INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Compiled Comments on *Revised Insurance Core Principles 13 Reinsurance and Other Forms of Risk Transfer*

With Resolutions

Organisation	Jurisdiction	Confidential	Answer	Resolution of comments
1 - Q1 General Comment on ICP 13				
ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	The Association of Bermuda Insurers and Reinsurers (ABIR) represents Bermuda's major property and casualty insurers and reinsurers. We support the process of updating the Insurance Core Principles to currently reflect changes and issues which impact the supervision of reinsurance around the globe.	Noted
Insurance Europe	Europe	No	Insurance Europe appreciates the opportunity to comment on the revised ICP 13 and generally supports the proposed changes. Overall, Insurance Europe would propose to reflect the principle of proportionality more prominently and asks for clarifications in places. - The amendments made to the Introductory Guidance are broadly appreciated and, subject to some minor proposed adjustments, reflect the characteristics of reinsurance well. - On the required reinsurance programme, Insurance Europe would doubt that there is an absolute need for the Board to approve the reinsurance programme if it has already approved the strategy. - Insurance Europe identified some smaller inconsistencies in relation to the internal control requirements for cedants and further suggests that the IAIS reconsider the list of risk mitigation tools in 13.2.4. (in particular, downgrade clauses and collateral requirements). - Insurance Europe does not consider it adequate to put "structured reinsurance" at the same level with "finite reinsurance" and proposes to update 13.3.7. - Whereas Insurance Europe broadly agrees with the link between the reinsurance programme and the cedant's capital liquidity management (in Standard ICP 13.5), Guidance 13.5.2 should be redrafted to not imply that catastrophe reinsurers presented lack of willingness to pay claims in the past, when there is no evidence to support this in traditional reinsurance.	Principle of proportionality is fundamental issue handled in introduction of ICPs as universally applied. Noted OK, point taken on board Noted Noted Noted, notes included in 13.5

GDV - German Insurance Association	Germany	No	The German Insurance Association welcomes the opportunity to comment on the revised ICP 13. In our overall assessment, the update is well drafted in terms of consistency and clarity. In the following, we would like to invite the IAIS to consider some minor refinements to the draft.	Noted
Global Reinsurance Forum (GRF)	Germany	No	The Global Reinsurance Forum (GRF) appreciates the opportunity given by IAIS to comment on the revision of ICP 13. The GRF is an association of reinsurers, whose membership accounts for more than 65% of global reinsurance premiums. Our members represent the world's leading reinsurers, from the EU, the US, Bermuda and Japan. We broadly agree with the approach to the regulation of reinsurance and other forms of risk transfer set out in the revised ICP 13. We particularly welcome the revised ICP's explicit recognition of the importance of geographical diversification of risk and of the benefits of risk transfer across borders. Regulatory obstacles to reinsurance across borders are likely to harm the insurers whose access to international reinsurance is restricted and are therefore in conflict with the objectives of insurance regulation. We think that the IAIS approach to regulation of risk transfer should be principles-based. Broadly speaking we think that the ICP statement and its Standards reflects this, although we have some concerns that the Guidance appears to be more prescriptive in places.	Noted
Global Federation of Insurance Associations	Global	No	GFIA welcomes the opportunity to comment on revised ICP 13: Reinsurance and Other Forms of Risk Transfer. In particular, we support the recognition in revised ICP 13 of the importance of diversification. GFIA has some general concerns that ICP 13, at least in some paragraphs, assumes that the regulators' function is to look over the shoulders of companies' strategic management and weigh in where they feel it is off base, inconsistent, or ill advised. GFIA believes it is inappropriate to authorize regulators to "second guess' management's legitimate strategic objectives or initiatives.	Disagree. Supervisors do not 'second guess' substance of strategy, programme, etc., but assess insurers' ability to formulate a consistent strategy and apply it accordingly. No change.
AIA Group	Hong Kong	No	AIA appreciates the opportunity to comment on the Public Consultation on ICP13 - Reinsurance and Other Forms of Risk Transfer. AIA agrees that the use of reinsurance and other forms of risk transfer should, if used, be managed in accordance with an insurers' risk management framework.	Noted
Autorité de Contrôle des Assurance et	Morocco	No	Guideline 13.0.6 provides that ICPs apply to both reinsurance and retrocession. However, since the risks of cumulation and concentration are different between the	Noted. Subdividing reinsurance and retrocession would mean producing too detailed a guidance

de la Prévoyance Sociale (ACAPS)			first level of cession and the other levels of retrocession, it is questioned if it is not necessary to provide for a specific standard for retrocession and retrocessionaires	
American Council of Life Insurers	Office of General Counsel	No	ACLI recommends reverting to the language of the current ICP by replacing the words "manage effectively" with "adequately control and transparently report." The earlier Principle is less subjective. We find that in certain paragraphs the ICP assumes that part of regulators' function is to look over the shoulders of companies' strategic management and weigh in where they feel it is off base, inconsistent, or ill advised. ACLI believes that regulators should have access to and understand corporate strategy in order to properly evaluate enterprise risk. ACLI does not believe that it is appropriate to oblige regulators to "second guess' management's legitimate strategic objectives or initiatives. We will offer specific edits in our comments. We offer specific edits under paragraphs 13.1.9 and 13.3.2.	Disagree. Supervisors do not 'second guess' substance of strategy, programme, etc., but assess insurers' ability to formulate a consistent strategy and apply it accordingly. No change
Canadian Institute of Actuaries	Ontario	No	The Canadian Institute of Actuaries (CIA) is the national, bilingual organization and voice of the actuarial profession in Canada. Its 5,000+ members are dedicated to providing actuarial services and advice of the highest quality. The Institute puts the public interest ahead of the needs of the profession and those of its members. Overall, we support the updated ICP 13. We do not indicate our support in every case throughout this feedback form, but where there is no comment, you should infer that we agree with the contents. You will find we have only a few minor edits to suggest. The Canadian Institute of Actuaries hopes that its comments provided herein will be of value to you.	Noted
Swiss Re	Switzerland	No	Note that this is a joint submission between Swiss Re and Zurich Insurance Group. We thank the IAIS for the opportunity to provide comments on the draft revision of ICP 13. Effective use of reinsurance and other forms of risk transfer should be an integral part of any insurers' risk management process. In our opinion, the standards provided in this document are prudent and comprehensive. We believe that the few comments provided would further improve clarity.	Noted

Zurich Insurance Company Ltd.	Switzerland	No	Note that this is a joint submission between Swiss Re and Zurich Insurance Group. We thank the IAIS for the opportunity to provide comments on the draft revision of ICP 13. Effective use of reinsurance and other forms of risk transfer should be an integral part of any insurers´ risk management process. In our opinion, the standards provided in this document are prudent and comprehensive. We believe that the few comments provided would further improve clarity.	[In the rest of document Zurich and Swiss Re comment have been combined]
Institute and Faculty of Actuaries	UK	No	The draft of ICP 13 appears to us to be appropriate, and rightly sets a high standard of knowledge and understanding for supervisors. However, as drafted, it is possible that supervisors may feel that they are expected to engage with levels of detail to a point that is not justified against tests of materiality or proportionality. We believe it would be helpful if the ICPs included provisions that guarded against this. In particular, we believe the ICPs should emphasise the importance of supervisors exercising judgement, to determine the point at which they have sufficient information and understanding, given the circumstances of the case.	Noted; proportionality and sufficiency of information to be looked at again throughout ICP but in context of proportionality principle in Introduction
Lloyd's of London	UK	No	We broadly support the revisions that the IAIS proposes to make to ICP 13. The ICP statement and the Standards have been re-written to express the IAIS's intentions in succinct language, which will facilitate understanding. The Principle is improved by presenting it as a supervisory requirement for insurers to manage reinsurance and other forms of risk transfer effectively, rather than for supervisors to set standards for insurers. We believe that ICPs should be principles-based rather than prescriptive. The re-drafting of the statement and Standards are a welcome move in this direction. As we note in our comments, there are places where the Guidance could be understood as imposing a more directive supervisory approach, and we suggest that, so far as possible, this impression is removed. We welcome recognition that reinsurance is an international business, where the transfer of risk across borders enhances policyholder protection and financial stability at national level. This is a crucial element in effective supervision of reinsurance. Regulatory restrictions on the ability of authorised insurers to purchase reinsurance from international reinsurers cause material damage to the financial security of the insurers affected.	Noted
Institute of International Finance	United States	No	The Institute of International Finance (IIF) would like to thank the IAIS for the opportunity to comment on the Consultation on Revised Insurance Core Principles 13 Reinsurance and Other Forms of Risk Transfer published on June 1, 2017 (Consultative Document). The IIF appreciates IAIS's efforts to improve this	Noted

			important supervisory material on reinsurance. Generally, we believe the changes made improve the overall structure and clarity of the material, and serve as a good reflection of capital market developments. Specifically, we would like to emphasize a few high-level points. We welcome the recognition of geographical diversification We appreciate the IAIS's acknowledgement of the role of geographical diversification in the Consultative Document, as geographical diversification lies at the heart of the reinsurance business model. As the IIF have indicated in previous policy letters and reports, explicit recognition of risk mitigation and geographical as well as business line diversification would promote sound risk management and advance the objectives of policyholder protection by supporting the key role of insurers in providing long-term investment and insurance protection and serving as a disincentive to short-term reactive behavior. Thus, it is crucial that risk mitigation and diversification be reflected for the reinsurance business and a broader range of insurance business lines as well. We welcome the consideration of the business-to-business nature of reinsurance The Consultative Document recognizes the business-to-business nature of reinsurance contracts and thus the same level of protection for general consumers is typically not needed for ceding insurers. We fully support this guidance and would like to point out that the same notion holds for other types of insurance which involves professional counterparties that have equal levels of expertise and knowledge of the insurance contract. We understand that this subject goes beyond the scope of reinsurance, but would like to suggest that the IAIS examine the difference types of counterparties in an insurance contract and assess the implications on associated ICP items. We welcome the reduced requirements on the Board We have noticed a reduced level of requirements on the responsibility of the Board in the Consultative Document. While we are supportive of this amendment, we noticed that some of the requirements remain in the Consultative Document such as approving and regularly reviewing the reinsurance strategy and programme. We	 Noted Noted Noted Already addressed throughout ICP 13, from 13.1 and 13.2 to 13.6 (SPEs) Board approval revised under proportionality principle (e.g. a small programme might not require board approval)

			would suggest to soften the remaining requirements and make a clear distinction between the responsibility of the Board and that of Senior Management. We suggest to avoid overly prescriptive number of documents We have taken note that the revised language in the Consultative Document seems to suggest creation of many documents on reinsurance strategies, procedures, and policies, in some cases separately for individual insurance companies and their insurance groups. For example, "ceding insurer's reinsurance and risk transfer programme should be part of its reinsurance strategy, which, in turn, should be part of its wider underwriting, risk and capital management strategies"; and "procedures for managing reinsurance recoverables, including required reporting from insurers; and intra-group reinsurance strategy and practice ", etc. Although specific substantive requirements seem reasonable under most circumstances, it would be helpful to reduce the prescriptiveness on the number and form of required policy/procedural/strategy documents.	Documentation requirements allowed for under proportionality principle Noted
American Insurance Association	United States of America	No	The American Insurance Association (AIA) welcomes the opportunity to comment on revised ICP 13: Reinsurance and Other Forms of Risk Transfer, and we make the following general comments: - We support the recognition in revised ICP 13 of the importance of diversification, but we are concerned that ICP 13, at least in some paragraphs, assumes that supervisors may oversee a company's strategic management. - AIA believes it is inappropriate to authorize regulators to "second guess' management's legitimate strategic objectives or initiatives. - Supervisors should understand that many international groups will run a group programme of ceded reinsurance, i.e., where business is ceded and limits are purchased for the group as a whole. Legal entities will in practice rely to a large extent on group efforts (form and content) of the ceded programme.	Disagree. Supervisors do not 'second guess' substance of strategy, programme, etc., but assess insurers' ability to formulate a consistent strategy and apply it accordingly. No change
Cincinnati Insurance Company	United States of America	No	Our company does not believe that the world needs a set of Insurance Core Principles (ICPs) and objects to the program under which the International Monetary Fund (IMF) grades the U.S. insurance regulatory system on its compliance with the ICPs. The core principles upon which the U.S. insurance regulatory system is premised have functioned perfectly for over 150 years and do not need an overhaul by the International Association of Insurance Supervisors (IAIS) or by its ostensible parent organization, the Financial Stability Board (FSB).	Noted

			Therefore, we object to ICP 13 and would suggest it be eliminated rather than revised. Instead, we would urge the IAIS, FSB and IMF to work toward a system of global regulatory balance instead of global regulatory convergence. We envision a world-wide system of regulatory interaction which takes a "Google translate" approach to understanding each other's regulatory regimes by employing international coordination and cooperation instead of preemption or prescription of jurisdictional regimes. Our emphasis on global regulatory balance instead of global regulatory convergence compliments our desire to preserve state insurance regulation and seek its acceptance at home and abroad as an equivalent form of regulation on par with the regulatory schemes of other countries.	
Martin F. Carus	United States of America	No	ICP 13 would be clearer if it better recognized the very nature of reinsurance transactions, particularly from the ceding insurer's or ceding retrocession entity's perspective, i.e., that a reinsurance transaction is intrinsically a hedging transaction not dissimilar to other types of hedging transactions relative to other risks (e.g., currency risk, interest rate risk, credit risk, etc.). For the most part, reinsurance represents hedging of underwriting risk exposure. Too frequently, reinsurance is looked at, and reported, within the supervisory realm (I was in that realm for 34+ years) as directly related to underwriting, i.e., as an underwriting transaction. With the exception of perhaps facultative reinsurance placements, the decision making as to accepting underwriting risks via the issuance of insurance contracts and the mitigation of the underwriting risks related to that activity are not made by the same personnel nor at the same time. Treaty reinsurance programs are usually established prior to the underwriting decisions. ICP 13 would also be enhanced if the different forms of reinsurance were defined early on in the paper, i.e., within the ambit of paragraph 13.0. A further missing description is a fuller description of the intermediation process related to reinsurance transactions, i.e., exactly how reinsurance is procured, e.g., either directly, through brokers and reinsurance intermediaries or through pools, etc. Finally, ICP 13 should more fully describe the market dynamics inherent in reinsurance transactions. It should be noted that a reinsurance program may be appropriate under one market condition as opposed to a different set of conditions, i.e., generally pricing levels. The price for engaging in hedging underwriting risk directly correlates to the assessment of the appropriateness of an insurer's	Noted

			ceding/hedging reinsurance transactions within its overall risk mitigation program. Thus, supervisory analysis of a ceding company's perspective may not correlate directly to the perspective of assuming reinsurers because assuming reinsurers have a different operational mode.	
International Association of Insurance Receivers	US Corporation, International membership	No	As we are familiar with the original ICP 13, the International Association of Insurance Receivers (IAIR) finds the revised ICP 13 more encompassing by discussing the salient reinsurance items that we believe to be essential to reviewing the reinsurance area. Reinsurance is most often the largest asset in a resolution action and all its complexities need to be understood. ICP 13 will serve as an excellent source for that understanding and in our opinion, should be used as reference for all professionals working in the insurance industry - both solvent and insolvent. All the items are essential in a review of the reinsurance area in any resolution action and will be helpful to all individuals who are involved in managing this key area. We believe that many of the items addressed in ICP 13 are key to our work with companies exiting the marketplace. We have included comments to some of these items in the various comment sections.	Noted
2 - Q2 Comment on Guidance ICP 13.0.1				
ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	It is important to note that many international groups will run a group programme of ceded reinsurance i.e. where business is ceded and limits are purchased for the group as a whole. Legal entities will in practice rely to a large extent on group efforts (form and content) of the ceded programme. We would recommend that the introductory guidance recognize this reinsurance structure that may exist within international groups. We note that 13.1.11 refers to group perspectives but believe there should bea reference to group and legal entities in the introductory guidance so that it can be appreciated that it may take on various structures.	Noted

Insurance Europe	Europe	No	Insurance Europe is generally supportive of the revised Introductory Guidance introduced in ICP 13.0.1 to 13.0.6. In particular, the acknowledgement of key elements of the reinsurance business model, ie geographical diversification (13.0.2) and the general business-to-business nature (13.0.4), is appreciated. Furthermore, the deletions of 13.0.16 to 13.0.21 are appreciated in the interest of precision and consistency.	Noted.
Global Federation of Insurance Associations	Global	No	Revise the last sentence to read: "For simplicity, this ICP uses "reinsurance" and "reinsurer" to refer to both traditional reinsurance and other forms of risk transfer." This change provides clarity for terms used throughout the ICP. In addition, the paragraph should specify that there are transactions with capital markets that are not reinsurance and ART transactions that are not intended to be covered by this ICP.	Change made. Disagree. No change.
American Council of Life Insurers	Office of General Counsel	No	ACLI recommends that this paragraph should be clear that there are transactions with capital markets that are not reinsurance and Alternative Risk Transfer (ART) transactions that are not meant to be covered by this ICP.	Disagree. No change.
American Insurance Association	United States of America	No	With respect to credit and operational risk, a professional reinsurer should be distinguished from other forms of risk transfer such as a special purpose vehicle (SPV). SPVs are typically single shot devices for risks and may not be fully collateralized for adverse scenarios. A distinction is thus warranted. AIA suggests that the last sentence should be revised to read: "For simplicity, this ICP uses "reinsurance" and "reinsurer" to refer to both traditional reinsurance and other forms of risk transfer." This change provides clarity for terms used throughout the ICP. In addition, the paragraph should specify that there are transactions with capital markets that are not reinsurance and that there are alternative risk transfer transactions that are not intended to be covered by this ICP.	Disagree. No change.
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted

