

# IAIS Consultations

Print view of your comments on "Consultation on ICPs 9 and 10 and ComFrame material integrated with ICPs 9 and 10 (Public version)" - Date: 01.06.2017, Time: 16:35

<b>Organisation</b>	Global Federation of Insurance Associations
<b>Jurisdiction</b>	Global
<b>Role</b>	Other (not IAIS Member)
<b>Other Roles</b>	Not Potential IAIG
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<b>Treat my comments as confidential</b>	No

Question	
	Q1 General Comment on ICP 9
<b>Answer</b>	Any collection of information must be done in a manner consistent with the laws of the local jurisdiction, and subject to confidentiality requirements. The ICP/ComFrame guidance should not be prescriptive; the extent of assessments should reflect proportionality; and there should not be a mandated frequency (i.e., annually) – the term “periodic” is more appropriate and provides flexibility for the supervisor and insurer to decide on the appropriate frequency of assessments.
	Q2 General Comment on ComFrame material integrated with ICP 9
<b>Answer</b>	Any collection of information must be done in a manner consistent with the laws of the local jurisdiction, and subject to confidentiality requirements. The ICP/ComFrame guidance should not be prescriptive; the extent of assessments should reflect proportionality; and there should not be a mandated frequency (i.e., annually) – the term “periodic” is more appropriate and provides flexibility for the supervisor and insurer to decide on the appropriate frequency of assessments.
	Q3 Comment on Introductory Guidance ICP 9.0.1
<b>Answer</b>	
	Q4 Comment on Introductory Guidance ICP 9.0.2
<b>Answer</b>	The supervisory plan anticipated in the 6th bullet point should be commensurate with the nature, scale and complexity of the insurer. We suggest that both the frequency and the intensity of assessment should be subject to adjustment, in application of the proportionality principle.
	Q5 Comment on Standard CF9.0a
<b>Answer</b>	GFIA considers the supervisory college to be the most important forum for enhancing cooperation between the group-wide supervisor and the involved supervisors. The supervisory college ensures transparency and promotes convergence of supervisory practices.

Q6 Standard CF9.0a  
Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame? Single Choice Question.

Answer

Q7 Standard CF9.0a  
What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q6 that would have to be made solely for purposes of ComFrame (please specify the currency)?

Answer

Q8 Standard CF9.0a  
What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q6 that would have to be made solely for purposes of ComFrame (please specify the currency)?

Answer

Q9 Standard CF9.0a  
Please provide the assumptions made to estimate the one-time costs (Q7) and the ongoing costs per year (Q8).

Answer

Q10 Standard CF9.0a  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

Answer

Q11 Comment on Standard CF9.0b

Answer

Q12 Standard CF9.0b  
Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame? Single Choice Question.

Answer

Q13 Standard CF9.0b  
What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q12 that would have to be made solely for purposes of ComFrame (please specify the currency)?

Answer

Q14 Standard CF9.0b  
What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q12 that would have to be made solely for purposes of ComFrame (please specify the currency)?

Answer

Q15 Standard CF9.0b  
Please provide the assumptions made to estimate the one-time costs (Q13) and the ongoing costs per year (Q14).

Answer

Q16 Standard CF9.0b  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

Answer

Q17 Comment on Standard ICP 9.1

Answer

Q18 Comment on Guidance ICP 9.1.1

Answer

Q19 Comment on Guidance ICP 9.1.2

Answer

Q20 Comment on Guidance ICP 9.1.3

Answer

Q21 Comment on Guidance ICP 9.1.4

Answer

The distribution of the results of on-site inspections and off-site monitoring activities to all involved staff should be subject to the jurisdiction's confidentiality requirements.

Q22 Comment on Guidance ICP 9.1.5

Answer

GFIA agrees. However, it is of utmost importance to ensure that the use of monitoring tools does not lead to earlier intervention or request on the part of supervisors that go beyond the supervisors' mandates prescribed by law. As long as levels of compliance are not breached or infringed upon, there is no need to act in advance (of the law) on the grounds that there is a strong risk of compliance breach. The monitoring tools referred to in this Guidance should be commensurate with the nature, scale, and complexity of the insurer.

Q23 Comment on Guidance ICP 9.1.6

Answer

9.1.6 – Change “insurer’s corporate culture” to “insurer’s corporate risk culture”.

The 4th bullet should just read “treatment of customers” since the words “fair” and “proper” are subjective and the word “lawful” is not necessary.

Q24 Comment on Guidance ICP 9.1.7

**Answer**

Q25 Comment on Guidance ICP 9.1.8

**Answer**

The required assessment of market macroeconomic impacts is disproportionately burdensome for smaller insurer groups.

Q26 Comment on Guidance ICP 9.1.9

**Answer**

Any communication or exchange of information should respect and meet the confidentiality requirements of the relevant jurisdictions.

The 3rd sentence should begin as follows: "Additionally, in some jurisdictions, there may be a means to establish appropriate communication channels..."

This paragraph should clarify if "external auditors" are those who are hired by the insurer and/or by the supervisor.

Q27 Comment on Guidance ICP 9.1.10

**Answer**

The supervisory framework needs to include a mechanism that allows for intervention by the supervisor for the purpose of ensuring insurer's financial soundness. However, improvement of the insurer's business management should primarily be achieved through the insurer's own initiative, driven by the insurer's autonomous business judgement. Intervention by the supervisor should be a later option for the cases where insurer's own initiative has failed.

In addition, we are concerned that the insurer's long-term business management could be damaged if volatility from short-term market fluctuations is overly emphasized in determining supervisory intervention. In particular, given the circumstances where various jurisdictions are considering the implementation of solvency regulation based on market value, such intervention could pose unintended impact on the financial market as well as the intervened insurer. As such, it is not appropriate for this guidance to state that "the framework should promote pro-active and early intervention by the supervisor".

We propose to revise this guidance as follows:

"The framework may include the mechanism that allows for intervention by the supervisor in the cases where the insurer's business management needs to be improved and the insurer's own initiative would not be able to achieve it."

Q28 Comment on Guidance ICP 9.1.11

**Answer**

Q29 Comment on Guidance ICP 9.1.12

**Answer**

As part of the review of the supervisory framework, the supervisor should also confer with insurers subject to the supervisory framework.

