

Summary of main comments received during the 2018 public consultation on overall ComFrame and their resolution

Introduction

- Between 31 July and 30 October 2019, the IAIS consulted on draft overall ComFrame.
- The IAIS received numerous comments from both Members and Stakeholders that provided valuable input for further improvements and revisions.
- With this document the IAIS provides responses to the main comments received during the 2018 public consultation.

General comments on different parts of the ComFrame material

Ref.	Summary of comments received	Suggested IAIS response
General	<p>ComFrame should serve as illustrative guidance, rather than prescriptive standards. This would allow for flexible and proportionate application of ComFrame.</p> <p>ComFrame should focus on desired outcomes and broad objectives, not strict compliance with defined requirements, and must be adaptable to accommodate multiple jurisdictions' supervisory frameworks.</p>	<p>ComFrame provides supervisory requirements tailored to the international activity and size of IAIGs. ComFrame also aims to provide a basis for comparing IAIG supervision across jurisdictions without creating a one-size-fits-all approach to IAIG supervision. In the view of the IAIS the content of draft ComFrame fits this purpose.</p> <p>Requirements established by ComFrame are expected to be implemented and applied in a proportionate manner. Supervisors have the flexibility to tailor implementation of supervisory requirements and application of insurance supervision to achieve the outcomes stipulated in ComFrame Standards.¹</p>
General	<p>Some requirements provided in ComFrame are equally relevant to non-IAIG.</p>	<p>The purpose of some ComFrame standards or guidance is to provide more details as compared to ICPs. It does not prevent from applying those standards or guidance also to other groups (non-IAIGs).</p>
General	<p>Some comments suggested that the ComFrame material should cover also issues which are mentioned in ICPs.</p> <p>Respondents also raised that it was unclear why some requirements are provided at standard level in ComFrame but can only be found at guidance level in ICPs.</p>	<p>ComFrame builds on ICPs, which apply to supervision of all insurance legal entities and insurance groups, including IAIGs. Therefore there is no need to repeat the content of ICPs in ComFrame.</p> <p>In some cases the expectations included in ICP guidance have been elevated to the standard level in ComFrame (which</p>

¹ See explanation of the principle of proportionality on draft revised Introduction to ICPs, <https://www.iaisweb.org/page/supervisory-material/insurance-core-principles/file/69883/draft-revised-introduction-and-assessment-methodology>

		means that these are requirements for IAIGs, but not for non-IAIG groups).
General	There was confusion about division of responsibilities between the group-wide supervisor and other involved supervisors.	This has been addressed in the Introduction to ICPs (see new paragraphs 18 and 19, released for public consultation in June 2019).
General	Confidentiality requirements, provided for in ICP 3, should be referred to in different parts of ComFrame.	Confidentiality requirements regarding information sharing are covered by ICP 3. The ICPs operate collectively, therefore the requirements set out in ICP 3 are relevant to the other ICPs.
General	There were comments about ICPs themselves, and not on the ComFrame material.	ICPs were not published for consultation, but only as a background for ComFrame material. Therefore, comments on ICP text have not been considered.

Main comments on Glossary Terms

Reference	Summary of comment received	Suggested IAIS response
General	There was a concern raised about various terms being used interchangeably within ICP 16, eg financial health, financial condition.	This is being addressed by ongoing IAIS work to ensure terms are consistently used and defined, which will be finalised by November 2019.
IAIG Board	It was suggested by various stakeholders to define also “the Head of the IAIG”, because it is used throughout the ComFrame but also in the definition of the IAIG Board itself.	Definition for Head of the IAIG has been added.

Main comments on the Introduction to ComFrame

Reference	Summary of comment received	Suggested IAIS response
General	Various comments were received in response to the Introduction to ComFrame that were related to certain themes in other ICPs, such as confidentiality, governance.	These comments have been shared with relevant subcommittees and have been addressed there.
(new) 21	Some stakeholders requested the IAIS to highlight the importance of achieving the outcomes of the ComFrame standards.	Text has been added to address this point.
(new) 22	Some stakeholders noted that the Introduction to ComFrame includes references to the ultimate objective of ComFrame, but does not include such language on the objective of the ICS. It was suggested to add that as well.	Text has been added to address this point.
(new) 26	Various stakeholders asked for clarification on how the IAIS and ComFrame view different models of governance such as more centralised or more decentralised.	Text has been added to address this point. Additionally, text related to group governance (previously in ICP 7 Introductory Guidance) and materiality has been added to the ICP Introduction as this relates to material in multiple ICPs and ComFrame.
(new) 27	Various stakeholders also asked for clarification on how the IAIS and ComFrame view direct versus indirect approaches to group-wide supervision.	Text has been revised to clarify this point.

General comments on governance-related ComFrame material (integrated in ICPs 5, 7 and 8)

Ref.	Summary of comments received	IAIS response
General	Materiality should be take into account and referred to explicitly in various parts of the ComFrame material.	In most of the cases it is clear that the head of the group/IAIG takes into account the overall risks and activities of the individual legal entities across the group and focuses on those which are material for the group as a whole, even when materiality is not referred to explicitly. To help clarify this issue and the role of materiality, new text has been added to the Introduction to ICPs. Materiality is mentioned explicitly when it is necessary taking into account the context of the standard, in particular when a standard is not supported by guidance that provide further details on which risks, activities, etc. should be considered in a particular case.
General	ComFrame Introduction Section 24 recognises that governance models vary by jurisdiction, and that ComFrame therefore focusses on outcomes that models need to achieve. However, this focus is inconsistently reflected in specific ComFrame sections that continue to make recommendations that could be inconsistent with governance structures and legal requirements in jurisdictions around the world.	The purpose of ComFrame is to provide requirements applicable to all IAIGs regardless of their structure and governance approach. No specific model is therefore prescribed in ComFrame. As such, ComFrame should not be read as advocating any preference for a specific model or excluding a particular approach. Accordingly, additional text has been added to the Introduction to ComFrame.
General	In some cases respondents raised that some requirements should be in every business's own interest and hence do not need to be explicitly provided for in ComFrame standards.	It is agreed that those requirements are also in the own interest of the IAIGs. This, however, does not mean that they should be deleted from ComFrame.

Main comments on ComFrame in ICP 5 Suitability of Persons

Reference	Summary of comment received	Suggested IAIS response
CF 5.2.a.1	The example in guidance should refer to knowledge “or” experience (instead of “and”), as regards individual Board members. The standard suggests that each Board member should have not only knowledge but also experience with international business. For the Board members, experience should be requested on a collective basis only.	The word “and” has been kept for consistency with ICP guidance. According to ICP 5.2.1: “Competence is demonstrated generally through the level of an individual’s professional or formal qualifications and knowledge, skills and pertinent experience within the insurance and financial industries or other businesses.” Guidance CF 5.2.a.1 is intended to provide examples. It is not intended to suggest that a Board member (or a candidate) with a lack of experience in international business, but with strong qualifications, knowledge, and other relevant experience should be determined as not possessing the necessary competence.

Main comments on ComFrame in ICP 7 Corporate Governance

Reference	Summary of comment received	Suggested IAIS response
CF 7.0.a	It is not clear whose “understanding” is referred to in the standard.	This has been clarified in new guidance. The standard has also been slightly amended to make it consistent with the explanation included in the new guidance.
CF 7.0.c	Given the size and complexity of IAIGs, the requirement for clear reporting lines between the Head of the IAIG and the legal entities would be overly burdensome and produce little benefit. The phrase “clear reporting lines” is not clear enough.	Not agreed. Clear reporting lines are even more important in case of complex group structures. The standard refers to reporting lines between the legal entities within the IAIG and the Head of the IAIG. The guidance does not refer to supervisory reporting (ie reporting to a supervisory authority). “Clear reporting lines” should support effective communication, and it should be clear who reports to whom,

