concern of the IAIS, as it is not uncommon or inappropriate for risk and compliance functions to be combined or to overlap. We note that there is no outright ban on combining control functions under current Guideline M2E2-8-1-2.</p>
341. Institute of International Finance/Geneva Association	United States/Switzerland	<p>We would like to ask the IAIS to provide clarification on what is meant by 'are not combined'.</p>
342. ACLI	US	<p>We understand that some control functions, like the audit function, must be independent and should not be combined with other units. As currently written, this Element would have significant staffing implications because it would require a completely separate second line of control functions for every internal control function, regardless of whether the risks were material or not.</p> <p>While we understand that material, high-risk control functions like audit should not be combined with other control functions, we believe that non-material risks or even some material but low-impacting risks, do not require a completely separate first and second line set of controls. Even for material risks that are lower-impact, having a combination of first line staff perform some second line oversight. The staffing implications for having to maintain separate first and second line oversight for every control function is not reasonable.</p> <p>We recommend moderating this language, by clarifying that the "no combining" rule applies only to material control functions. The group-wide supervisor should have the discretion to determine if it is appropriate to combine control functions for other lower-impact risks</p>
343. MetLife, Inc	USA	<p>We have comments on bullets copied below as follows:</p> <p>The group-wide supervisor requires the IAIG Board to ensure that the IAIG control functions:</p> <ul style="list-style-type: none"> • are not combined;.../ <p>It is unclear how the corresponding ICP 8.3.10 relates to this ComFrame Standard as they are inconsistent. ICP 8.3.10, states certain control functions may be combined.</p> <ul style="list-style-type: none"> • have unrestricted access, and report periodically, to the IAIG Board or one of its committees;.../

		The reference to “unrestricted access” is unclear and could be subject to alternative interpretations and should be clarified or deleted.
344. Property Casualty Insurers Association of America (PCI)	USA	<p>We understand that some control functions, like the audit function, must be independent and should not be combined with other units. As currently written, this Element would have significant staffing functions by requiring a completely separate second line of control functions for every internal control function, regardless of whether the risks were material or not.</p> <p>While we understand that material, high-risk control functions like audit should not be combined with other control functions, we believe that non-material risks or even some material but low-impacting risks, do not require a completely separate first and second line set of controls. Even for material risks that are lower-impact, having a combination of 1st line staff perform some 2nd line oversight should be acceptable. The staffing implications for having to maintain separate 1st and 2nd line oversight for every control function is not reasonable.</p> <p>It is unclear what the term “are not combined” requires in practice. We note there is no outright ban on combining control functions under current guideline M2E2-8-1-2, and we suggest that this bullet point be deleted.</p>
36 - Q36 Comment on Standard CF8.4a		
345. Insurance Europe	Europe	The quarterly risk management reports should be changed to periodically depending on the risk profile of the undertaking.
346. Global Federation of Insurance Associations	Global	<p>The Head of the IAIG should be able to delegate responsibility for certain elements of risk management functions to local business units or legal entities. For example, the Head of the IAIG should not be required to monitor all risk management activities and mechanisms employed at the legal entity level or to conduct a full assessment of risks at that level.</p> <p>This Standard should clarify that it does not require a risk management function to be embedded in each legal entity, and it should allow additional flexibility in delegating responsibilities and recognizing materiality considerations.</p> <p>The quarterly risk management reports should be changed to periodically depending on the risk profile of the undertaking.</p>
347. International Actuarial Association	International	In the 4 th bullet, this requirement should be done at the legal entity level as well as at the group-wide level.
348. General Insurance Association of Japan	Japan	<p>Although this standard is premised on centralised Control Functions, more decentralised Control Functions should also be allowed. Therefore, the description is too detailed for a standard, and the list here should be moved to a guidance level. Even if the list is dealt with in guidance, it is overly burdensome for the Head of an IAIG to ensure that the IAIG risk management function makes "at least quarterly" risk management reports to the IAIG Board or one of its committees (the last bullet point). In Japan, insurers are legally required to submit such reports half-yearly, and the frequency of internal reporting is determined by each insurer. Hence, to allow for more flexibility we suggest revising "at least quarterly" to "regularly", for example.</p> <p>In addition, this bullet point can be read as requiring each insurance legal entity to make reports to the IAIG Board or one of its committees, which is redundant. It should be clarified that only group-wide reporting to the IAIG Board or one of its committees is required (for example, by revising "risk management reports" to "group-wide risk management reports").</p>

349. Monetary Authority of Singapore (MAS)	Singapore	1st bullet : Suggest add the word “effective” to the first bullet as follows : “...coordinates and monitors consistent and effective implementation ...”
350. Swiss Re	Switzerland	The last bullet point of CF8.4a seems overly prescriptive: Reports should happen as often as necessary.
351. Zurich Insurance Company Ltd.	Switzerland	The last bullet point of CF8.4a seems overly prescriptive: Reports should happen as often as necessary.
352. Association of British Insurers	United Kingdom	This Standard should clarify that it is not expected that there needs to be a risk management function embedded in each legal entity.
353. Institute of International Finance/Geneva Association	United States/Switzerland	This standard could be interpreted in such a way that the expectation is that there needs to be a risk management function embedded within each legal entity. Should the above interpretation be intended, we would disagree. The language should be clarified.
354. ACLI	US	The Head of the IAIG should be able to delegate responsibility for certain elements of risk management function to local business units or legal entities. ACLI suggests revising to incorporate additional flexibility as well as materiality considerations.
355. Property Casualty Insurers Association of America (PCI)	USA	The Head of the IAIG should be able to delegate responsibility for certain elements of risk management functions to local business units or legal entities. For example, the Head of the IAIG should not be required to monitor all risk management activities and mechanisms employed at the legal entity level or to conduct a full assessment of risks at that level. This Standard should clarify that it does not require a risk management function to be embedded in each legal entity, and it should allow additional flexibility in delegating responsibilities and recognizing materiality considerations. The quarterly risk management reports should be changed to periodically depending on the risk profile of the undertaking.
356. National Association of Insurance Commissioners (NAIC)	USA, NAIC	The Head of the IAIG should be able to delegate responsibility for certain elements of risk management functions to local business units or legal entities. For example, the Head of the IAIG should not be required to monitor all risk management activities and mechanisms employed at the legal entity level or to conduct a full assessment of risks at that level. Suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.
37 - Q37 Comment on Standard CF8.4b		
357. Insurance Europe	Europe	A strict separation of risk management and risk taking activities can, in practice, not always be implemented (especially in SME). Insurance Europe would hence propose the following wording: " The group-wide supervisor requires the IAIG risk management function to control conflicts of interests by adequate measures."
358. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	By CF8.4b it is implied that an IAIG risk management function could also fulfill risk taking activities. This could imply a conflict of interests as excluded by 8.3.10. Please clarify and, if possible, list examples of risk taking activities which could be fulfilled by the risk management function and which do not form a conflict of interests.
359. Komisja Nadzoru Finansowego - KNF (Polish)	Poland	We support that idea that risk management shall not be same time responsible with risk taking activities, it is much aligned with SII requirements – but, what is the difference in this sentence with « risk management function » and « risk control function » ? Does it mean, that according to CD8.4.b Risk Management Function is also a risk taking activities, or its

