



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Public

Resolution of public consultation comments on draft Issues Paper on Insurer Culture

23 June – 23 August 2021

Organisation	Jurisdiction	Confidential	Answer	Resolution of comments
Q1 General comment on the draft Issues Paper				
1. World Federation of Insurance Intermediaries	Belgium	No	<p>WFII appreciates the opportunity offered by the IAIS to comment on the draft Issues Paper on Insurer Culture.</p> <p>We would like to see a rectification of the example re South Africa, in paragraph 50 on page 20, which intimates that it was due to the intervention of insurers that intermediaries were able to continue to receive commission in the event of premium relief. This is not in fact the case. It was the Financial Intermediaries Association of Southern Africa (FIA) that approached the FSCA, and it was as a result of the interventions of FIA that the exemption was granted.</p> <p>The wording of concern is as follows:</p> <p>South Africa</p> <p>(...), insurers alerted the FSCA that the granting of premium relief to policyholders may have an unintended negative impact on the liquidity of intermediaries many of whom are small businesses and may be unable to sustain a reduction in their core income streams for a prolonged period. (...)</p> <p>(...) This proactive approach by insurers resulted in a solution aimed at protecting both the interests of customers as well as the sustainability of the intermediary sector, and was recognised by the FSCA as a positive reflection of those insurers' values.</p>	<p>Noted.</p> <p>The example has been updated for accuracy.</p>
3. Global Federation of Insurance Association	Global	No	<p>The Global Federation of Insurance Associations (GFIA) welcomes the opportunity to comment on the draft issues paper and looks forward to an on-going dialogue on this and other supervisory issues. Given that GFIA represents a diverse set of (re)insurers, it is important to emphasise the need for proportionality in supervision and supervisory support for (re)insurers to remain solvent, competitive, and innovative as the ultimate consumer protections. The discussion of insurer culture and related issues such as leadership, accountability and transparency are very important. Culture is viewed as a critical</p>	Noted.

		<p>link between solvency and market conduct and GFIA recognises that for an insurer to be truly successful, it must effectively achieve both solvency and good market conduct as defined by applicable law and regulation.</p> <p>There are two fundamental points GFIA wishes to make:</p> <ul style="list-style-type: none"> - Insurers do not support the development or application of "culture" requirements or standards as an additional layer of compliance/legal requirements that need to be met. - However, insurers do view "culture" as a potentially effective and flexible concept for the company's own use to help it support the right outcomes from an existing compliance/legal perspective, such as reducing the probability of human error (ie culture considerations could be considered a means to an end). <p>Culture is a rather subjective metric to measure and requires a degree of regulatory intrusiveness. It may be very difficult to regulate culture given the vast differences in corporate culture that still may be completely legal and optimal from a compliance point of view.</p> <p>GFIA's most significant concern is that future supervisory actions will be based on the notion of culture as discussed in the paper, since culture is different from legally established standards for insurers, including those relating to solvency, governance, and market conduct. Instead, supervision should be based entirely on the specific and duly- established legal standards, not on subjective assessments of matters such as culture.</p> <p>If the assessment of culture is to play a role in supervision, then it should be no more a factor in determining the specific behaviours, functions and outcomes required by law. These elements should be assessed and regulated according to applicable legal standards. To treat culture for supervisory purposes as something other than compliance with specific legally established supervisory standards is to engage in a subjective exercise that can be difficult for companies to understand and even more difficult for supervisors to fairly and effectively apply. Therefore, GFIA suggests that the concept of culture for supervisory purposes should be understood to be the discreet and well-defined actions and structures of (re)insurers that are governed by legally established standards. The supervisory assessment of culture should not be a subjective judgment outside of those discreet structures, actions, and legal standards.</p>	<p>The intention is not to create additional requirements, but to support supervisors in analysing and understanding how culture can be an intersection point for managing conduct and prudential risks. This is based on well-established concepts already contained in the ICPs.</p> <p>As indicated in para. 17 of the Issues Paper:</p> <p>“Assessing an insurer’s culture can be highly subjective and may require the thoughtful exercise of supervisory judgment on a case-by-case basis. Therefore, applying a closer and more critical eye on the culture of an insurer may help supervisors gain valuable insights into the driving forces behind certain decisions and practices within the insurer. These insights on risky behavioural patterns can lead to more accurate and earlier identification of root causes underlying certain recurring issues. This can, in turn, facilitate more proactive supervisory interventions that prevent specific prudential and conduct risks from materialising.”</p>
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4. Institute of International Finance	Global	No	<p>The Institute of International Finance (IIF) and the members of the IIF's Insurance Working Group are pleased to respond to the IAIS's consultation on a Draft Issues Paper on Insurer Culture (Draft Issues Paper). We appreciate the link between insurance conduct risks and the financial soundness of the industry, particularly when widespread or material misconduct produces suboptimal outcomes for policyholders and other insurance counterparties, as this reduces confidence and trust in the sector.</p> <p>In the first instance, management and the board of directors of an insurer are responsible for corporate culture and for addressing conduct risks that may arise from cultural issues. However, when an insurer fails to establish a culture aligned with good customer outcomes and the fair treatment of customers or fails to prevent or address market misconduct, the group or lead supervisor should take action to protect policyholders. Prompt and effective supervisory action in these instances also helps to mitigate reputational risk for the industry as a whole. We encourage the IAIS to engage in an open discussion with a wide range of stakeholders in order to further explore issues of insurer culture and best practices for the supervision of insurer culture. The IIF would be pleased to help facilitate these discussions.</p> <p>Overarching Comments The Multi-Dimensional Elements of Culture. We appreciate the IAIS's recognition of the multi-dimensional elements of culture and the fact that there is no one</p>	<p>Noted. See responses to specific comments in the rest of the table.</p>

		<p>"right" or "good" insurer culture. An insurer's culture is influenced by the values and goals that are established and communicated by the organization's leadership and reinforced in the decisions about how the organization is run and managed. These organizational values, in turn, are influenced by a wide variety of external and internal factors, including the purpose of the organization, the types of customers it serves, and national cultural values.</p> <p>We agree with the statement in the first sentence of Paragraph 48 of the Draft Issues Paper that it is not the role of supervisors to define a specific set of values for insurers. Companies differ in the extent to which they emphasize certain values such as results orientation, people focus, teamwork, innovation, risk taking and competitiveness. Values may also be influenced by the lines of business in which the organization engages and the nature of its customer base, including whether the company is primarily retail focused or engaged in B2B business lines. A wide range of cultures that emphasize different values can be aligned with good customer outcomes and treating customers fairly, including in accordance with contract terms and conditions. A one-size-fits-all approach to culture is not appropriate in the insurance sector, with its diversity of business models.</p> <p>As detailed in the March 8, 2020 FCA Insights article, Measuring corporate culture: a warning , we agree with the authors' assessment that, "it is very hard to capture a corporate culture in simple observable or quantifiable metrics." We concur that there are risks to focusing on available and easily assessed data, as it will "largely fail to measure the deeper and stronger aspects of a corporate culture's hidden assumptions and automatic and accepted behaviors." A focus on culture is important, but,</p> <p>"The big question is how can we be sure what a healthy, ethical, safe culture is or when a corporate culture is toxic, unethical and unsafe. The idea of unobtrusive measurement implies that through measurement we automatically evaluate and diagnose culture. The problem is that in the current body of scientifically validated knowledge there is no clear consensus of what in an organizational culture predicts wrongdoing and rule breaking."</p> <p>Quantitative culture assessments are limited by the fact that the dimensions of culture vary internationally, across industries, and even within global companies and, therefore, a one-size-fits-all approach cannot capture unique features of an organization. Additionally, in the search for simple and unobtrusive metrics for culture, there is a risk that the availability of data drives the development and then the outcomes of quantitative cultural assessments. In the example from the Australian Securities and Investments Commission (ASIC) that follows Paragraph</p>	
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			Support for Further IAIS Work on Conflicts of Interest Management. We welcome the IAIS's further consideration of conflicts of interest management by insurers, as proposed in Paragraph 87 of the Draft Issues Paper. We believe that this is a topic that would benefit from IAIS discussion with stakeholders and the IIF would be pleased to facilitate a dialogue.	Noted. The IAIS will continue its dialogue with stakeholders when developing its future work on insurer culture and will communicate further details in this regard when available.
5. International Actuarial Association	International	No	The IAA believes this Issues Paper is a very useful addition to supervisory guidance and addresses a topic (i.e., culture) which is important in determining whether an insurer executes sound decision-making. This has important implications for policyholder protection and their fair treatment (i.e., both prudential and conduct risks). The IAA agrees that poor corporate culture can be difficult to detect based solely on normal supervisory filings and likely requires additional qualitative supervisory review of board, senior management and control function behavior and decision-making.	Noted.
6. The Geneva Association	International	No	<p>Dear Ms. Saporta, Dear Mr. Dixon,</p> <p>Thank you for the opportunity to provide feedback on the draft Issues Paper (IP) on Insurer Culture. The Geneva Association acknowledges that culture plays an important role in conducting business in an ethical manner, in the fair treatment of customers and therefore in maintaining consumer confidence in the insurance sector as a whole. When considering culture, it is important to get clarity that we are looking at corporate culture, rather than culture in the broader sense (worldview). It is also important to underline that corporate culture encompasses aspects which go far beyond promoting exclusively sound prudential and conduct outcomes (as suggested in point 16 of the IP): giving employees a sense of belonging to the organization, promoting a sense of initiative and entrepreneurship, etc.</p> <p>Although corporate culture can affect aspects of prudential and conduct risk management that fosters good governance, assessment of culture can be highly subjective and the direct impact on policyholder protection may not always be clear. As the illustration from De Nederlandsche Bank correctly depicts, behaviour is the only visible manifestation of culture, and behaviour is the result of a complex mix of contributing factors including group dynamics and mindset,</p>	<p>Corporate culture insofar as it relates to insurers is defined in the IAIS Glossary. The paper is explicit that this is the focus of the paper, rather than looking at culture more broadly (see section 1.2.1).</p> <p>The first sentence in para. 16 has been slightly revised to address this point.</p> <p>As explicitly mentioned in the paper, the approach taken is indeed to anchor specific aspects of insurer culture to objective standards established by the ICPs rather than focusing on subjective assessments.</p>

