

## Resolution of comments

### Public consultation comments on *Draft Application Paper on supervising diversity, equity and inclusion – the governance, risk management and culture perspective*

14-Mar-24 to 14-Jun-24

#### Overview

This document provides the detailed comments submitted by the 12 respondents to the public consultation. All of them agreed for their consultation response to be published. The feedback can be characterised as overall supportive of the IAIS' work on DEI, and largely supportive of the approach taken within the draft application paper.

Analysis of the consultation feedback reveals some key repeated themes which are summarised, together with the IAIS responding position, below: (1) requests for change; (2) support. Every consultation comment has been responded to in the table from page 4. What the IAIS understood to be the crux of the comment **has been shaded** for ease of reading.

#### (1) *Requests for change:*

- Some comments suggested more detail be included in the paper on how the principle of proportionality would apply, including to draw explicit distinctions between what is expected of small vs large insurers. *Comments 36, 35, 55, 68, 80, 103, 120* This has not been actioned because any further specifications or details on what proportionality would involve in a particular context or scenario should rather be determined at jurisdictional level. The paper does make regular reference to the proportionality principle and it does note that size, location and nature of the insurer are important factors to consider. The paper also does note that local circumstances – particularly the legal, cultural and historical context – will influence how DEI is considered and the actions taken by supervisors and by insurers themselves on DEI. To ensure readers appreciate the relevance of the proportionality principle throughout the paper, an extra reference has been included at para 54 in the context of insurer-specific engagement and at para 69 in the conclusion.
- Some comments emphasised that any DEI-related actions taken by supervisors should be balanced and avoid imposing too much burden on insurers. *Comments 84, 99, 102, 112, 125, 126, 127, 133*. A subset of these comments expressed that any data collection by supervisors should leverage existing data. The paper makes regular reference to the proportionality principle which includes that supervisory techniques and practices should not go beyond what is necessary in order to achieve their purpose. Additions have also been made to the end of paras

45 and 53 to reinforce that the actions described in those paras (incorporating DEI -related enquiries into supervisory approaches and developing requirements), if taken by supervisors, should link to the supervisor's core focus areas.

- Two commentors expressed that an approach that uses soft powers only is what the IAIS should focus on. *Comments 11, 9/83/105*. The intent of the paper has been to provide guidance on the range of ways that supervisors may choose to address the topic of DEI, and this full breadth should be retained in the paper. While soft powers provide a range of useful actions a supervisor can deploy to encourage progress on DEI by the insurance sector, the IAIS considers this paper appropriately acknowledges that there may be instances where risks are identified and issues persist hence the supervisor may feel that more formal action is required to drive meaningful change. The paper makes clear that jurisdictional context will influence how DEI is considered, and the powers, mandate and the supervisors' assessment of its priorities will all influence the action a supervisor takes.
- Some comments expressed that evidence (eg literature, research, quantifiable data) has not established/proven comments made in the paper about the benefits of DEI, about the warning signs, and about the link between DEI and the supervisory mandate. *Comments 11, 42, 64, 134*. The IAIS does not consider the purpose of the application paper is to cite empirical evidence in support of all guidance or recommendations of good practice. The focus is on actionable insights rather than academic references.

## (2) Support:

- Appreciation and support for the recognitions of proportionality and the potential influence of local circumstances, particularly legal, cultural and historical context. Relatedly, that the paper offers positive guidance and suggestions across a spectrum of possible supervisory responses rather than being prescriptive. *Comments 10, 16, 18, 19, 34, 37*.
- Agreement with the importance of DEI to sound prudential and consumer outcomes / ensuring a positive corporate culture and a sound risk management framework in the operations of an insurer. *Comments 10, 26, 41, 44*.
- Support for the fact that supervisors and the IAIS bring their influence to improving DEI within the insurance industry. *Comments 86, 93*.
- Overall support for the wide range of warning signs identified in Section 3.2, and their relevance. *Comments 67, 66, 65, 69, 70*.

## Contents

<b>General comments on the Application Paper .....</b>	<b>4</b>
<b>Comments on section 1 Introduction .....</b>	<b>17</b>
<b>Comments on section 1.1 Context and objective .....</b>	<b>17</b>
<b>Comments on Box 1 Interpretation of the terms diversity, equity and inclusion in this paper .....</b>	<b>20</b>
<b>Comments on section 1.2 Related work by the IAIS .....</b>	<b>24</b>
<b>Comments on section 1.3 Proportionality.....</b>	<b>28</b>
<b>Comments on section 2 Why DEI within an insurer matters to ICPs 7, 8 and corporate culture .....</b>	<b>31</b>
<b>Comments on Box 2 What is groupthink and why does it matter to insurers?.....</b>	<b>39</b>
<b>Comments on section 3 What should a supervisor look out for?.....</b>	<b>42</b>
<b>Comments on section 3.1 Relevant matters to look at.....</b>	<b>44</b>
<b>Comments on section 3.2 Warning signs an insurer might need to enhance its DEI efforts .....</b>	<b>49</b>
<b>Comments on Box 3 What is DEI-washing? .....</b>	<b>56</b>
<b>Comments on Box 4 Indicators of positive action on DEI at an insurer .....</b>	<b>59</b>
<b>Comments on section 4 What can a supervisor do in response?.....</b>	<b>62</b>
<b>Comments on section 4.1 Industry-wide approach.....</b>	<b>66</b>
<b>Comments on section 4.1.1 Use of soft powers .....</b>	<b>68</b>
<b>Comments on section 4.1.2 Incorporating DEI themes into supervisory approaches.....</b>	<b>69</b>
<b>Comments on section 4.1.3 Develop requirements.....</b>	<b>73</b>
<b>Comments on section 4.2 Insurer-specific engagement.....</b>	<b>81</b>
<b>Comments on section 4.2.1 Understanding an insurer’s approach to DEI.....</b>	<b>82</b>
<b>Comments on section 4.2.2 Undertake review work to examine DEI related arrangements and plans.....</b>	<b>86</b>
<b>Comments on Box 5 Collecting and using data as part of a DEI strategy .....</b>	<b>89</b>
<b>Comments on section 5 Conclusion .....</b>	<b>94</b>

	Organisation	Jurisdiction	Comment	Resolution of comment
<b>General comments on the Application Paper</b>				
1	Generali d.d.	Slovenia	<p>In the light of the content of the document "Draft application document on the supervision of diversity, justice and inclusion: Management, risk management and culture of Perspective March 2024", I address the issue of discrimination of employee representatives in supervisory bodies related to the payment for performing the function of a supervisor.</p> <p>In order for the supervisory board to be able to credibly perform the DEI control function, it must first determine unanimously whether it is composed according to the DEI principles.</p> <p>The insurance company or insurance group must ensure a non-discriminatory policy towards the members of the supervisory board, including regarding payments for the performance of the supervisory function, and may not divide them between capital representatives and employee representatives or putting one group of persons in a worse position than another group of persons.</p> <p>This means that the remuneration policy must not state that employee representatives are not entitled to payment for performing work in the supervisory board or the supervisory board.</p> <p>Namely, the representatives of the workers are equally responsible for their work in the supervisory board with all their assets as the representatives of the capital, and the legislation does not differentiate between the members of the supervisory board, i.e., between the representatives of the capital and the representatives of the workers. At least that's how it is in Slovenia.</p> <p>I hope that this aspect will also be addressed and written clearly in the upcoming document.</p>	<p>The point raised within this comment is very specific. It can be extrapolated to a broader point about certain control functions being devalued and/or disenfranchised. In the specific case referenced within this comment, it is the remuneration structure that is disenfranchising the employee representatives within the Board setting, hence devaluing the control role they play there.</p> <p>The broader point is now included within the "Insufficient consideration to views of control functions" bullet in para 35 Warning signs list.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			Best regards Matjaž Pavlin Employee representative in the supervisory board	
2	<b>General Insurance Association of Japan</b>	Japan	DEI is useful from the perspective of corporate governance and risk management in insurers and is an important aspect that should be positively promoted. On the other hand, it should be noted that DEI is a means, not an end. While we recognize that many insurers are already pursuing DEI initiatives, we agree that the situation may differ depending on the jurisdiction in which the insurer operates and the size and nature of its business, and that the proportionality principle should be considered when incorporating a DEI perspective into insurance supervision. We also believe that overly detailed requirements and supervision should be avoided and that this is an area to be effectively promoted through engagement, as described in the AP.	The comment expresses support for the approach taken in the paper.  The comment does not require a resolution.
3	<b>Progress Together</b>	UK	Progress Together welcomes the opportunity to respond to the International Association of Insurance Supervisors (IAIS) on their public consultation on supervising diversity, equity and inclusion. Progress Together is a not-for-profit membership body which focuses on boosting socio-economic diversity at senior levels within UK financial services. We were formed because of the Government-commissioned Socio-Economic Diversity Taskforce led by the City of London Corporation. Our peer-to-peer network is represented by 50 member organisations from across the UK financial services sectors – of which 9 are in insurance. We represent 32% of the UK’s financial services sector. Our response focuses on elements of the application paper that relates to socio-economic diversity and we have chosen not to respond to all aspects of the paper.	This comment is information about the commentor.  The comment does not require a resolution.
4	<b>Association of British Insurers</b>	United Kingdom	The ABI welcomes the IAIS’ efforts to consolidate best practices for diversity, equity and inclusion (DEI) in the insurance sector and the opportunity to respond to this application paper.  The ABI and our members share the IAIS’s commitment to DEI and	This comment is principally information about the commentor and also expresses support for the IAIS’ work on DEI.

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>advocation for the importance of diversity in promoting effective and globally consistent supervision of the industry. In November 2022, we published our DEI Blueprint , a sector-wide strategy that sets out our mission to make the insurance and long-term savings industry the most diverse, equitable and inclusive sector of the UK economy.</p> <p>This Blueprint is a concrete work plan that supports our sector in recruiting people from all backgrounds and creating an environment that means people reach their full potential. Similar to the IAIS, we want the people working in our sector to reflect and represent the communities we serve, and as a result, be better able to respond to consumer needs.</p> <p>We have subsequently published a progress report because we want to be transparent about the targets we are working towards and the progress we are making. This progress report was informed by our industry data on DEI, which has been collected annually since 2017. We also included practical case studies from member firms, as we believe sharing best practices will help deliver and support greater diversity and inclusion. We are confident that the Blueprint has a clear purpose and provides specific, targeted actions that firms can take when developing their DEI strategies. The next progress report is due for publication in 2025.</p> <p>The UK regulators have recently consulted on diversity and inclusion in the FCA CP23/20 and PRA CP 18/23 which the ABI has sent an industry response to. We welcomed the UK regulators' introduction of regulation in this area, aimed at mitigating risks such as groupthink. Regulators play a crucial role in ensuring that firms they oversee exemplify good practices and behaviours, including in the realm of DEI. As we await the outcome of the consultation in the UK, we continue to support the introduction of rules and guidance in this space to drive</p>	<p>The comment does not require a resolution.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>progress and good practice. We therefore welcome the IAIS' work in this area, and we remain committed to supporting the work of the IAIS.</p> <p>ABI DEI Blueprint  <a href="https://www.abi.org.uk/globalassets/files/publications/public/diversity/abi-dei-blueprint.pdf">https://www.abi.org.uk/globalassets/files/publications/public/diversity/abi-dei-blueprint.pdf</a>            ABI DEI Blueprint progress report 2023 <a href="https://www.abi.org.uk/about-the-abi/dei-hub/dei-blueprint-progress-report-2023/">https://www.abi.org.uk/about-the-abi/dei-hub/dei-blueprint-progress-report-2023/</a></p>	
5	<b>Lloyds Market Association</b>	United Kingdom	<p>The LMA is very supportive of initiatives to improve DEI in the wider insurance market.</p> <p>The LMA itself, through members, and by supporting wider initiatives, is helping to improve representation across the insurance industry, and in the London market in particular.</p> <p>Lloyd's of London has also been leading internationally in the implementation of stretching DEI aspirations and mandating data collection. Guides have also been published on implementing appropriate inclusive policies.</p> <p>We welcome the IAIS highlighting the DEI agenda and the areas that supervisors could be considering.</p> <p>Given the diverse approaches to social policy within different states we acknowledge that this is a challenging paper to balance and help outline the way ICP standards can be met when facing into this varying landscape.</p> <p>Therefore, it is not clear if it is appropriate for this to be an application paper linked directly to the ICP's. It may be more appropriate for the IAIS to issue an occasional paper or research paper which is more indicative.</p>	<p>This comment is principally information about the commentor. It also expresses support for the IAIS' work on DEI.</p> <p>With respect to the query on the appropriateness of this product taking the form of an application paper, we consider it is appropriate as the intention is to assist understanding of the relevance of DEI to effective corporate governance (ICP 7) and effective risk management and internal controls (ICP 8), and the supervisor's role in this respect.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
6	FWD Group	Hong Kong	<p>Overall, we are of the view that the Application Paper makes good points about elevating DEI standards within the industry.</p> <p>At FWD Group, we recognise the importance of diverse talent, experiences and perspectives in contributing to the success of our business and are committed to building a diverse, inclusive and collaborative culture. We value diversity in all its forms. These include gender, age, cultural background, ethnicity, special needs, religion, sexual orientation and family status, as well as professional and life experiences, and interpersonal or professional skills.</p> <p>In terms of governance, FWD recognises and embraces the importance of having a diverse team of directors on the Board. We believe it is an essential element in maintaining an effective Board and contributing to the sustainable development of the FWD Group. As such, we are generally supportive of the initiatives of the IAIS to advance DEI for better prudential and consumer outcomes.</p> <p>In respect of the Application Paper specifically, Section 2 on “Why DEI within an insurer matters to ICPs 7, 8 and corporate culture” provides strong justification that links DEI to business strategy and would therefore be more persuasive in getting buy-in from key stakeholders on making relevant changes as needed.</p> <p>Further, Section 4.2 on Insurer-specific engagement – 4.2.1.60 is a useful checklist and reminder for companies to ensure the right framework is in place to operationalise the DEI initiatives.</p>	<p>This comment is information about the commentator. The comment also expresses general support for the paper and identifies certain sections it finds particularly valuable.</p> <p>The comment does not require a resolution.</p>
7	Global Federation of Insurance Associations (GFIA)	Global	<p>GFIA welcomes the opportunity to respond to the application paper of the International Association of Insurance Supervisors (IAIS) on supervising diversity, equity, and inclusion (DEI) – the governance, risk management and culture perspective and acknowledges the commitment of the IAIS to continue working on DEI. DEI is a priority for</p>	<p>The comment recommends that the IAIS urge supervisors to proceed with caution when creating policy requirements on DEI issues, and avoid</p>



