

Response to IAIS consultation on its draft revised application paper on supervisory colleges

Q1. General comments on the draft revised Application Paper

GFIA welcomes the opportunity to comment on the IAIS's draft revised Application Paper on Supervisory Colleges ("draft"). Overall, the draft provides a helpful overview of the purpose of supervisory colleges and the procedures that can make them effective. GFIA's response includes several suggestions for additions or changes to the draft that would improve the final application paper.

Regarding the role of group-wide senior management, Section 5.3 makes several important points about the benefits and necessity of including group-wide senior management in some aspects of the supervisory colleges. GFIA appreciates those points and agrees that including group-wide management in supervisory colleges can increase their effectiveness and communication between supervisors and the groups that they supervise. GFIA suggests that the IAIS should expand the involvement of senior management in the planning stage of supervisory colleges, particularly by urging group-wide supervisors to consult the senior management of a group as necessary in the processes described in Paragraph 13 and Section 4.2. GFIA also urges the IAIS in Paragraph 8 to recognize that the group should be consulted as necessary in the process of identifying the group-wide supervisor.

GFIA appreciates the clear reference to proportionality in Paragraph 6, which will ensure that a "one-size fits all" approach will be avoided, if supervisors embrace the principle.

GFIA also appreciates the focus in the draft on the importance of confidentiality in information exchange in Section 3.2 and Section 3.3. GFIA hopes that the IAIS and group-wide supervisors will continue to stress the importance of confidentiality of information in the implementation of the final application paper when forming and conducting supervisory colleges.

Q8. Comment on paragraph 6

GFIA appreciates the clear reference to proportionality in Paragraph 6, which will ensure that a "one-size fits all" approach will be avoided if supervisors embrace the principle.

Q11. Comment on paragraph 8



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GFIA urges the IAIS in Paragraph 8 to recognize that the group should be consulted as part of the process of identifying the group-wide supervisor. The role of the group-wide supervisor is essential, and the group can provide important insights into the appropriateness of particular supervisors to serve in that role. GFIA suggests that the statement “[a]t the initial stage of establishing group-wide supervision, involved supervisors discuss and agree which of them is the group-wide supervisor for a cross-border insurance group” be modified to read “[a]t the initial stage of establishing group-wide supervision, after consultation with group-wide senior management as necessary, involved supervisors discuss and agree which of them is the group-wide supervisor for a cross-border insurance group”.

Q16. Comment on paragraph 13

GFIA suggests that the IAIS urge supervisors in Paragraph 13 to make use of the perspective and expertise of the group in the planning stage of establishing supervisory colleges. The text stating “[t]he group-wide supervisor, in cooperation and coordination with the involved supervisors, should carefully consider the structure of the supervisory college (for example, inclusive, tiered or regional)” should be modified to read “[t]he group-wide supervisor, in cooperation and coordination with the involved supervisors and in consultation with the group-wide senior management as necessary, should carefully consider the structure of the supervisory college (for example, inclusive, tiered or regional)”.

Q21. General comments on Section 3: Supervisory college procedures and tools

GFIA appreciates the focus in the draft on the importance of confidentiality in information exchange in Section 3.2 and Section 3.3. GFIA hopes that the IAIS and group-wide supervisors will continue to stress the importance of confidentiality of information in the implementation of the final application paper when forming and conducting supervisory colleges.

Q28. Comment on paragraph 24

Paragraph 24 states, “[h]owever, a supervisory college may include both IAIS MMoU signatories and non-signatories. Members of a supervisory college who are not signatories to the IAIS MMoU SHOULD [emphasis added] enter into a similar long-term agreement covering information exchange and confidentiality, which could be included in the college coordination agreement.” Given the importance attributed to confidentiality in this section, the ‘should’ must become ‘must’ in order for this statement to carry any weight because jurisdictions without IAIS MMoU-compliant confidentiality laws would be unable to make such an agreement.

Q36. Comment on paragraph 31



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GFIA suggests that the role of group-wide senior management be referenced in Section 4.2. To that end, the text in the draft that currently states “[t]his process usually begins with the draft of a workplan and ends with an evaluation of the supervisory college activities. During the cycle, a number of activities revolve around planning, conducting and follow up of supervisory college meetings, ad hoc or regular information exchange and other supervisory college activities” should be modified to read “[t]his process usually begins with consultation with the group-wide senior management as necessary and the draft of a workplan and ends with an evaluation of the supervisory college activities. During the cycle, a number of activities revolve around planning, conducting and follow up of supervisory college meetings, ad hoc or regular information exchange, consultation with group-wide senior management as necessary, and other supervisory college activities”.

Q41. Comment on paragraph 36

Paragraph 36 states that “In this respect the group-wide supervisor and other members of a supervisory college may agree on a list of ratios and other selected data to be exchanged within the supervisory college on a regular basis”. However, given the potential burden on insurers, publicly disclosed information as well as previously reported information should be used, and asking insurers additional data solely for this purpose should be avoided.

Q59. Comment on paragraph 53

GFIA appreciates that the supervisory college is being asked to provide some feedback to the insurance group. However, GFIA suggests adding that this feedback could be in various formats, including verbal feedback – which is the current practice in various jurisdictions. GFIA suggests the following rewording: “After the supervisory college meeting, the group-wide supervisor may provide the insurance group with some verbal or written feedback, in the form of a letter when deemed relevant.”

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About GFIA

The Global Federation of Insurance Associations (GFIA), established in October 2012, represents through its 41 member associations and 2 observer association the interests of insurers and reinsurers in 65 countries. These companies account for 89% of total insurance premiums worldwide, amounting to more than \$4 trillion. GFIA is incorporated in Switzerland and its secretariat is based in Brussels.