		<p>societal norms and expectations, ethnicity, gender, age, etc. Defining desirable cultures and assessing insurers' culture based on the adherence to those definitions does not provide supervisors with a reliable indication of how well these insurers are managing risks or are accountable to their customers and other important stakeholder groups. Corporate cultures differ; they could for example be conservative or liberal. Irrespective of the type of corporate culture, a firm can have strong internal governance and good risk management. We therefore encourage the IAIS to focus on aspects of culture that are demonstrably inconsistent with desired outcomes, rather than observations on things that are more subjective, such as some of those listed in paragraph 13 of the IP.</p> <p>We are supportive of the IAIS' intention to continue to identify tangible examples of the linkage between insurer culture, consumer, prudential and other business outcomes. Several factors may influence insurers' culture, including for example, diversity and inclusion. Diversity and inclusion can contribute to enhanced business decision making as well as strong prudential and conduct risk management. In our view promoting diversity and inclusion is core to sound decision-making and ensures that a range of views are reflected, ultimately leading to better business and consumer outcomes.</p> <p>As corporate culture is an extremely broad and multifaceted concept the Geneva Association very much agrees with the IAIS that it is not appropriate to prescribe one "right" or "good" culture. Corporate cultures vary from country to country and company to company, it would therefore be challenging to develop uniform supervisory indicators or set common standards on corporate culture. Considering corporate culture is a diverse concept, it is important that any potential future regulatory guidance allows for sufficient flexibility. We strongly urge that the IAIS work together with the industry to study the impact of insurers' culture on prudential and conduct outcomes in advance of developing supervisory guidance in the form of application papers on this topic. As you can appreciate, insurance is such a diverse sector, and the manifestation of culture on for example regulatory or consumer outcomes can differ greatly depending on product lines, customer profile, or distribution methods. In addition, there could be important distinctions in implications of culture across different business lines and different parts of the insurance business - for example life versus non-life versus brokerage. It is important for regulators and supervisors to consider these distinctions in supervisory assessments along with evidence to support supervisory arguments.</p>	<p>Noted.</p> <p>These factors will be considered in the next phase of the IAIS' work on insurer culture which will focus more specifically on practical supervisory approaches to assessing specific aspects that make up insurer culture.</p>
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		<p>several ICPs envisage a shift in insurer performance criteria away from just profitability. This section points to "qualitative outcomes," such as "service-oriented outcomes" as well as several normative qualifications (e.g., disproportionately, undesirable) where it is not clear what is meant by whom from what jurisdiction. It would be helpful if a next iteration of the paper includes more robust definitions and more evidence-based articulations. As to quantification, note that for compensation purposes, there is typically an attempt to quantify qualitative objectives (e.g. surveys, scores, complaints).</p> <p>Q92 comment on paragraph 87 Paragraph 87 lays out possible considerations for next steps, including "practical supervisory guidance on specific cultural drivers" on topics such as remuneration. For the reasons given above and given that corporate culture of insurers is influenced by the local culture of each jurisdiction and or many different other elements, we do not consider it appropriate for the IAIS to develop uniform indicators, detailed common regulations or supervisory guidance on corporate culture. We encourage the IAIS to identify practices that can lead to conflicts of interests, which in turn might have a negative impact on behaviour of people within the organization.</p> <p>Concluding remarks- We appreciate the opportunity to comment on the Issues Paper on such an important topic. As discussed above, supervision of culture can be problematic, if such supervision is based on subjective observation of individuals' behaviour in accordance with an arbitrary definition and assessment of culture. Culture, indeed, drives certain behaviours and fostering positive corporate culture is a critical mission for insurers' board and management. The challenge is that good and bad culture can manifest in a variety of ways and look different from one insurer to another and from country to country. More work is needed to identify the correlation of culture and regulatory outcomes as well as how supervisors can affect the change as in many cases, cultural change can be facilitated only through insurers' board and/or managements. Considering the fact that the many dimensions of insurer culture are difficult to capture in a paper, there would be a lot of value in a dialogue between the IAIS and the industry through other channels. In light of this, we propose to establish a forum for discussion between our member companies and the IAIS community.</p>	<p>Noted. The IAIS will continue its dialogue with stakeholders when developing its future work on insurer culture and will communicate further details in this regard when available.</p>
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<p>7. General Insurance Association of Japan</p>	<p>Japan</p>	<p>No</p>	<p>Thank you for the opportunity to comment on this draft Issues Paper.</p> <p>We agree that sound corporate culture is important, and that the development of sound culture could lead to a fundamental solution to conduct risks.</p> <p>However, corporate culture is diverse by nature, and each insurer's culture has specific features which the company has selected to achieve sound business conduct. Given that any assessment of an insurer's culture as "good" or "bad" is very subjective, we are concerned that setting a single assessment method and/or approach could bring unintended consequences.</p> <p>In addition, it should be noted that even effective management methods could lower staff morale if applied excessively, possibly resulting in the emergence of new conduct risks.</p> <p>Therefore, we suggest clarifying within this Issues Paper that it is not intended to endorse any particular type of corporate culture, and that diversity is respected and ensured regarding how an insurer's culture should be.</p>	<p>Noted.</p> <p>As indicated, the paper does not attempt to define a singular good or bad culture but rather highlights different aspects of insurer culture that could signal the potential for positive and negative outcomes.</p>
<p>8. The Life Insurance Association of Japan</p>	<p>Japan</p>	<p>No</p>	<ul style="list-style-type: none"> - The Life Insurance Association of Japan (hereafter "LIAJ") appreciates the opportunity to submit public comments to the International Association of Insurance Supervisors (or the "IAIS") regarding the Draft Issues Paper on Insurer Culture. - In general, we agree that it is important for consumers to be placed at the centre of the business model and that corporate culture is an important point which can influence the behaviour of insurers. - However, we would like to clarify that corporate culture is unique to each jurisdiction and company, and as the IAIS states in Paragraph 6, there is no single "right" or "good" culture for insurers, and it should not be quantified or categorized based on inherent tendency. -Based on this understanding, we would also like to confirm that the IAIS does not intend to develop uniform supervisory indicators or establish standardized regulations on corporate culture in the Issues Paper and in future phases, both quantitatively and qualitatively. In addition, as the IAIS states in Paragraph 12, 	<p>Noted.</p> <p>The focus of the IAIS' work is on selected drivers or aspects of culture that are linked specifically to the relevant ICPs and is not</p>

			<p>corporate culture includes things that are located at a subliminal level (i.e., behavioural patterns which cannot be verbalized and unconscious values), which are difficult to evaluate and analyse. Therefore, we would like to recommend the IAIS to focus on the behaviours and outcomes of insurers that may be influenced by their corporate culture, and adopt an evidence-based supervisory approach by closely examining the relationship with their corporate culture when problematic behaviours or outcomes are observed.</p>	<p>aimed at developing a uniform indicator for culture as a whole.</p>
9. The Norwegian Actuarial Association	Norway	No	<p>The Norwegian Actuarial Association (NAA) welcomes this paper on Insurer Culture. We see this as an important part of achieving a sound culture regarding management of insurance companies. Trust and confidence, from customers and other stakeholders, are two of the main pillars for an insurance company. The paper describes different issues that are related to "culture" and gives some examples from different countries, which are useful. In general, as the paper outline, the tone is set at the top. It is therefore of extreme importance that insurance supervisors follow up on this issue, both by documentation audit and by in-person meetings with members of the Board and top management. We have seen this become more important by supervisors regulated by Eiopa during the last years. We have some minor comments to a few of the paragraphs.</p>	<p>Noted.</p>
10. APCA	United States	No	<p>The American Property Casualty Insurance Association (APCIA) represents 1200 (re)insurers with a wide diversity of business models. We appreciate the opportunity to comment and hope for an on-going dialogue on this and other supervisory issues. Representing as we do a diverse set of (re)insurers, we emphasize the importance of proportionality in supervision and supervisory support for the ability of (re)insurers to remain solvent, competitive and innovative as the ultimate consumer protections.</p> <p>We find the discussion of culture to be interesting and insightful. Issues such as leadership, accountability and transparency are important. As well, we note that culture is viewed as a critical link between solvency and market conduct and we recognize that for an insurer to be truly successful, it must effectively achieve both solvency and good market conduct as defined by applicable law and regulation.</p> <p>Our most significant concern is for future supervisory actions based on the notion of culture as discussed in the paper and especially if culture is something other</p>	<p>The intention is not to create additional requirements, but to support supervisors in analysing and understanding how culture can be an intersection point for managing conduct and prudential risks. This is based on well-established concepts already contained in the ICPs.</p>