Financial Supervision Authority)		separate issue outside that function ? Or, within Risk Management function, only persons responsible for risk control functions shall not be liable for risk taking activities ? We suggest clarification.
360. Swiss Re	Switzerland	CF8.5a requires in the 3rd bullet point from the compliance function to develop and embed group-wide corporate values throughout the IAIG. While such requirements are important to every insurer, they do not have to sit with the compliance function. In particular embedding group-wide corporate values should be responsibility of every manager, and every employee. We recommend the requirement to move away from attaching corporate values solely to the compliance function, and reinforce the importance of such values under the leadership of the Head of the IAIG.
361. Zurich Insurance Company Ltd.	Switzerland	CF8.5a requires in the 3rd bullet point from the compliance function to develop and embed group-wide corporate values throughout the IAIG. While such requirements are important to every insurer, they do not have to sit with the compliance function. In particular embedding group-wide corporate values should be responsibility of every manager, and every employee. We recommend the requirement to move away from attaching corporate values solely to the compliance function, and reinforce the importance of such values under the leadership of the Head of the IAIG.
38 - Q38 Comment on Standard CF8.5a		
362. Insurance Europe	Europe	<p>Insurance Europe recommends that this Standard be amended to remove the obligations on the compliance function to coordinate and monitor consistent implementation of:</p> <ul style="list-style-type: none"> • Legal obligations (in the first and second bullet) • Internal policies (in the second bullet) • Development and embedding of group-wide corporate values throughout the IAIG (the third bullet) <p>While the compliance function will be necessarily concerned with the regulatory obligations, broadening its scope to also include all legal obligations would detract from its core purpose in terms of compliance with financial service related rules and guidance. Broader legal obligations are better addressed by a IAIG's legal function and should not therefore be allocated to the compliance function.</p> <p>Similarly, the compliance function will be concerned with internal policies that are relevant to the IAIG's compliance with its regulatory obligations, however, an IAIG will have other internal policies that will not be directly relevant to regulatory compliance and therefore the compliance function should not be allocated oversight responsibility for such policies as it would detract from its core purpose.</p> <p>Therefore, Insurance Europe would suggest that the first and second bullet points are amended as follows</p> <p>'appropriate policies and processes regarding the regulatory obligations of the IAIG and its legal entities'</p>

		<p>'assessments of the material regulatory obligations and compliance risks of the IAIG, and the steps being taken to fulfil or address them, at least annually and as required by the Board'</p> <p>In respect to the third bullet, Insurance Europe considers that the development of group wide corporate values (incl a code of conduct policy) is a matter that should be led by the Board of the IAIG, and that the embedding of those corporate values is a matter that should be the responsibility of all. Therefore, Insurance Europe does not believe that it is appropriate to assign these responsibilities to the compliance function. It is therefore recommended that the third bullet be deleted.</p> <p>The final bullet point requires the annual group-wide compliance plan to be approved by the IAIG Board. Insurance Euope considers that this is requirement overreaching – it should be sufficient that the Board receives a copy of the plan, discusses the plan, and receives periodical updates on the progress of the plan.</p>
363. Allianz	Germany	In the first bullet, the appropriate policies and processes should refer to the compliance with legal and supervisory obligations.
364. Global Federation of Insurance Associations	Global	<p>It does not seem necessary for the Head of the IAIG to monitor ALL compliance mechanisms and activities across all levels of the company. In addition, it is not clear what would be included in a group-wide compliance plan as regulatory compliance varies extensively across jurisdictions. We suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations, and in particular, removing the obligations on the compliance function to coordinate and monitor consistent implementation of:</p> <ol style="list-style-type: none"> 1. Legal obligations (in the first and second bullet) 2. Internal policies (in the second bullet) 3. Development and embedding of group-wide corporate values throughout the IAIG (the third bullet) 4. Approval of the compliance plan by the Board (final bullet point) – it should be sufficient that the Board receives a copy of the plan, discusses the plan, and receives (quarterly) updates on the progress of the plan.
366. International Actuarial Association	International	The 3 rd bullet is too broad a statement in a section dealing with the compliance function. It should either be removed, or be more limited, such as “development and embedding of corporate compliance values throughout the IAIG.”
367. General Insurance Association of Japan	Japan	Although this standard is premised on more centralised Control Functions, more decentralised Control Functions should also be allowed. Therefore, the description is too detailed for a standard, and the list here should be moved to a guidance level.
368. Canadian Institute of Actuaries	Ontario	The third bullet in the list deals with corporate values, which doesn't seem relevant in a section dealing with the compliance function. We suggest removing this bullet.

369. Monetary Authority of Singapore (MAS)	Singapore	Suggest to add the word “effective” to the first paragraph as follows : “...coordinates and monitors consistent and effective implementation of the IAIG’s compliance ...”
370. Association of British Insurers	United Kingdom	<p>This Standard should be amended to remove obligations of the compliance function with respect to coordinating and monitoring consistent implementation of:</p> <ul style="list-style-type: none"> - Legal obligations (in the first and second bullet) - Internal policies (in the second bullet) - Development and embedding of group-wide corporate values throughout the IAIG (the third bullet) <p>While the compliance function will be necessarily concerned with the regulatory obligations, broadening its scope to also include all legal obligations would detract from its core purpose in terms of compliance with financial services-related rules and guidance. Broader legal obligations are better addressed by an IAIG’s legal function and should not therefore be allocated to the compliance function.</p> <p>Similarly, although the compliance function will be concerned with internal policies that are relevant to the IAIG’s compliance with its regulatory obligations, an IAIG will have other internal policies that will not be directly relevant to regulatory compliance, and therefore the compliance function should not be allocated oversight responsibility for such policies.</p> <p>Therefore we suggest that the first and second bullet points are amended as follows:</p> <ul style="list-style-type: none"> - ‘appropriate policies and processes regarding the regulatory obligations, of the IAIG and its legal entities’ - ‘assessments of the material regulatory obligations and compliance risks of the IAIG, and the steps being taken to fulfill or address them, at least annually and as required by the Board’ <p>In respect of the third bullet point, we consider that the development of group wide corporate values is a matter that should be led by the Board of the IAIG, and that the embedding of those corporate values is a matter that should be the responsibility of all. Therefore we do not consider that it is appropriate to assign these responsibilities to the compliance function. We therefore recommend that the third bullet point be deleted.</p>

