INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Public consultation comments on draft revised ICPs 8, 15, 16 and ERM-related terms

November 2017 – January 2018 public consultation
(Member and Stakeholder comments requesting confidentiality have been removed)

Public consultation comments on revised ICP 8

Organisation	Jurisdiction	Confidential	Answer
1 - Q1 General Comment on revisions made in ICP 8			
1. Insurance Europe	Europe	No	Insurance Europe would like to note that there are significant overlaps and no clear interfaces between ICPs 16 and ICP 8. As consequence, there are a lot of duplications (eg concerning risk identification and risk measurement, stress testing, risk appetite statement and risk limits) and inconsistencies (eg the actuarial function is part of risk management in ICP 8.6 but the group actuarial function is part of ERM according to CF 16.7e, ORSA should assess the adequacy of risk management but is part of ICP 16.8 while the Head of the IAIG should review the risk management system annually according to CF 8.1c.) To avoid such duplications and contradictions ICP 8 and 16 and relevant ComFrame should be merged. Or the other way around: a risk management system without acomprehensive enterprise risk approach (including ORSA, material risk categories and capital requirements) is not an adequate risk management for insurers. Capital adequacy requirements should be summarised in ICP 17. In addition, a large part of the guidance in ICP 16 is too granular (ie 16.5 ALM, 16.6 Investment policy, 16.7 Underwriting policy, 16.8 ORSA) and prevents the proportional implementation of an adequate risk management system. In addition, the principle-oriented regulation is endangered. Many requirements may be adequate for complex insurers with long-term business and complex asset strategy but not for small or medium-sized insurers without long-term business and with a simple asset structure.
2. Global Federation of Insurance Associations	Global	No	GFIA appreciates the opportunity to comment on revised ICP 8 and additional ComFrame material integrated in ICP 8. GFIA fully endorses the flexibility within this ICP, based on how the group is structured and how it approaches governance. However, both confidentiality and proportionality are critically important in connection with this ICP and ComFrame, and could be more explicitly encouraged by the ICP and ComFrame material.
3. AIA Group	Hong Kong	No	AIA appreciates the opportunity to comment on the public consultation on revised ICP 8 (Risk Management and Internal Controls). As with our prior comments, we are of the view that the requirements under ComFrame to be integrated into the ICPs not be prescriptive and should be applied in accordance with the nature, scale and complexity of the insurance group. Please find below our comments on ICP8.0.8 and ICP8.0.9:

			ICP8.0.8 - We suggest that there be a materiality element to this ICP. Accordingly, please find below suggested amended wording in the last sentence for your consideration: "Regardless of how the group control functions are organised and operated, the result should provide an overall view of the material group-wide risks and how such risks should be managed." ICP8.0.9 - We suggest that this ICP consider explicitly the nature, scale and complexity of the Group's and individual insurance entity's business when group-wide supervisors and other involved supervisors conduct their respective assessments of the risk management and internal control systems. Likewise, supervisors should take into account the overall business operating model with which the legal entities operate, as part of the overall governance and management framework of the Group.
4. Insurance Regulatory and Development Authority of India (IRDA)	India	No	There may be a para for initial definition for the following items: - Risk Appetite - Material Risk - Risk Profile
5. International Insurance Foundation	International	No	In general, we believe that these revisions reflect recent advances in methods and theory of risk management and internal control. They appear technically sound and practical. Even so, we recommend a still stronger emphasis on the integration of risk management into the corporate culture. Training, as suggested in 8.1.14, is not enough; there must be clearly defined authorities and accountability.
6. General Insurance Association of Japan	Japan	No	While IAIG governance structures can be centralised or decentralised, the ComFrame material in ICP 8 is seemingly premised on IAIGs whose governance structures are centralised to a considerable degree. As business and regulatory environments vary among insurance legal entities within an IAIG, in addition to centralised governance approaches which establish a unified risk management system at the group level, decentralised approaches should be allowed, where, according to the IAIG´s risk management framework, each group entity establishes its own risk management system in consideration of factors such as its business size and surrounding environment. Therefore, at the beginning of the ComFrame material integrated with ICP 8, it should be clarified that both approaches are allowed.
7. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
8. American Council of Life Insurers	Office of General Counsel	No	ACLI believes that this ICP, its draft revisions, and its ComFrame provisions should be more principles-based. Together, they should establish supervisory standards for outcomes rather than for company organization or particular functions. Another overarching issue is that the guidance tends not to take into account that group and/or lead supervisors in different jurisdictions may not have authority to apply all guidance on a group wide basis. In many instances, local supervisors of operating subsidiaries within a group will be charged under their jurisdictions' laws and regulations to

			regulate activities and transactions covered by the guidance. We suggest that the objective be appropriate outcomes and that the lead-in language “group wide supervisor requires” be revised along the lines of “the group and/or lead supervisor ensures (for example) that the IAIG reflects, in the documentation of the IAIG’s risk management system….”
9. 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 members are dedicated to providing actuarial services and advice of the highest quality. The Institute holds the duty of the profession to the public above the needs of the profession and its members. The Canadian Institute of Actuaries has reviewed the proposed revisions to ICP 8 and does not have any edits to suggest. We thank you for the opportunity to participate in this review process.
10. Swiss Re	Switzerland	No	We thank IAIS for the opportunity to provide feedback on the Insurance Core Principle (ICP) 8. We are generally supportive of the document from a directional perspective. Therefore we provide only targeted comments on specific details where we believe the ICP would benefit from slight corrections or clarifications. We are happy to elaborate with IAIS on any of these points upon request.
11. ICMIF	UK	No	ICMIF welcomes the opportunity to comment on ICP 8 Risk Management and Internal control. We agree that for risk management to be sound and internal control systems to be effective they should be integrated into the insurer’s overall system of governance. Risk management should also be embedded in the business model of the insurer, as we believe is already the requirement in most jurisdictions. From the outset, we would like to make the general point that good governance in an enterprise relies strongly on the motivation, involvement and ethics of the individuals concerned. For mutual insurers, this is complemented by an intrinsic focus on the long-term development of the company for the benefit of its member-policyholders. A multitude of strategies, policies, rules and controls alone can and will not suffice.
12. Institute and Faculty of Actuaries	UK	No	The inclusion of new content is generally helpful although there are some drafting points discussed in the response below. Items included are more focused on life insurance than short-term insurance businesses, and would therefore benefit from the inclusion of further short-term insurance risk management issues as indicated further below.
14. Cincinnati Insurance Company	United States of America	No	1. 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). Therefore, we object to ICP 8 and the additional ComFrame material which has been integrated with ICP 8 and would suggest that ICP 8 be eliminated rather than revised.

			2. 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. 3. In the alternative, we would suggest that ICP 8 be amended to provide that existing Federal and State laws, regulations, and policies on the regulation of insurance in the United States be recognized as satisfying the requirements of ICP 8.
15. Institute of International Finance/Geneva Association	United States/Switzerland	No	The first issue applicable to this ICP and CF provisions 8 and other ICPs/ComFrame provisions is a tendency for guidance not to take into account that group and/or lead supervisors in different jurisdictions may not have authority to apply all guidance on a group wide basis. In many instances, local supervisors of operating subsidiaries within a group will be charged under their jurisdictions' rules and regulations to regulate activities and transactions covered by guidance. We suggest that the objective be appropriate outcomes and that the lead in language "group wide supervisor requires" be revised along the lines of "the group and/or lead supervisor ensures (for example) that the IAIG reflects, in the documentation of the IAIG's risk management system…." In addition, we note that, in a number of places, the degree of granularity and prescriptiveness fails to reflect the variety of insurance business models that exist across jurisdictions. Aspects of ICP 8 seem to conflict with earlier IAIS documentation and supervisory guidance such as the Application Paper on Group Corporate Governance which recognized that groups organize themselves in different ways including centralized, decentralized and hybrid group structures all of which can result in effective group governance. In several instances throughout this ICP companies' risk management policies are characterized as being explanatory in nature when in our view policies are intended to set out principles and objectives to be pursued by the Board, senior management and employees. This divergence in the purpose of governance policies should be reconciled. 8.0.4 We would urge a number of edits to this standard. A requirement, as set out in the first bullet, to have a set of strategies to deal with risks and legal and regulatory obligations is, in our view, too granular and should at the very least contain an element of materiality. Crucially, with regard to the second bullet, policies do not define procedures rather procedures would describe how to implement policies. • a framework or strategies (strike "setting out") outlining the approach of the insurer for dealing with specific areas of risk and legal and regulatory obligation; • policies defining the (strike "procedures") objectives and other general requirements that members of the Board and employees need to (strike "follow") pursue; • processes for the implementation of the insurer's strategies and policies; and

			• controls to ensure that such frameworks, strategies, policies and processes are in fact in place, are being observed and are attaining their intended objectives.
3 - Q3 Comment on revised Standard ICP 8.1			
20. Insurance Europe	Europe	No	Whilst Insurance Europe would not object to the alleviation of minimum criteria to be fulfilled by an efficient risk management system from (previous) Guidance level to Standard level, the last bullet point seems to be unclear and should be deleted or specified. Under the assumption that the IAIS intended to reflect Guidance ICP 8.1.16-8.1.19 in the third bullet point, Insurance Europe would propose the following clearer wording instead: "reporting procedures and processes which ensure that the effectiveness of the risk management system is actively monitored and analysed and that appropriate modifications to the system are made where necessary." Insurance Europe would furthermore propose to replace “of all risks of the insurer” by “of material risks of the insurer” in ICP 8.1.1.
21. Global Federation of Insurance Associations	Global	No	Whilst GFIA would not object to the illustration of minimum criteria to be fulfilled by an efficient risk management system, the last bullet point is unclear and should be deleted or clarified. Under the assumption that the IAIS intended to reflect Guidance ICP 8.1.16-8.1.19 in the third bullet point, GFIA would propose the following clearer wording instead: "Reporting procedures and processes which ensure that the effectiveness of the risk management system is actively monitored and analysed and that appropriate modifications to the system are made where necessary."
22. International Insurance Foundation	International	No	The first two bulleted items should each insert the word "written" or "documented" before risk management strategy and risk management policy.
23. General Insurance Association of Japan	Japan	No	The definition of "an effective and appropriately documented" (risk management system) is ambiguous. Therefore, we suggest revising as follows: "In order to effectively capture and control business risks, the supervisor requires the insurer to establish, and operate within, an effective and appropriately documented risk management system, which includes, for example:".
24. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
25. ICMIF	UK	No	We would like to suggest this wording for the 3rd bullet point:

			'the ability to respond to material changes in the insurer's risk profile in an appropriate manner.'
26. Institute and Faculty of Actuaries	UK	No	We believe that it is more useful to refer to a suite of risk management policies, rather than an overarching 'risk management policy'. The last bullet point, on the ability to react to changes in risk profile, is helpful.
27. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
28. Institute of International Finance/Geneva Association	United States/Switzerland	No	With regard to the first bullet, we believe an insurer's risk appetite statement should satisfy this requirement. In the case of the second bullet, it should not be a requirement that an insurer has a single exhaustive policy covering all material risks. The language should be flexible enough to allow for alternative means for achieving this regulatory objective. As such, we propose the following edits: A risk management framework, which would include (strike "policy") policies (strike "outlining how") addressing all material risks are to be managed within the risk appetite.
29. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	While U.S. state insurance supervisors understand the importance of formalizing a risk management system through policies and procedures, we are concerned that a standard requiring an insurer to operate within an "appropriately documented" risk management system could be interpreted broadly and result in unnecessary and overly burdensome documentation requirements for insurers. Additionally, there is limited guidance provided for use in determining whether a risk management system is appropriately documented. Suggest removing the term "appropriately documented" from this standard.
4 - Q4 Comment on revised Guidance ICP 8.1.2			
30. Insurance Europe	Europe	No	Some of the edits proposed to Guidance ICP 8.1.2 seem overly prescriptive and not necessary to achieve an increased convergence in risk management practices across insurers. The listed "risk appetite statement" would be an example – while identifying an insurer's risk appetite should form an integral part of an effective risk management system and would be reflected throughout a company's ERM system/ORSA/ALM/Investment policy, the format in which it is documented should not be mandated (please also refer to comment on Standard ICP 16.4). Furthermore, an element of materiality should be added throughout the text Insurance Europe would for example suggest re-wording the following bullet point: "provide a documented process defining the Board approval required for significant deviations from the risk management strategy or the risk appetite and for settling any major interpretation issues that may arise;"

			Comment on Guidance ICP 8.1.3 Insurance Europe would suggest that listing conduct of business (separate from operational risk) as a risk to be at least covered by the risk management system has two noteworthy and potentially problematic consequences: (a) Not all insurers are exposed to conduct of business (risk) to a material extent – for some reinsurers or pure commercial insurers for example this may not play a role at all (b) Reflecting conduct of business risk for solvency purposes appears to be problematic and impracticable. Insurance Europe would suggest that instead of listing it as a separate category, conduct of business – which in no doubt is an important business area – should be subsumed by operational risk.
31. Global Federation of Insurance Associations	Global	No	Some of the edits proposed to Guidance ICP8.1.2 seem overly prescriptive and not necessary to achieve an increased convergence in risk management practices across insurers. The required “risk appetite statement” would be an example – while identifying an insurer’s risk appetite should form an integral part of an effective risk management system and would be reflected throughout a company’s ERM system/ORSA/ALM/Investment policy, the format in which it is documented should not be mandated (please also refer to comment on Standard ICP 16.4). Comment on Guidance ICP 8.1.3 GFIA would suggest that listing conduct of business (separate from operational risk) as a risk to be at least covered by the risk management system has two noteworthy and potentially problematic consequences: a) Not all insurers are exposed to conduct of business (risk) to a material extent – for some reinsurers or pure commercial insurers, for example, this may not play a role at all. b) Reflecting conduct of business risk for solvency purposes appears to be problematic and impracticable. GFIA would suggest that instead of listing it as a separate category which must be covered, conduct of business – which is no doubt an important business area – should be subsumed by operational risk.
32. General Insurance Association of Japan	Japan	No	Factors needed for a risk management system could differ depending on the IAIG´s size, nature of its businesses as well as the jurisdictions in which it operates. Therefore, it is not always necessary to document all the listed matters here. We suggest revising as follows: "An effective risk management system may:".
33. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
34. American Council of Life Insurers	Office of General Counsel	No	ACLI believes that the second bullet is overly prescriptive and should be deleted. An effective risk management system would identify an insurer’s risk appetite. The format for documenting that appetite should not be prescribed.

35. ICMIF	UK	No	We agree with the changes proposed but would like to note that, as part of the ORSA, the format of the risk appetite statement should be up to the insurance undertaking. Q5 Comment on new Guidance ICP 8.1.3 We believe that, among the elements that should be part of a sound risk management system, the notion of conduct of business cannot be placed on an equal footing with the rest, which all derive from prudential calculations. Like the European Banking Authority's Guidelines on Internal Governance (Title V, 15, 129) we would suggest considering that 'the internal control framework of an institution should ensure prudent conduct of business, alongside effective and efficient operations; adequate identification, measurement and mitigation of risks; the reliability of financial and non-financial information reported both internally and externally; sound administrative and accounting procedures; and compliance with laws, regulations, supervisory requirements and the institution's internal policies, processes, rules and decisions.'
36. Institute and Faculty of Actuaries	UK	No	These changes are sensible, and clarify that risk appetite should be embedded in the operation of the business, rather than a concept that is not well-defined, or not adequately used.
38. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
39. Institute of International Finance/Geneva Association	United States/Switzerland	No	Not all risks categories lend themselves to having distinct "risk limits". As such, we would suggest including some modifying language such as "where applicable". In addition, We suggest replacing "any" by "significant" in the sentence.
5 - Q5 Comment on new Guidance ICP 8.1.8			
40. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
41. Institute and Faculty of Actuaries	UK	No	This paragraph talks to useful principles, and the area of risk assessment is perhaps more complex, but it is unclear why documentation is a specific focus of risk assessment rather than the other components of the risk management system, such as identification. It would perhaps be better to expand on the paragraphs under 'Reporting' 8.1.11 and 8.1.12 to add the need to document the detail on approaches to assessments, because it is one of the more complex areas.

			Paragraph 8.1.8 notes that documentation should relate to the key assumptions made. We agree with this, but the scope should be extended to the key judgments as well as assumptions.
42. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
9 - Q9 Comment on revised Guidance ICP 8.1.9			
67. International Insurance Foundation	International	No	In addition to monitoring, mitigation, and reporting, the standard should include recovery or contingency planning.
68. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
69. Institute and Faculty of Actuaries	UK	No	Paragraph 8.1.9 explains that 'An insurer may decide to tolerate a risk, when it is acceptable within the risk appetite that has been set'. We would expect insurers to tolerate a risk if it were within their risk appetite. We question whether the text was meant to refer to risk outside of the insurer's risk appetite, i.e. if there were appropriate analysis/mitigating actions in place?
70. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
10 - Q10 Comment on new Guidance ICP 8.1.13 (deleted)			
71. Insurance Europe	Europe	No	Insurance Europe acknowledges that the content and direction of this Guidance have changed significantly. However, the details on product design and investment strategy introduced are too granular and should be deleted as follows: "The insurer's risk management policy should outline how all material categories of risk are managed, both in the insurer's business strategy and its day-to-day activities. An insurer's risk management policy typically includes a description of the insurer´s approach towards risk retention and strategies for risk management, such as the use of reinsurance and derivatives, and degree of diversification/specialisation. At a minimum, these risk management policies should address the insurer's risk appetite, asset-liability management, investment, and underwriting risk."

			Insurance Europe believes that a retention of the clarification in the previous version of ICP 8.1.13 that the risk management policies should be established, either as elements of the risk management policy, or as separate sub-policies would be desirable.
72. Global Federation of Insurance Associations	Global	No	GFIA acknowledges that the content and direction of this Guidance have changed significantly. However, the details on product design and investment strategy introduced are too granular and should be deleted as follows: “The insurer’s risk management policy should outline how all material categories of risk are managed, both in the insurer’s business strategy and its day-to-day activities. An insurer’s risk management policy typically includes a description of the insurer´s approach towards risk retention and strategies for risk management, such as the use of reinsurance and derivatives, and degree of diversification/specialisation. At a minimum, these risk management policies should address the insurer’s risk appetite, asset-liability management, investment, and underwriting risk.” GFIA believes that a retention of the clarification in the previous version of ICP 8.1.13 that the risk management policies should be established, either as elements of the risk management policy, or as separate sub-policies would be desirable.
73. Insurance Regulatory and Development Authority of India (IRDA)	India	No	The insurer’s risk management policy should outline how all material categories of risk are managed, both in the insurer’s business strategy and its day-to-day activities. An insurer’s risk management policy typically includes a description of the insurer´s approach towards risk retention and strategies for risk management, such as the use of reinsurance and derivatives, and degree of diversification/specialisation. It should also clearly address the relationship between pricing, product development and investment management in order for product design. Pricing and the accompanying investment strategy should be appropriately aligned. In particular, the insurer may need to establish investment and product benchmarks to help ensure that it continues to meet its financial objectives. At a minimum, these risk management policies should address the insurer’s risk appetite, asset-liability management, investment, and underwriting risk. The highlighted statement is split in order to emphasize more focus on creating relationship between Pricing and Investment Strategy.
74. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
75. American Council of Life Insurers	Office of General Counsel	No	ACLI believes that the reference should be plural ("policies") similar to 8.1.14, as it is not unusual for the enterprise risk management process to be documented through multiple risk-specific policies.
76. Swiss Re	Switzerland	No	We encourage IAIS to refer to "policies" rather than "policy", since these elements may be covered in a collection of policies. In addition, we encourage IAIS to mention risk monitoring and risk reporting in this section.

77. Institute and Faculty of Actuaries	UK	No	As with the comments on paragraph 8.1 (Q3), we believe it is more useful to refer to a suite of risk management policies rather than an overarching risk management policy, although the contents of the paragraph describing the approach towards retention and risk management strategies are relevant. A suite of risk management policies should address the various aspects mentioned. The paragraph is very life insurance focussed; it could also include considerations for non life insurance business, which would include claims management and re-pricing. This Guidance includes the wording: 'At a minimum, these risk management policies should address the insurer's risk appetite, asset-liability management, investment, and underwriting risk'. We did not understand why the minimum requirements for risk management policies covered these items and not others. We suggest it could be re-written as follows, to ensure that it encompasses more aspects that risk management policies should seek to address: 'Risk management policies should address the following as a minimum: - The insurer's risk appetite - Specific approaches to managing key risks within risk appetite - Risk mitigating strategies, including reinsurance and ALM activities.'
78. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
79. Institute of International Finance/Geneva Association	United States/Switzerland	No	This particular regulatory standard has been significantly revised from the prior version. In our view, it has now become overly granular and unwieldly. It is not reasonable to expect that a single risk management policy would encompass all the various elements that are identified in the standard, particularly the nuances that exist in what is a complex and dynamic relationship between an insurer's risk management framework and product pricing, product development and investment management. We would therefore suggest that the language be revised to state that the insurer's overall risk management framework should capture the interplay between these various elements.
80. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The language in this paragraph includes a requirement for an insurer's risk management policy to "clearly address the relationship between pricing, product development and investment management" in order for these factors to be appropriately aligned. While we agree that the alignment of these factors is critical for many life insurance products, they are not typically as relevant or critical for many other types of insurance products. Suggest that the language be modified to either remove the prescriptiveness or clarify that it is only expected for certain life insurance products where it would be most beneficial.

11 - Q11 Comment on new Guidance ICP 8.1.13 (previously ICP 8.1.14)			
81. Insurance Europe	Europe	No	Risk management policies may not necessarily be relevant for all employees. Therefore, the wording should be changed to “The insurer’s risk management policies should be written in a way to help relevant employees understand their responsibilities regarding risk management…”
82. Global Federation of Insurance Associations	Global	No	Risk management policies are not relevant for all employees but only for some staff. Therefore, the wording should be changed to: “The insurer’s risk management policies should be written in a way to help relevant employees understand their responsibilities regarding risk management…”
83. International Insurance Foundation	International	No	Add: "The insurer´s risk management policy should be explicitly linked to the overall responsibilities of each employee´s position and the criteria used in performance reviews."
84. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
85. American Council of Life Insurers	Office of General Counsel	No	ACLI suggests deleting the last sentence as it is both too prescriptive and too vague. It suggests that supervisors recommend training all staff, without regard to their role with the company or group.
86. ICMIF	UK	No	We agree that all employees should be made aware of risk management policies.
87. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
88. Institute of International Finance/Geneva Association	United States/Switzerland	No	With regard to the second sentence, policies are not explanatory in nature but rather set out principles and objectives. As such, we would propose substituting the words “help explain” with “reflect”.
12 - Q12 Comment on new Guidance ICP 8.1.14 (previously ICP 8.1.15)			

89. Insurance Europe	Europe	No	Consistency of risk management policies across the group is not a regulatory objective in and of itself. The risk management policies need to be consistent only in a way to enable group-wide risk management. This purpose should be clearly stated. From this perspective, especially “horizontal consistency” is often not necessary. Insurance Europe would suggest deleting the references to “horizontal consistency” and “vertical consistency”.
90. Global Federation of Insurance Associations	Global	No	This paragraph seems a bit out of context. GFIA understands the focus on “groups”, but there is preamble in 8.06-.09 that addresses “group” issues and the other major sections in ICP do not have such group guidance (save for 8.1.19 which is very brief). As written, it is also wordy as it winds the explanation from legal entity to insurance group to broader corporate group. If this is an issue, suggest it would be better to outline this concept in 8.06 or .07 and delete 8.1.15 and 8.1.19 Furthermore, consistency of risk management policies across the group is not a regulatory objective in and of itself. The risk management policies need to be consistent only in a way to enable group-wide risk management. This purpose should be clearly stated. From this perspective, especially “horizontal consistency” is often not necessary. GFIA would suggest deleting the references to “horizontal consistency” and “vertical consistency”.
91. Insurance Regulatory and Development Authority of India (IRDA)	India	No	An additional para may be provided for regular meeting of the Head of the group and the insurance legal entities to ensure concurrence in risk management activities that was framed at broader level.
92. General Insurance Association of Japan	Japan	No	Each group entity sets its risk management function according to the size of its businesses, the risk characteristics, and other factors. Requiring horizontal consistency between legal entities within the group could hinder effective risk management. Therefore, the third sentence should be revised as follows: "Within an insurance group, the head of the group and the legal entities should ensure appropriate coordination (based on factors including the size, nature of businesses and complexity of the entities, jurisdictions in which they operate, local regulations, as well as the complexity of the group´s structure) and consistency between the head of the group and the legal entities when setting risk management policies." In addition, the fourth and fifth sentences should be deleted.
93. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
94. American Council of Life Insurers	Office of General Counsel	No	ACLI recommends replacing the word “consistency” in the third sentence with the word “alignment.” There can be legitimate and appropriate reasons for any perceived inconsistencies. We also recommend deleting the fourth sentence. The appropriate supervisory concern is the proper alignment of local and head-of-group risk management policies.

95. Institute and Faculty of Actuaries	UK	No	This paragraph is very detailed in its descriptions of the need for consistency horizontally and vertically. We do not think it is necessary, as it follows from general statements on the need for consistency within a group. As in comments on Q3, we are unsure why there is a need to define a 'risk management policy' when instead the suite of policies that are in place should be appropriate at a group level, with policies then appropriately cascaded to individual entities. Although the wording is likely derived from the ComFrame text, it is not clear what the 'head of group and legal entities' refers to, and would suggest referring to group and legal entity boards and senior management who should own the policies.
96. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
97. Institute of International Finance/Geneva Association	United States/Switzerland	No	We fail to see the rationale for why the risk management objectives described in the first and second sentences of this standard must be associated with a single policy. The standard should be more flexible so as to allow for the possibility that one or more policies may be within the scope in order to achieve the desired regulatory outcome.
14 - Q14 Comment on revised Guidance ICP 8.1.15 (previously ICP 8.1.16)			
107. Insurance Europe	Europe	No	This Guidance does not differentiate between changes in the risk management system and changes in risk profile. Changes in the risk profile are part of risk identification and assessment and should be included in ICPs 8.1.5 and/or 8.1.6. Insurance Europe disagrees that the risk management system should be directly "responsive to changing interests and reasonable expectations of policyholders and other stakeholders" and suggests deleting the last sentence of this Guidance. These factors should find appropriate reflection on concrete risk categories and the insurer's business strategy. Insurance Europe sees no value in adding such undefined terms in the Guidance. Additionally, the Guidance should be limited to material changes in risk profile (like ICP 8.1.17).
108. Global Federation of Insurance Associations	Global	No	This Guidance does not differentiate between changes in the risk management system and changes in risk profile. Changes in the risk profile are part of risk identification and assessment and should be included in ICPs 8.1.5 and/or 8.1.6. GFIA disagrees that the risk management system should be directly "responsive to changing interests and reasonable expectations of policyholders and other stakeholders" and suggests deleting the last sentence of this Guidance. These factors should find appropriate reflection in concrete risk categories and the insurer's business strategy. GFIA sees no value in adding such undefined terms in the Guidance. Additionally, the Guidance should be limited to material changes in risk profile (like ICP 8.1.17).

109. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
110. American Council of Life Insurers	Office of General Counsel	No	ACLI suggests deleting the phrase “changing interests and” in the last sentence. We think the sentence is clear and objective if it states that a risk management system should be responsive to the reasonable expectations of policyholders and stakeholders. We do not understand the meaning or implication, in this context, of requiring the risk management system to also target “changing interests.”
111. Institute and Faculty of Actuaries	UK	No	We think this overlaps with paragraph 8.1.6, which already refers to the identification of new risks and changes in circumstances. This paragraph could perhaps reference paragraph 8.1.6, and then add new components not already mentioned.
113. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
114. Institute of International Finance/Geneva Association	United States/Switzerland	No	It is unclear what is meant by the “changing interests” of policyholders. Policyholders’ primary interest, and the one an insurer’s risk management system should be overwhelming focused on, is to ensure that they are able to meet their obligation(s) to the policyholder and make payment whenever it falls due. We therefore suggest removing this language.
19 - Q19 Comment on new Guidance ICP 8.1.17 (previously ICP 8.1.18)			
138. Insurance Europe	Europe	No	Insurance Europe believes that the feedback loop and monitoring of the effectiveness of the risk management system are crucial elements of risk management and should potentially be reflected more prominently in ICP 8, including a reference to ICP 16 (if these two ICPs are not merged as suggested above). Whilst it is clear that the content would require updating, Insurance Europe found the figure previously included in ICP 16 (“Figure 16.1 The IAIS standard ERM framework”) helpful to clarify the risk management and ERM structure the IAIS had in mind. Insurance Europe would suggest that a similar updated graph could be provided by the IAIS.
139. Global Federation of Insurance Associations	Global	No	GFIA believes that the feedback loop and monitoring of the effectiveness of the risk management system are crucial elements of risk management and should be reflected more prominently in ICP 8, including a reference to ICP 16. Whilst it is clear that the content would require updating, GFIA found the figure previously included in ICP 16 (“Figure 16.1 The IAIS standard ERM framework”) helpful to clarify the risk management and ERM structure the IAIS had in mind. GFIA would suggest that a similar updated graph could be provided by the IAIS.
140. International	International	No	Insert after first sentence:

Insurance Foundation			"An effective feedback loop requires that the Board, management and staff have a risk culture that makes them aware of key risk factors, inclined to report risk issues and prepared to execute risk responses." Add at end of paragraph: "and risk management objectives achieved."
141. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
142. Institute and Faculty of Actuaries	UK	No	Paragraphs 8.1.18 and 8.1.19 could be made clearer, as 'feedback loops' are already implied by statements on the need to modify the system (paragraph 8.1.16), and the need to embed risk management processes in day-to-day operations (paragraph 8.1.2). We think it would be more useful to say that there should be processes in place which: assess how well-embedded the risk management system is, and any changes made to it; provide an independent assessment of the risk management system as a whole, and whether it is still appropriate given changing circumstances. Any independent assessment could be performed by a firm's Internal Audit function, for example.
143. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
144. Institute of International Finance/Geneva Association	United States/Switzerland	No	While we appreciate the thrust of this section, including the stipulation that insurers should "incorporate a feedback loop" into their risk management system, we suggest some edits to clarify the standard and explain that they are meant to facilitate communication. We would suggest identifying the key components of such a 'feedback loop' including, perhaps, that "the risk management system should facilitate appropriate internal communication"; "allow Senior Management to collect and analyse relevant information on changes to the entity's risk profile"; and/or "[allow senior management to] objectively assess the adequacy of management processes". We would also like to express reticence about this standards indication that any decisions or actions resulting from this feedback mechanism should involve the Board. In our view, very few of these types of decisions would merit Board attention. We would ask that the language be adjusted to reflect this fact.
20 - Q20 Comment on new Guidance ICP 8.1.18 (previously ICP 8.1.19)			
145. Insurance Regulatory and Development Authority of India (IRDA)	India	No	Within an insurance group, there should be sufficient coordination and exchange of information between the insurance group and its insurance legal entities as part of their respective feedback loops to ensure relevant changes in risk profiles can be taken into account. This para is not clear which what is meant by insurance group and its insurance legal entities. The legal entities are part of the group. There may be head of the group that specified in para 8.1.15 and insurance legal entities. This may

			be more specific. There are many different structure of the group – for example, group head non- insurance entity, group members which are insurance entities, and other group members which are non-insurance entities. Similarly, there may be non-regulated entity under any group, where the risk impact may be very high. We experienced failure of promoter of the group to pump capital to insurance entity as one of the non-insurance and unregulated member of the group failed. This risk may be specially highlighted in a single para.
146. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
147. Institute and Faculty of Actuaries	UK	No	Our response to Q19 also applies here.
148. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
21 - Q21 Comment on revised Standard ICP 8.2			
149. Global Federation of Insurance Associations	Global	No	GFIA agrees with the amendment requiring that the internal controls of insurers generally, and not just those of IAIGs, should be appropriately documented. However, GFIA is concerned that this standard, and its requirement for an 'effective' system, is too subjective.
150. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
151. Cincinnati Insurance Company	United States of America	No	See answer to Q1 (General Comment on revisions made in ICP 8).
152. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Similar to our comment on 8.1, we are concerned that a standard requiring an insurer to operate within an "appropriately documented" system of internal controls could be misinterpreted, resulting in unnecessary and overly burdensome documentation requirements for insurers. Suggest removing the term "appropriately documented" from this standard.