			<p>than legally established standards for insurers, including for solvency, governance and market conduct. Instead, we believe that supervision should be based entirely on the specific and duly established legal standards, not on subjective assessments of matters such as culture.</p> <p>If the assessment of culture is to play a role in supervision, culture for supervisory purposes should be no more than the specific behavior, functions and outcomes required by law. These elements should be assessed and regulated according to applicable legal standards. To treat culture for supervisory purposes as something other than the sum of compliance with specific legally established supervisory standards is to engage in subjectivity that can be difficult to understand for companies and even more difficult to fairly and effectively apply by supervisors. So, we suggest that any use of the concept of culture for supervisory purposes should be understood to be simply the sum of discreet and well-defined actions and structures of (re)insurers that are governed by legally established standards. The supervisory assessment of culture should not be a subjective judgment outside of those discreet structures, actions and legal standards.</p> <p>We are concerned with the possibility that the concept of culture as discussed in the paper would invite unintended supervisory intervention more deeply into a company than is necessary and appropriate to enforce compliance with existing legal standards of solvency and market conduct. This in turn would lead to a blurring of the lines between the supervisors and the supervised entities that would likely do damage to the independence and authority of supervisors and the ability of companies to manage themselves, compete, and innovate.</p>	
11. Liberty Mutual Insurance Group	USA	No	<p>Liberty Mutual fundamentally believes that the culture of an organization, including compliance and ethics, has a significant impact on business outcomes. We agree with the statement in the draft issues paper that insurers are responsible for fostering an organizational culture that consistently promotes sound prudential and business conduct outcomes. The IAIS correctly observes that pervasive misconduct may be the result of deeper organizational deficiencies, characterized by an unsound culture, that trigger certain harmful decisions, behaviors, and practices.</p> <p>Consequently, we agree in principle that supervisory understanding of the effectiveness of an insurer's culture may be beneficial. However, our agreement</p>	<p>Noted.</p> <p>As indicated, the paper does not attempt to define a singular good or bad culture but rather highlights different aspects of insurer culture that could signal the potential for positive and negative outcomes.</p>

			<p>is premised on an understanding that any such assessments should be made in connection with the investigation of measurable indications of noncompliance with objective regulatory standards. We question the ability or reasonableness of supervisors attempting to assess culture in the absence of observable and material or repeat prudential or market conduct violations.</p> <p>In addition, we are concerned about how supervisors can examine insurer culture as a practical matter, particularly in the absence of such violations. Organizational culture is nuanced and involves many different variables and dimensions. As a result, any such evaluation would be inherently subjective for the most part, exposing markets to a degree of arbitrariness that can be damaging. We also question whether supervisors have the requisite authority to order insurers to take steps to alter culture in the absence of objectively observable compliance violations.</p> <p>Accordingly, although we support the IAIS's decision to examine this issue and are committed to continuing to operate with the utmost integrity, we urge that the IAIS proceed with caution. As it examines insurer culture the IAIS must carefully keep in mind what insurance supervisors can realistically do to regulate culture in the absence of objective compliance violations by an insurer.</p>	<p>The aim of the next phase of the IAIS' work on insurer culture will be to explore in greater depth how supervisors can practically examine these issues in an objective manner.</p> <p>These comments will be taken into account when developing such future work.</p>
Q2 General comments on Section 1: Introduction				
Q3 Comment on paragraph 1				
Q4 Comment on paragraph 2				
14. BonkNote	USA	No	<p>P2-#"So if somebody could think of a way to get to the consumer without causing real problems ... we would like to hear it." {John Keller, Northwestern Mutual}, --- "ILLUSTRATIONS", Record of Society of Actuaries, 1991, VOL. 17 NO. 4A, pp335-348</p> <p># "I have heard that the designation process is not transparent, and I am all for increased transparency, but I assume the Council must balance transparency against disclosing confidential or potentially market-moving information..." --- FSO Accountability: Nonbank Designations: Hearing Before the Committee on</p>	Noted.

			Banking, Housing, And Urban Affairs, 114th Cong., p37 (2015) {Senator Elizabeth Warren-MA}	
Q5 Comment on paragraph 3				
Q6 Comment on paragraph 4				
15. General Insurance Association of Japan	Japan	No	We agree that this Issues Paper is not intended to provide an exhaustive analysis of the topic or to develop detailed supervisory guidance.	Noted.
Q7 Comment on paragraph 5				
16. General Insurance Association of Japan	Japan	No	We agree that "the scope of the paper is limited to exploratory observations on the importance of insurer culture for insurers and supervisors". "Further engagement and the possible development of additional IAIS material" should be determined after duly examining the necessity and probable effectiveness in view of various dynamic elements that constitute an insurer's culture, differences among countries, regions and insurers, the subjectivity of assessing an insurer's culture, and other factors. When working on further engagement and developing additional material, due consideration should be given to respecting diversity in insurer culture.	Noted.
Q8 Comment on paragraph 6				
17. Global Federation of Insurance Association	Global	No	GFIA strongly endorses the statement that it is not appropriate to ascribe one "right" or "good" culture to insurers.	Noted.
18. General Insurance	Japan	No	We agree with the first sentence, because, while it is desirable that each insurer examines and develops its own corporate culture, it is inappropriate for	Noted.

Association of Japan			<p>supervisors to force insurers to adopt one "right" or "good" culture.</p> <p>"Whether an insurer's culture appears healthy, sustainable, purposeful and safe" is judged subjectively. As such, we suggest clarifying in this paragraph that it is not intended to endorse any particular type of corporate culture, and that diversity is respected and ensured regarding how an insurer's culture should be.</p>	
19. APCA	United States	No	We strongly endorse the statement that it is not appropriate to ascribe one "right" or "good" culture to insurers.	Noted.
Q9 Comment on paragraph 7				
Q10 Comment on paragraph 8				
20. International Actuarial Association	International	No	The IAA believes the last sentence of this paragraph could be understood to imply the presence of widespread misconduct in the industry. It also seems to infer that the end result of poor culture is misconduct. The IAA suggests that misconduct is not widespread in the industry nor is it a natural result of poor culture. The IAA believes it is more appropriate to state that poor culture more frequently results in poor decision-making.	Text updated.
21. BonkNote	USA	No	<p>P8-#JESSE M. SCHWARTZ: "Why are people so reluctant to call Total Life (Universal Life) permanent insurance?" -- MYRON H. MARGOLIN: "Universal Life type products are, I suppose, permanent. It is a semantic question whether they are permanent life or not, but clearly they are not the traditional cash value products as we have known them..." ---THE FUTURE OF PERMANENT LIFE INSURANCE, Record of Society of Actuaries, 1981, VOL. 7 NO. 3, pp. 947-968</p> <p>THE FUTURE OF PERMANENT LIFE INSURANCE, Record of Society of Actuaries, 1981, VOL. 7 NO. 3</p>	Noted.
Q11 Comment on paragraph 9				

22. General Insurance Association of Japan	Japan	No	We agree that it is necessary to continuously work to improve an insurer's culture.	Noted.
23. BonkNote	USA	No	P9- # "They are complaints about things that we can't do anything about because the contract might be a Universal Life type product with Nonguaranteed Elements, and there is no regulatory framework to deal with those issues. Those complaints just fall by the wayside because there is nothing that can be done." -- {Larry Gorski, Chief Actuary, Illinois Department of Insurance} -- Nonforfeiture Law Developments, Record of Society of Actuaries, 1996, Volume 22, No. 3	Noted.
Q12 Comment on paragraph 10				
24. Global Federation of Insurance Association	Global	No	The citations to the insurance core principles (ICPs) are very helpful to understand the component parts of culture and the supervisory standards that apply to each of the component parts. Extreme difficulty and danger of subjective supervision are created when culture for supervisory purposes is deemed to be something other than the ICPs, or more specifically, the legally established standards in the relevant jurisdiction.	Noted.
25. International Actuarial Association	International	No	The ICP 8.4 reference is a good one, but risk management is only one of the important control functions named in ICP 8. The paper should speak explicitly of the importance of appropriate culture in each of the control functions. These functions play crucial roles in the presence of inappropriate culture elsewhere in the entity. Signs that the control functions tilt their decisions due to inappropriate culture either within the function or elsewhere in the entity should be of concern to supervisors.	Noted. A more granular breakdown of these issues across specific processes or functions will be considered in the next phase of the IAIS' work on insurer culture.
26. APCIA	United States	No	The citations to the ICPs are very helpful to understand the component parts of culture and the supervisory standards that apply to each of the component parts. Extreme difficulty and danger of subjective supervision are created when culture for supervisory purposes is deemed to be something other than the ICPs, or more specifically, the legally established standards in the relevant jurisdiction.	Noted.