		<p>In respect of the sixth (final) bullet point, it should be sufficient that the Board receives a copy of the compliance plan, discusses the plan, and receives (e.g. quarterly) updates on the progress of the plan, rather than being required to approve it.</p>
<p>371. Institute of International Finance/Geneva Association</p>	<p>United States/Switzerland</p>	<p>See comment on Q2. CF8.5a should be amended to remove obligations for the compliance function to coordinating and monitoring consistent implementation of:</p> <ul style="list-style-type: none"> • Legal obligations (in the first and second bullet) • Internal policies (in the second bullet) • Development and embedding of group-wide corporate values throughout the IAIG (the third bullet) <p>While the compliance function will be necessarily concerned with the regulatory obligations, broadening its scope to also include all legal obligations would detract from its core purpose in terms of compliance with financial service related rules and guidance. Broader legal obligations are better addressed by a IAIGs legal function and should not therefore be allocated to the compliance function.</p> <p>Similarly, the compliance function will be concerned with internal policies that are relevant to the IAIG’s compliance with its regulatory obligations, however, an IAIG will have other internal policies that will not be directly relevant to regulatory compliance and therefore the compliance function should not be allocated oversight responsibility for such policies as it would detract from its core purpose. Therefore we would suggest that the first and second bullet points are amended as follows:</p> <p>‘Appropriate policies and processes regarding the (strike “legal and”) regulatory obligations,(strike “ and the internal policies,”) of the IAIG and its legal entities’ ‘assessments of the material (strike “legal and”)regulatory obligations and compliance risks of the IAIG, and the steps being taken to fulfil or address them, at least annually and as required by the Board’</p> <p>In respect to the third bullet we consider that the development of group wide corporate values is a matter that should be led by the Board of the IAIG, and that the embedding of those corporate values is a matter that should be the responsibility of all, therefore we do not believe that it is appropriate to assign these responsibilities to the compliance function. We therefore recommend that the third bullet be deleted.</p> <p>We disagree with the requirement laid down in the last bullet, whereby it is expected that the Board approves the annual compliance plan. We urge a less rigid requirement on this point. It should suffice to say that the Board “reviews” the plan.</p>

		Also, this section should include a clarification of who (or what) is meant by the reference to 'head of IAIG' does this mean the legal entity, the chairman, the CEO or indeed the Board itself?
372. ACLI	US	It does not seem necessary or appropriate for the Head of the IAIG to monitor all compliance mechanism and activities across all levels of the group. ACLI suggests revising to incorporate additional flexibility as well as materiality considerations.
373. Property Casualty Insurers Association of America (PCI)	USA	It does not seem necessary for the Head of the IAIG to monitor ALL compliance mechanisms and activities across all levels of the company. In addition, it is not clear what would be included in a group-wide compliance plan as regulatory compliance varies extensively across jurisdictions. We suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations, and in particular, removing the obligations on the compliance function to coordinate and monitor consistent implementation of: <ul style="list-style-type: none"> • Legal obligations (in the first and second bullet) • Internal policies (in the second bullet) • Development and embedding of group-wide corporate values throughout the IAIG (the third bullet) • Approval of the compliance plan by the Board (final bullet point) – it should be sufficient that the Board receives a copy of the plan, discusses the plan, and receives (quarterly) updates on the progress of the plan.
374. National Association of Insurance Commissioners (NAIC)	USA, NAIC	It does not seem necessary for the Head of the IAIG to monitor ALL compliance mechanisms and activities across all levels of the company. In addition, it is not clear what would be included in a group-wide compliance plan as regulatory compliance varies extensively across jurisdictions. Suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.
39 - Q39 Comment on Standard CF8.6a		
375. Insurance Europe	Europe	Insurance Europe considers that Standard CF8.6a as currently drafted does not adequately reflect the actuarial function's role in assessing the appropriateness of methodologies and assumptions used in the calculation of capital requirements and technical provisions. Insurance Europe would therefore recommend changing the bullet points as follows: <ul style="list-style-type: none"> • Amendment to the first and second bullet points to state a more specific focus on the calculations, as follows 'the appropriateness of methodologies and underlying models and controls relevant to actuarial matters of the financial condition of the IAIG;' and 'the reliability of the calculation of the IAIG's solvency position, including assessing the methodology and assumptions used in the calculation of regulatory capital requirements and technical provisions;' • The third bullet point should be deleted entirely, as it is the role of the actuarial function to ensure the appropriateness of methodologies used in the calculation of the IAIG's financial condition, however, stress and scenario testing will be a function of risk management rather than the actuarial function.

		<ul style="list-style-type: none"> • The fourth bullet point should be amended to reflect that the actuarial function should express an opinion on pricing and reinsurance but not be responsible for the development of the arrangements. Therefore, recommend that the bullet point is amended as follows: 'an opinion on pricing and assessment of the adequacy of the IAIG's reinsurance arrangements; and' • The fifth bullet point should be amended to recognise that responsibility for the ORSA and internal models should primarily be with risk management function, although the actuarial function will contribute. Therefore, recommend that the fifth bullet is amended as follows: 'contribute to the effective implementation of the IAIG's Own Risk and Solvency Assessment (ORSA) and use of internal models.'
376. Allianz	Germany	<p>The group wide risk assessment is coordinated and performed by the group wide risk function as a key responsibility. While the actuarial function should support this assessment from an actuarial perspective, the responsibility should remain with the group wide risk function.</p> <p>The assessment of the solvency position and regulatory capital requirement should be assigned to the risk function, while the actuarial function is responsible for the calculation of technical provisions.</p> <p>Responsibility for the capital adequacy assessment and the performance of stress tests should be assigned to the risk function.</p>
377. Deutsche Aktuarvereinigung e.V. (DAV) (German Association of Actuaries)	Germany	<p>The lists of tasks assigned to actuarial functions is broader than for example under Solvency II. It is different both in range of task as well as in the purpose. Under Solvency II, the actuarial function has a quality-assuring and validating role, whereas here there is a clear purpose of giving an overview over local actuarial activities. The breadth of tasks is very well defined and corresponds well to the breadth of quantitative tasks an actuary faces within IAIGs. However, please clarify how the conflict between a validating and a reporting role could be resolved. In addition to this it would also be worthwhile to further define the interaction between the actuarial function and potential other required roles, e.g. the Appointed Actuary.</p>
378. GDV - German Insurance Association	Germany	<p>Regarding the task of the internal audit function we strongly disagree. The internal audit focusses on processes and internal controls (last bullet). The fraud prevention is often also task of compliance.</p>
379. Global Federation of Insurance Associations	Global	<p>As the significance of reinsurance arrangements varies across IAIGs depending on their business models, adequacy of the IAIG's reinsurance arrangements should be supervised in accordance with its significance. In particular, where an IAIG has a more decentralized governance approach, there may be cases where the IAIG assesses adequacy of reinsurance arrangements though the assessments of risks carried out by each entity within the IAIG. Accordingly, the fourth bullet referring to the development, pricing and assessment of the adequacy of the IAIG's reinsurance arrangements should be deleted and reinsurance arrangements should be referred to in the first bullet by replacing "actuarial matters" with "actuarial matters (including reinsurance arrangements)".</p>