	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>the global (re)insurance industry and GFIA and its members are committed to encouraging and promoting these values across sector.</p> <p>GFIA recognises that, while financial inclusion and access to insurance have been the subject of considerable work by the IAIS and numerous international organisations, the development of policy on DEI will necessitate broad consideration and consensus, at both domestic and international levels. Furthermore, GFIA and its members recommend that the IAIS urges supervisors to proceed with caution when creating duplicative policy requirements on DEI issues. This underscores the importance of ensuring that any new requirements are not redundant or overlapping with existing regulations and industry standards. Duplicative policy requirements can create confusion, increase compliance burdens, and potentially stifle innovation within the insurance sector. Additionally, DEI matters frequently transcend the insurance sector and are typically addressed by a range of other governmental and regulatory policies that extend to other sectors of the economy.</p>	<p>duplicative, overlapping or redundant requirements.</p> <p>The paper does already make comments consistent with avoiding regulatory duplication and keeping insurance supervisors' DEI-actions and/or introduction of new requirements proportionate and focused on insurance supervision fundamentals:</p> <ul style="list-style-type: none"> <li>• Section 1.3 on “Proportionality” discusses that any supervisory action related to DEI will likely be informed by (amongst other things) the legal remit of the supervisor and the broader legal context of the jurisdiction (para 15); and</li> <li>• Section 4.1.3 on “Develop requirements” discusses that relevant laws of the jurisdiction, existing standards and codes and whether other relevant supervisory and policy frameworks already exists, will all be relevant to whether and how new expectations and/or requirements can be introduced (para 53).</li> </ul> <p>To further reinforce and make more explicit the point, two additions have been made:</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				<ul style="list-style-type: none"> <li>Section 4.1.3 at the end of para 53 add: <i>“Requirements established by the supervisor should be linked to its mandate and objectives”</i>; and</li> <li>Section 1.3 at the end of para 15 add: <i>“Paragraph 53 comments on proportionate implementation in a jurisdiction in the case of a supervisor developing DEI requirements of insurers”</i>.</li> </ul>
8	Insurance Europe	European Union	Insurance Europe welcomes the opportunity to respond to the IAIS consultation on its application paper on supervising diversity, equity and inclusion. DEI are priorities for the (re)insurance industry and Insurance Europe and its members are committed to encouraging and promoting these values across the sector.	The comment does not require a resolution.
9	Institute of International Finance	USA	<p>The IIF and its insurance members are pleased to comment on the IAIS Draft Application Paper on Supervising DEI (Draft Application Paper on DEI or Paper). We generally support the IAIS’s work on DEI and we agree that a commitment to DEI can have many positive impacts on insurers’ governance and risk management, as well as on policyholders and other stakeholders. The IAIS can play an important role in sharing valuable insights in terms of emerging best practices for DEI, encouraging insurance supervisors to consider these practices in their own programs, and supporting insurers as they consider how best to implement DEI policies and practices that best meet the needs of their organizations and key stakeholders.</p> <p>Overarching Comments on the Draft Application Paper on DEI</p> <p>The DEI frameworks utilized by both supervisors and insurers will be</p>	<p>The comment expresses being generally supportive of the IAIS’ work on DEI.</p> <p>The comment suggests the IAIS adopt a more positive tone, rather than a prescriptive approach or a punitive tone that calls for supervisory interventions and enforcement for DEI shortcomings. We consider the paper strikes the right balance of tone.</p> <p>The comment suggests the IAIS support supervisors and insurers to experiment with developing optimal</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>specific to local circumstances and organizational objectives. As noted in Paragraph 6 of the Draft Application Paper on DEI, local circumstances, particularly the legal, cultural and historical context, will influence how DEI is considered and the actions taken by supervisors and insurers. The current environment is one of a broad range of approaches to DEI across jurisdictions and among insurers.</p> <p>Some jurisdictions have specific legislative measures for DEI. Other jurisdictions have adopted less prescriptive DEI measures while some have not enacted DEI legislative frameworks. DEI frameworks developed by insurers reflect the local context and the company’s activities, strategies, workforce and key stakeholders.</p> <p>Reflecting these differences in approaches to DEI, supervisors should refrain from suggesting a ‘one-size-fits-all’ approach as there is not a single ‘good’ company DEI policy, but rather a range of policies and actions that can promote DEI goals taking into consideration the local context as well as the company’s activities, strategies, workforce, and key stakeholders. Accordingly, the IAIS should not take a prescriptive approach or adopt a punitive tone that calls for supervisory interventions and enforcement for DEI shortcomings. Rather, the IAIS should adopt a more positive tone that supports the industry and supervisors as they explore how best to incorporate in their policies and practices DEI considerations in light of the local context as well as the company’s activities, strategies, workforce and key stakeholders.</p> <p>We note that these themes are similar to those raised in the IIF’s response to the IAIS’s 2021 Draft Issues Paper on Insurer Culture. Just as a wide range of cultures can be aligned with good customer outcomes, a range of approaches to the promotion of DEI can be aligned with positive outcomes. The dimensions of DEI, as well as</p>	<p>DEI programs. We consider this is consistent with the paper already, eg para 44.</p> <p>The comment disputes the premise that inadequate DEI policies could result in material risks to policyholders or poor financial outcomes, and it asserts that promotion of DEI is not within the mandate of many supervisors and does not warrant supervisory resources. The IAIS does regard there being a link between DEI and better business and consumer outcomes. The paper focuses upon how DEI contributes to effective corporate governance and risk management, which are clearly within the mandate of supervisors (ICPs 7 and 8). The paper already acknowledged (at para 38) that the potential actions a supervisor could take should be considered in the jurisdictional context of the supervisor, and a new edit now adds “and the supervisor’s assessment of its priorities”.</p> <p>The comment suggests that supervisors engage first in discussions with an insurer’s senior management and board before considering any</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>culture, vary across jurisdictions and companies and even within a corporate group, which makes a ‘one size fits all’ approach impractical.</p> <p>To help address the challenges associated with better reflecting DEI in the policies and operations of insurers, we encourage supervisors to lead by example and publicize their policies and initiatives, as suggested in Paragraph 2.3.1 of the December 2022 IAIS DEI stock-take of its members. The IAIS could encourage insurance supervisory authorities to run their own pilot programs to determine the optimal programs for their jurisdictions. Such experiments should be evidence-based, using data to inform which areas to prioritize and integrating findings from DEI social science to shape the design of those interventions. Seeing what works for supervisors, as well as insurers, is an iterative process and we encourage the IAIS to support supervisors and insurers that experiment with incorporating various DEI initiatives.</p> <p>A distinction should be drawn between the importance of supporting the boards and senior management of insurers in their efforts to increase diversity, equity and inclusion, and a finding that inadequate DEI policies and practices could result in actual material risks to policyholders or poor financial outcomes. The linkage between the DEI policies of an insurer and safety and soundness risks (see Paragraph 24) has not been established. Moreover, the promotion of DEI goals is not in the mandates of many supervisors, as supervisory mandates are primarily focused on the prudential supervision of financial risks and policyholder protection. Asking supervisors to evaluate the DEI policies and programs of an insurer as a separate and additional task would divert supervisory resources from the important task of protecting policyholders by confirming that insurers have adequate capital and financial resources to provide coverage and pay claims.</p> <p>If supervisors are concerned that a company’s DEI policies and</p>	<p>supervisory action. We consider the paper is already consistent with this, specifically section 4.2.1.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>practices (or the lack thereof) are contributing to unfair treatment of customers or a lack of policyholder protection, they should engage in discussions with the senior management and board of the insurer to determine and confirm the root causes of the unfair treatment or lack of protection before considering any supervisory action. Through their discussions with insurers, supervisors can share information about good practices for the promotion of diversity, equity and inclusion.</p> <p>Finally, as we have noted in our recent responses to other IAIS Draft Application Papers, we believe that the IAIS should go back to first principles by providing further advice, information, recommendations, or examples of good practice related to specific supervisory materials in the ICPs or ComFrame that are intended to be applied proportionately. We remain concerned that Application Papers may be interpreted by supervisors as prescriptive requirements from the IAIS and, by extension, that failure to implement those requirements could give rise to negative assessments</p>	
10	International Actuarial Association (IAA)	International	<p>On behalf of the International Actuarial Association (IAA), Its Diversity and Inclusion Task Force would like to thank the International Association of Insurance Supervisors (IAIS) for the opportunity to comment on the Draft Application Paper on supervising diversity, equity and inclusion: the governance, risk management and culture perspective.</p> <p>We congratulate the IAIS on the detail included in the paper and particularly on the recognition that diversity, equity and inclusion (DEI) has direct implications on governance and insurance risks associated with regulated entities. It is this type of approach which will serve to elevate and centralise the DEI considerations for regulated entities. The Task Force also notes that the relevant dimensions of DEI may vary across regions and so it is important that global organisations</p>	<p>The comment expresses support for the IAIS' work on DEI and the approach taken in the paper.</p> <p>The comment does not require a resolution.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>avoid being overly prescriptive in this regard. Accordingly, the Task Force supports the Draft Paper’s recognition of the importance of cultural differences in assessing DEI initiatives.</p> <p>Overall, we believe that the IAIS document presents a great balance by offering positive guidance and suggestions rather than being prescriptive. This is especially true in the way the paper recognizes that requiring reporting on overly specific components of a DEI program might have the unintended consequence of inhibiting enthusiasm and effective innovation.</p> <p>The IAA Task Force strongly agrees with the Draft Application Paper’s conclusions regarding the importance of DEI in ensuring a positive corporate culture and a sound risk management framework in the operations of an insurer. We encourage the IAIS to continue this effort to advance the concepts of diversity, equity and inclusion and their importance in the monitoring of insurance operations by insurance supervisors. Highlighting the importance of diversity of experience and thought, in addition to demographic diversity, should enable insurance supervisors to more thoroughly evaluate an insurer’s corporate culture, governance and risk management strategies.</p> <p>The IAA looks forward to further papers and research by the IAIS on this important area of corporate culture.</p>	
11	The Geneva Association	International	<p>The Geneva Association appreciates the opportunity to respond to the draft application paper on "Supervising Diversity, Equity and Inclusion (DEI): The Governance, Risk Management and Culture Perspective." We recognise the importance of maintaining a diverse, equitable, and inclusive culture within insurers, and the benefits this has for an organisation’s corporate culture, governance, and risk management. While we chose not to provide a detailed response on this occasion, through this letter we hope to convey high-level thoughts on this</p>	<p>The comment expresses being generally supportive of the IAIS’ work on DEI.</p> <p>The comment emphasises that jurisdictional context influences/limits which actions an insurer can pursue on DEI. The paper already adequately</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>important topic.</p> <p>We generally support the IAIS’s commitment to DEI and believe that a commitment to DEI can have a positive impact on firms, their employees, as well as policyholders and other stakeholders. Stated benefits include:</p> <ul style="list-style-type: none"> <li>• Diverse solutions: incorporating varied viewpoints and experiences can enable companies to offer improved products and services.</li> <li>• Business performance: navigating new challenges requires insurers to leverage a diverse range of skill sets for success.</li> <li>• Risk reduction: fostering diversity of thought might decrease the likelihood of groupthink and can enhance risk management.</li> </ul> <p>At the same time, many of the claims made about the benefits of DEI (and/or the negative impacts of a lack of DEI) are not quantifiable, have not been sufficiently evidenced and/ or may not be fully attributable to firms’ DEI practices. It is challenging to provide standards or guidance for something that cannot be measured.</p> <p>Different jurisdictions already have various regulatory and supervisory bodies that oversee aspects of DEI through avenues such as employment and labour laws, anti-discrimination laws, consumer protection laws, etc. Also, what it means to have a diverse and inclusive framework can vary by jurisdiction based on cultural characteristics, such as religion. Firms need to take these local customs, cultures, and laws into account when defining their own DEI policies. For example, while setting specific percentage targets and quotas are common in certain parts of the world, this might be uncommon, or even illegal practice elsewhere, hence limiting what insurance supervisors can do. Defining corporate culture is primarily the responsibility of the board and senior management of companies,</p>	<p>acknowledges this, eg paras 6, 15, 40, 66, Box 5.</p> <p>The comment critiques that the benefits of DEI and/or the negative impacts of a lack of DEI set out in the paper are not quantifiable, sufficiently evidenced and/or fully attributable to the firms’ DEI practices. The comment links this to the assertion that it is challenging to provide standards or guidance for something that cannot be measured. We dispute the assertion, and consider that guidance on how to enhance the effectiveness of corporate governance and risk management can be given in these cases.</p> <p>The comment advises against overly intrusive supervision of DEI practices within insurers. The paper does not require this; it appropriately acknowledges proportionality and local context and provides guidance on a full spectrum of options. No further edits needed in response.</p> <p>The comment is supportive of responsibility for DEI within the insurer being allocated to a senior leader, but finds it problematic that this may also be linked to the senior leader’s</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>in accordance with their local frameworks.</p> <p>In this context, we believe that while emphasising the benefits of Diversity, Equity, and Inclusion (DEI) is important, the IAIS should be mindful not to implement formal regulatory requirements/ supervisory action (data collection, KPIs, etc.). Soft powers are a better approach to promote DEI in insurance. The IAIS can best support the industry and supervisors by providing thought leadership and research on emerging best practices on DEI globally, providing support to supervisors on their own DEI. Any guidance needs to be sufficiently principles-based to allow flexibility to adopt to jurisdictional circumstances.</p> <p>Allocating senior responsibility within the insurer for DEI is fine, but connecting that to remuneration is problematic, as it singles out one specific element that is difficult to measure.</p> <p>While the IAIS plays an important role in setting standards for insurance supervision, it is important to recognise the boundaries of its remit in this regard. The link between DEI and the traditional supervisory mandate of policyholder protection and sound and safe markets is not clearly evidenced. Therefore, we would advise caution against overly intrusive supervision of DEI practices within insurers.</p> <p>While DEI is an important topic, it is a complex one at the same time. From a supervisory point of view, we ask the IAIS and its members to consider the fact that many aspects of DEI are intangible, difficult to quantify and monitor and subject to jurisdiction-specific cultural peculiarities. We look forward to continuing our engagement with the IAIS on this important topic.</p>	<p>remuneration. The relevant passage in the paper (within para 50) is expressed as a flexible suggestion: <i>“Allocate senior responsibility within the insurer for DEI, perhaps connecting it to performance objectives and remuneration”</i>. No edits are considered necessary to the expression of this.</p> <p>The comment cautions against overly intrusive supervision of DEI practices within insurers. The IAIS considers the potential actions available to supervisors presented in section 4 of the paper are appropriate. Notwithstanding this, an addition has been made in section 4.1.2 “Incorporating DEI themes into supervisory approaches” at the end of para 45: <i>“Integrating DEI-related enquiries into supervisory approaches should be done in ways that complement and reinforce the supervisors’ focus on the core oversight areas of governance, risk management and corporate culture.”</i></p>