27. BonkNote	USA	No	P10-#{Mr. Garrett:} The information as far as that is already being collected by the States and then through the NAIC, is there other information that would be going to this new entity that is not going to the NAIC or not going to--yes, not going to the NAIC right now? And, if so, what? /// -- {Ms. Vaughan:} I would say that is a good question to ask the Treasury, is what other information they might envision in this. I have a hard time imagining that there would be issues that are needed in order to understand the risk posed by the insurance industry that the insurance regulators wouldn't already be asking and gathering information about. (p70) /// Capital Markets Regulatory Reform: Strengthening Investor Protection, Enhancing Oversight of Private Pools of Capital, And Creating a National Insurance Office, HEARING BEFORE THE COMMITTEE ON FINANCIAL SERVICES, 111th Cong., p70 (2009), {Congressman Scott Garrett (NJ), Terri Vaughan (President of the NAIC)}	Noted.
Q13 Comment on paragraph 11				
Q14 Comment on paragraph 12				
Q15 Comment on paragraph 13				
28. Global Federation of Insurance Association	Global	No	GFIA has serious concerns about defining culture in nonspecific ways, such as "mindset", especially due to its vague and subjective definition, and the danger that it adds an assessment beyond compliance with legally established supervisory standards of conduct and solvency. The concept of mindset can be difficult to understand in the context of a single individual, let alone an enterprise comprised of thousands of individuals. A better approach would be to list the specific standards that must be complied with. Behaviour in terms of solvency and conduct, for example, should be the sole matter for supervisory assessment and supervision.	The reference to "mindset" as a component of culture is well established and borne out in the various sources cited in the paper. As explicitly mentioned in the paper, the approach taken is indeed to anchor specific aspects of insurer culture to objective standards established by the ICPs.
29. Institute of International Finance	Global	No	The second sentence of Paragraph 13 points to an organization's formal governance arrangements, policies and processes, office lay-out, dress code and style of communication as indicia of the organization's transparency and credibility. We believe that these organizational characteristics or styles can vary significantly among companies that have a corporate culture that is consistent	This paragraph is intended to provide context for the overall components of corporate culture. Deleting the sentence in its entirety would render the concept

			with good customer outcomes. An overly detailed review of an organization's characteristics and style can promote granular expectations that lead to culture "grades" of excellent, good, fair or bad, which we believe is inappropriate. We propose to delete this sentence from Paragraph 13.	incomplete. However, the paragraph has been revised for clarity.
30. International Actuarial Association	International	No	<p>The IAA believes the examples provided next to this paragraph are very useful. For example, the G-30 wording "fail at one or more critical points such as middle management" is a useful reminder of the need for supervisors to consider the culture of all insurer control functions not just at the board or senior management level.</p> <p>An example of the influence of poor culture on the actuarial function (from within or without) is that it can result in the discarding of warning signals that do not fit with the pattern accepted or desired. As a result, actuarial function decision-making could be influenced towards certain methods/assumptions and become resistive to alternate approaches used in better/best practice. The resulting shift in the value of policy liabilities could potentially affect insurer solvency and/or fair treatment of policyholders.</p> <p>The IAA also believes the DNB "iceberg" metaphor is a most useful one for supervisors in illustrating the challenges in identifying the presence of poor culture. The IAA would be willing to provide support to the IAIS in identifying possible techniques for assessing culture within the actuarial function.</p>	Noted.
31. General Insurance Association of Japan	Japan	No	<p>As for the second sentence ("office lay-out, dress code and style of communication may be indicators of the organisation's transparency and credibility"), the causal link is unclear regarding how such subjective elements could be indicators of an organisation's transparency and credibility.</p> <p>Now that the importance of diversity and inclusion is increasingly recognised, it seems inappropriate for supervisors to make a reference to the elements for which diversity should be ensured. Therefore, we suggest deleting "office lay-out, dress code and style of communication".</p>	This paragraph is intended to provide context for the overall components of corporate culture. Deleting the sentence in its entirety would render the concept incomplete. However, the paragraph has been revised for clarity.
32. The Life Insurance Association of Japan	Japan	No	- The second sentence of Paragraph 13 mentions office lay-out, dress code and style of communication as possible indicators of the organisation's transparency and credibility, but these organizational characteristics and styles may vary widely among different companies. We propose that this sentence be deleted since considering an overly detailed examination of such organizational characteristics	This paragraph is intended to provide context for the overall components of corporate culture. Deleting the sentence in its entirety would render the concept

			and styles is inappropriate because it may encourage a single form of evaluation that determines the "right" or "good" culture.	incomplete. However, the paragraph has been revised for clarity.
33. APCA	United States	No	We have serious concerns with defining culture in nonspecific ways, such as "mindset", especially due to its vague and subjective definition and the danger that it adds an assessment beyond compliance with legally established supervisory standards of conduct and solvency. The concept of mindset is difficult to comprehend in the context of an individual let alone an enterprise with thousands of individuals. A better approach would be to list the specific standards that must be complied with and assure compliance, which in total constitute culture for supervisory purposes. Once compliance is achieved, a mindset should be irrelevant. Behaviour in terms of solvency and conduct, for example, should be the sole matter for supervisory assessment and supervision.	The reference to "mindset" as a component of culture is well established and borne out in the various sources cited in the paper. As explicitly mentioned in the paper, the approach taken is indeed to anchor specific aspects of insurer culture to objective standards established by the ICPs.
Q16 Comment on paragraph 14				
Q17 Comment on paragraph 15				
34. Global Federation of Insurance Association	Global	No	Behaviour and outcomes in compliance with applicable legal standards should be the essential goal of insurers and supervisors alike.	Noted. The paragraph is illustrating that the responsibility for actually complying with these standards lies with insurers. The role of supervisors is to assess whether and how this is being done.
35. APCA	United States	No	Our view is that behavior and outcomes in compliance with applicable legal standards should be the essential goal of insurers and supervisors alike.	Noted. See response to comment 34.
Q18 Comment on paragraph 16				
36. BonkNote	USA	No	P16#"I sincerely believe we have a flawed instrument in today's sales illustrations. It is neither a reason to condemn our industry nor pretend our industry should have been immune to change, especially with the economic	Noted.

			<p>realities of the past few years. But we did not communicate the impact of change as well as we should have, especially the impact of change on the numbers we used in our sales illustrations. I sincerely believe it's a shared responsibility by all of us - agents, the actuarial profession, company leadership, regulators and even the consumer. Our biggest mistake would be to delay. I don't believe the consumer will tolerate or forgive us, let alone the regulators, if we do nothing." -- {Robert Nelson, chairperson of the National Association of Life Underwriters (NALU) Task Force on Illustrations} --- SALES ILLUSTRATIONS - WE CAN'T LIVE WITH THEM, BUT WE CAN'T LIVE WITHOUT THEM!, Record of Society of Actuaries, 1993, VOL. 19 NO. 2, pp. 937-955</p>	
Q19 Comment on paragraph 17				
37. Global Federation of Insurance Association	Global	No	<p>GFIA agrees that assessing an insurer's culture can be highly subjective. Therefore, a better approach is to assess an insurer based on its compliance with applicable legal standards. If a different definition of culture is accepted, then it should be assessed by supervisors on a case by cases basis, as the paragraph provides.</p>	Noted.
38. General Insurance Association of Japan	Japan	No	<p>We agree that "assessing an insurer's culture can be highly subjective and may require the thoughtful exercise of supervisory judgment on a case-by-case basis".</p> <p>We understand that it is important for supervisors to be able to identify and deal with root causes underlying certain recurring issues sooner and more accurately. However, given the subjectivity of the matter, conditions for supervisory interventions, if examined, should be well-balanced, and should not be too strict for insurers.</p> <p>The phrase "critical eye" is used in the second sentence to describe supervisor attitudes to observing insurer culture. We understand that this means supervisors make analytical assessments with an appropriate degree of skepticism (without taking assessments by others and preconceptions at face value).</p>	<p>Noted.</p> <p>The practical aspects relating to how supervisors can achieve this in an objective manner are intended to be covered in the next phase of the IAIS' work on insurer culture.</p>
39. The Norwegian	Norway	No	<p>Assessing an insurers culture should also be more standardized by introducing templates to fill out. This would make it easier to compare companies and look for best practice.</p>	<p>Disagree.</p> <p>This may lead to a more formulaic tick-box approach to supervisory assessments,</p>

Actuarial Association				rather than adopting a more holistic and outcomes-based approach to insurer culture.
40. APCA	United States	No	We agree with the statement that assessing an insurer's culture can be highly subjective. It is for this reason, that a better approach is to assess an insurer based on its compliance with applicable legal standards. If a different definition of culture is accepted then it should be assessed by supervisors on a case by cases basis, as the paragraph provides.	Noted.
Q20 Comment on paragraph 18				
41. Global Federation of Insurance Association	Global	No	This paragraph points out the possibility of different cultures within different areas of the business, or perhaps in different legal entities within a broader group. While a high-level culture and promotion of ethical conduct certainly must be enforced throughout an entire enterprise group, there should be some acknowledgement that different cultures and risk appetites may exist within various entities of that broader enterprise.	Text updated.
42. BonkNote	USA	No	P18#"In the example often say: Well, let's just assume that this is \$500,000 that we are dealing with here and the minimum premium is a thousand dollars and the maximum premium is \$5,000. Why would anyone put \$5,000 into a contract if you could buy the amount of coverage for only 1,000?" -- "Well, the reason is because once you pay that minimum premium, everything between there and the upper line receives substantial benefits, both taxes and other benefits in there. So that is - so what we are trying to explain is why would we use life insurance as an accumulation vehicle? Why would we use life insurance as an income-generating vehicle? How would that actually be achieved? And that's what you see there." --- Walker vs Life Insurance Company of the Southwest, 2:10-cv-09198-JVS-JDE, Document 820 Filed 12/01/15 Page 40 of 279 -TRIAL DAY 11 - {Jeffrey Stemler, Agent}	Noted.
Q21 Comment on paragraph 19				