Martin F. Carus	United States of America	No	Playing on my comments above, this paragraph (on page 2 of the ICP) does not seem to reflect the possibility of intragroup pooling, a very common operational mode especially amongst larger insurer enterprises> Pooling doesn't get mentioned until paragraph 13.1.11 which appears on page 5.	Noted.
3 - Q3 Comment on Guidance ICP 13.0.2				
ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	ABIR supports the recognition by the IAIS that geographical diversification of risk plays a key role in capital and risk management and the contribution this may also make to the financial stability of the jurisdiction by reducing concentration of risks. In this regard, we recommend that this important issue be further strengthened by adding language to 13.1.1 to the effect that "supervisors should be aware that measures that limit or restrict cedants' ability to optimize risk spreading pose a risk to the ability to serve policyholders appropriately".	Language added to note geographical diversification
Insurance Europe	Europe	No	In support of the added language on geographical diversification, Insurance Europe would suggest that Guidance ICP 13.0.2 could benefit from the following further additions: "Market development is adversely affected by limiting the use of cross-border reinsurance. By excluding or severely limiting the participation of international reinsurers in their markets, a jurisdiction forfeits the benefits of international expertise, experience and innovative insurance products. Barriers to trade in reinsurance undermine the efficiency of reinsurance markets. They lead to higher reinsurance costs and less capacity in the long term."	Language added to note geographical diversification
Global Reinsurance Forum (GRF)	Germany	No	Geographical diversification is a core element of the reinsurance business model. For this reason, the GRF has been a consistent and vocal supporter of open reinsurance markets facilitating the transfer of insurance risks across borders. We therefore strongly support this Guidance, which could even be enhanced by explicitly mentioning the need for unimpeded access to global reinsurers' expertise and capacity, by removing market barriers.	Language added to note geographical diversification
Global Federation of Insurance Associations	Global	No	GFIA strongly supports inclusion of a discussion on the importance of diversification, including geographical diversification. This provision should be maintained. In addition, to maintaining the current language, additional text can be added to strengthen the argument for global diversification.	Language added to note geographical diversification

			Add the following language: "Market development is adversely affected by limiting the use of cross-border reinsurance. By excluding or severely limiting the participation of international reinsurers in their markets, a jurisdiction forfeits the benefits of international expertise, experience and innovative insurance products. Reinsurance restrictions increase insurance costs in restricted markets. The overall decrease in reinsurance capacity created by restricting access to global reinsurance markets makes available reinsurance more expensive for ceding insurers, which in turn raises the cost of insurance in that jurisdiction for consumers. In addition, if a local reinsurer acts as a pass-through by retroceding risks offshore, the cost of reinsurance will increase due to the extra transaction costs of the local reinsurer."	
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests adding a second new paragraph: "It follows that proper supervision of reinsurers is particularly important in a monopolistic environment." This recognizes that lack of geographic diversification creates new risks. Supervisors should understand that mandated cessions lower diversification of risk and are not necessarily in the best interest of the market. We agree with the proposed GFIA comment on other adverse effects of limiting the use of cross-border reinsurance: "By excluding or severely limiting the participation of international reinsurers in their markets, a jurisdiction forfeits the benefits of international expertise, experience and innovative insurance products. Reinsurance restrictions increase insurance costs in restricted markets. The overall decrease in reinsurance capacity created by restricting access to global reinsurance markets makes available reinsurance more expensive for ceding insurers, which in turn raises the cost of insurance in that jurisdiction for consumers. In addition, if a local reinsurer acts as a pass-through by retroceding risks offshore, the cost of reinsurance will increase due to the extra transaction costs of the local reinsurer."	Language added to note geographical diversification
Lloyd's of London	UK	No	We welcome these statements on the importance of geographical diversification and the benefits of ceding insurance risk across borders. We suggest that in the last sentence "may" is replaced by "will".	Guidance notes cannot impose. No change.
Institute of International Finance	United States	No	We appreciate the IAIS's acknowledgement of the role of geographical diversification in the Consultative Document, as geographical diversification lies at the heart of the reinsurance business model. As the IIF have indicated in previous policy letters and reports, explicit recognition of risk mitigation and geographical as well as business line diversification would promote sound risk management and advance the objectives of policyholder protection by supporting the key role of insurers in providing long-term investment and insurance protection and serving as	Noted

			a disincentive to short-term reactive behavior. Thus, it is crucial that risk mitigation and diversification be reflected for the reinsurance business and a broader range of insurance business lines as well.	
Reinsurance Association of America	United States	No	The RAA strongly supports inclusion of a discussion on the importance of diversification, including geographical diversification. This provision should be maintained.	Noted
American Insurance Association	United States of America	No	AIA strongly supports inclusion of a discussion on the importance of diversification, including geographical diversification. This provision should be maintained. In addition, to maintaining the current language, additional text should be added to strengthen the argument for global diversification. In addition, AIA recommends adding the following language: "Market development is adversely affected by limiting the use of cross-border reinsurance. By excluding or severely limiting the participation of international reinsurers in their markets, a jurisdiction forfeits the benefits of international expertise, experience and innovative insurance products. Reinsurance restrictions increase insurance costs in restricted markets. The overall decrease in reinsurance capacity created by restricting access to global reinsurance markets makes available reinsurance more expensive for ceding insurers, which in turn raises the cost of insurance in that jurisdiction for consumers. In addition, if a local reinsurer acts as a pass-through by retroceding risks offshore, the cost of reinsurance will increase due to the extra transaction costs of the local reinsurer."	Language added to note geographical diversification
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	The reference to "geographical diversification" is not clear. For instance, if Company A in jurisdiction 1 cedes to Company B in jurisdiction 1, is that considered geographical diversification? From whose perspective? The supervisors'? The ceding company's? If Company A in jurisdiction 1 cedes business to Company C in jurisdiction 2, How does that scenario represent geographical diversification? Moreover, what if Company A in jurisdiction 1 cedes to Company B in jurisdiction 2 and Company B retrocedes to Company D in jurisdiction 1? Or for that matter Company D in jurisdiction 2.	Noted

			It seems that the primary geographical diversification effort lies with the location of the underwriting risk exposures inherent in the policies issued by the original ceding company and that secondary geographical diversification perspectives of concern for supervisors relates to the geographic locations relationships of the entities involved in reinsurance and retrocessional transactions. A further thought is that this paragraph seems particularly relevant to catastrophe reinsurance, particularly within the property risk sphere. Most reinsurance transactions relate to other than "cat" risks.	
4 - Q4 Comment on Guidance ICP 13.0.3				
Autorité des marchés financiers	Canada (Québec)	No	It might be interesting to reflect the fact that the ceding insurer may also be exposed to residual insurance risk that may arise from discrepancies between reinsurance needs and the actual coverage provided for in the contract, resulting in the insurer retaining greater risk than anticipated. It might be appropriate to specifically mention Legal risk as it is an important risk that may also arise.	Noted. Language added showing that the risks mentioned are examples and not a taxonomy
Insurance Europe	Europe	No	IAIS should strive for an objective description of the reinsurance contract. As the contract transfers risk in the form of an indemnity, ie as any insurance contract, it is a legally binding transfer of risk. The risk receiving party is legally liable, but, in most cases, it does not step into the legal position of the insured. Also, the primary insurer remains liable to its policyholder. Therefore, Insurance Europe would question whether the differentiation between "legal transfer" and risk transfer in an "economic sense" is necessary. The third sentence could further be clarified to state the following: "The supervisor should remain aware that while reinsurance transfers insurance risk from the ceding insurer to the reinsurer, it may also give rise to other risks." The reinsurer assumes insurance, timing and operational risk. However, Insurance Europe does not see material credit risk in standard reinsurance agreements, where the liability to pay claims is contingent on the prior payment of premium. At the same time there may be transactions, where the reinsurer is also assuming credit risk, eg if a substantial overcollateralization is required. Hence the last sentence of the paragraph should read:	Differentiation between 'legal' and 'economic' is useful No change

			"… the reinsurer assumes insurance timing, operational and, sometimes, credit risk."	Noted. Language added showing that the risks mentioned are examples and not a taxonomy
GDV - German Insurance Association	Germany	No	The reinsurer assumes insurance, timing and operational risk. However, we don't see material credit risk in standard reinsurance agreements, where the liability to pay claims is contingent on the prior payment of premium. At the same time there may be transactions, where the reinsurer is also assuming credit risk, e.g. if a substantial overcollateralization is required. Hence the last sentence of the paragraph should read "… the reinsurer assumes insurance timing, operational and, sometimes, credit risk."	Noted. Language added showing that the risks mentioned are examples and not a taxonomy
Global Reinsurance Forum (GRF)	Germany	No	This paragraph can be misunderstood. It describes reinsurance as a source of risk rather than as a useful tool for the management of risk. An approach to its regulation that takes this position as a starting point is likely to be misconceived. We consider that some of the language in the existing paragraph 13.0.13 could be adapted, so that the last two sentences of the paragraph read: "The supervisor should bear in mind that reinsurance transforms risk, to the advantage of both parties, in the sense that the parties assume different types of risk upon entering the transaction. In a standard transaction, the ceding insurer reduces its insurance risk and may assume credit, operational and basis risk; the reinsurer assumes insurance, timing, operational and, sometimes, credit risk."	Noted. Language added showing that the risks mentioned are examples and not a taxonomy
Global Federation of Insurance Associations	Global	No	IAIS should strive for an objective description of the reinsurance contract. As the contract transfers risk in form of an indemnity, i.e. as any insurance contract, it is a legally binding transfer of risk. The risk receiving party is legally liable, but, in most cases, it does not step into the legal position of the insured. Also, the primary insurer remains liable to its policyholder. Therefore, GFIA would question whether the differentiation between "legal transfer" and risk transfer in an "economic sense" is necessary. The reinsurer assumes insurance, timing and operational risk. However, GFIA does not see material credit risk in standard reinsurance agreements, where the liability to pay claims is contingent on the prior payment of premium. At the same time there may be transactions, where the reinsurer is also assuming credit risk, e.g. if a substantial overcollateralization is required. Clarify the third sentence to read: "The supervisor should remain aware that while	Noted. Language added showing that the risks mentioned are examples and not a taxonomy

			reinsurance transfers insurance risk from the ceding insurer to the reinsurer, it may also give rise to other risks." Revise last sentence to read: "In a standard transaction, the ceding insurer reduces its insurance risk and assumes credit, operational and, sometimes, basis, risk; the reinsurer assumes insurance, timing, operational and sometimes credit risk."	
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests revising the first two sentences to read: "In a reinsurance contract, the reinsurer indemnifies the cedant for risks identified in the contract. It does not relieve the cedant of its legal obligations to its policyholders." As written, it is unclear which insurer is indemnifying which. ACLI suggests revising the third sentence to recognize that transfer of investment risk may occur for long-term contracts. The revised sentence would read: "The supervisor should remain aware that while reinsurance may transfer insurance and/or investment risk from the ceding insurer to the reinsurer, it may also create other risks."	Noted. Language added showing that the risks mentioned are examples and not a taxonomy
Swiss Re/Zurich	Switzerland	No	We would propose the following additions to the final sentence, as given in uppercase: "In a standard transaction, the ceding insurer reduces its insurance risk AND, DEPENDING ON THE TRANSACTION, ALSO MARKET AND TIMING RISK, and assumes credit, operational and, sometimes, basis risk; the reinsurer assumes insurance, timing, as well as operational and credit risk."	Noted. Language added showing that the risks mentioned are examples and not a taxonomy
Lloyd's of London	UK	No	The first sentence of this paragraph could be removed, as it does not help to explain how the standard should be implemented. We consider that supervisors are generally aware of the differences between a reinsurance contract and the novation of an insurance contract. We think that the IAIS should review the rest of this paragraph. It gives the impression that a reinsurance contract is primarily a source of risk, rather than a means by which an insurer can mitigate or reduce risk. The language used could be misunderstood as suggesting that, by purchasing a reinsurance contract, an insurer is simply swapping one set of risks for another, raising question marks over the purpose of the transaction. Supervisors may want to view business activity in terms of the risks they create. Nevertheless, it is helpful to consider the underlying intentions of reinsurance and the reasons why insurers make use of it. The existing ICP does this in paragraphs 13.0.12 - 13.0.21. We appreciate the advantages of reducing the length of the Introductory Guidance. Nevertheless, the removal of material on the reasons why insurers purchase reinsurance coupled with the retention of material on the risks	Noted. Language added showing that the risks mentioned are examples and not a taxonomy

			associated with reinsurance gives a misleading impression and is not an appropriate basis on which to ground approaches to supervision of reinsurance.	
American Insurance Association	United States of America	No	IAIS should strive for an objective description of the reinsurance contract. The reinsurance contract creates a legally binding transfer of risk in the form of an indemnity, as is the case with any other insurance contract. The risk-taking party is legally liable under the contract, but, in most cases, does not step into the legal position of the insured; the primary insurer remains liable to its policyholder. Therefore, AIA questions whether the differentiation between "legal transfer" and risk transfer in an "economic sense" is necessary. The reinsurer assumes insurance, timing and operational risk. However, AIA does not see material credit risk in standard reinsurance agreements, where the liability to pay claims is contingent on the prior payment of premium. At the same time, there may be transactions, where the reinsurer is also assuming credit risk, e.g. if a substantial over-collateralization is required. AIA recommends that the third sentence be clarified to read: "The supervisor should remain aware that while reinsurance transfers insurance risk from the ceding insurer to the reinsurer, it may also give rise to other risks." We also recommend revising the last sentence to read: "In a standard transaction, the ceding insurer reduces its insurance risk and assumes credit, operational and, sometimes, basis, risk; the reinsurer assumes insurance, timing, operational and sometimes credit risk."	Differentiation between 'legal' and 'economic' is useful Noted. Language added showing that the risks mentioned are examples and not a taxonomy
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	The ICP should here note the use of the term of art, "assumption reinsurance" (perhaps generally within the U.S. market) which pertains to life and annuity business and which really are contractual "novations" (the term of art used in the U.S. relative to property/casualty business (or "non-life business" if you prefer). The types of "reinsurance" transactions are not indemnity contracts as between the ceding and reinsuring entities.	Noted
5 - Q5 Comment on Guidance ICP 13.0.4				

Global Reinsurance Forum (GRF)	Germany	No	We support the statements in this paragraph on the nature of reinsurance contracts. It is useful to have a general approach to the regulation of reinsurance transactions spelt out in this way, confirming that it should be different from the approach to regulation of general consumer insurance.	Noted
Global Federation of Insurance Associations	Global	No	GFIA believes that the wording in this paragraph is too broad if it is meant to include capital instruments such as cat bonds. Investors in cat bonds could potentially have a lesser degree of knowledge and sophistication. That is why the document should clarify that its scope is the insurance side of those transactions, not the investment side.	Noted, but the protection of investors in cat bonds are the concern of securities supervisors. No change.
Autorité de Contrôle des Assurance et de la Prévoyance Sociale (ACAPS)	Morocco	No	Effectively, the degree of control requirement must not be the same for ceding insurers and insured persons. However, the supervisor must give particular attention to cession between ceding insurers and reinsurers in the same group. These transfers may be influenced by reciprocal interests between the two parties and ultimately to be on the detriment of the insured	Noted
American Council of Life Insurers	Office of General Counsel	No	ACLI believes that the wording in this paragraph is too broad if it is meant to include capital instruments such as cat bonds. Investors in cat bonds could potentially have a lesser degree of knowledge and sophistication. That is why the paper should be clear that its scope is the insurance side of those transactions, not the investment side.	Noted, but the protection of investors in cat bonds are the concern of securities supervisors. No change.
Swiss Re/Zurich	Switzerland	No	We would like to take the opportunity to point out that the important considerations and statements on the business-to-business nature of reinsurance equally hold for commercial/ industrial insurance. We do not expect the IAIS to amend ICP13 in that regard, but would be thankful for the FSTC at an appropriate point in time to analyze the nature of the underlying transaction and types of involved counterparties to the transaction within commercial/industrial insurance, and reflect on the implications this may have on the Insurance Core Principles.	Noted
Lloyd's of London	UK	No	It is helpful to have this recognition (restating paragraph 13.0.7) of the fact that a reinsurance contract is a business-to-business transaction and that ceding insurers do not need the same level of protection as general consumers.	Noted

Institute of International Finance	United States	No	The Consultative Document recognizes the business-to-business nature of reinsurance contracts and thus the same level of protection for general consumers is typically not needed for ceding insurers. We fully support this guidance and would like to point out that the same notion holds for other types of insurance which involves professional counterparties that have equal levels of expertise and knowledge of the insurance contract. We understand that this subject goes beyond the scope of reinsurance, but would like to suggest that the IAIS examine the difference types of counterparties in an insurance contract and assess the implications on associated ICP items.	Noted
American Insurance Association	United States of America	No	AIA believes that the wording in this paragraph is too broad if the intended meaning is to include capital instruments such as catastrophe bonds. Investors in catastrophe bonds could potentially have a lesser degree of knowledge and sophistication. Thus, the document should clarify that its scope is limited to the insurance side of those transactions, not the investment side.	Noted, but the protection of investors in cat bonds are the concern of securities supervisors. No change.
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	This paragraph overly diminishes the actual leverage existing between ceding entities and reinsuring entities. Smaller and medium sized companies are at a distinct disadvantage from a market perspective as well as from an intermediation position. You might flesh this out by, for example, analyzing the position of medical malpractice companies in the various U.S. state and their processes in obtaining reinsurance and thus hedging their underwriting risk.	Noted
6 - Q6 Comment on Guidance ICP 13.0.5				
Autorité des marchés financiers	Canada (Québec)	No	On the 3rd bullet : Economic impact is a very broad term. It might be interesting to be more specific such as in terms of capital, financial results (underwriting level and net income), determination of internal targets (part of an insurer's ORSA). Based on this comment, it might be more appropriate to refer to "financial impact" instead of "economic impact" We suggest to consider adding a bullet between the current 2nd and 3rd: "the quality of the counterparty (reinsurer or other)".	Noted but disagree. No change.