	Organisation	Jurisdiction	Comment	Resolution of comment
<b>Comments on section 1 Introduction</b>				
12	Progress Together	UK	We welcome the IAIS’s acknowledgement that “local circumstances, particularly the legal, cultural and historical context, will influence how diversity, equity and inclusion (DEI) is considered.” At Progress Together, we are working with our members to gather greater insights into how socio-economic diversity is understood and played out in workplace settings across the UK. However, many of our members (66% to be precise) also operate in global financial centres, with staff that represents a multitude of countries and ethnicities.	Comment noted
<b>Comments on section 1.1 Context and objective</b>				
13	General Insurance Association of Japan	Japan	In the interest of transparency, we suggest publishing the members-only document mentioned in Paragraph 2, as there is no reason for it to be members-only. If it cannot be publicized due to the individual company data in it, we suggest removing such data to publish the document.	The members-only document was intended as an interim product for members-only, and its key messages are now incorporated in section 2 of this paper. The IAIS does, from time to time, generate materials for consumption by IAIS members only. These are not made public.
14	National Association of Insurance Commissioners (NAIC)	National Association of Insurance Commissioners (NAIC)	The acknowledgement in paragraph 6 is helpful and suggest adding another sentence to recognize potential legal limitations on data collection/use; suggest:  The IAIS acknowledges that local circumstances, particularly the legal, cultural and historical context, will influence how DEI is considered and the actions taken by supervisors and insurers themselves, to enhance DEI within the sector. This application paper should therefore be read	Agreed, addition of the following sentence to para 6: <i>“Additionally, the paper’s discussion of use and/or collection of data recognises jurisdictional legal and privacy issues surrounding any demographic data”.</i>

	Organisation	Jurisdiction	Comment	Resolution of comment
			with this context in mind throughout. Additionally, the paper’s discussion of use and/or collection of data recognises jurisdictional legal and privacy issues surrounding any demographic data.	
15	Progress Together	UK	No comment.	Noted
16	Association of British Insurers	United Kingdom	<p>We welcome the IAIS’s recognition of the potential influence of local circumstances, particularly legal, cultural, and historical context, on DEI considerations. We appreciate the recognition that such factors may influence the actions taken by both supervisors and insurers to promote DEI within the sector.</p> <p>Specifically, within the UK, our efforts towards DEI are underpinned by legislation such as the Equality Act 2010 . This legislation serves as a cornerstone in our approach to fostering an inclusive environment within the insurance and long-term savings sector. The Act outlines nine protected characteristics, including age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. These characteristics form the basis for ensuring fair treatment and opportunities for all individuals within society. In our sector, the recognition of these protected characteristics significantly impacts practices such as data collection.</p> <p>By acknowledging the importance of local nuances, the paper demonstrates the need for tailored approaches to DEI initiatives that resonate with the specific context of each jurisdiction, which allows for more effective and meaningful progress towards achieving genuine DEI.</p> <p>UK Equality Act 2010  <a href="https://www.legislation.gov.uk/ukpga/2010/15/section/4">https://www.legislation.gov.uk/ukpga/2010/15/section/4</a></p>	Comment noted

	Organisation	Jurisdiction	Comment	Resolution of comment
17	Lloyds Market Association	United Kingdom	<p>As outlined in our response to the UK supervisors (PRA and FCA) we are supportive of efforts to increase diversity equity and inclusion in the financial services sector.</p> <p>The LMA and member firms are supporting market initiatives to increase participation by underrepresented groups. These include early careers outreach and engagement groups intended to encourage better representation at senior levels across the market. The LMA seeks to consider diversity when appointing board and committee members. This is because we and our members believe that this is a way to attract the best talent and ensure the market represents the customers it serves.</p> <p>Paragraph 6 acknowledges that local legal, cultural, and historic context will be important. Supervisors will need to set expectations which are reasonably compatible with international standards, it is therefore important that these expectations remain proportionate.</p> <p>For example, firms which are part of international groups may have to consider their home states and set global policies for DEI which may not be as stretching as some host jurisdictions would like. This could particularly challenging where firms have multiple international branches or licenses.</p> <p>There is a growing evidential basis that a more diverse board or committee structure, on average, results in better decision making and less non-financial misconduct.</p> <p>However, it should be noted</p> <p>1, correlation between better business outcomes and diversity are not supported by all academic papers. For example, recent analysis of the</p>	<p>Comment noted</p> <p>Regarding the commentor suggesting that comments made about proportionality by the speakers in the stakeholder event do not align with the Application Paper, this is disputed.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>S&amp;P 500 would indicate no direct correlation of leadership diversity with business performance;</p> <p>2, the FCA is proposing to deprioritise the implementation of its own D&amp;I initiative in the UK whilst it assesses the feedback so far received; and</p> <p>3, it is not clear that the expectations within the Application Paper echo the comments on proportionality by the speakers in the stakeholder event when considering the result, outcomes or subjectivity.</p>	
18	<b>Global Federation of Insurance Associations (GFIA)</b>	Global	<p>GFIA appreciates the recognition and instruction that the paper should be read with the understanding of local circumstances, “particularly the legal, cultural and historical context”, as this may influence how DEI is considered and what actions are taken. This aligns with the objective of making meaningful progress towards genuine DEI by considering the unique nuances of each jurisdiction. This approach ensures that actions taken are not only effective but also culturally appropriate and considers that in many jurisdictions, efforts towards DEI are underpinned by legislation.</p>	Comment noted
19	<b>Insurance Europe</b>	European Union	<p>Insurance Europe welcomes the IAIS approach, emphasising the importance of considering local circumstances, especially the legal, cultural, and historical context, when reading the application paper. This approach ensures that any actions taken by insurers or supervisors are not only effective but also culturally appropriate and in line with local legislation and the supervisory mandate.</p>	Comment noted
<b>Comments on Box 1 Interpretation of the terms diversity, equity and inclusion in this paper</b>				
20	<b>General Insurance Association of Japan</b>	Japan	<p>Equity: We suggest revising "certain groups" in the first sentence to "certain groups and/or individuals", as individuals should also be included.</p>	Agreed, change made.

	Organisation	Jurisdiction	Comment	Resolution of comment
21	Progress Together	UK	<p>We welcome the IAIS’s inclusion of socio-economic background in its definition of DEI. We firmly believe that socio-economic diversity is a vitally important part of the diversity agenda, and that it is an important “golden thread” that links through to many other identity characteristics. We take the view that the diversity agenda needs to acknowledge all intersecting characteristics in order to create a truly inclusive and equitable environment where every individual’s unique experiences and identities are recognised and valued.</p> <p>Having a range of socio-economic backgrounds at leadership level leads to:</p> <ul style="list-style-type: none"> <li>• Being better placed to serve the needs of consumers</li> <li>• Improved employee satisfaction and retention, leading to greater productivity</li> <li>• Diversity of thought, leading to greater innovation</li> <li>• Attracting top talent from the widest possible pool of candidates</li> </ul> <p>Progress Together believes the foundation of our diversity agenda is data collection. Collecting socio-economic data is recommended by the Government-commissioned Socio-Economic Diversity taskforce, led by the City of London Corporation. The taskforce recommended that regulators mandate data collection and publicise data of workforce socio-economic background amongst regulated organisations – and it is a position that Progress Together have advocated for to the UK’s regulators in its most recent consultation on DEI. 33% of ABI members are now collecting socio-economic background data, and it’s growing each year.</p> <p>We also welcome the IAIS’s inclusion of “diversity of thought” in its definition of diversity, as evidence shows that greater diversity leads to better decision making and outcomes for firms, customers and investors. This is aligned with the UK financial services and the</p>	Comments noted

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>regulators’ definition of diversity. Diversity of talent is acknowledged by the UK’s Financial Conduct Authority (FCA) in its consultation paper as one of the factors underpinning the international competitiveness of the UK financial services sector aligned to its secondary objective. Both the FCA and the Prudential Regulation Authority (PRA) make clear in their consultation papers that diversity is needed to mitigate the risk of groupthink.</p> <p>Further, we welcome the IAIS’s inclusion of equity instead of equality in its definition of DEI. It is important to acknowledge the barriers and disadvantages that certain individuals may face because of their identity characteristics (either protected or invisible). In fact, evidence from the Bridge Group, in partnership with the PRA and FCA, shows that employees from working-class backgrounds progress 25% slower than peers, with no link to job performance. Furthermore, we own Shaping Our Economy report shows that socio-economic background has a greater impact on career progression than gender or ethnicity. Aside from the implications for competitiveness and innovation, this is inherently unfair. To address this issue, Progress Together works with our members to collect evidence on how certain interventions could help those from low socio-economic backgrounds to access resources and opportunities within the financial services sector.</p> <p>Finally, we welcome IAIS’s definition of inclusion in recalling a sense of belonging, as this mirrors the PRA’s view that diversity and inclusion are important to governance and firm-wide culture. Progress Together also focusses on helping our members create psychological safety.</p>	
22	Association of British Insurers	United Kingdom	<p>We welcome the holistic approach taken in the interpretation of DEI. We are particularly pleased to note the inclusion of socio-economic background and cognitive diversity in the definition. These are topics that ABI and its members are deeply committed to addressing with the same level of attention as legally protected characteristics.</p>	<p>Agreed. Intersectionality was already referred to in Box 5 “Collecting and using data as part of DEI strategy” It is agreed to add it within Box 1, as part of the</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>However, we suggest adding the notion of 'intersectionality' to acknowledge that individuals may experience compounded disadvantage due to overlapping demographic characteristics. By acknowledging intersectionality within the framework of DEI, we can better understand the complex and nuanced experiences of individuals and communities. This recognition allows for more targeted and effective strategies to address disparities and promote equity and inclusion.</p> <p>We also acknowledge that data on intersectionality may be difficult to produce at present due to the need to protect employee anonymity and the current limitations in data analysis. However, as our capabilities for granular data analysis improve, it will become easier to collect and analyse intersectional data. This should be our ambition, as it will enable us to create more effective and inclusive DEI strategies.</p> <p>While the paper acknowledges intersectionality elsewhere, explicitly incorporating it into the DEI definition would enhance its relevance within the insurance sector globally.</p>	<p>Diversity explanation: <i>“The concept of intersectionality highlights how the presence of multiple diverse characteristics can intersect and compound an individual’s experience, bringing unique challenges and perspectives.”</i></p>
23	Lloyds Market Association	United Kingdom	<p>Diversity has a lot of different factors and components. It is important to point out that it is unlikely feasible to measure or ensure that all of the characteristics listed in Box 1 are represented within the management or board of a single firm. Further, in some circumstances or jurisdictions individual leaders may be reluctant to declare their characteristics if they would be identifiable. It should be noted that this may be more reflective of wider society, or their personal circumstances than the firm.</p> <p>The important factor will be both the overall diversity and relative power/influence of those in the management structure. For example, if most of the diverse characteristics are found in the non-executive</p>	Comment noted