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		while providing necessary flexibility. It should be clear how the entity (and who within that entity) reports to the Head of the IAIG (and to whom specifically within the Head of the IAIG).
CF 7.1.a	It was proposed to delete the reference to the independence from the day-to-day management.	This phrase refers to oversight of the IAIG’s group-wide operations (ie oversight should be independent of day-to-day operations), not to the governance structure. ICP 7 provides and describes distinction between management of “day-to-day operations” (which is the Senior Management’s responsibility) and the responsibilities of the Board, formulated in ICP 7.2 and other standards of ICP 7. See also guidance ICP 7.1.1 – 7.1.3.
CF 7.2.a	<p>It was proposed to move the list included in CF7.2.a into the subsequent guidance and to formulate the standard in a more general way. The setting of concrete objectives and of the overall strategy should remain in the IAIG's commercial decision-making power.</p> <p>It was proposed to use a term other than "ensure" to describe the responsibility of the IAIG Board for the content of group-wide business objectives and strategies for achieving objectives. Under many jurisdictional models, Senior Management is responsible for developing and advising the Board on a strategy and executing on it.</p> <p>It was also requested to clarify that the standard requires issues listed in the bullet points to be considered, but does not require explicit reporting of the consideration process.</p>	<p>The standard does not indicate what objectives should be set, but that the business objectives, and strategies to achieve those objectives, should take into account the elements listed in the standard. The IAIS considers the elements listed in CF7.2.a as essential factors to be taken into account in the group-wide business objectives and strategies for achieving those objectives. No need for change.</p> <p>Senior Management may be responsible for developing and advising the Board on the strategy, as well as executing it. However, it should not prevent the Board from being responsible for ensuring that the group-wide business strategy takes into account the elements listed in the standard.</p> <p>That is correct. The standard focuses on the objective to be achieved, not on the reporting of the consideration process.</p>

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	It was proposed to delete the reference to “other stakeholders” in the third bullet, or provide examples of other stakeholders.	Stakeholders are those who can be affected by the insurer. “Other stakeholders” may include, but is not limited to, employees, local community, creditors, service providers.
CF 7.2.b	<p>Annual frequency is too prescriptive.</p> <p>The reference to legal entities (without “key” or “material”) was considered as too prescriptive and not reflecting the concept of materiality. It was also proposed to delete the last part of standard, so it does not read as if that the IAIG Board sets the strategy for all its legal entities and business lines, which would be the job of the individual entity boards.</p>	<p>Annual frequency is appropriate taking into account the nature, scale and complexity of the risks of the IAIG.</p> <p>Agreed. The last part of the standard: “as a whole and for its legal entities and business lines” has been deleted, to focus on the strategy for the IAIG as a whole. The explanation of materiality is provided in the Introduction to ICPs.</p>
CF 7.2.b.1	<p>It is not clear how an IAIG's strategy would provide information about the IAIG's corporate governance framework.</p> <p>It was not clear why the corporate governance framework is referred to in the first sentence and the other items are listed in bullets in the second sentence.</p> <p>The use of the term "among other things" creates uncertainty and should be removed.</p>	<p>Please see ICP 7.2 and supporting guidance (in particular ICP 7.2.1-7.2.3 and 7.2.6).</p> <p>The first sentence highlights that an explanation of the strategy provides the group-wide supervisor with information useful for understanding of the IAIG's corporate governance framework. The second sentence provides a list of elements which the explanation of the strategy should include.</p> <p>Agreed to delete “among other things”.</p>
CF 7.3.a	It was suggested to add "investment" in the last bullet point as one of the minimum collective competence of the IAIG Board because the management of asset is critical in life insurance.	Since this is a minimum requirement, there is no need to add a reference to investments. The last bullet lists the key control functions. Investment knowledge would be covered by the second bullet.

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CF 7.3.b CF 7.3.b.1 CF 7.3.b.2	The IAIS should recognise materiality in the context of this standard.	<p>The purpose of the standard is to protect also insurance legal entities within the group (see last bullet in guidance CF 7.3.b.1). Therefore, in some cases the standard may apply even if a non-material entity is affected by the conflict of interests.</p> <p>The wording of guidance CF 7.3.b.2 has been amended to recognise that also measures other than prescribed by the Board may be taken.</p>
CF 7.9.a.1	Suggest to delete the last part of guidance: “and relevant insurance legal entities within the IAIG”.	Agreed. The wording has been deleted in order to focus the wording on issues concerning the IAIG as a whole.

Main comments on ComFrame in ICP 8 Risk Management and Internal Controls

Reference	Summary of comment received	Suggested IAIS response
CF 8.1.a	There were concerns that the description on the group-wide risk management system could be interpreted to indicate that strict documentation is required with regard to the items listed in this standard, which would not be practical in particular “laws and regulations of the jurisdictions where the IAIG operates”. It was proposed to require establishment of a system that “considers” rather than “covers” these items.	Not agreed. The current wording (“covers”) is adequate. Please note that the standard refers to “applicable” laws and regulations. The standard does not require strict documentation on the issues mentioned therein (however, according to ICP 8.1, the risk management system should be documented).
CF 8.1.a.1	As regards the second bullet, it was raised that 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	The guidance does not refer to integrating “with” the system of a legal entity, but integration “within” a legal entity (after the last public consultation the phrase “with legal entities” was deleted

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	and that material risk exposures are communicated to the Head of the IAIG.	from the first bullet and the second bullet was added). No need for change.
CF 8.1.c	A reference to processes and procedures in the context of promoting an appropriate risk culture should be removed. There are various ways to promote a risk culture, and the unified requirement in this standard on "processes and procedures" at the group level could lessen the effectiveness.	Not agreed. Promoting an appropriate risk culture should be carried out in an organised manner within the IAIG, due to its international nature. Therefore it is appropriate to expect the IAIG to have relevant policies and processes.
CF 8.1c.1	The term "issue of independence" should be clarified or a different term should be used.	The wording has been changed (the phrase "the issue of" has been deleted). In terms of risk culture, it is important to make sure that the independence in a broad meaning is addressed, including independent decision-making, free from improper incentives.
CF 8.1.d.1	It was suggested to restrict the assessment of changes in legal entities to "material changes" so that the Head of IAIG would not be overly burdened with assessing all changes in legal entities.	This is already reflected by referring to changes having an impact on a group-wide basis. The purpose of this guideline is to highlight that the impact at the group level of a change occurring in a legal entity may not be immediately visible, rather than to indicate that each change taking place at the legal entity level should be assessed.
CF 8.2.a	It was suggested to use a phrase "internal controls systems ... considers" (rather than "covers"). It was also raised that it is not practical to require documentation of "laws and regulations of the jurisdictions where the IAIG operates" (4 th bullet). It is also not clear which laws and regulations are subject to this requirement.	"Covers" is more appropriate term than "considers" in this context. As regards wording of the fourth bullet, please note that it refers to "applicable" laws and regulations, ie those which are relevant to the operations of the IAIG. The exact scope of laws and regulations will need to be determined on a case-by-case basis.

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CF 8.2.b	<p>It is unclear what "internal controls system" covers.</p> <p>The following wording has been proposed: "The group-wide supervisor requires the Head of the IAIG to review at least annually the effectiveness of the IAIG's risk management and internal controls system and report the results the IAIG Board and Senior Management."</p>	<p>See guidance under ICP 8.2.</p> <p>Not agreed. The standard refers only to internal controls system, it does not cover the assessment of the risk management system. It is also necessary to include in the standard an explicit clarification that the assessment can be carried out by an independent internal or external party. The reference to coherence and completeness has not been removed, since those are important elements of the assessment, and therefore they are also listed in ICP 8.2.4 (last bullet).</p> <p>The assessment of internal controls system, referred to in CF 8.2.b, does not include all processes within the IAIG, as suggested in some comments.</p>
CF 8.3.a	<p>As regards the second bullet, the IAIG may not be able to ensure that there is no "duplication" of control function activities. It was also questioned why potential instances of duplication is negative.</p>	<p>Avoidance of duplication between group-wide control functions and control functions at the insurance legal entity level is important to ensure effective division of responsibilities between the group-wide and legal entity level. It should be possible for the Head of the IAIG to ensure that the group-wide control functions do not duplicate the tasks and responsibilities of control functions at the insurance legal entity level.</p>
CF 8.3.c	<p>Respondents expressed concerns as regards the first bullet (according to which the IAIG control functions should not be combined) and proposed to delete it or rephrase in various ways. Some of them raised also that its meaning is not clear.</p> <p>The reference to internal audit and external parties in the second bullet of CF 8.3.c seems unnecessary. Internal audit functions are likely to have a mandate to review all</p>	<p>The first bullet redrafted as follows: "...are not combined, unless exceptional circumstances apply". New guidance added to support application of the revised standard.</p> <p>The prohibition of combination applies to the Key Person in Control Function as well as the staff supporting a control function. As regards the staff, relevant employees can work in the same unit, but one person should not be responsible for supporting two</p>

