

IAIS Consultations

Print view of your comments on "ICPs 20 (Public Disclosure)"

Organisation	Global Federation of Insurance Associations
Jurisdiction	Global
Role	Other (not IAIS Member)
Email	secretariat@gfiainsurance.org
Phone	003228943081
Treat my comments as confidential	No

Question	
	Q1 General Comment on ICP 20
Answer	<p>The Global Federation of Insurance Associations (GFIA) welcomes the opportunity to provide comments on the draft revisions to ICP 20 (Public Disclosure).</p> <p>GFIA highlights that this revised version of ICP 20 directs supervisors to require insurers to make public disclosures of very detailed information about a wide range of topics concerning their business activities and financial condition. Many of these new disclosure requirements are currently not disclosed publicly; and are expressly protected from disclosure under current law, or in some cases are not even disclosed confidentially to supervisors in any of the current reports. As such, many of the disclosures would require insurers to develop new systems simply to capture the information for the disclosure.</p> <p>GFIA takes the view that in the current consultation, the IAIS has not effectively balanced the required detail or type of disclosure against countervailing considerations. Often the required disclosure would be far too complex to be of material value to anyone but the most well-informed insurance analysts or other market participants. In other cases, the revised ICP requires disclosure of confidential and proprietary business information which is detrimental to healthy and competitive insurance markets. Additional conversation about the proposed changes would help the IAIS understand the problems with these additional disclosures.</p> <p>GFIA notes that there is a need for significant discussion before such changes are made to disclosures under ICP 20. The changes proposed to ICP 20 are far more concerning and substantive than represented at the July 16 background session and go well beyond "strengthening the requirements". Against this background, GFIA requests that this initial consultation be a first step toward working through the above-mentioned issues and that a second consultation be issued following reflection on the comments that would incorporate necessary changes to the revised ICP 20.</p> <p>In addition, GFIA would like to point out that it seems that revised ICP 20 is focused more on financial reporting than on supervisory reporting. In a number of jurisdictions, supervisory authorities are not responsible for setting requirements on financial reporting. Financial and supervisory reporting frameworks follow different objectives and have different stakeholders as their target addressees. A detailed description of all the differences is burdensome and complex, and is not necessary in GFIA's view.</p> <p>Furthermore, GFIA is of the view that: Disclosure requirements should be limited to material information. In jurisdictions where supervisory frameworks already have public disclosure regimes, the disclosure requirements should be limited to already available/collected information/data. Additionally, already existing disclosure requirements should be reviewed and examined as to whether the collected information and data serve to achieve the objectives of public disclosure. Providing meaningful information to both policyholders and market participants in a single report is challenging. The costs of disclosure and the benefit and added value of public disclosure should be in proportionate, which, in GFIA's view, is currently not always the case. The principles of proportionality should be applied in a consistent manner to avoid creating competitive disadvantages.</p>

Q2 Comment on Introductory Guidance ICP 20.0.1

Answer

Because the term “market” is used broadly to include the investment markets (“investors”) and financial markets (“lenders and creditors”), this ICP should acknowledge that the insurance supervisor should work collaboratively with other market supervisors, in order to avoid inconsistent regulatory approaches.

GFIA is of the view that disclosure requirements should be limited to information necessary and useful for the addressees. Excessive requirements are overly burdensome for insurance companies and risk making reports complex and confusing for the public.

Furthermore, it is challenging to meaningfully address both policyholders and sophisticated market participants in a single report. It may be appropriate for insurers to tailor certain disclosures to particular addressees by varying the scope, level of detail, and methods of the disclosure.

Q3 Comment on Introductory Guidance ICP 20.0.2

Answer

Q4 Comment on Introductory Guidance ICP 20.0.3

Answer

GFIA agrees that insurers that already provide public general purpose financial reports should not be required by the supervisor to provide the same information.

Q5 Comment on Introductory Guidance ICP 20.0.4

Answer

GFIA is concerned with the portion of this guidance stating that differences in public disclosures should be “reconciled in detail” because, in practice, such reconciliation may not be a feasible or worthwhile requirement. Policyholders and market participants may not easily comprehend these detailed explanations, which would interfere with the objective of providing meaningful and useful information (as stated in ICP 20.0.1).