		<p>Given that not all jurisdictions require direct actuarial involvement in the calculation of regulatory capital requirements (particularly when using a standard model/formula), the language in the second bullet requires revision, so that the actuarial function is responsible for overseeing the actuarial portions of the current and prospective solvency calculation. It is not appropriate to require IAIGs to place the responsibility for solvency calculations within the actuarial function. In some jurisdictions, the actuarial function is not tasked with calculating the IAIG's solvency position. While actuarial calculations, such as technical provisions often factor in an IAIG's solvency position, there are also items outside of the actuarial function that impact on IAIG's solvency position, and therefore the responsibility for performing an overview of the current and prospective solvency calculations often lies outside of the actuarial function. For example, the Controller's area often performs the current solvency calculation, with input from other areas as necessary. The Treasury Department may oversee the projection of future positions. This may vary company by company. The actuarial function is not the only area/function that contributes to the solvency calculation.</p> <p>The third bullet point should either be deleted entirely or reworded so that the actuarial function is required to oversee the actuarial portions of the current and prospective solvency calculation only.</p>
380. International Actuarial Association	International	<p>In the first bullet, the word "or" should be changed to "and". The current wording sounds like there is a choice.</p> <p>In the 5th bullet, it mentions "use of internal models" with the ORSA. Internal models should have its own separate bullet, since this also applies to stress testing and other work actuarial work between actuarial matters and financial condition. The requirement should apply to both.</p>
381. Dai-ichi Life Holdings, Inc.	Japan	<p>The importance of reinsurance varies by business models of IAIG. For example, in the case of decentralized governance approach, each legal entity usually has a responsibility for its risk management and assessment of appropriateness of reinsurance. Therefore, the fourth bullet, "development, pricing and assessment of the adequacy of the IAIG's reinsurance arrangements" should be removed and added in the first bullet such as "actuarial matters (including reinsurance arrangements)".</p>
382. General Insurance Association of Japan	Japan	<p>Although this standard is premised on centralised Control Functions, more decentralised Control Functions should also be allowed. Therefore, the description is too detailed for a standard, and the list here should be moved to a guidance level. Even if the list is dealt with in guidance, it should be revised to flexibly allow for different approaches. It is common in Japan that an insurer's actuarial function is fulfilled collectively by several divisions, and we recognise that such practices do not entail problems. Therefore, such practices as the above should clearly be allowed under ComFrame.</p> <p>In particular, detailed requirements on the operations of an IAIG's actuarial function will increase the burden of the Head of the IAIG. Hence, it should be clarified that, with regard to the IAIG's actuarial function, simplified responses and those depending on proportionality are allowed. We would also like to note that the application of the proportionality principle should be clarified for other functions as well.</p>
383. The Life Insurance Association of Japan	Japan	<p>As the significance of reinsurance arrangements varies across IAIGs depending on their business models, adequacy of the IAIG's reinsurance arrangements should be supervised in accordance with its significance. In particular, where an IAIG has a more decentralized governance approach, there may be cases where the IAIG assesses adequacy of reinsurance arrangements through the assessment of risks carried out by each entity within the IAIG.</p>

		<p>Accordingly, the fourth bullet point referring to the development, pricing and assessment of the adequacy of the IAIG's reinsurance arrangements should be deleted and reinsurance arrangements should be referred in the first bullet point by replacing "actuarial matters" with "actuarial matters (including reinsurance arrangements)".</p>
<p>384. Association of British Insurers</p>	<p>United Kingdom</p>	<p>In the chapeau of this Standard, it is unclear whether the overview is to be provided by the actuarial function for the purposes of the IAIG or for the supervisor.</p> <p>Furthermore, the bullet points in Standard CF8.6a do not reflect the actuarial function's role in assessing the appropriateness of methodologies and assumptions used in the calculation of capital requirements and technical provisions. We therefore recommend the following changes:</p> <p>Amend the first and second bullet points to require a specific focus on the calculations, as follows:</p> <ul style="list-style-type: none"> - 'the appropriateness of methodologies and underlying models and controls relevant to actuarial matters or the financial condition of the IAIG;' and - 'the reliability of the calculation of the IAIG's solvency position, including assessing the methodology and assumptions used in the a calculation of regulatory capital requirements and technical provisions;' <p>The third bullet point should be deleted entirely, as it is the role of the actuarial function to ensure the appropriateness of methodologies used in the calculation of the IAIG's financial condition. Stress and scenario testing will be a function of risk management rather than the actuarial function.</p> <p>The fourth bullet point should be amended to reflect that the actuarial function should express an opinion on pricing and reinsurance, but not be responsible for the development of the arrangements:</p> <ul style="list-style-type: none"> - 'an opinion on pricing and assessment of the adequacy of the IAIG's reinsurance arrangements; and' <p>The fifth bullet point should be amended to recognise that responsibility for the ORSA and internal models should be primarily a risk management function, although the actuarial function will contribute:</p> <ul style="list-style-type: none"> - 'contribute to the effective implementation of the IAIG's Own Risk and Solvency Assessment (ORSA) and use of internal models.'