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	<p>aspects of an insurer's internal controls in line with their audit plan. Insurers may therefore have other measures to assess their effectiveness on a more frequent basis.</p> <p>ICP 8 and ComFrame in ICP 8 refer to four control functions. Are only those functions considered as control functions? Are there any other functions that supervisors would consider as control functions?</p>	<p>or more control functions, in order to avoid combination of those functions.</p> <p>Not agreed to redraft the second bullet. Insurers may use other measures to assess efficiency of control functions. However, in the IAIS view it is important to specify who should be doing a periodic review required by ComFrame.</p> <p>Those four control functions are obligatory according to ICPs and ComFrame. Additional control functions can be requested in a national law in particular jurisdictions. An insurer – including IAIG – can also establish other control functions.</p>
<p>CF 8.4.a</p>	<p>This Standard should clarify that it is not expected that there needs to be a risk management function embedded in each legal entity.</p> <p>It was not clear what was meant by the annual group-wide risk management plan (6th bullet point).</p> <p>It was suggested to revise the fifth bullet, given that the assessment of risk at a legal entity or material business line level could be done by a legal entity.</p>	<p>The standard refers in a clear way to the group-wide risk management function. However, according to ICP 8.4 the supervisor requires the insurer to have an effective risk management function, ie each insurance group and each insurance legal entity should establish a risk management function.</p> <p>The 6th bullet, with reference to the risk management plan, has been deleted, as the potential content of such a plan is covered by other bullets, It has also been highlighted in 4th bullet that the risk management strategy needs to be approved by the Board.</p> <p>Fifth bullet redrafted as follows, to focus it on the group-wide assessment:</p> <p>“... assessment of risks at the group-wide level, including those which arise from the legal entity and material business line level...”</p>

Reference	Summary of comment received	Suggested IAIS response
CF 8.5a	<p>The reference to legal obligations in the second and third bullet points should be removed. Broadening the scope of the compliance function to include not only regulatory obligations, but all legal obligations, would detract from its core purpose in terms of compliance with financial services-related rules and guidance.</p> <p>The provision of at least quarterly written reports on the compliance function's activities to the IAIG's Board or one of its committees is not adequate and should be replaced with annual reporting.</p> <p>It was suggested to replace a reference to "compliance plan" with "compliance framework".</p>	<p>Not agreed to remove. It is consistent with the scope of the responsibilities of the compliance function provided for in a relevant ICP standard (ICP 8.5).</p> <p>Not agreed. The IAIG Board or Senior Management need to be appraised on compliance issues in a timely manner.</p> <p>Fifth bullet referring to the compliance plan has been deleted, as the potential content of such a plan is covered by other elements listed in this standard.</p>
CF 8.6.a	<p>Respondents raised various comments on this standard, arguing mainly that some of the tasks mentioned in the standard should not be allocated to the actuarial function.</p> <p>It was also suggested to reword "requires the Head of the IAIG to provide an overview of the group-wide actuarial activities..." as the overview could be provided by other functions, and some of these activities do not necessarily have to be performed by the actuarial function.</p>	<p>The wording of the standard has been revised to provide more clarification. Please also see a list of tasks of the actuarial function in ICP 8.6.4.</p> <p>No need to change. The actuarial function may need to cooperate with other control functions, as necessary, in providing the overview. However, it should be mainly the responsibility of the actuarial function.</p> <p>It should also be highlighted that overview does not mean oversight.</p>
CF 8.6.b	<p>It was suggested to replace "insurance activities" in the first bullet point with "actuarial activities" to make it consistent with CF 8.6.a, which describes that the group-</p>	<p>Not agreed. The report should be on insurance activities but from the perspective of the actuarial issues (or limited to actuarial issues).</p>

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	wide actuarial function provides an overview of the group-wide actuarial activities.	
CF 8.7.a	The standard is too prescriptive and should be amended to better reflect the focus of internal audit on processes and controls. Respondents argued that some of the tasks listed therein should not be allocated to the internal audit function (in particular fraud prevention in the second bullet as well as the third and fourth bullet).	It was not agreed that the standard is too prescriptive. The requirements included therein are sufficiently important to be kept at the standard in ComFrame. In the internal auditor's work on evaluating the adequacy and effectiveness of the internal control system, it is possible for the internal auditor to detect weaknesses in the system that may be vulnerable to the risk of fraud. Thus, fraud prevention can be a joint responsibility between the internal audit function and compliance function.
CF 8.8.b	The addition of "(either internal or external)" is unnecessary as this point is sufficiently covered in CF 8.8.b.1.	Not agreed that this addition is not necessary. It is important to clarify at the standard level that it covers both internal and external service providers. Guidance provides further explanation.
CF 8.8.b.1	<p>It was recommended to transition CF 8.8.b.1 to CF 8.8.d.</p> <p>It was also suggested to delete the example from the guidance, because it creates additional questions and is not specific enough in terms of timing of the previous assessment.</p> <p>IAIGs need additional simplifications regarding group internal outsourcing arrangements.</p>	<p>Not agreed to move guidance CF 8.8.b.1 under CF 8.8.d, since those two paragraphs have different focus. CF 8.8.b.1 refers to the assessment and due diligence process at the stage of selecting a service provider, whereas CF 8.8.d refers to review of the cumulative risks of already outsourced activities.</p> <p>Not agreed to delete the example. This guidance, including the example, was added in response to the previous public consultation comments that a distinction should be made internal and external outsourcing. The example presents potential differences, while allowing for necessary flexibility.</p> <p>The current wording provides necessary flexibility. No need for change.</p>

Main comments on ComFrame in ICP 9 Supervisory Review and Reporting

Reference	Summary of comment received	Suggested IAIS response
General	In several places it was suggested that the phrase “macro-prudential analysis” should be replaced with “macro-economic analysis”.	Not agreed, the reference to macro-prudential analysis is appropriate. This is in line with language used in ICP 24 as well as the IAIS Consultation Document: Holistic Framework for Systemic Risk in the Insurance Sector.
CF 9.0a	Clarification was requested as to what is meant by the term “relevant legislation and supervisory requirements”. There were concerns that the scope of the scope of review of all relevant legislation and supervisory requirements is too broad, and that a review of compliance with every legislative and supervisory requirement applicable at the Head of the IAIG (which could number in the many thousands) could take an enormous amount of time and effort for the IAIG and for the supervisors involved.	The term “legislation” is explained in paragraph 14 of the revised draft Introduction to the ICPs: “The term ‘legislation’ is used to include primary legislation (which generally requires full legislative consent), secondary legislation and legally enforceable rules set by the supervisor. The ICPs do not generally require a specific form of legislation but where they do this is specifically indicated.” The same wording is used in the Principle Statement of ICP 9. The standard was revised after previous public consultation to address issue. It was clarified that the standard refers to the legislation and supervisory requirements applicable at the level of the Head of the IAIG.
CF 9.0a	The standard is not clear about the role of the other involved supervisors in the assessment of the IAIG’s compliance with relevant legislation and supervisory requirements applicable at the level of the Head of the IAIG, which is a responsibility of the group-wide supervisor.	The new guidance CF 9.0.a.2 was added, to clarify relevant aspects of cooperation between the group-wide supervisor and other involved supervisors.
CF 9.0.a.1	The guidance should require the supervisory review to be conducted within the supervisory college.	Not agreed. The supervisory review carried out at the level of the Head of the IAIG is a responsibility of the group-wide supervisor. The current wording of the guidance, according to which the