Insurance Europe	Europe	No	The reference to "reinsurance programme" should be clarified to "treaty reinsurance programme" throughout ICP 13 given that the strategy of cedants is, in fact, focused on contractual arrangements.	Noted but disagree (proposal too specific)
GDV - German Insurance Association	Germany	No	The reference to "reinsurance programme" should be clarified to "treaty reinsurance programme" throughout ICP 13 given that the strategy of cedants is actually focused on contractual arrangements.	Repeat
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	What is the supervisor's standard of making a judgment about a ceding insurers "effective use of reinsurance?" What if a company put in place a seemingly effective program but its assumptions turned out to be completely wrong and it turns out the company lost a great deal of money effecting that seemingly effective program? Would a supervisor consider that in make its judgment as to "effective use?" What would happen if a supervisor looked at a program and it seemed particularly inappropriate but it turns out that economically, it was a great deal? Is it the net position that counts or some other standard? The paragraph doesn't seem to consider whether there should definitively be a retrospective analysis of the results of prior reinsurance programs in terms of profit or loss. That does seem to be contemplated in 13.1.8 but it seems to fit here also. Within the second bullet, I suggest that "implement effectively" be changed to "effectively implement" for readability.	Noted Disagree. No change.
International Association of Insurance Receivers	US Corporation, International membership	No	The International Association of Insurance Receivers believes that this guidance is useful to aid in ascertaining the structure of the reinsurance program which is essential in gaining an understanding of the reinsurance in place at the time of a resolution action.	Noted
7 - Q7 Comment on Guidance ICP 13.0.6				
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted

8 - Q8 Comment on Standard ICP 13.1				
Global Reinsurance Forum (GRF)	Global	No	This Standard has been amended and now requires a ceding insurer to have an appropriate reinsurance programme rather than a reinsurance strategy, although the programme is now expected to be part of the insurer's wider underwriting, risk and capital management strategies. Despite the substitution of "strategy" by "programme" in the Standard, much of the Guidance in the revised document continues to relate to a ceding insurer's reinsurance strategy. This means that there is some ambiguity over whether an insurer should have a "reinsurance strategy". The new Standard suggests that insurers should have wider strategies, but not necessarily reinsurance strategies, but the Guidance continues to suggest that an insurer should have a formal reinsurance strategy. This ambiguity is exacerbated because the word "strategy" is used quite loosely in the ICPs and it is not always clear whether it means anything more than "plans", "policies" or "objectives". Most insurers engage in long-term business planning and references in the ICPs to their overall business strategies therefore make sense. Other references in the ICPs imply that insurers should have discrete strategies for individual elements of their business, such as investment, capital management and risk management. However, there are no references to an insurer's underwriting strategy other than in Standard 13.1. This and other ICPs could be improved by giving careful consideration to whether and to what extent references to "strategy" are appropriate or could be replaced by "policy" or "plan", leaving "strategy" to mean a firm's overall long-term business planning. Overall business strategy is a Board-level issue, whereas more detailed policies can normally be dealt with at senior management level.	Link between an insurer’s reinsurance programme and its overall business strategy simplified. Goal of supervisor in respect to the reinsurance programme made – business strategy link, i.e. to be able to understand -and challenge if needed- the alignment (consistency) of the reinsurance programme to (with) the business strategy.
AIA Group	Hong Kong	No	We suggest that the wording be clearer in ICP13.1 in that specific reference be made to the nature, scale and complexity of the business in formulating the reinsurance programme. We suggest that supervisors require ceding insurers to have a reinsurance programme that is "appropriate to their business taking into consideration the nature scale and complexity of such business," and that is part of their wider underwriting, risk and capital management strategies.	Proportionality principle is taken up in ICP introduction
Lloyd's of London	UK	No	This Standard has been re-worded, so that it requires a ceding insurer to have an appropriate reinsurance programme, whereas the existing Standard requires appropriate reinsurance and risk transfer strategies. Nevertheless, much of the guidance provided continues to relate to reinsurance strategy. Furthermore, an insurer's programme is expected to be part of its "wider underwriting, risk and capital management strategies", whereas the existing Standard requires this of	Link between an insurer’s reinsurance programme and its overall business strategy simplified. Goal of supervisor in respect to the reinsurance programme made – business strategy link, i.e. to be able to understand -and challenge if

			reinsurance and risk transfer strategies. This could lead to confusion, particularly as the ICPs use the term "strategy" quite loosely. It is unclear how the references to a "reinsurance strategy" in the Guidance under this standard interact with Guidance in ICP 16 "Enterprise Risk Management for Solvency Purposes", which is cross-referenced, where paragraph 16.7.5 sets out requirements for reinsurance arrangements under insurer's risk management policies. The revision to the Standard suggests that there is no supervisory obligation on insurers to have reinsurance strategies, but this is hard to reconcile with some of the guidance provided. We believe that supervisors should assess the appropriateness of an insurer's reinsurance programme on a proportionate basis. An insurer's detailed policies in areas such as risk management and capital management should make appropriate provision for reinsurance and supervisors will want assurance that an insurer's reinsurance programme is aligned with those policies. However, it is not necessary to have prescriptive regulatory requirements for "reinsurance strategies". In this context we note that Solvency II - an extensive insurance supervisory programme, comprising thousands of pages of rules and guidance - makes no reference to insurer's reinsurance strategies. Guideline 22 of EIOPA's Guidelines on Systems of Governance says that an insurer's risk management policy should cover reinsurance and risk management techniques, which is congruent with ICP 16.7.5.	needed- the alignment (consistency) of the reinsurance programme to (with) the business strategy.
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	Not until 13.1.5 is it stated that there is the possibility that an insurer may choose not to cede at all.	Noted
International Association of Insurance Receivers	US Corporation, International membership	No	The International Association of Insurance Receivers believes that this standard and the related guidance are useful for resolution authorities in understanding the prior reinsurance strategy and in developing a strategy on a go-forward basis.	Noted
9 - Q9 Comment on Guidance ICP 13.1.1				

ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	ABIR supports the recognition by the IAIS that geographical diversification of risk lays a key role in capital and risk management and the contribution this may also make to the financial stability of the jurisdiction by reducing concentration of risks. In this regard, we recommend that this important issue be further strengthened by adding language to 13.1.1 to the effect that "supervisors should be aware that measures that limit or restrict cedants´ ability to optimize risk spreading pose a risk to the ability to serve policyholders appropriately".	Agree with point made, Addressed under 13.0.2
Insurance Europe	Europe	No	This Guidance should clarify that it does not anticipate the creation of new policies or procedures or strategy documents, but that the focus of the requirements is on their substance, rather than the form that they take.	Guidance is outcomes-based
Global Federation of Insurance Associations	Global	No	GFIA notes that the guidance could be breached in situations where reinsurance cessions are mandatory. Mandatory cessions may not be consistent with the strategy of the insurers, resulting in unnecessary risks for the insurer and the reinsurer. GFIA recommends that the guidance acknowledge the additional risks created by mandatory cessions. In addition, paragraph 13.1.1, as well as many other provisions of ICP-13, discuss "strategies." It is important that the ICP is concerned with the substance of the strategy and that the ICP does not elevate form over substance and become overly prescriptive in mandating strategy documents, forms and procedures. Add the following language: "Supervisors should be aware that measures that limit or restrict cedents' ability to optimize risk spreading pose a risk to the ability to serve policyholders appropriately."	Disagree. Any insurer's strategy that breaches local rules (e.g. mandatory sessions) is a problematic strategy, dealt with in ICPs 16 and 8. Agree with point made, Addressed under 13.0.2
American Council of Life Insurers	Office of General Counsel	No	ACLI notes that this guidance would clearly be breached whenever reinsurance cessions are mandated, as the mandated cessions may not be in line with the strategy of the insurers. The breach clearly creates additional risks for both the cedant and the reinsurer. We recommend that the guidance be revised to acknowledge those additional risks.	Disagree. Any insurer's strategy that breaches local rules (e.g. mandatory sessions) is a problematic strategy, dealt with in ICPs 16 and 8.
American Insurance Association	United States of America	No	We note that the guidance could be breached in situations where reinsurance cessions are mandatory. Mandatory cessions may not be consistent with the strategy of the insurers, thus resulting in unnecessary risks for the insurer and the reinsurer. AIA recommends that the guidance acknowledge the additional risks created by mandatory cessions.	Disagree. Any insurer's strategy that breaches local rules (e.g. mandatory sessions) is a problematic strategy, dealt with in ICPs 16 and 8.

			In addition, paragraph 13.1.1, as well as many other provisions of ICP-13, discuss "strategies." It is important that the ICP focuses on the substance of the strategy and does not elevate form over substance. AIA is concerned that the ICP could be overly prescriptive in mandating strategy documents, forms and procedures. Finally, AIA recommends adding the following language: "Supervisors should be aware that measures that limit or restrict cedents' ability to optimize risk spreading pose a risk to the ability to serve policyholders appropriately."	Agree with point made, Addressed under 13.0.2
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
10 - Q10 Comment on Guidance ICP 13.1.2				
Autorité des marchés financiers	Canada (Québec)	No	The second bullet seems incomplete. We suggest the following drafting: "the definition of risk concentration levels and ceding limits with regards to the ceding insurer's risk appetite and tolerance levels".	Agree, edit made
Global Reinsurance Forum (GRF)	Global	No	This paragraph should be amended by replacing "underwriting, risk and capital management strategy" with "business strategy".	Modification made
American Council of Life Insurers	Office of General Counsel	No	ACLI recommends deleting this paragraph as redundant of 13.1.3.	Disagree
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
11 - Q11 Comment on Standard ICP 13.1.3				
Global Federation of Insurance Associations	Global	No	GFIA suggests eliminating the word "insurance" in the first bullet, shortening the 3rd bullet to "levels of diversification," and revising the 4th bullet to "appetite for counterparty risk." Revise the language to read: "The reinsurance strategy should take into account	Slight modification made

			the ceding insurer's business objectives, levels of capital and business mix, with particular reference to: -Risk appetite (both gross limit and net retention); -Peak exposures and seasonality in the insurance book; -Levels of diversification; and -Appetite for counterparty risk.	
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests eliminating the word "insurance" in the first bullet, shortening the 3rd bullet to "levels of diversification," and revising the 4th bullet to "appetite for counterparty risk."	Slight modification made
American Insurance Association	United States of America	No	AIA suggests eliminating the word "insurance" in the first bullet, shortening the 3rd bullet to "levels of diversification," and revising the 4th bullet to "appetite for counterparty risk." Therefore, the revised language should read: "The reinsurance strategy should take into account the ceding insurer's business objectives, levels of capital and business mix, with particular reference to: - Risk appetite (both gross limit and net retention); -Peak exposures and seasonality in the insurance book; -Levels of diversification; and -Appetite for counterparty risk"	Repeat above Slight modification made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	My general comment relative to market dynamics is particularly relevant to this paragraph. The key ingredient to developing a reinsurance strategy is the market conditions that exist at the time of purchase and implementation as well as the relative leverage position likely to exist that overlay the negotiation of terms and condition process.	Noted
12 - Q12 Comment on Guidance ICP 13.1.4				

American Council of Life Insurers	Office of General Counsel	No	ACLI recommends deleting the last sentence, as very generic.	Disagree with deletion but some modification made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
13 - Q13 Comment on Guidance ICP 13.1.5				
Insurance Europe	Europe	No	Insurance Europe believes that structurally, this point should be made towards the beginning of the Guidance to ICP 13 (ie 13.0.5) or in Standard 13.1.	Modification made
Autorité de Contrôle des Assurance et de la Prévoyance Sociale (ACAPS)	Morocco	No	Risk appetite and the business strategy of the insurer are not the only factors that justify the use or not of reinsurance. Protection of insured persons has more priority than commercial interests and therefore the ability of the insurer to honor its commitments to policyholders must also be taken into account in deciding whether or not to reinsure. It is proposed to complete the guidance by the following condition: "In some instances, an insurer may have a business strategy and risk appetite to retain all risk and therefore a reinsurance programme would not be necessary, especially when ceding insurer has sufficient financial guarantees enabling it to honor its commitments vis-à-vis insured persons without recourse to reinsurance	Noted
American Council of Life Insurers	Office of General Counsel	No	ACLI recommends deleting this paragraph, to tighten the document.	Noted
Lloyd's of London	UK	No	It may be helpful to consider the supervisory implications of an insurer's approach of retaining all underwriting risk and not making any use of reinsurance or other risk transfer mechanisms. What does this mean for the insurer's underwriting, risk and capital management policies? There are occasions when a supervisor should challenge an insurer adopting this strategy.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
14 - Q14 Comment on Guidance ICP 13.1.6				

Insurance Europe	Europe	No	Insurance Europe would doubt that there is an absolute need for the Board to approve the reinsurance programme if it has already approved the strategy. This would undermine the relevance of the strategy. Insurance Europe considers that the responsibility of the Board should be to ensure the programme is in line with the strategy, and Board approval of the programme would only be one means to this end. Insurance Europe would suggest rephrasing the last sentence as follows: "The Board is responsible for ensuring an appropriate oversight of a consistent implementation of the reinsurance strategy in the programme…"	Edit made.
GDV - German Insurance Association	Germany	No	We do not see the absolute need for the Board to approve the reinsurance program, if it has already approved the strategy. This would in our view mire the relevance of the strategy. Nonetheless, we concur on the responsibility of the Board to ensure the actual execution, i.e. the program, is in keeping with the strategy. An approval of the program would only be one means to this end. We would suggest to rephrase the last sentence as "The Board is responsible for approving the reinsurance strategy and ensuring an appropriate oversight of a consistent implementation thereof in the Programme".	Edit made.
Global Reinsurance Forum (GRF)	Global	No	As mentioned in our response to Q8, the Board is responsible for the overall business strategy and should ensure that the reinsurance programme is in line with the strategy. However, we do not see the necessity for the Board to formally approve the reinsurance programme. The wording of the Guidance should be adjusted accordingly.	Noted
Global Federation of Insurance Associations	Global	No	Recommend the deletion of the second sentence of paragraph 13.1.6. While the Board has a general obligation to oversee the insurer's business objectives and the strategies for achieving such objectives, it should not have an affirmative obligation for formally approving each such reinsurance strategy and programme. Revise the language to read: "Senior Management develops the reinsurance strategy and programme, and is also responsible for establishing appropriate systems and controls to ensure that these are complied with.	Edit made.
General Insurance Association of Japan	Japan	No	We suggest deleting "and programme" in the last sentence. Based on the recognition that an insurer´s reinsurance programme is part of its reinsurance strategy, we understand that it is necessary for insurers to establish a governance system to ensure appropriate management and oversight, where Senior Management determines and puts into action practical matters regarding	Edit made.

			development of a reinsurance programme, and the Board oversees the implementation of the programme. Therefore, from the perspectives of role-sharing between the Board and Senior Management as well as efficient management, it is inefficient to require the Board to approve reinsurance programmes. Rather, insurers can achieve efficient governance by having Senior Management develop a reinsurance programme that serves the purpose of carrying out the reinsurance strategy, and by appropriately monitoring their Senior Management´s performance of the relevant duties.	
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests deleting the last sentence of this paragraph, as redundant of 13.1.8 and the standards and guidance in ICP 7 Corporate Governance.	Noted
Lloyd's of London	UK	No	We do not agree that it is necessary for the Board to approve the reinsurance programme and suggest that the last two words of the last sentence are deleted. As noted earlier, we have reservations over the concept of a "reinsurance strategy" as a formal, documented requirement and suggest that references to it be carefully considered. The words in brackets "see ICP 7 Corporate Governance" suggest that there is a cross-reference to Board responsibility for reinsurance under this Standard. In fact, so far as we can see, there is no reference to reinsurance strategies or programmes or to reinsurance at all under ICP 7, so we suggest that these words are deleted.	Edit made.
Institute of International Finance	United States	No	We have noticed a reduced level of requirements on the responsibility of the Board in the Consultative Document. While we are supportive of this amendment, we noticed that some of the requirements remain in the Consultative Document such as approving and regularly reviewing the reinsurance strategy and programme. We would suggest to soften the remaining requirements and make a clear distinction between the responsibility of the Board and that of Senior Management.	Noted – taken up in Governance ICP. Edit made.
American Insurance Association	United States of America	No	AIA recommends the deletion of the second sentence of paragraph 13.1.6. While the Board has a general obligation to oversee the insurer's business objectives and the strategies for achieving such objectives, it should not have an affirmative obligation to formally approve each such reinsurance strategy and program. AIA also recommends revising the language to read: "Senior Management develops the reinsurance strategy and programme, and is	Noted

			also responsible for establishing appropriate systems and controls to ensure that these are complied with.	
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
15 - Q15 Comment on Guidance ICP 13.1.7				
Global Federation of Insurance Associations	Global	No	This paragraph is unnecessary and redundant of other paragraphs and with ICP 7, Corporate Governance. Delete the paragraph: Large and/or complex ceding insurers, or those with a complex reinsurance strategy, may wish to appoint a committee of the Board to oversee the implementation of the reinsurance strategy.	Edits made but full paragraph not deleted
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests that this paragraph is redundant and should be deleted.	Noted
American Insurance Association	United States of America	No	This paragraph is unnecessary and redundant of other paragraphs and with ICP 7, Corporate Governance, and therefore should be deleted.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
16 - Q16 Comment on Guidance ICP 13.1.8				
Global Federation of Insurance Associations	Global	No	Senior Management should have responsibility to regularly review the performance of the reinsurance programme. A Board is not constituted to review the functioning and performance of the insurer's reinsurance programme, this type of regular review should be the responsibility of Senior Management. See ICP 7 Corporate Governance paragraph 7.2.6. The Board is to review the insurer's business strategies on an annual basis to see if they are being properly implemented–not on a "regular' basis.	Edits made to reflect

			Revise the language to read: The Senior Management of the ceding insurer should regularly review the performance of its reinsurance programme, to ensure that it functions as intended and continues to meet its strategic objectives. It is likely that such a review would take place as part of the feedback loop that is part of the risk management framework.	
General Insurance Association of Japan	Japan	No	"The Board and Senior Management" in the first sentence should be revised to "The Board and/or Senior Management". As we explained in our comment on 13.1.6, governance can be achieved more effectively by having Senior Management determine and implement practical matters regarding reviews of reinsurance programmes, and by having the Board oversee the implementation of the review process as well as whether the reviews themselves are in line with the aim of the reinsurance strategy. Therefore, from the perspectives of role-sharing between the Board and Senior Management as well as efficient management, it is inefficient to require the Board to approve reinsurance programmes.	Edits made to reflect
American Council of Life Insurers	Office of General Counsel	No	ACLI observes that this paragraph may belong in the introductory section rather than in the section on internal controls.	Noted
Institute of International Finance	United States	No	We have noticed a reduced level of requirements on the responsibility of the Board in the Consultative Document. While we are supportive of this amendment, we noticed that some of the requirements remain in the Consultative Document such as approving and regularly reviewing the reinsurance strategy and programme. We would suggest to soften the remaining requirements and make a clear distinction between the responsibility of the Board and that of Senior Management.	Noted
American Insurance Association	United States of America	No	Senior Management, rather than the Board, typically reviews the performance of the reinsurance program (see ICP 7 Corporate Governance paragraph 7.2.6). AIA recommends revising the language to read: "Senior Management of the ceding insurer should regularly review the performance of its reinsurance programme, to ensure that it functions as intended and continues to meet its strategic objectives. It is likely that such a review would take place as part of the feedback loop that is part of the risk management framework."	Edits made to reflect