Q30 Comment on Guidance ICP 9.1.13

**Answer**

Q31 Comment on Guidance ICP 9.1.14

**Answer**

Q32 Comment on Guidance ICP 9.1.15

<b>Answer</b>	
	Q33 Comment on Guidance ICP 9.1.16
<b>Answer</b>	
	Q34 Comment on Standard ICP 9.2
<b>Answer</b>	
	Q35 Comment on Guidance ICP 9.2.1
<b>Answer</b>	This Guidance should recognize the importance of applying the principle of proportionality when developing a supervisory plan.
	Q36 Comment on Guidance ICP 9.2.2
<b>Answer</b>	
	Q37 Comment on Guidance ICP 9.2.3
<b>Answer</b>	We suggest adding the phrase “, which should be subject to appropriate cost/benefit analyses” at the end of the paragraph.
	Q38 Comment on Standard CF9.2a
<b>Answer</b>	<p>CF9.2a – Change “at least annually” to “periodically, as needed”. Thus, alternative language should read:</p> <p>“The group-wide supervisor’s supervisory plan for an IAIG includes a group-wide risk assessment which is conducted periodically as deemed necessary by the group-wide supervisor.”</p> <p>Add the sentence: “Any distribution of the results of the group-wide risk assessment should be subject to the jurisdiction’s confidentiality requirements”.</p> <p>The group-wide supervisory plan and risk assessment should be part of the supervisory college, which provides the best forum for exploring this assessment and receiving feedback from the other supervisors. It also allows the IAIG to discuss the assessment with all its regulators in one setting, which is the most efficient process for all parties. A separate process could place further unquantifiable burdens and expense on the IAIG and its companies.</p>
	<p>Q39 Standard CF9.2a</p> <p>Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?</p>
<b>Answer</b>	
	<p>Q40 Standard CF9.2a</p> <p>What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q39 that would have to be made solely for purposes of ComFrame (please specify the currency)?</p>
<b>Answer</b>	

Q41 Standard CF9.2a  
What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q39 that would have to be made solely for purposes of ComFrame (please specify the currency)?

Answer

Q42 Standard CF9.2a  
Please provide the assumptions made to estimate the one-time costs (Q40) and the ongoing costs per year (Q41).

Answer

Q43 Standard CF9.2a  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

Answer

Q44 Comment on Guidance CF9.2a.1

Answer

Q45 Comment on Guidance CF9.2a.2

Answer

Q46 Comment on Guidance CF9.2a.3

Answer

Q47 Comment on Guidance CF9.2a.4

Answer

To distinguish between overarching prudential rules and related analysis, we would suggest use of the word macro-economic when referring to analysis and that Section CF 9.2a.4 be re-worded as follows:

“The group-wide supervisor should consider inputs from other relevant supervisors not involved in the direct supervision of the IAIG (e.g., macroeconomic analysis, anti-money laundering or combatting the financing of terrorism inputs).”

Q48 Comment on Guidance CF9.2a.5

Answer

Peer-Group Analysis --

It is unclear what tools the group-wide supervisor will have at its disposal to conduct a peer-group analysis. This lack of clarity could be problematic for an IAIG, as it is suggested that the IAIG will be compared to groups of a similar nature and size with similar risks; yet, those comparisons may not be accurate or relevant, since no two IAIGs will be alike to differences in geographical reach and business mix. GFIA believes this guidance should be deleted from ComFrame.

If this peer group analysis language is retained, the analysis “should be subject to confidentiality requirements.” This language should be changed to “must be subject to...” In order to eliminate any potential confusion with the word “should.”

CF9.2a5 states in part that “Peer-group analysis should be subject to confidentiality requirements.” Section 9 and all other ComFrame sections that suggest sharing of information among supervisors should incorporate by reference the standards and guidance set out in ICP 3 (Information Sharing and Confidentiality), reinforcing the need for supervisors to be held responsible for ensuring the safe handling of information they may transmit or receive from another supervisor.

Q49 Comment on Standard CF9.2b

**Answer**

The group-wide supervisor's group-wide risk assessment of the IAIG includes, at a minimum:

Consistent with the need for ComFrame standards and guidance to be subject to supervisory discretion and the principle of proportionality, we would suggest the high level standard be reworded as follows.

The group-wide supervisor's group-wide risk assessment of the IAIG may include:

In addition, we have the following comments on bullets under this high level standard:

- the complexity of the IAIG group structure and the resultant risk; We suggest a reference to 9.2b1
- a review of the IAIG's approach to its legal and regulatory obligations, its distribution model and its proposals for dealing with specific areas of risk; We suggest that if the group wide supervisor considers "distribution risk" to be material in and of itself, it should be considered separately, under its own bullet. As written, the standard could be misinterpreted to mean the supervisor is to review the business model vs the risks it may incur.
- the macro-prudential environment in which the IAIG operates; We suggest this bullet be reworded as follows: • the macro-economic environment in which the IAIG operates
- an assessment of the potential impact that the IAIG's failure would have on policyholders, the insurance market, and the financial markets as a whole. We suggest this bullet be re-worded as follows: • a vulnerability assessment to understand the potential and most likely sources of financial stress to the insurer, and whether those stresses have transmission vectors that could give rise to meaningfully increased risk to the financial markets, or to the firm's ability to satisfy its own obligations.

Q50 Standard CF9.2b

Does the IAIG currently fulfil the requirements of the standard? If "No" or "Partially", what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

**Answer**

Q51 Standard CF9.2b

What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q50 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q52 Standard CF9.2b

What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q50 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q53 Standard CF9.2b

Please provide the assumptions made to estimate the one-time costs (Q51) and the ongoing costs per year (Q52).

**Answer**

Q54 Standard CF9.2b

Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

**Answer**

Q55 Comment on Guidance CF9.2b.1

**Answer**

Having operations that span different financial sectors does not necessarily lead to a complex operating structure, as is suggested by the current wording.

The 3rd bullet suggests that intragroup or off-balance sheet transactions may “result in a circumvention of sectorial regulatory requirements”. This language is pejorative and implies that supervisory measures should be applied even if the insurer complies with all requirements.

Q56 Comment on Guidance CF9.2b.2

**Answer**

(1) GFIA suggests rewording “Non-regulated entities’ contribution to group capital adequacy could be assessed by calculation of a proxy capital requirement as if the entity were regulated or through deduction of the group’s interest in the unregulated entity” as follows:

Non-regulated entities should be assessed for the potential impact on the capital adequacy of the group, considering the effectiveness of their legal separation and potential contagion within the group.