43. International Actuarial Association	International	No	The IAA suggests the document mention within this paragraph that a culture of openness and debate must be promoted not only within the Board, but also across the organization, in addition to the reference mentioned in paragraph 22.	Text in para 22 has been revised.
44. The Norwegian Actuarial Association	Norway	No	In order to promote a culture for openness and debate within the Board the Senior Management and Key Persons in Control Functions must prepare reports showing the main Key Risk Indicators and how they are judged over time. This could be done by using "traffic light" so the Boards attention will be at the right issues. Our experience is that this must be developed over time, with engagement from all parties.	Noted. It is not the intention of the Issues Paper to prescribe granular requirements for insurers or supervisors. This comment will be considered when developing practical supervisory guidance in the next phase of the IAIS' work on insurer culture.
Q22 Comment on paragraph 20				
45. BonkNote	USA	No	P20#"Under some permanent insurance, contracts being sold today, the chances are you could stop paying after 7, 8, or 9 years and the insurance would remain in force for the rest of your life without further premium payments."-- {Robert Beck (Prudential CEO)} --- Comprehensive Tax Reform - Part 7: Hearings Before the Committee on Ways and Means 99th Cong., p6069 (1985), #"There is ample evidence to suggest that many of the practices at Prudential are, or were, present at other life insurers." (p12) --- 1996, May - Report of The Multi-state Life Insurance Task Force and Multi-state Market Conduct Examination of The Prudential Insurance Company of America	Noted.
Q23 Comment on paragraph 21				
Q24 Comment on paragraph 22				
Q25 Comment on paragraph 23				
Q26 Comment on paragraph 24				
Q27 Comment on paragraph 25				

46. Global Federation of Insurance Association	Global	No	Again, the concerns GFIA has with the notion of "mindset" are presented by its use here.	See previous response to comment on paragraph 13.
47. General Insurance Association of Japan	Japan	No	Given that the examples following this paragraph illustrate not only negative cases, but also cases where Covid-19 has led to changes for the better, this paragraph lacks balance in that it does not reflect these positive aspects. To explain that Covid-19 has brought both negative and positive effects, we suggest revising the third sentence as follows: Many of the attributes of an effective culture described above can help when dealing with change or responding to stress situations such as Covid-19.	Text updated.
48. APCA	United States	No	Again, the concerns we have with the notion of "mindset" are presented by its use here.	See previous response to comment on paragraph 13.
Q28 Comment on paragraph 26				
49. International Actuarial Association	International	No	In Figure 1, it might be helpful to include a box relating to "actions and behaviors" between the "culture" and the "risks" below it.	The figure has been updated with box "actions, behaviours and decisions"
50. General Insurance Association of Japan	Japan	No	As this paper deals with a subjective topic, future work on it should be implemented after duly examining the necessity and probable effectiveness.	Noted.
Q29 General comments on Section 2: The relationship between insurer culture, the management of prudential and conduct risks and the mitigation of misconduct				
Q30 Comment on paragraph 27				
Q31 Comment on paragraph 28				

51. Global Federation of Insurance Association	Global	No	GFIA is concerned about defining the fair treatment of consumers as being different from or in addition to legally prescribed standards. Companies may wish to exceed those standards voluntarily, but supervisors should define fair treatment solely in terms of the legally established standards of insurer conduct toward consumers.	The definition contained in the footnote has been well established and accepted as part of the ICP framework.
52. APCIA	United States	No	We are concerned with defining fair treatment of consumers as being different from or in addition to legally prescribed standards. Companies may wish to exceed those standards voluntarily, but supervisors should define fair treatment solely in terms of the legally established standards of insurer conduct toward consumers.	See response to comment 51.
53. BonkNote	USA	No	<p>P28#"They (Universal Life Policy) merely afford purchasers greater flexibility in designing their contracts so as to meet their individual needs." -STATEMENT OF THE AMERICAN COUNCIL OF LIFE INSURANCE BEFORE THE NASAA NAIC JOINT REGULATORY INSURANCE (ATTACHMENT ONE-A), August 31, 1981 - 1982 PROCEEDINGS OF THE National Association of Insurance Commissioners (NAIC), Volume 1, p122</p> <p>P28#"Other policies may have special features which allow flexibility as to premiums and coverage. Some let you choose the death benefit you want and the premium amount you can pay. The kind of insurance and coverage period are determined by these choices. One kind of flexible premium policy often called Universal Life..."-- Statement on Behalf of the American Council of Life Insurance to the NAIC (A) Committee's Life Cost Disclosure Task Force- (ATTACHMENT ONE), November 29, 1982 - 1983 PROCEEDINGS OF THE National Association of Insurance Commissioners (NAIC), Volume 1, p523</p>	Noted.
Q32 Comment on paragraph 29				
Q33 Comment on paragraph 30				
Q34 Comment on paragraph 31				

54. Global Federation of Insurance Association	Global	No	The descriptions are presented as being one or the other (ie one with the appropriate culture or not). While this serves to illustrate the points being made, it overlooks a more balanced perspective that acknowledges the important role commercial drivers also play in ensuring an insurer is sustainable, which is ultimately to customers' benefit.	As pointed out, the descriptions are intended to be illustrative. They are to be understood as examples of potential indicators of certain outcomes, and not meant to be definitive or exhaustive.
55. General Insurance Association of Japan	Japan	No	<p>Foci of "shareholder interests" are varied, from short-termism to SDGs, which are increasingly sought after. We understand that, in this context, "shareholder interests" refer to the short-term interests of shareholders. Therefore, we suggest revising the last sentence as follows:</p> <p>On the other hand, a Board whose decisions are driven solely by interests of short-term-profit-oriented shareholders (culture) may set aggressive profitability targets (prudential) that could incentivise unfair product design, sales and claims handling practices by management and staff (conduct), which could in turn lead to large scale consumer complaints, litigation, reputational damage and significant longer-term losses for the insurer (prudential and conduct).</p>	Text updated.
56. APCI	United States	No	The descriptions are very much presented as being one or the other (i.e. one with the appropriate culture or not). While this serves well to illustrate the points being made, this overlooks a more balance perspective, acknowledging the important role commercial drivers also play in ensuring an insurer is sustainable, which is ultimately to customers' benefit.	See response to comment 54.
Q35 Comment on paragraph 32				
57. Global Federation of Insurance Association	Global	No	GFIA agrees with the definition of misconduct that is tied to requirements and legal standards. The subjective notion of culture adds a degree of subjectivity that raises many serious questions about how it is to be determined, enforced and according to what standards.	Noted.
58. APCI	United States	No	We agree with the definition of misconduct that is tied to requirements and legal standards. Our view is that the subjective notion of culture adds a degree of subjectivity that raises many serious questions about how it is to be determined and enforced according to what understood standards.	Noted.

Q36 Comment on paragraph 33				
Q37 Comment on paragraph 34				
59. BonkNote	USA	No	P#34"For example, Alexander Hamilton’s illustration doesn’t make it clear that there is no guaranteed death benefit after 12 years. - How absurd can it be? That means that at age 57, this 45-year-old man will quite possibly have to pay a lot more to get new life insurance, if he can get it at all. -- Frankly, no 45-year-old man can make an informed choice about which policy to buy on the basis of any of these illustrations" ---Consumer Disclosure of Insurance: Hearing Before the Subcommittee on Antitrust, Monopolies and Business Rights of the Committee on the Judiciary, 102nd Cong., p2, (1992) {Senator Howard Metzenbaum-OH}	Noted.
Q38 Comment on paragraph 35				
60. Global Federation of Insurance Association	Global	No	GFIA agrees with the first sentence and would like to see the source cited for the second sentence. The paragraph should be more nuanced and cautious about references to AML requirements in the general insurer context.	In is unclear what the concern is regarding the reference to AML controls as an example. The second sentence has been revised to place it in the context of the relevant examples and sources cited in the example box under para 36.
61. APCA	United States	No	We agree with the first sentence and would like to see the source cited for the second sentence. The paragraph should be more nuanced and careful about references to AML requirements in the general insurer context.	See response to comment 60.
Q39 Comment on paragraph 36				
62. General Insurance Association of Japan	Japan	No	As it will help avoid the situation where supervisory assessments are excessively dependent on individual assessors’ subjectivity, the development of tools and approaches for identifying, assessing and managing misconduct risk that focus on assessing underlying cultural factors is important. However, in view of various dynamic elements that constitute an insurer’s culture, differences among	Noted. This will be taken into account when developing further guidance material for supervisory assessments of certain

			countries, regions and insurers, the subjectivity of assessing an insurer's culture, and other factors, such tools and approaches, if developed, should be well-balanced, and should not be overly prescriptive.	aspects of insurer culture in the next phase of the IAIS' work in this regard.
Q40 Comment on paragraph 37				
Q41 Comment on paragraph 38				
63. General Insurance Association of Japan	Japan	No	While we understand that incentives could be effective in promoting a culture desirable to each insurer, it is necessary to note that setting excessive incentives, which could lead to behaviours that overemphasise the achievement of goals, may adversely affect soundness and increase misconduct risk.	The text has been revised to include reference to "reasonable financial and non-financial incentives".
Q42 Comment on paragraph 39				
64. Institute of International Finance	Global	No	The example of "rolling bad apples" from the banking industry in Paragraph 39 points out the importance of rigorous vetting and background checks for new employees, especially those with management roles. However, given informational asymmetries, supervisors should expect that the review of new employees will be on a "best-efforts" basis.	Agreed. This point is highlighted in paragraph 42.
Q43 Comment on paragraph 40				
65. The Norwegian Actuarial Association	Norway	No	Supervisors should require that Key Persons in Control Functions (and members of the Board and Senior Management) regularly fill out "fit & proper" formula. In order to prevent (criminal) misconduct a clean police certificate may be required for these positions. In case of misconduct there should be a quarantine period, depending on the severity of the misconduct.	Noted. It is not the intention of the Issues Paper to prescribe granular requirements for insurers or supervisors. This comment will be considered when developing practical supervisory guidance in the next phase of the IAIS' work on insurer culture.
Q44 Comment on paragraph 41				