Therefore, GFIA proposes to reword the sentence as follows: “To the extent that there are differences between the methodologies used in regulatory reporting, general purpose financial reporting and any other items for public disclosure, it is essential that they are publicly explained and reconciled in detail where possible in a reasonable way where necessary”.

Q6 Comment on Introductory Guidance ICP 20.0.5

Answer

GFIA supports the concept of proportionality and therefore agrees that disclosure requirements should depend on the nature, scale and complexity of insurers.

The supervisor should apply disclosure requirements consistently across companies of a similar nature, scale and complexity. That is, no particular insurer should have more burdensome disclosure requirements than other comparable insurers. It is important that there is a level playing field on public disclosures.

Q7 Comment on Introductory Guidance ICP 20.0.6

Answer

In general, GFIA agrees that the supervisor should be permitted to grant limitations regarding disclosure requirements where there is not a threat to the financial system or a public interest for disclosure. However, the disclosure requirements should be applied consistently and within the scope of the principles of proportionality.

Q8 Comment on Introductory Guidance ICP 20.0.7

Answer GFIA agrees that it may be useful to describe the methods applied and assumptions used within the public disclosure in order to enable some stakeholders to make comparisons. However, GFIA points out that the extent of required explanations should be appropriate. Otherwise, this would contribute to an additional, excessive burden for the undertakings. Similarly, outlining differences in accounting, actuarial policies, practices, and procedures could lead to an overload of information for policyholders, which counteracts the objectives established in ICP 20.0.1.

Furthermore, GFIA does not take the view that disclosure of methods and assumptions will always assist policyholders and market participants in making comparisons. Therefore, GFIA suggests amending the second sentence as follows: "Disclosure of methods and assumptions may assist policyholders and market participants in making comparisons between insurers".

Q9 Comment on Introductory Guidance ICP 20.0.8

Answer GFIA agrees that this type of information may be useful to inform comparisons. However, the requested information should be limited to an appropriate extent, and the supervisor should clearly outline what level of technical qualification and knowledge insurers should assume the addressees possess.

Q10 Comment on Introductory Guidance ICP 20.0.9

Answer See comment on ICP 20.0.8 (Q9)

Q11 Comment on Introductory Guidance ICP 20.0.10

Answer GFIA agrees that excessive disclosure requirements will not lead necessarily to effective disclosures for policyholders and market participants. This guidance appears to conflict with previous guidance, in particular ICP 20.0.7-20.0.9, because requiring detailed information on changes in methods, etc. would trigger extensive disclosure (e.g., Solvency II reporting). Against this background, GFIA is of the view that this provision (ICP 20.0.10) should prevail over the previous guidance.

Q12 Comment on Introductory Guidance ICP 20.0.11

Answer GFIA agrees that the supervisor should take into account proprietary and confidential information in establishing disclosure requirements for its jurisdiction. This concept is extremely important, so as not to disturb insurers' competitive position. Therefore, this concept should be clearly stated in this principle or standards of this ICP. If not, then GFIA would like to clarify that this concept should be applied for all standards and guidance of ICP 20.

Q13 Comment on Introductory Guidance ICP 20.0.12

Answer See comment on ICP 20.0.11 (Q12)

Q14 Comment on Introductory Guidance ICP 20.0.13

Answer To avoid confusion from simultaneous use of the word "insurer" and "group", GFIA offers a slight re-write of the third sentence: "Where this is the case, the supervisor should require that the insurer endeavour to provide disclosures based on the scope of the group for supervisory purposes, to the extent practicable". However, GFIA takes the view the type of disclosure proposed in the fourth sentence would be excessively burdensome and confusing.