(2) The second bullet point should include some context to indicate that the supervisor’s risk assessment should focus on material inter-linkages between regulated and non-regulated entities. We propose that the second bullet point is amended as follows:

‘Material inter-linkages between regulated entities and non-regulated and non-financial entities within the IAIG’

(3) We suggest that this Guidance be amended to focus on understanding the dependencies between regulated and unregulated entities where significant risk has been transferred:

‘In conducting the group-wide risk assessment, the group-wide supervisor should also take into consideration the activities undertaken by non-regulated entities within the IAIG. If significant risk has been transferred from regulated to unregulated entities in a group, supervisors of the regulated entities should look to understand the dependencies of the regulated entities on the unregulated entity.

(4) This Guidance should clarify that an assessment of non-regulated entities’ contribution should be carried out by the supervisor and there should not be a requirement on the IAIG to repackage data already provided to the supervisor.

Q57 Comment on Guidance CF9.2b.3

**Answer**

This guidance assumes that a group-wide stress test is required, which is not necessarily the case. The words “if required” should be added after “group-wide stress test”.

GFIA suggests that this guidance provide that the supervisor should also take into account the severity of the overall stress scenario, not just the severity in each jurisdiction. In our view, assuming the whole world goes into a mild depression is much more severe than assuming one country goes into a steep depression. However, an assumption that all countries would simultaneously go into a steep depression is excessively severe.

The guidance language suggests that the group-wide supervisor may require a group-wide stress test. The expanding role of the group-wide supervisor raises questions about the capability and capacity of the group-wide supervisor to carry out the responsibilities contemplated by the ICP/ComFrame guidance.

Q58 Comment on Guidance CF9.2b.4

**Answer** We suggest changing “ICS” to “appropriate jurisdictional capital standard” since not all jurisdictions may adopt the ICS. In addition, it is unclear why the role of the group-wide supervisor is “particularly important” where the IAIG has a mixture of insurance, banking and securities sector operations.

If the ICS is intended to measure capital adequacy, then clarification is needed regarding the phrase “availability of capital to meet group-wide capital requirements”. This phrase suggests a fungibility concept, which IAIS has not yet discussed or defined.

GFIA suggests that the high-level standard be re-worded to reflect that ComFrame provides standards and guidance that serve as points of reference as supervisors (and where appropriate/necessary, legislators) take actions to build out their supervisory and solvency frameworks consistent with the standard on an outcomes basis.

Q59 Comment on Guidance CF9.2b.5

**Answer**

Q60 Comment on Guidance CF9.2b.6

**Answer**

This guidance suggests that capital should be readily available throughout the group. If the capital is not fungible, there is an unanswered question of how that fact affects the assessment of group capital adequacy. The ramifications to the group should be clarified.

Q61 Comment on Guidance CF9.2b.7

**Answer**

We recommend this section be reworded as follows:

In conducting the group-wide risk assessment, the group-wide supervisor (with input from other relevant supervisors) should take into consideration the current and forecast business and the macroeconomic environment in all the material jurisdictions that the IAIG operates in, and assess the cumulative potential impact on the operations of the IAIG. This macroeconomic analysis should also be incorporated into forward-looking stress testing to identify possible events or changes in market conditions that could adversely impact the IAIG’s group financial position.

Q62 Comment on Standard ICP 9.3

**Answer**

Q63 Comment on Guidance ICP 9.3.1

**Answer**

Q64 Comment on Guidance ICP 9.3.2

**Answer**

Q65 Comment on Guidance ICP 9.3.3

**Answer**

Q66 Comment on Standard ICP 9.4

**Answer**

It should be up to the jurisdiction to decide the level of scrutiny applied to annual financial statements (4th bullet point).

Add a bullet that states: “is subject to the jurisdiction’s confidentiality requirements with regard to the distribution of any information that has been provided by an insurer”.

The frequency of regular reporting should normally be in the supervisory plan ensuing from the risk assessment framework. Reporting is a very resource-intensive process for undertakings, more so in the case of groups. Therefore, having a predictable framework of

reporting regarding frequency is desirable to leverage off other reporting to supervisors that the IAIG may have to carry out. We agree that the frequency of reporting can be ad hoc, but should be decided in consultation with the IAIG's management.

Q67 Comment on Guidance ICP 9.4.1

**Answer**

Reporting imposes a significant burden on the reporting entity. This Guidance does not recognize that reporting requirements that vary according to overall market structure and conditions would create considerable uncertainty. Supervisory reporting requirements should be set in advance, and be as transparent and predictable as possible.

Q68 Comment on Guidance ICP 9.4.2

**Answer**

Q69 Comment on Guidance ICP 9.4.3

**Answer**

Q70 Comment on Guidance ICP 9.4.4

**Answer**

Q71 Comment on Guidance ICP 9.4.5

**Answer**

Q72 Comment on Guidance ICP 9.4.6

**Answer**

Q73 Comment on Guidance ICP 9.1.7

**Answer**

Q74 Comment on Guidance ICP 9.4.8

**Answer**

Change the beginning of the 1st sentence from "External auditors should play a role" to "External audits may play a role".

Change the beginning of the 2nd sentence from "For example, supervisors may leverage the work of external auditors" to "For example, supervisors may utilize the external audits to identify".

Q75 Comment on Guidance ICP 9.4.9

**Answer**

Any professional person is duty-bound to escalate clear evidence of fraud to the relevant authorities. However, this Guidance requires the escalation of matters of suspicion by an external auditor "without delay". Escalating "without delay" means the external auditor will likely err on the side of caution and escalate matters without prior clarification or the full facts, tending to escalate unnecessarily.

Furthermore, the term "external auditor" should be clarified. If the external auditor is hired by the insurer, then the requirement that the auditor report to the supervisor on certain matters could cause a conflict of interest between the auditor and the insurer.

Q76 Comment on Guidance ICP 9.4.10

<b>Answer</b>	The term “customer profile” should be clarified.
	Q77 Comment on Guidance ICP 9.4.11
<b>Answer</b>	
	Q78 Comment on Guidance ICP 9.1.12
<b>Answer</b>	
	Q79 Comment on Guidance ICP 9.4.13
<b>Answer</b>	
	Q80 Comment on Guidance ICP 9.4.14
<b>Answer</b>	A power to obtain information from any entity within an insurance group is too broad. Under the current ICP 9.4.10, information on any entity can be obtained, but not from any entity – the supervisor would obtain it from the regulated entity.
	Q81 Comment on Guidance ICP 9.4.15
<b>Answer</b>	
	Q82 Comment on Guidance ICP 9.4.16
<b>Answer</b>	
	Q83 Comment on Standard CF9.4a
<b>Answer</b>	We suggest changing “for reporting the calculation of the ICS and the capital to meet the ICS” to “for reporting the calculation of the appropriate jurisdictional capital standard and the capital to meet such capital standard” since not all jurisdictions may adopt the ICS.
	Q84 Standard CF9.4a Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?
<b>Answer</b>	
	Q85 Standard CF9.4a What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q84 that would have to be made solely for purposes of ComFrame (please specify the currency)?
<b>Answer</b>	
	Q86 Standard CF9.4a What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q84 that would have to be made solely for purposes of ComFrame (please specify the currency)?
<b>Answer</b>	

Q87 Standard CF9.4a  
Please provide the assumptions made to estimate the one-time costs (Q85) and the ongoing costs per year (Q86).