Public consultation comments on revised ICP 15

Organisation	Jurisdiction	Confidential	Answer
1 - Q1 General comment on ICP 15			
1. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	The Association of Bermuda Insurers and Reinsurers is very grateful for the opportunity to provide comments. We applaud the IAIS for its ongoing review of ICPs and efforts to update them as appropriate given the evolving regulatory climate to address challenges across a broad platform of global initiatives. We would like to make the following general comments as it relates not only to ICP 15 Investments but across all ICPs: Firstly, it is important that the ideas and principles set out in the various ICPs do not contradict one another. For example, ICP 13 recognises the importance of geographical diversification of risk. This principle should also apply to investment risk. The ICP should not encourage increases in geographical investment concentration risk. Certain (re)insurance products, for example credit and surety products, are highly correlated with investment markets and the general condition of the economy. If a concentration of investments is held in a location where the (re)insurer is also significantly exposed to macroeconomic conditions, this leads to an increase in the overall risk exposure. The risks surrounding the security and location of assets held by a (re)insurer should be appropriately recognised through the risk based capital requirements which are set by local and international supervisors. In addition, the adoption of the prudent person principle in relation to the investment of assets is a suitable mechanism by which these risks will be identified, measured and managed. Secondly, ICP 15 does seem to be more prescriptive than principles-based (comments below) and does not acknowledge that supervisors must consider that there are rules governing entities which are authorized and traded on regulated stock exchanges which have ´rules´ regarding investments. ICP 15 should acknowledge that insurance supervisors are not the only regulatory body that suprvises investments and in that regard, the supervisor should be mindful of this. Thirdly, ICP 15 must recognize that there are capital management strategies vis-a-vis legal entities versus groups and therefore, ICP 15 needs to have an overarching principle that acknowledges that insurers may have differing capital management strategies for legal entities versus groups and that supervisors will recognize the varying approach.

2. Canadian Institute of Actuaries	Canada	No	The Canadian Institute of Actuaries (CIA) is the national, bilingual organization and voice of the actuarial profession in Canada. Its members are dedicated to providing actuarial services and advice of the highest quality. The Institute holds the duty of the profession to the public above the needs of the profession and its members. The CIA has reviewed the proposed revisions to ICP 15 and does not have any edits to suggest. We thank you for the opportunity to participate in this review process.
3. Insurance Europe	Europe	No	Insurance Europe welcomes the revisions to ICP 15 and the inclusion of the Comframe material. Insurance Europe considers that the principle of “freedom of investment” should be incorporated in this ICP, with the understanding that no limits on either investment assets or jurisdictions, nor any obligations to invest in specific assets or jurisdictions are appropriate. Prudential concerns on investment risks should instead be addressed via appropriate and balanced qualitative and quantitative measures, which should have as a key objective the correct identification and measurement of the actual risks that insurers are exposed to when investing.
4. Global Federation of Insurance Associations	Global	No	GFIA welcomes the opportunity to comment on the revisions to ICP 15 and the inclusion of the ComFrame material. Overall, GFIA supports principle-based investment regulatory requirements, and considers that limits on investments, or any obligations to invest in specific assets, should not be part of a risk-based prudential framework. Insurers should be allowed flexibility to undertake investment risks, as long as they are able to appropriately identify, monitor, measure inherent risks, from a qualitative and/or quantitative perspective. Furthermore, GFIA notes that there is still significant overlap between this ICP and ICP 17, and that where the content relates to capital fungibility it is best-placed in ICP 17 rather than ICP 15.
5. AIA Group	Hong Kong	No	AIA appreciates the opportunity to comment on the public consultation on revised ICP 15 (Investments).
6. International Insurance Foundation	International	No	The present draft uses far too many words to express too few clear ideas. It attempts to allow for recent innovations in financial markets, as well as to combine individual entity and group perspectives. Accordingly, it results in many ambiguities, which will not help emerging market supervisors protect policyholders. To the contrary, the ambiguous references to out-of-the-ordinary investment vehicles and practices can be misinterpreted as endorsements when there should be warnings. Coordination with ICP 14 is needed. This draft of ICP 15 presumes market-based valuation measures always apply, then resorts to contortions to deal with the exceptions. rather than addressing the valuation issue directly. The process of investment management also merits further discussion. If supervisors are to hold insurer managements responsible for the diversification, liquidity, and security of their investments, they must have a basis for

			the expectations they establish. Too much of this draft prescribes what insurers should or should not do rather than the process insurers should follow. But it does not say enough about what insurance supervisors should do.
7. Dai-ichi Life Holdings,Inc.	Japan	No	There is centralised or decentralised approach for IAIG governance structure, but standards and guidelines related to Comframe in ICP 15 sometimes seem to be prescribed on the premise of centralised structure. Therefore, it should be stated that both the centralised approach and the decentralised approach are allowed for the governance structure of IAIG at the beginning of ICP 15 to clarify the acceptance of decentralised structure where a holding company receives reports from each entity and advise them, if necessary, who develop individually a risk management system according to their business scale, characteristics, and regulations in each jurisdiction.
8. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
9. American Council of Life Insurers	Office of General Counsel	No	In considering the establishment of insurance company investment requirements, supervisors must take into account the nature of insurance liabilities, which differ in material respects from bank liabilities. Unlike the sources of bank funding (depositors and other short-term creditors), who expect payment on demand, insurance contract holders do not consider their insurance products as sources of liquidity. Furthermore, typical insurance policies and other products are generally either not “surrenderable” or contain terms, like surrender charges and tax penalties, that create powerful disincentives to surrender or early withdrawal. ICP 15 should acknowledge that, given the duration and illiquidity of insurance liabilities, investments in private, relatively less liquid assets, where prudently underwritten, are often entirely appropriate, offering a superior return, better investor protections and lower losses. ICP 15 appears to place much more emphasis on limiting investing behavior than measuring an investment´s appropriateness with respect to the liabilities the asset supports (i.e., the document may undermine/ignore the usefulness of ALM, cash flow testing, and the like).
10. Swiss Re	Switzerland	No	We thank IAIS for the opportunity to provide feedback on the Insurance Core Principle (ICP) 15. We appreciate that many of these elements set standards which contribute to prudent and constructive risk management practices throughout the industry. At the same time, it seems to us that this document cover matters pertaining to the more broad topics of capital adequacy and liquidity (including Group aspects). Based on our experience, these aspects are better considered in the context of the overall balance sheet, rather than in the context of investments, to facilitate a more holistic treatment, including consideration of asset-liability management. Within this document, the main aspects that are specific to investments are: a. Investment quality b. Diversification c. Special considerations: intra-group investments, derivatives, structured products, special purpose entities

			The other elements may be better placed for instance in ICP 17, covering broader elements of capital adequacy.
11. ICMIF	UK	No	Insurers differ from many other market participants in their motivations as investors. They are liability-driven investors, seeking to generate returns to meet cash-flow commitments to policyholders. In that sense, they are not typically seeking the highest returns on assets at all cost. They also invest for the long-term. Their capacity to outlive short term volatility should thus be recognised and taken into account. Another issue we believe merits a special mention is the current low yield environment dating back the early 2000s but amplified by the financial crisis in 2007 and its singular subsequent monetary policies applied by the US then the EU Central Banks. Lastly, with regard to the objective of this ICP 'the supervisor establishes investment requirements for solvency purposes' we would like to underline that in a risk based approach, the Prudent Person Principle and its derived provisions are effective in directing undertakings on how their assets are invested.
12. Institute and Faculty of Actuaries	UK	No	Liquidity considerations should potentially be given more emphasis in this ICP, alongside solvency considerations. Liquidity could be more important than solvency in certain situations, despite the usual business model for an insurer that expects a surplus of cash from insurance portfolios. We note in several places below that investment risk should be reduced through regulation. It is important to clarify that this does not refer to an outright reduction in investment in perceived risky assets, but instead to a reduction in inappropriate investment in risky assets (e.g. mismatching of asset and liability positions), which leads to excessive risk for the insurer given its available resources.
13. 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). Therefore, we object to ICP 15 and would suggest that ICP 15 be eliminated altogether. There is no need for the IAIS to craft a new international insurance code on investment; the U.S. insurance regulatory system already has a robust and effective system for regulating insurer investments. 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. In the alternative, we would suggest that ICP 15 be amended to

			provide that existing Federal and State laws, regulations, and policies on the regulation of insurer investments in the United States be recognized as satisfying the requirements of ICP 15. Given the substance of this comment (ICP 15 should be eliminated in toto), we see no need to answer Q3 through Q80.
14. Prudential Financial, Inc.	United States of America	No	Broadly speaking, Prudential agrees with many of the overarching principles included in ICP 15 however, we note the following concerns: •The level of granularity provided is too prescriptive and insufficiently accounts for the diversity of insurance markets (e.g., corporate structure, business models, capital markets, etc.) and varying practices / requirements around the world. The focus of the ICP and ComFrame should be on the outcomes to be obtained, not the process with which to obtain them. •Wording choices throughout the ICP are vague (e.g., "sufficiently secure", "appropriate location", "prudent", etc.,), which will make it difficult for supervisors and / or an insurance group, or insurer, to assess if the various parameters of the ICP are met. •The ICP raises the potential for overlapping or conflicting regulations (e.g., across regimes, at the group versus entity level, etc.), which we believe the IAIS should seek to avoid. •The IAIS must provide clarity on its definition of “Investment Risk” and further, relevant sections of the ICP should be expanded to incorporate the concept of the insurer’s loss absorbing resources.
15. Institute of International Finance/Geneva Association	United States/Switzerland	No	In considering the establishment of insurance company investment requirements, supervisors must take into account the nature of insurance liabilities, which differ in material respects from bank liabilities. Unlike banks, which are funded by depositors and other short-term creditors who expect payment on demand, policyholders pay premiums upfront, and contractual payments are generally made only if and when an insured event has occurred. This means that the large majority of insurance liabilities are not prone to sudden withdrawals . Furthermore, typical insurance policies and other products are generally either not “surrenderable” or contain terms, like surrender charges and tax penalties, that create powerful disincentives to surrender or early withdrawal. ICP 15 should acknowledge that, given the duration and illiquidity of insurance liabilities, investments in private, relatively less liquid assets, where prudently underwritten, are often entirely appropriate. Another key point we would like to make concerns ALM. ICP15 focuses on criteria aiming to have insurers select investments with the objective to keep asset-liability mismatches/ gap risk within certain limits. The ICP seems to consider liabilities as a given (as in “liability driven investments”), while advanced ALM is generally based on an integrated analysis/ view of assets and liabilities. For instance: the insurer should start the assessment of available investments and related risks in a specific market which may well influence product features and future liabilities during product development, and not wait for the liabilities to be on the insurer’s book. We would urge the IAIS to take ALM developments more closely into account.

			As is the case in ICPs 8 and 16, there is a tendency for this ICP/ComFrame 15 guidance to be overly granular and prescriptive such that it fails to reflect the variety of insurance business models and operating structures that may exist across the industry and between jurisdictions. It also provides little in the way of flexibility to allow local supervisors the ability to adopt the standard in a manner that is appropriate to their jurisdiction. We fully support the notion and implementation of group supervision including the essential cooperation and coordination among supervisory authorities that it fosters. While the majority of insurance groups do have a group-wide or lead supervisor, the standards should reflect the fact that in the case of multinational groups, the group-wide or lead supervisor would not have the authority to regulate investment, or other activities directly in every relevant jurisdiction on an enterprise-wide basis. We would therefore urge the IAIS to reorient the standard so that it more squarely focuses on regulatory and supervisory outcomes. Relatedly, the objective of focusing on appropriate outcomes can be reinforced by adjusting the lead-in language "group wide supervisor requires" to "the group-wide supervisor ensures ..."
16. Property Casualty Insurers Association of America (PCI)	USA	No	The Property Casualty Insurers Association of America (PCI) appreciates the opportunity to comment on revised ICP 15 Investment and the ComFrame material included therein. PCI is a member of the Global Federation of Insurance Associations (GFIA) and in general endorses GFIA's comments on ICP 15. In particular we note there is significant overlap between redrafted ICP 15 and ICP 17 Capital Requirements, and the portions of ICP 15 that deal with fungibility should be removed and reconsidered when ICP 17 is redrafted.
17. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The draft revised version of ICP 15 continues to appropriately include material on the various aspects of considering investments, including but not limited to security, liquidity, diversification, risk assessment/specific financial instruments, off-balance sheet exposures, and the interaction with the insurance liabilities. With respect to ICP guidance, in general there is quite a bit of specific detail, which in some cases goes too far and others do not go far enough. An appropriate balance should be found, otherwise it may result in confusion. Terms with the word "requirements" is used in different contexts and meanings throughout this ICP (regulatory investment requirements, capital requirements, financial requirements, quantitative and qualitative requirements, regulatory solvency requirements, etc.); however it is not always clear what is meant or what the distinctions are between these different requirements. Suggest reviewing to ensure the correct term is being used and that these terms are well understood to avoid confusion; examples of these are provided in individual comments.
3 - Q3 Comment on Principle ICP 15			
24. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
25. Institute and Faculty of Actuaries	UK	No	'The supervisor establishes investment requirements for solvency purposes in order for insurers to make…' This phrase would benefit from greater clarity and could be interpreted in a number of ways, and it would be better to word as follows:

			'The supervisor establishes regulatory requirements on investment activities in order for insurers to make …" This implies investment implications on solvency as well as other activities involved in the risk management of the insurer.
4 - Q4 Comment on Standard ICP 15.1			
26. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	For those institutions that have the resources, a principles-based approach using a comprehensive internal capital model for assessments of portfolio risk should be accepted in place of a rules-based approach.
27. Global Federation of Insurance Associations	Global	No	Where firms are able to develop a comprehensive internal capital model for assessment of portfolio risk, this should be accepted in place of a rules-based approach.
28. International Insurance Foundation	International	No	What is the point of the adjective "regulatory"? Are there any investment requirements that are non-regulatory? If so, they should be explained.
29. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
30. Institute and Faculty of Actuaries	UK	No	'The supervisor established regulatory investment requirements on the investment activities of the insurer' The sentence would read better if 'regulatory investment requirements' were amended to 'regulatory requirements'.
31. Institute of International Finance/Geneva Association	United States/Switzerland	No	For those institutions that have the resources, a principles-based approach using a comprehensive internal capital model for assessments of portfolio risk should be accepted in place of a rules-based approach.
5 - Q5 Comment on Guidance ICP 15.1.1			

32. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
6 - Q6 Comment on Guidance ICP 15.1.2			
33. Insurance Europe	Europe	No	While Insurance Europe appreciate the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, with the understanding that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective. Insurance Europe believes that guidance under 15.1 can usefully be expanded to cover the notion of a 'prudent person principle'. This principle should require that, with respect to the whole portfolio of an insurer's assets, it only invests in assets and instruments whose risk it can properly identify, measure, monitor, manage, control and report, and appropriately consider in the assessment of its overall solvency needs. In addition, assets should be required to be invested appropriate to the nature and duration of insurance liabilities, as well as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. Furthermore, it should be required that investments are made in the best interests of policyholders and beneficiaries to avoid any potential conflicts of interest. With respect to quantitative measures to address investment risk, Insurance Europe notes it is key that framework measure the actual risks that insurers are exposed to. Insurance Europe notes that the area of investment risk is very important in the development of ComFrame and ICS, and highlights the need for ICS quantitative requirements to be appropriately balanced with qualitative requirements, to achieve outcomes that are not unduly complex.
34. Global Federation of Insurance Associations	Global	No	While GFIA appreciates the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, on the basis that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective. GFIA believes that guidance under 15.1 can usefully be expanded to cover the notion of a 'prudent person principle'. This principle should require that, with respect to the whole portfolio of an insurer's assets, it only invests in assets and instruments whose risk it can properly identify, measure, monitor, manage, control and report, and appropriately consider in the assessment of its overall solvency needs. In addition, assets should be required to be invested appropriate to the nature and duration of insurance liabilities, as well as to ensure the security, quality, liquidity and

			profitability of the portfolio as a whole. Furthermore, it should be required that investments are made in the best interests of policyholders and beneficiaries to avoid any potential conflicts of interest. With respect to quantitative measures to address investment risk, GFIA notes it is key that framework measure the actual risks that insurers are exposed to. GFIA notes that the area of investment risk is very important in the development of ComFrame and ICS, and highlight the need for ICS quantitative requirements to be appropriately balanced with qualitative requirements, to achieve outcomes that are not unduly complex.
35. International Insurance Foundation	International	No	What are ´financial requirements"? Are they the same as "regulatory capital requirements"? If so, then say that investment requirements are needed because capital requirements do not fully address the concerns for diversification, liquidity, and security.
36. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
37. ICMIF	UK	No	According to the aforementioned Prudent Person Principle insurers are required to invest only in assets and instruments: (i). whose risks can be properly identified, measured, monitored, managed, controlled and reported; (ii). that ensure the security, quality, liquidity and profitability of the portfolio as a whole; (iii). that are appropriate to the nature and duration of insurance and reinsurance liabilities; and (iv) in the best interest of policyholders and beneficiaries
38. Institute and Faculty of Actuaries	UK	No	'Financial requirements alone are not sufficient to ensure solvency, and should be complemented with appropriate quantitative and/or qualitative requirements limiting/regulating investment risk.' It is not clear how 'financial' differs from the reference to qualitative / quantitative criteria. We therefore suggest re-wording as follows: 'Quantitative financial requirements governing solvency are not sufficient, and should be complemented by appropriate additional quantitative and/or qualitative requirements limiting/regulating investment risk.' Using the phrase 'limiting investment risk' is also problematic as regulation should support the successful implementation of an insurance business model which could involve taking on significant investment risk to optimise returns, if this were within an appropriate asset-liability management framework and there were sufficient resources to do so.

39. Institute of International Finance/Geneva Association	United States/Switzerland	No	We agree with the statement in 15.1.2 that financial requirements alone are not sufficient to ensure solvency, and should be complemented with appropriate quantitative and/or qualitative requirements limiting/regulating investment risk. This is an important point to take account of in the development of the ICS as quantitative requirements will need to be balanced with qualitative requirements to achieve desired outcomes and in a manner that is not unduly complex. In this respect, the IAIS may want to consider an overarching prudency principle. With respect to the whole portfolio of an insurer's assets, the principle would promote investment in assets and instruments whose risk the firm can identify, measure, monitor, manage, control, report, and appropriately consider in the assessment of its overall solvency needs. In addition, the principle would promote investment in a manner that is appropriate to the nature and duration of insurance liabilities and that serves to promote the security, quality, liquidity and profitability of the portfolio as a whole. Furthermore, the principle would promote investments in the best interests of policyholders and beneficiaries to avoid any potential conflicts of interest.
40. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	What is meant by "financial requirements", and how do they differ from "quantitative and/or qualitative requirements"?
7 - Q7 Comment on Guidance ICP 15.1.3			
41. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	We strongly support the content of the fifth bullet point which discussed the practical implications of investment regulation. We are, however, cognizant that the implications are that regulation would need to be reviewed frequently and there would need to be willingness to amend the regulation with the innovation inherent in the financial markets.
42. Insurance Europe	Europe	No	Insurance Europe believes that bullet point 2 should be removed from ICP 15 and considered in ICP 17. Specifically, the way in which the quality of capital resources is addressed by the supervisor (second bullet point) in the establishment of regulatory investment requirements should be part of the framework on capital resources and their composition, and should therefore be addressed as part of ICP 17. Insurance Europe proposes that, in bullet point 3, "third parties" is replaced by "investors" or "market participants". As this guidance discusses comprehensiveness and transparency, it is unclear who the "third parties" referenced are. Insurance Europe understands that this is a reference to investors in general and as such recommends altering the wording. "Investors" or "Market participants" would be more appropriate. Insurance Europe strongly supports the content of the fifth bullet point which considers the practical implications of investment regulation. Indeed, regulation needs to be reviewed and amended frequently to maintain its relevance given the innovation inherent in financial markets.

43. Global Federation of Insurance Associations	Global	No	GFIA believes that, in setting regulatory investment requirements, consideration must be given to the potential for these requirements to create systemic risk at a local or regional level. For this reason, principles-based investment requirements are to be preferred over arbitrary limits. GFIA considers that bullet point 2 should be removed from ICP 15 and instead considered in ICP 17. Specifically, the way in which the quality of capital resources is addressed by the supervisor (second bullet point) in the establishment of regulatory investment requirements should be part of the framework on capital resources and their composition, and should therefore be addressed as part of ICP 17. GFIA proposes that, in bullet point 3, “third parties” is replaced by “investors” or “market participants”. As this guidance discusses comprehensiveness and transparency, it is unclear who the “third parties” referenced are. GFIA understands that this is a reference to investors in general and as such recommends altering the wording. “Investors” or “Market participants” would be more appropriate. GFIA strongly supports the recognition given in the fifth bullet point to the practical implications of investment regulation. GFIA is, however, cognisant of the implication that regulation would need to be reviewed frequently and there would need to be willingness to amend the regulation with the innovation inherent in the financial markets.
44. AIA Group	Hong Kong	No	AIA agrees with these factors, and in particular the insurance industry is a strategic investor in the capital markets, and has a substantial need to move money internationally, as well as a significant interest in the usage of derivatives to hedge risks. AIA would be supportive of initiatives to develop investment products, local and international markets to enhance good corporate governance, transparency, stability and value, consistent with the principals of long-term investing, driving in turn the development of insurance products.
45. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
46. Institute and Faculty of Actuaries	UK	No	‘Factors to consider […] may include: the overall quality of risk management practices and corporate governance frameworks of insurers’ It would be useful to relate this point directly to the investment expertise of insurers rather than risk management and corporate governance in general, i.e. the management of investment activities and investment risk within an insurer.
47. Institute of International Finance/Geneva Association	United States/Switzerland	No	We strongly support the content of the fifth bullet point which discussed the practical implications of investment regulation. We are, however, cognizant that the implications are that regulation would need to be reviewed frequently and there would need to be willingness to amend the regulation with the innovation inherent in the financial markets.

48. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	It is unclear what the second bullet means; clarification would be helpful. In the third bullet, who is being referred to as “third parties” and what kind of “market discipline”? Is this referring to shareholders, and if so, is this the right place for such a reference? Again, clarification would be helpful.
8 - Q8 Comment on Guidance ICP 15.1.4			
49. Insurance Europe	Europe	No	Insurance Europe believes that it would be appropriate to remove or at least redraft guidance 15.1.4. While Insurance Europe appreciates that supervisors consider requirements applied in other, non-insurance, financial sectors when establishing investment regulatory requirements. The current objective of “level playing field” introduces ambiguity rather than guidance and makes the full paragraph 15.1.4 not necessary. Insurance Europe highlights that alignment is only viable if the regimes are actually having the same fundamental principles. If not than this could create the regulatory arbitrage the IAIS is trying to avoid. Insurance Europe proposes the guidance to be removed or, alternatively, the following rewording: “Additionally, the supervisor should consider requirements applied in other, non-insurance, financial sectors when establishing regulatory investment requirements for insurers. It is important that requirements across financial sectors are as consistent as possible in order to prevent groups from transferring assets between its entities to take advantage of the occurrence of the potential for regulatory arbitrage. Consistency of regulation between sectors may assist in maintaining a level playing field and enhancing fairness. However, such requirements should take into account the differences in risk profiles and risk management between sectors.”
50. Global Federation of Insurance Associations	Global	No	GFIA believes that it would be appropriate to remove or at least redraft guidance 15.1.4. While GFIA appreciates that supervisors consider requirements applied in other, non-insurance, financial sectors when establishing investment regulatory requirements, the current objective of “level playing field” introduces ambiguity rather than guidance. GFIA highlights that alignment is only viable if the regimes have the same fundamental principles. If not, alignment could create the regulatory arbitrage the IAIS is trying to avoid. GFIA proposes the guidance to be removed or, alternatively, the following rewording: “Additionally, the supervisor should consider requirements applied in other, non-insurance, financial sectors when establishing regulatory investment requirements for insurers. It is important that requirements across financial sectors are as consistent as possible to prevent groups from transferring assets between its entities to take advantage of the occurrence of the potential for regulatory arbitrage. Consistency of regulation between sectors may assist in

			maintaining a level playing field and enhancing fairness. However, such requirements should consider the differences in risk profiles and risk management between sectors."
51. AIA Group	Hong Kong	No	AIA would submit that the differing capital regimes and nature of liabilities between insurance and other segments of the financial sector (such as banking) be taken into consideration, whilst acknowledging the need for efficient and transparent risk transfer mechanisms. AIA supports the increasing of transparency across the market, believing that this will result in more efficient decision-making.
52. International Insurance Foundation	International	No	In the second sentence, rather than "prevent," say "...in order to discourage groups from transferring assets...."
53. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
54. American Council of Life Insurers	Office of General Counsel	No	ACLI believes that it would be appropriate to remove or at least redraft guidance 15.1.4. While ACLI appreciates that supervisors consider requirements applied in other, non-insurance, financial sectors when establishing investment regulatory requirements, there are fundamental differences between the business of insurance and the business of banking (and the relative risks posed thereby), and we would urge against any suggestion in this ICP that bank-centric regulation can or should be applied to operating insurers. The current objective of "level playing field" introduces ambiguity rather than guidance. ACLI highlights that alignment is only viable if the regimes have the same fundamental principles. If not, alignment could create the regulatory arbitrage the IAIS is trying to avoid.
55. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	Whilst we would agree that potential for regulatory arbitrage should be confined, we would stress that striving for consistency in itself, especially between insurance and non-insurance financial sectors, will not always be desirable. The degree of consistency that might be reasonably pursued will be limited by the differences in nature of the businesses and the liabilities between insurance and non-insurance entities.
56. ICMIF	UK	No	We would like to remind the supervisory community that since the financial crisis, a significant number of reforms have been put in place by international and European standard setting bodies, then by national policymakers, as a response to problems in the banking sector without sufficient consideration for the specific business model of insurance. While we recognise the regulators' concerns about a certain level of interconnectedness in the financial system, we would like to receive a clear commitment from the IAIS that their regulatory framework will always be differentiated and specific so as to reflect the distinct complex/serious differences between the business models and risk profiles of the two industries.

57. Institute and Faculty of Actuaries	UK	No	'It is important that requirements across financial sections are as consistent as possible in order to prevent groups from transferring assets between entities to take advantage of regulatory arbitrage.' We would remove the following words from the sentence 'groups from transferring assets between entities to take advantage of'; this singles out a possible method of regulatory arbitrage, but there are others, e.g. the origination of assets in an insurance vs. non-insurance entity. It is not clear why the transfer of assets between entities is being singled out.
58. Institute of International Finance/Geneva Association	United States/Switzerl and	No	As noted above, there are fundamental differences between the business of insurance and the business of banking (and the relative risks posed thereby), and we would urge against any suggestion in this ICP that bank-centric regulation can or should be applied to operating insurers. Furthermore, investment transactions are subject to a vetting process by, for example, a company's legal, tax, risk committees and relevant local boards, and, if necessary, to regulatory approval. As such, we see little rationale for invoking regulatory requirements from other non-insurance financial sectors to pre-empt or otherwise limit insurers' ability to engage in such transactions when appropriate for their business model. This Section is also inconsistent with language elsewhere in ICP 15, which states: "[t]he supervisor establishes investment requirements for solvency purposes in order for insurers to make appropriate investments taking account of the risks they face."
59. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The reference to avoiding regulatory arbitrage is a good one. However, is there guidance for what a supervisor should do if they see such a situation? Specifically if the supervisor is concerned about the security of a particular type of investment and other regulators are not treating it as such.
9 - Q9 Comment on Guidance ICP 15.1.5			
60. Insurance Europe	Europe	No	Insurance Europe supports the openness and transparency of the regulatory investment requirements and agrees that the objectives of the regulatory investment requirements should be explicitly stated.
61. Global Federation of Insurance Associations	Global	No	GFIA supports the openness and transparency of the regulatory investment requirements and agrees that the objectives of the regulatory investment requirements should be explicitly stated.
62. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
10 - Q10 Comment on Guidance ICP 15.1.6			

63. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	We support principles-based investment regulatory requirements. Principles-based requirements promote enhanced understanding, assessment and quantification of investment risks, enable insurers to develop investment strategies to achieve their business objectives and improve market efficiency.
64. Insurance Europe	Europe	No	Insurance Europe supports principle-based investment regulatory requirements. Principle-based requirements promote enhanced understanding, assessment and quantification of investment risks, enables insurers to develop investment strategies to achieve their business objectives and improves market efficiency. In addition, principle-based requirements on investments are consistent with a risk-based approach to prudential regulation.
65. Global Federation of Insurance Associations	Global	No	GFIA supports principle-based investment regulatory requirements. Principle-based requirements promote enhanced understanding, assessment and quantification of investment risks, enables insurers to develop investment strategies to achieve their business objectives and improves market efficiency. In addition, principle-based requirements on investments are consistent with a risk-based approach to prudential regulation.
66. International Insurance Foundation	International	No	This is not an adequate definition of a principles-based approach. It is especially misleading to say that a principles-based approach involves "no specific requirement...." Presenting rules-based versus principles-based approaches as a dichotomy impedes understanding the concept. Better to describe them as different points on a spectrum of possible supervisory frameworks.
67. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
68. American Council of Life Insurers	Office of General Counsel	No	ACLI supports principle-based investment regulatory requirements. Principle-based requirements promote enhanced understanding, assessment and quantification of investment risks, enables insurers to develop investment strategies to achieve their business objectives and improves market efficiency. Additionally, any principles-based requirements should be clear enough for supervisors to implement. As we've seen previously, undefined rules can trigger a race among supervisors to the most conservative interpretation and lead to inconsistent application across jurisdictions.
69. Institute of International	United States/Switzerl and	No	While we appreciate that regulatory investment requirements may take many forms, any principles-based rules should be clear enough for supervisors to implement. As we have seen in other contexts, undefined, principles-based rules can trigger a race among supervisors to the most conservative interpretation and lead to inconsistent application

Finance/Geneva Association			across jurisdictions. When appropriately made, principles-based requirements promote enhanced understanding, assessment and quantification of investment risks, enable insurers to develop investment strategies to achieve their business objectives and improve market efficiency.
11 - Q11 Comment on Guidance ICP 15.1.7			
70. International Insurance Foundation	International	No	As suggested above, investment requirements are always a combination of rules-based and principles-based.
71. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
12 - Q12 Comment on Guidance ICP 15.1.8			
72. AIA Group	Hong Kong	No	AIA would submit that requirements should be principles-based rather than rules based, and in the context of specific classes of investment, additional criteria can be established as part of the risk-based assessment insurers should undertake before deciding whether to invest in such instruments. Some instruments such as derivatives can be used for hedging risk, and thus can, if used properly, perform an important role in an insurer's portfolio. Any risk charges on asset classes should take into consideration the historical performance of the asset class (where available), or in the case of securitised products, the capital structure and the amount of the first loss protection (the equity tranche).
73. International Insurance Foundation	International	No	"...charges to or deductions from available capital" implies that investment requirements affect the valuation (for supervisory purposes) of assets. Reference to ICP 14 needed.
74. General Insurance Association of Japan	Japan	No	If regulatory investment requirements are set and applied directly to specific classes of investment, the diversity of insurers´ services and the flexibility of their investment activities could be impeded. Instead, such rules should be based upon restrictions to, or deductions from, available capital.

75. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
76. Institute and Faculty of Actuaries	UK	No	‘Such rules or restrictions may either be applied directly to investments or lead to charges to or deductions from available capital which act as …’ This sentence would benefit from greater clarity. We suggest replacing ‘or lead to charges to’ with ‘or lead to capital charges’.
13 - Q13 Comment on Guidance ICP 15.1.9			
77. Global Federation of Insurance Associations	Global	No	Although rules-based approaches may be relatively easy for supervisors to enforce, this should not preclude firms from using an internal model to assess portfolio risks.
78. General Insurance Association of Japan	Japan	No	While the current ICP 15 describes both the merits (15.1.8) and demerits (15.1.9) of rules-based approaches, the current 15.1.9 is deleted in the revised ICP 15, which only deals with the merits. Since regulatory investment requirements should be neutral to both rules-based and principles-based approaches, we suggest adding the following sentences of the current ICP 15.1.9 at the end of this guidance: "However, rules-based regulatory requirements may stifle innovation and may restrain the insurer from holding the assets that it believes are most appropriate for meeting its financial objectives. Also, since the nature of business and structure of liabilities differ among insurance companies, a uniform rule-based regulatory requirement on investment, which is applicable to all insurers, may discourage insurers from developing their own risk management."
79. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
80. Institute of International Finance/Geneva Association	United States/Switzerland	No	We suggest to add: “ …, to the extent that the requirements have adequately been defined to limit the scope for different interpretations.”
14 - Q14 Comment on Guidance ICP 15.1.10			
81. ABIR Association of Bermuda	BERMUDA	No	We do not agree with the statement that it would be more difficult for the supervisor to take appropriate measures under a principles-based approach, it is more likely the supervisor will need more time and resources dedicated to understanding the approach and therefore may delay the ability to take appropriate measures. Although rules-based

Insurers & Reinsurers			approaches like the SII standard model enable smaller organizations to comply with the regulations, that shouldn´t preclude other firms with the resources from using an internal model.
82. Insurance Europe	Europe	No	Insurance Europe does not agree with the statement that it would be more difficult for the supervisor to take appropriate measures under a principle-based approach. However, it acknowledges that supervisors may need to dedicate additional time and effort in order to understand and assess undertakings´ approach to investment risk.
83. Global Federation of Insurance Associations	Global	No	GFIA does not agree with the statement that it would be more difficult for the supervisor to take appropriate measures under a principles-based approach. Rather, it is more likely that measures may simply be delayed due to the need for the supervisor to take the time to understand the approach. This should not preclude the use of a principles-based approach, and the use of internal models.
84. International Insurance Foundation	International	No	Advantage to whom? Better to say that principles-based requirements can adapt more readily to changing investment environments. Should also say that a principles-based approach focuses on outcomes and places greater responsibility on the insurer´s management and board to achieve its defined objectives. It should also be noted that a principles-based approach requires a more intense commitment to continuous learning for the supervisory staff to keep pace with best practices of the industry. In any case, delete the last sentence, which is highly argumentative.
85. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
86. Institute and Faculty of Actuaries	UK	No	'[Under a principles based approach] the insurer will be able to select and follow an investment strategy to best manage its investment risks.' This sentence implies that a rules based approach prohibits an insurer from following an investment strategy that best manages its investment risks; we do not agree with this. We therefore think it would be better to say that the insurer will 'have more flexibility to' select and follow a better suited strategy.
87. Institute of International Finance/Geneva Association	United States/Switzerland	No	We do not agree with the statement that it would be more difficult for the supervisor to take appropriate measures under a principles-based approach, and that, it is more likely the supervisor will need more time and resources dedicated to understanding the approach and therefore may delay the ability to take appropriate measures. Although rules-based approaches like the SII standard model enable smaller organizations to comply with the regulations, that shouldn´t preclude other firms with the resources from using an internal model.
15 - Q15 Comment on Guidance ICP 15.1.11			

88. Insurance Europe	Europe	No	Insurance Europe notes that, while assets are primarily targeting coverage of liabilities (including technical provisions and capital requirements), any surplus in assets is at the discretion of management and the ultimate parent (if control is exercised), and should be free of restrictions.
89. Global Federation of Insurance Associations	Global	No	GFIA notes that, while assets are primarily targeting coverage of liabilities (including technical provisions and capital requirements), any surplus in assets is at the discretion of management and the ultimate parent (if control is exercised), and should be free of restrictions.
90. AIA Group	Hong Kong	No	Within AIA, and as part of our commitment to our regulators, intra-group transactions and arrangements should be on an arms-length basis, which would mean, for example, comparable market pricing.
91. International Insurance Foundation	International	No	This entire paragraph needs clarification.
92. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
93. American Council of Life Insurers	Office of General Counsel	No	Many insurance groups do not have a group-wide supervisor or lead supervisor with authority to regulate enterprise-wide investment activity. Rather, local supervisors are charged with establishing and imposing limits and restrictions on the insurance legal entities within their jurisdiction, including with respect to intragroup transactions. The guidance should recognize and accommodate existing jurisdictional limitations and supervisory frameworks, and focus on desired outcomes. The suggestion here and elsewhere that assets may be aggregated across legal entities is problematic, given the differing laws regarding allowable investments, capital charges, and holdings limits across jurisdictions. Further, most solvency metrics are applied at the legal entity level and affiliated transactions and guarantees are strictly controlled and limited, and sometimes prohibited. It is understandable that the regulatory investment regime may require "contractual evidence of the ability to access assets for solvency purposes before allowing their inclusion for group purposes", however, this requirement creates significant uncertainty, as such evidence, often in the form of a legal opinion, tends to be costly and/or inconclusive. Therefore, in our experience, the benefits of this requirement do not outweigh the costs, which are incurred either as direct fees to procure the evidence, or lost diversification benefits, if the evidence cannot be procured. We encourage the IAIS to avoid encouraging further jurisdictions to implement such requirements.

94. Monetary Authority of Singapore (MAS)	Singapore	No	We suggest reword for greater clarity: “Such requirements should provide for appropriate mitigation of risks associated with intra-group transactions, for example, to limit contagion or reputation risk.”
95. Swiss Re	Switzerland	No	It is understandable that the regulatory investment regime may require "contractual evidence of the ability to access assets for solvency purposes before allowing their inclusion for group purposes", however, this requirement creates significant uncertainty, as such evidence, often in the form of a legal opinion, tends to be costly and/or inconclusive. Therefore, in our experience, the benefits of this requirement do not outweigh the costs, which are incurred either as direct fees to procure the evidence, or lost diversification benefits, if the evidence cannot be procured. We encourage the IAIS to avoid encouraging further jurisdictions to implement such requirements.
96. Institute and Faculty of Actuaries	UK	No	‘For insurance groups, regulatory investment requirements should specify how investments are to be aggregated.’ This sentence is not clear to us, as aggregating all investments held would not give an accurate understanding of exposure to true investment risk at a group level, including the relationship between assets and liabilities at a legal entity level. We suggest the sentence is replaced with the following: ‘For insurance groups, regulatory investment requirements should specify how asset exposures should be aggregated for the purposes of determining investment risk at a group level’ In relation to the following text: ‘The regulatory investment regime may therefore require contractual evidence …’ It would be unusual for there to be contracts in place specifying the accessibility of assets, and accessibility could instead be evidenced through entity legal documentation or other legal precedent. Therefore we suggest replacing ‘contractual evidence’ with ‘relevant entity legal documentation’.
97. Institute of International Finance/Geneva Association	United States/Switzerland	No	See our response in Q1 The suggestion here and elsewhere that assets may be aggregated across legal entities is problematic, given the differing laws regarding allowable investments, capital charges, and holdings limits across jurisdictions. In addition, it is understandable that the regulatory investment regime may require "contractual evidence of the ability to access assets for solvency purposes before allowing their inclusion for group purposes". However, this requirement creates significant uncertainty, as such evidence, often in the form of a legal opinion, tends to be costly and/or inconclusive. Therefore, in our experience, the benefits of this requirement do not outweigh the costs, which are

			incurred either as direct fees to procure the evidence, or lost diversification benefits, if the evidence cannot be procured. We encourage the IAIS to avoid encouraging jurisdictions to implement such requirements.
98. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	What is meant by the words “other interests over which the insurer has some influence” and how does that relate in the sentence that refers to counterparties?
16 - Q16 Comment on Guidance ICP 15.1.12			
99. Insurance Europe	Europe	No	Insurance Europe believes that the content of ICP 15.1.12 is sufficiently similar to ICP 15.1.5 to justify amalgamation of these two sections. Insurance Europe believes that the reference to the fungibility of capital should be removed. All issues relating to capital resources should be addressed in ICP 17.
100. Global Federation of Insurance Associations	Global	No	GFIA believes that the content of ICP 15.1.12 is sufficiently similar to ICP 15.1.5 to justify amalgamation of these two sections. GFIA believes that the reference to the fungibility of capital should be removed. All issues relating to capital resources should be addressed in ICP 17.
101. International Insurance Foundation	International	No	What does "fungibility of capital" mean? The concept seems to contradict the fundamental accounting identity: assets = liabilities + equity.
102. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
103. American Council of Life Insurers	Office of General Counsel	No	See comment on 15.1.11 on group-wide supervision. ACLI believes that the reference to the fungibility of capital should be removed. All issues relating to capital resources should be addressed in ICP 17.
104. Swiss Re	Switzerland	No	This guidance is related to capital fungibility, and not to investments. We recommend this to be part of ICP 17

105. Institute and Faculty of Actuaries	UK	No	Liquidity requirements are not necessarily specific to groups and are just as important at a legal entity level. Therefore we suggest referring to 'group-specific liquidity requirements' instead of just referring to liquidity more generally.
106. Institute of International Finance/Geneva Association	United States/Switzerland	No	See our response in Q1 that calls for focus on achieving desired outcomes for group supervision. The discussion of liquidity and fungibility of capital is more appropriately addressed in ICP 17.
107. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Consistent with prior NAIC comments, capital is generally not fungible within the group, or at least not when needed the most. This needs to be revised so as to avoid the perception that capital within a group is freely fungible. Additionally, the reference to liquidity also seems misplaced, or redundant to "transferability of assets".
17 - Q17 Comment on Guidance ICP 15.1.13			
108. Insurance Europe	Europe	No	While Insurance Europe appreciate the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, with the understanding that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective. See comments on 15.1.2.
109. Global Federation of Insurance Associations	Global	No	While GFIA appreciate the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, with the understanding that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective. See comments on 15.1.2.
110. International Insurance Foundation	International	No	This point seems redundant.

111. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
112. American Council of Life Insurers	Office of General Counsel	No	We agree that, as a matter of good corporate governance, it is prudent for an insurance group to monitor material investment risk exposures on an aggregate and enterprise-wide basis. We suggest inserting the word "material" between "should monitor" and "investment risk exposures." However, ACLI does not support investment limits nor any obligation to invest in specific assets. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective.
113. Monetary Authority of Singapore (MAS)	Singapore	No	For better readability and flow, we propose to move ICP 15.1.13 before ICP 15.1.11. The rationale is that we should set out the expectations to monitor and aggregate the investment risk exposures at the group level, before specifying the details of how to aggregate.
114. Institute and Faculty of Actuaries	UK	No	This paragraph is a good entry point to this entire section. We therefore suggest re-ordering so that 15.1.13 appears first.
115. Institute of International Finance/Geneva Association	United States/Switzerland	No	We agree that, as a matter of good corporate governance, it is prudent for an insurance group to monitor investment risk exposures on an aggregate and enterprise-wide basis.
116. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	It should be made abundantly clear that the reference to monitoring exposures on an aggregate basis for the group is in addition to and not in lieu of such monitoring on an individual entity basis.
18 - Q18 Comment on Guidance ICP 15.1.14			
117. Insurance Europe	Europe	No	Insurance Europe highlights that regulatory requirements should not weaken the benefits of being part of a group. Risks related to intra-group transactions are not necessarily part of regulatory investment requirements, and could instead be addressed in the context of group supervision.

118. Global Federation of Insurance Associations	Global	No	GFIA highlights that regulatory requirements should not weaken the benefits of being part of a group. The risks related to intra-group transactions are not necessarily part of regulatory investment requirements. GFIA suggests amending the first sentence to 'Regulatory requirements should be set…'
119. General Insurance Association of Japan	Japan	No	Insurers make investments according to the characteristics of liabilities and limitations on capital. While it is necessary to consider the impact of investments made by individual group entities on the group as a whole, re-balancing at the group level could increase the mismatching risk at the entity level. Since this guidance places greater emphasis on regulatory investment requirements, it should be revised to reflect what is explained in the current ICP 15.3.4 ("The investment requirements should consider...").
120. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
121. American Council of Life Insurers	Office of General Counsel	No	Language in this section is unclear. Furthermore, regulatory requirements should not weaken the benefits of being part of a group. The risks related to intra-group transactions are not necessarily part of regulatory investment requirements. ACLI suggests amending the first sentence to 'Regulatory requirements should be set…'
122. Institute of International Finance/Geneva Association	United States/Switzerland	No	Risks related to intra-group transactions are not necessarily part of regulatory investment requirements. Suggest deleting "investments."
123. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	This paragraph demonstrates why legal entity investment requirements should be more rules-based and group-wide supervision should be more principle-based. More specifically, all insurance supervisors have a duty to protect the assets provided to the insurer by the policyholder and rules-based investment requirements and similar solo entity requirements are generally designed with this purpose in mind. However, group-supervision should be focused on the possibility of losses from all sources within the group, but should appropriately consider that those are external risks to the policyholder who is inherently protected by the solo entity requirements. This does not mean those non-insurer risks are not relevant; rather the consideration of them should be more broad-based. The IAIS should consider more appropriately that earnings and operations are equally if not more important than capital. All material sources of potential losses from the group are important to group supervision, not just investment losses.
19 - Q19 Comment on Standard ICP 15.2			

124. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	It is important that the ideas and principles set out in the various ICPs do not contradict one another. For example, ICP 13 recognises the importance of geographical diversification of risk. This principle should also apply to investment risk. The ICP should not encourage increases in geographical investment concentration risk. Certain (re)insurance products, for example credit and surety products, are highly correlated with investment markets and the general condition of the economy. If a concentration of investments is held in a location where the (re)insurer is also significantly exposed to macroeconomic conditions, this leads to an increase in the overall risk exposure. The risks surrounding the security and location of assets held by a (re)insurer should be appropriately recognised through the risk based capital requirements which are set by local and international supervisors. In addition, the adoption of the prudent person principle in relation to the investment of assets is a suitable mechanism by which these risks will be identified, measured and managed.
125. AIA Group	Hong Kong	No	AIA respectfully contends that availability of assets is determined by markets rather than by regulations, unless offshore investment is restricted by local rules. Market participants should be mindful of the fact that custodianship of assets is underpinned by a contractual network of custodians and sub-custodians. The requirement for diversification should take into consideration local market rules as, for instance, certain emerging markets' regulations may not permit this.
126. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
127. American Council of Life Insurers	Office of General Counsel	No	This section is awkward, as drafted. The second bullet is the ultimate objective of an insurance investment portfolio. In order to achieve this objective, the first bullet and third bullet must be effectively executed. If an insurer takes too much risk (the first bullet) or has inadequate diversification (third bullet), policyholder obligations may not be met. It is also unclear what is meant by "security" in this context. The sections that follow suggest that security refers to custody, risk and liquidity, but this should be clarified.
128. Institute and Faculty of Actuaries	UK	No	'… assets are sufficiently secure and are held in the appropriate location for their availability;' It is not clear what is meant by 'appropriate location for their availability'. Does this refer to holding assets in jurisdictions where they are treated as available capital, or some other feature?
129. Prudential Financial, Inc.	United States of America	No	The IAIS must clarify what is meant by "security", "sufficiently" and "appropriate locations" to better enable supervisors and / or an insurance groups, or insurers, to assess if the various parameters of the guidance are met.

130. Institute of International Finance/Geneva Association	United States/Switzerland	No	The second bullet is the ultimate objective of an insurance investment portfolio. In order to achieve this objective, the objectives as per the first and the third bullet must be effectively met. If an insurer takes too much risk (the first bullet) or has inadequate diversification (third bullet), policyholder obligations may not be met. It is also unclear what is meant by "security" in this context. The sections that follow suggest that security refers to custody, risk and liquidity, but this should be clarified.
131. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Given the nature of most insurers' investments (at least in the U.S.) which are not physical, what is meant by "held in the appropriate location"? There is not really explained in guidance either.
20 - Q20 Comment on Guidance ICP 15.2.1			
132. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
133. American Council of Life Insurers	Office of General Counsel	No	See comment on 15.1.11 on group-wide supervision. Further, it appears that the references to the relative control of the issuers and the investors are reversed. If the investor has controls, it is the issuer that is at risk, not the investor.
134. Monetary Authority of Singapore (MAS)	Singapore	No	We suggest the following edits for greater clarity: "The assets of an entity within an insurance group may include participations or investments in another entity within the same group. Appropriate investment requirements should apply to such investments or participations, particularly due to liquidity concerns. Relatively small holdings in another entity, within the same insurance group, that does not give the investors control over the issuer may, for example, be subject to the same requirements that apply to investments in entities external to the group."
135. Prudential Financial, Inc.	United States of America	No	The guidance provided is overly detailed / prescriptive and requires further clarification. More broadly, the ICP must sufficiently account for the diversity of the insurance sector and varying practices / requirements around the world.
136. Institute of International Finance/Geneva Association	United States/Switzerland	No	See our response in Q1 that calls for recognition and accommodation of existing jurisdictional and supervisory frameworks, with a focus on achieving desired outcomes for group supervision.

137. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Investors in general seek to avoid notions of influence over an issuer as this leads to potential legal issues. Nonetheless, the concern not mentioned here is simple concentration risk.
21 - Q21 Comment on Guidance ICP 15.2.2			
138. Insurance Europe	Europe	No	Insurance Europe does not support reference to regulatory investment requirements that may restrict investments in a selection of assets. As previously highlighted, Insurance Europe strongly supports principle based investment requirements, as opposed to arbitrary limits. Insurance Europe believes that requlatory investment requirements should incorporate both a qualitative and a quantitative approach to investment risk, but no investment limits. From a qualitative perspective, investment requirements should be governed by the internal processes of the insurers such as ALM studies, definition of risk appetite, and market risk policies. See comments on 15.1.2.
139. Global Federation of Insurance Associations	Global	No	GFIA does not support reference to regulatory investment requirements that may restrict investments in a selection of assets. As previously highlighted, from a qualitative perspective, GFIA strongly supports principle-based investment requirements, as opposed to arbitrary limits. GFIA believes that regulatory investment requirements should incorporate both a qualitative and a quantitative approach to investment risk, but no investment limits. From a qualitative perspective, investment requirements should be governed by the internal processes of the insurers such as ALM studies, definition of risk appetite, and market risk policies. See comments on 15.1.2.
140. International Actuarial Association	International	No	The terms ´´secure´´ and “security” can be confusing and might appear to be used to mean “value”. It might be more appropriate to refer to the risk profile of the investments.

141. International Insurance Foundation	International	No	This paragraph seems to address credit or default risk, but it is not clear. Confusion arises because the term "security" is used in different ways.
142. General Insurance Association of Japan	Japan	No	While we understand the importance of recognising low security assets, there are cases in which insurers intentionally hold such assets, and have sufficient ability to deal with them. This guidance could be read to indicate that “mitigation" is the only approach to cope with such assets, and could therefore be misinterpreted. We suggest revising the last sentence as follows: "There should be appropriate measures in place to recognise and control aggregations of exposure...".
143. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
144. American Council of Life Insurers	Office of General Counsel	No	ACLI does not support reference to regulatory investment requirements that may restrict investments in a selection of assets. As previously highlighted, from a qualitative perspective, ACLI strongly supports principle-based investment requirements, as opposed to arbitrary limits. ACLI believes that regulatory investment requirements should incorporate both a qualitative and a quantitative approach to investment risk, but no investment limits. From a qualitative perspective, investment requirements should be governed by the internal processes of the insurers such as ALM studies, definition of risk appetite, and market risk policies.
145. Institute and Faculty of Actuaries	UK	No	‘The insurer’s investments should be sufficiently secure for the portfolio as a whole.’ This sentence has been shortened from the previous version of the ICP and is unclear to us in this context. It would be better to refer to investments held being sufficiently secure when considered at the level of individual securities and aggregate portfolio exposure. We suggest changing the last sentence to the following (we are concerned with the aggregations of specific types of exposures rather than asset exposures in general): ‘…to recognise and mitigate aggregations of such exposures across the insurer’s portfolio…’
146. Prudential Financial, Inc.	United States of America	No	The IAIS must clarify what is meant by ”sufficiently secure”.

22 - Q22 Comment on Guidance ICP 15.2.3			
147. International Insurance Foundation	International	No	"The value of an investment" IS "affected by the default risk of the issuer." Safekeeping is a different issue. Thus these two sentences explicitly illustrate the point above that this draft simultaneously uses the term "security" to mean two different things.
148. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
149. Monetary Authority of Singapore (MAS)	Singapore	No	We suggest to replace “value” with “security” in the first sentence of this guidance for greater clarity. In addition, we suggest that the concept of “security” should be clearly defined before ICP 15.2.2. This is because the term “security” could be construed to refer only to the “physical” security of the assets, whereas ICP 15’s usage of the term is broader. The following definition in the current ICP 15.3.6 could be considered “The security of an investment is related to the protection of its value and to the preservation of its economic substance.”
150. Institute and Faculty of Actuaries	UK	No	It is difficult to understand what ‘appropriate location for availability’ is referring to here (as per para 15.2 – Q19).
151. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	In addition to default and the other risks, value can be affected by changes in risks and how they relate to the general market.
23 - Q23 Comment on Guidance ICP 15.2.4			
152. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	The third sentence should be deleted or redrafted to improve clarity. It is not clear what the third sentence in this section is suggesting and why this would improve the security of investments. We do not believe that the supervisor should be mandating requirements on what constitutes appropriate use or specifying limits. An insurer’s own internal due diligence, using multiple rating agencies, market-based assessment and the resources and expertise of third-party investment asset manager should support its usage of external credit ratings in its overall risk assessments.
153. Insurance Europe	Europe	No	Insurance Europe believes that the third sentence should be deleted or redrafted to improve clarity. It is not clear what the third sentence in this section is suggesting and why this would improve the security of investments. Insurance Europe does not believe that the supervisor should mandate requirements on what constitutes appropriate

			use of credit ratings or specify limits for their use. Insurers will either perform their investments internally, within the investment department/function of a company, or externally, via a mandate that is given to an external asset manager. Irrespective of the approach taken, the investment decisions require a complex set of factors to be taken into account and are not solely (and often not at all) based on the credit rating of a given investment product. The role of internal credit risk assessment in this process is limited to specific cases where scrutiny of the external rating is appropriate. Therefore, an insurer's own internal due diligence and risk assessment, access to various external sources for credit risk assessment, market-based assessments usually complement the use of external credit ratings in its overall risk assessment. With respect to reliance on external credit rating agencies, Insurance Europe would support provisions along the lines of: "In order to avoid overreliance on external credit assessment institutions, undertakings shall assess the appropriateness of those external credit assessments as part of their risk management by using additional assessments wherever practicably possible in order to avoid any automatic dependence on external assessments.
154. Global Federation of Insurance Associations	Global	No	GFIA believes that the third sentence should be deleted or redrafted to improve clarity. It is not clear what the third sentence in this section is suggesting and why this would improve the security of investments. GFIA does not believe that the supervisor should be mandating requirements on what constitutes appropriate use or specifying limits. An insurer's own internal due diligence, using multiple rating agencies, market-based assessment and the resources and expertise of third-party investment asset manager should support its usage of external credit ratings in its overall risk assessments.
155. AIA Group	Hong Kong	No	To diversify their portfolios of risk, insurers often invest in markets outside of their home jurisdictions. In cases where their familiarity with such markets tend to be lower, external managers who are considered to be "expert" are engaged. AIA respectfully submits that, having assessed external managers at the beginning of the relationship through due diligence, insurers should not be required to conduct their independent analysis on credits managed by such external managers, but should maintain a regular dialogue with their managers to ensure that their portfolio risks are well explained and mitigated. This should apply to all asset classes whose management has been outsourced by the insurers.
156. International Actuarial Association	International	No	Reference to the last sentence, we are not convinced having a credit rating per se improves an investment's security - it may give insight but in any case shouldn't be relied upon as the sole assessment of credit risk. Could a solution be to modify the end of the second sentence to read as "which may help improve the understanding of the security of investments "
157. General Insurance Association of Japan	Japan	No	Although external credit ratings can assist the insurer in determining the credit risk of an investment, there is a limit to the use of such ratings. Hence, insurers should make and manage investments based on their own appropriate analysis of credit risks. Besides external credit ratings, insurers can make investments at their discretion within acceptable risk levels, taking account of particular factors such as investees and investment management companies.

			Setting requirements on the appropriate use of external credit ratings could hinder the above practices. Therefore, "establish requirements" in the last sentence should be revised to "provide reference".
158. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
159. American Council of Life Insurers	Office of General Counsel	No	The term “external credit ratings” in this context should be limited to recognized credit rating agencies. Many insurers rely upon ratings provided by affiliated and third party investment managers, which conduct comprehensive credit reviews and underwriting on behalf of insurance company clients. ACLI believes that the third sentence should be deleted or redrafted to improve clarity. It is not clear what the third sentence in this section is suggesting and why this would improve the security of investments. ACLI does not believe that the supervisor should be mandating requirements on what constitutes appropriate use or specifying limits. An insurer’s own internal due diligence, using multiple rating agencies, market-based assessment and the resources and expertise of third-party investment asset manager should support its usage of external credit ratings in its overall risk assessments.
160. ICMIF	UK	No	We would like to ask for caution regarding any requirements to use credit ratings for an independent credit analysis for insurers who outsource the management of their assets
161. Institute and Faculty of Actuaries	UK	No	This paragraph appears to suggest that there is a requirement for an insurer to assess independently the credit risk of all securities held, which is impractical, particularly for smaller insurers or those who do not have a core credit investment/ analysis function. Reference could instead be made to material/ complex exposures, where it is perhaps more practical to perform an independent assessment of risk, i.e. aligned with para. CF 15.2b and CF 15.2b.1.
162. Institute of International Finance/Geneva Association	United States/Switzerl and	No	The term “external credit ratings” in this context should be limited to recognized credit rating agencies. Many insurers rely upon ratings provided by affiliated and third party investment managers, which conduct comprehensive credit reviews and underwriting on behalf of insurance company clients. In addition, the third sentence should be deleted or redrafted to improve clarity. It is not clear what the third sentence in this section is suggesting and why this would improve the security of investments. We do not believe that the supervisor should be mandating requirements on what constitutes appropriate use or specifying limits. An insurer’s own internal due diligence, using multiple rating agencies, market-based assessment and the resources and expertise of third-party investment asset manager should support its usage of external credit ratings in its overall risk assessments.
163. National Association of Insurance	USA, NAIC	No	While independent credit analysis may improve the understanding of the security of investments, it does not improve the security of investments. This should be revised accordingly.

Commissioners (NAIC)			
24 - Q24 Comment on Guidance ICP 15.2.5			
164. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
165. American Council of Life Insurers	Office of General Counsel	No	It should be acknowledged that structured finance design can be and often is risk reductive at the individual security level (e.g. AAA CMBS versus whole-loan commercial mortgages) and that the sector is an important diversifier against the more dominant corporate credit and equity exposures.
166. Monetary Authority of Singapore (MAS)	Singapore	No	Suggested edits for clarity: "Some markets may also suffer from a lack of transparency or clarity, in terms of the applicable regulatory and legal systems and the degree of protection that they provide."
167. Institute of International Finance/Geneva Association	United States/Switzerland	No	It should be acknowledged that structured finance design can be and often is risk reductive at the individual security level (e.g. AAA CMBS versus whole-loan commercial mortgages) and that the sector is an important diversifier against the more dominant corporate credit and equity exposures. To this end, we would propose the following amendment to this standard: "To assess the security of its investments, it is important that the insurer is capable of assessing the nature, scale and complexity of the associated risks. This may be difficult in cases where there is a lack of transparency as to the underlying risk profile of an investment. The supervisor, therefore, should ensure that appropriate resources and information are available to it in order to assess such assets as, for example, indirect investments through a collective investment fund or investments in complex financial instruments such as structured assets, to determine whether they present added risk or are risk reductive. Some markets may also suffer from a lack of transparency or clarity, applicable regulatory and legal systems and the degree of protection that they provide."
25 - Q25 Comment on Guidance ICP 15.2.6			
168. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	The third sentence should be deleted or redrafted to improve clarity. It indicates that investments located outside of the operating jurisdiction may pose a risk as a limitation that the insurer can only invest in investments located in countries in which it writes underwriting business. This seems unnecessarily restrictive.