Q15 Comment on Introductory Guidance ICP 20.0.14

Answer	In order to avoid duplication of disclosures, cross-references should not be limited to group level disclosures only, but should be also allowed for information accessible to the public in general (e.g., annual reports, sustainability reports, solvency and financial condition reporting).
Q16 Comment on Standard ICP 20.1	
Answer	GFIA notes it needs to be ensured that the principle of proportionality is applied across IAIS membership in a consistent manner, and unnecessary reporting must be avoided.
Q17 Comment on Guidance ICP 20.1.1	
Answer	GFIA suggests that this Guidance be reworded as a recommendation because it currently appears to create a requirement where the supervisor has chosen for a requirement not to exist. In addition, GFIA notes that when there is no requirement for an insurer to publish audited financial statements, the frequency for publishing similar information should not be more than annually.
Q18 Comment on Standard ICP 20.2	
Answer	<p>Quantitative information may not always be available for all aspects mentioned in this Standard. Therefore, GFIA suggests the following wording: “qualitative and, where available and useful, quantitative information”.</p> <p>Further, in general, it is sufficient to provide information on an annual basis. It is necessary to focus on the disclosure of key information rather than on unnecessary volumes of data and explanations (in line with guidance 20.0.10). Most information on company profile, corporate governance framework, etc. remains constant over time; consequently, annual reporting should be largely sufficient.</p> <p>Similarly, it is important to evaluate the real public interest for disclosure. For example, experience shows that the public interest in information on an insurer’s governance system is low. Therefore, providing updated information on the governance system every year would be an unnecessary and excessive reporting burden.</p>
Q19 Comment on Guidance ICP 20.2.1	
Answer	<p>GFIA notes for purposes of the third bullet point, whether information is “reliable as a basis to make decisions” will depend on the type of decision and whether the disclosure is for policyholders or market participants.</p> <p>Additionally, the last bullet point mentions an important issue: The ICP’s goal of allowing market participants to be able to compare information requires the publication of a detailed level of information and explanations. It would be useful if the IAIS could clarify its expectations about the meaning and scope of “necessary” and “unnecessary” details/information.</p> <p>Also, see comments to Standard ICP 20.2 (Q18)</p>
Q20 Comment on Guidance ICP 20.2.2	
Answer	See comments to Standard ICP 20.2 (Q18)
Q21 Comment on Guidance ICP 20.2.3	
Answer	See comments to Standard ICP 20.2 (Q18)

Q22 Comment on Guidance ICP 20.2.4

Answer

See comments to Standard ICP 20.2 (Q18)

Q23 Comment on Guidance ICP 20.2.5

Answer

Q23: Comment on Guidance ICP 20.2.5 GFIA recommends that ICP 20 describe the level of knowledge an insurer can expect from a reader.

Additionally, see comments to Standard ICP 20.2 (Q18)

Q24 Comment on Guidance ICP 20.2.6

Answer

See comments to Standard ICP 20.2 (Q18)

Q25 Comment on Standard ICP 20.3

Answer

GFIA highlights that it needs to be assured that the principle of proportionality is applied in a consistent manner, and unnecessary reporting must be avoided.

Q26 Comment on Guidance ICP 20.3.1

Answer

See comments to Standard ICP 20.3 (Q25)

Q27 Comment on Guidance ICP 20.3.2

Answer

See comments to Standard ICP 20.3 (Q25)

Q28 Comment on Guidance ICP 20.3.3

Answer

See comments to Standard ICP 20.3 (Q25)

Q29 Comment on Guidance ICP 20.3.4

Answer

See comments to Standard ICP 20.3 (Q25)

Q30 Comment on Guidance ICP 20.3.5

Answer

GFIA questions the need for this paragraph, given the statements in paragraphs 20.0.11 and 20.0.12 regarding proprietary and confidential information. Competitive position, claims practices, internal business models, and plans for acquiring new business are typically confidential strategic decisions. Supervisors should not require disclosure of confidential information. GFIA recommends revision of this paragraph to state the following: "The supervisor may require the insurer to disclose significant features of regulatory and legal issues affecting its business."

