

IAIS Consultations

Print view of your comments on "Consultation on ICP Introduction and Assessment Methodology and ComFrame Introduction" - Date: 01.06.2017, Time: 15:25

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Treat my comments as confidential	No

Question	
	Q1 General Comment on A) Introduction
Answer	<p>The GFIA appreciates the opportunity to comment on the IAIS' current consultation that integrates ComFrame material into the relevant ICPs. We appreciate the significant effort undertaken by the IAIS to streamline the ComFrame material and to make them more consistent with the ICPs. The disconnect between ComFrame and the ICPs was a major industry concern and we are pleased that the IAIS has found a practical way of addressing that concern.</p> <p>However, another concern we expressed earlier is that the ICPs and ComFrame should be flexible enough to be adapted into the existing legal framework of local jurisdictions; this concern has yet to be addressed.</p> <p>We continue to have concerns about the current direction of the ICPs and ComFrame. Our review of the materials and the comments that follow arise from several broad issues, which we summarize here:</p> <p>1. Flexibility of Principles and Guidance –</p> <p>As noted above, and as expressed in response to earlier ComFrame consultations, there is a strong industry concern that ComFrame is overly prescriptive and, if implemented, may add another regulatory layer to already existing jurisdictional rules. It is therefore key that the development of ComFrame is informed by insurance regulatory frameworks around the world.</p> <p>Additionally, we are concerned that the merging of the ICPs with ComFrame guidance will result in more rigid regulatory and supervisory requirements and standards for IAIGs, and that rigid approach will be reflected in IMF FSAPs.</p> <p>2. Application of Overarching Concepts of Proportionality and Risk-Based Supervision –</p> <p>Proportionality and risk-based supervision are 'overarching concepts' that underlie the ICPs, and therefore ComFrame should strive to provide guidance that allows regulation and supervision to be applied in a manner commensurate with the business operations, mix and profile of the IAIG, and not in a "one-size-fits-all" manner. Related to this point, the suggestion to conduct a "peer review" (in ICP 9) ignores the fact that IAIGs are unique, with different business compositions, and operating in different jurisdictions; therefore, a blanket requirement to conduct a peer review is inappropriate.</p> <p>In addition, some measures in the consultation package may have been proposed originally for institutions that could be systemically significant or critical if they fail. It should be noted that any approach applying these measures to IAIGs should appropriately reflect proportionality and the nature of the business.</p> <p>3. Recognition of Legal and Jurisdictional Boundaries –</p> <p>While certain provisions of the consultation documents recognize the limits of regulatory authority, other provisions seem to allow a group-wide supervisor to extend jurisdictional reach beyond current borders. However, GFIA believes it is particularly important to respect</p>

boundaries of the local jurisdictions. For example, the guidance suggests that supervisory authority can dictate specific corporate governance practices by management and the board. However, this type of authority does not exist in all jurisdictions and, in fact, may be viewed as overly intrusive and inflexible.

4. Data Protection and Confidentiality –

In a number of places, the consultation documents refer to the need for data collection and information sharing among supervisors. Such collection and sharing must be consistent with data privacy and confidentiality protections in place in various jurisdictions. Such protections must allow an IAIG the right to contest sharing of non-public data where confidentiality or privilege would be compromised. Some of the ICPs and ComFrame make explicit mention of the need for confidentiality, or refer to ICP 3, but others do not. To achieve a consistent approach, we suggest that confidentiality should be included and applied as an 'overarching concept'. Protection of confidentiality should apply to all forms of communication.

5. Scope of the IAIG –

The ComFrame guidance applies to insurance groups that qualify as IAIGs, but the scope of which entities are included within the group is not clearly described in ICP 23. The lack of definitional precision may be a concern for insurance-led financial conglomerates.

6. Development of Recovery Plans –

GFIA believes that, where recovery plans are a corrective measure required by the supervisor, they should only be required of IAIGs that fail a certain solvency threshold. Also, the IAIS should consider providing clarifying language to distinguish recovery planning as an internal risk management tool from recovery planning as a supervisory tool used as a corrective measure and from resolution plans.