66. Global Federation of Insurance Association	Global	No	While GFIA certainly agrees that "rolling bad apples" should be prevented, it is concerned that this paragraph would allow too much supervisory intervention into the internal personnel practices of insurers. In addition, suitability requirements are, in general, specified in current local regulations. A supervisor's assessment of interviews or background checks is completely subjective.	Disagree that this would be extending supervisory intervention powers. The paragraph is supported by reference to existing requirements already in place in some jurisdictions in the example box.
67. Bank Negara Malaysia	Malaysia	No	We wish to share an additional example as follows: In 2018, BNM issued requirements for mandatory employee screening as part of enhanced recruitment practices. Financial institutions are required to request employment references from current and past employees, and to furnish the same upon request. Prospective employees are also required to provide a statutory declaration on past criminal convictions and any ongoing investigations or proceedings. The policy document titled "Employee Screening" can be accessed via this link: https://www.bnm.gov.my/documents/20124/761682/Employee+Screening+PD.pdf	The example has been added.
68. APCIA	United States	No	While we certainly agree that "rolling bad apples" should be prevented, we are concerned that this paragraph would allow too much supervisory intervention into the internal personnel practices of insurers.	Disagree that this would be extending supervisory intervention powers. The paragraph is supported by reference to existing requirements already in place in some jurisdictions in the example box.
Q45 Comment on paragraph 42				
69. Global Federation of Insurance Association	Global	No	This proposal would not guarantee that all individuals have met the levels of competence and integrity required.	Agreed. For this reason, the paragraph makes reference to the insurer taking "reasonable care" on a "best effort basis".

Q46 Comment on paragraph 43				
70. Global Federation of Insurance Association	Global	No	GFIA agrees with the first two sentences, but has concerns with the third sentence, which should be deleted, as the use of the phrase "it is vital" might suggest a supervisory role over culture.	The sentence has been revised for balance.
71. APCIA	United States	No	We agree with the first two sentences.	Noted.
72. BonkNote	USA	No	<p>P43#"The previous allegations of this Complaint set out die alleged warnings and disclaimers were inadequate, misleading, deceptive and ambiguous to advise Ms. Fairbanks, individually, that she had actually purchased what was effectively a term policy, not permanent insurance." ---Fairbanks v Farmers Life, SECOND AMENDED CLASS ACTION COMPLAINT</p> <p>P43#20. Aetna does not dispute that Mr. Pflugfelder described the Policies as "permanent insurance." --He did so correctly, as Plaintiffs concede. -21. Aetna does not dispute this paragraph, but adds that Plaintiffs never asked what the term "permanent insurance" means. --- Fay v Aetna, Case 1:01-cv-10846-RGS, Defendant Aetna Life Insurance And Annuity Company's Response To Plaintiffs' Separate Statement of Additional Undisputed Material Facts, Document 65, Filed 06/02/03</p>	Noted.
Q47 Comment on paragraph 44				
73. Global Federation of Insurance Association	Global	No	The inclusion of culture adds little to this paragraph, so GFIA suggest to delete "can influence an insurer's overall culture, which in turn".	The paragraph has been streamlined.
74. APCIA	United States	No	The inclusion of culture adds little to this paragraph, so we would delete "can influence an insurer's overall culture, which in turn".	See previous comment.

Q48 General comments on section 3: Illustrations of how cultural drivers can influence certain prudential and conduct outcomes within an insurer				
75. International Actuarial Association	International	No	The IAA notes in Section 3.4 a tendency to focus on sales-related incentives as a potential driver of conduct issues. It may be helpful to also note how claims-related incentives or policies may equally lead to conduct issues in the area of fair treatment of policyholders such denial of legitimate claims.	Paragraphs 74 and 78 have been updated to refer more broadly to profitability, covering both sales and claims issues.
Q49 Comment on paragraph 45				
Q50 Comment on paragraph 46				
76. International Actuarial Association	International	No	The IAA agrees with the responsibilities of the Board noted in this paragraph. However, it is through the CEO that these responsibilities are carried out, as the Board is not present in the day to day running of the company. Perhaps instead of simply referencing "employees" at the conclusion, it should say "all employees from top management down."	The text in this paragraph is a direct replication of ICP guidance (ICP 7.2.3). No change made.
Q51 Comment on paragraph 47				
77. BonkNote	USA	No	P47#"You will find agents who have been forgiven all the other offenses in the calendar, but nowhere will you find the agent who has been forgiven for not selling insurance."(p4) ---1898,Things Agents Should Know: An Intensely Practical Book for Life Insurance Agents, by Miles Menander Dawson	Noted.
Q52 Comment on paragraph 48				
78. Global Federation of Insurance Association	Global	No	GFIA strongly supports the statement that: "It is not the role of supervisors to define a specific set of values for insurers."	Noted.

79. Institute of International Finance	Global	No	Paragraph 48 notes that it is not the role of supervisors to define a specific set of values for insurers, a statement with which we agree, as noted above. However, in the second sentence, we propose a clearer link to good customer outcomes as follows: However, in assessing whether an insurer's values point to a desirable overall culture, it may be instructive for supervisors to consider the extent to which its values and underlying purpose align with expectations for appropriate market conduct set out in applicable regulatory requirements.	Regulatory expectations relating to other aspects, not only those limited to market conduct, may also be applicable in this context. As highlighted in the paper, the issue of insurer culture is linked to expectations relating to both conduct and prudential outcomes.
80. The Life Insurance Association of Japan	Japan	No	- As the IAIS states in the first sentence of Paragraph 48, we agree that it is not the role of supervisors to define a specific set of values for insurers. Each company focuses on different values, and values are also influenced by the company's lines of business and the nature of its customers. Different cultures that emphasize such values lead to better outcomes and fair treatment for customers. Therefore, a uniform approach to corporate culture is not appropriate in today's insurance industry, where business models are becoming more diverse.	Noted.
81. APCA	United States	No	We support the statement that: "It is not the role of supervisors to define a specific set of values for insurers."	Noted.
Q53 Comment on paragraph 49				
82. Global Federation of Insurance Association	Global	No	See comment on paragraph 31.	Noted. The paragraph offers well-balanced considerations, indicating potential negative consequences of focusing on maximising shareholder value by focusing narrowly on short-term profitability. The descriptions are intended to be illustrative. They are to be understood as examples of potential indicators of certain outcomes, and not meant to be definitive or exhaustive.

83. Institute of International Finance	Global	No	<p>Paragraph 49 describes the maximization of shareholder value, on the one hand, and the pursuit of long-term viability and the fair treatment of customers, on the other hand, as a zero-sum game. Both are consistent with positive customer outcomes. The maximization of shareholder value, company growth and increased revenue benefit customers through expanded and improved products and services, better customer service and a solid financial base that ensures that commitments to policyholders will be met. We do, however, appreciate that an excessive focus on short-term profitability can be detrimental to the organization and, ultimately, to its customers. We would rephrase this Paragraph as follows: An excessive focus on short-term profitability can be detrimental to the long-term viability of an insurer and result in negative impacts on customer outcomes. Insurers should balance short- and long-term objectives and goals with a view towards positive customer outcomes including expanded and improved products and services, better customer service and a solid financial base that ensures that commitments to policyholders will be met consistent with contract terms and conditions.</p> <p>Relatedly, we caution against the notion that revisiting contract terms and conditions to benefit a particular group of policyholders is necessarily evidence of "good" culture or good customer outcomes. The supervisory focus should be on positive outcomes for all customers, consistent with contract terms and conditions. Preferential treatment of one segment of the customer base can be detrimental to the interests of other policyholders and inconsistent with sound risk management that benefits all stakeholders.</p>	The wording of the paragraph has been revised for balance.
84. General Insurance Association of Japan	Japan	No	Insurers are required to consider various stakeholders, respond to different interests, and ensure fair policyholder treatment. We agree with the reference regarding the consequences of focusing on the interests of specific stakeholders.	Noted.
85. APCA	United States	No	We make the same comment as we did in paragraph 31 - "The descriptions are very much presented as being one or the other (i.e. one with the appropriate culture or not). While this serves well to illustrate the points being made, this overlooks a more balance perspective, acknowledging the important role commercial drivers also play in ensuring an insurer is sustainable, which is ultimately to customers' benefit."	See responses to previous comments.

Q54 Comment on paragraph 50				
Q55 Comment on paragraph 51				
Q56 Comment on paragraph 52				
Q57 Comment on paragraph 53				
Q58 Comment on paragraph 54				
Q59 Comment on paragraph 55				
Q60 Comment on paragraph 56				
Q61 Comment on paragraph 57				
86. BonkNote	USA	No	P57#"Second, it was observed that there was a real lack of accountability in the current marketplace involving life insurance sales, there is virtually no accountability for any of the participants in the sale: -not for the company, -not for the agent, -and interestingly, the white paper discussed accountability on the part of the purchaser as well. -- Accountability is a major issue. -- {Robert E. Wilcox-Chairman of the Life Insurance Disclosure Working Group (NAIC)} ---PROBLEMS AND SOLUTIONS FOR PRODUCT ILLUSTRATIONS, Record of Society of Actuaries, 1994, VOL. 20 NO. 2, pp. 569-595	Noted.
Q62 Comment on paragraph 58				
Q63 Comment on paragraph 59				
Q64 Comment on paragraph 60				
87. General Insurance	Japan	No	(Example 2 of Japan, following Paragraph 60) As it refers to a specific case, the example is not intended to identify universal	Change made.