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	It is not clear whether "reviewing performance" includes measuring the profitability of the program from the ceding company's perspective (in supervising reinsurers, obviously it is the opposite perspective that is important).	Language added to clarify.
17 - Q17 Comment on Guidance ICP 13.1.9				
Insurance Europe	Europe	No	The last sentence in Guidance ICP 13.1.9 should be reworded to clarify that supervisory measures can only be taken when objective criteria call for them, and not "where the supervisor feels strategy or programme are not appropriate".	Language tightened
Global Reinsurance Forum (GRF)	Germany	No	Any supervisory measures with respect to the strategy or the reinsurance programme should be justified based on objective criteria. We would suggest clarifying this in the wording of this Guidance.	Language tightened
Global Federation of Insurance Associations	Global	No	Authorizing the supervisor to challenge a reinsurance strategy or program merely because the supervisor feels the strategy or program is not appropriate is too loose a standard to provide any meaningful direction. The last sentence of the paragraph imposes way too large a burden on supervisors and authorizes the supervisor to substitute his or her own business judgment for the management's business judgement, which constitutes an inappropriate infringement on the insurer's management. Revise the language to read: "The supervisor should understand the ceding insurer's business objectives and strategies, how its reinsurance strategy fits into these, and the extent to which objectives and strategies are adequately reflected in the reinsurance programme".	Language tightened
General Insurance Association of Japan	Japan	No	Because "feels" in the second sentence could be interpreted arbitrarily, we suggest revising "it feels" to "ample grounds exist".	Language tightened
American Council of Life Insurers	Office of General Counsel	No	ACLI strongly recommends deleting the last sentence. It would preempt managements' judgments and impose significant burdens on supervisors. It is also redundant of 13.0.5.	Noted

Canadian Institute of Actuaries	Ontario	No	Please replace paragraph with the following: The supervisor should understand the ceding insurer's business objectives and strategies, how its reinsurance strategy fits into these, and the extent to which objectives and strategies are adequately reflected in the reinsurance programme. The supervisor's knowledge of the reinsurance programme should be sufficient so that it can challenge the strategy and/or the programme where it feels they are not appropriate or pose undue risk.	Language tightened
Lloyd's of London	UK	No	We suggest that the words "it feels they are not appropriate" are deleted from the last sentence. We consider that a supervisor should take action based on objective criteria, rather than a feeling.	Language tightened
American Insurance Association	United States of America	No	Authorizing the supervisor to challenge a reinsurance strategy or program merely because the supervisor feels the strategy or program is not appropriate is too loose of a standard for providing meaningful guidance. The last sentence of the paragraph imposes too large of a burden upon supervisors, and inappropriately infringes upon the insurer's management prerogative by authorizing the supervisor to substitute his or her own business judgment for the management's business judgement. Therefore, AIA recommends revising the language to read: "The supervisor should understand the ceding insurer's business objectives and strategies, how its reinsurance strategy fits into these, and the extent to which objectives and strategies are adequately reflected in the reinsurance programme."	Language tightened
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	While the Supervisor is advised to "challenge" strategies put in place, the question remains who are the stewards of the ceding company's capital and who gets to set the strategy? Is management or the supervisor? If it is the latter, why have management? Just socialize the entire system.	Noted
18 - Q18 Comment on Guidance ICP 13.1.10				

Autorité des marchés financiers	Canada (Québec)	No	3rd and 8th bullets: please refer to general comment on 13.4 and on guidance 13.4.3 to 13.4.6 with regard to taking into consideration the financial strength and claims payment record of the reinsurer, as well as the supervisory regime in place in the jurisdiction of the reinsurer. 10th bullet: While reinsurance brokers can sometimes act as an outsourced function for the benefit of the ceding insurer, taking on various forms including for example: analysing the ceding insurer's needs, defining the reinsurance programme, negotiating reinsurance contracts, managing premiums and claims cash flows between the ceding insurer and the reinsurers, this is not always the case. They often act as simply "brokers" between the parties, trying to get the best reinsurance rate available for the ceding insurer. That being said, we suggest that the supervisor's assessment with regard to the criteria for the selection of reinsurance brokers deserves a bullet by itself and not only as part of a possible outsourced function.	Noted
Insurance Europe	Europe	No	Insurance Europe agrees with the list of factors in ICP 13.1.10. and the addition of brokers to the list; however, given the significance of brokers in this context, brokers should be mentioned earlier in the ordering, rather than in the last bullet point. Furthermore, the order of bullet points 3 and 6 could be changed for structural reasons.	Reordering made
Global Federation of Insurance Associations	Global	No	The revision to the opening sentence appropriately allows each supervisor slightly broader discretion. The addition of the word "net" to the fourth bullet point would help supervisors be aware of potential offsets across each group. The addition of the word "expected" to the sixth bullet point clarifies that the assessment is forward-looking. The revised tenth bullet point more concisely states the issue of not selecting unqualified brokers. GFIA acknowledges the significance of brokers and, perhaps to better demonstrate the importance of brokers, the last bullet point should be moved up in the order listing. Likewise, IAIS may wish to consider revising the order of bullet points 3 through 6 for structural reasons. Modify the language to read: "The supervisor's assessment of a ceding insurer's reinsurance programme should be based on a number of factors, which may include, among others, the… 4th bullet point: "levels of aggregate net exposure to a single reinsurer or different	Edits made

			reinsurers being part of the same group." 6th bullet point: "Expected resilience of the reinsurance program in stressed claims situations…" 10th bullet point: "The selection process for outsourcing functions, including criteria to assure that unqualified brokers are not selected."	
General Insurance Association of Japan	Japan	No	We suggest adding "which need to be reviewed on a case-by-case basis" to the first sentence (the current (2011) version contains this phrase), or revising "including the" to "such as". Because different factors should be assessed as regards a ceding insurer's reinsurance programme depending on its business goals and reinsurance strategy, these factors should not be set in a uniform manner.	Language tightened
American Council of Life Insurers	Office of General Counsel	No	In the lead-in sentence, ACLI suggests replacing "should be based on a number of factors, including the…." with "should be based on a number of factors which may include, among others, the…." This change would appropriately allow each supervisor slightly broader discretion. ACLI suggests that the 4th bullet be revised to read: "levels of aggregate NET exposure to a single reinsurer or different reinsurers being part of the same group…." This would help supervisors be aware of potential offsets across each group. ACLI suggests that the 6th bullet be revised to read: "EXPECTED resilience of the reinsurance programme in stressed claims situations, including stress related to the occurrence of multiple and/or catastrophic events…." This would clarify that the assessment will be forward-looking. ACLI suggests that the final bullet be revised to read: "the selection process for outsourcing functions, including criteria to assure that unqualified brokers are not selected."	Language tightened
Swiss Re/Zurich	Switzerland	No	We suggest grouping bullet points 3 and 6 consecutively, as both address stressed conditions. While we agree with the listed points, we think that the role and significance of brokers in reinsurance could be further emphasized in ICP13. Brokers are mentioned only twice in ICP13 (again in ICP13.2.6), but are important parties to many other facets of reinsurance/reinsurance programs. This could translate to guidance on brokers in other instances of ICP13, or 1-2 dedicated guidances.	Reordering done

			Regarding ICP13.1.10 the IAIS could mention brokers earlier in the ordering, rather than in the last bullet point.	
American Insurance Association	United States of America	No	AIA recommends the following modifications of language: "The supervisor's assessment of a ceding insurer's reinsurance programme should be based on a number of factors, which may include, among others, the… " 4th bullet point: "levels of aggregate net exposure to a single reinsurer or different reinsurers being part of the same group." 6th bullet point: "Expected resilience of the reinsurance program in stressed claims situations…" 10th bullet point: "The selection process for outsourcing functions, including criteria to assure that unqualified brokers are not selected." The revision to the opening sentence appropriately allows each supervisor slightly broader discretion. The addition of the word "net" to the fourth bullet point would help supervisors be aware of potential offsets across each group. The addition of the word "expected" to the sixth bullet point clarifies that the assessment is forward-looking. The revised tenth bullet point more concisely states the issue of not selecting unqualified brokers. AIA acknowledges the significance of brokers; perhaps to better demonstrate the importance of brokers, the last bullet point could be moved up in the order listing. Likewise, IAIS may wish to consider revising the order of bullet points 3 through 6 for structural reasons.	Edits made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	It seems that the second bullet falls within the ambit of a jurisdiction's capital adequacy measurement system (e.g., U.S. RBC). The fourth bullet ignores the lack of even leverage often in play in reinsurance transactions. Small and medium sized enterprises frequently cannot diversify their programs on an economic basis.	Noted

			As to the ninth bullet, while maybe defined in the Glossary (admittedly I didn't check), what is meant by "effective risk transfer?" Is that meant from a legal perspective? Does "risk transfer" include both underwriting AND timing risk? Historically, some jurisdictions give credit for reinsurance for transactions not including both those elements.	
19 - Q19 Comment on Guidance ICP 13.1.11				
Autorité des marchés financiers	Canada (Québec)	No	In the 4th bullet, we suggest to add after "management", "and the aggregation" since there is a risk component linked to the aggregation of exposures, at the ceding insurers level, and also when done with a limited number of reinsurers. When individual entities are allowed to enter into their own specific reinsurance arrangements, attention should be given to the aggregation.	Edits made
Insurance Europe	Europe	No	This Guidance should clarify that it does not anticipate the creation of new strategy documents, but that the focus of the requirements is on their substance, rather than the form that they take.	Noted
Global Federation of Insurance Associations	Global	No	GFIA supports the inclusion of this language on group perspectives. GFIA notes, as with paragraph 13.1.1, this paragraph discusses an insurer's or an insurance group's "strategies." It is important that the ICP is concerned with the substance of the strategy and that the ICP does not elevate form over substance and become overly prescriptive in mandating strategy documents, forms and procedures.	Text shortened and simplified
General Insurance Association of Japan	Japan	No	We suggest revising "should require" in the first sentence to "may require". As issues to be addressed in insurance groups´ reinsurance strategies vary depending on their governance systems, group entities, etc., this guidance should not require full implementation of the listed matters. Rather, these should be introduced only as examples.	Noted
Institute of International Finance	United States	No	We have taken note that the revised language in the Consultative Document seems to suggest creation of many documents on reinsurance strategies, procedures, and policies, in some cases separately for individual insurance companies and their insurance groups. For example, "ceding insurer's reinsurance and risk transfer programme should be part of its reinsurance strategy, which, in turn, should be part of its wider underwriting, risk and capital management strategies"; and "procedures for managing reinsurance recoverables, including required reporting from insurers; and intra-group reinsurance strategy and practice ", etc. Although specific substantive requirements seem reasonable under most	Noted

			circumstances, it would be helpful to reduce the prescriptiveness on the number and form of required policy/procedural/strategy documents.	
Reinsurance Association of America	United States	No	The RAA supports the inclusion of this language on group perspectives. Important to note that many international groups will run a group program of ceded reinsurance i.e. where business is ceded and limits are purchased for the group as a whole. Legal entities will in practice rely to a large extent on group efforts of the ceded program.	Noted
American Insurance Association	United States of America	No	AIA supports the inclusion of this language on group perspectives. AIA also notes, as with paragraph 13.1.1, this paragraph discusses an insurer's or an insurance group's "strategies." It is important that the ICP focuses on the substance of the strategy and that the ICP does not elevate form over substance, to the point of becoming overly prescriptive in mandating strategy documents, forms and procedures.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
20 - Q20 Comment on Guidance ICP 13.1.12				
Autorité des marchés financiers	Canada (Québec)	No	Since in 13.0.1 reinsurance is defined as including both mainstream reinsurance and other forms of risk transfer, is 13.1.12 necessary? Even though a group-wide approach is used to manage the reinsurance program, alternative risk transfer vehicles may not be part of the strategy.	Text integrated 13.1.12 into 13.1.11.
Insurance Europe	Europe	No	Insurance Europe would suggest that an element of proportionality, as included in the "Introduction and Assessment Methodology", be introduced into Guidance ICP 13.1.12. Additionally, Insurance Europe would like to point out that reinsurance strategy does not cover all types of market risk transfer products. Therefore, Insurance Europe would propose the following rewording: "…including capital markets insurance risk transfer products."	Picked up under proportionality principle

Global Federation of Insurance Associations	Global	No	GFIA suggests deleting this guidance, as alternative risk transfer (ART) products may not be appropriate for all insurance groups. Where management has determined not to consider ART, the company need not have a strategy including it. Alternatively, GFIA suggests that the phrase ", if any" be added to the end of the sentence. Delete the paragraph: The group-wide supervisor of an insurance group should require that the reinsurance strategy of the insurance group covers the use of alternative risk transfer, including capital markets risk transfer products.	Text integrated 13.1.12 into 13.1.11.
General Insurance Association of Japan	Japan	No	We suggest adding "as necessary" to the end of the sentence. As the use of alternative risk transfer depends on a ceding insurer´s business goals and reinsurance strategy, this guidance should clarify that alternative risk transfer can be arranged when necessary.	Goes against drafting guide
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests deleting this guidance, as alternative risk transfer (ART) products may not be appropriate for all insurance groups. Where management has determined not to consider ART, the company need not have a strategy including it. Alternatively, ACLI suggests that the phrase ", if any" be added to the end of the sentence.	Text integrated 13.1.12 into 13.1.11.
American Insurance Association	United States of America	No	AIA suggests deleting this guidance, as alternative risk transfer (ART) products may not be appropriate for all insurance groups; it would certainly be an undue burden to require smaller cedents to consider capital market alternatives in their reinsurance strategies. Where management has determined not to consider ART, the company need not have a strategy including it. Alternatively, AIA suggests that the phrase ", if any" be added to the end of the sentence.	Text integrated 13.1.12 into 13.1.11.
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
21 - Q21 Comment on Standard ICP 13.2				
Insurance Europe	Europe	No	Standard ICP 13.2 states that the "supervisor requires ceding insurers to establish effective internal controls". The guidance then states in 13.2.4 that there are "various ways for the ceding insurer to mitigate reinsurer credit risk" and under the	Disagree. These are industry practices (e.g. collateral posting) which is the

			subsequent bullet points 4 and 5 mentions downgrade clauses and posting collateral respectively. (please refer to Q25 for further comments). The guidance to mitigate reinsurer credit risk in these ways is then identified in paragraph 13.5.5 as "causing liquidity issues among reinsurers and may be pro-cyclical". As a general principle, it does not seem appropriate to provide guidance in the ICP which is then subsequently identified as creating issues in this way.	supervisor's duty to understand and flag any risks emerging from these.
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests that language be included recommending that supervisors expect cedants' treaties to address termination. ACLI observes that the paragraphs on "Credit risk posed by the reinsurer" [13.1.2 thru 13.2.4] are redundant of those on "Approved security criteria" [13.2.5 and 13.2.6].	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
22 - Q22 Comment on Guidance ICP 13.2.1				
Global Reinsurance Forum (GRF)	Germany	No	This paragraph is ambiguous. The appropriateness of a reinsurance programme in addressing a ceding insurer's reinsurance needs is not a supervisory matter.	Language simplified.
Global Federation of Insurance Associations	Global	No	The second sentence should be deleted. The supervisor should not be micro-managing the insurer's reinsurance programme to determine if in his or her opinion the programme is "appropriate." "Neither "appropriate" nor "suitable" are adequate legal standards to make an objective determination and leave the supervisor with too much subjective discretion to substitute his or her own opinion on what constitutes an "appropriate" or "suitable" reinsurance programme. "Control of the reinsurance programme should be part of the ceding insurer's overall system of risk management and internal controls".	Language simplified.
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests that the second sentence is redundant and could be deleted.	Language simplified.
Lloyd's of London	UK	No	The IAIS should review the last sentence of this paragraph, as it is unclear what it is advising a supervisor to do. It is unnecessary for a supervisor to ensure that a	Language simplified.

			reinsurance programme appropriately addresses a ceding insurer's reinsurance needs: this is the responsibility of the insurer's senior management, not a suitable task for a supervisor.	
American Insurance Association	United States of America	No	The second sentence should be deleted. The supervisor should not be micro-managing the insurer's reinsurance program to determine if in his or her opinion the program is "appropriate." "Neither "appropriate" nor "suitable" are adequate legal standards to make an objective determination. Such language leaves the supervisor with too much subjective discretion for substituting his or her own opinion on what constitutes an "appropriate" or "suitable" reinsurance program. Accordingly, we suggest the following modified language: "Control of the reinsurance programme should be part of the ceding insurer's overall system of risk management and internal controls.	Language simplified.
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
International Association of Insurance Receivers	US Corporation, International membership	No	The International Association of Insurance Receivers (IAIR) agrees that having controls and oversight in place that are suitable in the context of the ceding insurer's business are key in both an ongoing company and to a successful resolution. IAIR appreciates the inclusion of this guidance.	Noted
23 - Q23 Comment on Guidance ICP 13.2.2				
Insurance Europe	Europe	No	Insurance Europe would propose the below minor rewording: "…are adequately reflected in its capital assessment as well as its ORSA."	Text modified
Swiss Re/Zurich	Switzerland	No	For clarity, we suggest IAIS to write "as well as in its ORSA", rather than ", including its ORSA".	Text modified
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted

International Association of Insurance Receivers	US Corporation, International membership	No	The International Association of Insurance Receivers believes that this guidance and the following related guidance are critical in understanding the credit risk posed to a ceding company by a reinsurer.	Noted
24 - Q24 Comment on Guidance ICP 13.2.3				
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
25 - Q25 Comment on Guidance ICP 13.2.4				
Autorité des marchés financiers	Canada (Québec)	No	You could add: "monitoring reinsurance claims recoveries" and "ensuring that actual risk transfers are as expected".	Edits made
Insurance Europe	Europe	No	The presence of collateral or downgrade clauses is a commercial issue between the reinsurer and ceding company and regulatory guidance does not seem appropriate in this area, particularly where both the ceding company and the reinsurer are fully regulated. In relation to the fourth bullet point, the ICP should not encourage the incorporation of rating downgrades or other special termination clauses that could exacerbate the liquidity position of reinsurers in a stress situation. In most cases, reinsurance treaties are yearly renewable; consequently, a cedant can react in a timely manner to a deterioration of the reinsurer's rating. It is much more important for a ceding company to be very demanding with regard to the financial strength of its reinsurers at inception of a reinsurance treaty. Furthermore, the use of downgrade clauses has become less widespread since the financial crisis. Insurance Europe would therefore suggest that bullet point 4 be removed or be modified to read the following which holds as well for 13.5.4. "…incorporating special termination clauses into the reinsurance contract." In reference to the fifth bullet point on reinsurance collateral, Insurance Europe believes it is crucial to clarify that, supervisors should not require the posting of collateral by the reinsurer where the reinsurer is subject to an appropriate, risk-based supervisory regime. As the reinsurance business model is based on	Disagree. These are industry practices (e.g. collateral posting) which is the supervisor’s duty to understand and flag any risks emerging from these. Edits made

			asset/liability management, collateral requirements - in particular where these are linked to changes in the credit standing of the reinsurers - have the potential to create unnecessary liquidity constraints and lead to sub-optimal investment strategies. In many jurisdictions, collaterals have been abandoned in line with prudent supervisory oversight. Cooperation and coordination of insurance supervisors worldwide should make collaterals redundant in the future. Insurance Europe considers that the proposed approach would be aligned with the objectives of the IAIS, based on the guidance in ICP 13, and risk management principles generally. For clarification, Insurance Europe would propose - deleting the fifth bullet point, or - adding a reference to ICP 13.4 in the fifth bullet point, and/or - a clarification to the fifth bullet point that reflects the last sentence of ICP 13.5.4 (ie "Use of such arrangements is a commercial matter between the ceding insurer and reinsurer") Insurance Europe would propose the following bullet point be added to the list in ICP 13.2.4: - "considering the quality of the regulatory and supervisory framework in the home country where the reinsurance entity or group operates"	Edits made
Global Federation of Insurance Associations	Global	No	The fourth bullet point discusses parties incorporating rating downgrade or other special termination clauses into the reinsurance contract. This language is somewhat at odds with 13.5.5 which provides that a downgrade clause can give rise to liquidity issues under certain circumstances. The document should address this inconsistency. The ICP should not encourage a specific requirement for collateral but rather should note collateral may be provided under some reinsurance contracts. Paragraph 13.5.4, for example, clarifies that the use of such arrangements may be a commercial matter between the ceding insurer and reinsurer.	Disagree. These are industry practices (e.g. collateral posting) which is the supervisor's duty to understand and flag any risks emerging from these.

			Revise the 5th bullet point to read: "incorporate collateral provisions into the reinsurance contract."	
American Council of Life Insurers	Office of General Counsel	No	ACLI strongly recommends deleting, in the 4th bullet, the suggestion that ratings triggers be incorporated into reinsurance contracts. Ratings triggers are procyclical, and in a market-wide downturn will create liquidity issues for the entire industry. In the 5th bullet, ACLI urges against implying that the supervisor should require collateral as a risk mitigants. We suggest revising the bullet to read: "negotiating collateral with the reinsurer...."	Disagree. These are industry practices (e.g. collateral posting) which is the supervisor’s duty to understand and flag any risks emerging from these.
Swiss Re/Zurich	Switzerland	No	We suggest that the IAIS removes references to rating downgrade clauses, as their use has become less widespread since the financial crisis. The wording could be modified to read "…incorporating special termination clauses into the reinsurance contract." This also applies for 13.5.5. Regarding collateral, as adequately stated in 13.5.4, the use of such arrangements is a commercial matter between the ceding insurer and reinsurer. In most jurisdictions, formal collateral requirements have been abandoned. In that particular context, cooperation and coordination between jurisdictions is a more effective risk management mechanism than collateral, which imposes additional costs to both ceding insurers and reinsurers.	Disagree. These are industry practices (e.g. collateral posting) which is the supervisor’s duty to understand and flag any risks emerging from these.
Reinsurance Association of America	United States	No	Revised ICP language: Delete the fourth bullet point regarding downgrade or special termination clauses. The language in this provision is internally inconsistent with 13.5.5 which provides that a downgrade clause can give rise to liquidity issues under certain circumstances. The suggested deletion is intended to address that inconsistency and to not encourage these types of clauses which can potentially raise liquidity issues. Revised ICP language: Revise the 5th bullet point: "negotiating with the reinsurer to post collateral . . ." The ICP should not encourage requiring reinsurance collateral. Instead, the language should recognize that collateral is one of several ways to manage counterparty credit risk.	Disagree. These are industry practices (e.g. collateral posting) which is the supervisor’s duty to understand and flag any risks emerging from these.

American Insurance Association	United States of America	No	The fourth bullet point discusses parties incorporating rating downgrade or other special termination clauses into the reinsurance contract. This language is somewhat at odds with 13.5.5 which provides that a downgrade clause can give rise to liquidity issues under certain circumstances. The document should address this inconsistency. The ICP should not encourage a specific requirement for collateral; rather, it should note that collateral may be provided under some reinsurance contracts. Paragraph 13.5.4, for example, clarifies that the use of such arrangements may be a commercial matter between the ceding insurer and reinsurer. We recommend revising the 5th bullet point to read: "incorporate collateral provisions into the reinsurance contract."	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	As relates to the third bullet and as previously mentioned, in many circumstances such diversification is practically not a viable option. As to the fourth bullet, leverage within the intermediation process makes such negotiation of the delineated clauses generally not feasible. As to the fifth and sixth bullets it is particularly interesting to note the IAIS seeming preference for collateralization. This fits very well with my earlier proposed notion that reinsurance represents hedging activity and frequently other hedging types include collateralization requirements.	Noted although guidance is not explicitly favouring collateralization and must be considered independently Disagree. These are industry practices (e.g. collateral posting) which is the supervisor's duty to understand and flag any risks emerging from these.
26 - Q26 Comment on Guidance ICP 13.2.5				
AIA Group	Hong Kong	No	The selection of reinsurers is based on criteria that include but are not exclusive to whether the reinsurer will provide security (including a letter of credit, a trust account or another security instrument) that the ceding insurer finds acceptable. Other criteria may include the credit rating of the reinsurer, the amount of risk already reinsured to such reinsurer, the quality of the relationship with the reinsurer and the criteria set out in ICP 13.2.6. As such, we suggest it would be preferable to have a pre-approved list of reinsurers based on various criteria with the ability to provide security as one of these criteria. We suggest the following wording for ICP 13.2.5:	Edits made

			The ceding insurer should have in place procedures for identifying reinsurers that are capable of providing security that it finds acceptable and should keep these procedures periodically under review. The ceding insurer may formulate a pre-approved list of reinsurers and there should be processes for dealing with situations where there is a need to assess reinsurers outside the pre-approved list or to re-assess reinsurers currently on the pre-approved list. Ceding insurers may have their own committees to make their own assessment of the risk.	
Autorité de Contrôle des Assurance et de la Prévoyance Sociale (ACAPS)	Morocco	No	The disposal by the ceding insurers of a specific credit committee for their own assessment of reinsurers could be very costly, even inappropriate, since it is a business of specialized rating agencies. It is therefore suggested that the disposal of this type of committee should be restricted only to large insurers or reinsurers who have sufficient financial resources to make effective use of the creation of such a committee	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
International Association of Insurance Receivers	US Corporation, International membership	No	The International Association of Insurance Receivers agrees that procedures should be in place to provide reasonable assurance that the reinsurer has the financial wherewithal for the program and provides acceptable security if necessary.	Noted
27 - Q27 Comment on Guidance ICP 13.2.6				
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
28 - Q28 Comment on Guidance ICP 13.2.7				
Global Federation of Insurance Associations	Global	No	GFIA urges adding guidance to recognize that mandated cessions and otherwise protecting local reinsurers creates concentration and counterparty credit risks that can be difficult for cedents and supervisors to manage.	Noted

The Financial Supervisory Authority	Iceland	No	I believe the last sentence in this paragraph "Matching of underlying underwriting criteria" should be a heading for paragraph 13.2.8.	Formatting corrected
American Council of Life Insurers	Office of General Counsel	No	ACLI notes that the last 5 words of the second paragraph should be deleted, as a typographical error. ACLI assumes that use of italics in the second paragraph is a similar error. ACLI urges adding guidance to recognize that mandated cessions and otherwise protecting local reinsurers creates concentration and counterparty credit risks that can be difficult for cedants and supervisors to manage.	Formatting corrected
American Insurance Association	United States of America	No	AIA urges adding guidance to recognize that mandating cessions and otherwise protecting local reinsurers create concentration and counterparty credit risks that can be difficult for cedents and supervisors to manage.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
29 - Q29 Comment on Guidance ICP 13.2.8				
Insurance Europe	Europe	No	There seems to be a small formatting error in the consultation documents. Insurance Europe assumes that the heading "Matching of underlying underwriting criteria" belongs to the Guidance ICP 13.2.8 instead of the second paragraph of 13.2.7.	Formatting corrected
Canadian Institute of Actuaries	Ontario	No	Section heading preceding paragraph 13.2.8, "Matching of underlying criteria", is embedded in the preceding paragraph; please rewrite to highlight section heading.	Formatting corrected
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
International Association of Insurance Receivers	US Corporation, International membership	No	The International Association of Insurance Receivers agrees that a review of the reinsurance contracts and the related underlying policies should be made before entering into the reinsurance relationship. This review is important to assure that the reinsurance is appropriate for the risks involved. A mismatch of terms and	Noted

			conditions between the reinsurance and the underlying policies can also impact collectability.	
30 - Q30 Comment on Guidance ICP 13.2.9				
Insurance Europe	Europe	No	Insurance Europe believes that this guidance would read better if separated into two separate sections, one dealing with criteria and the other dealing with procedures/process. Furthermore, this Guidance seems to assume that maximum net capacity and risk limits will be set by the Board as opposed to Senior Management, which is not necessarily the case.	Edit made
Global Federation of Insurance Associations	Global	No	The last sentence should be modified to delete the reference to the Board as the entity setting maximum net capacity and risk limits. Such determinations should be for Senior Management. "…If facultative reinsurance is necessary to ensure that acceptance of a risk would not exceed maximum net capacity and/or risk limits, such reinsurance should be secured before the ceding insurer accepts the risk."	Edit made
General Insurance Association of Japan	Japan	No	We suggest revising "the Board" in the last sentence to "the Board and/or Senior Management". From the perspectives of the recognition that the purchase of facultative coverage is part of a ceding insurer´s reinsurance strategy and role-sharing between the Board and Senior Management as well as efficient management, it is inefficient to require the Board´s approval in order to set the maximum capacity regarding facultative reinsurance. Therefore, we understand that it is necessary for insurers to establish a governance system to ensure appropriate management and oversight, where Senior Management determines and puts into action practical issues regarding the purchase, and the Board oversees the implementation.	Edit made
Swiss Re/Zurich	Switzerland	No	We believe that this guidance ought to be split into two separate guidances, one dealing with criteria and the other dealing with process, i.e. set a break point between the two first and two last sentences.	Edit made
Institute of International Finance	United States	No	We have noticed a reduced level of requirements on the responsibility of the Board in the Consultative Document. While we are supportive of this amendment, we noticed that some of the requirements remain in the Consultative Document such	Edit made

			as approving and regularly reviewing the reinsurance strategy and programme. We would suggest to soften the remaining requirements and make a clear distinction between the responsibility of the Board and that of Senior Management.	
American Insurance Association	United States of America	No	The last sentence should be modified to delete the reference to the Board for setting maximum net capacity and risk limits. Setting such determinations are typically within the purview of Senior Management. "…If facultative reinsurance is necessary to ensure that acceptance of a risk would not exceed maximum net capacity and/or risk limits, such reinsurance should be secured before the ceding insurer accepts the risk."	Edit made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	This the first reference to Facultative reinsurance (and noteworthy, "treaty" reinsurance is not mentioned at all).	Noted
31 - Q31 Comment on Standard ICP 13.2.10				
Insurance Europe	Europe	No	The term "economic and coverage terms and conditions" is ambiguous, as it is not a recognised terminology in insurance contract law. Insurance Europe would propose to modify the Standard as follows: "In order to reduce the risk and scope of future disputes, the ceding insurer and the reinsurer should have processes and adequate controls in place to document the terms and conditions of the reinsurance contracts clearly and promptly."	Disagree. Language “economic and coverage terms and conditions” used in 2011 version of ICP 13.
Global Reinsurance Forum (GRF)	Germany	No	It would be preferable to refer to "term and conditions" of reinsurance contracts and require that these should be clearly and timely documented and communicated to both parties, in order to avoid situations where, based on a succinct - and sometimes incomplete - reinsurance cover slip, the coverage commences without having negotiated all the nitty gritty details of the transaction. It is, however, not always possible to have a comprehensive final document prior to the inception date of the reinsurance contract, but at least the most important clauses should be known to and accepted by both parties.	Noted

Global Federation of Insurance Associations	Global	No	GFIA suggests deleting the words "economic and coverage" because the full phrase "principal economic and coverage terms and conditions" is not a recognized industry term and creates unnecessary ambiguity. The recognized phrase is "terms and conditions." In order to reduce the risk and scope of future disputes,… to document the terms and conditions of reinsurance contracts clearly and promptly.	Disagree. Language "economic and coverage terms and conditions" used in 2011 version of ICP 13.
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests deleting the words "economic and coverage" because the full phrase "principal economic and coverage terms and conditions" is not a recognized industry term. The recognized phrase is "principal terms and conditions."	Disagree. Language "economic and coverage terms and conditions" used in 2011 version of ICP 13.
Swiss Re/Zurich	Switzerland	No	The term "economic and coverage terms and conditions" is ambiguous, as it is not recognized terminology in insurance contract law. We would propose to refer to "terms and conditions" instead.	Disagree. Language "economic and coverage terms and conditions" used in 2011 version of ICP 13.
Lloyd's of London	UK	No	We suggest that, for clarity, this is redrafted to read: "In order to reduce the risk and scope of disputes, the ceding insurer and the reinsurer should have in places processes and controls to document the terms and conditions of reinsurance contracts clearly and promptly."	Disagree. Language "economic and coverage terms and conditions" used in 2011 version of ICP 13.
American Insurance Association	United States of America	No	AIA suggests deleting the words "economic and coverage" because the full phrase "principal economic and coverage terms and conditions" is not a recognized industry term and creates unnecessary ambiguity. The recognized phrase is "terms and conditions." Thus, we recommend the following modified language: "In order to reduce the risk and scope of future disputes, to document clearly and promptly the terms and conditions of reinsurance contracts."	Disagree. Language "economic and coverage terms and conditions" used in 2011 version of ICP 13.
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
32 - Q32 Comment on Guidance ICP 13.2.11				
Insurance Europe	Europe	No	There are no strict legal requirements on the conclusion date of reinsurance contracts, regardless of a certain practice having developed over the past. Insurance Europe would appreciate the following clarification:	Disagree.

			"Ceding insurers and reinsurers should finalise the formal reinsurance contract without undue delay, ideally (but not necessarily) prior to the inception date of the reinsurance contract."	
GDV - German Insurance Association	Germany	No	There is a certain practice but not a legal requirement as to the conclusion date of reinsurance contracts. Therefore, we suggest to draft the guidance as follows: "Ceding insurers and reinsurers should finalise the formal reinsurance contract without undue delay, ideally (but not necessarily) prior to the inception date".	Disagree.
Global Federation of Insurance Associations	Global	No	There is a certain practice but not a legal requirement, as to finalizing the reinsurance contract prior to the contract's inception. Revise the paragraph to read: "Ceding insurers and reinsurers should finalise the formal reinsurance contract without undue delay, ideally (but not necessarily) prior to the inception date of the reinsurance contract."	Disagree.
American Insurance Association	United States of America	No	While not a legal requirement, there is a certain practice for finalizing the reinsurance contract prior to the contract's inception. We recommend revising the language to read: "Ceding insurers and reinsurers should finalise the formal reinsurance contract without undue delay, ideally (but not necessarily) prior to the inception date of the reinsurance contract."	Disagree.
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	What other types of major economic transactions in other parts of the business world are only "ideally" to be effected as of or prior to the effective date? Are real estate transactions handled that way? In this day and age of technological progress there is no excuse for delays in effecting contracts prior to the being effect. The 9/11 WTC case more than proves that point.	Noted
33 - Q33 Comment on Guidance ICP 13.2.12				
Insurance Europe	Europe	No	It should be clarified that reporting in this context refers to information exchange between cedant and reinsurer as contractually agreed, and not regulatory reporting.	Noted

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	Yes, "settlements should be made as required by the reinsurance contract;" however, as in the U.S., the contracts should include underwriting risk and timing risk so there is no inference that settlements are made on some sort of scheduled basis that does not reflect the inclusion of timing risk within the contractual cover.	Noted
34 - Q34 Comment on Guidance ICP 13.2.13				
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
35 - Q35 Comment on Guidance ICP 13.2.14				
Insurance Europe	Europe	No	The proposed wording of 13.2.14 is unclear considering that a large amount of reinsurance is underwritten cross-border. It should be clarified that the supervisor should have access to the reinsurance documentation in respect of the entity which it supervises (and not necessarily the counterparty which may be domiciled in another jurisdiction).	Noted but disagree
Global Reinsurance Forum (GRF)	Global	No	We understand that the supervisor should have access to reinsurance documentation from the reinsurer in its jurisdiction (and not from counterparties possibly domiciled in other jurisdictions). This should be clarified in this Guidance.	Noted
Global Federation of Insurance Associations	Global	No	The provision should clarify that the supervisor has access to reinsurance documentation from the entity that it regulates, the cedent. "The supervisor should have access, on request, to the cedent's material reinsurance documentation..."	Clarified
American Council of Life Insurers	Office of General Counsel	No	ACLI recommends adding at the end of the first sentence "of the regulated entity."	Clarified

Reinsurance Association of America	United States	No	Revised ICP language: The supervisor should have access, on request, to the cedent's material reinsurance documentation . . . The provision should clarify that the supervisor has access to reinsurance documentation from the entity that it regulates, the cedent.	Clarified
American Insurance Association	United States of America	No	AIA recommends clarifying this provision to indicate that the supervisor has access to the reinsurance documentation of the entity that it regulates, i.e., the ceding insurer: "The supervisor should have access, on request, to the ceding insurer's material reinsurance documentation . . ."	Clarified
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
38 - Q38 Comment on Standard ICP 13.3				
Insurance Europe	Europe	No	An element of proportionality should be introduced into this requirement to assess the economic impact and provide guidance to supervisors. Information shared with the supervisor should be subject to confidentiality requirements. This Standard should reference ICP 3. Insurance Europe would further appreciate clarification if this is intended to be by supervisor´s request only. For example, the following wording would provide more clarity: "The supervisor requires ceding insurers to give information in order to gain an understanding of the economic impact of the risk transfer originating from their reinsurance contracts."	Noted but disagree. Cross-reference to ICP 3 not needed.
Global Federation of Insurance Associations	Global	No	The guidance for this Principle should be revised to allow the supervisor to set standards for risk transfer and for reporting on compliance with those standards. As drafted, the guidance can be read to require the supervisor to intervene to oversee each cedent's reinsurance program and processes, individually, and separately from any ORSA or other group-wide reporting. GFIA agrees that a supervisor should have the authority to exercise that degree of oversight if needed but disagree that it must be exercised routinely for all companies all the time.	Noted but disagree. Cross-reference to ICP 3 not needed.