Q2 Comment on paragraph 1

Answer

Q3 Comment on paragraph 2

Answer

Q4 Comment on paragraph 3

Answer

Q5 Comment on paragraph 4

Answer

Q6 Comment on paragraph 5

Answer

Q7 Comment on paragraph 6

Answer

Q8 Comment on paragraph 7

Answer

Q9 Comment on paragraph 8

Answer

Q10 Comment on paragraph 9

Answer

	Q11 Comment on paragraph 10
Answer	
	Q12 Comment on paragraph 11
Answer	
	Q13 Comment on paragraph 12
Answer	
	Q14 Comment on paragraph 13
Answer	
	Q15 Comment on paragraph 14
Answer	
	Q16 Comment on paragraph 15
Answer	
	Q17 Comment on paragraph 16
Answer	
	Q18 Comment on paragraph 17
Answer	GFIA suggests a re-wording of the first sentence of this paragraph: "Regardless of the approach, the supervisor must be able to demonstrate that in effect, the outcome is similar and supports a comparable supervision of IAIGs within ComFrame."
	Q19 Is there anything missing in "A) Introduction to the ICPs"? If so, please specify.
Answer	Yes
Answer Comment	Please refer to the answers to the previous questions.
	Q20 General Comment on ComFrame Introduction
Answer	The scope of ComFrame has been a constant question since the beginning of the ComFrame project. We would welcome a clarification of when and how the IAIS intends to introduce ComFrame's scope, and particularly, the IAIG identification criteria.
	Q21 Comment on paragraph 18
Answer	
	Q22 Comment on paragraph 19
Answer	
	Q23 Comment on paragraph 20
Answer	

Q24 Comment on paragraph 21

Answer

Q25 Comment on paragraph 22

Answer

Q26 Comment on paragraph 23

Answer

Q27 Comment on paragraph 24

Answer

Additional clarification is needed. This paragraph states that there are 'indirect' and 'direct' approaches to group-wide supervision across jurisdictions, and in some cases a combination of both approaches. While the IAIS indicates that ICPs are to be neutral to either approach, IAIS then indicates that "ComFrame requires a direct approach for certain powers as indicated by relevant ComFrame standards." It is not clear throughout the ComFrame text which 'certain' powers require a direct approach. It is also unclear what is contemplated with respect to "indirect powers".

Q28 Is there anything missing in the "ComFrame Introduction"? If so, please specify.

Answer

Yes

Answer Comment

Please refer to the answers to the previous questions.

Q29 General Comment on B) Assessment Methodology

Answer

Q30 Comment on paragraph 25

Answer

Q31 Comment on paragraph 26

Answer

Q32 Comment on paragraph 27

Answer

Q33 Comment on paragraph 28

Answer

Q34 Comment on paragraph 29

Answer

Q35 Comment on paragraph 30

Answer

Q36 Comment on paragraph 31

Answer

Q37 Comment on paragraph 32

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Q38 Comment on paragraph 33

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Q39 Comment on paragraph 34

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Q40 Comment on paragraph 35

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Q41 Comment on paragraph 36

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Q42 Comment on paragraph 37

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Q43 Comment on paragraph 38

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Q44 Comment on paragraph 39

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Q45 Comment on paragraph 40

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Q46 Comment on paragraph 41

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Q47 Comment on paragraph 42

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Q48 Comment on paragraph 43

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Q49 Comment on paragraph 44

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Q50 Comment on paragraph 45

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Q51 Comment on paragraph 46

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Q52 Comment on paragraph 47

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Q53 Comment on paragraph 48

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Q54 Comment on paragraph 49

Answer

Q55 Comment on paragraph 50

Answer

Q56 Comment on paragraph 51

Answer

Q57 Comment on paragraph 52

Answer

Q58 Comment on paragraph 53

Answer

Q59 Comment on paragraph 54

Answer

Q60 Is there anything missing in "B) Assessment Methodology"? If so, please specify.

Answer

Yes

Answer Comment

Please refer to the answers to the previous questions.