

Paragraph	Comment
Introduction	
Paragraph 24	<p>We appreciate this paragraph recognizing that ComFrame does not favor any particular governance model and instead focuses on the outcomes and that it reiterates what is in ICP Guidance 8.0.7. However, as this seems to be an overarching concept, we suggest considering whether this should be in the ICP Introduction as it applies to all groups – not just IAIGs.</p> <p>Additionally, it seems revisions have tried to clarify at which level of the IAIG ComFrame standards and guidance are addressed (i.e., the Head of the IAIG, the group as a whole, the individual legal entities, etc.). While this has been helpful on one hand, some material reads as if the expectation is that the Head of the IAIG is expected to perform all group-level functions and activities versus having responsibility to ensure that it is done somewhere within the IAIG and that there is an overall group-wide overview. As a result, some material reads as if a centralized approach is required. This should be solved by adding additional text to this paragraph to better articulate the IAIS's intentions and expectations for allowing IAIGs flexibility in their governance models in order to meet the <i>outcomes</i> described in the ComFrame material as well as reviewing relevant ComFrame material with this in mind.</p> <p>Finally, we appreciate that ICP Guidance 7.0.8 was added to explain materiality as it is an important concept in a group context; however, given the structure of the ICPs and ComFrame, it is not clear if this paragraph and the explanation that it provides flows beyond ICP 7 as well as up to cover ComFrame material. As this point may get lost where it currently sits as 7.0.8, suggest considering whether to move it up to either the ICP or ComFrame Introduction as it provides helpful context, especially related to governance issues.</p>
Paragraph 25	<p>It seems revisions have tried to clarify at which level of the IAIG standards and guidance are addressed (i.e., the Head of the IAIG, the group as a whole, the individual legal entities, etc.). While this has been helpful on one hand, some material reads as if the expectation is that the group-wide supervisor needs to have a direct approach. The IAIS already identified a specific list of things that the group-wide supervisor should have the authority to do directly. However, in trying to be clearer on the level, a number of ComFrame standards now read as requiring a direct approach. This should be solved by adding additional text to this paragraph to better clarify the IAIS's intentions and expectations on group-wide supervision approaches in the context of ComFrame as well as reviewing the standards themselves to ensure they do not require a direct approach where this is not intended.</p>
ICPs 5, 7, 8 Governance	
Standard CF 7.2b	<p>While we agree that the Head of the IAIG should provide an explanation of its proposed strategy for consideration by the Board, we are concerned the current wording reads as if that the IAIG Board sets the strategy for all its legal entities and business lines, which would be the job of the individual entity boards. Suggest rewording to: "The group-wide supervisor requires the Head of the IAIG to provide, at least annually, an explanation of the strategy that the IAIG Board has set for the IAIG as a whole."</p>
Standard CF 7.3a	<p>While the IAIG Board should have collective competence and an understanding of the activities of the IAIG as a whole, the bullets with "the activities of the legal entities" and "the supervisory regimes" should include language such as "material" and "major requirements" (respectively) to be more commensurate with reasonable expectations.</p>
ICP 8 General Comment	<p>While we agree that the general functions and policies outlined in the ComFrame material under ICP 8 should be subject to review and oversight by the Head of the IAIG, we are concerned that some of the standards and guidance require a centralized governance structure at the Head of the IAIG. In our experience, insurance groups can be effectively governed under decentralized approaches, whereby significant responsibility is delegated to legal entity and/or other intermediate holding company levels. Under such a decentralized model, material issues or concerns can still be communicated to the Head of the IAIG through an escalation process, but such a structure allows the concepts of proportionality and materiality to be more effectively exercised at a local level. In addition, such an approach allows the Head of the IAIG to focus on the more substantive</p>