169. Insurance Europe	Europe	No	Insurance Europe believes the third sentence should be deleted or redrafted to improve clarity. It suggests that investments located outside of the operating jurisdiction may pose a particular risk, by suggesting a limitation that the insurer can only invest in investments located in countries in which it writes underwriting business. This seems unnecessarily restrictive, and insurers should be allowed to invest in line with their needs, as long as they can meet the qualitative and quantitative prudential requirements related to investments.
170. Global Federation of Insurance Associations	Global	No	GFIA believes the third sentence should be deleted or redrafted to improve clarity. It suggests that investments located outside of the operating jurisdiction may pose a particular risk, by suggesting a limitation that the insurer can only invest in investments located in countries in which it writes underwriting business. This seems unnecessarily restrictive.
171. AIA Group	Hong Kong	No	Please also refer to our comments on ICP 15.2 in relation to location and custodianship.
172. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
173. American Council of Life Insurers	Office of General Counsel	No	ACLI believes the third sentence should be deleted or redrafted to improve clarity. It suggests that investments located outside of the operating jurisdiction may pose a particular risk, by suggesting a limitation that the insurer can only invest in investments located in countries in which it writes underwriting business. This seems unnecessarily restrictive.
174. Institute and Faculty of Actuaries	UK	No	A better example to give would be additional payment obligations/ liquidity risks as a result of a complex structure that are not fully understood.
175. Institute of International Finance/Geneva Association	United States/Switzerland	No	The third sentence should be deleted or redrafted to improve clarity. It indicates that investments located outside of the operating jurisdiction may pose a risk as a limitation that the insurer can only invest in investments located in countries in which it writes underwriting business. This seems unnecessarily restrictive.
176. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Suggest additional guidance: "For assets lacking in transparency, the risk profile should be carefully analysed by the insurer and should result in more conservative considerations that take into account the potential for missing relevant analysis."
26 - Q26 Comment on Guidance ICP 15.2.7			

177. International Actuarial Association	International	No	One of the challenges of having an ICP on investments is that often for an insurer it is the net risk considering both assets and liabilities that is most important –the wording in 15.2.7 could be improved. We believe this is trying to say that one should look at the net risk taking into account both assets and liabilities.
178. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
179. American Council of Life Insurers	Office of General Counsel	No	Should there be some "credit" given for derivatives done with ISDAs on a clearinghouse?
180. Monetary Authority of Singapore (MAS)	Singapore	No	While security of investment includes credit and market risks, we suggest the following edits for greater clarity as the focus of ICP 15.2.7 is on market and credit risks, rather than physical security which covers safekeeping, custodianship and trusteeship of investments: "The insurer should evaluate the risks of derivative products by taking into account the underlying assets or liabilities the risk posed by the derivative counterparty, the purpose for which the derivative is held, and the credit and counterparty risk mitigation (such as collateral or margins posted by trade counterparties) inherent in derivatives trading. In some cases, derivative counterparties may improve their credit risk by providing collateral. Similarly, the credit risk exposure of investments may be mitigated by guarantees from third parties." In addition, we would like clarification on the wordings highlighted in yellow – what other types of risks would IAIS envisage to capture in the examples which are not covered in the earlier sentences?
181. Institute and Faculty of Actuaries	UK	No	'The insurer should evaluate the security of derivative products by taking into account the underlying assets or liabilities…" We thought this sentence could be clarified in relation to derivatives and underlying assets: it may be better instead to refer to 'underlying exposure', unless the sentence was attempting to refer to a derivative whose balance sheet value could represent an asset or liability position, in which case this should be made clearer in the paragraph.
182. Prudential Financial, Inc.	United States of America	No	The guidance should also reference the need for appropriate valuation and modeling. The use of derivatives should be restricted to those instruments that can be properly valued independently by the insurer or by a third party. We believe derivative risk limits and derivative valuation should be evaluated when determining suitability.
183. National Association of Insurance	USA, NAIC	No	This whole paragraph seems to really address counterparty risk, not "security of derivative products". Derivatives are by their nature a different animal, so if guidance here is intended to go into the level of detail as currently drafted, this

Commissioners (NAIC)			needs to be significantly broadened as a separate discussion (recognizing that there is also discussion in 15.5.10-.12 about the need to a sufficiently strong derivatives use plan).
27 - Q27 Comment on Guidance ICP 15.2.8			
184. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
185. American Council of Life Insurers	Office of General Counsel	No	If lending "removes the security from the balance sheet," the transaction would be characterized as a sale, not a loan.
186. Institute of International Finance/Geneva Association	United States/Switzerland	No	If lending "removes the security from the balance sheet," the transaction would be characterized as a sale, not a loan.
187. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Suggest considering whether a reference to repurchase agreements be added to this paragraph. The last part about investing of collateral should focus on the liquidity and potential for duration mismatch.
28 - Q28 Comment on Guidance ICP 15.2.9			
188. Insurance Europe	Europe	No	The last sentence in this guidance should be removed, not least because it is not consistent with the concept of a principles-based approach introduced in other parts of this ICP. It is not appropriate for supervisors to prescribe investment limits for groups. Should supervisors wish to have a picture on particular types of risk concentration at group level, the best tool to achieve this would be via reporting. See comments on 15.1.2.
189. Global Federation of Insurance Associations	Global	No	The last sentence in this guidance should be removed, not least because it is not consistent with the concept of a principles-based approach introduced in other parts of this ICP. It is not appropriate for supervisors to prescribe investment limits for groups. Should supervisors wish to have a picture on particular types of risk concentration at group level, the best tool to achieve this would be via reporting.

			See comments on 15.1.2.
190. International Insurance Foundation	International	No	What does it mean that aggregation "compounds security issues"?
191. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
192. American Council of Life Insurers	Office of General Counsel	No	See comment on 15.1.11 on group-wide supervision.See comment on 15.1.11 on group-wide supervision. Additionally, supervisors should refrain from establishing investment restrictions in local regimes that are not deemed necessary for solvency purposes. The imposition of such requirements may make it difficult for insurers to properly manage their assets and liabilities. It is unclear what is meant by “secure” in this context. The last sentence in this guidance should be removed, not least because it is not consistent with the concept of a principles-based approach introduced in other parts of this ICP. It is not appropriate for supervisors to prescribe investment limits for groups. Should supervisors wish to have a picture on particular types of risk concentration at group level, the best tool to achieve this would be via reporting.
193. Monetary Authority of Singapore (MAS)	Singapore	No	Comment 1: We suggest the following edits to the first sentence please: “The supervisor should make appropriate allowance for the possibility that aggregation of exposures in an insurance group compounds risk and security issues that may be relatively less important when considered at the individual entity level.” Comment 2: The second sentence of this guidance states that “the supervisor should limit a group investing in assets that are not secure”. ICP 15.1.8 suggests that for individual entities, capital deductions or applying risk charges to assets are avenues to manage investment risks taken on by the insurer. It is unclear why, for group entities, ICP 15.2.9 requires an explicit limit on the group’s amount of investments in assets that are deemed to be “not secure”. The Group’s aggregate holdings of the “assets that are not secure” can be risk

			charged or fully deducted from capital accordingly, without having to impose explicit limits. We suggest for ICP 15.2.9 to be re-drafted to be made consistent with the principle behind ICP 15.1.8.
194. Institute and Faculty of Actuaries	UK	No	'The supervisor should limit a group investing in assets that are not secure, and which otherwise could be distributed around the group to avoid investment restrictions' This sentence is difficult to follow. We suggest instead referring to the need to ensure that there is a limit on consolidated group exposures, in addition to assessments at a legal entity level. This paragraph references restrictions to assets held on their own without considering the net asset-liability position of the insurer. For example, clients could request investments in perceived low rated debt instruments with high investment yields in unit linked funds where the investment risk is understood and entirely borne by the policyholder, and therefore should not necessarily be considered as part of this risk assessment.
195. Institute of International Finance/Geneva Association	United States/Switzerland	No	We would like to raise a number of points in relation to this standard. Firstly, it is not entirely clear what is meant by "secure" in this context. Secondly, we would like to reiterate our earlier comment that the focus of these regulatory standards should be on achieving desired regulatory and supervisory outcomes. Thirdly, this requirement is largely redundant as there are numerous other standards in ICP 15 requiring insurers to aggregate investment exposures, set criteria for investment quality and address the selection of, and exposure to, low-quality investments or investments whose security is difficult to assess, all of which should address concerns that a group could 'spread' investments throughout individual entities in order to circumvent group-wide investment limits. Additionally, supervisors should refrain from establishing undue investment restrictions in local regimes, for instance, if they are not deemed necessary for solvency purposes. The imposition of such requirements may make it difficult for insurers to properly manage their assets and liabilities.
196. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	How does aggregation "compound" security issues? The security of investment(s) is what it is. The aggregation may reveal concentration issues that were otherwise unrecognized, which is a different aspect. This should be revised accordingly.
33 - Q33 Comment on Guidance ICP 15.2.10			
223. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment

224. Swiss Re	Switzerland	No	Regarding 15.2.10 – 15.2.16, we recommend that IAIS defines the time horizon for liquidity management up to and including one year. Beyond this, adherence to this requirement become quite impractical due to uncertainty concerning future cash flows.
225. Institute and Faculty of Actuaries	UK	No	Cash flows are required to pay creditors as well as policyholders. This paragraph should also refer to assessments of liquidity risk according to the quality of assets held from a liquidity perspective, compared to an entity's cash flow payment obligations or liquidity requirements.
226. Prudential Financial, Inc.	United States of America	No	The guidance should be modified to read as follows: "The insurer should have assets or other sources of liquidity that generate …..".
34 - Q34 Comment on Guidance ICP 15.2.11			
227. International Actuarial Association	International	No	"Adverse events affecting the liquidity position of an insurer" could include massive dynamic lapses in case of adverse interest rate or other movements.
228. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
229. Swiss Re	Switzerland	No	It is not fully clear to us what is meant by "derivative that needs to be serviced". We assume this refers to derivatives requiring collateralization or posting of margins. If so, we recommend that IAIS spells this out explicitly.
230. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Another reason is the potential for significant shifts caused by market dynamics, which could be caused by a variety of different factors (e.g., interest rates) and also markets previously thought of as being liquid freezing up. Suggest adding a bullet: "is impacted by significant shifts caused by market dynamics". Last bullet, what is meant by "derivative that needs to be serviced"?
35 - Q35 Comment on Guidance ICP 15.2.12			
231. Allianz	Germany	No	The wording chosen could be interpreted as a requirement on single-instrument level (in a sense that every instrument would need to be liquid at any point in time). Liquidity should need to be assessed on portfolio level rather than single instrument level. Portfolio driven investment strategies may for example involve illiquid alternative investments as part of an appropriately mixed investment portfolio to support long-term insurance liabilities while ensuring adequate liquidity at portfolio level to cover all liquidity needs arising from the insurance liability portfolio.

232. General Insurance Association of Japan	Japan	No	Even if liquidity of part of an insurer's investment asset portfolio is exhausted, the ability to settle obligations towards policyholders can be secured as long as liquidity across the insurer's overall portfolio has been maintained.
233. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
234. American Council of Life Insurers	Office of General Counsel	No	The ICP should recognize that investments in closed-end funds may nevertheless be prudent and appropriate, depending upon the liability that such investments offset. Further, not every investment must be liquid. The illiquidity of insurance products allows for a reasonable allocation to illiquid, private assets.
235. ICMIF	UK	No	The liquidity risk in banking is totally different from that in insurance. Insurers carry decades-long liabilities that are backed with a portfolio of assets with the similar duration and expected returns. In other words, their assets are first and foremost driven by their liabilities. Regulation should refrain from forcing insurers to consider short-term market volatility despite their long investment horizon.
236. Institute and Faculty of Actuaries	UK	No	'For example, where an investment is made in a closed fund, a resale is usually not possible.' It is not clear what type of fund is being referred to and the specific situation that would prevent a liquidation of interests in the fund. We believe this paragraph is also missing the fundamental point that the assessment of liquidity is about a) ability to convert quickly asset ownership into cash, and b) the ability to do so at a reasonable price, that is not impeded by a 'forced' sale.
237. Prudential Financial, Inc.	United States of America	No	The guidance should be modified to read as follows - "For example, where an investment is made in a closed fund, a resale at book value is usually not possible…".
238. Institute of International Finance/Geneva Association	United States/Switzerland	No	The statement on the importance of the liquidity of assets is too absolute. As with all other sources of risk (and return), the liquidity profile of assets should be assessed jointly with the liquidity profile of liabilities. Therefore the guidance should recognize that investments in e.g. closed-end funds may nevertheless be appropriate and sufficiently prudent, depending on the profile of the liabilities.

239. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	This paragraph seems to be an additional guidance on "security". If an investment is performing as expected or better, should the ability to sell it be treated as a different matter? Consider whether this is in the correct place or else intended to make a different point.
36 - Q36 Comment on Guidance ICP 15.2.13			
240. Global Federation of Insurance Associations	Global	No	GFIA believes this standard should be removed as it related to capital fungibility, and not to investments, and should therefore be part of ICP 17.
241. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
242. American Council of Life Insurers	Office of General Counsel	No	ACLI believes this standard should be removed as it related to capital fungibility, and not to investments, and should therefore be part of ICP 17.
243. Swiss Re	Switzerland	No	This guidance is related to capital fungibility, and not to investments. We recommend this to be part of ICP 17
244. Institute and Faculty of Actuaries	UK	No	'…particularly in a resolution.' It is not clear what is being referred to here – is this the resolution of an insolvent entity or one that is undergoing rehabilitation proceedings? It would be useful to add a reference to 'fungibility and transferability' at the end of this paragraph which then defines these terms that are then used later on in this section.
245. Institute of International Finance/Geneva Association	United States/Switzerland	No	This guidance is related to capital fungibility, and not to investments. We recommend this be part of ICP 17.
37 - Q37 Comment on Guidance ICP 15.2.14			

246. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
247. American Council of Life Insurers	Office of General Counsel	No	ACLI believes this standard should be removed as it related to capital fungibility, and not to investments, and should therefore be part of ICP 17.
248. Institute of International Finance/Geneva Association	United States/Switzerland	No	Discussion of liquidity and fungibility of capital is more appropriately addressed in ICP 17.
38 - Q38 Comment on Guidance ICP 15.2.15			
249. Insurance Europe	Europe	No	Insurance Europe believes that the last sentence of the guidance, referring to transfer pricing, should be removed. Given that transfer pricing is an accounting/taxation concept, reference to it in the guidance adds no value.
250. Global Federation of Insurance Associations	Global	No	GFIA believes that the last sentence of the guidance, referring to transfer pricing, should be removed. Given that transfer pricing is an accounting/taxation concept, reference to it in the guidance adds no value.
251. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
252. American Council of Life Insurers	Office of General Counsel	No	ACLI believes that the last sentence of the guidance, referring to transfer pricing, should be removed. Given that transfer pricing is an accounting/taxation concept, reference to it in the guidance adds no value.
253. Swiss Re	Switzerland	No	It is unclear to us why IAIS believes that ´appropriate transfer pricing based on current market conditions´ relates to liquidity. We recommend "The contingent liquidity requirements generated by such transactions need to be properly assessed for each of these assets and accounted for in liquidity management" as an alternative.
254. Institute and Faculty of Actuaries	UK	No	‘…engage in intra-group transactions […] in order to offset risks that exist in different parts of the group…’

			These transactions would take place in order to transfer risks to where they can be more appropriately managed rather than to offset risks in the group.
255. Institute of International Finance/Geneva Association	United States/Switzerl and	No	It is unclear to us why IAIS believes that ´appropriate transfer pricing based on current market conditions´ relates to liquidity. We recommend "The contingent liquidity requirements generated by such transactions need to be properly assessed for each of these assets and accounted for in liquidity management" as an alternative.
39 - Q39 Comment on Guidance ICP 15.2.16			
256. Insurance Europe	Europe	No	The reference to fungibility of capital should be removed and considered instead in ICP 17.
257. Global Federation of Insurance Associations	Global	No	The reference to fungibility of capital should be removed and considered instead in ICP 17.
258. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
259. American Council of Life Insurers	Office of General Counsel	No	The suggestion that an insurance group may rely upon diversification between legal entities “…without each entity being fully capitalized on a stand-alone basis” is inconsistent with applicable regulatory regimes. The reference to fungibility of capital should be removed and considered instead in ICP 17.
260. Swiss Re	Switzerland	No	The reference to fungibility of capital should be considered instead in ICP 17.
261. Institute and Faculty of Actuaries	UK	No	It is unclear what point this paragraph is trying to convey; it introduces new concepts which have not been properly defined (see response to Q36 above). The fungibility points are better covered in CF 15.2c, and it is debatable whether diversification effects are the most common issue when it comes to fungibility. This paragraph could perhaps refer to the situation where the legal entity solvency position is being propped up by capital held in other entities in the group, and the need to assess whether the capital will actually be available to transfer as liquid resources, when needed.

262. Institute of International Finance/Geneva Association	United States/Switzerland	No	The reference to fungibility of capital should be considered instead in ICP 17.
263. Property Casualty Insurers Association of America (PCI)	USA	No	Capital fungibility issues between group members are issues of risk management and legal entity capital requirements than investment policy. This language should be removed and considered when ICP 17 Capital Requirements is redrafted.
43 - Q43 Comment on Guidance ICP 15.2.17			
294. International Actuarial Association	International	No	The adequacy of diversification should be linked to the insurer's risk appetite and take into account stressed conditions when correlations may be different.
295. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
296. Institute and Faculty of Actuaries	UK	No	This paragraph (and ICP 15.2.18/ ICP 15.2.19) is trying to relate the concept of an insurer pooling insurance risks with the construction of a diversified asset portfolio. These two processes are fundamentally different; it does not make sense to draw parallels at a conceptual level, for example the reference made to different asset classes as being different 'asset risks'. It is however important to relay the point that diversification relates to types of assets as well as individual securities within an asset class, and that firms should consider the asset and liability positions.
297. Prudential Financial, Inc.	United States of America	No	The IAIS must clarify what is meant by "prudent" to better enable supervisors and / or an insurance groups, or insurers, to assess if the various parameters of the guidance are met.
44 - Q44 Comment on Guidance ICP 15.2.18			
298. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment

299. Institute and Faculty of Actuaries	UK	No	See response to Q43.
300. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The wording in the second sentence seems incorrect. How is diversification when risks of the same type are pooled? Should "risks" be "assets with the same risks"?
45 - Q45 Comment on Guidance ICP 15.2.19			
301. AIA Group	Hong Kong	No	AIA respectfully submits that diversification may only apply to some and not all markets. For insurers to meaningfully construct diversified portfolios, it will be essential for regulators to recognise the limitations of insurers' home markets and allow them to invest offshore. This will help avoid risk concentration especially in the more nascent local investment markets.
302. International Actuarial Association	International	No	The adequacy of diversification should be linked to the insurer's risk appetite and take into account stressed conditions when correlations may be different.
303. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
304. Institute and Faculty of Actuaries	UK	No	See response to Q43.
305. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The wording for "between investment risk categories" and "within a risk category" seems mixed up, or perhaps there needs to be more about what is meant. How can diversification within a risk category be sufficiently uncorrelated?
46 - Q46 Comment on Guidance ICP 15.2.20			

306. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
307. Institute of International Finance/Geneva Association	United States/Switzerl and	No	Nowadays, risk management acknowledges the importance of diversification across risk factors rather than sectors, geographies or credit rating of investments. In an ALM framework, risk factors better apply to the analysis of the liabilities. The ICP and its guidance should account more for developments in risk management and ALM.
308. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Is this meant to be an exhaustive list for avoiding excessive reliance? There are other things such as interest rate/duration risk should be. Suggest: "…should avoid reliance on, for example, any specific asset type…"
47 - Q47 Comment on Guidance ICP 15.2.21			
309. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
52 - Q52 Comment on Standard ICP 15.3			
337. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
338. American Council of Life Insurers	Office of General Counsel	No	Supervisors should provide flexibility for insurers to invest globally, while appropriately managing any currency exposure.
339. Institute of International Finance/Geneva Association	United States/Switzerl and	No	Supervisors should provide flexibility for insurers to invest globally, while appropriately managing any currency exposure.
53 - Q53 Comment on Guidance ICP 15.3.1			

340. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
341. Institute and Faculty of Actuaries	UK	No	This should also mention the situation where illiquid bond assets may be purchased for holding to maturity and can be used to meet the requirements for relatively predictable liability cash flows for a portfolio of insurance contracts.
54 - Q54 Comment on Guidance ICP 15.3.2			
342. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
343. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	This guidance seems to mix cash flow matching (or asset-liability management) and the potential for shifting market values. The profile of a situation where there is good asset-liability management but market values have shifted differently is different than if asset-liability mismatches exist or have gotten worse. Is the former really an economic impact, or a balance sheet impact that does not reflect real economics? Suggest clarifying.
55 - Q55 Comment on Guidance ICP 15.3.3			
344. Insurance Europe	Europe	No	Insurance Europe notes that mismatched positions should be assessed in terms of risk, and, in the context of a risk-based framework, should be assessed against existing capital requirements, and not against technical provisions - which would not be able to capture the actual risk.
345. Global Federation of Insurance Associations	Global	No	GFIA notes that mismatched positions should be assessed in terms of risk, and, in the context of a risk-based framework, should be assessed against existing capital requirements, and not against technical provisions - which would not be able to capture the actual risk.
346. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
56 - Q56 Comment on Guidance ICP 15.3.4			
347. AIA Group	Hong Kong	No	AIA submits that unit-linked and universal life policies are different, and the proposition in this ICP 15.3.4 applies to universal life policies more than unit-linked policies.

348. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
349. American Council of Life Insurers	Office of General Counsel	No	Unit-linked products are by definition matched since the investment returns pass through to the policyholder.
350. Monetary Authority of Singapore (MAS)	Singapore	No	It is unclear to us on the intent behind "Where the supervisor requires assets to be closely matched to such liabilities, other restrictions on investments may be appropriate to contain the investment fund risk being borne directly by policyholders." If there are clear, strict requirements on asset-liability matching, what other restrictions would be necessary?
351. ICMIF	UK	No	Unit linked products should be removed from the consideration of matching assets with liabilities because the investment risk is born by the policyholder.
352. Institute and Faculty of Actuaries	UK	No	The case for holding the underlying assets of unit-linked and universal life policies is not only because the benefits are linked to underlying assets; for example, linked assets could more effectively be matched using derivatives rather than a linked asset portfolio depending on the benefit structure. The main reason is the need to manage potential substantial mismatches created from a mismatched position and the potential difficulties in doing so. We therefore suggest replacing 'where there is a direct link between policyholder benefits and investment funds or indices' with 'where not holding the underlying assets results in significant mismatching risk that would need to be carefully incorporated into risk management processes'.
353. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	It should be made clear that the reference to close matching is not specific assets to specific liabilities, but overall portfolios of each. Suggest revising accordingly. If the investment fund risk is being borne directly by policyholders, adequate disclosure is critical, but why should there be additional restrictions. The guidance does not state why this would be appropriate. Suggest clarifying or deleting.
57 - Q57 Comment on Guidance ICP 15.3.5			
354. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
355. Prudential Financial, Inc.	United States of America	No	The reference to "For with-profits liabilities…." is jurisdiction specific and should be clarified for the benefit of other markets.

356. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The two sentences seem to be two completely different thoughts. The connection between the two is missing; if there is none, suggest splitting into separate paragraphs of guidance.
58 - Q58 Comment on Guidance ICP 15.3.6			
357. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
358. Monetary Authority of Singapore (MAS)	Singapore	No	We would like to propose minor edits on the last part of the sentence, e.g. "…and the needs of the insurance legal entity and not be subject to undue influence from the wider objectives of the group."
59 - Q59 Comment on Standard ICP 15.4			
359. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	We support this point, but would add that we also support that some allowance should be permitted where full-transparency into the underlying assets is not available, provided that the insurer can demonstrate via an approved internal model or other third-party sources that the risks associated with the investment can be assessed and managed by the insurer.
360. Insurance Europe	Europe	No	Insurance Europe supports the idea of proper assessment and management of risk. However, in some cases, full transparency into the underlying assets may not be available to the insurer. In these instances, investment should still be permitted, provided the insurer can demonstrate that the risks associated with the investment can be assessed and managed by the insurer.
361. Global Federation of Insurance Associations	Global	No	GFIA supports proper assessment and management of risk. However, in some cases, full transparency into the underlying assets may not be available to the insurer. In these instances, investment should still be permitted, provided the insurer can demonstrate, via a supervisory-approved internal model or third-party sources, that the risks associated with the investment can be assessed and managed by the insurer.
362. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment

363. American Council of Life Insurers	Office of General Counsel	No	ACLI supports proper assessment and management of risk. However, in some cases, full transparency into the underlying assets may not be available to the insurer. In these instances, investment should still be permitted, provided the insurer can demonstrate, via a supervisory-approved internal model or third-party sources, that the risks associated with the investment can be assessed and managed by the insurer.
364. Institute of International Finance/Geneva Association	United States/Switzerland	No	We support this point, but would add that we also support that some allowance should be permitted where full-transparency into the underlying assets is not available, provided that the insurer can demonstrate via an approved internal model or other third-party sources that the risks associated with the investment can be assessed and managed by the insurer.
60 - Q60 Comment on Guidance ICP 15.4.1			
365. Insurance Europe	Europe	No	Please see comments under question 6 above which are also relevant to this section.
366. Global Federation of Insurance Associations	Global	No	Please see comments under question 6, which are also relevant to this section.
367. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
368. Institute of International Finance/Geneva Association	United States/Switzerland	No	Please see our comments to question 6 regarding regulatory investment requirements regarding risk assess ability.
61 - Q61 Comment on Guidance ICP 15.4.2			
369. International Insurance Foundation	International	No	The meaning of the second sentence is a complete mystery.
370. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment

371. Monetary Authority of Singapore (MAS)	Singapore	No	We would like to propose minor edits on the sentence, e.g. "The insurer should understand the risks involved sufficiently well before undertaking any investments and determine how material the risk from a proposed investment is to an insurer."
372. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The assessment of risks is important and should recognize stress scenarios, including probabilities for those occurring. However, focusing on "maximum possible loss" seems extreme, as being in most cases implausible since such an assessment is a total loss for any asset. But also, how can assets, as a general matter, become liabilities? As being out of the norm, this should be explained more fully if it is to be retained as guidance.
62 - Q62 Comment on Guidance ICP 15.4.3			
373. International Insurance Foundation	International	No	Second sentence undermines the first, and the lame example weakens it further. Evaluating the investment manager is a poor substitute for evaluating the assets.
374. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
375. Institute and Faculty of Actuaries	UK	No	It is also necessary for supervisors to include regulations related to look-through requirements of insurance investments, including collective investment funds. We suggest this is added to the start of this paragraph.
376. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The concept of "look-through" to the underlying assets has value from an overall perspective for understanding the potential volatilities, however, it seems to be a stretch to suggest it can be used for detailed analysis. This is especially true for actively managed situations. Suggest revising this accordingly.
63 - Q63 Comment on Guidance ICP 15.4.4			
377. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	We believe that the first sentence of the guidance should be removed, as it is not in line with a risk-based prudential framework.

378. Insurance Europe	Europe	No	Insurance Europe believes that the first sentence of the guidance should be removed, as it is not in line with a risk-based prudential framework. In addition, Insurance Europe notes that it is not correct to assume that non-traded assets are difficult to measure. Apart from assets that have quoted price, a wide range of assets can be measured on the basis on inputs that represent quotes prices (eg discounting cash flows of an unquoted bond on the basis of quoted discount rates).
379. Global Federation of Insurance Associations	Global	No	GFIA believes that the first sentence of the guidance should be removed, as it is not in line with a risk-based prudential framework. In addition, GFIA notes that it is not correct to assume that non-traded assets are difficult to measure. Apart from assets that have quoted price, a wide range of assets can be measured on the basis of inputs that represent quoted prices (e.g. discounting cash flows of an unquoted bond based on quoted discount rates).
380. AIA Group	Hong Kong	No	AIA would like to understand the basis as to how “prudent” is quantified, and suggests that, rather than proposing a universal “one size fits all” solution, the approach should be tailored to the markets insurers operate in, taking into consideration the types of liability, various risk factors and regulatory constraints. Standardised approaches may restrict the industry’s ability to support long-term strategic objectives such as the development of local markets, environmental and social initiatives.
381. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
382. American Council of Life Insurers	Office of General Counsel	No	As stated in 15.2.12, not every investment must be liquid. The illiquidity of insurance products allows for a reasonable allocation to illiquid, private assets, which often have superior returns, better investor protections and lower losses.
383. Institute and Faculty of Actuaries	UK	No	‘Investments that are not traded on a regulated financial market should be kept to prudent levels, as the assessment of their risks may be subjective.’ It would be more useful to phrase the latter part of the sentence as ‘…it is likely to be difficult and costly to ensure an objective assessment of their risks.’
384. Institute of International Finance/Geneva Association	United States/Switzerland	No	See our response in Q35, not every investment must be liquid. Insurance products covering long-duration liabilities allow for a reasonable allocation to less illiquid, private assets, which often have better investor protections. We believe that the first sentence of the guidance should be removed, as it is not in line with a risk-based prudential framework.

385. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	It is unclear what is meant by “regulated financial market” – is this intended to mean an exchange or something broader? If it is the former, this would put a limitation on insurer investments that is too extreme. The reference to “standardized approaches” is not relevant for the U.S.; suggest adding: “This is particularly relevant in jurisdictions where standardized approaches…”
64 - Q64 Comment on Guidance ICP 15.4.5			
386. Insurance Europe	Europe	No	Insurance Europe suggests the following wording change: ‘The insurer should have access to the requisite knowledge and skills to assess and manage…’
387. Global Federation of Insurance Associations	Global	No	GFIA suggests the following wording change: "The insurer should have access to the requisite knowledge and skills to assess and manage…"
388. International Actuarial Association	International	No	It is common for investment management to be outsourced – whilst this is mentioned in 15.4.5 in relation to skills, there ought to be more on need to consider for example governance and MI where investment management is outsourced, as well as the need to have sufficient in-house skills to be able to give appropriate oversight of the outsourcer.
389. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
390. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Even if an external investment adviser/manager is used, aren’t the assets still the responsibility of the insurer, its management and board? Suggest adding clarification to avoid suggesting otherwise. Additionally, a period is missing at the end of the paragraph.
65 - Q65 Comment on Guidance ICP 15.4.6			
391. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
392. Monetary Authority of	Singapore	No	We would like to propose minor edit on the sentence, e.g. “…In such arrangements, the investment management function should have the requisite knowledge and skills to assess and manage the risks of these investments and manage the investments with due regard to the needs of individual entities in addition to the group as a whole.”

Singapore (MAS)			
393. Institute and Faculty of Actuaries	UK	No	An additional consideration is having regard for the needs of policyholders, given agreed product investment approaches or mandates.
394. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	This paragraph seems unnecessary or inappropriate as a "group perspective". Having adequate expertise and controls should just be a general statement applicable to all insurers.
68 - Q68 Comment on Standard ICP 15.5			
410. Insurance Europe	Europe	No	While Insurance Europe appreciate the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, with the understanding that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective. See comments on 15.1.2.
411. Global Federation of Insurance Associations	Global	No	While GFIA appreciate the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, with the understanding that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective. See comments on 15.1.2.
412. AIA Group	Hong Kong	No	AIA contends that this should already be captured in 15.1.8 that is risk-based in nature.
413. International Insurance Foundation	International	No	The issue is not the complexity of the instruments or the regulation of the markets. Rather it is whether the market generates realistic values and sufficient liquidity.

414. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
69 - Q69 Comment on Guidance ICP 15.5.1			
415. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
416. Monetary Authority of Singapore (MAS)	Singapore	No	We would like to propose minor edits for the sentence “Other assets could be less well-governed in terms of the systems and controls in place for managing them or the market regulations that apply to them. Such assets may present operational risks that are difficult to assess reliably.” These operational risks can materialise even under non-adverse conditions.
417. Institute and Faculty of Actuaries	UK	No	‘…(such as a professional securities market)…’ The wording suggests that professional securities markets are examples of where there is less regulation, which we do not think is the intention. We therefore suggest changing the wording to: ‘…(compared to the standards governing a professional securities market)…’.
418. Prudential Financial, Inc.	United States of America	No	Please clarify what is meant by "Complex Investments”.
419. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Market regulation is only one consideration and in many circumstances is not the most important or revealing consideration. What is more important are the risks and volatilities of the assets and market in question. Suggest incorporating this point in 15.5.1 or 15.5.2.
70 - Q70 Comment on Guidance ICP 15.5.2			
420. Insurance Europe	Europe	No	While Insurance Europe appreciate the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, with the understanding that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective.

421. Global Federation of Insurance Associations	Global	No	While GFIA appreciates the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, with the understanding that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective.
422. AIA Group	Hong Kong	No	AIA respectfully submits that any regulatory requirements would need to balance effectiveness and practicality. Pre-approval of an insurer's derivative use plan would, in AIA's view, present considerable challenges from a logistical, timing and resource perspective, both for insurers and regulatory supervisors. It would also hinder insurer's abilities to react to sudden developments in the geopolitical and economic arena and / or market shocks in a real-time manner. AIA would propose that a more effective solution would be that regulatory concerns on the use of derivatives be articulated in clear concise principles, within which insurers should ensure that they can demonstrate through their controls and processes their compliance.
423. General Insurance Association of Japan	Japan	No	This guidance indicates the possibility of the supervisor establishing restrictions on insurers´ investment activities and the scope of their investments. In order to promote insurers´ appropriate investment activities and enable their flexible management, regulatory investment requirements should be established "as necessary". Therefore, we suggest adding "as necessary" to the first sentence.
424. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
425. American Council of Life Insurers	Office of General Counsel	No	As discussed in 15.2.12 and 15.4.4, not every investment must be liquid. The illiquidity of insurance products allows for a reasonable allocation to illiquid, private assets, which often have superior returns, better investor protections and lower losses. ICP 15.5 discusses investment in unregulated markets, but focuses on derivatives, which is one of the most heavily regulated markets. The references to derivatives in this section seem misplaced.
426. Institute and Faculty of Actuaries	UK	No	It makes more sense to refer to the establishment of additional quantitative and qualitative requirements.
427. Institute of International Finance/Geneva Association	United States/Switzerland	No	As discussed in Q35, not every investment must be liquid. The illiquidity of insurance products allows for a reasonable allocation to illiquid, private assets, which often have superior returns, better investor protections and lower losses. ICP 15.5 discusses investment in unregulated markets, and then focuses on derivatives, which is one of the most

			heavily regulated markets. The references to derivatives should be made with the post-financial crisis reforms on derivatives duly accounted for.
71 - Q71 Comment on Guidance ICP 15.5.3			
428. Insurance Europe	Europe	No	While Insurance Europe appreciate the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, with the understanding that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective.
429. Global Federation of Insurance Associations	Global	No	While GFIA appreciates the need for quantitative and qualitative requirements for investment risk, it does not support investment limits. It believes that the principle of "freedom of investment" should be incorporated in this ICP, with the understanding that no limits on investment nor any obligations to invest in specific assets are appropriate. Instead, a risk-based and principle-based prudential framework should allow for full flexibility in the investment risks that an insurer takes, as long as the insurer is able to appropriately identify, monitor, measure the risks inherent in its investment, from a qualitative and/or quantitative perspective.
430. AIA Group	Hong Kong	No	AIA would advocate continued deepening of understanding of such complex products within the wider investment industry, in the interests of greater market transparency and efficiency. For example, in the sphere of structured credit, after the global financial crisis, the ratings methodology and risk-assessment techniques employed by the international credit rating agencies became more conservative and, following its own assessment, AIA deemed certain structured credit instruments (for example, Collateralised Loan Obligations) to merit consideration for investment purposes. AIA would be in principle supportive of principles-based proposals which aim to further heighten transparency, controls and bolster appropriate and thorough due diligence.
431. International Insurance Foundation	International	No	The last two sentences seem to be an exercise in circular reasoning: If an insurer has more capital, it may be deemed to need less capital?
432. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
433. Institute and Faculty of Actuaries	UK	No	As per the comment in Q70 above, it may be better to refer to additional quantitative and qualitative requirements.

434. Prudential Financial, Inc.	United States of America	No	The guidance should be modified to read as follows, "The solvency position and the sophistication of an insurance group or insurer should also be considered."
72 - Q72 Comment on Guidance ICP 15.5.4			
435. Insurance Europe	Europe	No	Insurance Europe appreciates that there may be additional supervisory concerns relating to SPEs. It should be clearly stated that the investments strategy for an SPE may differ from the insurer's investment strategy (it may be more or less restrictive). As previously highlighted, Insurance Europe strongly supports principle-based investment requirements, as opposed to arbitrary limits. Restrictions on investment strategy may lead to arbitrary limits, while prudential concerns could in fact be addressed differently.
436. Global Federation of Insurance Associations	Global	No	GFIA appreciates that there may be additional supervisory concerns related to SPEs. However, restrictions on investment strategy may lead to arbitrary limits, while prudential concerns could in fact be addressed differently. For example: Supervisors could require that SPEs are put on balance sheet; supervisors could require retention of the risks being transferred to a SPE, so an alignment of objectives remains.
437. AIA Group	Hong Kong	No	Please see the comments under 15.5.3.
438. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
439. American Council of Life Insurers	Office of General Counsel	No	SPEs are an increasingly typical structure for several asset types, which, in and of themselves, do not necessarily add risk. Indeed, depending on the structure, they could reduce risks. It should be acknowledged that structured finance design can be and often is risk reductive at the individual security level (e.g. AAA CMBS versus whole-loan commercial mortgages) and that the sector is an important diversifier against the more dominant corporate credit and equity exposures.
440. Institute and Faculty of Actuaries	UK	No	It is not clear what 'more restrictive than the strategy for the insurer' means in this paragraph as this depends on many different aspects of the entity and special purpose vehicle's structure and purpose. It may be clearer to mention that special purpose vehicle investment regulations may require special attention, particularly where the entity falls outside of the usual regulatory requirements for licensed financial entities conducting the same business.
441. Institute of International Finance/Geneva Association	United States/Switzerland	No	SPEs are a typical structure for several asset types, which in and of themselves do not necessarily add risk. Indeed, depending on the structure, they could reduce risks. As stated, it should be acknowledged that structured finance design can be and often is risk reductive at the individual security level (e.g. AAA CMBS versus whole-loan commercial mortgages) and that the sector is an important diversifier against the more dominant corporate credit and equity exposures.

73 - Q73 Comment on Guidance ICP 15.5.5			
442. AIA Group	Hong Kong	No	Please see the comments under 15.5.3.
443. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
74 - Q74 Comment on Guidance ICP 15.5.6			
444. AIA Group	Hong Kong	No	Please see the comments under 15.5.3.
445. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
446. American Council of Life Insurers	Office of General Counsel	No	See comments on 15.5.4 regarding structured finance design.
447. Institute of International Finance/Geneva Association	United States/Switzerland	No	Structured finance design can be and often is risk reductive at the individual security level (e.g. AAA CMBS versus whole-loan commercial mortgages) and the sector is an important diversifier against the more dominant corporate credit and equity exposures.
75 - Q75 Comment on Guidance ICP 15.5.7			
448. AIA Group	Hong Kong	No	Please see the comments under 15.5.3.
449. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
450. American Council of Life Insurers	Office of General Counsel	No	See comments on 15.5.4 regarding structured finance design.

451. Institute and Faculty of Actuaries	UK	No	As per the comment in Q70 above, it may be better to refer to additional quantitative and qualitative requirements.
452. Institute of International Finance/Geneva Association	United States/Switzerland	No	Structured finance design can be and often is risk reductive at the individual security level (e.g. AAA CMBS versus whole-loan commercial mortgages) and the sector is an important diversifier against the more dominant corporate credit and equity exposures.
76 - Q76 Comment on Guidance ICP 15.5.8			
453. AIA Group	Hong Kong	No	Please see the comments under 15.5.3.
454. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
455. American Council of Life Insurers	Office of General Counsel	No	See comments on 15.5.4 regarding structured finance design.
456. Institute of International Finance/Geneva Association	United States/Switzerland	No	See our comments in Q75
77 - Q77 Comment on Guidance ICP 15.5.9			
457. AIA Group	Hong Kong	No	Please see the comments under 15.5.3.
458. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
459. American Council of Life Insurers	Office of General Counsel	No	See comments on 15.5.4 regarding structured finance design.

460. Institute of International Finance/Geneva Association	United States/Switzerland	No	See our comments in Q75
78 - Q78 Comment on Guidance ICP 15.5.10			
461. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
79 - Q79 Comment on Guidance ICP 15.5.11			
462. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
463. Prudential Financial, Inc.	United States of America	No	We believe risk limits should be specifically mentioned in the guidance. Further, the IAIS could also consider adding content on first versus second line responsibilities, particularly in regards to setting and monitoring risk limits independently.
80 - Q80 Comment on Guidance ICP 15.5.12			
464. AIA Group	Hong Kong	No	AIA submits that the usage of derivatives, if permitted, is clearly specified in the portfolio mandates which are the instructions from the Asset Owner to its Asset Manager as to how the assets are to be managed. AIA only permits derivatives to be used to hedge certain types of risk (for example interest rate and foreign exchange), or to generate returns with an acceptable level of risk.
465. International Insurance Foundation	International	No	Although it is inconceivable that an insurer´s speculation in derivatives could benefit policyholders, the current wording implicitly condones this dangerous practice. The supervisory admonition to avoid speculation in derivatives is not a preference, but an absolute imperative. The relevant standard should be that the supervisor possesses reliable means to distinguish hedging, arbitrage, and speculation.
466. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment

467. American Council of Life Insurers	Office of General Counsel	No	The ICP does not seem to allow for the use of derivatives to take on insurance-related risk as part of the underwriting/insurance risk taking business. Such derivatives are not used as part of the "investment" side at all, and should be treated separately from the risk management and speculation dichotomy specific to assets.
468. Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF)	Portugal	No	In the scope of derivatives investments, particularly on their underlying purpose, we believe that the first sentence of paragraph 15.5.12 conveys too much margin to speculative investment. We consider that, if speculative derivative investment is to be tackled (as it appears to be the underlying idea in the rest of that paragraph), it would be more efficient to avoid it from the outset, rather than relying on supervisory powers to ex-post discern intent of use in such complex and wide-ranging products. The latter can also result in a significant supervisory burden in markets where derivatives investments are more significant. This could be achieved through more stringent drafting, restricting speculative operations (or, at least, not explicitly acknowledging its use).
469. Swiss Re	Switzerland	No	The ICP does not seem to allow for the use of derivatives to take on insurance-related risk as part of the underwriting/insurance risk taking business. Such derivatives are not used as part of the "investment" side at all, and should be treated separately from the risk management and speculation dichotomy specific to assets.
470. Prudential Financial, Inc.	United States of America	No	Please clarify what is meant by "an acceptable level of risk”. In addition, we believe the guidance should also reference the need for appropriate valuation and modeling. The use of derivatives should be restricted to those instruments that can be properly valued independently by the insurer or by a third party.
471. Institute of International Finance/Geneva Association	United States/Switzerland	No	The ICP does not seem to allow for the use of derivatives to take on insurance-related risk as part of the underwriting/insurance risk taking business. Such derivatives are not used as part of the "investment" side at all, and should be treated separately from the risk management and speculation dichotomy specific to assets.

Public consultation comments on revised ICP 16

Organisation	Jurisdiction	Confidential	Answer
81 - Q81 General comment on ICP 16			
472. Insurance Europe	Europe	No	Insurance Europe welcomes the opportunity to provide comments. Insurance Europe would like to note that there are significant overlaps and no clear interface between ICPs 16 and 8. There is in fact a significant number of duplications, for example concerning risk identification and risk measurement, stress testing, risk appetite statement and risk limits. In addition, there are a number of inconsistencies. For example, the actuarial function is part of risk management in ICP 8.6 but the group actuarial function is part of ERM according to CF 16.7e, ORSA should assess the adequacy of risk management but is part of ICP 16.8 while the Head of the IAIG should review the risk management system annually according to CF 8.1c. In Insurance Europe's view an adequate risk management should follow a comprehensive enterprise risk approach (including ORSA, material risk categories and capital requirements). To address the duplications and contradictions, Insurance Europe believes that ICP 8 and 16 and relevant ComFrame material should be merged, while capital adequacy requirements should be summarised in ICP 17. In addition, a large part of the guidance in ICP 16 is too granular (ie 16.5 ALM, 16.6 Investment policy, 16.7 Underwriting policy, 16.8 ORSA) and prevents the proportional implementation of an adequate risk management system. In fact, the principle-based approach of the framework is endangered by this ICP. Many requirements may be adequate for complex insurers with long-term business and complex asset strategy but not for small or medium-sized insurers without long-term business and with a simple asset structure. Furthermore, Insurance Europe would ask that the ICP is informed by the existing high standards across regulatory frameworks. While ICP 16 describes a number of policies (Group-wide ALM policy, Investment policy, Underwriting policy, Group-wide claims management policy, Group-wide reinsurance and risk transfer strategy, Group wide actuarial policy), these are already required by local regulation in a number of jurisdictions, so these should form the benchmark rather than the ICP aiming at significantly more prescriptive requirements.
473. Global Federation of Insurance Associations	Global	No	GFIA appreciates the opportunity to comment on ICP 16. Due to the sensitive and forward-looking nature of the information required by ICP16, the importance of confidentiality and proportionality should be emphasized in this ICP. However, a large part of the guidance in ICP 16 is granular to an extent (i.e. 16.5 ALM, 16.6 Investment policy, 16.7 Underwriting policy, 16.8 ORSA) that it prevents the proportional implementation of an adequate risk management system. In addition, the principle-oriented regulation is endangered by this ICP. Many requirements may be adequate

			for complex insurers with long-term business and complex asset strategy but not for small or medium-sized insurers without long-term business and with a simple asset structure.
474. AIA Group	Hong Kong	No	AIA appreciates the opportunity to comment on the public consultation on revised ICP 16 (Enterprise Risk Management for Solvency Purposes).
475. International Actuarial Association	International	No	-The changes to ICP 16 are progressive. The addition of ComFrame elements are good. However, ICP 16 is overly lengthy and we wonder if some content can be more limited without loss of meaning. -The ICP's are intended to provide standards and guidance for insurers and insurance groups of all sizes including IAIG's (via the ComFrame elements). In some instances, the focus appears to be more on IAIG's. For example, the ComFrame elements in CF 16.1b, 16.2c, 16.7a, 16.7c, 16.7e and 16.12a. are not unique to IAIG's but should also apply to any size group. - Sections of ICP 16 reflect the life perspective but are ignorant of the non-life perspective. For example, in several places it says that liquidity is always a material risk. That is not always true for non-life. - The use of the adverbs "adequately" and "sufficiently" in the ICPs could be made clearer by explaining what these relate to. In some contexts they may relate to the firm's own Risk Appetite but elsewhere for example they may relate to the supervisor's view and could relate to prudency of technical provisions or capital requirements. - Nothing is mentioned with regard to taxes and deferred taxes. These can have a material impact both from a valuation and risk management perspective and are quite complex at group level given local regulations - ICP 16 should be appropriately aligned with ICP 8: ICP 8 deals with risk management and internal controls. As such, the general requirements, 'the bigger picture', on the risk management system including the ERM framework should be part of ICP 8. This relates to the more general requirements on the ERM framework, risk identification, quantitative techniques, risk appetite and policies as these are part of the risk management system and are also briefly described in ICP8. ICP16 should additionally contain requirements on the alignment of capital and risk management where it is preferred to align both as much as possible as is also explicitly mentioned in the existing ICP16. - Inconsistencies in terminology used in ICP16 and ICP8 should be resolved. Examples are the use of the wordings ERM framework versus risk management system, inconsistency with the risk management process steps as used in ICP 8 and ICP 16 and the use of risk terms (e.g. market risk and investment risk, insurance and underwriting risk). - In the ComFrame addition, requirements are recorded for the actuarial function which are also performed as part of a good risk management function. The two functions and the actuarial policy should be better aligned to avoid duplication and improve efficiency. It should be possible to combine both as is also acknowledged in ICP 8.3.10. Moreover, as the control functions are described in ICP8 it would be better to deal with this issue only in ICP8 and not ICP16.
476. Dai-ichi Life Holdings,Inc.	Japan	No	There is centralised or decentralised approach for IAIG governance structure, but standards and guidelines related to Comframe in ICP 16 sometimes seem to be prescribed on the premise of centralised structure. Therefore, it should be stated that both the centralised approach and the decentralised approach are allowed for the governance structure of IAIG at the beginning of ICP 16 to clarify the acceptance of decentralised structure where a

			holding company receives reports from each entity and advise them, if necessary, who develop individually a risk management system according to their business scale, characteristics, and regulations in each jurisdiction.
477. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
478. Swiss Re	Switzerland	No	We thank IAIS for the opportunity to provide feedback on the Insurance Core Principle (ICP) 16. We are generally supportive of the document and the changes made. At times, the detailed requirements set forth in this guidance are overly prescriptive, in particular when the document requires that certain tasks be carried out by specific organizational functions. As an international principle, requirements should be sufficiently high-level and flexible to allow local Supervisors the ability to establish rules and requirements that are appropriate for their jurisdiction. Besides these overarching points, we provide only targeted comments on specific details where we believe the ICP would benefit from slight corrections or clarifications. We are happy to elaborate with IAIS on any of these points upon request.
479. Institute and Faculty of Actuaries	UK	No	Comments below relate mainly to areas where clarifications are required to improve readability or more clearly describe what is intended by the guidance provided. There are places where ICP paragraphs could be aligned to the CF paragraphs as items apply equally to IAIGs and the management of risk in an insurance entity (further comments in specific sections below). There is reference in some places to long-term projections only being required where appropriate – this contradicts the requirements in ORSA continuity assessments and it is not clear when long-term projections would not be appropriate. The definition of internal models used by insurers for assessing risk exposure could be made more precise to prevent confusion. ‘Economic capital models’ usually refer to internal models used to determine capital requirements, and ‘risk exposure models’ usually refer to internal models used more generally for risk quantification. The term ‘internal model’ could well imply an economic capital model that has been approved by the regulator or used in determining the insurer’s regulatory capital position, which is not the intended interpretation in many cases when this term is used in ICP 16.
480. American Academy of Actuaries	United States of America	No	January 29, 2018 Mr. Jonathon Dixon Secretary General International Association of Insurance Supervisors c/o Bank for International Settlements CH-4002 Basel

			Switzerland Re: Revised Insurance Core Principle (ICP) 16 Enterprise Risk Management (ERM) for Solvency Purposes and ComFrame material integrated with ICP 16 Dear Secretary General Dixon, On behalf of the Solvency Committee of the American Academy of Actuaries, I appreciate the opportunity to provide comments on the International Association of Insurance Supervisors' (IAIS) recent public consultation on Insurance Core Principle (ICP) 16, Enterprise Risk Management for Solvency Purposes and ComFrame material integrated with ICP 16, dated November 8, 2017. Thank you for this opportunity to provide our views on the revised Insurance Core Principle (ICP) 16 public consultation. If you have any questions or would like to discuss this letter in more detail, please contact Nikhail Nigam, the Academy's policy analyst for risk management and financial reporting issues, at +1 202-223-8196 or nigam@actuary.org. Sincerely, Elizabeth K. Brill, MAAA, FSA Chairperson, Solvency Committee Risk Management and Financial Reporting Council American Academy of Actuaries
481. 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). Therefore, we object to ICP 16 and would suggest that ICP 16 be eliminated altogether. There is no need for the IAIS to craft a new international insurance code on enterprise risk management for solvency purposes. the U.S. insurance regulatory system already has a robust and effective system for regulating enterprise risk management for solvency purposes. 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. In the alternative, we would suggest that ICP 16 be amended to provide that existing Federal and State laws, regulations, and policies on the regulation of enterprise risk management for solvency purposes in the United States be

			recognized as satisfying the requirements of ICP 16. Given the substance of this comment (ICP 16 should be eliminated in toto), we see no need to answer Q83 through Q252.
482. Prudential Financial, Inc.	United States of America	No	Broadly speaking Prudential agrees with many of the overarching principles included in ICP 16 however, we note the following concerns: •The level of granularity provided is too prescriptive and insufficiently accounts for the diversity of insurance markets (e.g., corporate structure, business models, capital markets, etc.) and varying practices / requirements around the world. For example, the specificity around who or which area is to execute specific activities does not allow for differing organizational constructs – e.g., sections 16.5, 16.6 and 16.7. The focus of the ICP and ComFrame should be on the outcomes to be obtained, not the process with which to obtain them. •The ICP places excessive emphasis on the legal entity when it should offer flexibility between either group level or entity level processes provided they ensure risks are appropriately understood and managed. As noted above, the focus of the ICP and ComFrame should be on the outcomes to be obtained, not the process with which to obtain them. •We disagree with the use of the word ORSA as a single point of reference. The ICP must acknowledge that ORSA requirements and expectations may justifiably differ across jurisdictions. The ICP must acknowledge and account for these differences. •We disagree with the suggestion that further information on risk management, solvency and financial condition should be publicly disclosed given its proprietary nature (e.g., CF16.4a).
483. Institute of International Finance/Geneva Association	United States/Switzerland	No	As with ICPs 8 and 15, there is a tendency this ICP/ComFrame 16 guidance to be overly granular and prescriptive such that it fails to reflect the variety of insurance business models and operating structures that exist across the industry and between jurisdictions. It also provides little in the way of flexibility to allow local supervisors to adopt the standard in a manner that is appropriate to their jurisdiction. We would urge the IAIS to reorient the standard so that it more squarely focuses on regulatory and supervisory outcomes. Relatedly, we suggest the objective of focusing on appropriate outcomes can be reinforced by adjusting the lead in language “group wide supervisor requires” be revised along the lines of “the group or lead supervisor ensures ...” Regarding requirements on ORSA, given future field testing exercises and the 5-year monitoring phase starting in 2019/2020, it is to be expected that the ICS will continue to be developed and changes will be made to certain aspects of the framework (and shock calibrations). For example, conducting a solvency projection over a 3 to 5 year time horizon will have implications on the accuracy of future available and required capital as well as the solvency ratios. This should be borne in mind when developing ORSA process guidance.

			When performing the group-wide ORSA, insurers should be encouraged to harness existing processes and approaches given that many legal entities are already required to carry out an annual ORSA by their local supervisors.
485. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The business of insurance pools risks of individual policyholders together and in doing so provides valuable products to consumers. The insurer that pools the risks attempts to price and manage the collective risk in a way that meets its objectives as a corporation, but only can be done if the market (collective insurers) determines that the product is supportable. To this end, ERM does not eliminate risks for the insurance company. The solvency monitoring process used by U.S. state insurance supervisors looks at this risk in various “buckets”: 1) Inherent risk; 2) controls; 3) residual risk, where 3 is the product of 1 less 2. As noted, all insurers are subject to inherent risks and must determine how much residual risk to assume. They do so by considering various types of controls that may reduce the inherent risks, be it through underwriting standards, investment policies, reinsurance, or the likes of much more sophisticated forms of risk management. Paragraph 16.0.1 appropriately points out that capital is what is used to cover the residual risk. All of the above is noted to make the very important point that insurers use different levels of ERM to manage their residual risk, and while large sophisticated companies may devote more resources to ERM, others do not. While we agree that supervisors should encourage ERM, and perhaps even require it for companies of a certain size, ERM will not eliminate risk and therefore regulators requirements of ERM should be mindful of these points. Many of the rest of our comments are intended to address this point. The NAIC supports the vast majority of the revised introductory guidance language within ICP 16. With limited exception, the revised guidance does an excellent job of defining what enterprise risk management (ERM) is and is not. The introductory guidance should guide the understanding of the rest of ICP 16 – in particular, the following: - Successful implementation of ERM for solvency purposes results in enhanced insight into and insurer’s risk profile and solvency position that promotes an insurer’s risk culture, earnings stability, sustained profitability and long-term viability. - These aspects of ERM should be encouraged from a prudential standpoint. - The objective of ERM is not to eliminate risk, but rather to manage risks within a framework that includes self-imposed limits. - A risk limits structure is used to establish guardrails on an insurer’s risk profile to optimize its returns without endangering the ability of the insurer to meets it commitments to policyholders.
83 - Q83 Comment on Principle ICP 16			
491. International Insurance Foundation	International	No	In general, we believe that these revisions reflect recent advances in methods and theory in Enterprise Risk Management. They appear technically sound and practical. There are two areas where we propose further clarification and enhancement: • Embedding ERM in strategic management and decision making – just as strategic plans must be embedded in day-to-day operations to assure execution, ERM must guide and inform the Board, management and staff in their daily

			execution of corporate strategy. This theme is mentioned in parts of the revised text (e.g.,¶s16.0.7, 16.3.1, and 16.3.3), but with insufficient clarify and force. • Embedding strategic risk management in corporate culture – corporations can develop exceptional strategic plans and ERM systems. Unless they are part of the everyday corporate culture they won't benefit from the awareness of the Board, management and staff to inform feedback loops and response execution. We believe that a few well-placed additions to the existing text will make these essential elements of effective strategic ERM clear.
492. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
84 - Q84 Comment on Introductory Guidance ICP 16.0.1			
493. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
494. Institute and Faculty of Actuaries	UK	No	We suggest changing the wording in the last sentence to: 'These aspects of ERM should therefore be encouraged from a prudential standpoint.'
495. American Academy of Actuaries	United States of America	No	Meeting policyholder obligations is the ultimate purpose of solvency regulation, and should be explicitly recognized as such. Therefore, we suggest adding "as well as the insurer's ability to meet obligations to policyholders" at the end of the sentence describing what successful implementation results in, so it reads: "Successful implementation of ERM for solvency purposes results in enhanced insight into an insurer's risk profile and solvency position that promotes an insurer's risk culture, earnings stability, sustained profitability, and long-term viability, as well as the insurer's ability to meet obligations to policyholders"
85 - Q85 Comment on Introductory Guidance ICP 16.0.2			
496. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
86 - Q86 Comment on Introductory Guidance ICP 16.0.3			

497. International Insurance Foundation	International	No	Add the following bullet points to the list: • Incorporating ERM into strategic decision making and execution • Embedding strategic ERM in corporate culture
498. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
499. Institute and Faculty of Actuaries	UK	No	'Risk appetite statement' is not a separate component of an ERM framework on its own. We suggest the bullet 'Risk appetite statement' be amended to 'Risk appetite and the establishment of risk appetite statements', and also moving this bullet above 'Inter-relationship of risk appetite, risk limits and capital adequacy'.
87 - Q87 Comment on Introductory Guidance ICP 16.0.4			
500. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
88 - Q88 Comment on Introductory Guidance ICP 16.0.5			
501. International Insurance Foundation	International	No	Add at the end of the paragraph: "ERM should be embedded in corporate culture to assure that the whole organization contributes to risk awareness, feedback loops and coordinated responses to risk management needs."
502. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
503. Institute and Faculty of Actuaries	UK	No	'…holistic view of risk at enterprise level' The word 'enterprise' could be replaced with 'insurance entity and group' to be more specific in terms of what is being referred to here, and linking to the other sections in the guidance note.
89 - Q89 Comment on Introductory Guidance ICP 16.0.6			

504. Global Federation of Insurance Associations	Global	No	GFIA wishes to emphasize the importance of this sentence: “The objective of ERM is not to eliminate risk.”
505. International Insurance Foundation	International	No	Insert into third sentence as follows: “Risk limits should be set after careful consideration of strategic objectives, plans and circumstances and where appropriate . . . “
506. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
507. Institute and Faculty of Actuaries	UK	No	‘… and circumstances and, where appropriate, should take into account the projected outcomes of scenarios run using a range of plausible future business assumptions …’ It is always appropriate to take account of future plausible projected outcomes; we therefore suggest deleting ‘where appropriate’ in the above sentence.
90 - Q90 Comment on Introductory Guidance ICP 16.0.7			
508. Insurance Europe	Europe	No	Insurance Europe welcomes the continued commitment towards internal model use and a total balance sheet approach in the context of ERM for solvency purposes.
509. General Insurance Association of Japan	Japan	No	"Internal models" within ICPs have the following different meanings: (i) Capital models which an insurer uses to measure its own risks (ICP 16.0.7). (ii) Internally-developed models, as opposed to externally-developed models (ICP 16.2.6). (iii) Insurer-specific models used to calculate regulatory capital requirements, as an alternative to standard methods (ICP 17). The definition of internal models in the IAIS glossary (models used to calculate regulatory capital requirements) is inconsistent with what internal models mean in ICP 16.2.6 (internally-developed models, as opposed to externally-developed ones). Thus, we suggest adding to the glossary the definition of the latter, which are differentiated in terms of who develops them, or revising ICP 16.2.6 to clearly refer to the differences between internal models developed inside the insurer and those developed outside. In addition, a reference to economic capital models, which are described in CF 16.2a, should be included here.

510. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
511. Institute and Faculty of Actuaries	UK	No	The reference to 'internal models' used in this context needs to be defined; this could be misinterpreted as an internal capital model where approval is given from the regulator to use the model for regulatory capital calculation purposes. Here the text is referring to internal risk modelling much more generally. There are different potential definitions related to a 'total balance sheet approach' which could lead to confusion if interpreted differently to the definition set out here. It is perhaps better to remove the reference to defining a 'total balance sheet approach' and instead refer to the methods used to quantify assets and liabilities (etc.) on the balance sheet. Alternatively, 'total balance sheet approach' should be clearly defined for the purposes of ICP 16 to ensure that a single interpretation is used for the remainder of the document. Given developments in Solvency II and other regimes, we suggest that the reference to an 'economic basis' be supplemented by adding in a reference to using a market consistent approach to valuing assets and liabilities.
512. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	As noted in our general comments, insurers use different levels of ERM, and it should be clear that ERM does not require the use of internal models per se. Suggest revising the first two sentences to: "Some insurers may utilise internal models as part of their ERM process in order to generate sophisticated risk metrics to inform management actions and capital needs. Internal models may help to enhance risk management and to embed risk culture in the company."
91 - Q91 Comment on Introductory Guidance ICP 16.0.8			
513. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
92 - Q92 Comment on Standard ICP 16.1			
514. Insurance Europe	Europe	No	Whilst the separation of former Standards ICP 16.1 into proposed ICP 16.1 and 16.2 (ie separating the aspect of risk identification from risk quantification/measurement) is welcomed, it is unclear to what extent risk interdependencies for risk and capital management can be identified without quantifying the risk identified. Accordingly, Guidance ICPs 16.1.3 and in particular 16.1.7 and 16.1.8 on group perspective introduce assumptions and links to groups' solvency assessments that are only discussed later in the ICP.