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>director population, then the board may not be properly balanced.</p> <p>As outlined in Paragraph 6 of the context and objectives, the concept of Equity is not necessarily enabled through all legislative frameworks which may prohibit many active interventions by firms. Many jurisdictions require equal treatment, and do not allow for some proactive measures envisaged by the concept of “equity”, such as all diverse shortlists or targeted training opportunities.</p>	
24	<b>Global Federation of Insurance Associations (GFIA)</b>	Global	<p>GFIA commends the IAIS for recognising the importance of not creating arbitrary definitions and their proactive approach, understanding that there is no one-size-fits-all solution. GFIA agrees with the IAIS that it should not seek to define DEI, due to the “particular importance of local, legal and cultural context can play in determining what is right”. Furthermore, the iterative evolution of DEI within contemporary business necessitates adaptable definitions to encompass the multifaceted dimensions of diversity and promote sustained organisational development.</p> <p>GFIA and its members make two recommendations in section 1.1.</p> <ul style="list-style-type: none"> <li>n Add the notion of ‘intersectionality’ to acknowledge that “individuals may experience com-pound disadvantage due to overlapping demographic characteristics”.</li> <li>n Add ‘and supervisor’ after “for an insurer” in the first paragraph of box 1, to recognise that supervisors are also impacted by local legal frameworks and cultural context.</li> </ul>	<p>Regarding “intersectionality”: agreed; see resolution of comment 22.</p> <p>Agreed, “and supervisor” is added in the first para within Box 1.</p>
25	<b>Insurance Europe</b>	European Union	Insurance Europe welcomes the holistic approach taken by the IAIS in the interpretation of diversity, equity and inclusion.	Comment noted
<b>Comments on section 1.2 Related work by the IAIS</b>				
26	<b>General Insurance</b>	Japan	We would like to express our respect for the IAIS's work to date on DEI and agree that DEI is also an important element in terms of the	Comment noted



	Organisation	Jurisdiction	Comment	Resolution of comment
	<b>Association of Japan</b>		governance and risk management of insurers, as demonstrated by the IAIS's work so far.	
27	<b>Progress Together</b>	UK	The IAIS may wish to consult other regulatory bodies on the evidence gaps in DEI research pertaining to the financial services sector. We would welcome the opportunity to partner with IAIS to conduct research – for instance, how greater socio-economic diversity could potentially help with adherence to the Consumer Duty.	Comment noted
28	<b>Association of British Insurers</b>	United Kingdom	The ABI agrees that impactful DEI efforts can be facilitated by making best practice guidance available. That is the intention of the ABI DEI Blueprint, which helps guide firms in the right direction. We are committed to disseminating case studies of best practices from across our sector, and other sectors, and would encourage the supervisors to do the same.	Comment noted
29	<b>Lloyds Market Association</b>	United Kingdom	<p>We agree that the expectations of ICP 7 encourage good corporate governance.</p> <p>However, there is potential for mission creep by linking this directly to DEI. This risks supervisors intervening within the internal workings of firms when approving the appointment of individual board members. Firms will need to follow appropriate and legal hiring processes and therefore need to be able to appoint the most qualified applicant. The FCA has made it clear in their market interactions that any proposals should ensure that firms are free to hire the “best person for the job”.</p> <p>It is not clear that ICP 7.3 as referenced in Paragraph 9 is expected to include diversity of background or similar. It is more applicable that ICP 7.3 would be viewed through the lens of 7.3.1 referring to the skills and knowledge of the individuals which make up the board. It is right that supervisors can challenge firms on the competence of individuals based on experience and knowledge. But, it would be inappropriate for this to then move into opining on an individuals DEI status when considering if a potential board member met this standard.</p>	<p>We agree that individuals should be appointed on experience and knowledge, however the point being emphasised is that the Board as a collective needs to have an overall adequate level of competence, which is achieved by having an appropriate mix of individuals.</p> <p>Diversity in that mix of individuals (including diversity of experience and diversity of thought) helps bring a broad range of perspectives, thereby supporting the board to address a range of issues in a more effective way. Having a suitable mix of individuals (with diversity amongst them) links to ICP 7.3 in the following ways:</p> <ul style="list-style-type: none"> <li>- ICP 7.3.1 references the Board having members who have</li> </ul>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>If the intention is to create an expectation of wider diversity overlaying the expectations of ICP 7.3.1, then ICP 7.3 could be updated to reflect this expectation. It is also not clear that this would be proportionate regulatory change, or deliverable in individual firms. This could have other implications where supervisors do not have an appropriate mandate making it difficult for jurisdictions to be 'largely compliant'.</p>	<p>relevant expertise among them as necessary to provide effective leadership, direction and oversight.</p> <ul style="list-style-type: none"> <li>- ICP 7.3.3 references the Board reviewing itself to ascertain whether Board members collectively and individually remain effective in discharging the respective roles and responsibilities, and identify opportunities to improve the performance of the Board as a whole.</li> <li>- ICP 7.3.9 references Board members having independence of mind and avoiding groupthink.</li> </ul>
30	<b>Global Federation of Insurance Associations (GFIA)</b>	Global	<p>Acknowledging the potential for impactful initiatives with DEI, GFIA aligns on the importance of accessible best practice guidance. GFIA and its members are dedicated to driving initiatives that support best practice guidance from within the insurance sector as well as from other sectors. GFIA encourages the IAIS to do the same.</p> <p>For example: In Ireland, the Central Bank of Ireland (CBI) conducted a thematic inspection of the high impact insurance firms in 2020. This was an important exercise which provided recommendations to insurance organisations on what they could do to improve their DEI. They were allocated a timeframe to put an action plan in place based on their feedback. This exercise gave insurers the opportunity to ameliorate their DEI initiatives and to share best practice examples.</p> <p>Additionally, the introduction of the Individual Accountability Framework</p>	<p>Comment noted</p> <p>Regarding the suggested alternate wording to use in para 9, the suggestion is not adopted because <i>“an appropriate number and mix of individuals”</i> are the words used in ICP 7.3.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>and Senior Executives Accountability Regime (SEAR) includes the requirement to assign responsibility for leading the development of the firm’s culture, including on matters relating to diversity and inclusion, by the board. This further embeds the drive for senior leaders within firms and their boards to take ownership for driving DEI through the organisation. However, more context on the supervisory expectations will be required to give firms comfort they are delivering on their obligations and allow firms to learn from each other.</p> <p>Further comments:            On paragraph 9, GFIA recommends reviewing the language “Use of appropriate number and mix” to “Considering the importance of diversity when appointing individuals to the board”.</p>	
31	Insurance Europe	European Union	<p>Insurance Europe agrees that impactful DEI efforts can be facilitated by making best practice guidance available. Insurance Europe has been taking a proactive approach to improving inclusivity by promoting industry initiatives, working to increase understanding of good practices and engaging with experts and social partners. In 2022, Insurance Europe launched its DEI HUB showcasing the initiatives taken by the industry to promote equal access, opportunity and inclusivity in the workplace. This platform facilitates the sharing of material and good practices from around Europe. We also encourage the IAIS to play their role in facilitating the sharing of best practices.</p> <p>Insurance Europe is also proud to have signed a landmark joint declaration with the European insurance social partners that makes a commitment to support companies in making DEI an integral component of their culture and of their business strategies. The text of the declaration covers issues such as equal opportunities, training and inclusive recruitment policies. Company-based measures should ensure that there are structures and mechanisms in place that foster equality, diversity, inclusion and non-discrimination in the workplace. The text is an actionable tool that provides guidance for Europe's</p>	Comment noted

	Organisation	Jurisdiction	Comment	Resolution of comment
			insurance companies on the key principles to introduce in any DEI strategy.	
<b>Comments on section 1.3 Proportionality</b>				
32	General Insurance Association of Japan	Japan	We agree that the proportionality principle should be considered with respect to supervisory action related to DEI.	Comment noted
33	Progress Together	UK	Progress Together welcomes proportionality principle to give financial services firms the flexibility to adapt and tailor the recommendations for implementation. Our membership is diverse in terms of size, location and nature of the insurer in question – hence any recommendations cannot be a one-size-fits-all approach.	Comment noted
34	Association of British Insurers	United Kingdom	<p>The ABI supports the IAIS's emphasis on proportionality, advocating for the consideration of local circumstances and appropriate nuances. This offers a better balance that can yield better outcomes than a disproportionately arbitrary approach.</p> <p>For instance, considering factors such as firm size and type is particularly crucial. Smaller firms, for example, may face various challenges, such as challenges with data collection and the anonymization of personal data. Conversely, larger companies may encounter different obstacles, such as ensuring participation from all employees in data collection efforts. Additionally, large companies may face complexities in implementing initiatives swiftly, especially if they are part of a broader group structure that necessitates alignment across different jurisdictions.</p> <p>A proportionate approach is also important in helping firms adequately meet objectives while not compromising on the quality of DEI initiatives.</p>	Comment noted

	Organisation	Jurisdiction	Comment	Resolution of comment
35	Lloyds Market Association	United Kingdom	<p>Greater consideration should be given to proportionality through considering the principles of good regulation, i.e. that regulation and supervision should be an appropriate response to the issue concerned. Supervisors should not be compelled by the ICP's to move into areas of public policy where they do not have an appropriate mandate.</p> <p>Supervisors should be considering their objectives and if prescriptive DEI regulation is proportionate and consistent to the likely benefits expected through their policyholder protection mandate. e.g. is firm failure directly correlated to DEI and is correlation indicative of causation.</p>	<p>The AP makes prominent reference to the proportionality principle (two extra references have been added post-consultation) and identifies that supervisors will implement any actions on DEI according to their assessment of the context and their priorities.</p>
36	Global Federation of Insurance Associations (GFIA)	Global	<p>GFIA welcomes the acknowledgement of proportionality. Proportionality ensures that response and actions are commensurate with the “legal, cultural and historical context” in each jurisdiction, fostering fairness and balance. By upholding proportionality, organisations can navigate challenges effectively while maintaining integrity and accountability in their decision-making processes. Considering factors such as firm size and type is particularly crucial. GFIA acknowledges and commends the incorporation of supervisor flexibility (1.3 #14) and the recognition that supervisor action will depend on multiple factors (1.3 #5) and the IAIS suggestion that regulators should take into account “the location and size of insurers” when considering how to apply DEI supervision (4.1 #40). However, to avoid misunderstandings, GFIA and its members believe it is important the IAIS also provides supervisors with more concrete illustrations of what a proportionate approach to DEI supervision looks like, by explaining where and how supervisors should consider proportionality with respect to the specific recommendations put forward in the detailed sections of the Application Paper (AP). GFIA recommends that there should be a more explicit recognition in the AP that some IAIS recommendations (e.g. on the need to ensure DEI at board and senior management level) are harder to achieve for</p>	<p>The AP makes prominent reference to the proportionality principle (two extra references have been added post-consultation) and identifies that supervisors will implement any actions on DEI according to their assessment of the context and their priorities. The AP is intentionally broad and non-prescriptive to allow for what is proportionate to be determined according to the jurisdictional context. The paper does already note that size, location and nature of the insurer are important factors. It is not favoured to add any further specifications or details on what proportionality would involve in a particular context/scenario; this is more apt to be determined at jurisdictional level by the supervisor instead.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>smaller insurers than larger insurers, as the structure of senior management and boards at firms with, for instance, 50 people is quite different to the structure of senior management at firms with 500 people. Similarly, it could be hard for smaller insurers to comply with the IAIS’ suggestion that supervisors ensure diverse representation at selection committees. GFIA notes that, while implementing the principle of proportionality often accentuates the needs of smaller organisations, it does not exempt larger organisations from encountering their own set of challenges. For larger organisations, hurdles persist, such as challenges related to ensuring complete data declaration across all employees and the further challenges posed by group structures, which may impede the time it takes to execute initiatives, particularly when alignment across jurisdictions is required. In Australia for example, the Australian Stock Exchange (ASX) Corporate Governance Principles and Recommendations outline a set of corporate governance practices for entities listed on the ASX. The Corporate Governance Council, comprised of business, shareholders, and industry groups, recognises that different entities may adopt different governance practices, based on a range factors, including size, complexity, history, and culture.<sup>1</sup> Under the Principles and Recommendations, if the board of a listed entity choose not to adopt the recommendation it must explain why – employing the if not, why not approach.<sup>2</sup></p> <p>To illustrate this point further, in the UK the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) recently consulted on introducing measures to support D and I amongst insurers. Both regulators said that they intended to distinguish between what was required of firms with fewer than 250 employees and firms with more than 250 employees. Many proposed D and I requirements in the UK will not apply to firms with fewer than 250 employees. Whilst there are grounds for disagreement about where exactly the employee thresholds should lie, and it may not be right for the IAIS to specify</p>	