Answer

Q88 Standard CF9.4a  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

Answer

Q89 Comment on Standard ICP 9.5

Answer

Q90 Comment on Guidance ICP 9.5.1

Answer

Q91 Comment on Guidance ICP 9.5.2

Answer

Q92 Comment on Guidance ICP 9.5.3

Answer

Q93 Comment on Guidance ICP 9.5.4

Answer

Q94 Comment on Guidance ICP 9.5.5

Answer

Q95 Comment on Standard ICP 9.6

Answer

This Standard provides for the supervisor to set the objective, scope, and timing of on-site inspection. We suggest this should be a two-way process, with a dialogue between the supervisor and the insurer to ensure the on-site inspection is as useful as possible for both the supervisor and the insurer, even if the final objective, scope, and timing is set by the supervisor.

Q96 Comment on Guidance ICP 9.6.1

Answer

Q97 Comment on Guidance ICP 9.6.2

Answer

Q98 Comment on Guidance ICP 9.6.3

Answer

Q99 Comment on Guidance ICP 9.6.4

Answer

Q100 Comment on Guidance ICP 9.6.5

**Answer**

Q101 Comment on Guidance ICP 9.6.6

**Answer**

Q102 Comment on Guidance ICP 9.6.7

**Answer**

The wording of this paragraph should be amended, because it implies that advanced notice is not necessarily to be preferred. Advanced notice should be the preferred method, and advanced notice should be given in all circumstances, barring extraordinary circumstances (i.e. theft, fraud). Providing advance notice will help achieve better outcomes from the on-site inspection.

Strict confidentiality should be maintained for information gathered during the on-site inspection.

Q103 Comment on Guidance ICP 9.6.8

**Answer**

Q104 Comment on Standard CF9.6a

**Answer**

Q105 Standard CF9.6a

Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

**Answer**

Q106 Standard CF9.6a

What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q105 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q107 Standard CF9.6a

What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q105 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q108 Standard CF9.6a

Please provide the assumptions made to estimate the one-time costs (Q106) and the ongoing costs per year (Q107).

**Answer**

Q109 Standard CF9.6a

Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

<b>Answer</b>	<input type="text"/>
	Q110 Comment on Guidance CF9.6a.1
<b>Answer</b>	<input type="text"/>
	Q111 Comment on Guidance CF9.6a.2
<b>Answer</b>	<input type="text"/>
	Q112 Comment on Guidance CF9.6a.3
<b>Answer</b>	<input type="text"/>
	Q113 Comment on Standard CF9.6b
<b>Answer</b>	We believe the stated situation would be a rare exception, since the local supervisor of the legal entity would normally have the appropriate knowledge and experience to efficiently inspect the legal entity.
	Q114 Standard CF9.6b Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?
<b>Answer</b>	<input type="text"/>
	Q115 Standard CF9.6b What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q114 that would have to be made solely for purposes of ComFrame (please specify the currency)?
<b>Answer</b>	<input type="text"/>
	Q116 Standard CF9.6b What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q114 that would have to be made solely for purposes of ComFrame (please specify the currency)?
<b>Answer</b>	<input type="text"/>
	Q117 Standard CF9.6b Please provide the assumptions made to estimate the one-time costs (Q115) and the ongoing costs per year (Q116).
<b>Answer</b>	<input type="text"/>
	Q118 Standard CF9.6b Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).
<b>Answer</b>	<input type="text"/>
	Q119 Comment on Guidance CF9.6b.1
<b>Answer</b>	<input type="text"/>

Q120 Comment on Guidance CF9.6b.2

**Answer**

Q121 Comment on Standard ICP 9.7

**Answer**

Q122 Comment on Guidance ICP 9.7.1

**Answer**

Q123 Comment on Guidance ICP 9.7.2

**Answer**

Q124 Comment on Standard CF9.7a

**Answer**

Q125 Standard CF9.7a  
Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

**Answer**

Q126 Standard CF9.7a  
What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q125 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q127 Standard CF9.7a  
What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q125 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q128 Standard CF9.7a  
Please provide the assumptions made to estimate the one-time costs (Q126) and the ongoing costs per year (Q127).

**Answer**

Q129 Standard CF9.7a  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

**Answer**

Q130 Comment on Annex to ICP 9

**Answer** With respect to the Annex to ICP 9, we recommend the following edits:

Section A.: In the 1st bullet, minutes of the Board and its committees should only be reviewed by the group-wide supervisor. In the 2nd bullet, certain communications provided by the auditors to the Board and/or the Audit Committee, such as work-papers, may be privileged and/or confidential. In the 3rd bullet, the term “external auditor” should be clarified, and if the external auditor is hired by the insurer, then certain information obtained by the external auditor may be privileged and/or confidential. In the 5th bullet, add “(noting that not all Board members are independent of the insurer, e.g., CEO)” after “evaluating the independence of the Board Members”.

Section E.: In the heading, delete the word “fair” since it is subjective. In the 1st bullet, replace the word “fair” with “appropriate”.

Q131 General Comment on ICP 10

**Answer** The provisions of ICP 10 and the related ComFrame material suggest that the supervisor should have sufficient powers to address any breach of a regulatory requirement and to take/escalate supervisory actions in order to bring the insurer/insurer group into compliance. Our primary concern with these provisions, and the consultation in general, is that the supervisor is often granted wide latitude, discretion and scope to impose preventive, corrective and even punitive measures, with very little restrictions. Yet for those ICPs focused on obligations of the insurer (e.g., ICPs 3 and 9), the guidance is often intrusive, granular and prescriptive. In order for the ICPs and ComFrame to be effective, there must be a balanced regulatory approach. GFIA expects supervisors to respect insurers right to run their business without excessive regulatory intrusion. And when supervisors need to exercise their enforcement authority, GFIA expects supervisors to do so in a measured, disciplined manner.