			Information shared with the supervisor should be subject to confidentiality requirements. This Standard should reference ICP 3.	
American Council of Life Insurers	Office of General Counsel	No	The guidance for this Principle should be revised to allow the supervisor to set standards for risk transfer and for reporting on compliance with those standards. As drafted, the guidance can be read to require the supervisor to intervene to oversee each cedant's reinsurance program and processes, individually, and separately from any ORSA or other group-wide reporting. ACLI agrees that a supervisor should have the authority to exercise that degree of oversight if needed but disagree that it must be exercised routinely for all companies all the time.	Noted but disagree. Cross-reference to ICP 3 not needed.
Swiss Re/Zurich	Switzerland	No	We would appreciate clarification if this is intended to be by supervisor's request only.	Noted but disagree. Cross-reference to ICP 3 not needed.
American Insurance Association	United States of America	No	As drafted, the guidance could be read to require the supervisor to intervene to oversee each cedent's reinsurance program and processes, separate from any ORSA or other group-wide reporting. AIA agrees that a supervisor should have the authority to exercise that degree of oversight if needed, but disagrees that it must be exercised routinely for all companies all the time. Instead, the guidance for this Principle should be revised to allow the supervisor to set standards for demonstrating risk transfer and for reporting on compliance with those standards. Also, information shared with the supervisor should be subject to confidentiality requirements. Thus, this Standard should reference ICP 3.	Noted but disagree. Cross-reference to ICP 3 not needed.
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
39 - Q39 Comment on Guidance ICP 13.3.1				
AIA Group	Hong Kong	No	We note that ICP 8.3.1 requires that the risk management system of an insurer cover reinsurance and other risk mitigation techniques. We suggest clear wording that the nature, scale and complexity of the arrangements be taken into consideration in the review: Taking into consideration the nature, scale and complexity of the arrangements, the supervisor should review all material information about the reinsurance programme	Deleted

			in order to form a judgment about risk management and prudential ramifications of the ceding insurer's reinsurance programme and associated risks. This need not entail an inspection of all individual contracts.	
Lloyd's of London	UK	No	This is an amended version of paragraph 13.2.1. The older paragraph says that supervisors should require cedants to make available all information about the reinsurance programme that the supervisor requires in order to form a judgement. The new paragraph says that supervisors should review "all material information about the reinsurance programme". The new wording may be understood as requiring more intensive analysis of individual reinsurance programmes, as it sets an objective standard of materiality, rather than relying on the judgement of the supervisor to decide what it needs to review. We think that the older wording is preferable and gives the supervisor greater discretion over their approach. We agree that assessment of reinsurance programmes should not entail an inspection of all individual contracts, so the last sentence is important.	Deleted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
40 - Q40 Comment on Guidance ICP 13.3.2				
Insurance Europe	Europe	No	Insurance Europe doubts whether the supervisor challenging the cedant's senior management on individual reinsurance contracts is an efficient addition to the Guidance ICP 13.3.2. A cedant's reinsurance programme should always be reviewed and analysed from a holistic point of view and the level of granularity should be left to the supervisor's discretion. Insurance Europe appreciates that "where appropriate" may seek to address this concern but would suggest that deleting the last sentence in the Guidance would be preferable, as it is not an objective standard.	Text shortened
Global Reinsurance Forum (GRF)	Germany	No	The second paragraph of this Guidance should be deleted. Challenging overall the use and appropriateness of a reinsurance programme from a risk management perspective is reasonable and useful. But questioning the performance of individual reinsurance treaties cannot be the task of a supervisor in open and competitive reinsurance markets.	Text shortened

Global Federation of Insurance Associations	Global	No	A supervisor should not be challenging the ceding insurer's Senior Management regarding individual contracts. In addition, the standard "where appropriate" dos not provide sufficient clarity and essentially empowers the supervisor to challenge and second-guess business decisions of the ceding insurer with respect to individual contracts. "The supervisor should use this information to determine whether or not the reinsurance programme is compatible with the ceding insurer's stated reinsurance strategy".	Text shortened
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests deleting the last sentence. The supervisor's concern is financial risk, not whether an individual reinsurance contract furthers a cedant's strategic objectives. A change in objectives does not cause life reinsurance contracts to terminate. Indeed it is expected that life reinsurance treaties may long survive the strategic goals in place when they were originated.	Text shortened
American Insurance Association	United States of America	No	The terms "where appropriate" do not provide sufficient clarity; as currently written, this language would essentially empower the supervisor to challenge and second-guess business decisions of the ceding insurer with respect to individual contracts. In this regard, it is not the role of the supervisor to be "challenging" the ceding insurer's Senior Management regarding individual contracts. Therefore, we recommend the following revision: "The supervisor should use this information to determine whether or not the reinsurance programme is compatible with the ceding insurer's stated reinsurance strategy."	Text shortened
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
41 - Q41 Comment on Guidance ICP 13.3.3				
Global Reinsurance Forum (GRF)	Global	No	We would suggest adding: "Where appropriate, the supervisor might require additional information about the ceding insurer's reinsurance contracts…"	13.3.1 deleted and clarified

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
42 - Q42 Comment on Guidance ICP 13.3.4				
Insurance Europe	Europe	No	The intention and content of this Guidance are ambiguous. The term "inappropriate reporting" is not clear in a regulatory context.	Text clarified
Lloyd's of London	UK	No	This paragraph should be reviewed, as it is unclear what this paragraph means by "concerns of inappropriate reporting".	Text clarified
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	There is no definition in ICP 13 regarding "appropriate" reporting versus "inappropriate" reporting, particularly with reference to prospective versus retrospective covers, loss portfolio transfers, etc.	Text clarified
43 - Q43 Comment on Guidance ICP 13.3.5				
GDV - German Insurance Association	Germany	No	We do not consider it adequate to put "structured reinsurance" at the same level with "finite reinsurance". Instead, structured reinsurance is not equivalent to finite reinsurance because structured reinsurance arrangements usually includes significant risk transfer as opposed to limited risk transfer which featuring finite reinsurance contracts. In addition, the reference to "non-traditional reinsurance" is outdated and should be abandoned. The same is true for the terms "financial reinsurance" and "loss mitigation reinsurance" since they are neither common are legally defined. Therefore, we suggest to rephrase guidance 13.3.7 as follows: "Finite reinsurance is a generic term that, for the purposes of this ICP, is used to describe a spectrum of reinsurance arrangements that transfer rather limited risk relative to aggregate premiums that could be charged under the contract".	Edits made
Global Federation of Insurance Associations	Global	No	This paragraph should be revised to clarify that in addition to reinsuring risk on underlying business that is considered insurance, a degree of insurance risk transfer is also required for a contract to be considered reinsurance. GFIA would recommend revising the paragraph as follows: "The supervisor should	Edits made

			regard as a reinsurance contract an agreement that transfers sufficient insurance risk, which under local rules is accepted as insurance business."	
American Council of Life Insurers	Office of General Counsel	No	ACLI recommends that the sentence be revised to read: "The supervisor should require that a contract SHOULD REGARD as a reinsurance contract AN AGREEMENT THAT TRANSFERS SUFFICIENT INSURANCE RISK, which under local rules is accepted as insurance." The purpose of this revision is to clarify that hedging, for example, is not reinsurance.	Edits made
Reinsurance Association of America	United States	No	Revised ICP language: The supervisor should regard as a reinsurance contract an agreement that transfers sufficient insurance risk and that cedes insurance risk, which under local rules is accepted as insurance business. The RAA believes it is important to amend 13.3.5, since as drafted, it "requires" the supervisor to treat as reinsurance any contract that cedes business that is considered insurance under local rules. Section 13.3.6 discusses a single specific instance where a reinsurance contract should be considered a deposit. Together, these paragraphs are equivalent to eliminating essentially all the requirements for a contract to be considered reinsurance. The purpose of this section appears intended to recognize that a reinsurance or similar contract should transfer a degree of economic risk, so we believe the literal meaning of this section is not the IAIS's intent. The proposed revision does not set a risk transfer threshold but simply states that there must be some economic risk transferred for a contract to be considered reinsurance.	Edits made
American Insurance Association	United States of America	No	This paragraph should be revised to clarify that in addition to reinsuring risk on underlying business that is considered insurance, the contract must, in substance, transfer an appropriate degree of insurance risk to be considered as and accounted for as reinsurance. AIA recommends revising the paragraph as follows: "The supervisor should regard as a reinsurance contract an agreement that transfers sufficient insurance risk, which, under local rules, is accepted as insurance business."	Edits made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
44 - Q44 Comment on Guidance ICP 13.3.6				

American Council of Life Insurers	Office of General Counsel	No	ACLI recommends revising this paragraph to read: "The contract should be considered as a loan or deposit if, during its development, the ceding insurer has the unconditional obligation to indemnify the reinsurer for any negative balances that may arise out of the treaty relationship; EXCEPT THAT NEITHER OFFSETTING EXPERIENCE REFUNDS AGAINST CURRENT OR PRIOR YEARS' LOSSES UNDER THE CONTRACT NOR PAYMENT BY THE CEDING INSURER OF AN AMOUNT EQUAL TO THE CURRENT AND PRIOR YEARS' LOSSES UNDER THE CONTRACT UPON VOLUNTARY TERMINATION OF IN FORCE REINSURANCE BY THE CEDING INSURER SHALL BE CONSIDERED SUCH AN INDEMNIFICATION OF THE REINSURER FOR NEGATIVE BALANCES. All liabilities of the ceding insurer should be contingent on the proceeds of the underlying insurance business." Adding this language would acknowledge that the cedant may voluntarily elect to recapture business from the reinsurer, but in exchange for a recapture charge that is not punitive to either party.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	Some reinsurance contracts contain ceding commission provisions and profit sharing, either directly or through contingent commission provisions. The ICP could use more discussion relative to these issues, particularly since the existence of such provisions and their reporting can severe distort financial reports.	Noted.
45 - Q45 Comment on Guidance ICP 13.3.7				
Insurance Europe	Europe	No	Insurance Europe does not consider it adequate to put "structured reinsurance" at the same level with "finite reinsurance". In fact, structured reinsurance is not equivalent to finite reinsurance because structured reinsurance arrangements usually include significant risk transfer as opposed to limited risk transfer in finite reinsurance contracts. In addition, the reference to "non-traditional reinsurance" is outdated and should be abandoned. The same is true for the terms "financial reinsurance" and "loss mitigation reinsurance" since they are neither common nor legally defined. In order to create more clarity, Insurance Europe would hence propose the following wording: "Finite reinsurance is a generic term that, for the purposes of this ICP, is used to	See Insurance Europe comment at 13.3.5

			describe a spectrum of reinsurance arrangements that transfer limited risk relative to aggregate premiums that could be charged under the contract."	
Global Reinsurance Forum (GRF)	Global	No	We would suggest deleting the terms in brackets "…financial reinsurance, structured reinsurance, non-traditional reinsurance or loss mitigation reinsurance", as these are rather misleading and not properly defined.	Agree
Global Federation of Insurance Associations	Global	No	GFIA does not consider it accurate to put "structured reinsurance" at the same level with "finite reinsurance." Instead, structured reinsurance is not equivalent to finite reinsurance because structured reinsurance arrangements usually includes significant risk transfer as opposed to limited risk transfer which featuring finite reinsurance contracts. In addition, the reference to "non-traditional reinsurance" is outdated and should be abandoned. The same is true for the terms "financial reinsurance" and "loss mitigation reinsurance" since they are neither common nor are legally defined. Revise the language as follows: "Finite reinsurance is a generic term that, for the purposes of this ICP, is used to describe a spectrum of reinsurance arrangements that transfer rather limited risk relative to aggregate premiums that could be charged under the contract."	See Insurance Europe comment at 13.3.5
American Insurance Association	United States of America	No	AIA does not consider "structured reinsurance" to be equivalent to "finite reinsurance." Structured reinsurance usually includes significant risk transfer as opposed to limited risk transfer, which is a feature of finite reinsurance contracts. In addition, the reference to "non-traditional reinsurance" is outdated and should be abandoned. The same is true for the terms "financial reinsurance" and "loss mitigation reinsurance" since they are neither common or legally defined. We request the language to be revised as follows: "Finite reinsurance is a generic term that, for the purposes of this ICP, is used to describe a spectrum of reinsurance arrangements that transfer rather limited risk relative to aggregate premiums that could be charged under the contract."	See Insurance Europe comment at 13.3.5
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
International Association of	US Corporation,	No	The International Association of Insurance Receivers (IAIR) agrees that it is necessary to understand finite reinsurance and a review of any finite reinsurance	Noted

Insurance Receivers	International membership		agreements is important. IAIR appreciates the inclusion of this guidance and the related guidance.	
46 - Q46 Comment on Guidance ICP 13.3.8				
Autorité des marchés financiers	Canada (Québec)	No	While taking into consideration the supervision of the reinsurer done in its home jurisdiction may help in assessing the risk profile of the ceding insurer, it may be a very difficult task. Complex reinsurance contracts, involving numerous reinsurers from different jurisdictions are common, especially in non-life insurance. One also has to factor in the retrocession process (again with a number of reinsurers) which might leave the primary assuming reinsurer with not much insurance risk. Furthermore, to take into account the cross-border supervision, the supervisor needs to have an understanding of each of the reinsurers' supervision framework (including the capital requirements) and how each of the reinsurers is assessed by its supervisor (risk profile). This could be a huge undertaking. Considering that this ICP has the objective of giving guidance to the supervisor on how to address the use of reinsurance by a ceding insurer, or ceding reinsurer (retrocession) when assessing their risk profile, we believe that it should not go as far as trying to assess if the supervisory regimes (to which cross border assuming reinsurers are subject) are somehow adequate. The ceding insurer's reinsurance management policy must provide for the criteria used in selecting reinsurers - adequate supervision should be one of those criteria. The supervisor should be looking for such criteria and proofs that the supervised insurer has done a diligent work at identifying low risk profile reinsurers. Guidance 13.4.3, 13.4.4 and 13.4.5 should reflect this approach.	NOTE that this piece of feedback belongs to 13.4. Edits made to guidance
Insurance Europe	Europe	No	Insurance Europe appreciates the acknowledgment of finite reinsurance contracts being legitimate forms of reinsurance arrangements.	Noted
American Council of Life Insurers	Office of General Counsel	No	ACLI agrees that accounting for reinsurance contracts should meet the relevant regulatory accounting standards for each jurisdiction.	Noted
Swiss Re	Switzerland	No	We would appreciate clarification on what is meant by "appropriately" accounted for finite reinsurance? In particular, what if the consolidated group accounting rules differ from the local ones?	Noted

Zurich Insurance Company Ltd.	Switzerland	No	We would appreciate clarification on what is meant by "appropriately" accounted for finite reinsurance? In particular, what if the consolidated group accounting rules differ from the local ones?	Repeat - Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
47 - Q47 Comment on Standard ICP 13.3.9				
Autorité des marchés financiers	Canada (Québec)	No	Since ICP 13.4 is the first guidance to deal with the supervision of ceding insurers purchasing reinsurance from cross-borders reinsurers, we suggest the following drafting at the beginning of 13.4.1 "Insurers often cede risks to reinsurers located across borders." You could also add that, while this is driven by the nature of the reinsurance business, it is also largely influenced by the reinsurance structure and the search for the most favourable fiscal environment.	NOTE that this piece of feedback belongs to 13.4. Noted
Insurance Europe	Europe	No	The second sentence of this Guidance is ambiguous in relation to the first statement made therein. Whereas Insurance Europe agrees that finite reinsurance contracts may in practice often only have limited levels of risk transfer, these contracts should nevertheless find consideration in the capital calculations. The term "only adequately accounted for finite reinsurance contracts" is unclear and should be rephrased.	Changes made in 13.3.10 to reflect
American Council of Life Insurers	Office of General Counsel	No	ACLI recommends deleting this paragraph. It contradicts the guidance in 13.3.8, which ACLI believes is correct.	Changes made in 13.3.10 to reflect
Swiss Re/Zurich	Switzerland	No	See response to 13.3.8 above.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
48 - Q48 Comment on Standard ICP 13.4				