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>employee thresholds given that its mandate is to issue principles rather than rules. GFIA recommends that the IAIS urges supervisors to create a proportionality-based distinction between what is required of larger and smaller insurers on DEI issues.</p> <p>1. ASX Corporate Governance Council (2019) Principles and Recommendations (4th edition) cgc-principles-and-recommendations-fourth-edn.pdf (asx.com.au)                      2. Ibid</p>	
37	Insurance Europe	European Union	<p>Insurance Europe welcomes the emphasis given by the IAIS on proportionality, advocating for the consideration of local circumstances and appropriate nuances. This offers a better balance that can yield better outcomes than a disproportionate arbitrary approach.</p> <p>Considering factors such as company size and type is particularly crucial. Smaller companies, for example, may encounter various challenges when it comes to e.g. data collection and anonymisation of personal data. Larger companies also tend to have different challenges, for example, ensuring complete data declaration across all employees. Additionally, large companies don't always have the same ability to move fast on some initiatives, especially if they are part of a broader group structure that requires alignment across jurisdictions.</p> <p>A proportionate approach is also important in helping companies to adequately meet objectives whilst not compromising on the quality of DEI initiatives.</p>	Comment noted
<p><b>Comments on section 2 Why DEI within an insurer matters to ICPs 7, 8 and corporate culture</b></p>				
38	Institute of International Finance	USA	<p>The linkage between a lack of DEI policies or plans in an insurer and safety and soundness risks (see Paragraph 24) is tenuous at best. An incomplete assessment of the full range of risks faced by an insurer</p>	<p>DEI policies contribute significantly to aspects of organizational performance that can indirectly affect safety and</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			generally is more reflective of the quality and depth of management experience. An inappropriately targeted range of products and services or a failure to innovate and improve quality may reflect management shortcomings that have no connection to DEI shortcomings.	soundness. It is agreed the core operational and strategic issues highlighted, such as the quality of management and the effectiveness of products and services, are indeed primary factors affecting an insurer’s safety and soundness, however diverse and inclusive teams can lead to better decision-making and innovation, which are crucial for managing risks and adapting to market changes. Moreover, DEI policies can enhance employee engagement, reduce turnover, and improve customer and investor perceptions, all of which can influence an insurer’s financial stability and market position.
39	<b>General Insurance Association of Japan</b>	Japan	<p>The matters described in Section 2 are likely to be broadly applicable to various organizations (including national and local governments, and companies) in various jurisdictions, and are also important to insurers. Insurers conduct business of a highly public nature, and we believe that addressing DEI is important from the perspective of sound business operations based on appropriate decisions.</p> <p>As for the first sentence of Paragraph 20 (“...diversity can lead to a more complete understanding of all reasonably foreseeable and relevant material risks”), while we agree that diversity leads to a better understanding of risks, we suggest deleting “all” in favor of a balanced approach, as not all risks can be managed through diversity.</p>	<p>Comment noted</p> <p>Agreed - Amendment to para 20, the word “<b>all</b>” deleted from this sentence.</p> <p>Amendment to <b>para 22</b>, the suggested addition has been included in an existing bullet (point 5), as opposed to</p>



	Organisation	Jurisdiction	Comment	Resolution of comment
			Paragraph 22: we suggest adding the following as the last bullet: "An organization in which individuals are better able to fulfill their true potential."	being standalone. <i>"A culture that values and supports fairness and employee wellbeing, <b>enabling employees to fulfil their true potential</b>, is likely to lead to better employee retention and productivity, and to reduce employee misconduct"</i>
40	Progress Together	UK	<p>Whilst Progress Together welcomes the illustrative list of benefits for corporate governance, risk management, and corporate culture, it would be beneficial to highlight the literature and the research underlying the benefits claims – for instance, which sub-sector was the research conducted to show that DEI enhances corporate governance? It may read better to draw out the logic map that shows how increased DEI would lead to those benefits.</p> <p>In relation to Paragraph 20, it may be beneficial to highlight the importance of psychological safety for employees in teams to realise the benefits of diversity.</p> <p>In relation to Paragraph 23, it may be beneficial to highlight research that shows how DEI can lead to better business outcomes for insurers – and if possible, the quantifiable benefits of this as part of corporate’s business case in the insurance sector.</p> <p>In relation to Paragraph 24, it may be beneficial to highlight the increased ESG regulatory demands on corporates – particularly disclosures and non-financial reporting. Though companies have ample experience in disclosing environmental metrics and targets (supported by regulatory guidance), the “S” in the ESG is now</p>	<p>The AP intentionally does not reference research. The rationale for this is to maintain flexibility and avoid being overly prescriptive. By not anchoring the guidance to specific research we allow for greater adaptability and ensure the focus remains on actionable insights rather than academic references.</p> <p>Para 20 – Agreed, addition of wording to sentence <i>"It is especially crucial that that the people working in risk management and control functions <b>feel psychologically safe and are not afraid to raise difficult issues with their seniors</b>"</i></p> <p>Para 24 – Agreed, addition of wording to sentence: <i>"This could manifest through the insurer's approach to Environmental, Social, and</i></p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>increasingly being brought to the fore – for instance, the Corporate Sustainability Reporting Directive has set an ambitious agenda for companies to set social targets and KPIs. The increased transparency will enable internal and external stakeholders to scrutinise insurers’ DEI agenda and commitments.</p> <p>In relation to Paragraph 26, from Progress Together’s work on the DEI agenda, we have learned from our members that it takes concerted effort and focussed attention – particularly at senior levels – to shift the dial on DEI issues. Consequently, we do not agree with the characterisation that “excessive focus on DEI could create a culture where challenge is stymied by fears of not being perceived as politically correct.”</p> <p>Moreover, our members have differing experiences with setting financial incentives that are linked with reaching certain diversity metrics. We would welcome evidence to suggest that such linkage is ineffective in reaching DEI goals.</p>	<p><b>Governance (ESG) and the increased ESG regulatory scrutiny, factors (including DEI) which can be a key component to a company’s public image and business potential</b></p> <p>Para 26 – The comment is noted. We also note other commentors expressed support for the point made within that sentence (ie comment 44). On balance, an edit has been made to the first sentence in para 26: <b>Notwithstanding the benefits of DEI explained above, while concerted DEI effort is needed, it is important....</b> This edit recognises that concerted DEI effort is needed to shift the dial, as Progress Together explains.</p> <p>We find the other sentences also important to retain about the risks of over-emphasis or going about DEI ineffectively.</p> <p>Comment on evidence – the AP intentionally does not reference research, as explained in the resolution of other comments.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
41	Association of British Insurers	United Kingdom	<p>The ABI agrees with the IAIS analysis on why DEI is important within the insurance sector. It is important that the sector not only attracts diverse talent but also is inclusive enough to retain talent and support them to thrive within their organisations.</p> <p>It is important that quantitative data on demographic characteristics is used alongside and not in isolation from qualitative data and observations. Just because a firm has a high number of employees from diverse backgrounds, it does not necessarily lead to the avoidance of groupthink if employees do not feel able to contribute or challenge.</p> <p>We suggest that the IAIS distinguish between financial misconduct and non-financial misconduct. While traditional forms of misconduct like fraud often receive greater attention, it is essential for our sector to recognise the impact of non-financial misconduct. Non-financial misconduct includes individuals' conduct on issues such as bullying, sexual harassment, and discrimination, whether in or outside the workplace. We would encourage equal emphasis on being aware of and reporting both types of violations to ensure comprehensive oversight and accountability. As part of our DEI Blueprint, we have set out good practices for members to adopt, publicise, and enforce consistent 'zero tolerance' policies covering all forms of abuse, bullying, and harassment linked to work. Importantly, firms should ensure all colleagues understand how concerns and complaints will be acted upon within a 'speak up, listen up' culture.</p> <p>While it is useful to acknowledge the risks of over-emphasising DEI, we believe these risks, especially the risk of creating a culture where "challenge is stymied by fears of not being perceived as politically correct" can be mitigated by fostering a culture of psychological safety. Psychological safety, the belief that one can speak up without fear of</p>	<p>Comment noted</p> <p>Regarding the various types of misconduct, a sentence has been added to the <i>Misconduct risk</i> bullet in para 24: <i>"This is relevant to misconduct in carrying out the role (eg contravening applicable policies and rules), to seek personal gain (eg fraud) and in a behavioural sense (eg bullying, sexual harassment or discrimination of others in the workplace)."</i></p> <p>The comments on psychological safety are noted and agreed. Psychological safety is referenced in the paper.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			negative consequences, ensures open dialogue and constructive challenge, essential for effective DEI.	
42	Lloyds Market Association	United Kingdom	<p>As per our response to the FCA and PRA we are broadly supportive of the concepts that greater diversity supports better decision making. The UK has made similar claims in CP23/20 and CP18/23.</p> <p>However, there are a number of assertions made in this section which are not evidenced or backed with peer reviewed papers or quantifiable data. Introducing new regulatory expectations should be based on an evidential base. A robust evidential basis is not being presented by the FCA/PRA or IAIS. The FCA/PRA cited the ability to test the hypothesis as part of their justification for their proposals. This does not indicate a proportionate response to an issue concerned.</p> <p>When considering Figure 1. Greater DEI within a firm should not be considered the same as psychological safety or good corporate culture. Diverse organisations may still have poor corporate culture or suffer from group think if one or more senior managers within the organisation are too powerful.</p> <p>Therefore, the title in figure 1 “leads to” should be amended to “may contribute to” or similar. This is better reflected in the wider wording of the Section.</p> <p>It should be noted that many jurisdictions which are IAIS members may have much less ethnic or cultural diversity than others. This may also be geographically spread within the jurisdictions, with greater diversity concentrated in some areas. Diversity alone should also not be seen as a unique remedy that helps to identify more risks or drive different customer outcomes. Members of the board will still need to have the appropriate knowledge, experience and skills to deliver such</p>	<p>Comment noted</p> <p>The AP intentionally does not reference research. The AP is intentionally broad to allow for this discretion ensuring it can be adapted without being overly prescriptive. By not anchoring the guidance to specific research or evidence the paper allows for greater adaptability and ensures the focus remains on actionable insights rather than academic references.</p> <p>Figure 1 – the purpose of Figure 1 is to illustrate that an environment with a clear, strong commitment and an implemented set of actions to promote DEI can strengthen corporate culture. Agreed, Figure 1, change of wording from “leads to” to “may contribute to”.</p> <p>Comments noted. “Pipeline of talent” was already discussed in para 36, last warning sign on p18, where the focus on increasing diverse representation is only at the senior leadership level. By focusing on diversity also in junior and</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			outcomes. Therefore, this is also about driving long term pipelines of talent over the medium to long term to enable such outcomes.	middle management this creates “a better pipeline of talent coming up through the organisation”. The value in developing a diverse pipeline of talent is also now referenced in para 28.
43	<b>Global Federation of Insurance Associations (GFIA)</b>	Global	<p>GFIA and its members align with the IAIS in emphasising that prioritising and maintaining a strong focus on DEI will “help insurers build positive corporate cultures within the insurer that better support sound prudential and consumer outcomes.” Additionally, GFIA recognises allyship in the workplace as an important driver of positive corporate culture.</p> <p>Noting the importance of using quantitative data on demographic characteristics alongside, and not in isolation, to qualitative data and observations. For example, just because a firm has a high number of people from diverse backgrounds it does not necessarily lead to avoidance of groupthink if employees do not feel able to contribute or challenge. Secondly, noting that when engaging individuals from diverse backgrounds, recognition of their expertise and perspective on the topic of discussion is essential.</p> <p>Furthermore, GFIA encourages the IAIS to note that supervisors should not set prescriptive questions for firms to put to employees in such surveys, but instead allow firms flexibility to select questions. There are a range of best practice questions that can helpfully be utilised by firms, depending on context.</p> <p>GFIA and its members recognise that inclusion is something that all organisations will have to continually strive to develop and improve. In addition, it must be recognised that every insurance organisation will be at different points in the DEI journey and that each individual corporate journey is vital to the overall collective progress in diversity across the industry. Therefore, ‘inclusion’ will always be a relative and</p>	<p>Comment noted .</p> <p>Regarding the types of misconduct, see resolution of comment 41.</p> <p>Para 24 – Agreed, wording amended to: <i>“A lack of diversity, equity and inclusion can result in weak internal challenge, poor decision-making, a lack of innovation, and suboptimal business practices, all of which could adversely impact an insurers safety and soundness. Similarly, a lack of diverse perspectives, amongst key decision makers, can result in an incomplete assessment of the full range of risks an insurer is or may become exposed to.”</i></p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>evolving state.</p> <p>GFIA and its members also recommends that the IAIS distinguishes between misconduct and non-financial misconduct. With non-financial misconduct, it should include issues such as (but not limited to) bullying, sexual harassment, and discrimination.</p> <p>GFIA and its members recommend a potential amendment to ‘safety and soundness risk’:</p> <p>Currently:</p> <p>“The insurer’s overall safety and soundness could be at risk because of suboptimal business practices, poor decision-making, weak internal challenge, or a lack of innovation. A lack of diverse perspectives, particularly in risk roles and amongst key decision makers, can result in an incomplete assessment of the full range of risks an insurer is or may become exposed to.”</p> <p>Proposed:</p> <p>“A lack of diversity, equity and inclusion can result in weak internal challenge, poor decision-making, a lack of innovation, and suboptimal business practices, all of which could adversely impact an insurers safety and soundness. Similarly, a lack of diverse perspectives, amongst key decision makers, can result in an incomplete assessment of the full range of risks an insurer is or may become exposed to.”</p>	
44	Insurance Europe	European Union	<p>Insurance Europe agrees that prioritising and maintaining a strong focus on DEI will “help insurers build positive corporate cultures that better support sound prudential and consumer outcomes”. It is important that the sector not only attracts diverse talent but that it is also inclusive, so that it can retain talent and support employees to thrive within their organisations.</p> <p>Notwithstanding the benefits, Insurance Europe agrees with the IAIS that it is important that insurers maintain a balanced approach to DEI. There is a risk that over-emphasising DEI or going about it ineffectively could be detrimental to corporate governance and risk management</p>	Comment noted