Q31 Comment on Guidance ICP 20.3.6

Answer	<p>Consistent with confidentiality concerns highlighted in the response to Q30, GFIA recommends deleting the word “strategies” from this paragraph. Further, GFIA strongly is of the view that the insurer should not be required to disclose company objectives and timeframes for achieving those objectives. This information falls within the proprietary information discussed in 20.0.11, and its disclosure goes beyond what is required to give policyholders and market participants a clear view of an insurer’s business activities, risks, performance and financial position.</p>
Q32 Comment on Guidance ICP 20.3.7	
Answer	<p>GFIA takes the view that there is no need to elaborate on the exact human and intellectual capital as this is non-essential information for the appraisal of the undertaking’s risk and financial situation, or for meaningful comparisons.</p> <p>Further, the specific type of information requested on human and/or intellectual capital is vague. Efforts to develop such information could be extensive and yet only produce qualitative information. Also, see comments to Standard ICP 20.3 (Q25)</p>
Q33 Comment on Standard ICP 20.4	
Answer	<p>See comments to Standard ICP 20.3 (Q25)</p>
Q34 Comment on Guidance ICP 20.4.1	
Answer	<p>See comments to Standard ICP 20.3 (Q25)</p>
Q35 Comment on Guidance ICP 20.4.2	
Answer	<p>See comments to Standard ICP 20.3 (Q25)</p>
Q36 Comment on Standard ICP 20.5	
Answer	<p>Considering the context of ICP 20.0.10, ICP 20.0.11 and ICP 20.0.12, this standard should allow flexibility for specific disclosures, while indicating the subject of what should be disclosed.</p> <p>Also, see comments to Standard 20.3 (Q25)</p>
Q37 Comment on Guidance ICP 20.5.1	
Answer	<p>GFIA is of the view that overly-detailed information about the level of aggregation used should not be disclosed. Further, the report’s main addressee should be defined clearly, as it is not possible to meet the expectations of policyholders and other market participants with one report.</p>
Q38 Comment on Guidance ICP 20.5.2	
Answer	<p></p>
Q39 Comment on Guidance ICP 20.5.3	

Answer	<p>This section states supervisors “should require information to be disclosed about the method used to derive the assumptions for calculating technical provisions, including the discount rate used.” While some supervisors might find the discount rate used to be informative, providing information about what assumptions led to the choice of discount rate, or even more far afield, disclosing the methodology by which those assumptions were made is far too attenuated to be of use to any ordinary interested party.</p> <p>Additionally, GFIA takes the view that the information requested in this guidance is too detailed, thus fostering an overload of information that policyholders cannot reasonably use. Therefore, the disclosure requirements in this guidance should be limited to material information.</p>
Q40 Comment on Guidance ICP 20.5.4	
Answer	<p>Given the different approaches for calculating technical provisions among jurisdictions, GFIA takes the view that the disclosure requirements in paragraphs 20.5.3 and 20.5.5 are sufficient, and therefore, paragraph 20.5.4 should be deleted.</p>
Q41 Comment on Guidance ICP 20.5.5	
Answer	<p>GFIA is of the view that the requirement for providing a description of how any range of scenarios regarding future experience has been derived is not necessary. This information is not necessary to achieve the objectives set out in ICP 20. Again, GFIA emphasises that the disclosure requirements in this guidance should be limited to material information.</p>
Q42 Comment on Guidance ICP 20.5.6	
Answer	
Q43 Comment on Guidance ICP 20.5.7	
Answer	<p>GFIA is of the view that the supervisor should not require an insurer to disclose the surrender values payable.</p>
Q44 Comment on Guidance ICP 20.5.8	
Answer	<p>GFIA is of the view that the information requested in this guidance is too detailed and should not have to be disclosed.</p> <p>GFIA disagrees with the statement that a reconciliation of technical provisions from the previous year may be particularly useful for policyholder decision-making.</p>
Q45 Comment on Guidance ICP 20.5.9	
Answer	<p>GFIA is of the view that the information requested in this guidance is too detailed and should not have to be disclosed.</p>
Q46 Comment on Guidance ICP 20.5.10	
Answer	<p>GFIA highlights that it must be ensured that proportionality is applied in a consistent manner.</p>
Q47 Comment on Guidance ICP 20.5.11	