<p>385. The Travelers Companies, Inc.</p>	<p>United States</p>	<p>This paragraph lists many items that belong in the Enterprise Risk Management (ERM) function of an IAIG but not in the actuarial function. Examples of such items (that belong in the ERM and not the actuarial function) include risk assessment in general, capital adequacy assessments and stress/scenario testing. We note that Guideline M2E2-11-1-2 of the 2014 ComFrame draft correctly listed such items as areas where the actuarial function might be able to provide advice, but did not list them as being the responsibility of the actuarial function. Instead the 2014 draft (in Standard 8.5) listed the following items as being clearly under the actuarial function: “technical provisions, premium and pricing activities, and compliance with related statutory and regulatory requirements”.</p> <p>We recommend that the wording in Paragraph CF8.6a be either eliminated or revised (to be consistent with the prior wording in Standard 8.5 and Guideline M2E2-11-1-2).</p>
<p>386. Institute of International Finance/Geneva Association</p>	<p>United States/Switzerland</p>	<p>CF8.6a as currently drafted does not adequately reflect the actuarial functions role in assessing the appropriateness of methodologies and assumptions used in the calculation of capital requirements and technical provisions nor does it take into account that there are areas outside of the actuarial function which would impact the solvency position of an IAIG, including controller and treasury departments. We would therefore recommend changing the bullet points as follows:</p> <p>We suggest to amend the first and second bullet points to state a more specific focus on the calculations, as follows ‘(strike “group-wide risk assessment and management policies”) the appropriateness of methodologies and underlying models and controls relevant to actuarial matters of the financial condition of the IAIG;’ and ‘the reliability of the calculation of the IAIG’s solvency position, including assessing the methodology and assumptions used in the a calculation of regulatory capital requirements and technical provisions;’</p> <p>The third bullet point should be deleted, (strike “the IAIG’s prospective solvency position by conducting capital adequacy assessments and stress tests, under various scenarios, and measuring their relative impact on assets, liabilities, and actual and future capital levels”);, as it is the role of the actuarial function to ensure the appropriateness of methodologies used in the calculation of the IAIG’s financial condition, however, stress and scenario testing will be a function of risk management rather than the actuarial function.</p> <p>The fourth bullet point should be amended to reflect that the actuarial function should express an opinion on pricing and reinsurance but not be responsible for the development of the arrangements. Therefore recommend that the bullet point is amended as follows:</p> <p>‘(strike “development”), an opinion on pricing and assessment of the adequacy of the IAIG’s reinsurance arrangements; and’</p> <p>The fifth bullet point should be amended to recognise that responsibility for the ORSA and internal models should be primarily a risk management function, although the actuarial function will contribute. Therefore recommend that the fifth bullet is amended as follows:</p>

		<p>'(strike"actuarial related risk modelling in") contribute to the effective implementation of the IAIG's Own Risk and Solvency Assessment (ORSA) and use of internal models.'</p> <p>In addition to our above comments to the inserted ComFrame text, our observations on ComFrame's assumption of the scope of the actuarial function also apply to the ICP, hence we would like to propose several adjustments in ICP level as well:</p> <ol style="list-style-type: none"> 1. ICP 8.6 should remove "capital adequacy" from the requirements 2. ICP 8.6.2 bullet 4 should be removed 3. ICP 8.6.4 bullet 2 should remove the "and capital requirements, as well as other obligations or activities" portion of the bullet 4. ICP 8.6.4 bullet 3 should remove "and the valuation of assets" portion of the bullet 5. ICP 8.6.4 bullet 4 and bullet 5 should be reworded so that the actuarial function is only reviewing the actuarial portion of the insurer's current and prospective solvency position 6. ICP 8.6.4 bullet 6 should remove the "or the financial condition of the insurer" portion of the bullet 7. ICP 8.6.4 bullet 12 should remove the "or financial projections, or for solvency" portion of the bullet 8. ICP 8.6.4 bullet 13 should remove the "or financial matters" portion of the bullet.
387. ACLI	US	<p>The second and third bullets of CF 8.6a require the actuarial function to provide an overview of the current and prospective solvency position of an IAIG. We recommend rewording these bullets so that the actuarial function is responsible for overseeing the actuarial portions of the current and prospective solvency calculation. It is not appropriate to require IAIGs to place the responsibility for solvency calculations within the actuarial function, which may lack all of the data points necessary to make an accurate calculation. In some jurisdictions, the actuarial function is not tasked with calculating the IAIG's solvency position.</p>

		<p>While actuarial calculations, such as technical provisions often factor in an IAIG’s solvency position, there are also items outside of the actuarial function that impact an IAIG’s solvency position, and therefore the responsibility for performing an overview of the current and prospective solvency calculations often lies outside of the actuarial function. For example, the Controller’s area often performs to current solvency calculation, with input from other areas as necessary. The Treasury Department may oversee the projection of future positions. This may vary company by company. The actuarial function is not the only area/function that contributes to the solvency calculation.</p> <p>As this is the case, we recommend rewording these bullets such that guidance has the actuarial function overseeing the actuarial portions of the current and prospective solvency calculation only.</p>
388. MetLife, Inc	USA	<p>The second and third bullets of CF 8.6a require the actuarial function to provide an overview of the current and prospective solvency position of an IAIG. While actuarial calculations such as technical provisions often factor into an enterprises solvency position there are also items outside of the actuarial function which would impact the solvency position of an IAIG. Since many areas in addition to the actuarial function would contribute to the solvency calculation, the responsibility for performing an overview of the current and prospective solvency calculations often lies outside of the actuarial function in, for example, the Controller’s area with input from other areas as necessary. The projection of future positions may be handled by Treasury Departments. This may vary from company to company.</p> <p>As this is the case, we recommend rewording these bullets such that guidance has the actuarial function overseeing the actuarial portions of the current and prospective solvency calculation only.</p> <p>Our observations on ComFrame’s assumption of the scope of the actuarial function also apply to the related ICPs which, as the basis for ComFrame, should be adjusted as follows:</p> <ol style="list-style-type: none"> 1. ICP 8.6 should remove “capital adequacy” from the requirements 2. ICP 8.6.2 bullet 4 should be removed 3. ICP 8.6.4 bullet 2 should remove the “and capital requirements, as well as other obligations or activities” portion of the bullet 4. ICP 8.6.4 bullet 3 should remove “and the valuation of assets” portion of the bullet 5. ICP 8.6.4 bullet 4 and bullet 5 should be reworded so that the actuarial function is only reviewing the actuarial portion of the insurer’s current and prospective solvency position 6. ICP 8.6.4 bullet 6 should remove the “or the financial condition of the insurer” portion of the bullet 7. ICP 8.6.4 bullet 12 should remove the “or financial projections, or for solvency” portion of the bullet 8. ICP 8.6.4 bullet 13 should remove the “or financial matters” portion of the bullet. <p>In addition, ICP 8.6.12 should be removed in its entirety. The phrase “adequately perform” is open to interpretation and could lead the Appointed Actuary to be unable to adequately perform the duties of their position when regulators take positions that the Appointed Actuary may disagree with.</p>