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>and culture outcomes. For example, excessive focus on DEI could create a culture where challenge is frustrated by fears of not being perceived as politically correct . In such instances the benefits of constructive challenge would be lost. We believe these risks, especially the risk of creating a culture where “challenge is stymied by fears of not being perceived as politically correct”, can be mitigated by ensuring a company has a culture of psychological safety.</p> <p>In addition, it must be recognised that every insurance company will be at a different point in their DEI journey and that each individual corporate journey is vital to the overall collective progress on diversity across the industry.</p>	
<b>Comments on Box 2 What is groupthink and why does it matter to insurers?</b>				
45	Institute of International Finance	USA	<p>The Paper contains multiple references to ‘groupthink’ (e.g. Box 2) and links this dynamic to a lack of ‘psychological safety’. While ‘groupthink’ may impede the challenge function of the board and may result in suboptimal decisions, the phenomenon may emanate from a variety of causes that include but are not limited to poor DEI policies. Moreover, an excessive focus on the challenge function of the board may in fact lead to dysfunction and an inability to reach the consensus and senior management alignment that is critical to moving forward with new initiatives and growth opportunities.</p>	Comment noted
46	General Insurance Association of Japan	Japan	<p>We agree that the risks of "groupthink" in decision-making are widely known to the public and are an important consideration for insurers.</p>	Comment noted
47	National Association	National Association	<p>The drafting could be read to suggest groupthink is an issue specific to the insurance sector and the description of what happened with AIG</p>	Considering this comment and also comment 50, the paper now references

	Organisation	Jurisdiction	Comment	Resolution of comment
	<b>of Insurance Commissioners (NAIC)</b>	of Insurance Commissioners (NAIC)	should be more accurate; suggest:  Groupthink has been cited as a factor in the failure of certain non-insurance areas of AIG during the financial crisis.	commentary from the “Roads to Ruin” Report. The description of the AIG example is therefore as expressed within that report. We find this the most appropriate approach.
48	<b>Progress Together</b>	UK	Progress Together welcomes the definition of groupthink and the examples cited therewithin to illustrate the negative impacts. It may be beneficial to highlight other academic studies that are more recent and adapted to the insurance sector to further bolster this section’s argument.	AP intentionally does not reference research. By not anchoring the guidance to specific research the paper allows for greater adaptability and ensures the focus remains on actionable insights rather than academic references.
49	<b>Association of British Insurers</b>	United Kingdom	The ABI acknowledges the significant risk posed by groupthink, which can hinder both the attraction of diverse talent and the fostering of a culture that encourages employees to question, suggest, and contribute to better risk management.  In addition to enhancing the soundness of firms, diversity and inclusion help to reduce groupthink, which in turn boosts consumer confidence in the sector and leads to better business outcomes. This aligns with the UK regulators’ stance that upholding market integrity through such measures enhances public confidence in the wider financial sector.	Comment noted
50	<b>Lloyds Market Association</b>	United Kingdom	Box 2 potentially over emphasises the impact of DEI in an AIG type situation which was driven by a dominant CEO. Diversity of opinion is only effective where there is psychological safety and a balance of power within the board. This is more aligned to ICP 7.11.4.  Groupthink should also be viewed through a lens of tenure and corporate independence. Corporate mindset can predominate where there is significant incumbency within a firm. Senior managers that come through the ranks under a strong leader are likely to have similar	Considering this comment and also comment 47, the paper now references commentary from the “Roads to Ruin” Report. The description of the AIG example is therefore as expressed within that report. We find this the most appropriate approach.  Comment noted.



	Organisation	Jurisdiction	Comment	Resolution of comment
			views and expectations which may counteract diverse characteristics. As such strong independent non-execs are also important.	
51	Global Federation of Insurance Associations (GFIA)	Global	<p>While there was alignment on the risks posed by group think, there is a view that box 2 should be removed or amended, noting that in the U.S. for example, group think is not a legal or statutory term, with the universality of understanding of this term questioned with the following example.</p> <p>GFIA does not presume that U.S. theories are accepted globally. In a further academic review of the various definitions of groupthink referenced in box 2, GFIA also would highlight that in U.S. literature, groupthink is an organisational dynamic that was coined as applied to government policymakers, and subsequently has been applied as a general concern in organisational dynamics in the U.S. executive branch of government, regulators, charities, and corporations. Different organisational dynamics are unique to culture, and type of organisational hierarchy. The original definition of groupthink was in the context of U.S. military hierarchy, which is very different from other organisational structures. Unless there is a clear and consistent universal understanding of the term ‘groupthink’ amongst the governments who employ IAIS members, GFIA does not think that it is appropriate to introduce the concept in standards setting without clear legislative citations in member markets.</p>	<p>The IAIS is comfortable using the term “group think”.</p> <p>The term “group-think” appears at ICP 7.3.9. <i>“Objectivity in decision making is also promoted by independence of mind of the individual Board Members. This means that a Board member should act without favour; provide constructive and robust challenge of proposals and decisions; ask for information when the member judges it necessary in the light of the issues; and avoid “group-think”.</i></p> <p>In addition, there was a lot of support for the Box both amongst the supervisors who contributed to authoring this paper and by other commentators in the public consultation.</p> <p>The term is not used within this paper in a legalistic way.</p>
52	Insurance Europe	European Union	<p>Insurance Europe acknowledges the significant risk posed by groupthink, which can hinder both the attraction of diverse talent and the fostering of a culture that encourages employees to question, suggest, and contribute to better risk management.</p> <p>Emphasising both attractiveness and inclusion is crucial once diverse talent enters the sector as they complement each other in minimising</p>	<p>Comment noted</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>the risks associated with groupthink.</p> <p>In addition to improving the soundness of companies, reduced groupthink facilitated by diversity and inclusion can also increase consumer confidence in the sector, resulting in better business outcomes.</p>	
<b>Comments on section 3 What should a supervisor look out for?</b>				
53	Progress Together	UK	Please refer to the specific section comments below.	
54	Association of British Insurers	United Kingdom	<p>We appreciate the comprehensive range of indicators that supervisors should consider in relation to DEI. However, we strongly advocate for a data-driven approach to DEI where possible. A data-led strategy enables supervisors to objectively assess and measure the progress and impact of DEI initiatives within firms. Our DEI Blueprint underscores the significance of collecting high-quality data on diversity and inclusion, which serves as the foundation for informed and effective DEI strategies.</p> <p>Data collection not only highlights areas where progress has been made but also identifies gaps and areas requiring further attention. For instance, through our annual ABI DEI data collection, we can track the progress ABI members are making and pinpoint where more efforts are needed. This systematic approach ensures that DEI initiatives are not only well-intentioned but also measurable and impactful.</p> <p>For example, many firms already generate data on gender and ethnicity, which can be leveraged to drive DEI efforts. Supervisors should utilize existing data collected within firms and reported through localized initiatives. In the UK, localised initiatives and programmes include the voluntary Women in Finance Charter and the mandatory</p>	<p>The IAIS take note of this comment and understands the potential value of a data-driven approach. Data use is explored within Box 5 (Collecting and using data as part of a DEI strategy). A phrase has been added at the end of para 32 to link Box 5 to Chapter 3.</p> <p>The Application Paper does not require the use of data in certain ways, nor at all, because the paper is sensitive to differences in jurisdictional contexts, supervisory mandates and legislative powers.</p> <p>Regarding using existing data, the paper makes regular reference to the proportionality principle which does include that supervisory techniques and practices should not go beyond what is</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>Gender Pay Gap reporting regulations. Supervisors, as part of their ‘soft powers’, can endorse, support, or work with these initiatives to support greater DEI in the industry and to encourage the uptake of firms signing up for well-established and governed voluntary initiatives.</p> <p>Moreover, adopting a data-driven approach allows for the development of benchmarks and standards that can be consistently applied across the industry. This not only facilitates comparison and accountability but also helps in identifying best practices that can be shared and implemented widely.</p>	necessary in order to achieve their purpose (footnote 3 at para 14). The paper also recognises the jurisdictional legal and privacy issues that influence the gathering and use of diversity data.
55	Lloyds Market Association	United Kingdom	<p>It is important to remember that not all firms within the remit of supervisors or the IAIS are large or international firms. Many may be smaller, privately owned and managed, providers. These providers may often service niche consumer bases, providing important access to services. Therefore, it may not always be possible or proportionate to have significant DEI strategies, data collection arrangements etc. in all firms. This has been highlighted to the UK regulators.</p> <p>Therefore, there should be consideration given in section 3 to the appropriateness of supervision and maintaining proportionality for smaller firms.</p>	<p>The IAIS recognizes this reality and the diversity that exists among insurers. The AP notes that size, location and nature of the insurer are important factors that will likely inform proportionality in the context of supervisory action related to DEI.</p> <p>The purpose of section 3 of the AP is to provide supervisors with guidance on the implementation of DEI strategies. It is neither an exhaustive list nor a guide to be applied uniformly to all insurers.</p>
56	Global Federation of Insurance Associations (GFIA)	Global	<p>Acknowledging that there are several relevant indicators a supervisor should and could look out for, it is recommended that a data driven approach is considered and that supervisors, where possible, utilise data already collected within firms and reported to initiatives localised to their jurisdiction.</p> <p>For example, in the UK localised initiatives and programmes include the voluntary Women in Finance Charter and the mandatory Gender</p>	See resolution of comment 54.