Insurance Europe	Europe	No	Insurance Europe supports the added guidance on equivalence and supervisory recognition. International aspects are particularly crucial in the context of reinsurance, and the reflection in ICP 13 is therefore appreciated.	Noted
Global Federation of Insurance Associations	Global	No	GFIA supports the added guidance on equivalence and supervisory recognition. International aspects are particularly crucial in the context of reinsurance and the reflection in ICP 13 is therefore appreciated. GFIA further urges that the guidance for this Principle be expanded to include recognition that treating local operations of foreign reinsurers less favorably than local reinsurers can adversely affect cedents' risk profiles by concentrating risks.	Disagree. No change
Autorité de Contrôle des Assurance et de la Prévoyance Sociale (ACAPS)	Morocco	No	It seems that this standard is difficult to apply. Indeed, knowledge of the level and quality of supervision performed by the original supervisors of these reinsurers necessitates the conclusion of exchange agreements with other supervisors. In practice, the conclusion of these agreements is not always possible, according to the high number of reinsurers and their dispersion throughout the world	Disagree.
American Council of Life Insurers	Office of General Counsel	No	ACLI urges that the guidance for this Principle be expanded to include recognition that treating local operations of foreign reinsurers less favorably than local reinsurers can adversely affect cedants' risk profiles by concentrating risks.	Disagree
Monetary Authority of Singapore (MAS)	Singapore	No	We would like to understand what supervisors are expected to do under the revised ICP 13.4. From our reading, it appears to require supervisors to have in-depth understanding of how reinsurers are supervised in each jurisdiction which ceding insurers reinsure with. If so, this would require a significant amount of resources, which is challenging as supervisory practices are continuously changing, and ceding insurers cede to different reinsurers across many different jurisdictions. After supervisors commit resources to understanding how each jurisdiction supervises reinsurers, these resources must be maintained to ensure that they stay abreast of the changes in the supervisory regime.	Noted.
Reinsurance Association of America	United States	No	The RAA supports the added guidance on equivalence and supervisory recognition. International aspects are particularly crucial in the context of reinsurance and the reflection in ICP 13 is therefore appreciated.	Disagree

			The RAA further urges that the guidance for this Principle be expanded to include recognition that treating local operations of foreign reinsurers less favorably than local reinsurers can adversely affect cedents' risk profiles by concentrating risks.	
American Insurance Association	United States of America	No	International aspects are particularly crucial in the context of reinsurance, so AIA supports the added guidance on equivalence and supervisory recognition. We believe the guidance for this Principle should be expanded to indicate that treating local operations of foreign reinsurers less favorably than local reinsurers can adversely affect cedents' risk profiles by concentrating risks.	Disagree
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
49 - Q49 Comment on Guidance ICP 13.4.1				
Autorité des marchés financiers	Canada (Québec)	No	See general comment on Standard ICP 13.4	Noted
Lloyd's of London	UK	No	As the focus of this ICP is on supervision of the ceding insurer, and bearing in mind paragraph 13.0.2, we suggest that this paragraph is re-drafted to read: "Ceding insurers often transfer risks to reinsurers located across borders. This may reflect the kind of insurance risks transferred (e.g. catastrophe risk). By ceding insurance risk across borders, a ceding insurer can benefit from reduced concentration of insurance risk exposure."	Edits made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
50 - Q50 Comment on Guidance ICP 13.4.2				
Autorité des marchés financiers	Canada (Québec)	No	See general comment on Standard ICP 13.4	Noted

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
51 - Q51 Comment on Guidance ICP 13.4.3				
Autorité des marchés financiers	Canada (Québec)	No	Following our general comment on Standard ICP 13.4, the role of the supervisor is to assess the quality of the reinsurance management policy of the ceding insurer and not the risk profile of the reinsurers or the quality of their supervision. In this context, even though recognition of other jurisdictional supervision may be advisable in certain circumstances, we believe this aspect should be left with ICP 3.	Noted but disagree, relying on good quality supervision is encouraged by 13.4
Monetary Authority of Singapore (MAS)	Singapore	No	Please refer to comment on ICP 13.4.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
52 - Q52 Comment on Guidance ICP 13.4.4				
American Council of Life Insurers	Office of General Counsel	No	The phrase "reallocation of resources" is unclear. ACLI suggests revising the second sentence to read: "Reliance can strengthen supervision and preserve supervisory resources."	Edits made
Swiss Re/Zurich	Switzerland	No	We propose to delete the second sentence. Relying on another supervisor is more a question of trust and recognition/equivalence of the regime, and not so much of "strengthened supervision" or "resources".	Disagree. No change.
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
53 - Q53 Comment on Guidance ICP 13.4.5				
Autorité des marchés financiers	Canada (Québec)	No	See comment on Guidance ICP 13.4.5	Noted

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
54 - Q54 Comment on Guidance ICP 13.4.6				
Global Reinsurance Forum (GRF)	Global	No	We suggest that a further paragraph is added, to retain material in paragraph 13.3.1 of the existing ICP which will otherwise be lost: "One aim of supervisory agreements is to facilitate the international supply of reinsurance by fostering the development of a framework for efficient and effective international supervision and thus reducing unnecessary duplication of supervisory effort. This furthers the interests of international trade and efficiency through diversification whilst also enhancing the security of policyholders. The international and cross-border nature of reinsurance transactions and the relative sophistication of the market participants involved make reinsurance particularly suitable for supervisory recognition agreements."	Noted
Lloyd's of London	UK	No	We suggest that a further paragraph is added, to retain material in paragraph 13.3.1 of the existing ICP which will otherwise be lost: "One aim of supervisory agreements is to facilitate the international supply of reinsurance by fostering the development of a framework for efficient and effective international supervision and thus reducing unnecessary duplication of supervisory effort. This furthers the interests of international trade and efficiency through diversification whilst also enhancing the security of policyholders. The international and cross-border nature of reinsurance transactions and the relative sophistication of the market participants involved make reinsurance particularly suitable for supervisory recognition agreements."	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
55 - Q55 Comment on Standard ICP 13.5				
Insurance Europe	Europe	No	Insurance Europe generally agrees with the content of 13.5. In fact, ICP13.5 holds equally for capital management as well, so that IAIS could consider replacing "liquidity management" with "capital and liquidity management".	Disagree, capital matters dealt with elsewhere in ICP 13 (and other ICPs). 13.5 refers to liquidity

Global Federation of Insurance Associations	Global	No	GFIA generally agrees with the content of 13.5. In fact, ICP13.5 holds equally for capital management as well, so that IAIS could consider replacing "liquidity management" with "capital and liquidity management".	Disagree, capital matters dealt with elsewhere in ICP 13 (and other ICPs). 13.5 refers to liquidity
Swiss Re	Switzerland	No	While we are fine with ICP13.5, we think that reference should be made to both liquidity management and capital management, as the IAIS seems to indicate in ICP13.2.2, the heading of which reads "Link to capital assessment".	Disagree, capital matters dealt with elsewhere in ICP 13 (and other ICPs). 13.5 refers to liquidity
American Insurance Association	United States of America	No	AIA generally agrees with the content of 13.5. In fact, ICP13.5 is equally true for capital management as well, so IAIS should consider replacing "liquidity management" with "capital and liquidity management".	Disagree, capital matters dealt with elsewhere in ICP 13 (and other ICPs). 13.5 refers to liquidity
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
56 - Q56 Comment on Guidance ICP 13.5.1				
Insurance Europe	Europe	No	There seems to be a contradiction between the first and the final sentence of 13.5.1. Insurance Europe would therefore propose that IAIS deletes the second sentence of 13.5.1, since a degree of liquidity risk is implied throughout all of 13.5, so that this sentence appears to be largely redundant.	Disagree, wording of 13.5.1 is in order
Global Federation of Insurance Associations	Global	No	There seems to be a contradiction between the first and the final sentence of 13.5.1. GFIA would therefore propose that IAIS deletes the second sentence of 13.5.1, since a degree of liquidity risk is implied throughout all of 13.5. This sentence appears to be largely redundant.	Disagree, wording of 13.5.1 is in order
Swiss Re	Switzerland	No	As it currently stands, the two sentences of 13.5.1 seem to stand somewhat in contradiction to each other. Is the intention to suggest that the historical treatment of liquidity risk is now inappropriate? We propose that either the language is clarified or that IAIS deletes the whole guidance 13.5.1, since a degree of liquidity risk is implied throughout all of 13.5, and we do not see the added value of the language as it stands.	Disagree, wording of 13.5.1 is in order
American Insurance Association	United States of America	No	There seems to be a contradiction between the first and the final sentence of 13.5.1. The second sentence appears to be largely redundant, so AIA proposes	Disagree, wording of 13.5.1 is in order

			that IAIS delete the second sentence of 13.5.1, since a degree of liquidity risk is implied throughout all of 13.5.	
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
57 - Q57 Comment on Guidance ICP 13.5.2				
Insurance Europe	Europe	No	As drafted, this provision suggests that catastrophe reinsurers presented lack of willingness to pay claims in the past, when there is no evidence to support this in traditional reinsurance. On the contrary, especially for large claim settlements (eg major catastrophes) standard reinsurance clauses are used providing for advance claim payments. Very often, payout patterns are rather long and insurers and reinsurers have first claim reserves in place that are released over time. Insurance Europe would ask that this language be reconsidered to not imply such negative reflection on the market. For example, the following wording would eliminate this misperception: "For this reason, a large claim of series of claims could give rise to cash flow difficulties, especially if there are disputes about whether a loss insured by the ceding insurer is covered by the reinsurance contract."	Edits made
Global Reinsurance Forum (GRF)	Germany	No	The last sentence of this paragraph alludes to delays in settlements by reinsurers following large claims (e.g. major catastrophes). For these cases, however, there are standard reinsurance clauses providing for advance claim payments. Very often, payout patterns are rather long and insurers and reinsurers constitute first claim reserves that are released over time (take the example of the twin towers 9/11). Consequently, we would suggest rephrasing this sentence as follows: "For this reason a large claim of series of claims could give rise to cash flow difficulties, especially if there are disputes about whether a loss insured by the ceding insurer is covered by the reinsurance contract"	Edits made
Global Federation of Insurance Associations	Global	No	The parenthetical "(e.g., resulting from a major catastrophe) should be deleted. As drafted, this provision incorrectly suggests that catastrophe reinsurance has presented lack of willingness to pay issues when there is no evidence to support this in traditional reinsurance.	Edits made but disagree with suggestion at para 2

			GFIA would note that the inclusion of the word "reinsurer" in 13.0.1 makes it clear that this provision also refers to ART transactions. In addition, GFIA notes this paragraph should be revised to recognize a similar liquidity risk exists when cessions to a monopolistic reinsurer are mandated.	
American Council of Life Insurers	Office of General Counsel	No	ACLI believes that this paragraph should be revised to recognize that a similar liquidity risk exists when cessions to a monopolistic reinsurer are mandated.	Disagree. No change
Reinsurance Association of America	United States	No	Revised ICP language: The parenthetical "(e.g., resulting from a major catastrophe) should be deleted. As drafted, this provision incorrectly suggests that catastrophe reinsurance has presented lack of willingness to pay issues when there is no evidence to support this idea in traditional reinsurance. We would note that the inclusion of the word "reinsurer" in 13.0.1 makes it clear that this provision also refers to alternative risk transfer (ART) transactions.	Edits made
American Insurance Association	United States of America	No	The parenthetical "(e.g., resulting from a major catastrophe) should be deleted because it suggests that catastrophe reinsurance may illustrate lack of willingness to pay issues when there is no evidence to support this implication. AIA notes that the inclusion of the word "reinsurer" in 13.0.1 makes clear that this provision also refers to alternative risk transactions. In addition, this paragraph should be revised to recognize that a liquidity risk exists when cessions to a monopolistic reinsurer are mandated.	Edits made but disagree with suggestion at para 3
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
58 - Q58 Comment on Guidance ICP 13.5.3				
Canadian Institute of Actuaries	Ontario	No	[Note: In the template, comment on Guidance ICP 13.5.3 is listed as Q56.] Please include the sentence in paragraph 13.5.6 at the beginning of paragraph	Text merged

			13.5.3. Revised paragraph 13.5.3 follows: The supervisor should require ceding insurers to take appropriate measures to manage their liquidity risk including funding requirements in reasonably adverse circumstances. As with all risks, the insurer should develop its own response to the level of risk it faces and the supervisor should assess these responses. There are a number of ways in which liquidity risk may be mitigated. For example, some insurers choose to arrange a line of credit from a bank in order to deal with short-term liquidity issues.	
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
59 - Q59 Comment on Guidance ICP 13.5.4				
Insurance Europe	Europe	No	Insurance Europe would propose the following clarification of the last sentence in Guidance ICP 13.5.4: "If such arrangements are to be used, these arrangements may include clauses […]"	Agree
Global Federation of Insurance Associations	Global	No	GFIA would propose the following clarification of the second sentence in paragraph 13.5.4: "If such arrangements are to be used, these arrangements may include clauses […]"	Agree
Swiss Re/Zurich	Switzerland	No	In most jurisdictions, formal collateral requirements have been abandoned. Cooperation and coordination between jurisdictions is a more effective risk management mechanism than collateral, which imposes additional costs to both ceding insurers and reinsurers. Therefore, in accordance with the last sentence, we propose the following wording, to increase clarity: "If such arrangements must be used, they are a commercial matter between the ceding insurer and the reinsurer."	Agree
American Insurance Association	United States of America	No	AIA proposes the following clarification of the second sentence in paragraph 13.5.4: "These arrangements, if used, may include clauses […]"	Agree

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	It should be clarified that including "triggers" with contracts is negotiated stance that usually impacts the cost of the deal. A ceding company may negotiate a fine "trigger" clause but that might make the price of the coverage uneconomic.	Disagree (too much level of detail)
60 - Q60 Comment on Guidance ICP 13.5.5				
Autorité des marchés financiers	Canada (Québec)	No	Guidance ICPs 13.6.1 to 13.6.6 are more "Introductory Guidance" in their content (definitions, context and illustration) than more formal guidance that is at the core of the ICP. In their current wording, we would not expect a supervisor to provide a self-assessment on them. They should be moved to 13.0 with the other introductory guidance. Just as it is important that a supervisor understands traditional reinsurance arrangements between a ceding insurer and its reinsurers, in order to reasonably be able to assess the risk profile of the ceding insurer under its supervision, the supervisor should also be in a position to understand the general structure and operation of alternative risk transfer arrangements. However, just as it should not be expected for traditional reinsurance, the role of the supervisor should not extend so far as to be required to somehow "assess" the SPE in order to determine the ceding insurer's risk profile. Guidance ICPs 13.6.9 to 13.6.13 explicitly require the supervisor to assess various aspects of the SPE. Should the SPE be a licensed entity under the supervisor's jurisdiction, this would be expected just as for any other insurer or reinsurer. But if this is not the case, then the supervisor should only expect the ceding insurer to demonstrate its understanding of the alternative reinsurance arrangement and how its reinsurance risk management policy covers the specifics of such arrangements. Globally, the ICP 13 is about the effective management of reinsurance arrangements by a ceding insurer (or reinsurer). The supervisor needs to be able to understand and assess the quality and adequacy of the strategy, policies and controls of the ceding insurer with regard to its reinsurance operations. The supervisor is trying to determine the impact of using reinsurance on the risk profile of the ceding insurer it supervises. Just as it is not the role of the supervisor to assess each and every reinsurer that participates to the reinsurance programme of the ceding insurer, it should not be held to assess an SPE. SPEs are usually complex reinsurance arrangements used to cover group-wide insurance risks. They can be used in situations of limited reinsurance capacity in	Noted. 13.6 applies to both ceding and assuming parties, and supervisors of ceding and assuming parties. 13.6 provides detail on which part applies to whom. Licensing of SPEs is a requirement introduced to 13.6, in line with SAPR.

			the ceding insurer's jurisdiction or to take advantage of the diversification effect of going to capital markets. In both circumstances, it is quite possible that the SPE will be located outside of the ceding insurer's jurisdiction. This would limit the supervisor's capacity to require that the SPE be a licensed insurer. Furthermore, the limited lifetime of SPEs (especially in non-life insurance business) probably goes against the assumption that when a supervisor issues a license to an insurer, there is an expectation that the insurer will maintain a perpetual on-going operation. So licensing an SPE may not always be coherent with this assumption	
Insurance Europe	Europe	No	13.5.5 states that the supervisor should be aware of the impact of external triggers on the "overall efficiency and stability of the market". In the context of the reinsurance market it would be more appropriate to rephrase this as "overall efficiency and reinsurance cycle stage of the market".	Stayed as is
Global Reinsurance Forum (GRF)	Germany	No	Paragraph 13.5.5 states that "the supervisor should be aware of the potential consequences of such triggers for the overall efficiency and stability of the market". We would suggest to use the wording "overall efficiency and cycle stage of the market", which appears to be more appropriate within the framework of the reinsurance market.	Stayed as is
Global Federation of Insurance Associations	Global	No	13.5.5 states that the supervisor should be aware of the impact of external triggers on the "overall efficiency and stability of the market". In the context of the reinsurance market it would be more appropriate to rephrase this as "overall efficiency and reinsurance cycle stage of the market".	Stayed as is
AIA Group	Hong Kong	No	It is a contractual arrangement between the ceding company and the reinsurer as to whether collateral is to be posted or to change the terms upon a downgrade clause. While there may be potential consequences, this in itself should not prohibit the entering into such contracts particularly if from the ceding company perspective it is important for the arrangement that the ceding company have assurance that it can take certain actions to mitigate its risk on a downgrade of the reinsurer. The supervisor should encourage reinsurers to manage the liquidity risk in their retrocession agreements through appropriate mirroring clauses that do not create liquidity risk.	Noted
Swiss Re	Switzerland	No	See also our response to 13.2.4 above.	Noted

American Insurance Association	United States of America	No	13.5.5 states that the supervisor should be aware of the impact of external triggers on the "overall efficiency and stability of the market". In the context of the reinsurance market, it would be more appropriate to re-phrase this provision as "overall efficiency and reinsurance cycle stage of the market".	Stayed as is
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
61 - Q61 Comment on Guidance ICP 13.5.6				
Global Federation of Insurance Associations	Global	No	While the paragraph describes good practice, GFIA believes this guidance does not belong in an Insurance Core Principle on reinsurance. GFIA recommends the following paragraph to be deleted: The supervisor should require ceding insurers to take appropriate measures to manage their liquidity risk including funding requirements in reasonably adverse circumstances.	Disagree
American Council of Life Insurers	Office of General Counsel	No	While the paragraph describes good practice, ACLI believes this guidance does not belong in an Insurance Core Principle on reinsurance. We recommend it be deleted.	Disagree
Canadian Institute of Actuaries	Ontario	No	[Note: In the template, comment on Guidance ICP 13.5.6 is listed as Q59.] Please delete paragraph 13.5.6 and include it at the beginning of paragraph 13.5.3.	Agree
American Insurance Association	United States of America	No	While the paragraph describes good practice, AIA believes this guidance does not belong in an Insurance Core Principle on reinsurance. AIA recommends the paragraph be deleted.	Disagree
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
62 - Q62 Comment on Standard ICP 13.6				

