GFIA comments OECD Guidelines on Insurer Governance

The Global Federation of Insurance Associations (GFIA) through its 41 member associations represents insurers that account for around 87% or more than $4.0 trillion in total insurance premiums worldwide.

GFIA appreciates the opportunity to comment and generally supports the guidelines as appropriately high level and flexible, with comments and exceptions as noted below.

**Page 6 – 2.d. – second bullet:**
We know there is a trend towards oversight of products and product development to the highest bodies of a company. However, by having this on the level of the board, we are entering the domain of the executive management and as such are undermining and distorting the function of that executive management under a particular governance structure. It should be specified that the board should oversee the process of product development from a high-level perspective, rather than that the products themselves.

**Page 8 – 3.b. – new language in the first bullet:**
We do not understand the purpose of adding the new language, particularly the use of the word “perceived”.

**Page 9 – 3.c. – second bullet:**
We are concerned about the subjectivity of “the right mix” and recommend the deletion of the word “right” and “the” so it would read: “a mix”.

**Page 17 – 1.f. – second bullet:**
Professional standards, as well as reasonable employment conditions, would not permit this dual “master” situation with the company and the supervisor that is created by the paragraph. The language should be clarified as to who and what standard determines what is “suitable action”?

**Page 19 – B. – first bullet:**
We understand that boards and executive committees must have a clear and comprehensive view of the business, operations and risks. However, it is far-reaching that also the controlled entities within both an international and national group should have that same view of the overall risks of the group AND the major entities within it. The controlling and controlled entities are not on the same level and therefore this should not be extrapolated to them.

**Page 19 – C. – second bullet:**
This provision is too subjective. Who determines what constitutes a “fair and transparent manner”? And to whom is this duty owed?
Furthermore, we understand that the controlled entities should make their own decisions, but it should not prevent them to abide by the overarching strategy and policies that the group has set out.

**Page 22 – C – highlighted box:**
The proposed language on reporting, “as well as public policy commitments (if any)”, strikes a reasonable balance on the subject. We urge that nothing more prescriptive be added on this subject.

**Page 23 – D.2.**
This subparagraph refers to treating customers and policyholders “fairly”. But, how and by whom is “fairly” defined? We ask that “fairly and follow proper” be deleted and replaced with “in accordance with applicable legal.” The sentence would read: “Insurers should treat their customers and policyholders in accordance with applicable legal standards of conduct in all stages of an insurance contract.”

**GFIA contact**
David Snyder, chair of the GFIA governance working group; david.snyder@pciaa.net;

---

**About GFIA**

Through its 41 member associations, the Global Federation of Insurance Associations (GFIA) represents the interests of insurers and reinsurers in 60 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.