Association of Japan			<p>problems in Japan. To clarify this, we suggest revising the first sentence as follows:</p> <p>The FSA found a certain case where top management put corporate goals ahead of internal rules.</p>	
Q65 Comment on paragraph 61				
Q66 Comment on paragraph 62				
Q67 Comment on paragraph 63				
88. Global Federation of Insurance Association	Global	No	<p>GFIA notes that the only US example of misconduct cited in the paper is that of a bank regulated by the federal government, not a state-regulated insurance company.</p> <p>Australia's example is an indicator of the existence of a failure in the company's internal procedures, which can lead to different consequences. Oversight should focus on unfulfilled regulation of remuneration or governance, not on the culture itself. In other words, if undertakings comply with regulation in force, business culture should not be questioned.</p> <p>The UK example refers to a failure in controlling outsourced business, not to a cultural issue.</p>	<p>The nature and range of issues highlighted in the Wells Fargo example are directly relevant to the paper and apply equally to other financial institutions including insurers. It was deemed appropriate to have just this one comprehensive example from the United States, in light of the various insurer specific examples provided by other jurisdictions elsewhere in the paper.</p> <p>The examples refer to shortcomings related to one of the cultural drivers identified in the paper and linked specifically to the ICPs, ie leadership accountability.</p>
89. Institute of International Finance	Global	No	<p>The examples following Paragraphs 63 and 70 from the U.K. are more indicative of internal control failures than of cultural issues. We encourage the IAIS to</p>	<p>Those examples refer to shortcomings related to cultural drivers covered by relevant subsections and linked specifically</p>

			refocus these examples on cultural problems at the insurer and on how those problems actually impacted customers.	to the ICPs, ie leadership accountability and communication within an insurer. As highlighted in the paper, the impact of insurer culture is not limited to consumer outcomes but is relevant to other aspects including internal governance and control issues.
90. APCA	United States	No	We note that the only U.S. example of misconduct cited in the paper is that of a bank regulated by the federal government, not a state-regulated insurance company.	See response to comment 88.
Q68 Comment on paragraph 64				
Q69 Comment on paragraph 65				
91. General Insurance Association of Japan	Japan	No	We agree that "the boundaries of the Board's accountability depend on the nature of the insurer (eg publicly listed) and may vary by jurisdiction".	Noted.
92. BonkNote	USA	No	P65# {Mr. DINALLO} : Well, think it's important for everyone to know there's a very strong tension between policyholders' interest and shareholders' interest in a publicly traded company. The board and management has a fiduciary interest to shareholders under our law, fiduciary interest to shareholders, but, at the same time, whenever they release capital to satisfy that to get a bigger return on equity, they are necessarily taking incremental protection against policyholders. -- {Mr. BRALEY} : And you also have a fiduciary obligation to policyholders under their contractual obligation with the policyholder. -- {Mr. DINALLO} :Sadly, there is some debate, actually, because they've been so trained under Our law and after Enron, etc., to worry about fiduciary duty to shareholders that there is a good argument, that because it's in their blood to worry about policyholders the legal requirements are little bit gray actually. --- THE CAUSES AND EFFECTS OF THE AIG BAILOUT, HEARING BEFORE THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM, 111th Cong., p54 (2008), {Dinallo, Eric R.,	Noted.

			superintendent, New York State Insurance Department; Congressman Bruce L Braley (Iowa)}	
Q70 Comment on paragraph 66				
93. The Life Insurance Association of Japan	Japan	No	- Regarding the UK Senior Managers and Certification Regime, it is introduced as a good example of a Senior Managers Regime that describes the need for senior management performing key functional roles to seek the PRA's and/or FCA's approval before starting their roles. We would like to confirm that this is only an example, and that the legal systems and business practices of each jurisdiction should be taken into account in similar cases, and that there is no intention to require similar measures described in this example for a wide range of jurisdictions.	We confirm that this is an example reflecting the approach of a particular jurisdiction and is not meant to be prescriptive for all jurisdictions.
Q71 Comment on paragraph 67				
94. International Actuarial Association	International	No	The IAA suggests enhancing this paragraph's reference to communication through the company by adding the promotion and spread of best practices, as these are described in the following paragraphs.	Para. 67 is meant to introduce the subsection and is not intended to cover all issues covered elsewhere in the subsection.
Q72 Comment on paragraph 68				
Q73 Comment on paragraph 69				
95. Global Federation of Insurance Association	Global	No	Caution should be taken about how far open communication extends regarding bonuses and incentives, as it could lead to mistrust, resentment and low morale.	Noted. The paragraph refers to bonus and incentives <u>structures</u> , rather than the actual bonuses and incentives themselves.
96. APCI	United States	No	Care needs to be taken about how far open communication extends regarding bonuses and incentives as there is also potential for this to breed mistrust, resentment and low morale.	See response to comment 95.

Q74 Comment on paragraph 70				
97. Institute of International Finance	Global	No	The examples following Paragraphs 63 and 70 from the U.K. are more indicative of internal control failures than of cultural issues. We encourage the IAIS to refocus these examples on cultural problems at the insurer and on how those problems actually impacted customers.	See response to comment 89.
Q75 Comment on paragraph 71				
98. The Geneva Association	International	No	We agree with the inappropriateness of compensation systems and performance management that encourage unfair treatment of customers. On the other hand, we would like to emphasize that excessive or prescriptive regulation of compensation systems and performance management based on some specific cases of misconduct should not be adopted, as this would inhibit the market culture and practices of each jurisdiction and the voluntary efforts of each company.	The section does not prescribe any new regulations or standards but merely illustrates a potential link between inappropriate compensation structures and poor conduct.
Q76 Comment on paragraph 72				
Q77 Comment on paragraph 73				
Q78 Comment on paragraph 74				
99. Global Federation of Insurance Association	Global	No	Compensation practices are an important component of reinforcing behaviors and expectations. It is, therefore, important to have a performance management that evaluates not just what they do, but how they do it - including being prudent risk managers (both financial and operational) and having compensation tied to that.	Noted.
100. BonkNote	USA	No	P74# "We designed commission rules that anticipated a relatively large number of rollovers of existing policies; full commissions are paid provided: -the new universal life face amount is at least two times the face amount of the replaced policy. -All cash values are rolled over to the universal life policy. -The new premium is at least equal to the current premium." --{Phillip B. Norton, not a member of the Society, is Vice President of The Lincoln National Life Insurance	Noted.

			Company} --- INDIVIDUAL LIFE INSURANCE RETENTION AND REPLACEMENT STRATEGIE, Record of Society of Actuaries 1983, VOL. 9 NO. 4, pp.1755-1777	
Q79 Comment on paragraph 75				
101. The Norwegian Actuarial Association	Norway	No	We agree that remuneration is wide and complex era. We would however like to seen that this section was supported by some examples of bad and excellent remuneration policies. Remuneration is especially important for Senior Management, like CEO/CFO etc as they are in the position to have incentives for short time revenues. Roof of bonuses compared to fixed salary should be in place, cash vs. stocks is also a tool tfor incentives to avoid short time revenues.	<p>Noted. However, such detailed considerations would go beyond the scope of this paper.</p> <p>More targeted exploration of specific cultural drivers, such as remuneration is signalled in para. 87 as potential follow up work to the paper by the IAIS in future.</p> <p>See also ICP 7.6, which focuses on issues related to an insurer's remuneration policy.</p>
Q80 Comment on paragraph 76				
Q81 Comment on paragraph 77				
Q82 Comment on paragraph 78				
101. Global Federation of Insurance Association	Global	No	The only US example of misconduct cited in the paper is that of a federally regulated bank, not a state regulated insurance company.	The nature and range of issues highlighted in the Wells Fargo example are directly relevant to the paper and apply equally to other financial institutions including insurers. It was deemed appropriate to have just this one comprehensive example from the United States, in light of the various insurer specific examples provided by other jurisdictions elsewhere in the paper.

102. Institute of International Finance	Global	No	<p>In Paragraph 78, basing promotional programs for senior management on short-term revenue horizons or quantitative hard targets can be consistent with a culture that advances good market conduct and customer outcomes. Much depends on the design of the program and the alignment of the program with positive customer outcomes. Non-financial quantitative targets, such as customer satisfaction metrics, can support positive customer outcomes. Quantitative targets can be directly tied to incentives in a transparent manner and are more easily monitored and audited than qualitative targets.</p> <p>Promotional programs based on short-term revenues or quantitative hard targets can further important business goals that are consistent with positive customer outcomes. For example, when rolling out a new line of business or product, an insurer may wish to incent its employees to focus on that line of business or product in the short term as part of a marketing strategy in order to embed the line or product in its offerings for the benefit of consumers of that product and the business.</p> <p>We propose to reword Paragraph 78 as follows: In designing promotional programs for employees and, in particular, for Senior Management, insurers should take care to avoid design features that could result in negative customer outcomes such as poor selling practices or unfair treatment of customers. Programs that are based exclusively on short-term revenue horizons and/or quantitative hard targets should be carefully designed by the insurer to avoid unintended consequences. Promotional programs should be aligned with positive customer outcomes.</p>	<p>The wording of the paragraph has been revised to reflect some of the issues raised in the comment.</p> <p>In general, para. 78 describes triggers that could potentially lead to certain negative outcomes, without suggesting that this would definitely occur in every case.</p>
103. APCA	United States	No	We note that the only U.S. example of misconduct cited in the paper is that of a federally regulated bank, not a state regulated insurance company.	See response to comment 101.
104. BonkNote	USA	No	P78#"From a distribution perspective, I think one of the challenges that face us in UL is the servicing of UL. --Flexible premium, high-degree-of-service UL products have little or no renewal compensation paid if there's no premium paid." --{Daniel F. Byrne}--The Next Generation Universal Life, Record of Society of Actuaries, 1999, Volume 25, No. 1	Noted.
Q83 Comment on paragraph 79				
Q84 Comment on paragraph 80				