Answer	GFIA is of the view that the information requested in this guidance is too detailed and should not have to be disclosed. This information is unlikely to enhance policyholders' understanding.
	Q48 Comment on Guidance ICP 20.5.12
Answer	GFIA is of the view that the information requested in this guidance should not have to be disclosed.
	Q49 Comment on Guidance ICP 20.5.13
Answer	GFIA is of the view that the information requested in this guidance should not have to be disclosed.
	Q50 Comment on Guidance ICP 20.5.14
Answer	GFIA is of the view that the information requested in this guidance is too detailed and should not have to be disclosed.
	Q51 Comment on Guidance ICP 20.5.15
Answer	GFIA is of the view that the information requested in this guidance is too detailed and should not have to be disclosed.
	Q52 Comment on Guidance ICP 20.5.16
Answer	GFIA is of the view that the information requested in this guidance is too detailed and should not have to be disclosed.
	Q53 Comment on Guidance ICP 20.5.17
Answer	GFIA is of the view that the information requested in this guidance is too detailed and should not have to be disclosed.
	Q54 Comment on Guidance ICP 20.5.18
Answer	GFIA is of the view that the information requested in this guidance is too detailed and should not have to be disclosed.
	Q55 Comment on Standard ICP 20.6
Answer	The reference to "models" in the list of matters that should be disclosed is inappropriate and should be removed.
	Q56 Comment on Guidance ICP 20.6.1

Answer	This Guidance notes that required disclosures could include a quantitative analysis of the insurer's sensitivity to change in key factors, both on a gross basis and taking into account the effect of reinsurance, derivatives and other forms of risk mitigation on that sensitivity. GFIA takes the view that it would be inappropriate to disclose information on a gross basis; ignoring the effects of risk mitigation could provide a misleading impression of an insurer. It would also seem to be inconsistent with statements in the introductory guidance that in establishing disclosure requirements, the supervisor should consider the need for disclosure that delivers key information rather than unnecessary volumes of data, as well as the need to balance meaningful disclosure and the protection of proprietary and confidential information.
	Q57 Comment on Guidance ICP 20.6.2
Answer	
	Q58 Comment on Guidance ICP 20.6.3
Answer	GFIA takes the view that it should be sufficient for the insurer to describe the process it has adopted to identify, measure, monitor and control the insurance risks. The reference to "models" in the list of matters that should be disclosed is inappropriate and should be removed.
	Q59 Comment on Guidance ICP 20.6.4
Answer	
	Q60 Comment on Guidance ICP 20.6.5
Answer	GFIA agrees that high-level information about the use of reinsurance and other forms of risk transfer may provide benefits to both policyholders and market participants. However, it is unlikely that the detailed disclosure set out in 20.6.6-20.6.8 and in 20.6.11 will enable policyholders to understand how the insurer controls its exposure to insurance risks.
	Q61 Comment on Guidance ICP 20.6.6
Answer	GFIA is of the view that an insurer it should not be required to disclose this level of detailed information on its overall insurance programme. It should suffice to disclose general key information on the reinsurance programme. Therefore, the required information should be limited to the minimum and essential information. Further, it needs to be ensured that proportionality is applied in a consistent manner. In addition, GFIA notes that detailed information on the reinsurance programme is proprietary and confidential. Consequently, the publication of this information may lead to competitive disadvantages.
	Q62 Comment on Guidance ICP 20.6.7
Answer	GFIA takes the view that the information requested in this guidance is too detailed and should not have to be disclosed.
	Q63 Comment on Guidance ICP 20.6.8
Answer	GFIA takes the view that the information requested in this guidance is too detailed and should not have to be disclosed.
	Q64 Comment on Guidance ICP 20.6.9
Answer	

Q65 Comment on Guidance ICP 20.6.10

Answer

GFIA takes the view that the information requested in this guidance is too detailed and should not have to be disclosed.

Q66 Comment on Guidance ICP 20.6.11

Answer

GFIA takes the view that the information requested in this guidance is too detailed and should not have to be disclosed.

Q67 Comment on Standard ICP 20.7

Answer

Q68 Comment on Guidance ICP 20.7.1

Answer

Q69 Comment on Guidance ICP 20.7.2

Answer

GFIA takes the view that the information requested in this guidance should not have to be disclosed.

Q70 Comment on Guidance ICP 20.7.3

Answer

Q71 Comment on Standard ICP 20.8

Answer

The reference in Standard 20.8 to "models" in the list of matters that should be disclosed is inappropriate and should be removed.

Q72 Comment on Guidance ICP 20.8.1

Answer

Q73 Comment on Guidance ICP 20.8.2

Answer

Q74 Comment on Guidance ICP 20.8.3

Answer

Q75 Comment on Guidance ICP 20.8.4

Answer

GFIA takes the view that the information requested in this guidance is too detailed and should not have to be disclosed.