515. Global Federation of Insurance Associations	Global	No	Whilst the separation of former Standards ICP 16.1 into proposed ICP 16.1 and 16.2 (i.e. separating the aspect of risk identification from risk quantification/measurement) is welcomed, it is unclear to what extent risk interdependencies for risk and capital management can be identified without quantifying the risk identified. Accordingly, Guidance ICPs 16.1.3 and 16.1.7 and 16.1.8 on group perspective introduce assumptions and links to groups' solvency assessments that are only discussed later in the ICP.
516. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
93 - Q93 Comment on Guidance ICP 16.1.1			
517. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
518. Institute and Faculty of Actuaries	UK	No	It would make sense to align the risk types defined here with the list given in CF 16.1b, even though CF16.1b specifically refers to an IAIG context.
94 - Q94 Comment on Guidance ICP 16.1.2			
519. International Actuarial Association	International	No	We would prefer the wording "what gives rise to the risk exposures" than "cause of different risks".
520. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
95 - Q95 Comment on Guidance ICP 16.1.3			
521. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
96 - Q96 Comment on Guidance ICP 16.1.4			

522. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
523. Institute and Faculty of Actuaries	UK	No	‘Trigger events’ could be more clearly defined as risk events which lead to the emergence of other organisational risk events, as opposed to an isolated risk event occurring independently of other risk factors.
97 - Q97 Comment on Guidance ICP 16.1.5			
524. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
98 - Q98 Comment on Guidance ICP 16.1.6			
525. General Insurance Association of Japan	Japan	No	It is difficult to identify every possible risk arising from non-insurance legal entities and non-consolidated subsidiaries within an insurance group. Therefore, we suggest revising the last sentence as follows: "To be effective, the management of insurance group risk should take into account risks arising from non-insurance legal entities (regulated or unregulated) and partly-owned entities in cases where these entities have a material impact on the management of the insurance group."
526. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
99 - Q99 Comment on Guidance ICP 16.1.7			
527. Insurance Europe	Europe	No	Guidance 16.1.7 and 16.1.8 on group perspectives go beyond identification of risks and their interdependencies. Furthermore, Insurance Europe would like to stress that for the purpose of regulatory capital assessment, the ERM should not create a third solvency capital requirement. A deviation between the ERM and the calculation of the regulatory capital must not lead to an automatic increase of capital. The supervisory authorities have a range of other supervisory tools if they deem it necessary to react. Please also see comments provided on Guidance ICP 16.13.17.
528. Global Federation of Insurance Associations	Global	No	Guidance 16.1.7 and 16.1.8 on group perspectives go beyond identification of risks and their interdependencies. Furthermore, GFIA would like to stress that for the purpose of regulatory capital assessment, the ERM should not create an additional solvency capital requirement. A deviation between the ERM and the calculation of the regulatory capital must not lead to an automatic increase of capital. The supervisory authorities have a range of other supervisory tools if they deem it necessary to react. Please also see comments provided on Guidance ICP 16.13.17.

529. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
530. Institute and Faculty of Actuaries	UK	No	This is reiterating many of the aspects mentioned in ICP 16.1.6. To acknowledge this it would be useful to refer to ICP 16.1.6 in this paragraph.
531. American Academy of Actuaries	United States of America	No	The phrasing in this paragraph does not seem to address non-insurance entities within a group. We therefore suggest removing the word "insurance" in the sentence "For example, legally enforceable capital and risk transfer instruments between group members may help with the effectiveness of its ERM framework for group-wide solvency assessment purposes."
100 - Q100 Comment on Guidance ICP 16.1.8			
532. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
533. Institute and Faculty of Actuaries	UK	No	It is not clear why 'fungibility and transferability' considerations are being related to the reduction in diversification benefits in the first instance. Fungibility and transferability restrictions do reduce the benefits of diversification; however they also imply there is less capital available at a group level to absorb the impacts of risk events occurring at either a group level or in another legal entity.
108 - Q108 Comment on Standard ICP 16.2			
571. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
109 - Q109 Comment on Guidance ICP 16.2.1			
572. Insurance Europe	Europe	No	To clarify the exemplary nature of the list of the techniques, as well as the relationship between techniques and validation, Insurance Europe would prefer if the Guidance read: "… using appropriate forward-looking quantitative techniques, such as risk modelling and validation thereof (for example via stress testing, or scenario analysis)"

573. Global Federation of Insurance Associations	Global	No	To clarify the exemplary nature of the list of the techniques, as well as the relationship between techniques and validation, GFIA would prefer if the Guidance read: "… using appropriate forward-looking quantitative techniques, such as risk modelling and validation thereof (for example via stress testing, or scenario analysis)"
574. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
575. Institute and Faculty of Actuaries	UK	No	'Risk measurement techniques should also be used in developing long-term business and contingency plans, where it is appropriate for the insurer to do so.' It is difficult to see situations where it is not important to develop projections of capital and risk measures in the determinations of business plans etc. We therefore suggest removing the last part of the sentence 'where it is appropriate to do so.'
110 - Q110 Comment on Guidance ICP 16.2.2			
576. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
577. Institute and Faculty of Actuaries	UK	No	We suggest amending the wording slightly to: '…whereas relatively simple calculations may be appropriate …'
111 - Q111 Comment on Guidance ICP 16.2.3			
578. Global Federation of Insurance Associations	Global	No	It should be emphasized that this does not require a change in accounting systems.
579. General Insurance Association of Japan	Japan	No	When measuring risks associated with small subsidiaries and affiliates within a group, there are cases where it is preferable to refer to the results of financial statements or regulatory measures, due to factors such as difficulties in measuring risks according to category and the relatively low degree of the impact of such risks. Therefore, we suggest deleting the third sentence.

580. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
581. Institute and Faculty of Actuaries	UK	No	As per response to Q90, there are different potential definitions of the total balance sheet approach. This will need to be clearly defined up front if used throughout the document.
112 - Q112 Comment on Guidance ICP 16.2.4			
582. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
583. Institute and Faculty of Actuaries	UK	No	It is difficult to understand why this paragraph is necessary – typical approaches to quantifying risk would look at all risks currently present on the balance sheet and ensure that capital / exposure metrics are consistently measured at the present time.
113 - Q113 Comment on Guidance ICP 16.2.5			
584. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
114 - Q114 Comment on Guidance ICP 16.2.6			
585. International Actuarial Association	International	No	There ought to be a requirement for insurers to ensure they understand the weaknesses and limitations of external and internal models.
586. General Insurance Association of Japan	Japan	No	"Internal models" within ICPs have the following different meanings: (i) Capital models which an insurer uses to measure its own risks (ICP 16.0.7). (ii) Internally-developed models, as opposed to externally-developed models (ICP 16.2.6). (iii) Insurer-specific models used to calculate regulatory capital requirements, as an alternative to standard methods (ICP 17). The definition of internal models in the IAIS glossary (models used to calculate regulatory capital requirements) is inconsistent with what internal models mean in ICP 16.2.6 (internally-developed models, as opposed to externally-developed ones). Thus, we suggest adding to the glossary the definition of the latter, which are differentiated in terms of who develops

			them, or revising ICP 16.2.6 to clearly refer to the differences between internal models developed inside the insurer and those developed outside. In addition, a reference to economic capital models, which are described in CF 16.2a, should be included here.
587. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
588. Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF)	Portugal	No	From the drafting of paragraph 16.2.6, our reading indicated that external models are only a possibility for catastrophes and market risks, when we would expect wider usage acceptability. Is this the intended meaning? If not, we would suggest redrafting.
115 - Q115 Comment on Guidance ICP 16.2.7			
589. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
590. American Academy of Actuaries	United States of America	No	If the intent is to focus on how to address the use of internal models, we suggest carving out these bullets as an explicit “Internal Models” sub-section of the “Measuring, analysing, and modeling the level of risk” section. In addition, a number of these bullets could apply to external models as well.
116 - Q116 Comment on Guidance ICP 16.2.8			
591. Insurance Europe	Europe	No	Insurance Europe supports the continued commitment to the use of internal models for the assessment of current financial resources and the calculation of regulatory capital requirements.
592. Global Federation of Insurance Associations	Global	No	GFIA supports the continued commitment to the use of internal models for the assessment of current financial resources and the calculation of regulatory capital requirements.
593. General Insurance Association of Japan	Japan	No	In order to use internal models to calculate figures, insurers need to meet relevant regulatory requirements. However, this guidance only partly explains the expected benefits of using internal models, without clarifying relevant regulatory requirements and those specific to internal models. Therefore, we suggest deleting this guidance and instead describing the capital requirements in relation to internal models in ICP 17.

594. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
595. Institute and Faculty of Actuaries	UK	No	As in the response to Q90, a distinction should be made between: - internal models used generally for risk exposure and economic capital modelling; compared to: - internal capital models that need to be approved by a regulator so that the insurer can use them as the basis for determining regulatory capital.
596. American Academy of Actuaries	United States of America	No	If the intent is to focus on how to address the use of internal models, we suggest carving out these bullets as an explicit “Internal Models” sub-section of the “Measuring, analysing, and modeling the level of risk” section. In addition, a number of these bullets could apply to external models as well. As worded, this paragraph assumes that the use of internal models for regulatory capital requirements is always an option. That is not the case in many jurisdictions. This issue could be addressed by adding the phrase“(where permitted)” so it reads: “An insurer may consider that the assessment of current financial resources and the calculation of regulatory capital requirements (where permitted) would be better achieved through the use of internal models.”
117 - Q117 Comment on Guidance ICP 16.2.9			
597. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
598. Institute and Faculty of Actuaries	UK	No	It is not clear whether this paragraph (as with ICP 16.2.10 through to ICP 16.2.12 and ICP 16.2.16) is referring to internal models used to calculate economic capital, or to those used to calculate risk exposure metrics more generally. We suspect it is referring to internal capital models or economic capital models. It would perhaps be more appropriate to refer to both economic capital models (internal capital models) and risk exposure models (more general internal models of risk exposure including capital). This would also align with the wording in CF 16.2a (and sub-paragraphs). Note also the point on definitions in Q116 above.
599. American Academy of Actuaries	United States of America	No	If the intent is to focus on how to address the use of internal models, we suggest carving out these bullets as an explicit “Internal Models” sub-section of the “Measuring, analysing, and modeling the level of risk” section. In addition, a number of these bullets could apply to external models as well.

600. Prudential Financial, Inc.	United States of America	No	The guidance inappropriately assumes there is a specific model used for purposes of the ORSA and more broadly, that the ORSA in and of itself is a separate activity rather than being an assessment that leverages existing tools and processes the insurance group or insurer has in place.
118 - Q118 Comment on Guidance ICP 16.2.10			
601. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
602. American Academy of Actuaries	United States of America	No	If the intent is to focus on how to address the use of internal models, we suggest carving out these bullets as an explicit “Internal Models” sub-section of the “Measuring, analysing, and modeling the level of risk” section. In addition, a number of these bullets could apply to external models as well.
119 - Q119 Comment on Guidance ICP 16.2.11			
603. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
604. American Academy of Actuaries	United States of America	No	If the intent is to focus on how to address the use of internal models, we suggest carving out these bullets as an explicit “Internal Models” sub-section of the “Measuring, analysing, and modeling the level of risk” section. In addition, a number of these bullets could apply to external models as well.
120 - Q120 Comment on Guidance ICP 16.2.12			
605. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
606. Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF)	Portugal	No	In paragraph 16.2.12, the drafting seems to be open for perspectives other than going concern, creating room for such in the context of “financial difficulty”. We wonder if departure from the going concern basis was intended to be as flexible, and, if that is the case, request for more detail on alternative approaches.
607. Institute and Faculty of Actuaries	UK	No	As per comments on Q117 It is not clear why liability inputs from past business written (i.e. business that is no longer in-force) will be required for an analysis of current risk exposure or economic capital requirements.

			'…continuing to operate on a going concern basis (unless the insurer is in financial difficulty).' There are other reasons for a going concern basis not to be appropriate (e.g. a planned winding up). We therefore suggest using the wording 'unless there are specific circumstances that would invalidate this assumption'.
608. American Academy of Actuaries	United States of America	No	If the intent is to focus on how to address the use of internal models, we suggest carving out these bullets as an explicit "Internal Models" sub-section of the "Measuring, analysing, and modeling the level of risk" section. In addition, a number of these bullets could apply to external models as well.
121 - Q121 Comment on Guidance ICP 16.2.13			
609. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
610. American Academy of Actuaries	United States of America	No	If the intent is to focus on how to address the use of internal models, we suggest carving out these bullets as an explicit "Internal Models" sub-section of the "Measuring, analysing, and modeling the level of risk" section. In addition, a number of these bullets could apply to external models as well.
122 - Q122 Comment on Guidance ICP 16.2.14			
611. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
613. Institute and Faculty of Actuaries	UK	No	'The insurer should also calibrate the model according to its own modelling criteria' It is difficult to understand why this reference is needed as the insurer would, as part of the usual model calibration process, use its own modelling criteria. The one situation where this may be applicable is where the regulator has imposed a specific calibration approach for determining regulatory capital that is not shared by the insurer, although this is not implied by the context of this paragraph.
614. American Academy of Actuaries	United States of America	No	If the intent is to focus on how to address the use of internal models, we suggest carving out these bullets as an explicit "Internal Models" sub-section of the "Measuring, analysing, and modeling the level of risk" section. In addition, a number of these bullets could apply to external models as well.
123 - Q123 Comment on Guidance ICP 16.2.15			

615. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
124 - Q124 Comment on Guidance ICP 16.2.16			
616. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
125 - Q125 Comment on Guidance ICP 16.2.17			
617. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
618. American Academy of Actuaries	United States of America	No	We suggest changing “should include” to “should consider.” Techniques for a specific entity may not be appropriate or material enough to be included at the group level.
132 - Q132 Comment on Guidance ICP 16.2.18			
648. International Actuarial Association	International	No	Stress testing is an important topic so we believe there ought to be some additional consideration of the relevance of historical scenarios in 16.2.18 and either there needs to be further development to take into account that the future may be different to the past.
649. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
650. Institute and Faculty of Actuaries	UK	No	We suggest amending the wording in the first sentence: ‘Stress testing measures the financial impact of stressing one or more risk factors affecting the insurer, although this is usually limited to relatively few factors.’ Scenario analysis is not limited to an analysis of extreme historic scenarios, but would also involve the analysis of potential future scenarios that could occur where there is no reliable historic precedent.

651. American Academy of Actuaries	United States of America	No	Scenario analysis may consider the impact of possible scenarios that are not historical. While historical scenarios can be used to inform the development of current scenarios for study, they reflect the past environment. To the extent that the environment has changed (e.g., due to the sustained low interest rate environment, higher concentrations of exposure in catastrophe-prone areas, climate change, or new products such as cyber insurance), historical scenarios may be inappropriate or deficient for use in analyzing current or future risk. As such, we recommend broadening the language in this sentence to read: “Scenario analysis considers the impact of a combination of circumstances to reflect extreme historical or other scenarios which are analysed in the light of current conditions”
133 - Q133 Comment on Guidance ICP 16.2.19			
652. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
653. Institute and Faculty of Actuaries	UK	No	Stress and scenario testing can be used to test the limitations of models using extreme movements in a single risk factor, or a combination of factors, to model balance sheet impacts and capital. It is more difficult however to conclude that this process assists where there are risks that are either hard to model, or where the insurer is testing the impact of management actions. This is because stress and scenario testing will need a specification of all risk types being modelled and management actions to produce results that reflect these factors.
654. American Academy of Actuaries	United States of America	No	Stress testing and scenario analysis are useful tools that can supplement stochastic modeling. While these tools could serve to help validate and understand the limitation of models, their uses are broader and extend well beyond model validation. In addition, stress testing and scenario analysis are only part of a comprehensive suite of approaches to validating and understanding the limitations of models. The broader use of stress testing and scenario analysis as well as the limitations of using these tools only for model validation should be mentioned if this phrase is to be retained.
134 - Q134 Comment on Guidance ICP 16.2.20			
655. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
656. American Council of Life Insurers	Office of General Counsel	No	
135 - Q135 Comment on Guidance ICP 16.2.21			

657. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
658. American Council of Life Insurers	Office of General Counsel	No	The first sentence of 16.2.21 presents an overly narrow view of reverse stress testing. We agree with the more generic definition recognized by the US Federal Reserve Board in its SR Letter 12-7: “Reverse stress testing is a tool that allows [an] organization to assume a known adverse outcome, such as suffering a credit loss that breaches regulatory capital ratios or suffering severe liquidity constraints that render it unable to meet its obligations, and then deduce the types of events that could lead to such an outcome.” While the outcome the insurer chooses for a reverse stress test is negative, insurers should have the flexibility to choose an outcome less severe than the failure of the insurer. From a risk management perspective, testing for an outcome less severe than failure may be as informative than testing for a more remote failure outcome. Accordingly, we would suggest the sentence be reworded to something like: “Reverse stress testing, which identifies scenarios that may lead to an assumed adverse outcome may also be used to enhance risk management.”
659. Institute and Faculty of Actuaries	UK	No	Reverse stress testing can be defined in many ways and does not necessarily focus on the point at which an insurer will fail. It could be used to identify the most likely scenarios that would lead to a specified trigger event, such as a ratings downgrade or a reduction in capital coverage below a certain level.
138 - Q138 Comment on Standard ICP 16.3			
665. Insurance Europe	Europe	No	Insurance Europe would suggest that this Standard and general documentation requirement (the requirement to “describe”) goes beyond risk management for solvency purposes. Considering the overall intention of this review of addressing overlaps with ICP 8, Insurance Europe would suggest that the Standard may be better placed in ICP 8 (with a link to ICP 16 where reference is made to management of capital).
666. Global Federation of Insurance Associations	Global	No	GFIA would suggest that this Standard and General documentation requirement (the requirement to “describe”) goes beyond risk management for solvency purposes. Considering the overall intention of this review of addressing overlaps with ICP 8, the Standard may be better placed in ICP 8 (with a link to ICP 16 where reference is made to management of capital).
667. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
668. Monetary Authority of	Singapore	No	Please see our comment on CF 16.2a on the suggestion for additional clarification on the relationship between economic capital, internal models and regulatory capital. We also suggest to add “where appropriate” at the end of this

Singapore (MAS)			standard, as insurers with less complex business or which have more straightforward risks may not need to calculate economic capital.
669. Institute of International Finance/Geneva Association	United States/Switzerl and	No	The requirement that an insurer's ERM framework "describe" the relationship between its risk appetite, risk limits, and economic capital is overly prescriptive. As such, we would suggest replacing the word "describe" with "reflect" or "recognize".
139 - Q139 Comment on Guidance ICP 16.3.1			
670. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
140 - Q140 Comment on Guidance ICP 16.3.2			
671. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
141 - Q141 Comment on Guidance ICP 16.3.3			
672. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
142 - Q142 Comment on Guidance ICP 16.3.4			
673. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
143 - Q143 Comment on Guidance ICP 16.3.5			
674. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	If back-testing is ultimately recommended, the IAIS will need to provide clear requirements on which models are in scope as this could be inadvertently become a very wide-ranging requirement. We would recommend linking it to the internal model.

675. Insurance Europe	Europe	No	Insurance Europe believes that insurers should not be obliged to perform back-testing. Back-testing should be optional where - depending on the respective model used – it is appropriate for validation purposes. Furthermore, the relationship between this Guidance and the content of Standard ICP 16.3 is unclear. If back-testing is ultimately recommended, the IAIS would need to provide clear requirements on which models are in scope as this could inadvertently become a very wide-ranging requirement. Insurance Europe would recommend linking it to the internal model.
676. Global Federation of Insurance Associations	Global	No	GFIA believes that insurers should not be obliged to perform back-testing. Back-testing should be optional where - depending on the respective model used – it is appropriate for validation purposes. Furthermore, the relationship between this Guidance and the content of Standard ICP 16.3 is unclear. If back-testing is ultimately recommended, the IAIS will need to provide clear requirements on which models are in scope as this could inadvertently become a very wide-ranging requirement. GFIA would recommend linking it to the internal model.
677. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
678. Institute of International Finance/Geneva Association	United States/Switzerland	No	If back-testing is ultimately recommended, the IAIS will need to provide clear requirements on which models are in scope as this could inadvertently become a very wide-ranging requirement. We would recommend linking it to a company's economic or internal model.
144 - Q144 Comment on Guidance ICP 16.3.6			
679. Insurance Europe	Europe	No	Insurance Europe appreciates the acknowledgment of non-traditional forms of reinsurance (eg finite reinsurance) in ICP 16.3.6.
680. Global Federation of Insurance Associations	Global	No	GFIA appreciates the acknowledgment of non-traditional forms of reinsurance (e.g. finite reinsurance) in ICP 16.3.6
681. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
145 - Q145 Comment on Standard ICP 16.4			

682. Insurance Europe	Europe	No	As per Insurance Europe's comment on revised Guidance ICP 8.1.2, a specific "risk appetite statement" is not necessary. While identifying an insurer's risk appetite should form an integral part of an effective risk management system and would be reflected throughout a company's ERM system/ORSA/ALM/Investment policy, the format in which it is documented should not be mandated.
683. Global Federation of Insurance Associations	Global	No	As per GFIA's comment on revised Guidance ICP 8.1.2, a specific "risk appetite statement" is not necessary. While identifying an insurer's risk appetite should form an integral part of an effective risk management system and would be reflected throughout a company's ERM system/ORSA/ALM/Investment policy, the format in which it is documented should not be mandated.
684. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
685. Institute and Faculty of Actuaries	UK	No	We suggest a minor wording change: '… material categories of risk and their interdependencies within the insurer's current and target risk profiles…'
146 - Q146 Comment on Guidance ICP 16.4.1			
686. General Insurance Association of Japan	Japan	No	Since an insurer's risk appetite statement deals with its risk-taking approach linked to its business strategy, it is not always necessary to include in the statement the quantitative measures used to calculate the insurer´s capital and risks. Therefore, we suggest revising this guidance to clarify that an insurer's risk appetite statement may cover the listed quantitative measures "as necessary".
687. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
688. American Academy of Actuaries	United States of America	No	We suggest modifying the language in 16.4.1 from "should include" to "should consider including," so it would read: "An insurer's risk appetite statement should consider including qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures as appropriate." We also suggest adding "as appropriate" to the end of 16.4.4: "The supervisor should require risk capacity of the insurer to include the consideration of regulatory capital requirements, economic capital, liquidity and operational environment as appropriate." These paragraphs would appear to make the presumption that liquidity risk will always be a major relevant risk

			category for every insurer, requiring separate mention in a risk appetite statement and explicit recognition in their evaluation of risk capacity. While liquidity risk is a key risk for many insurers, for certain insurers, such as non-life insurers with no call risk on their liabilities, liquidity risk may not be a major source of risk and may not need to be explicitly addressed in the risk appetite statement. We suggest that the ICP provide insurers with the flexibility not to include a particular risk in its risk appetite statement if the risk is immaterial.
147 - Q147 Comment on Guidance ICP 16.4.2			
689. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
690. Prudential Financial, Inc.	United States of America	No	We believe the guidance is overly prescriptive. The ICP should be on setting expectations for the outcomes to be obtained, not the process with which to obtain them.
148 - Q148 Comment on Guidance ICP 16.4.3			
691. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
149 - Q149 Comment on Guidance ICP 16.4.4			
692. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
693. Monetary Authority of Singapore (MAS)	Singapore	No	Please see our comment on CF 16.2a on the suggestion for additional clarification on the relationship between economic capital, internal models and regulatory capital. We also suggest to add “where appropriate” at the end of this guidance, as insurers with less complex business or which have more straightforward risks may not need to calculate economic capital.
150 - Q150 Comment on Guidance ICP 16.4.5			
694. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
151 - Q151 Comment on Guidance ICP 16.4.6			

695. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
152 - Q152 Comment on Guidance ICP 16.4.7			
696. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
697. Prudential Financial, Inc.	United States of America	No	The guidance should not prescribe the need for risk appetite statements at the legal entity level. Rather, the focus of the ICP should be on the outcomes to be obtained, not the process with which to obtain them. Thus, the ICP should offer flexibility between either group level or entity level processes provided they ensure risks are appropriately understood and managed.
153 - Q153 Comment on Guidance ICP 16.4.8			
698. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	Further, the current working seems to imply that the group should set legal entity risk appetites. This is, however, inappropriate as legal entities will all have their own Boards. If what is meant is that the group should have a view on the contribution of any entity to its risk limits (e.g. no entity should be responsible for no more than x% of North American earthquake), then this should be reworded to more appropriately reflect that point.
699. Insurance Europe	Europe	No	Please refer to the response to ICP 16.4 Further, the current working seems to imply that the group should set legal entity risk appetites. This is, however, inappropriate as legal entities will all have their own Boards. If what is meant is that the group should have a view on the contribution of any entity to its risk limits (eg no entity should be responsible for no more than x% of North American earthquake), then this should be reworded to reflect that point more appropriately.
700. Global Federation of Insurance Associations	Global	No	Please refer to the response to ICP 16.4. Further, the current wording seems to imply that the group should set legal entity risk appetites. This is, however, inappropriate as legal entities will all have their own Boards. If what is meant is that the group should have a view on the contribution of any entity to its risk limits then this should be reworded to more appropriately reflect that point.
701. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment

702. Institute of International Finance/Geneva Association	United States/Switzerland	No	The current work seems to imply that the group should set legal entity risk appetites. This is, however, inappropriate as legal entities will all have their own Boards. If what is meant is that the group should have a view on the contribution of any entity to its risk limits (e.g. no entity should be responsible for more than x% of North American earthquake), then this should be reworded to more appropriately reflect that point.
155 - Q155 Comment on Standard ICP 16.5			
714. Insurance Europe	Europe	No	Insurance Europe agrees that it is important, especially for life insurers, to have an 'asset-liability management policy,' however, this may not be so much the case for pure non-life insurance undertakings. It should however be clarified that the format of such policy (within an entity's overall risk management policy or as a standalone document) should not be prescribed by regulation. Prescribing the required content of such a policy is also too granular for Standard level and should be deleted. The Standard could be limited to say: "The supervisor requires the insurer's ERM framework to include an explicit asset-liability management (ALM) policy which clearly specifies the nature, role and extent of ALM activities."
715. Global Federation of Insurance Associations	Global	No	GFIA agrees that it is important for an insurance undertaking to have an 'asset-liability management policy,' however, prescribing the required content of such policy is too granular for Standard level and should be moved into the accompanying Guidance or be deleted.
716. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
717. Institute and Faculty of Actuaries	UK	No	It may not be necessary to have a separate ALM policy where this is only a small part of the business. We suggest it would be better to say that ALM should be addressed explicitly with risk management policies as appropriate.
718. Prudential Financial, Inc.	United States of America	No	We believe it is appropriate for insurance groups or insurers to have processes and / or policies in place to manage various aspects of their businesses such as those noted in sections 16.5, however, the specificity around who or which area is to execute specific activities is not appropriate as it does not allow for differing organizational constructs. The focus of the ICP should be on the outcomes to be obtained, not specifying the process with which or group responsible for obtaining them.
719. Institute of International	United States/Switzerland	No	We believe it is unreasonable to expect that a single policy would encompass all the various elements that are identified in the standard, particularly the nuances that exist in the relationship between ALM activities and product

Finance/Geneva Association			development, product pricing and investment management. The reference to an "ALM policy" should be pluralized ("policies").
156 - Q156 Comment on Guidance ICP 16.5.1			
720. Insurance Europe	Europe	No	Please refer to the response to ICP 16.5
721. Global Federation of Insurance Associations	Global	No	Please refer to the response to ICP 16.5
722. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
723. Institute and Faculty of Actuaries	UK	No	Note comment on Q155 above. An ALM risk policy is unlikely to incorporate changes in the valuation of assets and liabilities under a range of different scenarios, as this assessment would change at each valuation date and therefore quickly become outdated within the policy wording. It will however make sense to comment on the valuation of assets and liabilities for the tracking / optimisation of ALM activities, which would be aligned to the economic capital calculation framework.
724. American Academy of Actuaries	United States of America	No	We recommend adding "to the extent appropriate" to the end of the introduction of 16.5.1 This paragraph appears to have been drafted from the perspective of life insurers and the considerations set forth may not be necessary in the context of short duration non-life products where ALM is of limited concern. For these products, there is typically no interaction between assets and liabilities as the liabilities generally are a function of property damage or bodily injury rather than financial market variables.
157 - Q157 Comment on Guidance ICP 16.5.2			
725. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
726. Institute and Faculty of Actuaries	UK	No	This paragraph describes the way in which the total balance sheet is to be determined, as well as capital in the economic capital framework, and is not necessary to incorporate directly in an ALM policy. The ALM policy could well reference the economic capital calculation framework.

158 - Q158 Comment on Guidance ICP 16.5.3			
727. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
159 - Q159 Comment on Guidance ICP 16.5.4			
728. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
160 - Q160 Comment on Guidance ICP 16.5.5			
729. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
161 - Q161 Comment on Guidance ICP 16.5.6			
730. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
162 - Q162 Comment on Guidance ICP 16.5.7			
731. General Insurance Association of Japan	Japan	No	As it is redundant to reflect in the group-wide ALM policy any legal restrictions that may apply to the treatment of assets and liabilities within the jurisdiction in which a group operates, we suggest revising "reflect" to "take into account".
732. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
163 - Q163 Comment on Standard ICP 16.6			
733. Insurance Europe	Europe	No	Insurance Europe agrees an insurance undertaking should have an ‘investment policy’, however, the decision on the detailed content of this policy should be at the discretion of the insurance undertaking. Overall, the Standard should

			however be moved to ICP 15, including a reference to ICP 16 and the fact that the investment policy forms part of the ERM framework.
734. Global Federation of Insurance Associations	Global	No	GFIA agrees an insurance undertaking should have an "investment policy", however, the decision on the detailed content of this policy should be at the discretion of the insurance undertaking. Overall, the Standard should be moved to ICP 15, including a reference to ICP 16 and the fact that the investment policy forms part of the ERM framework.
735. AIA Group	Hong Kong	No	The contents of the investment policy of an IAIG would depend on where it operates and the nature, scale and complexity of its businesses. As such, the requirements for an “explicit investment policy” as outlined in ICP16.6 may be too prescriptive a requirement to follow. In practice, it may make sense to have specific investment policy(s) that address the investment risk in the jurisdictions in which an IAIG operates. Such an investment policy could be within an overall framework applicable to the IAIG.
736. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
737. American Council of Life Insurers	Office of General Counsel	No	The references to “investment policy” through this ICP 16.6 should be plural (policies), as it is not unusual for the enterprise risk management process and framework to be documented through multiple risk-specific policies. Moreover, in many cases, the detailed requirements set forth in this guidance are excessively prescriptive. As an international principle, requirements should be sufficiently high-level and flexible to allow local Supervisors the ability to establish rules and requirements that are appropriate for their jurisdiction.
738. Institute and Faculty of Actuaries	UK	No	Even though it is set out in ICP 16.6.1, given the significant potential overlap between investment and ALM risk management, it would be useful to state here that the investment policy should address the management of investment risk and the relationship with the management of ALM risk, through the ALM risk policy.
739. American Academy of Actuaries	United States of America	No	We suggest revising the second bullet under section 16.6 to “summarizes how an insurer complies with regulatory investment requirements.” As worded, this bullet could be read to imply that the insurer’s entire compliance policy must be embedded within its investment policy. We believe it would be inappropriate to embed the compliance framework within the ERM framework in this way.
740. Prudential Financial, Inc.	United States of America	No	We believe it is appropriate for insurance groups or insurers to have processes and / or policies in place to manage various aspects of their businesses such as those noted in sections 16.6, however, the specificity around who or which area is to execute specific activities is not appropriate as it does not allow for differing organizational constructs. The focus of the ICP should be on the outcomes to be obtained, not specifying the process with which or group responsible for obtaining them.