<p>389. Property Casualty Insurers Association of America (PCI)</p>	<p>USA</p>	<p>Given that not all jurisdictions require direct actuarial involvement in the calculation of regulatory capital requirements (particularly when using a standard model/formula), the language in the second bullet should either be struck or amended to read “if appropriate and where included in the responsibilities of the actuarial function, calculation of the IAIG’s solvency position, including a calculation of regulatory capital requirements and technical provisions.”</p> <p>The above issue arises in related ICP language and we suggest deletion as follows:</p> <ol style="list-style-type: none"> 1. ICP 8.6 should remove “capital adequacy” from the requirements. 2. ICP 8.6.2 bullet 4 should be removed. 3. ICP 8.6.4 bullet 2 should remove the “and capital requirements, as well as other obligations or activities” portion of the bullet. 4. ICP 8.6.4 bullet 3 should remove “and the valuation of assets” portion of the bullet. 5. ICP 8.6.4 bullet 4 and bullet 5 should be reworded so that the actuarial function is only reviewing the actuarial portion of the insurer’s current and prospective solvency position. 6. ICP 8.6.4 bullet 6 should remove the “or the financial condition of the insurer” portion of the bullet. 7. ICP 8.6.4 bullet 12 should remove the “or financial projections, or for solvency” portion of the bullet. 8. ICP 8.6.4 bullet 13 should remove the “or financial matters” portion of the bullet. <p>As the significance of reinsurance arrangements varies across IAIGs depending on their business models, adequacy of the IAIG’s reinsurance arrangements should be supervised in accordance with its significance. In particular, where an IAIG has a more decentralized governance approach, there may be cases where the IAIG assesses adequacy of reinsurance arrangements through the assessments of risks carried out by each entity within the IAIG. Accordingly, the fourth bullet referring to the development, pricing and assessment of the adequacy of the IAIG’s reinsurance arrangements should be deleted and reinsurance arrangements should be referred in the first bullet by replacing “actuarial matters” with “actuarial matters (including reinsurance arrangements)”.</p> <p>The second and third bullets of CF 8.6a require the actuarial function to provide an overview of the current and prospective solvency position of an IAIG. We recommend rewording these bullets so that the actuarial function is responsible for overseeing the actuarial portions of the current and prospective solvency calculation. It is not appropriate to require IAIGs to place the responsibility for solvency calculations within the actuarial function, which may lack all of the data points necessary to make an accurate calculation. In some jurisdictions, the actuarial function is not tasked with calculating the IAIGs solvency position.</p> <p>While actuarial calculations, such as technical provisions often factor in an IAIG’s solvency position, there are also items outside of the actuarial function that impact an IAIG’s solvency position, and therefore the responsibility for performing an overview of the current and prospective solvency calculations often lies outside of the actuarial function. For example, the Controller’s area often performs to current solvency calculation, with input from other areas as necessary. The Treasury Department may oversee the projection of future positions. This may vary company by company. The actuarial function is</p>
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		<p>not the only area/function that contributes to the solvency calculation. As this is the case, we recommend rewording these bullets such that guidance has the actuarial function overseeing the actuarial portions of the current and prospective solvency calculation only.</p> <p>ICP 8.6 - Our observations on ComFrame's assumption of the scope of the actuarial function also apply to the ICP and if accepted for ComFrame should lead to the following adjustments at the ICP level:</p> <ol style="list-style-type: none"> 1. ICP 8.6 should remove "capital adequacy" from the requirements. 2. ICP 8.6.2 bullet 4 should be removed. 3. ICP 8.6.4 bullet 2 should remove the "and capital requirements, as well as other obligations or activities" portion of the bullet. 4. ICP 8.6.4 bullet 3 should remove "and the valuation of assets" portion of the bullet. 5. ICP 8.6.4 bullet 4 and bullet 5 should be reworded so that the actuarial function is only reviewing the actuarial portion of the insurer's current and prospective solvency position. 6. ICP 8.6.4 bullet 6 should remove the "or the financial condition of the insurer" portion of the bullet. 7. ICP 8.6.4 bullet 12 should remove the "or financial projections, or for solvency" portion of the bullet. 8. ICP 8.6.4 bullet 13 should remove the "or financial matters" portion of the bullet. 9. We have an additional ICP comment as follows: ICP 8.6.12 should be removed in its entirety. The phrase "adequately perform" is open to interpretation and could lead the Appointed Actuary to be unable to adequately perform the duties of their position when regulators take positions that the Appointed Actuary may disagree with.
390. National Association of Insurance Commissioners (NAIC)	USA, NAIC	Given that not all jurisdictions require direct actuarial involvement in the calculation of regulatory capital requirements (particularly when using a standard model/formula), the language in the second bullet may require revision.
40 - Q40 Comment on Standard CF8.6b		
391. Insurance Europe	Europe	Insurance Europe supports this acknowledgment of the advisory aspect of the actuarial function, however, would suggest that the first bullet point on coordination between IAIG and legal entity level could be slightly amended to accommodate the various structures of IAIGs and different organisations of the actuarial function over the IAIG.
392. Global Federation of Insurance Associations	Global	<p>We are concerned that this ComFrame Standard lacks clarity with regard to the "actuarial information" to be reviewed by the IAIG actuarial function in cooperation with the actuarial function at the insurance legal entity level. It is not cost-efficient that IAIG actuarial function reviews any "actuarial information".</p> <p>We therefore propose to replace "actuarial information" in the first bullet with "all important actuarial information".</p>
393. Dai-ichi Life Holdings, Inc.	Japan	<p>We are concerned that "actuarial information" is too broad, and it causes duplication on insignificant issues with actuary department at IAIG level and at the insurance legal entity level, such as verifying insignificant product pricing and adequacy of reinsurance transactions.</p> <p>Therefore we would propose to amend "actuarial information" in the first bullet to "important actuarial information".</p>

394. General Insurance Association of Japan	Japan	<p>It is common in Japan that an insurer’s actuarial function is fulfilled collectively by several divisions, and we recognise that such practices do not entail problems. Therefore, this standard should be revised to allow for such practices under ComFrame.</p> <p>How an actuarial function is performed could vary according to market and insurer. In Japan, there are cases where the function is fulfilled by a division which is under the management of a Board member. Therefore, "independent" in the second bullet point should be deleted.</p> <p>Additionally, as "actuarial information" should be limited to major, high-level particulars, and the fact that what "insurance activities" could indicate is too broad, we suggest revising "insurance activities" in the second bullet point to "actuarial activities" or similar phrases.</p>
395. The Life Insurance Association of Japan	Japan	<p>LIAJ is concerned this ComFrame Standard lacks clarity with regard to the “actuarial information” to be reviewed by the IAIG actuarial function in cooperation with the actuarial function at the insurance legal entity level.</p> <p>It is not cost-efficient that IAIG actuarial function reviews any “actuarial information”. Therefore, we would propose to replace “actuarial information” in the first bullet point with “important actuarial information”.</p>
396. The Travelers Companies, Inc.	United States	<p>The second bullet point of this standard requires the actuarial function to report on insurance activities and risks posed to the IAIG. This broad requirement appears to be more appropriately placed with the ERM function. The actuarial function generally includes pricing support and support for the determination of the claim liabilities (“technical provisions”) for property/casualty insurers, but not for evaluation of solvency risks. We recommend that this bullet point be reworded to point specifically to the pricing and reserving (i.e., technical provision) risks and not to risks in general arising from insurance operations. (Note that the ERM function almost certainly includes some level of actuarial involvement, but that does not turn the ERM function into an actuarial function.)</p>
397. Property Casualty Insurers Association of America (PCI)	USA	<p>We are concerned that this ComFrame Standard lacks clarity with regard to the “actuarial information” to be reviewed by the IAIG actuarial function in cooperation with the actuarial function at the insurance legal entity level. It is not cost-efficient that IAIG actuarial function reviews any “actuarial information”.</p> <p>We therefore propose to replace “actuarial information” in the first bullet with “all important actuarial information”.</p>
41 - Q41 Comment on Standard CF8.7a		
398. Insurance Europe	Europe	<p>Insurance Europe disagrees with the required areas to be covered by the internal audit function in the third and fourth bullet point. The internal audit should focus on processes and controls. Furthermore, the second bullet (fraud prevention) is often also a task of the compliance function, and should be removed from the list of internal audit functions.</p>
399. Global Federation of Insurance Associations	Global	<p>We are concerned that as it is currently written, CF 8.7a is overly prescriptive and so broad that it may be extremely challenging for an internal auditor to provide a competent assessment of every item listed in the sub-bullets. For example, an internal audit function is unlikely to be the most capable function of providing an “assessment and assurance” of the “capacity and adaptability of IT architecture” to provide information in a timely manner to the Board and Senior Management. We recommend modifying the sub-bullets of CF 8.7a to eliminate any overly prescriptive mandates that are addressed elsewhere.</p> <p>We recommend striking the sub-bullet 4 on “capacity and adaptability of IT architecture” because that is already addressed in sub-bullet 3, where the auditor is asked to assess the “reliability, integrity and completeness of the...information</p>

