

IAIS Consultations

Print view of your comments on "Application Paper on Proactive Supervision of Corporate Governance" - Date: 17.12.2018, Time: 15:09

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Treat my comments as confidential	No

Question	
	Q1 General comments on the Application Paper
Answer	<p>GFIA appreciates the opportunity to comment on this application paper. Here are some general comments:</p> <p>Before, during and after the financial crisis, the vast majority of (re)insurers engaged and engage in good governance, without the need for more intrusive supervision.</p> <p>This paper includes increased mandates that would be costly to implement, overly intrusive and potentially even blur the line between the supervisor and the private company, to the detriment of both.</p> <p>While intended as guidance, there are provisions that are unclear, subjective and overly broad.</p> <p>GFIA asks for the addition of a feedback loop between the supervisor and the supervised company.</p> <p>It is our view that the quality of a company's governance is best judged by the actual past performance of the company, not its compliance with new governance reporting.</p> <p>Unfortunately, employee turn over may reduce the supervisor's knowledge of prior performance so steps should be taken to prevent that loss of knowledge from occurring within the regulatory agency.</p> <p>It is uncertain as to whether the solvency regulatory staff actually have the expertise to review a compensation programme.</p> <p>GFIA supports references to proportionality.</p> <p>More focus should be provided on appropriate limitations of the use of "yellow/red flags".</p>
	Q2 General comments on Introduction
Answer	<input type="text"/>
	Q3 Comment on Paragraph 1
Answer	<input type="text"/>
	Q4 Comment on Paragraph 2
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Q5 Comment on Paragraph 3

Answer

Q6 Comment on Paragraph 4

Answer

Q7 Comment on Paragraph 5

Answer

Q8 Comment on Paragraph 6

Answer

GFIA generally supports the principle of proportionality and appreciates the reference here.

Q9 Comment on Paragraph 7

Answer

Q10 Comment on Paragraph 8

Answer

Q11 General comments on Section 1: Supervisory organisation, culture and processes

Answer

Q12 Comment on Paragraph 9

Answer

Q13 Comment on Paragraph 10

Answer

Q14 Comment on Paragraph 11

Answer

Q15 Comment on Paragraph 12

Answer

Q16 Comment on Paragraph 13

Answer

Q17 Comment on Paragraph 14

Answer

Q18 Comment on Paragraph 15

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Q19 Comment on Paragraph 16

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Q20 Comment on Paragraph 17

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Q21 Comment on Paragraph 18

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Q22 Comment on Paragraph 19

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Q23 Comment on Paragraph 20

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Q24 Comment on Paragraph 21

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Q25 Comment on Paragraph 22

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Q26 Comment on Paragraph 23

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Q27 Comment on Paragraph 24

Answer

Q28 Comment on Paragraph 25

Answer

Q29 Comment on Paragraph 26

Answer

Q30 Comment on Paragraph 27

Answer

Q31 General comments on Section 2: Information

Answer

Q32 Comment on Paragraph 28

Answer

This paragraph should be more balanced by explaining that companies do have the right to complain and even seek judicial and/or other review of regulatory demands where appropriate, but that in general supervisors should have access to relevant and material information necessary for regulation.

Q33 Comment on Paragraph 29

Answer

Q34 Comment on Paragraph 30

Answer	Proposed information sharing between regulators does not address confidentiality concerns.
Q35 Comment on Paragraph 31	
Answer	The third bullet is too broad in scope in that it suggests that the supervisor, not the company and the market, should determine whether the Board and Senior Management exercise adequate oversight of the insurer's business practices.
Q36 General comments on Section 3: Yellow and red flags	
Answer	
Q37 Comment on Paragraph 32	
Answer	
Q38 Comment on Paragraph 33	
Answer	
Q39 Comment on Paragraph 34	
Answer	
Q40 Comment on Paragraph 35	
Answer	<p>Many of the sub points are unclear or are overly intrusive, as indicated by the following examples:</p> <p>Under Policies and procedures: What disciplinary actions are intended under the third and fourth policies? What is meant by inadequate response to disciplinary actions? What is the meaning of the next to the last policy and procedure that relates to the "information flow within the insurer" and are supervisors really qualified to determine the sufficiency of that flow? What lack of cooperation with supervisors is intended as a flag—and in whose opinion and based on what standard of reasonableness?</p> <p>Under Board committees: The supervisor should not be given the authority to determine composition of committees.</p> <p>Under Control functions: It is totally unclear as to what "adequately resourced" means.</p> <p>GFIA takes the view that this entire section needs to be redrafted to avoid overly broad, intrusive and subjective elements.</p>
Q41 Comment on Paragraph 36	
Answer	
Q42 General comments on Section 4: Communication	
Answer	
Q43 Comment on Paragraph 37	
Answer	
Q44 Comment on Paragraph 38	
Answer	

Q45 Comment on Paragraph 39

Answer

Q46 General comments on Section 5: Conclusions

Answer

Q47 Comment on Paragraph 40

Answer

Q48 Comment on Paragraph 41

Answer

Q49 Comment on Paragraph 42

Answer

GFIA is generally in accord with this paragraph.