	Organisation	Jurisdiction	Comment	Resolution of comment
			Pay Gap reporting regulations. and in Australia the Gender Pay Gap Regulations. Gender Pay Gap Reporting WGEA	
57	Insurance Europe	European Union	Acknowledging that there are several relevant indicators a supervisor should and could look out for, it is recommended that a data-driven approach is considered and that supervisors, where possible, utilise data already collected within companies and reported to their local authorities. Supervisors as part of their 'soft powers' can endorse/assist/work with these initiatives to support greater DEI in the industry and to encourage the uptake of companies signing up to well-established and governed voluntary initiatives.	See resolution of comment 54.
<b>Comments on section 3.1 Relevant matters to look at</b>				
58	General Insurance Association of Japan	Japan	<p>As noted in Paragraph 27, we agree that demographic diversity information is sensitive and may not be collected by insurers, and that it is harder to measure and assess equity and inclusion. These limitations should be kept in mind when conducting insurance supervision.</p> <p>As the first sentence of Paragraph 27 explains, diversity in companies can be ensured by combining demographic diversity, diversity of experience, and diversity of thought. Because the last sentence can be read to indicate that demographic diversity and diversity of experience affect diversity of thought, and lacks consistency with the first sentence, we suggest revising it as follows: "A combination of (i) demographic diversity, (ii) diversity of experience and (iii) diversity of thought are likely to foster greater diversity in firms and help reduce groupthink."</p> <p>Paragraph 29: While the first sentence explains "Equity and inclusion...can be harder to measure", the second and third sentences have slightly contradictory descriptions where insurers can assess</p>	<p>The explanations in para 27 have been refined for clarity. Related to this change, the previous last sentence of para 27 has been removed because it is not needed.</p> <p>A minor change is made to para 29 to attempt to clarify that the second and third sentences are intended to provide suggestions for how to overcome the fact that equity and inclusion can be harder to measure (which is stated in the first sentence).</p> <p>The last sentence on para 29 is retained. A new choice of words is used within the sentence, but the same point is conveyed by it.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>equity and measure inclusion. Because assessments and measurements of initiatives related to equity and inclusion are affected by other factors, supervision solely based on the factors explained in this paragraph could cause confusion. Therefore, we suggest revising the paragraph as follows:</p> <p>"Equity and inclusion, often reflected through acts, behaviour and attitudes, can be harder to measure. Given such conditions, insurers could consider assessing equity by analysing and monitoring the employee lifecycle such as recruitment and promotion practices and outcomes, and measuring inclusion by undertaking employee surveys and monitoring outcomes of those surveys." (*We also suggest deleting the last sentence.)</p>	
59	Progress Together	UK	<p>In relation to paragraph 27, there is a discrepancy in how diversity is defined here versus Box 1's definition. Moreover, demographic diversity can sometimes refer to simply ethnic / cultural diversity instead of other strands of diversity (e.g., neurodiversity). IAIS may wish to rephrase that category to encapsulate identity characteristics in all its breadth.</p> <p>In relation to Paragraph 28, it may be beneficial to cite the specific strands of diversity that insurers should focus on – and collect the necessary data accordingly from their staff / Board members.</p> <p>In relation to Paragraph 29, it may be beneficial to also cite the sense of belonging that employees feel in inclusive environments, and cite relevant research and frameworks that companies have put in place to measure belonging.</p>	<p>The explanations in para 27 have been refined for clarity. It is intended to be consistent with Box 1 definitions.</p> <p>The term “demographic diversity” is considered preferable to using some other, new and likely less commonly used term, and “demographic diversity” here should be understood by reference to its use within Box 1.</p> <p>Concerning para 28, the IAIS takes note of this comment. Identifying the specific demographic diversity characteristics to focus on would be too prescriptive and jurisdictional considerations will be relevant. Para 28 is meant to be understood against the backdrop of para 27 – ie the</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				<p>presence of demographic diversity, diversity of experiences and diversity of thought can be initial focus areas.</p> <p>Concerning paragraph 29, the definition of Inclusion within Box 1 of the paper already describes that inclusion involves all people in an organisation feeling a sense of belonging. For this reason, no additional citing of ‘sense of belonging’ is added to para 29.</p>
60	Association of British Insurers	United Kingdom	<p>As stated in paragraph 28 of the paper, “Supervisors may focus first on whether there is diverse representation at the board and senior management level with a view to assessing potential risk of groupthink where key decisions are made.” While this is important due to the concentration of decision-making responsibility on senior levels of organisations, if firms are not encouraged to nurture a pipeline of diverse talent at all levels, the focus of the supervisory effort may be too narrow to create change at the required speed. This was found in the latest Annual Review of the Women in Finance Charter in the UK. Firms within the analysis that were seen to be accelerating the pace of change showed that introducing initiatives sooner, applying them robustly, monitoring their impact, and sustaining these efforts over years and across different levels within the organisation were key success factors in improving female representation and developing the talent pipeline. We welcome the IAIS’ inclusion of the importance of focusing on building a diverse pipeline of talent under Section 3.2 Warning signs an insurer might need to enhance its DEI efforts.</p> <p>However, there should be more clarity regarding the scope of diversity measurement within decision-making bodies. For instance, some firms</p>	<p>“Noting the value in developing a diverse pipeline of talent at all levels” has been added at the end of para 28. This is congruous with the recognition of the importance of creating a diverse pipeline of talent in section 3.2 Warning signs an insurer might need to enhance its DEI efforts.</p> <p>Regarding the scope of diversity measurement within decision-making bodies, jurisdictional considerations and the principle of proportionality will determine what a supervisor may expect in its jurisdiction on the scope of diversity management within decision-making bodies.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>within the industry have highlighted that diversity data is currently collected for Executive Committee members, influencing succession planning and development initiatives. However, this practice does not extend uniformly to Boards, where some members, particularly Independent Non-Executive Directors (INEDs), are not subject to diversity data collection due to their independent status. Moreover, INED appointments often prioritise specific skill sets rather than diversity metrics. While recognising the importance of promoting diversity within decision-making structures, it's crucial to acknowledge the variations in applicability across different roles and contexts within the industry.</p> <p>We agree that it is important to measure employees' experiences of inclusion, as this can serve as a valuable indicator of organisational culture. We also believe that inclusion should be monitored consistently, and we have identified this as best practice for our members in our DEI Blueprint. One of the recommended frameworks we highlight is the Financial Services Skills Commission's inclusion measurement guide. Supervisors are encouraged to refer to, where possible, best-practice guidance on inclusion metrics that may be relevant to each jurisdiction.</p> <p>HM Treasury Women in Finance Charter: Annual Review 2023  <a href="https://assets.publishing.service.gov.uk/media/65fb084d9316f5001164c432/HMT_WIFC_Review_2023.pdf">https://assets.publishing.service.gov.uk/media/65fb084d9316f5001164c432/HMT_WIFC_Review_2023.pdf</a></p> <p>Financial Services Skills Commission: Inclusion measurement guide 2022  <a href="https://wp.financialserviceskills.org/wp-content/uploads/2022/07/FSSC-Inclusion-Measurement-Guide-updated.pdf">https://wp.financialserviceskills.org/wp-content/uploads/2022/07/FSSC-Inclusion-Measurement-Guide-updated.pdf</a></p>	

	Organisation	Jurisdiction	Comment	Resolution of comment
61	Lloyds Market Association	United Kingdom	<p>We welcome the IAIS’s approach to relevant matters reflecting the diversity of models and externalities that firms face.</p> <p>Firms should be able to evidence their approach to diversity of thought and decision making through appropriate records of board and committee meetings.</p>	The IAIS takes note of this comment.
62	Global Federation of Insurance Associations (GFIA)	Global	<p>As stated in paragraph 28 of the paper, “supervisors may focus first on whether there is diverse representation at the board and senior management level with a view to assessing potential risk of groupthink where key decisions are made”. While this is important due to the concentration of decision-making responsibility in senior levels of organisations, if firms are not encouraged to nurture a pipeline of diverse talent at all levels, the focus of the supervisory effort may be too narrow to create change at the required speed. This was found in the latest annual review of the Women in Finance Charter in the UK.3 Firms in the analysis that were seen to be accelerating the pace of change showed that introducing initiatives sooner, applying them robustly, monitoring impact, and sustaining that effort over years were the key success factors to improving female representation within organisations. As a result, GFIA appreciates that the IAIS has included a mention noting the importance of focusing on building a diverse pipeline of talent under section 3.2 Warning signs an insurer might need to enhance its DEI efforts.</p> <p>GFIA and its members affirm the importance of “measuring employees experiences of inclusion as a valuable indicator of organisational culture”, believing that organisations benefit when they consistently monitor inclusion as noted in section 7. The Association of British Insurers (ABI) for example, has identified this as best practice for their members as part of their DEI Blueprint.</p> <p>3. HM Treasury Women in Finance Charter: Annual Review 2023 -</p>	<p>“Noting the value in developing a diverse pipeline of talent at all levels” has been added at the end of para 28. This is congruous with the recognition of the importance of creating a diverse pipeline of talent in section 3.2 Warning signs an insurer might need to enhance its DEI efforts.</p> <p>The rest of the comment is noted.</p>



	Organisation	Jurisdiction	Comment	Resolution of comment
			<a href="https://assets.publishing.service.gov.uk/media/65fb084d9316f5001164c432/HMT_WIFC_Review_2023.pdf">https://assets.publishing.service.gov.uk/media/65fb084d9316f5001164c432/HMT_WIFC_Review_2023.pdf</a>	
63	Insurance Europe	European Union	<p>As stated in paragraph 28 of the paper, “Supervisors may focus first on whether there is diverse representation at the board and senior management level with a view to assessing potential risk of groupthink where key decisions are made.” While this is important due to the concentration of decision-making responsibility on senior levels of organisations, if companies are not encouraged to nurture a pipeline of diverse talent at all levels, the focus of the supervisory effort may be too narrow to create change at the required speed. We appreciate that the IAIS has included a mention of the importance of focusing on building a diverse pipeline of talent under section 3.2 Warning signs an insurer might need to enhance its DEI efforts.</p> <p>We agree that it is important to measure employees’ experiences of inclusion, as this can serve as a valuable indicator of organisational culture. We also believe that inclusion should be monitored consistently. Supervisors are encouraged to refer, where possible, to best practice guidance on inclusion metrics that may be relevant to each jurisdiction.</p>	<p>“Noting the value in developing a diverse pipeline of talent at all levels” has been added at the end of para 28. This is congruous with the recognition of the importance of creating a diverse pipeline of talent in section 3.2 Warning signs an insurer might need to enhance its DEI efforts.</p> <p>The rest of the comment is noted.</p>
<b>Comments on section 3.2 Warning signs an insurer might need to enhance its DEI efforts</b>				
64	Institute of International Finance	USA	<p>With respect to the ‘warning signs’ set forth in Section 3.2 of the Draft Application Paper on DEI, the IAIS has not advanced clear evidence or data that supports a finding of these ‘warning signs’ in insurers’ practices, nor has it demonstrated how better DEI policies and practices could improve the dynamics underlying these ‘warning signs.’ The IAIS should cite any empirical evidence that would link enhanced supervision of insurers’ DEI practices with measurably improved outcomes for policyholders or a material positive impact on financial outcomes or risk management.</p>	<p>This paper does not have the purpose of providing empirical evidence. The text at paras 33 and 34 carefully describes what the warning signs are intended to convey; the paper describes that they are not necessarily conclusive of problems with DEI. Consistent also with a point raised by other commentators, we agree that</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>The warning signs also presume a link to DEI considerations that may not necessarily exist in the case of a particular insurer. There can be a number of reasons for the dynamics described in the warning signs. For example, persistent compliance breaches may result from a lack of training or sufficiently qualified personnel rather than from poor DEI policies. High or long-term vacancy rates and poor recruitment outcomes may be due to a challenging and competitive employment market rather than poor DEI practices. A lack of challenge in board discussions may reflect the development of a consensus view arising from engagement prior to the board meeting.</p> <p>Importantly, if the IAIS decides to include warning signs in its guidance to supervisors, the warning signs should be measurable and capable of clear linkage to performance deficiencies or financial risks. Warning signs that are not measurable or quantifiable are unlikely to lead to corrective actions that are meaningful and proportionate.</p> <p>More generally, the IAIS should reconsider aspects of the Draft Application Paper on DEI that direct supervisors to involve themselves in aspects of governance that are the responsibility of the insurer's board or management, specifically with respect to Paragraph 35. Corporate culture may differ among insurers, reflecting the local context, business models and management styles, and should not be the subject of prescriptive supervisory expectations. Companies have a reasonable expectation that the individuals they employ will be aligned with the corporate culture and values.</p>	<p>interpretation of the warning signs should take into account the jurisdictional and insurer context. Those words "<i>Taking jurisdictional and insurer context into consideration</i>," are now added at the beginning of para 33.</p> <p>The paper describes that warning signs can prompt further enquiry by the supervisor, and a range of ways supervisors might do this are elaborated in section 4. That is to say, the paper is not prescriptive on what action a supervisor should take in response to observing any particular warning sign. It is not apparent why the commentator considers that the warning signs are unlikely to lead to meaningful and proportionate corrective actions.</p> <p>The detrimental situations / performance deficiencies covered in para 35 are, we consider, uncontroversially matters that supervisors have a role to remark upon and raise with an insurer if the supervisor observes them due to their link to sound and prudent management and oversight (ICP 7) and effective systems of risk</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				management and internal control (ICP 8).
65	General Insurance Association of Japan	Japan	<p>The warning signs illustrated in Section 3.2 are thought-provoking and deserve consideration by insurers in promoting DEI. However, since lack of DEI efforts may not be the only cause of such issues, in practical implementation, it is necessary to scrutinize them based on jurisdictional circumstances (e.g., labor market conditions could impact high employee attrition and poor recruitment outcomes, etc.).</p> <p>Paragraph 35: Observing board meetings by supervisors is considered to be an excessive response and should be deleted from the description. For example, while it is also considered important for supervisors to avoid groupthink, it may not be an option, as their own response, to hold executive meetings with outsiders. Taking such measures only on the insurer side is not considered appropriate supervision.</p>	<p>The IAIS take note of this comment. The words “<i>Taking jurisdictional and insurer context into consideration</i>,” are added at the beginning of para 33.</p> <p>The reference to observing board meetings is retained in the paper. It is mentioned as one of several ways in which supervisors may detect lack of challenge and robustness in board discussions. Observing board meetings is something that supervisors in many jurisdictions have the power to do, and do at times. The reference is very neutrally stated; it is not expressed as a recommendation nor as a requirement.</p>
66	Progress Together	UK	<p>Progress Together welcomes the list of potential warning signs for insurers’ attention. It may be helpful to include specific information / statistics relating to the insurance industry (if available) on DEI issues that are more prevalent within the sector. Progress Together’s 5-step plan includes data collection and evidence gathering as one of the cornerstones of our members’ journey towards achieving greater socio-economic diversity and inclusion. We are proud to state that 100% of our members are measuring and collecting data on socio-economic background. We encourage the IAIS to continue generating thought leadership and “what works” for the sector for best practice and knowledge sharing.</p>	<p>The IAIS takes note of this comment. The suggestion is not consistent with the purpose of this paper.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
67	Association of British Insurers	United Kingdom	<p>The ABI is supportive of the wide range of warning signs that have been identified by IAIS.</p> <p>We agree that a number of supervisory interventions may be needed, considering how contextual and often multi-faceted the reasons for any detected corporate culture warning signs can be. Especially when it comes to retention, it can often be more impactful to focus efforts on continuous data collection and actioning rather than exit interviews, which are often more difficult to action and prioritise. As part of our DEI Blueprint, we have set best practices for firms to work on collecting and being better at analysing granular DEI data. An example of this is to work to improve the granularity of regional data on DEI, so that firms can tailor their strategies and targets to the needs of the areas where their employees live and work. Granular data better informs firms of the intersectional experiences of employees, and, thus, can improve retention.</p> <p>We also encourage member firms to work to continually improve the usefulness of the data they publish by clearly setting out any relevant contextual information to understand the data (such as information on sample sizes and methodologies). Similarly, supervisors should adopt this practice when publicising data collected from firms in the market.</p> <p>To repeat our recommendation on collaborating with relevant external pledges, supervisors can look at best practices from some of the well-established charters in the market in order to mitigate the risk of firms not purposefully following through on their DEI pledges. For example, the Women in Finance Charter publishes its transparent annual review, where firms that have not met their targets will be listed. These firms will also be asked for the reasons for not meeting their targets, which allows for a proportional and transparent approach. Similar approaches could be suggested to other charters in the market.</p>	The IAIS takes note of this comment.