Reference	Summary of comment received	Suggested IAIS response
		supervisory review “may” be conducted within the supervisory college, provides necessary flexibility.
CF 9.2a	Annual frequency for the risk assessment for all IAIGs is not necessary.	Not agreed. Taking into account the nature, scale and complexity of the IAIGs, annual frequency of the group-wide risk assessment for all IAIGs is justified.
CF 9.2.a.4	It was proposed to redraft the guidance to highlight that inputs from other relevant supervisors not involved in the direct supervision of the IAIG should be considered to the extent such supervisors have jurisdiction over those matters.	Not needed. This is implicit. Supervisors should always act within their powers and authority. This guidance does not suggest otherwise.
CF 9.2a.5-7	<p>Some commentators raised that the language around the anonymising of non-public information should be strengthened to indicate that supervisors “should” anonymise non-public information. It was also suggested to strengthen the wording of guidance CF 9.2.a.7.</p> <p>Other respondent commented that non-public information should not be used for the purpose of peer-group analysis, as it could potentially jeopardize confidentiality. In this context, sharing the outcome with the IAIG was mentioned.</p> <p>It was also proposed to delete the guidance, given that unnecessary harmonisation of risk management would be undesirable in an industry that depends on diversification, and peer-group analysis should not be an opportunity for supervisors to impose uniform risk assessments and business models.</p>	<p>The guidance emphasises that information publicly available should be used as much as possible and highlight that peer-group analysis is subject to confidentiality requirements. Anonymising information will not always be necessary or appropriate. However, the language of guidance CF 9.2.a.5 has been strengthened, so the supervisors “should consider” whether it is appropriate to anonymise information shared (instead of “may consider”). The guidance refers to potential sharing the outcome of peer-review analysis with other involved supervisors, but not with the IAIG.</p> <p>Guidance CF9.2.a.7 has been amended as follows: “Peer-review analysis is subject to confidentiality requirements...”, in order to reflect that ICP 3 applies in any case.</p> <p>The guidance highlights that peer-review analysis should be conducted to the extent practicable and where useful. The criteria for peers should be determined by the group-wide supervisor depending on specific features of a particular IAIG.</p>

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	The appropriateness of peer-group analysis was questioned, given differences in structures and risk profiles of large international groups. It was also not clear how appropriate peers for peer-group analysis would be identified.	Some proposals for criteria are provided for in guidance: similarity of business and geographical scope, the size, type and structure of the IAIG, etc.
CF 9.2b	The three items listed as minimum components of a group-wide supervisor's evaluation of its group-wide risk assessment of an IAIG should be optional.	Not agreed. The standard is meant to establish the minimum requirements as regards the elements to be evaluated in group-wide risk assessment. In the IAIS view those three elements should be an obligatory part of this evaluation.
CF 9.2b	The capital adequacy and the availability of capital to meet the regulatory capital requirements for insurance legal entities within the IAIG is assessed by supervisors in each jurisdiction. Therefore, further assessment by the group-wide supervisor would be a duplication. Group-wide supervisor should only be required to assess capital adequacy at the group level.	Agreed. The second bullet reworded in the following way: "the capital adequacy and the availability of capital to meet group-wide capital requirements as well as taking into account the regulatory capital requirements for each insurance legal entity within the IAIG".
CF 9.2.b.1	The inclusion of non-regulated and non-financial legal entities in the scope of the group-wide risk assessment may not be appropriate in all jurisdictions. Please also refer to comments made on CF 9.2.b.6.	Not agreed. It is important to consider risks stemming from non-regulated and non-financial legal entities as part of the group-wide risk assessment of an IAIG.
CF 9.2.b.2	It was suggested to amend the second bullet point to include "intra-group interdependency" due to the different management in control even for different entities within the same border.	<p>The second bullet does not necessarily refer to intra-group interdependency.</p> <p>Please see CF 12.3.a: "Resolution plans are in place for IAIGs where the group-wide supervisor and/or resolution authority, in</p>

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	ComFrame should not require recovery and resolution plans for all IAIGs in a uniform manner.	consultation with the crisis management group of the IAIG (IAIG CMG), deems necessary.“
CF 9.2.b.6	This section requires using a proxy approach to calculate capital requirements for non-regulated entities. The proxy approach may not capture the true impact of such entities on the group. It was therefore suggested that ComFrame should focus more on the potential risk contagions from such entities and use more qualitative requirements, e.g. ring-fencing requirements, stress tests, monitoring risks of these entities.	This is guidance does not prescribe new requirements but describes what is meant by the ComFrame standard. It provides examples of ways to implement the requirement. Stress testing is covered by CF 9.2.b.7 and CF 9.2.b.5 refer to assessment of fungibility.
CF 9.2b.7	It was suggested to add additional explanation to the guidance. It would be too onerous for IAIGs to conduct macro-prudential stress test every year. This Guidance assumes that a group-wide stress test is required, which is not necessarily the case.	It is not necessary to expand this guidance. Stress testing, including frequency of such exercises, is covered in detail in ICP 16. This guidance does not impose frequency of exercising stress tests, it does however ask that outcomes of stress tests that have been performed the IAIG are taken into account in the supervisory review process. This guidance covers stress tests required by the group-wide supervisor as well as those performed by the IAIG on its own initiative.
CF 9.4.a	Given that the ICS is not yet adopted or implemented, it was suggested to amend CF 9.4.a to remove the expectation that the group-wide supervisor will require the Head of the IAIG to report the reference ICS during the monitoring period. It was proposed to replace it with a	ICS Version 2.0 for confidential reporting is planned to be adopted together with ComFrame in November 2019. ComFrame CF 9.4a and 25.6.c together with supporting guidance are meant to be applicable during the monitoring period. The reference ICS will be reported to the group-wide

Reference	Summary of comment received	Suggested IAIS response
	<p>softer requirement for the group-wide supervisors to “encourage reporting of the reference ICS, and at the option of the group-wide or lead supervisor, any additional reporting”.</p> <p>There was confusion about the meaning of the “additional reporting”.</p> <p>It was also proposed to make clear that the reporting referred to in this standard is that requested by the IAIS during the 2020-2024 monitoring period.</p>	<p>supervisor only, while the members of the IAIG’s supervisory college are expected to discuss a summary of the reference ICS.</p> <p>The standard reflects the language of the Kuala Lumpur agreement. It has been specified in the standard CF 9.4.a, which refers to additional reporting of “related to ICS”.</p> <p>This is explained in para. 22 of the Introduction to ComFrame.</p>
CF 9.6.a	<p>The standard should indicate that the group-wide supervisor performs on-site inspections at the level of the Head of the IAIG “where necessary”.</p>	<p>The purpose of the standard is mainly to indicate at which level the on-site inspections are performed by the group-wide supervisor of an IAIG. In addition, on-site inspections can be carried out on a regular basis, not only where necessary.</p>
CF 9.6.a.2	<p>If a group-wide function is carried out by an insurance legal entity within the IAIG, which is outside the jurisdiction of the group-wide supervisor, the group-wide supervisor should inform the relevant supervisor before approaching this entity as part of the on-site inspection carried out at the level of the Head of the IAIG.</p>	<p>Relevant wording has been added to guidance CF 9.6.a.2.</p>
CF 9.6.b	<p>It is unclear under what circumstances a joint inspection would be expected. It was suggested to delete the standard, given potential costs and challenges related to conducting a joint inspection.</p>	<p>Not agreed. It is difficult to foresee all possible circumstances in which it is appropriate to organise a joint on-site inspection. Therefore, the wording of the standard is kept flexible, with additional explanation provided in guidance. Supervisors already organise joint on-site inspections for various purposes. Therefore, the purpose of the standard is not to introduce a new</p>

Reference	Summary of comment received	Suggested IAIS response
	The situations described in the standard should be exceptional. Supervisors would normally have the appropriate knowledge and experience to inspect the legal entities supervised by them.	supervisory practice, but to provide requirements which should be followed when a join on-site inspection is organised. Based on similar comments received during previous consultation, the standard has been reworded, so other involved supervisors with reasonable supervisory interest can join the on-site inspection. The standard also stipulates that this should take place where appropriate.
CF 9.6.b.1	Some stakeholders understood from the resolution of the previous consultation that this guidance would be deleted.	Guidance CF 9.6.a.1 included in the version published for consultation in March 2018 was deleted. Its content has been reflected in the standard CF 9.6.b). As a consequence, guidance numbered previously as CF9.6.b.2 became CF9.6.b.1.

