

Cover note for the mid-2019 public consultation package of IAIS supervisory material

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1 Purpose of the note

The purpose of this note is to provide stakeholders with background information on the content of the consultation package and the process of its development.

In general, the package presents: (1) the outcome of the 2018 public consultation on ComFrame; and (2) new revisions released for public consultation. More specifically, the following elements are included in the package:

- Revisions to ComFrame and ICPs based on comments received during the 2018 public consultation on overall ComFrame:
 - Revisions to ComFrame (published for information);
 - Minor editorial changes for consistency with ComFrame in ICPs 10 (Preventive Measures, Corrective Measures and Sanction), 12 (Exit from the Market and Resolution) and 16 (Enterprise Risk Management for Solvency Purposes) (published for information);
 - Changes in the Introduction to ICPs and ICP 7 (Corporate Governance) for consistency with ComFrame development (released for public consultation);
- Draft revised Glossary (released for public consultation);
- Draft ComFrame Assessment Methodology (released for public consultation)
- Draft revised ICP 22 (Anti-Money Laundering and Combating the Financing of Terrorism) (released for public consultation);
- Revisions to ICPs and ComFrame related to the holistic framework development (released for public consultation)¹.

The IAIS is now seeking feedback on the revisions to the IAIS supervisory material through public consultation. Feedback on this material is invited by **15 August 2019 at 24:00 CEST**. Only comments submitted via the web-based consultation tool will be considered. After this deadline, the consultation tool will be closed and it will no longer be possible to submit any further comments. Feedback received by this deadline will enable the IAIS to further develop the material for finalisation.

2 Content and visual presentation of the package

The package includes the following documents:

- Revisions to the IAIS supervisory material (clean);
 - The text subject to published consultation is in black font;
 - The rest of the text, included as a background for information, is in grey font;
- Revisions to the IAIS supervisory material (redline);
 - Both types of revisions (published for information and for comments) in redline;

¹ Please note that there is a separate public consultation webpage on the IAIS website for the revisions related to development of the holistic framework for systemic risk in the insurance sector, with a separate cover note.

- The revisions are presented in redline, with tracked changes to give effect to the proposed holistic framework supervisory policy measures and powers of intervention identified in a different colour (blue) from all other revisions (red);
- Summary of the main 2018 public consultation comments on overall ComFrame with their resolution.

Please note that the following revisions are published for comment:

- Changes in the Introduction to ICPs and ICP 7 for consistency with ComFrame development;
- Draft revised ICP 22;
- Draft revised Glossary;
- Draft ComFrame Assessment Methodology
- Revisions to related to the holistic framework development in ICP 9 and ComFrame, ICP 10, ICP 16 and ComFrame, ICP 20 and ICP 24.

Please note that the public consultation tool indicates which parts of the document are presented for comment.

3 Background information

3.1 Revision of ICPs

The following draft revised ICPs related to ComFrame were endorsed by the Executive Committee, subject to potential further changes prior to their adoption at the 2019 IAIS Annual General Meeting, and published on the IAIS website for information purposes:

- draft revised ICP Introduction and Assessment Methodology and draft revised ICPs 1, 2, 3, 9, 10, 12 and 25 in November 2017; and
- draft revised ICPs 8, 15, 16 and 20 in November 2018.

Following development of ComFrame, revisions have been made in the Introduction to ICPs and ICPs 7, 10, 12 and 16. Since revisions to ICPs 10, 12 and 16 are of editorial nature, they are published only for information (and not for comments). The changes to the Introduction to ICPs and ICP 7 are more substantive and are published for comment.

Independent from ComFrame development, ICP 22 (Anti-Money Laundering and Combatting the Financing of Terrorism), which was adopted in October 2013, has been reviewed and updated in order to improve its usefulness to supervisors and enhance consistency with the Financial Action Task Force (FATF) Recommendations.²

3.2 Development of ComFrame

The public consultation on draft overall ComFrame took place between 31 July and 30 October 2018. This was related to the Introduction to ComFrame and ComFrame material in ICPs 5, 7, 8, 9, 10, 12, 15, 16, 23 and 25.

² Redlines in the draft revised ICP 22 show changes from the ICP 22 adopted in October 2013.

The IAIS considered the comments received and revised the draft ComFrame material accordingly, as well as the draft ICPs where needed.

As the outcome of the 2018 public consultation of ComFrame, the IAIS has published for stakeholders' information revisions to ComFrame (included in the consultation document) and the following documents on the 2018 public consultation webpage [here](#):

- A summary of the main comments and resolution thereof; and
- All comments received during the 2018 public consultation.

3.3 Development of policy measures of the holistic framework

The [Consultation Document on the Holistic Framework](#) was subject to public consultation between November 2018 and January 2019, which included proposals for supervisory policy measures and powers of intervention. The IAIS has now developed draft revised ICPs and ComFrame material, taking into account the comments received from the public consultation last year.

Draft revisions are integrated in ICP 9 and ComFrame, ICP 10, ICP 16 and ComFrame, ICP 20 and ICP 24.

Please note that there is a separate public consultation webpage, with a dedicated cover note, for revisions related to the holistic framework for systemic risk in the insurance sector.

3.4 Revision of the IAIS Glossary

The glossary provides definitions of the main terms used by the IAIS. The IAIS undertook a review of the IAIS Glossary terms and definitions that were adopted at the Annual General Meeting in November 2015. The revised definitions are released for public consultation. The review focused on two aspects:

- Deleting existing terms and adding new terms to reflect revisions to ICPs and the development of ComFrame. Generally, the Glossary aims to contain only terms that are used in more than one ICP, or that have a specific meaning in insurance or in the ICPs.
- Revising the definitions of the terms to ensure consistency within the Glossary as well as between the Glossary terms and the draft revised ICPs and ComFrame.

Terms related to ICP 14 and 17 were not part of this review, but instead will be reviewed when ICPs 14 and 17 themselves are being revised in the coming years.

3.5 Development of the ComFrame assessment methodology

To complement the ICP Assessment Methodology, the IAIS developed a draft ComFrame Assessment Methodology. Comments via public consultation are welcomed, after which the IAIS will finalise the methodology as part of Overall ComFrame in November this year.

4 Next steps and the adoption of revised ICPs and ComFrame

Two public calls have been scheduled:

- On 28 June 2019 at 14:00 CEST (Basel time):
 - a public discussion session on the outcome of the 2018 public consultation on overall ComFrame,

- a public background session about revisions to the IAIS supervisory material released for public consultation in June 2019 (except revisions related to development of policy measures under the holistic framework); and
- On 2 July 2019 at 14:00 CEST (Basel time), a public background session regarding revisions to ICPs and ComFrame related to development of policy measures under the holistic framework.

Further details can be found on the Stakeholder Meetings webpage of the IAIS website, [here](#).

Following the close of the public consultation in mid-August 2019, the IAIS will start its internal process to review and resolve comments received and perform a final editorial check for consistency. The IAIS plans the adoption of all revised ICPs³ and ComFrame (including ICS Version 2.0 for purposes of the monitoring period) at the Annual General Meeting in November 2019.

A complete overview of the status of ICP revision and ComFrame development can be found on the IAIS website, [here](#).

³ This includes those ICPs that have been endorsed by the IAIS Executive Committee, subject to potential further changes prior to their adoption at the 2019 IAIS Annual General Meeting, and published on the IAIS website for information purposes in November 2017 and 2018.