		technology systems and risk reporting information.” If the nature and scale of the IAIG was such that the GWS had specific concerns about IT architecture and its ability to provide timely information to the Board or Management, the GWS could ask the IAIG to address it as part of the reliability assessment in CF 8.7a, sub-bullet 3.
400. General Insurance Association of Japan	Japan	Although this standard is premised on more centralised Control Functions, more decentralised Control Functions should also be allowed. Therefore, the description is too detailed for a standard, and the list here should be moved to a guidance level.
401. Monetary Authority of Singapore (MAS)	Singapore	4th bullet : Suggest to rephrase as follows : <ul style="list-style-type: none"> • capacity and adaptability of IT architecture to provide accurate and timely information to the IAIG Board and Senior Management;
402. Association of British Insurers	United Kingdom	This Standard appears to repeat the text of ICP 8.7.2 (this is noted in the IAIS’ ComFrame comparison document). This repetition is not necessary, as the ICP will apply to IAIGs. The ABI suggests that the bullet points be amended to better reflect the focus of internal audit on processes and controls. For example, the second bullet (fraud prevention) is often a task of the compliance function, and we question the granularity of the reference to the way the IAIG ‘preserves its assets and those of policyholders’.
403. ACLI	US	We are concerned that at it is currently written, CF 8.7a is overly prescriptive and so broad that it may be extremely challenging for an internal auditor to provide a competent assessment of every item listed in the sub-bullets. For example, an internal audit function is unlikely to be the most capable function of providing an “assessment and assurance” of the “capacity and adaptability of IT architecture” to provide information in a timely manner to the Board and Senior Management. We recommend modifying the sub-bullets of CF 8.7a to eliminate any overly prescriptive mandates that are addressed elsewhere. We recommend striking the sub-bullet 4 on “capacity and adaptability of IT architecture” because that is already addressed in sub-bullet 3, where the auditor is asked to assess the “reliability, integrity and completeness of the...information technology systems and risk reporting information.” If the nature and scale of the IAIG was such that the GWS had specific concerns about IT architecture and its ability to provide timely information to the Board or Management, the GWS could ask the IAIG to address it as part of the reliability assessment in CF 8.7a, sub-bullet 3.
404. MetLife, Inc	USA	We have the following comments on bullets copied below as follows: The group-wide supervisor requires the IAIG Board to ensure that the IAIG internal audit function provides independent assessment and assurance to the IAIG Board regarding, at a minimum, the:.../ <ul style="list-style-type: none"> • overall means by which the IAIG preserves its assets, and those of policyholders and seeks to prevent fraud, misappropriation or misapplication of such assets; The word “policyholders” is not appropriate in this sentence. There should be reference to “financial controls”, which has standard wording for the safeguarding of assets.

		<ul style="list-style-type: none"> • reliability, integrity and completeness of the accounting, financial, management, information technology systems and risk reporting information; <p>This bullet is associated with U.S. Sarbanes-Oxley (SOX) controls, but is inconsistent with SOX controls and therefore problematic. SOX (and other similar requirements in other jurisdictions) should be taken into consideration, including the U.S. COSO Framework control framework. Materiality as well as a risk-based approach needs to be indicated.</p> <ul style="list-style-type: none"> • capacity and adaptability of IT architecture to provide information in a timely manner to the IAIG Board and Senior Management;.../ <p>Under Local requirements, business practices and control frameworks, Internal Audit functions may not provide this form of information to the Board. We suggest the board needs to receive the appropriate information in accordance with best practices and recognized control frameworks. In the U.S. this would be the COSO Framework.</p>
405. Property Casualty Insurers Association of America (PCI)	USA	<p>We are concerned that at it is currently written, CF 8.7a is overly prescriptive and so broad that it may be extremely challenging for an internal auditor to provide a competent assessment of every item listed in the sub-bullets. For example, an internal audit function is unlikely to be the most capable function of providing an “assessment and assurance” of the “capacity and adaptability of IT architecture” to provide information in a timely manner to the Board and Senior Management. We recommend modifying the sub-bullets of CF 8.7a to eliminate any overly prescriptive mandates that are addressed elsewhere.</p> <p>We recommend striking the sub-bullet 4 on “capacity and adaptability of IT architecture” because that is already addressed in sub-bullet 3, where the auditor is asked to assess the “reliability, integrity and completeness of the...information technology systems and risk reporting information.” If the nature and scale of the IAIG was such that the GWS had specific concerns about IT architecture and its ability to provide timely information to the Board or Management, the GWS could ask the IAIG to address it as part of the reliability assessment in CF 8.7a, sub-bullet 3.</p>
42 - Q42 Comment on Guidance CF8.7a.1		
406. Insurance Europe	Europe	<p>Insurance Europe would propose more flexibility and independence for the internal audit function: The IAIG internal audit function coordinates independently with the internal audit functions and or external auditors of the legal entities within the IAIG when providing assessment and assurance to the IAIG Board.</p> <p>This Guidance should also recognise that the internal audit function will take a risk-based approach to the performance of these activities.</p>
407. Global Federation of Insurance Associations	Global	This Guidance should clarify that internal audit takes a risk-based approach to performing these activities.
	United Kingdom	This Guidance should recognise that the internal audit function will take a risk-based approach in the