Main comments on ComFrame in ICP 10 Preventative, Corrective Measures and Sanctions

Reference	Summary of comment received	Suggested IAIS response
General	The supervisor cannot assert authority over the Head of the IAIG or a legal entity within the group without legal jurisdiction over that entity. The measures anticipated by ICP 10 can only be applied to an entity over which the supervisor has jurisdiction and where the entity has engaged in activity that attracts sanctions.	This is already clearly explained in Standard CF 10.0.a and supporting guidance.
CF 10.0.a	Any corrective measures or sanctions should only be made in accordance with the authority provided under local laws and regulations.	This is already reflected in ICP 2.

Reference	Summary of comment received	Suggested IAIS response
CF 10.0.a	It was propose to use a phrase “the group-wide supervisor should seek assistance from the host supervisor to accomplish its objective” instead of “other involved supervisors apply supervisory measures to assist the group-wide supervisor”.	This is reflected in the current wording of the standard. The purpose of the standard and supporting guidance is to clarify which supervisor applies supervisory measures in different situations, ie when the Head of the IAIG is or is not within the group-wide supervisor’s jurisdiction. It is implicit that other involved supervisor will assist the group-wide supervisor on the request of the latter one.
CF 10.0a.2	There was a lack of clarity on what “indirect powers” are.	Explanation of direct and indirect approaches is provided in the ICP Introduction. Standard CF10.0a and its guidance should also help understand the nature and purpose of indirect actions. Please also see draft definitions of direct powers and indirect powers.
CF 10.0.a.3	It was proposed to reword the guidance, so other involved supervisors should consider the appropriateness of the group-wide supervisors request (instead of “should assist the group-wide supervisor to apply supervisory measures...”). It was also considered what happens if a specific preventive or corrective measure is disputed or not agreeable among the involved supervisors, and whether there is any dispute resolution framework for supervisors.	<p>Not agreed. This guidance is aimed at expressing expectation that other involved supervisors will assist the group-wide supervisor. It is implicit that each supervisor needs to consider the appropriateness of any supervisory measures, before applying such measures.</p> <p>ComFrame does not provide for any dispute resolution framework for supervisors. It is assumed that each supervisor would act in accordance with its authority and powers.</p>
CF 10.2.a	<p>The empowerment of the group-wide supervisor to require measures affecting legal entities directly to be taken interferes with the responsibilities of the supervisor of the legal entity.</p> <p>A clarification should be made on what is meant by the phrase “...seems likely to operate...”.</p>	<p>The first sub-bullet of the first bullet in standard CF10.2.a has been deleted.</p> <p>The wording of CF 10.2.a is based on the wording of Standard ICP 10.2. It reflects the nature of the preventive measures, which are early-stage measures to be taken before a problem becomes</p>

Reference	Summary of comment received	Suggested IAIS response
		serious and will usually involve a dialogue with the insurer. The intent is to require preventive measures to be taken before an entity which belongs to the IAIG causes a material adverse impact on the IAIG. The supervisor should start acting when there is likelihood of operating in a manner that is inconsistent with regulatory requirements. But this should be determined on the basis of information reported by the IAIG, analysis made by the group-wide supervisor, information provided by other involved supervisors etc.
CF 10.2.a and CF 10.5.a	It was proposed to merge CF 10.2.a and CF 10.5.a	Not agreed to merge those two standards. CF 10.5.a refers to both preventive and corrective measures, whereas CF 10.2.a refers only to preventive measures.
CF 10.5.a and CF10.5.b	Any decisions or assessments made by supervisors that an IAIG is operating inconsistent with any relevant regulatory requirements which would have a material adverse effect on the IAIG should be made under a transparent process in regards to the IAIG and the IAIG should have an opportunity to make submissions as relevant to the supervisors. Under such processes, an appeal mechanism for review should be made available.	The objective of this standard is to set expectations towards escalation of supervisory measures. It does not replace the due supervisory process before sanctions are imposed. No change will be made in this regard.
CF 10.6.a	The phrase "where appropriate" is vague.	The phrase "where appropriate" has been deleted from both CF 10.0.a and CF 10.6.a. The wording of the Principle Statement of ICP 10 is clear in this regard ("preventive and corrective measures [...] and [...] sanctions ... which are timely, necessary to achieve the objectives of insurance supervision, and based on clear, objective, consistent, and publicly disclosed general criteria").

Reference	Summary of comment received	Suggested IAIS response
CF 10.6.a	In some jurisdictions, the group-wide supervisor cannot impose sanctions but has to refer violations of regulations to another authority. It was suggested to refer in ComFrame to actual variations in the sanctioning process.	The issue of having adequate powers necessary to meet the supervisor's responsibilities and objectives is covered by ICP 1.
CF 10.6.a	Any decisions or assessments made by supervisors that an IAIG is operating inconsistent with any relevant regulatory requirements which would have a material adverse effect on the IAIG should be made under a transparent process in regards to the IAIG and the IAIG should have an opportunity to make submissions as relevant to the supervisors. Under such processes, an appeal mechanism for review should be made available.	The objective of this standard is to set expectations towards imposing sanctions. It does not replace the due supervisory process before sanctions are imposed. No change will be made in this regard.
CF10.6.a.1	The term "the imposition of fines and penalties (even if non-compliance is due to the actions of a legal entity within the IAIG)" will not find a legal basis in several jurisdictions. Therefore, it was suggested to delete this part of guidance.	The guidance refers to non-compliance by the Head of the IAIG (this has been clarified in the wording of the guidance), which may however be caused by the actions of another legal entity within the IAIG.
CF10.6.b	In case of sanctioning, coordination should take place, if appropriate.	Agreed. However, in case of sanctioning, communication is more relevant than coordination (this change was made on the basis of the comments received during the previous public consultation).
CF10.6.b	It was requested to define "material effect on the supervision of the IAIG".	This phrase should be interpreted in the context of a particular situation. It provides necessary flexibility. It is not possible to pre-define the circumstances. It may also be misleading to provide some selective examples.

Main comments on ComFrame in ICP 12 Exit from the Market and Resolution

Reference	Summary of comment received	Suggested IAIS response
CF 12.2.a.1	Some stakeholders argued that financial stability should not be an objective for the resolution of IAIGs, thereby also referring to the suspension of the identification of Global Systemically Important Insurers (G-SIIs).	The language is consistent with the holistic framework for systemic risk, as well as the overall objective of ICPs and ComFrame which includes the contribution to financial stability.
CF 12.2.b	Some commented that the phrase "seeks to minimise reliance on public funding" is an exact duplication of the guidance in ICP 12.2.3 and therefore should be deleted.	Please note that in the ICPs it has the status of Guidance (i.e. a recommendation) whereas they have the status of Standard (i.e. a requirement) under ComFrame. Therefore, it is not a duplication.
CF 12.3.a.2 and CF 12.3.b.1	<p>It was argued by some stakeholders that host supervisors and/or host resolution authorities should not be able to require separate resolution plans where a group resolution plan already exists that covers material entities within the group. This might be duplicative and would introduce added cost and complexity.</p> <p>The suggestion was also made to add that resolution actions should be taken at the level of the IAIG (as opposed to legal entities).</p>	<p>Host supervisors, which are responsible for the protection of their policyholders, cannot be prevented from requiring such plan if they deem it necessary. For instance, a certain legal entity may not be material from a group perspective, and therefore not covered in detail in the group resolution plan, while at the same time it may be material in a certain jurisdiction, necessitating a separate resolution plan.</p> <p>The IAIS also disagrees that resolution actions should only be taken at the level of the Head of the IAIG, as this would go against a multiple point of entry strategy (MPE). The IAIS is neutral on single versus multiple point of entry strategies.</p>
CF 12.3.a	Some commented that it is not appropriate to require a resolution plan for all IAIGs in a uniform manner. Given the principle of proportionality, the requirements on a resolution plan for an IAIG should be decided in proportion to its PCR or vulnerability to financial stress.	IAIS agrees that not for all IAIGs it should be required to have a resolution plan; this is reflected in ComFrame. The concept of proportionality is applicable to all ICPs and ComFrame, whereas the practical application of proportionality in the case of resolution may be further elaborated in the application paper.