741. Institute of International Finance/Geneva Association	United States/Switzerland	No	The references to “investment policy” throughout ICP 16.6 should be plural (policies), as it is not unusual for the enterprise risk management process and framework to be documented through multiple risk-specific policies. Moreover, in many cases, the detailed requirements set forth in this guidance are excessively prescriptive. As an international principle, requirements should be sufficiently high-level and flexible to allow local Supervisors the ability to establish rules and requirements that are appropriate for their jurisdiction. In our view, this requirement setting out all the various elements to be captured in an insurers’ “investment policy” is much too granular and detailed. The language should make allowances for the fact that this information may be captured through other means; including, for example, through the use of one or more policies or through the development and ongoing monitoring and updating of investment plans. The above comment is equally applicable to the requirements set out in 16,6.1 – 16.6.4. Policies are intended to set out broad principles and objectives while these expectations would necessitate policies being detail-oriented and explanatory.
743. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Given our general comment regarding the level of ERM used by different companies of different size, this standard is too prescriptive as drafted. While all insurers should have an investment policy (which itself is a form of ERM), not all insurers should be expected to have a policy with the same level of rigor that is covered in the bullets of the standard.
164 - Q164 Comment on Guidance ICP 16.6.1			
744. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
745. Institute of International Finance/Geneva Association	United States/Switzerland	No	Please refer to comment in 16.6
165 - Q165 Comment on Guidance ICP 16.6.2			
746. Insurance Europe	Europe	No	Please refer to the response to ICP 16.6. This Guidance is overly prescriptive and certainly cannot be applied to all (re)insurers to a full extent. Additionally, Insurance Europe would like to point out that the list of examples for “inherently risky financial instruments” does not provide any valuable guidance for supervisors / (re)insurers and will become out of date (despite not being exhaustive).

			The inclusion of derivatives in this list should be clarified to extend only to derivatives that are uncollateralised and have potential for counterparty risk (of which explicit consideration in the investment risk policy is indeed required in 16.6.3). In most cases, insurers use derivatives for hedging purposes and this is part of the ALM of insurers intended to mitigate risks rather than amplify them.
747. Global Federation of Insurance Associations	Global	No	Please refer to the response to ICP 16.6. This Guidance is overly prescriptive and certainly cannot be applied to all (re)insurers to a full extent. Additionally, GFIA would like to point out that the list of examples for "inherently risky financial instruments" does not provide any valuable guidance for supervisors / (re)insurers and will become out of date (despite not being exhaustive). The inclusion of derivatives in this list should be clarified to extend only to derivatives that are uncollateralised and have potential for counterparty risk (of which explicit consideration in the investment risk policy is indeed required in 16.6.3). In most cases, insurers use derivatives for hedging purposes and this is part of the ALM of insurers intended to mitigate risks rather than amplify them.
748. AIA Group	Hong Kong	No	Commitments transacted through special purpose entities are identified as inherently risky financial instruments. In our view, this is not always the case.
749. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
750. Monetary Authority of Singapore (MAS)	Singapore	No	Suggest to reword this as "The investment policy should outline how the insurer deals with inherently risky financial instruments such as derivatives and hybrid instruments that embed derivatives. Other potentially complex instruments include private equity, hedge funds, insurance linked instruments and commitments transacted through special purpose entities. Complex or less transparent assets may present operational risks, especially in adverse conditions which are difficult to assess reliably."
751. Institute of International Finance/Geneva Association	United States/Switzerland	No	Please refer to comment in 16.6
166 - Q166 Comment on Guidance ICP 16.6.3			

753. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
754. Institute of International Finance/Geneva Association	United States/Switzerland	No	Please refer to comment in 16.6
167 - Q167 Comment on Guidance ICP 16.6.4			
755. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
756. Institute of International Finance/Geneva Association	United States/Switzerland	No	Please refer to comment in 16.6
168 - Q168 Comment on Guidance ICP 16.6.5			
758. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
169 - Q169 Comment on Guidance ICP 16.6.6			
759. General Insurance Association of Japan	Japan	No	Insurers should not necessarily be required to match assets and liabilities, as these are managed subject to each insurer's investment policy. Therefore, we suggest revising "manage and match" in the third sentence to "manage or match".
760. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
170 - Q170 Comment on Guidance ICP 16.6.7			
761. Global Federation of	Global	No	Please refer to the response to Standard ICP 16.6

Insurance Associations			
762. AIA Group	Hong Kong	No	In many cases, it will be challenging or even impossible to create "robust models reflecting all relevant risks of complex investment activities". This wording could be softened to allow for model and parameter risk, as well as unknown unknowns. More practical wording might be "appropriately robust models reflecting all the relevant risks."
763. General Insurance Association of Japan	Japan	No	It is impractical to identify every relevant risk within complex investment activities. In order to promote effective investment activities under the insurer's investment policy, we suggest revising "reflecting all relevant risks of complex investment activities" in the first sentence to "reflecting all relevant risks of complex investment activities in principle" or "reflecting material risks of complex investment activities".
764. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
765. American Academy of Actuaries	United States of America	No	We recommend this sentence be revised to include the phrase "where applicable" or something similar. There would be no need/requirement for explicit procedures to evaluate these risks if an insurer does not issue or invest in such products. We also recommend the words "hidden and" be removed so that the sentence reads: "... There should be explicit procedures to evaluate non-standard risks associated with complex structured products ..." To the extent that a risk can be evaluated via an explicit procedure, it is not (or is no longer) hidden.
171 - Q171 Comment on Guidance ICP 16.6.8			
767. Insurance Europe	Europe	No	While Insurance Europe agrees that stress-testing and contingency planning are useful tools to handle hard-to-model risks for complex strategies, it believes that the decision for the appropriate tools to assess these hard-to-model risks should be at the discretion of the insurance undertaking.
768. Global Federation of Insurance Associations	Global	No	While GFIA agrees that stress-testing and contingency planning are useful tools to handle hard-to-model risks for complex strategies, it believes that the decision for the appropriate tools to assess these hard-to-model risks should be at the discretion of the insurance undertaking.
769. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment

770. Institute and Faculty of Actuaries	UK	No	'Trial operation of procedures for sufficiently long periods may also be appropriate in advance of 'live' operation.' It is difficult to understand what the sentence relates to and it should be made clearer; it appears as if it relates to the situation where there is no market liquidity for certain trades that are relied upon for risk management.
172 - Q172 Comment on Guidance ICP 16.6.9			
772. Insurance Europe	Europe	No	Please refer to the responses to Standard ICP 16.6 and Guidance ICP 16.6.2 This Guidance is overly prescriptive. Insurers should have sufficient flexibility to make prudent investment decisions. The requirement for insurers to (self-)restrict their investments (in derivatives or any other asset class) via their investment policy would likely interfere with local supervisory frameworks that are principle-based.
773. Global Federation of Insurance Associations	Global	No	This Guidance is overly prescriptive. Insurers should have sufficient flexibility to make prudent investment decisions. The requirement for insurers to (self-)restrict their investments (in derivatives or any other asset class) via their investment policy would likely interfere with local supervisory frameworks that are principle-based. Please refer to the responses to Standard ICP 16.6 and Guidance ICP 16.6.2
774. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
775. Monetary Authority of Singapore (MAS)	Singapore	No	We suggest for an elaboration of the term "unregulated OTC derivatives", as it is unclear in which cases would such derivatives be unregulated.
776. Institute and Faculty of Actuaries	UK	No	It would be useful for the policy to provide guidance on acceptable terms for ISDA agreements used for OTC transactions.
173 - Q173 Comment on Standard ICP 16.7			
777. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	ICP 16.7 and its accompanying Guidance seem overly prescriptive and onerous, especially if the intention is to capture this in a single document.

778. Insurance Europe	Europe	No	Insurance Europe agrees an insurance undertaking should have an 'underwriting risk management policy', however, detailed content of this policy should be at the discretion of the insurance undertaking. ICP 16.7 and its accompanying Guidance seem overly prescriptive. ICP 16.7 and its accompanying Guidance seem overly prescriptive and onerous, especially if the intention is to capture this in a single document.
779. Global Federation of Insurance Associations	Global	No	GFIA generally agrees an insurance undertaking should have an 'underwriting risk management policy', however, detailed content of this policy should be at the discretion of the insurance undertaking. ICP 16.7 and its accompanying Guidance seem overly prescriptive and onerous, especially if the intention is to capture this in a single document. Replace "premium setting" with "pricing" or "pricing function". ICP 16.7 and its accompanying Guidance seem overly prescriptive and onerous, especially if the intention is to capture this in a single document. GFIA would further suggest replacing "premium setting" with "pricing" or "pricing function".
780. General Insurance Association of Japan	Japan	No	An underwriting policy included in an insurer´s ERM framework should chiefly aim to prevent excessive risk-taking. Practical matters to manage underwriting risks, risk transfer and claim payments should be addressed separately in practical management procedures and policies. Therefore, instead of requiring insurers to include in their ERM frameworks the matters described in ICP 16.7.1 - 16.7.6, we suggest revising this standard, and the guidance under it, to clarify that insurers are permitted to address these matters in practical management procedures and policies, according to factors such as the volume and characteristics of their businesses, and ERM systems. In particular, we suggest deleting ICP 16.7.1 and 16.7.2, since the matters described are related to practical procedures to manage underwriting risks, which should be addressed in management procedures and policies, not in ERM frameworks.
781. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
782. American Council of Life Insurers	Office of General Counsel	No	As long as all of the requirements outlined in 16.7 are outlined in documentation or policy, it is not necessary that all of the aspects mentioned in 16.7 be contained within a single policy. Some insurers may include some of the requirements in 16.7 in a Group Risk Management Policy, insurer's may also choose to locate some of the requirements in Underwriting Policy or further Underwriting Standards Document.
783. Swiss Financial Market Supervisory	Switzerland	No	The currently in-force standard seems more suitable than the proposed one. FINMA therefore recommends staying with the following wording: "The supervisor requires the insurer to have a risk management policy which includes explicit policies in relation to underwriting risk."

Authority (FINMA)			
784. Swiss Re	Switzerland	No	We point out that insurers may in practice, include some of the requirements outlined here in risk management documents, such as a Group Risk Management Policy, while further requirements are included in an Underwriting Policy or further Underwriting standards documentation. It is not necessary that all of the aspects mentioned in 16.7 are addressed within one single policy.
785. Institute and Faculty of Actuaries	UK	No	The following items are missing from this section and sub-paragraphs and should be incorporated: - Relationship between underwriting and reserving (as per CF 16.7a) - Provision of appropriate data for pricing / reserving and reinsurance processes (as per CF 16.7a) - Monitoring for potential anti-selection as part of the underwriting policy which would then feed back into changes in pricing etc.
786. Prudential Financial, Inc.	United States of America	No	We believe it is appropriate for insurance groups or insurers to have processes and / or policies in place to manage various aspects of their businesses such as those noted in sections 16.7, however, the specificity around who or which area is to execute specific activities is not appropriate as it does not allow for differing organizational constructs. The focus of the ICP should be on the outcomes to be obtained, not specifying the process with which or group responsible for obtaining them.
787. Institute of International Finance/Geneva Association	United States/Switzerland	No	We would urge that more flexible language be introduced here to allow for the fact that insurers may in practice, include some of the requirements outlined here in a risk management framework and related documentation, such as a Group Risk Management Policy, while other requirements will be captured in an Underwriting Policy or further Underwriting standards documentation. We do not believe it necessary that all of the requirements mentioned in 16.7 be addressed within a single policy.
789. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Given our general comment regarding the level of ERM used by different companies of different size, this standard is too prescriptive as drafted. While all insurers should have an underwriting policy (which itself is a form of ERM), not all insurers should be expected to have a policy with the same level of rigor that is covered in the bullets of the standard.
174 - Q174 Comment on Guidance ICP 16.7.1			
790. International Actuarial Association	International	No	The requirement that “the underwriting policy should cover the underwriting process, pricing, claims settlement (both in terms of timing and amount) and expense control” ignores the reality that claim settlement practices may be dictated by statute and must be reflected by the underwriting policy, not set by the underwriting policy.

791. General Insurance Association of Japan	Japan	No	As we commented on ICP 16.7, we suggest deleting ICP 16.7.1 and 16.7.2, since the matters described are related to practical procedures to manage underwriting risks, which should be addressed in management procedures and policies, not in ERM frameworks.
792. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
793. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	The following comments apply for ICP 16.7.1-16.7.5: FINMA does acknowledge the importance of underwriting guidelines and directives within the ERM of an insurance company. However, we would refrain from listing additional elements, as an insurance company should define at its own discretion what additional elements might be fit for purpose in relation to the kind of business underwritten. In addition, we question the benefit of including information regarding e.g. claims settlement, expense control or analysis of emerging risks in an underwriting policy since according to our understanding the aforementioned topics can be better prescribed or analyzed in other guidelines/reports.
794. American Academy of Actuaries	United States of America	No	Underwriting policies for non-life insurers generally do not cover claims settlement and should only cover expense control where relevant to certain specifics of the underwriting process (such as the cost for on-site inspections). Therefore, we recommend that the reference to expense control in Section 16.7.1 be clarified as follows: "An underwriting policy should cover the underwriting process, pricing, claims settlement (both in terms of timing and amount) and expense control (where applicable and relevant to the expenses of the underwriting process)." We would also note that this is an operational risk and typically does not rise to the level of a solvency risk, which should be the focus of this ICP.
175 - Q175 Comment on Guidance ICP 16.7.2			
795. General Insurance Association of Japan	Japan	No	As we commented on ICP 16.7, we suggest deleting ICP 16.7.1 and 16.7.2, since the matters described are related to practical procedures to manage underwriting risks, which should be addressed in management procedures and policies, not in ERM frameworks.
796. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
797. Swiss Financial Market	Switzerland	No	Same comment as for 16.7.1

Supervisory Authority (FINMA)			
798. American Academy of Actuaries	United States of America	No	We would appreciate additional clarity on the concerns over expenses associated with claims payments.
176 - Q176 Comment on Guidance ICP 16.7.3			
799. General Insurance Association of Japan	Japan	No	As we commented on ICP 16.7, an underwriting policy included in an insurer´s ERM framework should chiefly aim to prevent excessive risk-taking. Thus, the practical matters described here should be addressed separately in management procedures and policies.
800. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
801. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	Same comment as for 16.7.1
177 - Q177 Comment on Guidance ICP 16.7.4			
802. Insurance Europe	Europe	No	The language should be broadened to allow for the policy to identify the risks that the company will decline too, rather than focusing only on the risks it will accept.
803. Global Federation of Insurance Associations	Global	No	The language should be broadened to allow for the policy to identify the risks that the company will decline too, rather than focusing only on the risks it will accept.
804. General Insurance Association of Japan	Japan	No	As we commented on ICP 16.7, an underwriting policy included in an insurer´s ERM framework should chiefly aim to prevent excessive risk-taking. Thus, the practical matters described here should be addressed separately in management procedures and policies.

805. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
806. American Council of Life Insurers	Office of General Counsel	No	The language should be broadened to allow for the policy to identify the risks that the company will decline rather than focusing on the risks the risks the company will accept.
807. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	Same comment as for 16.7.1
808. Institute of International Finance/Geneva Association	United States/Switzerland	No	The language should be broadened to allow for the policy to identify the risks that the company will decline rather than focusing on the risks the risks the company will accept.
178 - Q178 Comment on Guidance ICP 16.7.5			
809. General Insurance Association of Japan	Japan	No	As we commented on ICP 16.7, an underwriting policy included in an insurer´s ERM framework should chiefly aim to prevent excessive risk-taking. Thus, the practical matters described here should be addressed separately in management procedures and policies.
810. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
811. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	Same comment as for 16.7.1
179 - Q179 Comment on Guidance ICP 16.7.6			

812. General Insurance Association of Japan	Japan	No	As we commented on ICP 16.7, an underwriting policy included in an insurer´s ERM framework should chiefly aim to prevent excessive risk-taking. Thus, the practical matters described here should be addressed separately in management procedures and policies.
813. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
814. Institute and Faculty of Actuaries	UK	No	The wording should also reference the underwriting policy, including specified credit risk that the insurer is prepared to take on reinsurance agreements (as per CF 16.7c).
192 - Q192 Comment on Standard ICP 16.8			
923. Insurance Europe	Europe	No	Insurance Europe would welcome a clarification on the subsequent Guidance on how the ORSA (and its documentation as per Guidance ICP 16.8.1) form part and/or relate to the overall ERM framework for solvency purposes. In the revised document, ICP 16.8 and the following seem to be unconnected with the rest of the document. As mentioned in relation to ICP 8.1.18, Insurance Europe found the figure previously included in ICP 16 ("Figure 16.1 The IAIS standard ERM framework") helpful to clarify the risk management and ERM structure (including all tools foreseen therein). Insurance Europe would suggest that a similar updated graph – including the ORSA – could be provided by the IAIS. Furthermore, Insurance Europe would like to make the following general remarks: • The ORSA should be appropriate to the nature, scale and complexity of the risks faced by the entity and/or Group. The ORSA is integral part of the risk management (indistinguishable from it) of the entity (as noted in ICP 16.10 it should cover all material risks). Therefore ICP 16 and ICP 8 (incl relevant ComFrame material) should be merged.
924. Global Federation of Insurance Associations	Global	No	GFIA would welcome a clarification on the subsequent Guidance on how the ORSA (and its documentation as per Guidance ICP 16.8.1) form part and/or relate to the overall ERM framework for solvency purposes. In the revised document, ICPs 16.8 and the following seem to be unconnected with the rest of the document. As mentioned in relation to ICP 8.1.18, GFIA found the figure previously included in ICP 16 ("Figure 16.1 The IAIS standard ERM framework") helpful to clarify the risk management and ERM structure (including all tools foreseen therein). GFIA would suggest that a similar updated graph could be provided by the IAIS.
925. AIA Group	Hong Kong	No	It should be made clear in this ICP that the ORSA should take into consideration the nature, scale and complexity of the IAIG.

926. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
927. American Council of Life Insurers	Office of General Counsel	No	General Comment on 16.8-.12: As proposed, the ICP does not appear to contemplate proportional of application of the ORSA requirement. That would allow the IAIG to develop an ORSA process that is fit for purpose and takes into account the nature, scale and complexity of the business. Further, the general references to the insurer's ORSA within this section are of concern as the guidance for ORSA content has been established in most, and often varies across jurisdictions. The ICP should acknowledge and respect the differences in ORSA requirements across jurisdictions and, as noted above, guidance pertaining to it should be more principles based. When performing the group-wide ORSA, insurers should be encouraged to harness existing processes and approaches given that many legal entities are already required to carry out an annual ORSA by their local supervisors. Finally, "Insurer" should be changed to "IAIG or Insurer" through-out these sections to avoid the imposition of redundant requirements.
928. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	According to FINMA, ICP 16.8 does not reflect the purpose of the ORSA comprehensively. It might be assumed that the term "risk management" does mean the risk management system of an insurance company only, which would not be adequate. To avoid potential misunderstandings we would rather suggest using the term "risk position" in order to state that the purpose of an ORSA is to assess entirely the risk situation of an insurance company. This would also include an assessment of the adequacy of an insurer´s risk management and internal control system.
929. Prudential Financial, Inc.	United States of America	No	We disagree with the use of the word ORSA as a single point of reference. The ICP must acknowledge that ORSA requirements and expectations may justifiably differ across jurisdictions. The ICP must acknowledge and account for these differences by taking a more principles based approach to setting guidance. In addition, "Insurer" should be changed to "IAIG or Insurer" through-out these sections.
193 - Q193 Comment on Guidance ICP 16.8.1			
931. Insurance Europe	Europe	No	Insurance Europe would propose the following addition to ICP 16.8.1: "The insurer should document the main outcomes, rationale, calculations, and action plans arising from its ORSA."

932. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
933. Prudential Financial, Inc.	United States of America	No	Please see our response to question 192.
194 - Q194 Comment on Guidance ICP 16.8.2			
934. Insurance Europe	Europe	No	Insurance Europe would suggest that ICP 16.8.2 should be specified to say that the ORSA should be largely driven by risk profile of the entity and reflect how it is structured and manages itself. Please also refer to general comments added on ICP 16.8.
935. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
195 - Q195 Comment on Standard ICP 16.9			
936. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
937. American Council of Life Insurers	Office of General Counsel	No	While the Board should be informed of the ORSA results, we do not believe it is appropriate to require Board ownership / responsibility for the ORSA. Additionally, we believe “insurer” should be replaced with “IAIG or Insurer” to avoid the imposition of redundant requirements.
938. Prudential Financial, Inc.	United States of America	No	While the Board should be informed of the ORSA results, we do not believe it is appropriate to require Board ownership / responsibility for the ORSA. The standard should be modified accordingly. In addition, we believe “insurer” should be replaced with “IAIG or Insurer”.
939. Institute of International Finance/Geneva Association	United States/Switzerland	No	We do not believe that it need be a requirement that the Board be responsible for the ORSA. We would therefore suggest introducing some optionality in the language along the lines of the following “…requires the insurer’s Board and/or Senior Management to be responsible for the ORSA
941. National Association of	USA, NAIC	No	This standard should better articulate what is required of the Board as contrasted with Senior Management. Senior management is responsible for carrying out the requirements of the ORSA and the Board is responsible for

Insurance Commissioners (NAIC)			understanding and advising senior management on any changes that should be made to the operations as a result of decisions by the Board. The actual responsibilities for ORSA should be better articulated either in the standard or in guidance.
196 - Q196 Comment on Guidance ICP 16.9.1			
942. Insurance Europe	Europe	No	Insurance Europe would suggest that the role of the risk management function in the ORSA be clarified here as per ICP 8.4. Insurance Europe furthermore notes that there is also a potential overlap with CF16.2b (independent review of ERM framework) which should be clarified.
943. Global Federation of Insurance Associations	Global	No	GFIA would suggest that the role of the risk management function in the ORSA be clarified here as per ICP 8.4.
944. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
946. Prudential Financial, Inc.	United States of America	No	Please clarify if and how the IAIS believes the "review of ORSA effectiveness" called for in this section differs from that called for in CF 16.2b.
197 - Q197 Comment on Standard ICP 16.10			
947. AIA Group	Hong Kong	No	It should be made clear that an insurer and IAIG need only produce a single ORSA that covers all its businesses. Please also note that certain risks such as interest rate and credit risks are correlated with each other, it would be ideal to consider and allow for correlations between these risks.
948. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
949. American Council of Life Insurers	Office of General Counsel	No	We believe "insurer" should be replaced with "IAIG or Insurer" to avoid the imposition of redundant requirements. This comment also applies to 16.10.1.
950. Institute and Faculty of Actuaries	UK	No	It is not clear why certain risks need to be considered in the ORSA at a minimum, as the pertinent risks would depend on the nature of operations. It may make sense to align the list of risks considered to the list provided in CF16.1b.

951. American Academy of Actuaries	United States of America	No	We suggest replacing “including, at a minimum” with “such as”. As mentioned in our comments above concerning paragraphs 16.4.1 and 16.4.4, liquidity is not always a material risk for all insurers. As such, companies should have the flexibility to opine on the materiality and inclusion in their Own Risk and Solvency Assessment (ORSA) of a particular risk, such as liquidity risk.
952. Prudential Financial, Inc.	United States of America	No	We believe “insurer” should be replaced with “IAIG or Insurer”.
198 - Q198 Comment on Guidance ICP 16.10.1			
953. Insurance Europe	Europe	No	Insurance Europe would suggest that using “sources of risk” is preferable to “causes of risk”.
954. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
955. Prudential Financial, Inc.	United States of America	No	We believe “insurer” should be replaced with “IAIG or Insurer”.
199 - Q199 Comment on Guidance ICP 16.10.2			
956. Canadian Institute of Actuaries	Canada	No	The CIA believes that this sentence would read better as “The ORSA should explicitly state which risks are quantifiable and which risks are not”.
957. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
200 - Q200 Comment on Guidance ICP 16.10.3			
958. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
201 - Q201 Comment on Guidance ICP 16.10.4			

959. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
960. Prudential Financial, Inc.	United States of America	No	The guidance provided is overly prescriptive and should be outcomes based rather than focusing on the process with which to obtain the desired outcome. In the case of this guidance, we do not believe it is appropriate to require separate entity level and group level ORSAs. Rather, the focus should be on ensuring the insurance group or insurer prepares an ORSA or ORSAs that comprehensively assesses risks within and across the group.
202 - Q202 Comment on Guidance ICP 16.10.5			
961. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	We agree that – where foreseeable – changes in group structure should be considered in the ORSA, however this should be at the discretion of the IAIG. This will allow for a balance between reasonable stress tests and trying to think of every possible eventuality.
962. Insurance Europe	Europe	No	Insurance Europe agrees that – where foreseeable – changes in the group structure should be considered in the ORSA, however, this should be at the discretion of the IAIG. This will allow for a balance between reasonable stress tests and stress tests that cover every possible eventuality.
963. Global Federation of Insurance Associations	Global	No	GFIA agrees that – where foreseeable – changes in the group structure should be considered in the ORSA, however, this should be at the discretion of the IAIG. This will allow for a balance between reasonable stress tests and stress tests that cover every possible eventuality.
964. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
965. Institute of International Finance/Geneva Association	United States/Switzerland	No	We agree that – where foreseeable – changes in group structure should be considered in the ORSA, however this should be at the discretion of the IAIG. This will allow for a balance between reasonable stress tests and trying to think of every possible eventuality.
203 - Q203 Comment on Guidance ICP 16.10.6			

966. Insurance Europe	Europe	No	Insurance Europe is not convinced the first sentence of this Guidance adds value and would suggest this be deleted. Regarding the example included in the Guidance, Insurance Europe would like to clarify that performing such testing when “key/material entities” rather than when “each entity” of the group is in difficulty would be sufficient to identify issues (and more practical to conduct). Such testing may also not be necessary each time an ORSA is performed.
967. Global Federation of Insurance Associations	Global	No	GFIA is not convinced the first sentence of this Guidance adds value and would suggest this be deleted.
968. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
204 - Q204 Comment on Guidance ICP 16.10.7			
969. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
986. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
987. American Council of Life Insurers	Office of General Counsel	No	The general references to the insurer’s ORSA within this section are of concern as the guidance for ORSA content has been established in most, and often varies across jurisdictions. The ICP should acknowledge and respect the differences in ORSA requirements across jurisdictions and, as noted above, guidance pertaining to it should be more principles based. Finally, “Insurer” should be changed to “IAIG or Insurer” through-out these sections to avoid the imposition of redundant requirements.
988. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	According to FINMA, based on the information provided in ICP 16.11, one could assume that the purpose of an ORSA is to determine an insurance entity´s capital needs solely in times when it operates within its defined risk capacity. It is our understanding that one essential purpose of the ORSA is also to determine the capital needs of an insurer when the company is in financial distress (beyond its risk appetite). Therefore, we suggest changing the first bullet in the following way: "determine, as part of its ORSA, the overall financial resources it needs to manage its business given its risk appetite and business plans and evaluate measures in case of financial distress".

989. Prudential Financial, Inc.	United States of America	No	We disagree with the use of the word ORSA as a single point of reference. The ICP must acknowledge that ORSA requirements and expectations may justifiably differ across jurisdictions. The ICP must acknowledge and account for these differences by taking a more principles based approach to setting guidance. In addition, "Insurer" should be changed to "IAIG or Insurer" through-out these sections.
208 - Q208 Comment on Guidance ICP 16.11.1			
991. Insurance Europe	Europe	No	Insurance Europe has strong concerns about the last sentence in this Guidance and would ask the IAIS to delete it. Compliance with the regulatory capital requirement (and not the economic capital) should determine whether a supervisor is "confident that risks are being well managed". As indicated in response to Guidance ICP 16.1.7, Insurance Europe would like to stress that, for the purpose of regulatory capital assessment, the ERM/ORSA should not create a third solvency capital requirement. A deviation between the economic capital and the calculation of the regulatory capital must not lead to an automatic increase of capital. The supervisory authorities have a range of supervisory tools if they deem it necessary to react.
992. Global Federation of Insurance Associations	Global	No	GFIA has strong concerns about the last sentence in this Guidance and would ask the IAIS to delete it. Compliance with the regulatory capital requirement (and not the economic capital) should determine whether a supervisor is "confident that risks are being well managed". As indicated in response to Guidance ICP 16.1.7, GFIA would like to stress that for the purpose of regulatory capital assessment, the ERM/ORSA should not create an additional solvency capital requirement. A deviation between the economic capital and the calculation of the regulatory capital must not lead to an automatic increase of capital. The supervisory authorities have a range of supervisory tools if they deem it necessary to react.
993. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
209 - Q209 Comment on Guidance ICP 16.11.2			
994. Insurance Europe	Europe	No	Please refer to response on Guidance ICP 16.11.1
995. Global Federation of Insurance Associations	Global	No	Please refer to response on Guidance ICP 16.11.1

996. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
210 - Q210 Comment on Guidance ICP 16.11.3			
997. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
211 - Q211 Comment on Guidance ICP 16.11.4			
998. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	It should be at the discretion of the insurer to demonstrate that is has reasonably considered recapitalising in a stress scenario.
999. Insurance Europe	Europe	No	Insurance Europe agrees it is important for an insurance undertaking to take into account the fact that it may need to raise new capital, however the necessity and the way to reflect this in the ORSA should be at the discretion of the insurance undertaking. It should be at the discretion of the insurer to demonstrate that is has reasonably considered recapitalising in a stress scenario. The content of this guidance is furthermore also included in ICP 17 and should not be repeated in ERM.
1000. Global Federation of Insurance Associations	Global	No	GFIA agrees it is important for an insurance undertaking to take into account the fact that it may need to raise new capital, however the necessity and the way to reflect this in the ORSA should be at the discretion of the insurance undertaking It should be at the discretion of the insurer to demonstrate that is has reasonably considered recapitalising in a stress scenario. The content of this guidance is furthermore also included in ICP 17 and should not be repeated in ERM.
1001. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1002. Institute of International Finance/Geneva Association	United States/Switzerland	No	It should be at the discretion of the insurer to demonstrate that it is has reasonably considered recapitalising in a stress scenario.