Autorité des marchés financiers	Canada (Québec)	No	Second sentence: It may lead the reader to believe that alternative risk transfer mechanisms are always similar to traditional reinsurance and that the risk assuming entity is always a formally licensed reinsurer. This is not the case. So the example should be revised to better reflect that it is only an example. Maybe it would be best to merge this guidance with Guidance ICP 13.6.5 which also addresses the similarities between these risk transfers to the capital markets and mainstream insurance ?	Picked up in guidance
Global Federation of Insurance Associations	Global	No	GFIA finds this guidance perhaps too detailed for guidance within an ICP. Perhaps this detail would be more appropriate as an Application Paper. GFIA also suggests clarifying where the role of the insurance supervisor clearly relates to the reinsurance aspect of the structures and where and how the role of a financial instruments supervisor may be relevant.	Happy with level of detail provided in 13.6. The standard, among other things, is about 'understanding', so the level of detail is warranted
American Council of Life Insurers	Office of General Counsel	No	ACLI finds this guidance perhaps too detailed for guidance within an ICP. Perhaps this detail would be more appropriate as an Application Paper. ACLI also suggests clarifying where the role of the insurance supervisor clearly relates to the reinsurance aspect of the structures and where and how the role of a financial instruments supervisor may be relevant.	Happy with level of detail provided in 13.6. The standard, among other things, is about 'understanding', so the level of detail is warranted
Lloyd's of London	UK	No	The section on risk transfer to capital markets has been extended and now constitutes nearly one-third of the entire ICP. Whilst supervisory guidance on this topic is welcome, we wonder whether it is possibly too detailed for an ICP and should appear in an Application Paper.	Happy with level of detail provided in 13.6. The standard, among other things, is about 'understanding', so the level of detail is warranted
American Insurance Association	United States of America	No	This guidance is too detailed for guidance within an ICP. Perhaps this detail would be more appropriate in an Application Paper. AIA also suggests clarifying when the role of the insurance supervisor clearly relates to the reinsurance aspect of the structures, and when and how the role of a financial instruments supervisor may be relevant.	Happy with level of detail provided in 13.6. The standard, among other things, is about 'understanding', so the level of detail is warranted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
63 - Q63 Comment on Guidance ICP 13.6.1				

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
64 - Q64 Comment on Guidance ICP 13.6.2				
Insurance Europe	Europe	No	The delineation between insurance, reinsurance and other risk transfer arrangements could be made clearer. For clarity and to avoid confusion, Insurance Europe would suggest using "arrangements…" rather than "reinsurance arrangements". Also, the second sentence could read "risk is transferred…" rather than "reinsurance risk is transferred…" This would read more appropriately. Also, it would be helpful to make explicit reference to the term "insurance linked securities", which is a catch-all terminology that is well recognised and understood in the industry.	OK with terminology suggestions; disagree with use of term ILS (already explained in guidance)
Global Federation of Insurance Associations	Global	No	The delineation between insurance, reinsurance and other risk transfer arrangements could be made clearer to provide clarity and to avoid confusion, GFIA would suggest using "arrangements…" rather than "reinsurance arrangements". Also, the second sentence could read "risk is transferred…" rather than "reinsurance risk is transferred…" This would read more appropriately. Also, it would be helpful to make explicit reference to the term "insurance linked securities", which is a catch-all terminology that is well recognized and understood in the industry.	OK with terminology suggestions; disagree with use of term ILS (already explained in guidance)
Swiss Re/Zurich Insurance Company Ltd.	Switzerland	No	The distinction between insurance, reinsurance and other risk transfer arrangements should be made clearer and stricter in ICP13.6.2 to avoid inconsistent application. For instance, ICP13.6.2 refers to "reinsurance risk" being transferred, whereas ICP13.6.3 refers to "insurance risk". With the various combinations laid out in ICP13.0.6 in mind, it may make sense to provide two distinct examples, one with an insurer accessing the capital markets, and one with a reinsurer. Also, we are surprised that the IAIS does not make explicit reference to "Insurance Linked Securities (ILS)", which it adequately addressed in its Insurance and Financial Stability and Reinsurance and Financial Stability reports.	OK with terminology suggestions; disagree with use of term ILS (already explained in guidance)
American Insurance Association	United States of America	No	It would be helpful to make explicit reference to the term "insurance linked securities", which is a catch-all terminology that is well recognized and understood in the industry.	OK with terminology suggestions; disagree with use of term ILS (already explained in guidance)

			To avoid confusion, the delineation between insurance, reinsurance and other risk transfer arrangements could be clearer. AIA suggests using "arrangements…" rather than "reinsurance arrangements". Also, the second sentence should read "risk is transferred…" rather than "reinsurance risk is transferred."	
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	There really is less difference than appears to be the case. After all, a "regular" reinsurer is formed with a capital base and that capital comes from...the capital markets!	Noted
65 - Q65 Comment on Guidance ICP 13.6.3				
Autorité des marchés financiers	Canada (Québec)	No	See comment on Guidance ICP 13.6.2	Noted
Global Reinsurance Forum (GRF)	Global	No	The wording should better allow reinsurance to be distinguished from other types of risk transfer arrangements. From an accounting perspective, some risk transfer arrangements based on a non-indemnity trigger can indeed be treated as "derivative" and not "reinsurance". Therefore, we would suggest to use the wording "arrangements…" rather than "reinsurance arrangements" and, in the second sentence, the wording "risk is transferred" instead of "reinsurance risk is transferred".	Guidance material only, addressed elsewhere in 13.6
American Council of Life Insurers	Office of General Counsel	No	In the last bullet, ACLI suggests replacing the words "is used to draw attention to" with the words "refers to."	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted

International Association of Insurance Receivers	US Corporation, International membership	No	The International Association of Insurance Receivers believes that this guidance is helpful to resolution actions in understanding the different types of risk transfer arrangements described in this section.	Noted
66 - Q66 Comment on Guidance ICP 13.6.4				
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests that, for clarity, the 2nd sentence of this paragraph could be revised to read: "Other life insurance arrangements have specific features that are not used in non-life insurance, such as the funding of certain portions of THE CEDING INSURER'S reserves."	Edits made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
67 - Q67 Comment on Guidance ICP 13.6.5				
Autorité des marchés financiers	Canada (Québec)	No	Licensing an SPE constituted under the supervisory jurisdiction may be justified or even required if the regulatory framework recognizes such an entity as an insurer. The SPE would then be under direct supervision and makes it easier for the supervisor to assess the risk profile of the ceding insurer under its supervision. However, asking the supervisor to be in a position to assess the SPE should not be part of this standard. See also the general comments on Standard ICP 13.6.	Disagree. ReTF reached consensus on licensing of SPE and of burden on supervisors to be able to assess
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
68 - Q68 Comment on Guidance ICP 13.6.6				
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
International Association of Insurance Receivers	US Corporation, International membership	No	The International Association of Insurance Receivers (IAIR) appreciates this guidance. IAIR believes that a thorough understanding of the types of risk transfer arrangements described in this guidance and the following related guidance is necessary to a successful resolution	Noted

69 - Q69 Comment on Guidance ICP 13.6.7				
Autorité des marchés financiers	Canada (Québec)	No	See general comments on 13.6 with regard to assessing the SPE.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
70 - Q70 Comment on Guidance ICP 13.6.8				
Autorité des marchés financiers	Canada (Québec)	No	See general on Standard ICP 13.6 with regard to assessing the SPE.	Noted
Insurance Europe	Europe	No	Insurance Europe considers these to be key structures of SPEs in insurance, not necessarily of any SPE structure. IAIS should focus on insurance structures.	Noted
Swiss Re	Switzerland	No	These are key elements of SPEs in INSURANCE, not necessarily of ANY SPE structure. We propose to delete "any" in ICP13.6.8 and replace with "Key elements of SPE structures in insurance include:"	Noted
Zurich Insurance Company Ltd.	Switzerland	No	These are key elements of SPEs in INSURANCE, not necessarily of ANY SPE structure. We propose to delete "any" in ICP13.6.8 and replace with "Key elements of SPE structures in insurance include:"	Noted, too prescriptive
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
71 - Q71 Comment on Guidance ICP 13.6.9				
Autorité des marchés financiers	Canada (Québec)	No	See general on Standard ICP 13.6 with regard to assessing the SPE.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted

72 - Q72	**Comment on Guidance ICP 13.6.10**			
Autorité des marchés financiers	Canada (Québec)	No	See general on Standard ICP 13.6 with regard to assessing the SPE.	Noted
Insurance Europe	Europe	No	Given the significance of credit risk in this context, IAIS could consider bringing this bullet point earlier.	Edits made
Swiss Re/Zurich	Switzerland	No	Given the significance of credit risk, the IAIS should consider raising this bullet point earlier.	Edits made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
73 - Q73	**Comment on Guidance ICP 13.6.11**			
Autorité des marchés financiers	Canada (Québec)	No	See general on Standard ICP 13.6 with regard to assessing the SPE.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
74 - Q74	**Comment on Guidance ICP 13.6.12**			
GDV - German Insurance Association	Germany	No	The considerations on basis risk in guidance 13.6.14-13.6.17 are less relevant for the ongoing supervision of SPEs, but certainly an issue for the ceding insurer. Therefore, they should be integrated in guidance 13.6.21.	Relevant for both, ceding and assuming. Consider cross referencing 13.6.21 to basis risk section
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	Concerning the first bullet, is the ICP referring to the "investment restrictions" embedded of the SPE formation documents or to some other restrictions? Should the SPE's investment limitations be the same as applicable to a regular reinsurer? Should a ceding insurer be allowed to cede to a non-traditional way where the SPE	Too much level of detail expected from this comment. Content with level of detail provided

			(or "reinsurer") can take the assets and invest in the ceding insurer? Should a separate account vehicle be allowed the investment latitude?	
75 - Q75 Comment on Guidance ICP 13.6.13				
American Council of Life Insurers	Office of General Counsel	No	ACLI suggests revising both bullets to include the proportionality principles articulated in 13.6.11. Alternatively, 13.6.13 could be deleted as redundant of 13.6.11.	Proportionality principle picked up in introduction
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
76 - Q76 Comment on Guidance ICP 13.6.14				
Insurance Europe	Europe	No	The considerations on basis risk in Guidance 13.6.14-13.6.17 are less relevant for the ongoing supervision of SPEs, but certainly an issue for the ceding insurer. Therefore, they should be integrated in guidance 13.6.21.	Noted
Global Reinsurance Forum (GRF)	Germany	No	Considerations on basis risk should be better captured in Guidance 13.6.21, as basic risk is of importance for the ceding company and not for the SPE.	Noted
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
77 - Q77 Comment on Guidance ICP 13.6.15				
Global Federation of Insurance Associations	Global	No	There exists no basis risk where the SPE contains an indemnity trigger. The first sentence of this paragraph should be revised as follows: "Where SPEs contain indemnity triggers (i.e., recovery from the SPE is based on the actual loss experience of the ceding insurer) basis risk is not an issue."	Edits made

Reinsurance Association of America	United States	No	Revised ICP language: The first sentence of this paragraph should be revised as follows: "Where SPEs contain indemnity triggers (i.e., recovery from the SPE is based on the actual loss experience of the ceding insurer) basis risk is not an issue." Basis risk is typically defined as the risk that the cedent or transferor of risk will not be reimbursed for its actual losses. Under this definition there would be no basis risk where the SPE contains an indemnity trigger. If the IAIS is using a different definition for basis risk than is commonly understood, the term should be clearly defined in the ICP.	Edits made
American Insurance Association	United States of America	No	There exists no basis risk where the SPE contains an indemnity trigger. The first sentence of this paragraph should be revised as follows: "Where SPEs contain indemnity triggers (i.e., recovery from the SPE is based on the actual loss experience of the ceding insurer), basis risk is not an issue."	Edits made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
78 - Q78 Comment on Guidance ICP 13.6.16				
Autorité des marchés financiers	Canada (Québec)	No	See general comments on Standard ICP 13.6 with regard to assessing the SPE. This is particularly true in this guidance as it refers to the "ongoing supervision of SPEs". Again, this ICP is setting the standards and guidance for the supervision of the reinsurance arrangements of the ceding insurer while trying to establish its risk profile. It should not be about assessing whether the reinsurer (or SPE in this case) is acceptable. The ceding insurer needs to demonstrate that through strong reinsurance management strategy and policies.	Edits made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
79 - Q79 Comment on Guidance ICP 13.6.17				
Reinsurance Association of America	United States	No	The RAA supports inclusion of this provision. We urge the inclusion of further clarification of the differences between the two types of insurance risk transfer.	Noted

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
80 - Q80 Comment on Guidance ICP 13.6.18				
Global Federation of Insurance Associations	Global	No	The supervisor should understand the various issues that emerge in the ongoing supervision of SPEs and their use. Consideration should be given to the following areas: (Last bullet) Where the SPE under stakes multiple transactions, arrangements put in place in the SPE to ensure that the funds corresponding to each transaction are appropriately segregated and legally insulated.	Edits made
Reinsurance Association of America	United States	No	Revised ICP language: The supervisor should understand the various issues that emerge in the ongoing supervision of SPEs and their use. Consideration should be given to the following areas: (Last bullet) Where the SPE undertakes multiple transactions, arrangements put in place in the SPE to ensure that the funds corresponding to each transaction are appropriately segregated and legally insulated.	Edits made
American Insurance Association	United States of America	No	The supervisor should understand the various issues that emerge in the ongoing supervision of SPEs and their use. Consideration should be given to the following areas: (Last bullet) Where the SPE undertakes multiple transactions, arrangements put in place in the SPE to ensure that the funds corresponding to each transaction are appropriately segregated and legally insulated.	Edits made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
81 - Q81 Comment on Guidance ICP 13.6.19				
Autorité des marchés financiers	Canada (Québec)	No	Please refer to comments on Standard ICP 13.4 with related adjustments.	Noted

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
82 - Q82 Comment on Guidance ICP 13.6.20				
Global Federation of Insurance Associations	Global	No	In addition, the supervisor should understand the process and stages that the SPE goes through when it comes to a natural end and its obligations have been fulfilled and the SPE is liquidated. There is a distinction between unwinding in the event of a loss and unwinding a transaction reaching legal maturity (without a loss having occurred). While the latter case is usually simple and straightforward, unwinding in a full or partial loss situation deserves close attention. Consideration should be given to the following areas: - issues relating to share buy-back and conditions to its materialisation; - issues relating to disposal of the investment portfolio; - "dismantling" of the SPE and residual risks; - issues relating to the legal insulation and segregation of assets per transaction; and - supervisory issues relating to risks which revert to the ceding insurer on termination of the arrangement.	Edits made
Reinsurance Association of America	United States	No	Revised ICP language: In addition, the supervisor should understand the process and stages that the SPE goes through when it comes to a natural end and its obligations have been fulfilled and the SPE is liquidated. There is a distinction between unwinding in the event of a loss and unwinding a transaction reaching legal maturity (without a loss having occurred). While the latter case is usually simple and straightforward, unwinding in a full or partial loss situation deserves close attention. Consideration should be given to the following areas: - issues relating to share buy-back and conditions to its materialisation; - issues relating to disposal of the investment portfolio; - "dismantling" of the SPE and residual risks; - issues relating to the legal insulation and segregation of assets per transaction; and	Edits made

			- supervisory issues relating to risks which revert to the ceding insurer on termination of the agreement.	
American Insurance Association	United States of America	No	AIA recommends the following modifications: In addition, the supervisor should understand the process and stages that the SPE goes through when it comes to a natural end, its obligations have been fulfilled, and the SPE is liquidated. There is a distinction between unwinding in the event of a loss and unwinding a transaction reaching legal maturity (without a loss having occurred). While the latter case is usually simple and straightforward, unwinding in a full or partial loss situation deserves close attention. Consideration should be given to the following areas: - issues relating to share buy-back and conditions to its materialisation; - issues relating to disposal of the investment portfolio; - "dismantling" of the SPE and residual risks; - issues relating to the legal insulation and segregation of assets per transaction; and - supervisory issues relating to risks which revert to the ceding insurer on termination of the arrangement.	Edits made
Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
83 - Q83	**Comment on Guidance ICP 13.6.21**			
Insurance Europe	Europe	No	Insurance Europe appreciates the added guidance acknowledging the global nature of reinsurance and risk transfer business. Please also refer to Q76/Guidance ICP 13.6.14.	Noted
Global Federation of Insurance Associations	Global	No	GFIA appreciates the added guidance acknowledging the global nature of reinsurance and risk transfer business.	Noted
American Insurance Association	United States of America	No	AIA appreciates the added guidance acknowledging the global nature of reinsurance and risk transfer business.	Noted

Cincinnati Insurance Company	United States of America	No	See answer to Q1.	Noted
Martin F. Carus	United States of America	No	What is the supervisory viewpoint relative to the following scenarios: Company A in jurisdiction 1 that doesn't allow cessions to an SPE vehicle so he cedes to Company B in jurisdiction 2 (Company B is an acceptable reinsurer in Company A's jurisdiction); however, Company B is allowed by jurisdiction 2 to cede to an SPE and does so at 100% of its assumption from Company A. Ultimately then, Company A is really ceding to an SPE. How would Company A's jurisdiction 1's supervisor even know that this scenario exists. You can take this further down the line where Company C cedes to Company D, the SPE so that the ultimate source of the coverage is ultimately blurred from identification.	Concern covered under 13.6 and 13.3; also, a big change from 2011 version of 13.6 is requirement to license SPEs, and treat like any other assuming reinsurers (albeit proportionally applying supervision) – Technical point: disagree with use of word 'ultimately', as all contracts are stand-alone ones