Reference	Summary of comment received	Suggested IAIS response
		<p>Next to that, and repeating previous feedback published in March 2018: “CF 12.3a enables supervisors and/or resolution authorities to develop resolution plans of any IAIG when deemed necessary in consultation with the CMG. This is not limited to those IAIGs experiencing solvency concerns. To limit to such circumstances would fail to recognise the potential benefits of prior planning. The standard as drafted allows for judgement as to the need for resolution plans. Prior planning is supported to ensure sufficient readiness for supervisors to respond effectively.”</p>
<p>CF 12.3.a.1</p>	<p>It is not clear how "the number of jurisdictions where the IAIG operates" relates to either resolution objective.</p>	<p>‘Number of jurisdictions where the IAIG operates’ may be a proxy for the complexity of a group and its international activity, and thereby may indicate the need for resolution planning which can aid supervisory crisis management and planning.</p>
<p>CF 12.7.a</p>	<p>It was noted that CF 12.7.a repeats various of the resolution powers in ICP 12.7.4. This is redundant.</p>	<p>Please note that powers in ICP 12.7.4 have the status of Guidance (i.e. a recommendation) whereas they have the status of Standard (i.e. a requirement) under CF 12.7.a, so this is not redundant.</p>
<p>CF 12.7.a</p>	<p>Some of the resolution powers mentioned, are more related to resolution planning or resolution processes generally, such as the requirement to submit necessary information to the resolution authority or to require the IAIG to take prospective actions to improve its resolvability.</p> <p>Also some comments related to the prospective actions, noting that these should be duly substantiated and supported by the supervisory college and the CMG.</p>	<p>Comment on whether these powers belong under “resolution powers” or another CF standard, is relevant. It is moved to new CF 12.3d which deals with the resolution planning phase.</p> <p>Also the new Standard now includes a reference to coordination with the CMG and the Guidance material is amended to better clarify the role of prospective actions.</p>

Reference	Summary of comment received	Suggested IAIS response
CF 12.7.a	Few stakeholders suggested the standard to acknowledge the primacy of jurisdictional law, requesting the standard be updated to read as follows - "The powers that the supervisor and/or resolution authority may exercise, subject to adequate safeguards <u>and jurisdictional law</u> , for the resolution of an IAIG include, at least, the following:"	Disagree. When jurisdictions implement IAIS supervisory material, this may sometimes result in changes in jurisdictional law, where needed.
CF12.12.a.1	This guidance may go too far in suggesting to apply insurance resolution standards also to non-insurance entity resolution.	Please note that Guidance does not include requirements. Also the guidance material explains that if there is a non-insurance non-financial entity to which no sectoral resolution regime already applies, then this ICP may be useful; whereas if that entity already falls under an existing regime (for instance bank or CCP regulations), then the IAIS ICPs do not intend to override those existing rules.

Main comments on ComFrame in ICP 15 Investments

Reference	Summary of comment received	Suggested IAIS response
CF 15.2.a, CF 15.2.a.1, CF 15.2.a.2	ComFrame should not prevent the IAIGs' use of credit ratings or external investment managers.	ComFrame does not prevent insurers from using credit ratings, but emphasises there should not be undue reliance on the use of credit ratings. Sufficient flexibility is provided to allow insurers to rely on external investment managers. The insurer is, however, expected to have sufficient in-house expertise to understand the investment risks taken by the external investment managers, and how the externally managed investment portfolios fit into the insurer's asset-liability management.
CF 15.2.b, CF 15.2.b.1	This standard should be removed as it relates to capital fungibility, and not to investments, and should therefore be part of ICP 17.	The ability to transfer capital and assets is in the context of an investment policy, since a transfer of capital impacts investments. Transfer of capital may require investments to be more liquid. Refer to ICP 15.2.15 for further context.

Main comments ComFrame in ICP 16 Enterprise Risk Management for Solvency Purposes (excluding ComFrame in 16.13)

Reference	Summary of comment received	Suggested IAIS response
CF 16.1.a	Consistency of the ERM framework across legal entities within the group may not always be appropriate or desirable due to differences in local markets. The ComFrame standard seems to suggest that consistency override local needs.	The standard does not require the ERM framework to be fully consistent throughout legal entities within the group and allows difference. Depending on the legal and supervisory requirements in the jurisdiction where the IAIG operates, or on nature and materiality of risks associated with those local business, different approaches in ERM framework may be effective and efficient. In

Reference	Summary of comment received	Suggested IAIS response
		considering such circumstances, the standard requires group-wide ERM framework to as consistent as possible in principle and if material differences exist in the ERM framework, those should be transparent and explicitly linked to the situations.
CF 16.1.b	It is not appropriate to have a minimum list of risks at standard level. The list of risk categories may not be appropriate or relevant to all IAIGs.	While the degree of focus for the listed risk categories depends on the risk profile of the IAIG, the IAIS believes all risks listed in the standard are material risks for IAIGs in light of IAIG's scale, nature and complexity of risks.
CF 16.2.a	An economic capital model is not always appropriate. Some risks are difficult to accurately quantify using economic capital models.	<p>Using an economic capital model is considered a key component of risk modelling and believed to be a core concept of this CF standard. This was included in the 2014 version of the CF material, and not a new requirement.</p> <p>As stated in the Standards 16.3 and 16.11 (now 16.13), both regulatory capital requirement and economic capital should be considered in the ERM framework, and therefore economic capital model should be used for the calculation of economic capital especially for IAIGs.</p> <p>The term “quantifiable” was added to the standard for clarification.</p>
CF 16.2.a.2	While economic capital models have merit and are frequently important risk management tools, they should not be required of all IAIGs, particularly when comparable models are required by the IAIG's regulatory solvency framework.	Text was added to recognise other relevant capital measures.

Reference	Summary of comment received	Suggested IAIS response
CF 16.2.b	It should be clarified that scenarios and stresses are not established by group-wide supervisors but insurers.	This standard does not indicate that the group-wide supervisor establish the scenarios and stresses, but rather that the insurer <u>include</u> scenario analysis and stress testing as part of its measurement of risk.
CF 16.2.b	Reverse stress testing is only relevant for the purpose of internal model validations, nor would it provide additional insight compared to stress testing and scenario analysis.	We do not think reverse stress testing is only relevant for the purpose of internal model validations. As stated in ICP16.2.21, reverse stress testing may help identify scenarios most likely to result in failure or cause the financial position of an insurer to fall below a predefined level, and therefore it should be included in the risk measurement. There is flexibility in this standard for the IAIG to determine the form of risk measurement.
CF 16.2.c	An independent review of the ERM framework every three years is overly onerous.	<p>Three years seems a reasonable frequency for an IAIG. New guidance was added to clarify that a more frequent review may be needed, in the case of a major change, such as a change in the IAIG's risk profile, structure or business strategy.</p> <p>The burden is limited considering that the independent review can be done by an internal (independent) body and not necessarily by an external body.</p>
CF 16.4.a	It is not appropriate to require an IAIG to report its risk appetite "externally". This standard is not necessary.	Risk appetite is a key component of business strategy setting and it should be clearly communicated and understood throughout an organization. Sharing non-confidential information on the risk appetite with external stakeholders may help reassure that the insurer has clear understanding of, and established boundary and management process for, its risks. Disclosure of the risk appetite may indicate a commitment by the management on the robust risk management and in turn help drive the enhancement and sophistication of the ERM framework within

Reference	Summary of comment received	Suggested IAIS response
		the insurance group. In light of IAIG's scale, nature and complexity of risks, it is required to communicate the risk appetite not only internally but also externally.
CF 16.7.b	It should be at the discretion of the group to decide whether it establishes such a group-wide claims management policy, and what the content of such a policy would be.	This standard requires an IAIG to have a group-wide claims management policy in order to support the analysis of reserve and underwriting risks at a group level. The bullet points in the standard focus on these risks from a group-wide ERM perspective.
CF 16.7.d	A number of the processes noted require multi-discipline participation from across the organization, not only the Actuarial Function.	The group-wide actuarial policy is a set of practice standards and is not necessarily reflected in a single document. If the IAIG maintains practice standards as part of its ERM framework, as described in CF16.7.d, it is collectively considered to meet the requirements of a group-wide actuarial policy.
CF 16.7.d.1	The actuarial policy should be limited to actuarial processes and should not be elaborated towards other process such as accounting.	The group-wide actuarial policy is largely focused on actuarial processes. Interaction among the various professions and functions is necessary (for example, valuation of insurance liabilities).
CF 16.7.d.3	Recommendation to add at the end of the second sentence the phrase "but as applicable, the group-wide policy requirements will be adjusted to jurisdictional requirements."	A revision was made to consider jurisdictional differences when reporting on a group-wide basis.
CF 16.7.d.4	The relevance of the guidance was questioned.	The text to the guidance has been revised for clarity. New text was introduced to have a provision within the policy to assess the impact on financial results.