408. Association of British Insurers		performance of its activities.
409. Institute of International Finance/Geneva Association	United States/Switzerland	This standard makes no mention of the fact that internal audit performs these functions on a risk-focused basis. This is a critical element to the audit program.
410. Property Casualty Insurers Association of America (PCI)	USA	This Guidance should clarify that internal audit takes a risk-based approach to performing these activities.
43 - Q43 Comment on Standard CF8.8a		
411. Insurance Europe	Europe	<p>Insurance Europe would suggest that the use of the word “material” in these bullet points does not go far enough to ensure a proportionate application of this requirement. A large IAIG may have a significant number of outsourcing arrangements that would fall under the term “outsourcing of any material group-wide activity or function.” Insurance Europe would suggest that this Standard be more risk-based, focussing on those outsourced activities that</p> <ul style="list-style-type: none"> • have a substantial impact on the financial condition • involve sensitive customer information or new products or services • are critical to ongoing operations or • that pose material compliance risk
412. Swiss Re	Switzerland	Minimum requirements for supervisory collaboration on the supervision of outsourced activities in order to enable cross-border outsourcing would appropriately round up CF8.8a.
413. Zurich Insurance Company Ltd.	Switzerland	Minimum requirements for supervisory collaboration on the supervision of outsourced activities in order to enable cross-border outsourcing would appropriately round up CF8.8a.
414. Association of British Insurers	United Kingdom	The ABI considers that the use of the word “material” in these bullet points does not go far enough to incorporate the overarching concept of proportionality, and ensure a proportionate application of this requirement. A large IAIG may have a significant number of outsourcing arrangements that would fall under the term ‘outsourcing of any material group-wide activity or function.’ We suggest that this Standard be more risk-based, focussing on those outsourced activities that have a substantial impact on the financial condition, or involve sensitive customer information, or new products or services, or that are critical to ongoing operations, or that pose material compliance risk.
415. Institute of International Finance/Geneva Association	United States/Switzerland	The first bullet under 8.8a, even with the reference to “material” is far too broad in scope to be practicable. A large IAIG potentially has hundreds of outsourcing arrangements. The language “outsourcing of any material group-wide activity or function” needs to be re-drafted so that it captures key risk-based concepts.
44 - Q44 Comment on Standard CF8.8b		

416. Insurance Europe	Europe	<p>Insurance Europe suggests that this Standard be amended to take a more risk-based approach to better incorporate the overarching concept of proportionality. The depth and formality of the assessments and due diligence contemplated in the three bullet points should be proportionate to</p> <ul style="list-style-type: none"> • the complexity and the importance of the particular outsourcing arrangement • the reputation and standing of the potential service provider • how familiar the insurer is with the potential service provider <p>Insurance Europe would also suggest the following minor change to broaden bullet point three:</p> <ul style="list-style-type: none"> • ensure that the service provider has the necessary financial resources to perform the outsourced activities or functions in a proper and reliable way, as well as adequate contingency plans in place to deal with emergency situations or business disruptions.
417. Allianz	Germany	<p>A distinction should be made when outsourcing to a group internal service provider, where less requirements should be necessary, e.g. no requirements to perform a detailed assessment on ability and capacity of the internal service provider nor the performance of a due diligence should be necessary.</p>
418. Association of British Insurers	United Kingdom	<p>The ABI suggests that this Standard be amended to take a more risk-based approach, to better incorporate the overarching concept of proportionality. We consider that the depth, and the formality, of the assessments and due diligence contemplated in the three bullet points should be proportionate to the complexity and the importance of the particular outsourcing arrangement; the reputation and standing of the potential service provider; and how familiar the insurer is with the potential service provider.</p> <p>ABI also suggests the following minor change to broaden bullet point three (deletion of 'financial')</p> <ul style="list-style-type: none"> - 'ensure that the service provider has the necessary resources to perform the outsourced activities or functions in a proper and reliable way, as well as adequate contingency plans in place to deal with emergency situations or business disruptions.'
419. Institute of International Finance/Geneva Association	United States/Switzerland	<p>Similar to our response to Q42 above, we urge substantial revisions to CF 8.8b. The standard as currently drafted lacks vital nuances focused on the importance of taking a risk-based approach.</p>
45 - Q45 Comment on Standard CF8.8c		
420. Insurance Europe	Europe	<p>See responses to Q41, 42, and 44 – Insurance Europe suggests this Standard also be amended to reflect proportionality, by taking a risk-based approach to this requirement.</p>

421. Association of British Insurers	United Kingdom	See our responses to Q41, 42, and 44 – we suggest this Standard also be amended to be more proportionate, by taking a risk-based approach to this requirement.
46 - Q46 Comment on Standard CF8.8d		
422. Insurance Europe	Europe	Insurance Europe would suggest that this requirement is already reflected in the risk management responsibilities of the IAIG. Similar to responses to Q41 and Q42, Insurance Europe suggests this Standard be amended to take a more proportionate approach. For a large IAIG, with hundreds or thousands of outsourcing arrangements, reviewing the cumulative risks of all outsourcing arrangements is neither feasible nor practicable.
423. Global Federation of Insurance Associations	Global	This ComFrame Standard requires the IAIG to carry out a review of the cumulative risks of all outsourced activities and functions periodically. However, this ComFrame Standard should recognize that IAIGs outsource variety of activities and functions such as logistics, documentation, data management and software development. In light of cost-efficiency, it would not be appropriate to require IAIGs in a one-size-fits-all manner to review all outsourced activities and functions as it will create excess cost for IAIGs. We therefore believe that “all outsourced activities and functions” should be replaced with “all important outsourced activities and functions”.
424. General Insurance Association of Japan	Japan	As requiring a review of the cumulative risks of "all outsourced activities" is redundant, we suggest revising it to "important activities" or similar phrases to limit the scope.
425. The Life Insurance Association of Japan	Japan	This ComFrame Standard requires the IAIG to carry out a review of the cumulative risks of all outsourced activities and functions periodically. However, this ComFrame Standard should recognize that IAIGs outsource a variety of activities and functions such as logistics, documentation, data management and software development. In light of cost-efficiency, it would not be appropriate to require IAIGs in a one-size-fits-all manner to review all outsourced activities and functions as it will create excess cost for IAIGs. Therefore, we believe “all outsourced activities and functions” should be replaced with “all important outsourced activities and functions”.
426. Association of British Insurers	United Kingdom	Similar to our responses to Q41 and Q42, the ABI recommends this Standard be amended to take a more proportionate approach. For a large IAIG, with hundreds, if not thousands of outsourcing arrangements, reviewing the cumulative risks of all outsourcing arrangements will neither be feasible nor practicable.
427. Institute of International Finance/Geneva Association	United States/Switzerland	For a large IAIG with potentially hundreds of third party providers, reviewing the cumulative risks of all outsourcing arrangements would be a misguided exercise. Further, there can be significant numbers of “material” (i.e., large dollar value) outsourcing arrangements but they needn’t necessarily pose a significant risk to the company. A risk-based approach therefore needs to be embedded in the standard.