GFIA highlights the following concerns with ICP 10:

1. Preventive measures/early intervention powers should not be triggered unless there is a breach of the applicable capital standard. Otherwise, the point at which the measures are taken would become a new regulatory intervention level, which would lead to an inflation of capital requirements.

GFIA believes a recovery plan should provide a tangible benefit and should be developed pursuant to the principle of proportionality.

Q132 General Comment on ComFrame material integrated with ICP 10

**Answer** We cannot stress enough the fact that supervisors – whether the group-wide supervisor or a relevant involved supervisor – cannot assert authority over the Head of the IAIG or a legal entity within the group unless the supervisor has legal jurisdiction over the entity for which it wishes to exercise control. It follows, then, that sanctions can only be applied to an entity over which the supervisor has jurisdiction and such entity has engaged in sanctionable action.

Q133 Comment on Introductory Guidance ICP 10.0.1

**Answer** Guidance ICP 10.0.1 states that the supervisor should initiate escalating measures to prevent a breach of regulatory requirements by an insurer. GFIA believes it would be more appropriate to state the following here: “the supervisor should increase engagement/review as an insurer becomes increasingly likely to breach regulatory requirements; such engagement needs to be taken in the context of the existing regulatory early intervention framework.”

Q134 Comment on Introductory Guidance ICP 10.0.2

**Answer**

Q135 Comment on Introductory Guidance ICP 10.0.3

**Answer** GFIA believes the guidance should recognise that it is equally crucial for the operation of an efficient and competitive insurance market for a clear supervisory framework to be in place, thus providing certainty for firms about the regulatory environment in which they operate. Such a framework should allow for transparency and accountability of supervisory actions. In this context, the penultimate sentence needs to be strengthened in order to state that “other parts of the regulatory framework on preventive measures, corrective measures and sanctions should also be released publicly.” The last clause of that sentence, “particularly where the supervisor feels that this additional transparency will lead to the market functioning more effectively,” should be deleted.

Q136 Comment on Introductory Guidance ICP 10.0.4

**Answer**

Q137 Comment on Introductory Guidance ICP 10.0.5

**Answer**

Q138 Comment on Introductory Guidance ICP 10.0.6

**Answer**

Q139 Comment on Introductory Guidance ICP 10.0.7

**Answer**

References to “other involved supervisors” could be changed to “other relevant supervisors.” This is a horizontal amendment across the text and package of ICPs.

Q140 Comment on Standard CF10.0a

**Answer**

Q141 Standard CF10.0a

The IAIS considers it important for IAIGs that the group-wide supervisor can hold the Head of the IAIG accountable for meeting standards which apply to the group as a whole, even where the Head of the IAIG is an unregulated financial holding company. The draft ComFrame standard CF10.0a provides that “supervisory measures” must be available, but does not specify a minimum set of such supervisory measures which should be available to the group-wide supervisor to take. Examples of some supervisory measures are provided as guidance in ICP 10.2.5, including requiring an increase in capital, but, as guidance, these measures do not have to be available.

- Should the ComFrame standard refer to any specific measures which must be available to the group-wide supervisor to apply directly to the Head of the IAIG?
- If yes, what measures should be referred to in the standard?

**Answer**

GFIA recognizes that the administration of supervisory oversight would be more efficient if the group-wide supervisor has the authority to hold the Head of the IAIG accountable for applying the ComFrame standards to the group as a whole. However, ComFrame must be implemented within the existing legal structure of jurisdictions in which the IAIG operates. Accordingly, GFIA continues to stress that ComFrame standards must be flexible enough to accommodate the requirements of different jurisdictions.

The challenge in drafting ComFrame is to set a sufficiently strong standard that will encourage jurisdictions to move toward a common objective, while not prescribing specific measures that must be taken by the jurisdictions in order to meet the standard. While it is suitable to provide examples of measures some jurisdictions have taken to help them meet certain standards, it is inappropriate to prescribe specific measures that must be available to the group-wide supervisor because (1) the specific measure may not be relevant to any given IAIG because of legal and cultural barriers, and (2) the group-wide supervisor may lack legal authority or practical capacity to enforce the specific measures.

Q142 Standard CF10.0a  
Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

Answer

Q143 Standard CF10.0a  
What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q142 that would have to be made solely for purposes of ComFrame (please specify the currency)?

Answer

Q144 Standard CF10.0a  
What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q142 that would have to be made solely for purposes of ComFrame (please specify the currency)?

Answer

Q145 Standard CF10.0a  
Please provide the assumptions made to estimate the one-time costs (Q143) and the ongoing costs per year (Q144).

Answer

Q146 Standard CF10.0a  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

Answer

Q147 Comment on Guidance CF10.0a.1

Answer

Q148 Comment on Guidance CF10.0a.2

Answer

The provision indicating that the group-wide supervisor should “use indirect powers to apply supervisory measures” is vague. The guidance should be clearer as to what action is expected by the group-wide supervisor when using “indirect powers.”

This provision is another example in which the guidance assumes the group-wide supervisor has more authority than may legally and practically be available. The more appropriate course of action may be to engage the assistance of relevant local authority with jurisdiction over the Head of the IAIG.

Q149 Comment on Standard CF10.0b

Answer

Q150 Standard CF10.0b  
Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

Answer

Q151 Standard CF10.0b  
What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q150 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q152 Standard CF10.0b  
What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q150 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q153 Standard CF10.0b  
Please provide the assumptions made to estimate the one-time costs (Q151) and the ongoing costs per year (Q152).