	group-wide issues that are brought to its attention, as opposed to using up valuable resources to develop a superstructure of functions and policies at a level above which such structures may be most relevant. While other recent IAIS work appears to recognize the variety of governance approaches insurance groups may have, this does not come across in some of the ComFrame material, which continues to assume a centralized approach for all IAIGs. See our comment and proposed solution related to paragraph 24 of the Introduction.
Standard CF8.1a	There should be some recognition of materiality within the expectations for addressing legal entity issues through the group-wide risk management function. For example, the group-wide risk management function should not be expected to ensure compliance with all applicable laws and regulations for every jurisdiction where the IAIG operates. Instead, the Head of the IAIG should be able to delegate responsibility for minor compliance issues to a legal entity risk management or compliance function. See our comments on paragraph 24 of the ComFrame Introduction.
Guidance CF8.1a.1	The risk management function at the Head of the IAIG may not need to be fully integrated with that of a legal entity, as long as there is some level of collaboration and communication to ensure that the functions do not conflict and that material risk exposures are communicated to the Head of the IAIG. Suggest developing additional guidance in this area to recognize that different approaches may be appropriate in this regard; additionally, see our comments on paragraph 24 of the ComFrame Introduction.
Standard CF8.2a	There should be some recognition of materiality within the expectation that the group-wide internal controls system covers at least the applicable laws and regulations of the jurisdictions where the IAIG operates. There could be a lot of jurisdictions with varying laws and regulations that may be difficult to cover 100% through a group-wide system of internal controls.
Standard CF8.5a	We question the need for and value of requiring a prescriptive, group-wide compliance function to monitor ALL compliance mechanisms and activities across all levels of the company. Regulatory compliance requirements vary extensively across jurisdictions and are likely difficult (if not impossible) to aggregate at a group level. Suggest revising this standard to allow additional flexibility in delegating responsibilities and recognizing materiality considerations.
ICPs 9 and 10 Supervisory Process	
Guidance CF 9.2a.5-7	While the text on peer group analysis has improved since the last consultation, not all IAIGs are the same, so peer-group analysis may not be possible or relevant for all IAIGs. In light of this, this guidance material should use “may” rather than “should” as this should be seen more as a suggestion rather than a recommendation (per the ICP Introduction).
Standard CF 9.6b	It is unclear under what circumstances a joint inspection would be expected. Due to the potential costs and myriad of challenges that would arise in conducting a joint inspection, if there is no additional guidance beyond “where appropriate” provided in this regard, we see limited value in having this as a standard. Therefore, suggest deletion.
Standard CF 10.2a	Given the guidance in CF 10.2.a.1 and 10.2.a.2, the first bullet needs to be revised as it suggests taking preventive measures at a legal entity level is primarily the responsibility of the Head of the IAIG, when this is the job of the relevant supervisor. The emphasis here should be the role of the Head of the IAIG when one of its legal entities is not taking the preventive measures required by the relevant supervisor.
ICP 12 Resolution	
Guidance CF 12.3a.2 and .3	As written, this guidance provides that the group-wide supervisor and/or resolution authority leads the development of group resolution plans. Additional jurisdictional flexibility here would be appropriate as each jurisdiction should have discretion regarding the mechanics of drafting/submission of group resolution plans. Suggest: “The group-wide supervisor and/or resolution authority <u>initiates</u> leads the development of...” Similarly, for 12.3a.3 suggest: “Host supervisors and/or resolution authorities may have <u>require separate resolution plans for the IAIG’s...</u> ”
Standard CF 12.7a	The level of detail and prescription in outlining the specific supervisory authority required to resolve an IAIG is excessive and inconsistent with other areas of ComFrame. Suggest writing at a higher level with outcomes in mind, as opposed to a long list of specific authorities that are required.

Guidance 12.12a.1	This guidance oversteps the legal authorities in many jurisdictions and is presumptive to want insurance resolution standards to apply to non-insurance entity resolution merely because the non-insurance entity is in an insurance group. It is unclear to what extent ICP 12 material would even be applicable or helpful to non-insurance resolutions or to what extent the ComFrame material under ICP 12 would apply to non-IAIGs. This guidance which greatly expands the scope of not only the resolution ComFrame material but all of ICP 12 far beyond the work of the IAIS and the authority of its members is completely inappropriate. Further, while 12.12a.1 says ICP 12 and its ComFrame material is extended to financial institutions other than insurers within the IAIG, its final paragraph says it is not intended to override existing sectoral requirements. How do these extend to but not override? This is very contradictory and should be deleted along with the rest of 12.12a.1.
Guidance 12.12a.2	This paragraph should be deleted (see comment on 12.12a.1). If the intended meaning is that non-insurance legal entities within a group that is being resolved should be resolved as well (if necessary) by the relevant authorities, then it is stating the obvious.
ICPs 15 and 16 Investments and ERM	
ICP 16 General Comment	Similar to our comments on the ComFrame material under ICP 8, while we agree that the overall strategies outlined in the ComFrame material under ICP 16 should be subject to review and oversight by the Head of the IAIG, we are concerned that some of the standards and guidance continue to require a centralized structure where all strategies and policies are dictated by the Head of the IAIG. In our experience, insurance groups can also be effectively managed under decentralized approaches, whereby significant responsibility is delegated to legal entity and/or other intermediate holding company levels for strategic planning and risk management. Under such a decentralized model, the Head of the IAIG can provide general guidance and strategic direction to intermediate holding companies or legal entities, but such a structure allows certain strategic decisions to be made and policies to be developed at a local level. In addition, such an approach allows the Head of the IAIG to focus on the more substantive group-wide issues, as opposed to using up valuable resources to develop a superstructure of functions and policies at a level above which such structures may be most relevant. While other recent IAIS work appears to recognize the variety of governance approaches insurance groups may have, this does not come across in some of the ComFrame material, which continues to assume a centralized approach for all IAIGs. See our comment and proposed solution related to paragraph 24 of the Introduction.
Standard CF16.1b	Having a separate bullet for concentration risk is questionable considering concentration risk can be embedded within many of the other risks listed, including specifically credit risk, where diversification can be a key risk-management technique. Suggest deleting this bullet as it is already captured by other risks listed.
Standard CF16.2a	What is most important for group supervision is for supervisors to understand and agree upon the major risks faced by the IAIG and to know what the IAIG is doing to mitigate or address those risks. All insurers have their own unique characteristics, and the regulatory and supervisory approach should recognize this and provide the flexibility needed to adapt to each unique situation. The group-wide supervisor and supervisory college meeting participants should identify and agree upon the material risks of the group (including those that might come as a result of different risk appetites across different legal entities). While this may be desirable, this standard should be deleted or otherwise revised as it is too prescriptive to be practical and implementable.
Standard CF 16.7b	Given the wide-range of products and lines of business that can be written by various insurance legal entities within an IAIG, it may not be appropriate to require the group-wide claims management policy to include procedures for claims estimation and settlement (first bullet). Additionally, as drafted, this suggests that the Head of the IAIG is responsible for claims estimation and settlement for the insurance legal entities versus having an overview of it. Suggest revising the first bullet to better articulate the group role / expectation on claims estimation and settlement.