Q76 Comment on Guidance ICP 20.8.5

Answer

Q77 Comment on Guidance ICP 20.8.6

Answer	GFIA takes the view that the information requested in this guidance is too detailed and should not have to be disclosed.
	Q78 Comment on Guidance ICP 20.8.7
Answer	GFIA takes the view that the information requested in this guidance should not have to be disclosed.
	Q79 Comment on Guidance ICP 20.8.8
Answer	GFIA takes the view that the information requested in this guidance is too detailed and should not have to be disclosed.
	Q80 Comment on Guidance ICP 20.8.9
Answer	
	Q81 Comment on Standard ICP 20.9
Answer	GFIA takes the view that the disclosures about the insurer's asset-liability management on a segmented level should not be required.
	Q82 Comment on Guidance ICP 20.9.1
Answer	
	Q83 Comment on Guidance ICP 20.9.2
Answer	
	Q84 Comment on Guidance ICP 20.9.3
Answer	
	Q85 Comment on Guidance ICP 20.9.4
Answer	
	Q86 Comment on Standard ICP 20.10
Answer	
	Q87 Comment on Guidance ICP 20.10.1
Answer	
	Q88 Comment on Guidance ICP 20.10.2
Answer	This section states that supervisors "should require the insurer to disclose information [about its capital] in relation to regulatory standards". Some jurisdictions specifically protect such information as confidential. For example, under the U.S. risk based capital system, all risk based capital reports are strictly confidential. A change requiring disclosure would create competitive concerns. Additionally, the quality of capital disclosure requirement is much more prescriptive than the other disclosure requirements in the rest of the document. GFIA suggests this section should be worded in a way that is more consistent with the rest of the document.

Q89 Comment on Guidance ICP 20.10.3

Answer

Q90 Comment on Guidance ICP 20.10.4

Answer

Q91 Comment on Standard ICP 20.11

Answer

GFIA is of the view that the information requested in this standard and the corresponding guidance is too detailed and should not have to be disclosed.

Q92 Comment on Guidance ICP 20.11.1

Answer

Q93 Comment on Guidance ICP 20.11.2

Answer

Q94 Comment on Guidance ICP 20.11.3

Answer

Q95 Comment on Guidance ICP 20.11.4

Answer

Q96 Comment on Guidance ICP 20.11.5

Answer

Q97 Comment on Guidance ICP 20.11.6

Answer

Q98 Comment on Guidance ICP 20.11.7

Answer

Q99 Comment on Guidance ICP 20.11.8

Answer

Q100 Comment on Guidance ICP 20.11.9

Answer

Q101 Comment on Guidance ICP 20.11.10

Answer

Q102 Comment on Guidance ICP 20.11.11

Answer

Q103 Comment on Guidance ICP 20.11.12

Answer	<input type="text"/>
	Q104 Comment on Guidance ICP 20.11.13
Answer	<input type="text"/>
	Q105 Comment on Guidance ICP 20.11.14
Answer	<input type="text"/>
	Q106 Comment on Guidance ICP 20.11.15
Answer	<input type="text"/>
	Q107 Comment on Guidance ICP 20.11.16
Answer	<input type="text"/>
	Q108 Comment on Guidance ICP 20.11.17
Answer	<input type="text"/>
	Q109 Comment on Guidance ICP 20.11.18
Answer	<input type="text"/>
	Q110 Comment on Guidance ICP 20.11.19
Answer	<input type="text"/>
	Q111 Comment on Guidance ICP 20.11.20
Answer	<input type="text"/>
	Q112 Comment on Guidance ICP 20.11.21
Answer	<input type="text"/>
	Q113 Comment on Standard ICP 20.12
Answer	<p>Non-GAAP Financial Measures can provide value for both issuing entities and investors since these measures flexibly provide additional information regarding financial conditions of an issuing entity and specific information regarding an issuing entity. Where the supervisor introduces the requirements on the use of Non-GAAP Financial Measures, the supervisor should take into account the features of each jurisdiction to ensure the opportunities of dialogue between issuing entities and investors.</p>
	Q114 Comment on Guidance ICP 20.12.1
Answer	<input type="text"/>
	Q115 Comment on Guidance ICP 20.12.2
Answer	<input type="text"/>