**Answer**

Q154 Standard CF10.0b  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

**Answer**

Q155 Comment on Guidance CF10.0b.1

**Answer**

Q156 Comment on Guidance CF10.0b.2

**Answer**

Q157 Comment on Guidance CF10.0b.3

**Answer**

Q158 Comment on Guidance CF10.0b.4

**Answer**

Q159 Comment on Guidance CF10.0b.5

**Answer**

Q160 Comment on Guidance CF10.0b.6

**Answer**

Q161 Comment on Standard ICP 10.1

**Answer**

Q162 Comment on Guidance ICP 10.1.1

<b>Answer</b>	There may be liability concerns if insurers are conscripted to notify the supervisor of suspicious activity regarding unlicensed insurance activity—there is a need to protect whistleblowers.
	Q163 Comment on Guidance ICP 10.1.2
<b>Answer</b>	
	Q164 Comment on Standard ICP 10.2
<b>Answer</b>	<p>General Comments About Preventive Measures --</p> <p>GFIA believes the definition of preventive measures should be clear, and in particular, the distinction between preventive and corrective measures; the link with early intervention should be clear.</p> <p>As contemplated by ComFrame, the PCR is not the minimum requirement; the actual minimum requirement is the MCR. Therefore, it is inappropriate for the supervisor to exercise preventive/early intervention powers where the insurer has not breached the PCR. Otherwise, the point at which the supervisor exercises those powers becomes a regulatory intervention level, thereby effectively increasing capital requirements. For regulatory frameworks that already provide for different levels of required capital in order to facilitate an adequate ladder of supervisory intervention, preventive measures of the nature described in Guidance ICP 10.2.5 should not be taken while the firm is still in compliance with requirements of the regulatory framework.</p> <p>Throughout ICP 10, different statements are made regarding preventive measures. GFIA believes it is of utmost importance that IAIS clarify that these measures can only be triggered once the company has breached the PCR, and should be used in a proportionate manner, taking into account any recovery measures that the company will carry out.</p> <p>This Standard appears to give the supervisor very wide-ranging powers, including stopping new business (in Guidance ICP 10.2.5), even if the company has not breached any minimum regulatory requirement. GFIA considers that the wording in Standard ICP 10.2 – “seems likely to operate in a manner that is inconsistent with regulatory requirements”- does not provide a sufficient basis for the supervisor to take the intrusive actions anticipated in Guidance ICP 10.2.5.</p>
	Q165 Comment on Guidance ICP 10.2.1
<b>Answer</b>	
	Q165 Comment on Guidance ICP 10.2.1
<b>Answer</b>	
	Q166 Comment on Guidance ICP 10.2.2
<b>Answer</b>	
	Q167 Comment on Guidance ICP 10.2.3
<b>Answer</b>	
	Q168 Comment on Guidance ICP 10.2.4
<b>Answer</b>	
	Q169 Comment on Guidance ICP 10.2.5

<b>Answer</b>	GFIA highlights that it would be expected from the company's board that when the relevant capital measure is breached, the company has a credible recovery plan in place and will discuss/communicate this plan with the supervisor. The supervisory powers detailed in this guidance would only be needed if the recovery plan was not considered suitable or working as intended.
	Q170 Comment on Guidance ICP 10.2.6
<b>Answer</b>	
	Q171 Comment on Guidance ICP 10.2.7
<b>Answer</b>	
	Q172 Comment on Guidance ICP 10.2.8
<b>Answer</b>	The notion that the supervisor should be overseeing the external auditor would interfere with the professional body governing accountants. It is one thing to require a supplemental audit or even to require a company to change auditors, but to allow a supervisor to sanction the auditor goes too far.
	Q173 Comment on Standard CF10.2a
<b>Answer</b>	GFIA does not agree, the standard states that the group wide supervisor should take preventive measures in circumstances where the IAIG operates in a manner inconsistent with regulatory requirements. GFIA believes the following wording for this standard is more appropriate: "the Group-Wide Supervisor should intervene when the regulatory intervention level is breached, i.e. when the IAIG is operating in a manner which leads to a breach of the regulatory intervention level (on group level and/or on an entity level when it could affect the IAIG as a whole)."
	Q174 Standard CF10.2a Does the IAIG currently fulfil the requirements of the standard? If "No" or "Partially", what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?
<b>Answer</b>	
	Q175 Standard CF10.2a What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q174 that would have to be made solely for purposes of ComFrame (please specify the currency)?
<b>Answer</b>	
	Q176 Standard CF10.2a What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q174 that would have to be made solely for purposes of ComFrame (please specify the currency)?
<b>Answer</b>	
	Q177 Standard CF10.2a Please provide the assumptions made to estimate the one-time costs (Q175) and the ongoing costs per year (Q176).
<b>Answer</b>	

Q178 Standard CF10.2a  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

Answer

Q179 Comment on Guidance CF10.2a.1

Answer

Q180 Comment on Guidance CF10.2a.2

Answer

Q181 Comment on Guidance CF10.2a.3

Answer

Q182 Comment on Standard ICP 10.3

Answer

Recovery Plans – Where the recovery plan is a corrective measure, there should be a clear, identifiable condition for the development of a recovery plan, such as when the insurer's solvency has weakened or if the insurer poses a material risk to the public.

When drafting principles for the development of recovery plans as a corrective measure, supervisors should keep in mind that:

- A recovery plan's purpose is to present ways to restore a troubled insurer to operational health. Therefore, the provisions of a recovery plan should be different from those in resolution plans which are applied to insurers that have passed the point of non-viability.
- Recovery plans are supposed to work under assumptions of future financial circumstances but, given that neither the insurer nor the supervisor can fully anticipate these, recovery plans should remain flexible and not seek to be overly prescriptive or detailed. The supervisor's role should be to understand how an insurer will be responding, not to determine the actions it should take.
- Ideally, a recovery plan requirement should be linked to a breach of regulatory capital and there should be a time period that the insurer has to prepare the recovery plan. But in any case, the triggering event should not be pre-defined, but should rather be based on dialogue with the supervisor and on a case-by-case basis. As proposed, recovery plans would be required without a triggering event.

Finally, it is important for the supervisor to understand that the development of recovery plans has inherent risk because the plan is speculative. Thus, it is unwise to require insurers to commit considerable resource to creating detailed recovery plans for unknowable future what-if scenarios. Instead, the preferred approach is to maintain flexibility in order to understand options and alternatives.

Q183 Comment on Guidance ICP 10.3.1

Answer

Q183 Comment on Guidance ICP 10.3.1

Answer

Q184 Comment on Guidance ICP 10.3.2

Answer

Q185 Comment on Guidance ICP 10.3.3

**Answer** The guidance is appropriate when the recovery plan is being developed as a corrective measure. However, when the recovery plan is an internal risk management tool, the actual actions to be taken will depend upon the specific circumstances and the discretion of the insurer's management. Consequently, the supervisor's role should be to understand how an insurer is responding, not to determine the actions it should take.

Q186 Comment on Guidance ICP 10.3.4

**Answer**

Q187 Comment on Guidance ICP 10.3.5

**Answer**

GFIA believes that recovery plans should be reviewed and updated when there are material changes to an insurer's business or structure and, for clarity, this guidance should note that such reviews will be undertaken by the insurer.

Q188 Comment on Standard CF10.3a

**Answer**

As currently drafted, this guidance creates an extremely onerous requirement for every IAIG to prepare recovery plans. As we have previously indicated, a supervisory requirement to develop a recovery plan should be contingent on the breach of a solvency requirement. An otherwise healthy IAIG that is in compliance with its regulatory requirements should have no obligation to prepare a recovery plan, unless the IAIG chooses to do so as part of its own internal risk management process.