Q85 Comment on paragraph 81				
Q86 Comment on paragraph 82				
Q87 Comment on paragraph 83				
105. Institute of International Finance	Global	No	<p>Paragraph 83 describes profitability and quantitative metrics, on the one hand, and qualitative and service-oriented outcomes, on the other hand, as a zero-sum game. This characterization is contrary to ICP 7.6.12, which is discussed in Paragraph 82. ICP 7.6.12 reflects a balanced approach that allows for a holistic assessment of performance based on a full range of financial and non-financial indicators and metrics.</p> <p>Similar to our comments with respect to Paragraph 49, both quantitative and qualitative indicators and metrics are important and both can advance good customer outcomes. Moreover, service-oriented indicators can be either quantitative or qualitative. We note that the balanced scorecard approach described in the example from Singapore following Paragraph 84 emphasizes the inclusion of both financial and non-financial components that can align incentive structures with good customer outcomes (as well as sound internal controls, prudent risk management and compliance with regulatory requirements).</p> <p>We propose to delete Paragraph 83 from the Draft Issues Paper, as it does not reflect the balanced approach of ICP 7.6.12 and of the G30 report on banking conduct and culture referenced in that Paragraph.</p>	Paragraph has been revised to clarify that it refers to a shift towards a more balanced approach, including both financial and non-financial metrics.
106. The Geneva Association	International	No	<p>As to performance management, paragraph 83 discusses how provisions in several ICPs envisage a shift in insurer performance criteria away from just profitability. This section points to "qualitative outcomes," such as "service-oriented outcomes" as well as several normative qualifications (e.g., disproportionately, undesirable) where it is not clear what is meant by whom from what jurisdiction. It would be helpful if a next iteration of the paper includes more robust definitions and more evidence-based articulations. As to quantification, note that for compensation purposes, there is typically an attempt to quantify qualitative objectives (e.g. surveys, scores, complaints).</p>	Paragraph has been revised to clarify that it refers to a shift towards a more balanced approach, including both financial and non-financial metrics.
Q88 Comment on paragraph 84				

108. Institute of International Finance	Global	No	<p>In order to reflect a more balanced approach, and in order to reflect that management and/or the board of directors have the responsibility to change remuneration plans that may lead to inappropriate incentives, we propose to revise Paragraph 84 as follows:</p> <p>In the case of misconduct, management and/or the board of directors should consider whether the design of variable components of remuneration could have provided incentives to engage in the misconduct or if the design of the variable remuneration plan is indicative of governance issues at the insurer. If the answer to either question is in the affirmative, management or the board of directors should take prompt corrective action to change the plan design and/or to address underlying governance issues. If timely corrective action is not taken by management or the board of directors, the lead or group supervisor should instruct the insurer to take appropriate action.</p>	<p>The current wording is well balanced. The proposed wording, which focuses on practical steps that should be taken by the Board or Senior Management, goes beyond the scope of this paper.</p>
109. The Life Insurance Association of Japan	Japan	No	<p>- Insurers in Japan have a well-balanced remuneration and performance management system that emphasizes not only short-term performance but also long-term profitability and stability, placing importance on matters such as the quality of customer service and satisfaction from a customer-oriented business operation perspective. Therefore, problems arising from this remuneration and performance management system are considered to be limited.</p> <p>- While we agree with the issue of performance management encouraging unfair treatment of customers and the inappropriateness of remuneration systems, we are concerned about the possibility of developing uniform regulations for remuneration and performance management systems based on a few specific misconduct cases that would inhibit each jurisdiction's market culture and practices, as well as the company's voluntary efforts. In order to address this concern, we would like to request the IAIS to add a new paragraph after Paragraph 84, which states that "it is the role of insurers themselves to define and implement specific approaches to remuneration and performance management, taking into account the intent of ICPs and considerations raised in the previous paragraphs".</p>	<p>Noted.</p> <p>Not agreed to add the suggested wording. While it is the role of insurers to define and implement approaches to remuneration and performance management, it is the responsibility of supervisors to supervise aspects related to remuneration and performance management (see, for example, ICP 7.6 and Annex to ICP 9).</p>
Q89 General comments on Section 4: Conclusion				
Q90 Comment on paragraph 85				

Q91 Comment on paragraph 86				
Q92 Comment on paragraph 87				
110. Global Federation of Insurance Association	Global	No	While GFIA does not disagree with the desirability of leadership, accountability, and transparency in concept, it is concerned with future work that would have supervisors subjectively determine what is good or right corporate culture for insurers, as noted in paragraph 1.1.6. Supervisors should be focused on assessing compliance with legal and objective standards of behaviour and outcomes, not subjective notions such as culture.	<p>As indicated in para. 6 of the Issues Paper, it does not seem appropriate to ascribe one "right" or "good" culture to insurers. However, an insurer's culture may be viewed through a variety of lenses to understand whether it appears healthy, sustainable, purposeful and safe.</p> <p>The scope and focus of the follow up work on insurer culture is still to be determined. It is likely to include more targeted exploration of, or practical supervisory guidance on, specific cultural drivers, rather than imposing a uniform standard for supervising culture as a whole.</p> <p>Similar to the approach taken in this paper, any future work will also be limited to the objective standards set out in the ICPs.</p>
111. International Actuarial Association	International	No	Overall, this is a well-written and soundly argued paper, and a useful starting point in looking at increased emphasis on corporate culture from the supervisory perspective. As noted, the practical implications for supervisors will need further work. The IAA notes that the examples cited as "cultural drivers" seem more like effects of culture, rather than drivers of it.	<p>Noted.</p> <p>We agree that in some cases the causal relationship can go in several directions. In such cases, certain organisational elements may simultaneously be regarded as components that make up culture as well as drivers that may influence or flow from the overall culture of an insurer.</p>
112. The Geneva Association	International	No	Paragraph 87 lays out possible considerations for next steps, including "practical supervisory guidance on specific cultural drivers" on topics such as remuneration. For the reasons given above and given that corporate culture of insurers is	As indicated in the Issues Paper, as a next step the IAIS will consider how best to advance the observations outlined in the

			<p>influenced by the local culture of each jurisdiction and or many different other elements, we do not consider it appropriate for the IAIS to develop uniform indicators, detailed common regulations or supervisory guidance on corporate culture. We encourage the IAIS to identify practices that can lead to conflicts of interests, which in turn might have a negative impact on behaviour of people within the organization.</p>	<p>Issues Paper in greater depth. This could include practical supervisory guidance on specific cultural drivers such as conflicts of interest management by insurers.</p> <p>The intention is not to create a uniform indicator to assess culture as a whole.</p>
113. General Insurance Association of Japan	Japan	No	<p>Future work should be determined after duly examining the necessity and probable effectiveness in view of various dynamic elements that constitute an insurer's culture, differences among countries, regions and insurers, the subjectivity of assessing an insurer's culture, and other factors.</p> <p>In addition, it is important to avoid the situation where supervisory assessments of insurer culture and conduct risks are excessively dependent on individual assessors' subjectivity. Therefore, practical supervisory guidance, if developed, should be well-balanced, and should not be overly prescriptive. Ultimately, such guidance should be implemented based on each jurisdictional supervisor's discretion.</p>	<p>Noted.</p> <p>This comment will be considered carefully when determining the scope and nature of potential follow up work.</p>
114. The Life Insurance Association of Japan	Japan	No	<p>- The corporate culture of insurers is influenced by the market culture of each jurisdiction (sales channels, investment markets, etc.), the expectations of supervisors and consumer confidence, and there is no firm rule of thumb that a specific culture will always produce positive outcomes for consumers.</p> <p>- In light of this, we consider that the IAIS should give careful consideration in the development of supervisory guidance. Specifically, we are concerned about the possibility of developing uniform indicators and standardized regulatory settings for corporate culture in the development of supervisory guidance. In order to address this concern, we would like to ask the IAIS to add a new paragraph after Paragraph 87, which states that "it is the role of insurers themselves to define and implement specific approaches to remuneration and conflicts of interest management, taking into account the intent of ICPs and considerations raised in the previous paragraphs".</p>	<p>See responses to previous comments.</p> <p>Disagree to add the additional paragraph, as suggested. For more about supervision of issues related to remuneration, see ICP 7.6. See also references in the paper to existing ICP material relating to conflicts of interest.</p>

116. APCA	United States	No	While we do not disagree with the desirability of leadership, accountability and transparency in concept, we are concerned with future work that would have supervisors subjectively determine what is good or right corporate culture for insurers, as noted in paragraph 6. Supervisors should be concerned with assessing compliance with legal and objective standards of behavior and outcomes, not subjective notions such as culture.	See responses to previous comments.
Q93 Comment on paragraph 88				
117. Global Federation of Insurance Association	Global	No	GFIA calls on supervisors to engage in a dialogue with the federation before and during the drafting of papers on diversity and inclusion, as the GFIA's members have significant experience to share on these topics.	Noted.
118. Institute of International Finance	Global	No	We appreciate the opportunity to comment on the Draft Issues Paper and would welcome the occasion to further discuss our views with IAIS members. Respectfully submitted, Mary Frances Monroe	Noted.
119. APCA	United States	No	We hope that supervisors would engage in a dialogue with us before drafting papers on diversity and inclusion. Our members have significant experience on these topics which we would like to share.	Noted.