Reference	Summary of comment received	Suggested IAIS response
CF 16.7.e	There are overlaps and duplications between CF 16.7.e and CF 8.6.a, and these standards should be merged or appropriately aligned.	<p>ICP 8 deals with effective systems of risk management and internal controls in general, while ICP 16 requires the insurer to establish an ERM framework within the risk management system and further elaborate it from a perspective of solvency purposes.</p> <p>Although there may be some intended overlaps between ICP 8 and ICP 16 due to roles and readability of each ICP, in order to minimise the overlaps between them and clarify the relation and positioning of these ICPs, some standards and guidance were moved from ICP 16 to ICP 8 and some expressions have been amended. Because of these structural and expressional revisions, IAIS does not believe the merger of ICP 8 and ICP 16 would be necessary.</p> <p>CF 8.6.a is much broader, whereas CF 16.7.a is more specific in regards to the frequency of reporting and reporting to the board.</p>
CF 16.7.e CF 16.7.e.1	The wording in the first bullet under 16.7.e and guidance CF 16.7.e.1 are overly broad.	The first bullet point of the standard, and the guidance were revised to specify the role of the actuarial function.
CF 16.7.e	The fourth bullet point goes beyond the role of the actuarial function.	The non-insurance legal entities and non-regulated legal entities are part of the IAIG's balance sheet, and the actuarial policy only requests they be considered as a part of the group-wide actuarial opinion. The term consideration provides flexibility for the IAIG to determine what is appropriate.
CF 16.7.e	A number of commenters showed general support for the yearly report by the group-wide actuarial function.	Noted
CF 16.7.e.2	The word "adequacy" in the 10 th bullet point is inappropriate in this context and should be removed.	Disagree with deleting adequacy; adequacy and suitability are two different and relevant concepts.

Reference	Summary of comment received	Suggested IAIS response
CF 16.10.a (now CF 16.12.a)	It should be at the discretion of the IAIG to assess the appropriate approach (quantitative and/or qualitative) to perform each element of the ORSA.	Both quantitative and qualitative approaches should be used to perform the ORSA. It is not intended that both approaches are applied for each and every element of the ORSA listed in ComFrame 16.10.a (now CF 16.12.a).
CF 16.10.a (now CF 16.12.a)	The proportionality principle should be adopted when performing the group-wide ORSA.	As reflected in the ICP and ComFrame Introductions, the ICPs establish the minimum requirements for effective insurance supervision and are expected to be implemented and applied in a proportionate manner. ComFrame itself is an exercise of proportionality in that ComFrame standards are tailored to reflect the nature, scale and complexity of IAIGs, which in some cases results in IAIGs needing to meet higher standards than other insurers under ICPs.

Comments on ComFrame in 16.13 (now 16.15) Enterprise Risk Management for Solvency Purposes – Recovery Planning

Reference	Summary of comment received	Suggested IAIS response
General	Broad support for the move from ICP 10 (Preventive Measures, Corrective Measures and Sanctions) to ICP 16 (Enterprise Management for Solvency Risk Purposes)	Noted.
General	Some stakeholders were of the opinion that the ORSA should be seen as fulfilling the purpose of recovery planning and a separate recovery plan should not be required. Moreover, in cases where a recovery plan would	With respect to the comment that the ORSA process could fulfil the purpose of a recovery plan, the IAIS recognises that existing tools within an insurer’s ERM framework may serve as a source of input when drafting and developing the recovery plan. As explained in the draft Application paper, using these tools as input ensures alignment with existing ERM tools, and an insurer

Reference	Summary of comment received	Suggested IAIS response
	<p>be required, the plan should align with the ORSA and similar management and supervisory tools.</p>	<p>should carefully consider the appropriateness of using aspects of existing ERM tools. Nevertheless, and as explained also in the draft Application Paper, a recovery plan serves a distinct purpose.</p>
General	<p>The current drafting requires all IAIGs to develop a recovery plan. However, the FSB Key Attributes of Effective Resolution Regimes for Financial Institutions ("FSB KAs") only requires G-SIFIs to develop recovery and resolution plans. It is unclear why the IAIS is requiring a wider scope of insurers to develop recovery plans compared to the FSB KAs.</p>	<p>On process: the IAIS is not bound by the FSB KAs, and also the ICPs (See Introduction) are aimed at both policy holder protection and financial stability. The FSB KAs are not only requiring G-SIFIs to develop recovery and resolution plans; quoting the FSB: "Jurisdictions should require that robust and credible RRP, containing the essential elements of Recovery and Resolution Plans set out in I-Annex 4, are in place for all G-SIFIs and for any other firm that its home authority assesses could have an impact on financial stability in the event of its failure".</p> <p>On substance, the IAIS believes that recovery planning should be seen as a broader ERM tool that is not only relevant for addressing systemic risk, but also serves an insurer to aid to sound risk management.</p>
General	<p>The recovery actions anticipated in the recovery plan will not always be the appropriate actions to take, and actions should be taken on a case-by-case basis. Since actual stress events are unpredictable, management must maintain discretion to select and utilise the appropriate recovery tools. As such, some stakeholders argued against using pre-defined triggers for recovery actions.</p>	<p>The IAIS agrees that recovery actions anticipated in the plan will not always be the appropriate action to take and this will depend on the specific circumstances. Some amendments in the guidance text have been made to better bring this across.</p> <p>However, pre-defined triggers are general and not linked to a specific scenario only. Also, they serve the aim to alert the insurer to situations of stress in a timely fashion, allowing them sufficient time to evaluate the appropriate tools.</p>

Reference	Summary of comment received	Suggested IAIS response
CF16.13.a.3 and CF16.13.a.6	<p>Some stakeholders asked to delete references to material legal entities and significant or critical functions as that would relate more to resolution planning and would not be relevant in recovery.</p>	<p>The aim of the recovery planning is maintaining the going-concern in case of stress for the group as a whole. For this, it is relevant to have insight in which legal entities are material to the group as a whole. Those entities that are not material may be excluded from the plan, or the coverage within the plan may be limited to a short description.</p> <p>The IAIS furthermore disagrees that the concept of critical functions might not be relevant in recovery planning. If the actions considered by an insurer also includes the discontinuation, run-off or sale of certain business lines, portfolios or legal entities, then, in order to assess the feasibility, it would need to assess also any negative impacts on the remaining business.</p>
CF 16.13.a.8	<p>A group recovery plan should be sufficient and should automatically satisfy requests for setting up separate plans for subsidiaries.</p>	<p>Host supervisors cannot be prevented from requiring a recovery plan if they deem it necessary (see also similar comment made related to resolution planning). The draft Application Paper describes that it is expected that the host supervisor would cooperate and coordinate with the group-wide supervisor to avoid inconsistent recovery planning and actions in times of crisis.</p>

Comments on ComFrame in ICP 23 Group-wide Supervision

Reference	Summary of comment received	Suggested IAIS response
CF 23.0.a	It was mentioned in the comments that there was a discussion within the IAIS regarding the possible identification of the IAIGs by the IAIS itself, and in this context some revisions were suggested.	The IAIGs will be identified by relevant group-wide supervisors, not by the IAIS. No need for change. For this purpose the group-wide supervisor should determine whether an insurer is an IAIG, based on the criteria provided for in the standard CF 23.0.a.
CF 23.0.a	Under the "Size" section, it was suggested to add the word "Total" in front of "Gross Written Premiums" for consistency.	Agreed.
CF 23.0.a.2	Confirmation was sought that "group assets related to the insurance business of the group" does not have to be aggregated by asset class basis but by entity basis.	Confirmed, there is no need to break down assets by class when considering the total size for the purposes of assessing a group against the IAIG criteria.
CF 23.0.a.5	Some commentators did not support the guidance and asked to delete it. The IAIS should describe or define "jurisdiction" / "internationally active" in an objective manner, but should not assess particular jurisdictions.	References to the European Union reflect the content of the Technical Specifications for the IAIS Field Testing Exercises, which have been approved by the IAIS Executive Committee for past years.
CF 23.0.a.6	The requirement "supervisor most demonstrating the characteristics of a group-wide supervisor" does not create sufficient legal certainty as to who the group-wide supervisor is.	Agreed. However, the wording currently used provides the needed flexibility for competent supervisors to organise themselves for identification of IAIGs.
CF 23.0.b.1	It was suggested that the list of examples of situations where supervisors may determine the status of an IAIG without the group fulfilling the criteria is not necessary and not beneficial for supervisors in practice. Supervisors should apply objective and verifiable criteria to set the scope consistently.	The standard already indicates that discretion should be applied in limited cases. Whilst the IAIS believes that supervisory discretion should remain available to group-wide supervisors, those examples are aimed at indicating in what situations it may be justified to apply the discretion.