212 - Q212 Comment on Guidance ICP 16.11.5			
1003. Insurance Europe	Europe	No	The content of this guidance is also included in ICP 17 and should not be repeated in ERM.
1004. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
213 - Q213 Comment on Guidance ICP 16.11.6			
1005. Insurance Europe	Europe	No	While Insurance Europe does not disagree with the content of Guidance ICP 16.11.6, the paragraph is misplaced in ICP 16. Capital adequacy / quality should be addressed in ICP 17.
1006. Global Federation of Insurance Associations	Global	No	While GFIA does not necessarily disagree with the content of Guidance ICP 16.11.6, the paragraph is misplaced in ICP 16. Capital adequacy / quality should be addressed in ICP 17.
1007. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
214 - Q214 Comment on Guidance ICP 16.11.7			
1008. Insurance Europe	Europe	No	Insurance Europe would suggest that the last sentence of this guidance is not necessary and should hence be deleted. The group should have discretion in the implementation of its risk and solvency management. Mandating the calculation of economic capital individually at the level of each insurance legal entity of the group could lead to inefficiencies and is not currently a requirement in all regulatory frameworks for groups supervision. Where not a regulatory requirement, it should be at the discretion of the group for which individual entities calculate economic capital (ie at entity level).
1009. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1010. Prudential Financial, Inc.	United States of America	No	We do not believe it is appropriate to specify separate expectations for the entity and group level (see our response to question 201). Rather, the focus should be on ensuring the insurance group or insurer prepares an ORSA (or ORSAs) that comprehensively assesses risks within and across the group. In addition, we believe the last two sentences should be merged and modified to read as follows: “The insurance

			group's risk management actions should be based on appropriate risk limits and consideration of its economic capital, regulatory capital requirements and financial resources."
215 - Q215 Comment on Guidance ICP 16.11.8			
1011. Insurance Europe	Europe	No	Insurance Europe believes that the group-wide factors listed in this Guidance are important, however it believes that it should be at the discretion of the group to decide on the relevant factors to take into account. This should be reflected in the Guidance.
1012. Global Federation of Insurance Associations	Global	No	GFIA believes that the group-wide factors listed in the Guidance are important, however it believes that it should be at the discretion of the group to decide on the relevant factors to take into account. This should be reflected in the Guidance.
1013. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
216 - Q216 Comment on Standard ICP 16.12			
1014. ABIR Association of Bermuda Insurers & Reinsurers	BERMUDA	No	Proportionality would be a key concern in the level of documentation or stress testing expected by the supervisor as part of prescribed continuity analysis.
1015. Insurance Europe	Europe	No	Insurance Europe agrees that the continuity analysis is appropriate for insurance undertakings, however it should be at the discretion of the insurance undertaking to decide whether and how to perform the continuity analysis. If it is to be at the discretion of the supervisor, proportionality would be a key concern in the level of documentation or stress testing expected by the supervisor as part of prescribed continuity analysis. The comparison to the time horizon typically used to determine regulatory capital requirements is inappropriate. The underlying assumptions for models used to determine regulatory capital requirements vary and often extend to long horizons. Finally, for the reasons listed in response to Guidance ICP 16.1.7 and ICP 16.11.1, the comparison between the outcomes of the ORSA and the determination of the regulatory capital requirement is inappropriate.
1016. Global Federation of Insurance Associations	Global	No	GFIA agrees that the continuity analysis is appropriate for insurance undertakings, however it should be at the discretion of the insurance undertaking to decide whether and how to perform the continuity analysis. If it is to be at the discretion of the supervisor, proportionality would be a key concern in the level of documentation or stress testing expected by the supervisor as part of prescribed continuity analysis.

			The comparison to the time horizon typically used to determine regulatory capital requirements is inappropriate. The underlying assumptions for models used to determine regulatory capital requirements vary and often extend to long horizons. Finally, for the reasons listed in response to Guidance ICP 16.1.7 and ICP 16.11.1, the comparison between the outcomes of the ORSA and the determination of the regulatory capital requirement is inappropriate.
1017. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1018. American Council of Life Insurers	Office of General Counsel	No	This section requires insurers to undertake forward-looking continuity analysis and, in doing so, to demonstrate its ability to meet future regulatory capital requirements under different stress scenarios. The wording in this ICP should not be read to imply that supervisors may take regulatory action if the insurer is projected to be insolvent or close to being insolvent under ORSA stress scenarios. Instead, the insurer should consider a range of management actions that can be deployed under the different stress scenarios. The general references to the insurer's ORSA within this section are of concern as the guidance for ORSA content has been established in most, and often varies across jurisdictions. The ICP should acknowledge and respect the differences in ORSA requirements across jurisdictions and, as noted above, guidance pertaining to it should be more principles based. Finally, "Insurer" should be changed to "IAIG or Insurer" through-out these sections to avoid the imposition of redundant requirements.
1019. Prudential Financial, Inc.	United States of America	No	We disagree with the use of the word ORSA as a single point of reference. The ICP must acknowledge that ORSA requirements and expectations may justifiably differ across jurisdictions. The ICP must acknowledge and account for these differences by taking a more principles based approach to setting guidance. In addition, "Insurer" should be changed to "IAIG or Insurer" through-out these sections.
1020. Institute of International Finance/Geneva Association	United States/Switzerland	No	Performance of an ORSA, level of documentation and stress testing should be proportionate to the nature, scale and complexity of the business. This provides the IAIG management the flexibility to focus on material risks and adopt a less complex approach for less material business.

1022. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	We question the inclusion of the word "longer-term" for evaluation. While life insurers would consider the long-term nature of their products, we would only expect insurers to consider their business in the context of their short-term strategic plans.
217 - Q217 Comment on Guidance ICP 16.12.1			
1023. Insurance Europe	Europe	No	Insurance Europe has concerns over the requirements implied by ICP 16.12.1. The reference to "longer term" is not appropriate, however Insurance Europe appreciates that this guidance should apply to the extent where the continuity analysis is performed over the time horizon used for the ORSA (as per guidance ICP 16.12.6 and 16.12.1). However, long-term scenarios are often not adequate for non-life insurers as their business and investments are not typically of a long-term nature.
1024. Global Federation of Insurance Associations	Global	No	GFIA believes the requirement should be deleted. Long term scenarios are in most cases not adequate for non-life insurers, as they do not have long-term business or long-term investments.
1025. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
218 - Q218 Comment on Guidance ICP 16.12.2			
1026. Insurance Europe	Europe	No	Insurance Europe suggests to delete or further clarify this point as it is ambiguous and potentially overlapping with ICP 16.10.1. ORSAs (including forward looking / continuity analyses) have to be performed regularly (Guidance ICP 16.10.1). If the supervisor identifies a deficiency, then this would be covered under the guidance in ICP 16.3.
1027. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1028. Institute of International Finance/Geneva Association	United States/Switzerland	No	This section requires insurers to undertake forward-looking continuity analysis and, in doing so, to demonstrate its ability to meet future regulatory capital requirements under different stress scenarios. This wording implies that supervisors may take regulatory action, including the potential imposition of a capital add-on if the insurer is projected to be insolvent or close to being insolvent under stress scenarios. We strongly disagree with any notion that the ORSA

			should be used as a basis for supervisors to take regulatory action. Instead, the insurer should consider a range of management actions that can be deployed under the different stress scenarios.
219 - Q219 Comment on Guidance ICP 16.12.3			
1029. Insurance Europe	Europe	No	Reverse stress testing could be a valuable tool for insurance undertakings in order to determine the scenarios that would be the likely cause of failure, however, Insurance Europe believes the decision about the use of reverse stress test should be at the discretion of the insurance undertaking.
1030. Global Federation of Insurance Associations	Global	No	Reverse stress testing could be a valuable tool for insurance undertakings in order to determine the scenarios that would be the likely cause of failure, however, the decision about the use of reverse stress test should be at the discretion of the insurance undertaking.
1031. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
220 - Q220 Comment on Guidance ICP 16.12.4			
1032. AIA Group	Hong Kong	No	Contingency plans should take into consideration the nature, scale and complexity of an insurer or IAIG.
1033. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1034. American Council of Life Insurers	Office of General Counsel	No	ICP 16.12.4 requires contingency plans for “gone concern” situations. Such recovery and resolution plans are a significant burden for the insurer to produce, and in most cases of no value to a well-managed, financially sound entity. Such plans should only be required in limited circumstances where there is a significant regulatory purpose. As regards to contingency plans for “going concern” situations, this and all other guidance elements should only be required when there is significant regulatory purpose, and be subject to the proportionality principle and the supervisor must have discretion to determine the appropriate content and detail of the recovery plan, based on the nature, scale and complexity of the insurer. Additionally, the supervisor should have the discretion to accept alternative submissions in lieu of a separate, formal recovery plan to the extent such submissions collectively satisfy the standard.
1036. Swiss Re	Switzerland	No	We support the concept of contingency plans, however, we believe that in the context of ERM these should focus on going concern situations. Gone concern is the remit of resolution planning.

1037. Institute of International Finance/Geneva Association	United States/Switzerland	No	We support the concept of contingency plans, however, we believe that in the context of ERM these should focus on going concern situations. Gone concern is the remit of resolution planning.
221 - Q221 Comment on Guidance ICP 16.12.5			
1039. Insurance Europe	Europe	No	Please refer to the response to Standard ICP 16.12
1040. Global Federation of Insurance Associations	Global	No	Please refer to the response to Standard ICP 16.12
1041. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
222 - Q222 Comment on Guidance ICP 16.12.6			
1042. Insurance Europe	Europe	No	Please refer to the response to Standard ICP 16.12
1043. Global Federation of Insurance Associations	Global	No	Please refer to the response to Standard ICP 16.12
1044. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1045. American Academy of Actuaries	United States of America	No	We suggest adding “where applicable” to the above phrasing. Product design and embedded guarantees/options are typically not a solvency concern for non-life insurers’ continuity analysis.
223 - Q223 Comment on Guidance ICP 16.12.7			

1046. Canadian Institute of Actuaries	Canada	No	The CIA believes that "ensure" is too strong a word here, and that something like "enhance" would be a better choice.
1047. Insurance Europe	Europe	No	Please refer to the response to Standard ICP 16.12
1048. Global Federation of Insurance Associations	Global	No	Please refer to the response to Standard ICP 16.12
1049. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
224 - Q224 Comment on Guidance ICP 16.12.8			
1050. International Actuarial Association	International	No	The ORSA section itself is reasonably comprehensive, but there could usefully be a need to report on the key judgements and uncertainties in the analysis, for example in the potential uncertainty in key elements of the correlations in the tail of the distribution. This latter point is certainly relevant to the commentary regarding reducing capital retirements through writing different types of business.
1051. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
225 - Q225 Comment on Guidance ICP 16.12.9			
1052. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
226 - Q226 Comment on Guidance ICP 16.12.10			
1053. Insurance Europe	Europe	No	Insurance Europe believes it should be at the discretion of the insurance group how to analyse its ability to continue in business, and to decide whether it is appropriate to consider its ability to continue to exist as an insurance group.
1054. Global Federation of	Global	No	GFIA believes it should be at the discretion of the insurance group how to analyse its ability to continue in business, and to decide whether it is appropriate to consider its ability to continue to exist as an insurance group.

Insurance Associations			
1055. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
227 - Q227 Comment on Guidance ICP 16.12.11			
1056. Insurance Europe	Europe	No	Please refer to the response to Standard ICP 16.12
1057. Global Federation of Insurance Associations	Global	No	Please refer to the response to Standard ICP 16.12
1058. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
228 - Q228 Comment on Guidance ICP 16.12.12			
1059. Insurance Europe	Europe	No	Please refer to the response to Standard ICP 16.12
1060. Global Federation of Insurance Associations	Global	No	Please refer to the response to Standard ICP 16.12
1061. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
229 - Q229 Comment on Guidance ICP 16.12.13			
1062. Insurance Europe	Europe	No	Please refer to the response to Standard ICP 16.12

1063. Global Federation of Insurance Associations	Global	No	Please refer to the response to Standard ICP 16.12
1064. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
230 - Q230 Comment on Guidance ICP 16.12.14			
1065. Insurance Europe	Europe	No	Please refer to the response to Standard ICP 16.12
1066. Global Federation of Insurance Associations	Global	No	Please refer to the response to Standard ICP 16.12
1067. International Actuarial Association	International	No	The brief mention of reverse stress testing in 16.12.14 is different to the normal usage of this – reverse stress testing does not normally consider scenarios that are "likely to cause business failure" but those that could.
1068. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
233 - Q233 Comment on Standard ICP 16.13			
1077. Insurance Europe	Europe	No	Insurance Europe believes that, overall, Standard ICP 16.13 and its accompanying Guidance provide valuable information on the interaction between supervisor and insurer in the context of its ERM framework. It should, nevertheless, be clarified that when the material addresses solvency assessment and capital management processes, the regulatory capital setting is not automatically affected. Please refer to comments made in response to Guidance ICP 16.1.7 and others. However, some of the Guidance under this standard is too prescriptive and should be reconsidered. (see general comments)

1078. Global Federation of Insurance Associations	Global	No	GFIA believes that, overall, Standard ICP 16.13 and its accompanying Guidance provide valuable information on the interaction between supervisor and insurer in the context of its ERM framework. It should, nevertheless, be clarified that when the material addresses solvency assessment and capital management processes, the regulatory capital setting is not automatically affected. Please refer to comments made in response to Guidance ICP 16.1.7 and others. However, much of the guidance under this standard, including .5 through .11, have the potential for regulatory overreach.
1079. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1080. American Council of Life Insurers	Office of General Counsel	No	While we agree the supervisor should have appropriate regulatory tools for instances where the insurer's internal processes are inadequate, these tools should only be available in the rare instance where the process deficiencies result in a hazardous financial condition.
234 - Q234 Comment on Guidance ICP 16.13.1			
1081. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
235 - Q235 Comment on Guidance ICP 16.13.2			
1082. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1083. American Academy of Actuaries	United States of America	No	Given that an ORSA is a process, we suggest modifying this phrase to read "... receiving ... the ORSA report regularly".
236 - Q236 Comment on Guidance ICP 16.13.3			
1084. Insurance Europe	Europe	No	It is not immediately obvious why model risk is specifically mentioned (last bullet point).
1085. International Actuarial Association	International	No	There could be more mention in the ICP of the need to consider the enterprise's Risk Appetite. We suggest to add to the list in 16.13.3 - "the supervisor expects the Board to run a company within its stated Risk Appetite and take actions should there be a breach."

1086. International Insurance Foundation	International	No	Add: “Does the organization maintain a robust risk culture that assures active support and adjustment of the insurer’s ERM framework to changing conditions?”
1087. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
237 - Q237 Comment on Guidance ICP 16.13.4			
1088. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
238 - Q238 Comment on Guidance ICP 16.13.5			
1089. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
239 - Q239 Comment on Guidance ICP 16.13.6			
1090. Insurance Europe	Europe	No	Insurance Europe generally agrees with the necessity to provide the supervisor with information on ERM and risk and solvency assessments (first sentence of ICP 16.13.6). However, the inclusion of the second sentence onwards should be reconsidered or at least reworded, bearing in mind existing reporting standards to minimise reporting inefficiencies. For example: • the information listed forms part of ORSA reports in a number of jurisdictions as well as in the documentation required in ICP 16.8.1. Additional requirements therefore appear to be redundant; • Some jurisdictions may require public disclosure of a solvency and financial condition report. Projections are therefore not appropriate in this context. The last bullet point should be deleted. Finally, Insurance Europe notes that long-term scenarios are often not adequate for non-life insurers as their business and investments are not typically of a long-time nature.
1091. Global Federation of Insurance Associations	Global	No	GFIA believes the requirement to provide long-term assessments of capital adequacy should be deleted. Long term scenarios are in most cases not adequate for non-life insurers, as they do not have long-term business or long-term investments.

1092. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1093. American Council of Life Insurers	Office of General Counsel	No	The requirement from supervisors to provide appropriate information should not create unnecessary burden on the insurer or duplication of readily available information. Additional reporting to supervisors including a solvency and financial condition report should not merely fulfill the documentation request of the supervisor, instead it should assist in the assessment of the IAIG's own view of risk
1094. Monetary Authority of Singapore (MAS)	Singapore	No	We note a grammatical error in the first sentence – "provided" should be amended to "provide".
1095. Institute of International Finance/Geneva Association	United States/Switzerland	No	The requirement from supervisors to provide appropriate information should not create unnecessary burden on the insurer or duplication of readily available information. Additional reporting to supervisors including a solvency and financial condition report should not merely fulfill the documentation request of the supervisor, instead it should assist in the assessment of the IAIG's own view of risk.
240 - Q240 Comment on Guidance ICP 16.13.7			
1097. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
241 - Q241 Comment on Guidance ICP 16.13.8			
1098. Insurance Europe	Europe	No	Insurance Europe appreciates that supervisors will require all underlying information on the ERM material in order to assess whether appropriate management action has been taken in response. However, the ERM framework interlinks with an insurer's business strategy, and supervisory involvement in the ERM framework therefore means supervisory involvement in the business strategy, it is crucial that sufficient reasons are provided to the insurer to explain the supervisor's decision. This involvement can potentially result in quite intrusive action by the supervisor and Insurance Europe would therefore urge that sufficient communication between the supervisor and the insurer takes place.
1099. Global Federation of Insurance Associations	Global	No	GFIA appreciates that supervisors will require all underlying information on the ERM material in order to assess whether appropriate management action has been taken in response. However, the ERM framework interlinks with an insurer's business strategy and supervisory involvement in the ERM framework therefore means supervisory involvement in the business strategy, it is crucial that sufficient reasons are provided to the insurers to explain the supervisor's decision. This involvement can potentially result in quite intrusive action by the supervisor and GFIA would therefore urge, at least, that sufficient communication between the supervisor and the insurer takes place.

1100. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1101. American Council of Life Insurers	Office of General Counsel	No	Insurers perform a wide range of stress testing in the normal course of managing risks and strategic planning. This testing may involve a wide range of scenarios of varying levels of severity and probability. Without a clear definition of “material stress testing,” it is impossible to determine if the requirement to communicate results to the supervisor is appropriate or a significant overreach of the regulator into the role of management. Since ORSAs include prospective solvency assessments that are useful for supervisory insight into solvency risks, this section seems unnecessary and subject to misinterpretation.
1102. Institute and Faculty of Actuaries	UK	No	‘Where the supervisor considers the calculations conducted by an insurer should be supplemented by additional calculations, it should require the supervisor to carry out those additional calculations.’ This sentence is unclear. Perhaps it should refer to the supervisor being able to request the resolution of any deficiencies in the SST and/ or risk modelling calculations that it has identified?
1103. American Academy of Actuaries	United States of America	No	This requirement may have the unintended consequence of overwhelming both the insurer and the supervisor with excessive processing and insufficient focus in their respective duties. It could easily be an administrative burden for the insurer and a distraction for the supervisor as it is not focused on problem areas needing regulatory attention. We recommend instead that any such reporting be on a summarized findings basis contained within ORSA reports, with additional detail that supports the summarized assumptions and findings to be available upon request. We also note that the same paragraph suggests that the supervisor should have the authority to require that additional scenarios be run. This authority, if available, should be used with some measure of control and discretion so as not to create unnecessary burdens for insurers. Additional scenarios should be requested only for cause and in a thoughtful manner.
242 - Q242 Comment on Guidance ICP 16.13.9			
1105. Insurance Europe	Europe	No	Prescribed market-wide stress test, with appropriately selected (realistic) stress scenarios can play a valuable role in allowing industry-wide vulnerabilities to be assessed and understood. Most regulatory frameworks in place, however, represent a system based on extreme stress scenarios. Therefore, care must be taken to avoid the stress test exercises resulting in unjustified additional capital requirements. Stress test exercises have been seen to create confusion where results of such stress-tests and comparisons are misrepresented in public and had unforeseen detrimental consequences. Stress testing should never be narrowed down to a “pass-or-fail” exercise.
1106. Global Federation of	Global	No	Prescribed market-wide stress test, with appropriately selected (realistic) stress scenarios can play a valuable role in allowing industry-wide vulnerabilities to be assessed and understood. Most regulatory frameworks in place, however, represent a system based on extreme stress scenarios. Therefore, care must be taken to avoid the stress test

Insurance Associations			exercises resulting in unjustified additional capital requirements. Stress test exercises have been seen to create confusion where results of such stress-tests and comparisons were misrepresented in public and had unforeseen detrimental consequences. Stress testing should never be narrowed down to a "pass-or-fail" exercise.
1107. AIA Group	Hong Kong	No	We wish to clarify that prescribed or standard tests should not be mandatory and only if useful taking into context of the nature, scale and complexity of the insurer.
1108. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1109. American Council of Life Insurers	Office of General Counsel	No	Supervisors should not be encouraged to require insurers to apply prescribed or standard stress tests as part of the ORSA. This is contradictory to the main aim of the ORSA, which serves as the insurer's assessment of its "own" view of risks. More broadly, we believe this section must be refined to avoid the potential for the IAIG and insurers to be subject to redundant requirements that could potentially vary or even possibly conflict, when such variation is not warranted or further, possibly conflict. In addition, we believe "when warranted" is too broad and should be further defined / narrowed.
1110. Swiss Re	Switzerland	No	Supervisors should not be encouraged to require insurers to apply prescribed or standard stress tests as part of the ORSA. This is contradictory to the main aim of the ORSA which serves as the insurer's assessment of its "own" view of risks.
1111. Prudential Financial, Inc.	United States of America	No	We believe guidance on stress testing should be principles based to appropriately account for the diversity of insurance markets and unique risks within and across jurisdictions. A global "one-size-fits-all" approach would fail to capture such nuances. Further, the reference to a frequency of "when warranted" is vague and must be clarified.
1112. Institute of International Finance/Geneva Association	United States/Switzerland	No	Supervisors should not be encouraged to require insurers to apply prescribed or standard stress tests as part of the ORSA. This is contradictory to the main aim of the ORSA which serves as the insurer's assessment of its "own" view of risks.
243 - Q243 Comment on Guidance ICP 16.13.10			

1114. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
244 - Q244 Comment on Guidance ICP 16.13.11			
1115. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
245 - Q245 Comment on Guidance ICP 16.13.12			
1116. Insurance Europe	Europe	No	Insurance Europe supports the Guidance provided in ICPs 16.13.12 and 16.13.13 on disclosure.
1117. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1118. American Council of Life Insurers	Office of General Counsel	No	This paragraph seems to instill a clear bias toward public disclosure of risk management information. While appropriate in certain circumstances, the importance of appropriate confidentiality to full and meaningful information sharing with regulators was well documented during the development of the U.S. ORSA requirements. Concern related to potential public disclosure can impair transparency with the supervisor, rather than improve it. We recommend deletion of this paragraph.
1119. Prudential Financial, Inc.	United States of America	No	We disagree with the suggestion that further information on risk management, solvency and financial condition should be publicly disclosed given its proprietary nature (e.g., CF16.4a). Further, it is important to note that public disclosure must also adhere to legislation in place in a given jurisdiction.
246 - Q246 Comment on Guidance ICP 16.13.13			
1120. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
247 - Q247 Comment on Guidance ICP 16.13.14			

1121. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1122. Institute and Faculty of Actuaries	UK	No	This paragraph is the start of a 'Group perspectives' section and should be reflected as such in the document for consistency with the format used elsewhere.
248 - Q248 Comment on Guidance ICP 16.13.15			
1123. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
249 - Q249 Comment on Guidance ICP 16.13.16			
1124. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1125. Monetary Authority of Singapore (MAS)	Singapore	No	Suggest to include some elaboration on what constitutes "conflicts of interest across an insurance group"
250 - Q250 Comment on Guidance ICP 16.13.17			
1126. Insurance Europe	Europe	No	Insurance Europe strongly disagrees that the supervisory assessment of the group's ERM framework should in every case affect the level of capital that the insurance group is required to hold for regulatory purposes and any regulatory restrictions that are applied. Situations where potential findings from the ERM affect the regulatory capital assessment should be limited to clearly-defined scenarios and triggers (in some frameworks referred to as capital add-ons). This link between ERM and regulatory capital is a key element of the overall IAIS framework and should not be mentioned in a Guidance at the end of ICP 16. It should form an integral part of ICP 17 instead and be deleted here for consistency.
1127. Global Federation of Insurance Associations	Global	No	GFIA strongly disagrees that the supervisory assessment of the group's ERM framework should in every case affect the level of capital that the insurance group is required to hold for regulatory purposes and any regulatory restrictions that are applied. Situations where potential findings from the ERM affect the regulatory capital assessment should be limited to clearly defined scenarios and triggers.

			This link between ERM and regulatory capital is a key element of the overall IAIS framework and should not be mentioned in a Guidance at the end of ICP 16. It should form an integral part of ICP 17 instead and be deleted here for consistency.
1128. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
251 - Q251 Comment on Guidance ICP 16.13.18			
1129. Insurance Europe	Europe	No	While Insurance Europe strongly supports the use of internal models and believes that these will be particularly practicable for groups, a supervisor should not be able to require an insurance legal entity or a group to use an internal model, to carry out its ORSA. This should be in the discretion of the insurer / group.
1130. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1131. Prudential Financial, Inc.	United States of America	No	It is important to note that the ORSA is the insurance group or insurer’s document, to which the supervisor can recommend or provide feedback on.
252 - Q252 Comment on Guidance ICP 16.13.19			
1132. Insurance Europe	Europe	No	In the context of the thematic review and ComFrame, Insurance Europe believes that the introduction of another sub-category of groups (ie “insurance groups that are regarded as particularly important”) is not helpful and should be deleted or aligned with the overall framework.
1133. Global Federation of Insurance Associations	Global	No	In the context of the thematic review and ComFrame, GFIA believes that the introduction of another sub-category of groups (i.e. “insurance groups that are regarded as particularly important”) is not helpful and should be deleted or aligned with the overall framework.
1134. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment

1135. American Council of Life Insurers	Office of General Counsel	No	Supervisors should not be encouraged to require insurers to apply prescribed or standard stress tests as part of the ORSA. This is contradictory to the main aim of the ORSA which serves as the insurer's assessment of its "own" view of risks.
1136. Prudential Financial, Inc.	United States of America	No	We believe guidance on stress testing should be principles based to appropriately account for the diversity of insurance markets and unique risks within and across jurisdictions. A global "one-size-fits-all" approach would fail to capture such nuances. Further, the reference to "prescribed stress tests that apply to insurance groups that are regarded as particularly important in terms of meeting supervisory objectives" is vague and must be clarified.

Public consultation comments on ERM-related terms

Organisation	Jurisdiction	Confidential	Answer
253 - Q253 General comment on proposed definition of ERM-related terms to be added to the IAIS Glossary			
1138. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1139. Cincinnati Insurance Company	United States of America	No	In our opinion, the IAIS seems to be focused on creating a new international insurance regulatory code through ICPs, international standards, FSAP reviews by the IMF, etc. Going forward, we think the IAIS should abandon its development of international insurance regulatory codes and should reorient its efforts on recognizing regulatory regimes which have been proven effective instead of replacing them with a new, one size fits all international insurance regulatory code. To this end, we would like to see the IAIS take more of a United Nations approach to its mission and strategic plan, by emphasizing global regulatory coordination and cooperation instead of preemption or prescription of jurisdictional regimes with new international insurance regulatory codes. For these reasons, we think the IAIS Glossary should be eliminated altogether since its only purpose is to define terms used by the IAIS in the new international insurance regulatory codes it continues to promulgate. As such, there is no need to add any ERM-related terms to the IAIS Glossary since the Glossary itself should be eliminated in toto. Given the substance of this comment (the IAIS Glossary should be eliminated in toto), we see no need to answer Q254 through Q259.
1140. Prudential Financial, Inc.	United States of America	No	The glossary should be expanded to include: •Insurance Group •Insurer •Group Risk
1141. Institute of International Finance/Geneva Association	United States/Switzerland	No	We would like to convey some concerns about the use of language in the definition of ERM-related terms. For example, in the definition of “risk profile”, “net risk exposure” and “gross risk exposures” are used. However, the definitions of these concepts are usually company-specific, and are not consistently defined themselves.
254 - Q254 Comment on proposed definition of “ERM for Solvency Purposes”			

1142. Insurance Europe	Europe	No	Insurance Europe appreciates that the ERM for solvency purposes aims to link together different key areas of supervision and the definition captures this well, together with outlining that the ERM's purpose is aligned with the overall supervisory objectives of sound business operation and policy holder protection. However, as per ICP 1 supervisory objectives to be established by primary legislation may vary and the definition of ERM should acknowledge this.
1143. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
255 - Q255 Comment on proposed definition of "ERM framework"			
1144. Insurance Europe	Europe	No	As mentioned in relation to ICPs 8.1.18 and ICP 16.8, Insurance Europe found the figure previously included in ICP 16 ("Figure 16.1 The IAIS standard ERM framework") helpful. to clarify the risk management and ERM structure (including all tools foreseen therein). Insurance Europe would suggest that a similar updated graph could be provided by the IAIS to specify exactly what "an integrated set of processes and activities" could mean.
1145. International Actuarial Association	International	No	"ERM Framework" is given a specific definition related to solvency. While the need for ICP 16 to draw in an insurer/group's ERM framework is understood, we do not believe the IAIS can uniquely claim this term to itself. The COSO also has a definition of the same term. We would prefer that ERM framework be referred to more generally.
1146. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1147. Prudential Financial, Inc.	United States of America	No	The current definition of ERM Framework is too narrow and should be revised as follows: An integrated set of processes and activities established by an IAIG to align risk appetite and strategy, enhance risk response decisions, reduce operational surprises and losses, identify and manage risk, seize opportunities, and optimize deployment of capital.
256 - Q256 Comment on proposed definition of "Risk Capacity"			
1148. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment

1149. Institute and Faculty of Actuaries	UK	No	The definition should account for an insurer's own assessment of risk exposure and/ or economic capital in the determination of risk capacity as well as regulatory capital requirements.
1150. Prudential Financial, Inc.	United States of America	No	We believe the definition of Risk Capacity should be revised as follows: An estimate of resources available to absorb losses. It may be expressed as assets in excess of liabilities or as total resources available.
257 - Q257 Comment on proposed definition of "Risk Limit"			
1151. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1152. Prudential Financial, Inc.	United States of America	No	We believe the definition of Risk Profile should be revised as follows: A measure of the company's net risk exposure at a point in time.
258 - Q258 Comment on proposed definition of "Risk Limits Structure"			
1153. Insurance Europe	Europe	No	Insurance Europe would appreciate a clarification of the relationship between the terms "risk limit", "risk limits structure", "risk appetite", and "risk appetite statement".
1154. Global Federation of Insurance Associations	Global	No	GFIA would appreciate a clarification of the relationship between the terms "risk limit", "risk limit structure", "risk appetite", and "risk appetite statement".
1155. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
259 - Q259 Comment on proposed definition of "Risk Profile"			
1156. Home Loan Guarantee Company NPC	Johannesburg	No	No Comment
1157. Institute and Faculty of Actuaries	UK	No	The document's definition of risk profile does not require the use of 'forward looking assumptions'. However, the point-in-time assessment of risk profile will need to be based on an appropriate determination of risk exposure which will be based on forward looking assumptions if it uses 'economic' principles.

			The definition should refer to the use of an appropriate risk exposure basis for deriving the risk profile, e.g. the use of economic capital results at a risk factor level.