

GFIA Comments on IAIS Issues Paper “Approaches to Group Corporate Governance”

The Global Federation of Insurance Associations (GFIA) through its 37 member associations represents insurers that account for around 87% or more than \$4.0 trillion in total insurance premiums worldwide. We much appreciate the opportunity to comment on the paper. We particularly commend IAIS for the inclusion of examples of various corporate structures to illustrate the diversity that is one of the strengths of the global insurance market.

The Paper Correctly Emphasizes the Importance of Flexibility

We fully subscribe to the paper’s major point that groups should be free to structure themselves, using centralized, decentralized or various hybrid models. This freedom (or flexibility) is an important concept which is recognized early in the paper and throughout, including in paragraphs 5 and 22. Our specific comments below seek, in part, to assure that the paper in all aspects is consistent with that fundamental point.

The Concept of Proportionality Should Be Further Emphasized

While proportionality is recognized in the ICPs, there is little mention of it in the paper. Particularly in supervisory areas such as this, where mandates and reporting can be quite burdensome, additional proportionality language adds emphasis that supervisors should keep proportionality foremost in their thinking and actions, and provides assurance to companies that the compliance standard is reasonableness, considering the nature, scale and complexity of their business.

The Limitations Imposed by Local Law and or Other Regulatory Authorities Should Receive Further Attention

The paper is not strong enough on the fact that local law and/or other regulatory authorities, such as those which govern publicly traded companies, may limit the ability of the group to impose mandates on its entities. For example, we would like the paper to clearly state that, in some cases, conflicting regulations may prevent the group from enforcing group-wide governance standards and compliance on local entities. Examples of the problem are paragraphs 32 and 45.

Further Clarify that the Paper Does Not Impose More Standards and Mandates

Paragraphs 7 and 48 through 71 provide many examples of where the paper might be wrongly understood as applying new standards to groups. These paragraphs use the word “could”, which is fine. To remove any doubt, there should be added new language to the effect that paragraphs such as 7 and 48 through 71 are not intended to apply new standards or mandates, but merely provide examples of what companies and supervisors could consider.

Conclusion

We appreciate the work that has already gone into this paper. The comments we provide will only serve to make the paper more useful and consistent with its fundamental premise that there is a need for flexibility in assuring high quality governance.



About the GFIA

Through its 37 member associations, the Global Federation of Insurance Associations (GFIA) represents the interests of insurers and reinsurers in 58 countries. These companies account for around 87% of total insurance premiums worldwide. The GFIA is incorporated in Switzerland and its secretariat is based in Brussels.