Reference	Summary of comment received	Suggested IAIS response
CF 23.0.b.2	The example in the first bullet point seems to indicate that host supervisors have a right of overruling not just the IAIS established criteria but also the decision made by the group-supervisor.	The host supervisor may 'request' that the group be treated as an IAIG, but the decision is to be made in any case by the group-wide supervisor. Therefore, there is no 'right of overruling' the group-wide supervisor's determination.
CF 23.0.b.3	As regards the first bullet, for a group which is an IAIG, the determination that it is not an IAIG should only be made once the disposals or cessation of business is finalised. If there is some uncertainty on the disposals or cessation, the group should still be considered an IAIG.	Agreed. The first bullet of guidance has been reworded.
CF 23.0.c	The decision on the identification/non-identification of the IAIG should be made in a document.	Agreed. But IAIS standards do not need to deal with recording of decisions for which each supervisor will have its own procedures.
CF 23.0.d.1	There should also be a provision for an ad-hoc review of the IAIG determination outside of the 3-year cycle, for example, following a significant change in business strategy or the risk environment.	Agreed. Guidance referring to ad-hoc assessment has been added.
CF 23.1.a	The decision of which entity is the Head of an IAIG is made by supervisors. The company's input should be considered as part of this process.	Noted. We do not consider that this needs to be provided for in the process although it may well occur in practice.
CF 23.1.e	The criterion in the second bullet point seems to be overly subjective. The criteria for determining the Head of an IAIG should be objective and transparent.	Ability to rely on another supervisor to provide information regarding risks to insurance business is a key consideration for the group-wide supervisor to make when deciding the scope of IAIG supervision. If such reliance is not possible, the group-wide supervisor needs to supervise at the highest level in the financial conglomerate. It needs to be the supervisor's subjective

Reference	Summary of comment received	Suggested IAIS response
		judgement which prevails in this situation – the supervisor either feels comfortable relying on another authority or not.
CF 23.1.e.1	It is unclear why banks should be targeted and excluded from the scope if the same requirements are fulfilled. A clarification would be appreciated.	Guidance supports application of standard CF 23.1.e and aims to avoid duplication of group-wide supervision for banking-led financial conglomerates. In most of the cases identification of a bank as the Head of the IAIG would be inappropriate, as supervision of the IAIG can be carried out more efficiently at another level, when the conditions listed in this guidance are met.
CF23.2.a	It was suggested to consider whether the content of this standard would not be more appropriate under ICPs 3 (Information Exchange and Confidentiality Requirements), 9 (Supervisory Review and Reporting) and/or 25 (Supervisory Cooperation and Coordination).	The IAIS considers it to be located in the appropriate part of ComFrame, i.e. in the context of the scope and nature of group-wide supervision of the IAIG. ICP 3 concerns information sharing between supervisory authorities and ICP 25 cooperation and coordination between supervisors.
CF 23.2.a.1	As these are out of the Head of the IAIG's control, it may be practically difficult that supervisors ask the related group entities to obtain such information without requiring at least clarification of reasons.	The information to be obtained through such a request will need to be relevant for the supervision of the IAIG concerned. It is recognised that it may be difficult for the regulated entities to procure information concerning other related entities that they do not control. If ultimately information essential to meet supervisory objectives cannot be obtained, then more radical remedies would need to be applied.
CF 23.2.a.2	When the group-wide supervisor requires information from insurance legal entities supervised by another supervisor, the group-wide supervisor should go through the Head of the IAIG or through the supervisor of the insurance legal entity.	There is no need to revise the guidance, as it is already specified at the standard level (CF 23.2.a) that information from insurance legal entities controlled by the Head of the IAIG should be obtained with the cooperation of other involved supervisors.

Comments on ComFrame in ICP 25 Supervisory Cooperation and Coordination

Reference	Summary of comment received	Suggested IAIS response
CF 25.0.a.1	It was suggested to add that indirect powers might also be considered. The indirect approach and the combined direct and indirect approach are also recognised as long as the supervisor can demonstrate that in effect the outcome is similar to having supervisory requirements applied directly.	Not necessary, in this case the focus is more on direct powers.
CF 25.6a	There should not be a requirement for a minimum frequency of the college meetings (which is at least annually) if there is no need for that. The frequency of the supervisory college should be within the supervisory judgment and discretion of the group-wide supervisor based on discussions with IAIG management.	The minimum annual frequency of the college meetings has been maintained. In order for the group-wide supervisor to adequately pursue the IAIG supervisory review work, it needs at least an annual conversation with the other involved supervisors (if only to discuss annual results of the group). It should be kept in mind that, according to ICP 25.6.7, meetings of the supervisory college should take place by telephone conference call or other means where an in-person meeting is not practical. This is also highlighted in guidance CF 25.6.a.3.
CF 25.6a.2	There was confusion about the nature of the coordination agreements and the period for which such agreements are signed, and when the agreements should be confirmed.	The coordination agreement is not meant to cover certain period of time, but to underpin the functioning of the college on a permanent basis. The activities of a college for a certain period of time should be determined in a college workplan (please see the Application Paper on Supervisory Colleges ²). As regards the timing issue, it should be discussed during the first meeting of the college, but can be confirmed later (e.g. by

² <https://www.iaisweb.org/page/supervisory-material/application-papers/file/34551/application-paper-on-supervisory-colleges>

Reference	Summary of comment received	Suggested IAIS response
		means of signing it and sending the signed copy to the group-wide supervisor).
CF 25.6.a.4	CF16.1.c.2 provides that fungibility of capital should be considered in the risk assessment of IGTs. Fungibility of capital is also discussed in the ICS version 2.0 Consultation Document. Discussions within the supervisory colleges regarding an insurance group and fungibility should also be flexible until discussion on the fungibility of capital under the ICS moves forward.	Agreed. ComFrame in ICP 25 reflects the fungibility concept as announced in the ICS Consultation Document.
CF 25.6.c	<p>Commentators expressed various concerns about the content of the standard, in particular that it is premature, given that the ICS has not been adopted yet and the IAIS has still to determine the governance of and the process to be followed for reporting during the monitoring period. It was also raised that this provision is relevant only for the monitoring period.</p> <p>The meaning of "additional reporting" reporting was not clear.</p>	<p>The current text reflects the Kuala Lumpur agreement and the content of the ICS Consultation Document. The text will be amended, as needed, in order to reflect the final version of ICS Version 2.0 for confidential reporting and the final decisions on the arrangements regarding the monitoring process. Please also see para. 22 of the Introduction to ComFrame.</p> <p>It has been clarified that the standard refers to additional reporting "related to the ICS".</p>
CF 25.7a	It should be noted in this ComFrame section that a CMG should also consult with the IAIG.	Not agreed that it is necessary to consult with the IAIG.
CF 25.7.a.2	It was recommended to include PPS as a relevant authority in the resolution of an insurer by being part of the IAIG CMG.	This is already covered by ICP 25.7.6.
CF 25.7.a.3	It is not necessary to discuss recovery and resolution plans as a priority. Facilitation of preparedness for	ComFrame in ICP 25 does not suggest that discussions on recovery and resolution planning should be a priority for

Reference	Summary of comment received	Suggested IAIS response
	recovery and resolution should be discussed under a specified condition when concerns on the financial soundness of an IAIG arise.	supervisory colleges. However, waiting with such discussions until something goes wrong is incorrect.