For those situations in which corrective measures are necessary because of a regulatory breach, GFIA makes the following observations:

- Recovery plan requirements should be applied in a proportionate manner, with respect to (a) insurers for which the plan is required, and (b) the requirements of the plan.
- In general, GFIA believes that early intervention powers should not be used before there has been a breach of the applicable capital standard. Any requirement for recovery planning should be appropriate in the context of the objectives of the supervisory framework. In other words, the proportionality principle needs to be taken into account for the application of all intervention powers.

Q189 Standard CF10.3a

Does the IAIG currently fulfil the requirements of the standard? If "No" or "Partially", what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

**Answer**

Q190 Standard CF10.3a

What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q189 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q191 Standard CF10.3a

What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q189 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q192 Standard CF10.3a  
Please provide the assumptions made to estimate the one-time costs (Q190) and the ongoing costs per year (Q191).

Answer

Q193 Standard CF10.3a  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

Answer

Q194 Comment on Guidance CF10.3a.1

Answer

We welcome that this ComFrame guidance includes language that explicitly gives consideration to proportionality with regard to the form, content and detail of the recovery plan and the frequency for updating the plan. This comment introduces a series of factors which would have to be taken into account by the supervisor when setting recovery plan requirements as a corrective measure. The proportionality principle should also be applied when considering whether the set-up of recovery plans is actually needed in all cases. Applying the proportionality principle would ensure that certain firms do not devote unnecessary resources developing such plans when the relevance of doing so is rather limited and could be counter-productive where it acts as a distraction for more effective, preventative measures. There should be a possibility for national supervisory authorities to exclude insurers that are less complex from the scope of this requirement.

IAIS should further review provisions regarding recovery plan (i.e., CF 10.3a, CF 10.3b and guidance under those standards). We would welcome refinement that narrows these provisions to the minimum necessary.

We also note the inconsistency between this ComFrame guidance and CF 10.3a.10, which assumes the group-wide supervisor to be responsible for reviewing recovery plan. "The group-wide supervisor" should replace "the supervisor".

Q195 Comment on Guidance CF10.3a.2

Answer

GFIA generally agrees. However, GFIA believes a recovery plan should only be required where it this would provide a tangible benefit, per the principle of proportionality. In addition, pre-defined criteria may trigger consideration of recovery actions, as the exact nature and timing of recovery action will be a matter requiring management discretion, depending on the circumstances.

Q196 Comment on Guidance CF10.3a.3

Answer

GFIA is concerned by the reference to a "strong likelihood that the insurer's solvency position will be below the PCR level." This provision could be read as requiring firms to hold more than the PCR, as not doing so would mean they would be required to implement recovery actions to reduce the likelihood of falling below this level. The IAIS should clarify that this is not the intention of the provision.

Given that there is an on-going discussion on the calibration and the usage of ICS, we believe it is premature to include an example of a PCR trigger. Further discussion is needed before such an example can be included.

Q197 Comment on Guidance CF10.3a.4

Answer

Q198 Comment on Guidance CF10.3a.5

Answer

Q199 Comment on Guidance CF10.3a.6

**Answer**

GFIA notes that intra-group transactions are often subject to supervisory scrutiny. In this context, the request for a cash flow analysis under stressed conditions for recovery planning purposes appears to go too far. Instead, GFIA recommends a qualitative discussion of the significant intra-group transactions.

Q200 Comment on Guidance CF10.3a.7

**Answer**

Q201 Comment on Guidance CF10.3a.8

**Answer**

For the first bullet in this section, there should be certain limitations on “a range of significant stress scenarios,” as development of recovery plans is likely to pose excessive burden on IAIGs, depending on the number of scenarios and the level of severity. The first bullet could be revised, for example, as follows:

“concrete, credible options to respond to a range of significant stress scenarios that are deemed significant to the entity, including both idiosyncratic and market stress.”

It should be underscored that recovery measures included in recovery plans are identified as provisional options and that, when recovery action is initiated, the IAIG will determine the suitable measures as appropriate to the circumstances. The fourth and fifth bullet should be amended as follows in order to refer to such determination:

- The fourth bullet –“processes for the timely determination and implementation of recovery actions”;
- The fifth bullet –“quantitative or qualitative trigger points, and governance and escalation mechanisms, for the timely determination and initiation of the plan or individual measures”

GFIA suggests the following principles that should be followed when drafting a recovery plan:

- In general, if the probability of a company to enter in regulatory recovery is low, an additional pre-emptive recovery plan is less or not necessary.
- A group recovery plan should be sufficient and should automatically satisfy requests for setting up national plans for subsidiaries, as recovery measures concern the whole group (e.g. intra-group capital injections). A myriad of local recovery plans would not only be confusing but would unduly increase the regulatory burden without bringing any added value. In addition, a group recovery plan would be deemed sufficient as increased cooperation and coordination between relevant authorities will have ensured that such plan is appropriate.
- The plan should be set up to include all material legal entities which make up a substantial part of the group’s total assets and operating profits. A broader scope would not yield any new recovery options.
- The adequacy of recovery options should be assessed against, and commensurate with, the stresses applied. The modelled stresses should be restricted to a few meaningful ones and an idiosyncratic one, in order to test the adequacy of the recovery options.
- Data privacy must be secured when sharing the recovery plan among relevant supervisors and the confidentiality of the recovery plan must be ensured.
- The plan should include the identification of possible recovery options, such as actions to strengthen the capital situation.

Q202 Comment on Guidance CF10.3a.9

**Answer**

Q203 Comment on Guidance CF10.3a.10

**Answer**

Q204 Comment on Standard CF10.3b

**Answer**

GFIA would welcome more clarity on how proportionality would apply in the requirement for the maintenance of a Management Information System.

GFIA believes that CF 10.3b, which requires the IAIG to develop and maintain management information systems (MIS), needs to be reconsidered from the following three angles:

- It should be clarified that the content of information produced by management information system should be determined under the proportionality principle for example by giving due consideration to cost/benefit analysis;
- It is not appropriate to give specific name to such a system such as “management information system (MIS)” as this would lead to the misunderstanding that resolution authorities must require the IAIG to develop certain pre-defined set of systems. “Adequate arrangements for information management” should replace “management information system”; and
- The existing information system that IAIGs have in place should be recognised as an effective management information system where such existing system can function as envisaged by this Standard. It should be clarified that the supervisor does not necessarily require the IAIG to develop a brand-new system in such cases as it could impose excessive burden on IAIGs in terms of resources (e.g. financial, human).

To reflect these considerations, the standard should be redrafted as follows: “The supervisor requires that the IAIG to establish and maintain adequate arrangements for information management that are able to produce information on a timely basis in normal times for recovery. The IAIG can rely on the existing information system it has in place. When setting out detailed content for information produced by IAIG’s information management system should be decided proportionate to the nature, scale and complexity of the IAIG.”

This Standard should also clarify that it does not require a separate Management Information System to be maintained for the purposes of recovery planning, and that normal internal systems and controls can be adequate.

Q205 Standard CF10.3b

Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

**Answer**

Q206 Standard CF10.3b

What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q205 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q207 Standard CF10.3b

What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q205 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q208 Standard CF10.3b

Please provide the assumptions made to estimate the one-time costs (Q206) and the ongoing costs per year (Q207).

**Answer**

Q209 Standard CF10.3b  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

**Answer**

Q210 Comment on Guidance CF10.3b.1

**Answer**

Q211 Comment on Standard ICP 10.4

**Answer**

Q212 Comment on Guidance ICP 10.4.1

**Answer**

Q213 Comment on Guidance ICP 10.4.2

**Answer**

Q214 Comment on Guidance ICP 10.4.3

**Answer**

Q215 Comment on Guidance ICP 10.4.4

**Answer**

Q216 Comment on Guidance ICP 10.4.5

**Answer**

Q217 Comment on Standard ICP 10.5

**Answer**

Q218 Comment on Guidance ICP 10.5.1

**Answer**

Q219 Comment on Guidance ICP 10.5.2

**Answer**

Q220 Comment on Guidance ICP 10.5.3

**Answer**

Q221 Comment on Standard CF10.5a

**Answer**

Q222 Standard CF10.5a  
Does the IAIG currently fulfil the requirements of the standard? If "No" or "Partially", what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

**Answer**

Q223 Standard CF10.5a  
What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q222 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q224 Standard CF10.5a  
What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q222 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q225 Standard CF10.5a  
Please provide the assumptions made to estimate the one-time costs (Q223) and the ongoing costs per year (Q224).

**Answer**

Q226 Standard CF10.5a  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

**Answer**

Q227 Comment on Standard CF10.5b

**Answer**

Q228 Standard CF10.5b  
Does the IAIG currently fulfil the requirements of the standard? If "No" or "Partially", what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

**Answer**

Q229 Standard CF10.5b  
What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q228 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q230 Standard CF10.5b  
What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q228 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q231 Standard CF10.5b  
Please provide the assumptions made to estimate the one-time costs (Q229) and the ongoing costs per year (Q230).

**Answer**

Q232 Standard CF10.5b  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

**Answer**

Q233 Comment on Standard ICP 10.6

**Answer**

o ICP 10.6.2 Sanctions - This provision provides that regulators should be able to impose punitive sanctions. The term "punitive" is vague. Guidance should provide specific conditions as to when "punitive" can be applied. Otherwise, this provision should be removed.

o 10.6.6—This bullet should be clarified to indicate that the supervisor may not impose sanctions on insurers beyond what is found in a recovery plan. The supervisor cannot exceed its authority and impose sanctions which are not "supervisory" in nature.

o ICP 10.6.7 – removal of senior managers, unless the result of law enforcement activity, is not available in all jurisdictions in the world. Thus, we question if this is relevant for worldwide guidance.

Q234 Comment on Guidance ICP 10.6.1

**Answer**

Q235 Comment on Guidance ICP 10.6.2

**Answer**

Q236 Comment on Guidance ICP 10.6.3

**Answer**

Q237 Comment on Guidance ICP 10.6.4

**Answer**

Q238 Comment on Guidance ICP 10.6.5

**Answer**

Q239 Comment on Guidance ICP 10.6.6

**Answer**

Q240 Comment on Guidance ICP 10.6.7

**Answer**

Q241 Comment on Guidance ICP 10.6.8

**Answer**

Q242 Comment on Guidance ICP 10.6.9

**Answer**

Q243 Comment on Guidance ICP 10.6.10

**Answer**

Q244 Comment on Standard CF10.6a

**Answer**

When suggesting the imposition of penalties and sanctions, there should be more definitive criteria than the vague term "appropriate". Actions of an affiliate should not trigger a sanction on the Head of the IAIG; it raises due process concerns. The imposition of sanctions must be proportionate.

Q245 Standard CF10.6a

Does the IAIG currently fulfil the requirements of the standard? If "No" or "Partially", what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

**Answer**

Q246 Standard CF10.6a

What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q245 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q247 Standard CF10.6a

What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q245 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q248 Standard CF10.6a

Please provide the assumptions made to estimate the one-time costs (Q246) and the ongoing costs per year (Q247).

**Answer**

Q249 Standard CF10.6a

Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

**Answer**

Q250 Comment on Guidance CF10.6a.1

**Answer**

Q251 Comment on Guidance CF10.6a.2

**Answer**

Q252 Comment on Guidance CF10.6a.3

**Answer**

The Guidance should clarify what the "indirect powers" are that the Guidance says the group-wide supervisor should use against the head of the IAIG not located in its jurisdiction.

Q253 Comment on Standard CF10.6b

**Answer**

Q254 Standard CF10.6b  
Does the IAIG currently fulfil the requirements of the standard? If “No” or “Partially”, what changes would have to be made in order to comply with ComFrame (e.g. changes to resources, processes, structures, etc.) and to what extent would those changes have to be made solely for the purpose of ComFrame?

**Answer**

Q255 Standard CF10.6b  
What are the one-time (initial) costs to the firm associated with the changes described in the answer to Q254 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q256 Standard CF10.6b  
What are the ongoing costs to the firm per year (excluding one-time costs) associated with the changes described in the answer to Q254 that would have to be made solely for purposes of ComFrame (please specify the currency)?

**Answer**

Q257 Standard CF10.6b  
Please provide the assumptions made to estimate the one-time costs (Q255) and the ongoing costs per year (Q256).

**Answer**

Q258 Standard CF10.6b  
Please specify the benefits of fulfilling the requirements included in the standard (that are attributable solely to ComFrame). The benefit should be viewed in terms of meeting the overall standard and should be all encompassing (e.g. the benefit for the company as well as the benefits for policyholders, for the public, for financial stability, etc.).

**Answer**

Q259 Comment on Guidance CF10.6b.1

**Answer**