	Organisation	Jurisdiction	Comment	Resolution of comment
68	Lloyds Market Association	United Kingdom	<p>There are additional metrics that are listed in this area that supervisors would not currently collect such as recruitment. Care should be taken to balance the benefits and likely burden to firms of providing metrics, and the drivers that may impact the interpretation of such metrics.</p> <p>Paragraphs 35 &amp; 36 need to consider the different models and sizes of firms and the proportionality of application, particularly to smaller firms. Indicators need to be seen in context of wider ongoing activities. For example,</p> <ul style="list-style-type: none"> <li>- positive changes in culture could in the short-term increase whistleblowing, employment disputes, attrition and disciplinary rates.</li> <li>- Firms at different stages or with international aspects may already be at different stages of the DEI journey.</li> <li>- Smaller firms may have less data capture or formal approach to DEI. This may be proportionate and legitimate.</li> </ul>	<p>The IAIS takes note of this comment.</p> <p>The words “<i>Taking jurisdictional and insurer context into consideration</i>,” are added at the beginning of para 33.</p>
69	Global Federation of Insurance Associations (GFIA)	Global	<p>Overall, there is broad support for the range of early warning signs identified by the IAIS and that several supervisory interventions may be needed, with two suggestions with regards to the following point:</p> <p>Lack of challenge in board discussions and key decision-making processes</p> <p>A note on board monitoring: The IAIS suggests that supervisors could monitor DEI dynamics in board meetings by “supervisors observing board meetings to see the group dynamics of the board and how comfortable board members are to contribute and challenge”. However, the IAIS then goes on to acknowledge “that the presence of supervisors may in some cases change the board’s behaviour during a meeting, holding interviews with individual directors can provide additional insights into regular practices.”</p> <p>GFIA proposes omitting the recommendation that supervisors should attend board meetings and monitor them. This suggestion aligns with</p>	<p>The IAIS take note of this comment. Concerning exit interview, a sentence has been added at the end of the paragraph.</p> <p>Regarding observing board meetings, see resolution of comment 65. It is a mischaracterisation to say, as this comment alleges, that the IAIS observes that the supervisory action of observing board meetings “could stifle board discussions and potentially compromise the quality, candour, and effectiveness of these meetings, thus undermining good governance”. The paper says only “<i>the presence of</i></p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>the IAIS’s observation that such supervisory action could stifle board discussions and potentially compromise the quality, candour, and effectiveness of these meetings, thus undermining good governance. Instead, GFIA advocates for alternative supervisory techniques, such as conducting interviews with directors or reviewing board minutes, which GFIA believes are more appropriate and proportionate methods of monitoring board behaviour.</p> <p>High employee attrition levels and/or retention challenges            A note on exit interviews:            1. With retention, it can often be more impactful to focus efforts on continuous data collection and actioning rather than exit interviews.            2. Suggest adding at the end of this paragraph “Supervisors should be careful to consider context in relation to retention challenges as there can be many other reasons for these challenges other than lack of DEI”.</p> <p>On the question “Should supervisors have access to exit interviews?”, GFIA and its members suggest caution here, particularly with regards to supervisors having access to personal information of employees. Recruitment, retention, and attrition indicators in a market of full employment to be considered in context. Proportionality is also important with the size of the organisation also to be considered in the supervisory framework, whereby small and medium organisations may not have budgets to be able to assign a full role dedicated to DEI and supervisory expectation to be managed.</p> <p>The recommendation for collaborating with external sources of data was again emphasised, whereby supervisors can look at best practice from some well-established charters in the market to mitigate the risk of not purposefully following through on their DEI pledges.</p>	<p><i>supervisors may in some cases change the board’s behaviour during a meeting”.</i></p>
70	Insurance Europe	European Union	<p>Overall, Insurance Europe supports the range of early warnings identified by the IAIS. However, supervisors should be careful to point to DEI factors as the cause of such challenges as these challenges</p>	<p>The IAIS take note of this comment. These suggestions have been taken</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>could also originate from other reasons other than DEI issues. It is important to carefully consider the context in order to identify the right factors in relation to such challenges.</p> <p>For example, in paragraph 35 (high employee attrition levels and/or retention challenges ), we suggest adding at the end of this paragraph “Supervisors should be careful to consider context in relation to retention challenges as there can be many other reasons for these challenges other than lack of DEI.” A similar sentence could be introduced under other warning signs.</p> <p>The IAIS suggests that supervisors could monitor DEI dynamics in board meetings by “supervisors observing board meetings to see the group dynamics of the board and how comfortable board members are to contribute and challenge”. However, the IAIS then goes on to acknowledge: “recognising that the presence of supervisors may in some cases change the board’s behaviour during a meeting, holding interviews with individual directors can provide additional insights into regular practices.”</p> <p>The recommendation that supervisors may attend and monitor board meetings should be omitted. The IAIS itself recognises that such supervisory action could stifle board discussions and potentially compromise the quality, frankness and effectiveness of these meetings, thus undermining good governance. Supervisors should explore alternative supervisory techniques, such as conducting interviews or review board minutes.</p> <p>Finally, supervisors can also look at best practices from some of the well-established charters in the market in order to mitigate the risk of companies not purposefully following through on their DEI pledges. In many EU jurisdictions, national initiatives such as the “Women in</p>	<p>into account, see the resolution of comment 69.</p> <p>Regarding observing board meetings: see resolution of comment 65.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			Finance Charter” initiative publishes a transparent Annual Review, where companies that have not met their targets are listed. These companies will also be asked why they haven’t met their targets, which allows for a proportional and transparent approach. Similar approaches could be suggested to other charters.	
<b>Comments on Box 3 What is DEI-washing?</b>				
71	National Association of Insurance Commissioners (NAIC)	National Association of Insurance Commissioners (NAIC)	For clarification, suggest the following revision:  Subsequently, this can cause problems regarding ESG ratings, where utilised or required.	IAIS has reflected the suggested addition of saying “ESG ratings where utilised or required” but through an addition to the next sentence.
72	Progress Together	UK	Progress Together welcomes this explanation on DEI-washing, and in particular the challenges with inaccurate or misleading public disclosures of companies’ commitment and impact on DEI. We welcome guidance from the IAIS on social sustainability / DEI disclosures for the insurance industry.	
73	Association of British Insurers	United Kingdom	The ABI does not endorse any form of DEI-washing, and our DEI Blueprint sets a clear expectation that our sector should focus on fostering a culture of transparency where evidence informs prioritisation and the progress being made is regularly reviewed.  The recognition that DEI washing can take different forms, as highlighted in the paper, is important. Strategies, pledges, targets, and other statements on DEI should be supported by timelines and measures that hold firms accountable. Supervisors have a role in ensuring these pledges are backed up by reasonable steps or guidance on how the organization expects to achieve or fulfil their commitments.  Importantly, supervisors should be weary of potentially dubious tactics	Extra language has been added to Box 3 consistent with comments raised here that strategies etc should be supported by reasonable measures and timelines that demonstrate genuine commitment and hold the insurer accountable.  The IAIS notes the suggestion that, in due course, there be case studies and guidance on DEI-washing. This could be the subject of further work by the IAIS at a later time.



	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>to reach these goals, such as hiring a demographic only at the entry level with no plans on how to ensure they reach higher levels of seniority. Supervisors should also be aware of firms enacting poor internal inclusion, leading to a poor experience for diverse employees.</p> <p>A pragmatic definition of ‘DEI washing’ should remain, as we are cognisant that there is no one particular way in which this happens, but once more examples come to light, in order for supervisors to help detect this behaviour, case studies and guidance should be shared.</p>	
74	Lloyds Market Association	United Kingdom	<p>Firms should be wary of DEI washing as this could lead to litigation similar to Greenwashing. It is important that firms are able to refer to aspirations rather than setting hard targets that may not be achievable. Particularly in jurisdictions where there are legal risks to taking positive action.</p> <p>Whilst not language used elsewhere in the document this box assumes inequalities are present. Whilst this is currently expected, it is not certain, and calls into question the long term ambitions of the approach to DEI.</p>	<p>It is considered that the description of what would be “DEI-washing” in the first para of Box 3 already does not encapsulate genuinely held aspirational statements that the insurer is actually going to make an effort to accomplish.</p> <p>To further clarify, a sentence has been added “<i>Strategies, pledges, targets and other statement on DEI should be supported by reasonable measures and timelines, and insurers should be able to demonstrate genuine commitment to achieving those statements</i>”.</p>
75	Global Federation of Insurance Associations (GFIA)	Global	<p>GFIA and its member do not endorse DEI washing and recognise its various forms, which can result in superficial rather than genuine commitment to DEI. As stated by the IAIS, this can “lead to poorly defined insurance needs, leaving consumers without suitable product options – and may impact ESG ratings”.</p> <p>It is recommended that strategies, pledges, targets, and other statements on DEI are supported with measures that hold the firms accountable and that supervisors are wary of tactics that enable DEI</p>	<p>Extra language has been added to Box 3 consistent with comments raised here:</p> <ul style="list-style-type: none"> <li>- Regarding what is DEI-washing, “<i>One example could be hiring a particular demographic only at the entry level with no plans to ensure</i></li> </ul>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>washing (such as hiring a specific demographic cohort only at entry level with no plan on how to ensure they reach higher levels of seniority). Moreover, singular, off-the-shelf and/or strategically de-linked leader and staff training could also be a form of DEI washing. It is further recommended that a pragmatic definition of ‘DEI washing’ should remain, given the multiple ways DEI washing can take form and the expectation that more examples will come to light. It is recommended that for supervisors to help detect this behaviour, case studies and guidance should be shared.</p> <p>On phrasing, GFIA recommends that the section on DEI washing ends with the first sentence that is in the third paragraph “Concerning the insurance sector, a real diversity of talent and realities in the workforce can lead to a much more comprehensive product offering that is far more tailored to consumers’ needs.”</p>	<p><i>they reach higher levels of seniority”;</i> and</p> <ul style="list-style-type: none"> <li>- <i>“Strategies, pledges, targets and other statements on DEI should be supported by reasonable measures and timelines and insurers should be able to demonstrate genuine commitment to achieving those statements”.</i></li> </ul> <p>Consistent with the raising of the recommendation by ABI in comment 73 that, in due course, there be case studies and guidance on DEI-washing, the IAIS notes this suggestion that it could be the subject of further work by the IAIS at a later time.</p> <p>The recommendation to end the section earlier is not adopted, no rationale was advanced for this change.</p>
76	Insurance Europe	European Union	<p>Insurance Europe condemns DEI washing. As stated by the Application Paper, it can “lead to poorly defined insurance needs, leaving consumers without suitable product options – and may impact ESG ratings”</p> <p>It is recommended that that strategies, pledges, targets, and other statements on DEI are supported by internal policies that hold the companies accountable and that supervisors are wary of tactics that enable DEI washing (such as hiring a particular demographic only at</p>	<p>Extra language has been added to Box 3 consistent with comments raised here – see resolution of comment 75.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>entry level with no plans to ensure they reach higher levels of seniority).</p> <p>It is further recommended that a pragmatic definition of “DEI Washing” remains, given the multiple forms DEI washing can take. Supervisors can help detect this behaviour by sharing case studies and discussing with companies.</p>	
<b>Comments on Box 4 Indicators of positive action on DEI at an insurer</b>				
77	General Insurance Association of Japan	Japan	<p>We suggest adding "Publication of policies, goals, indicators, etc. on DEI through sustainability reports, DEI reports, etc." as one of the "indicators of positive action on DEI at an insurer".</p>	IAIS take note of this comment and added this suggestion in Box 4 under “Evidence”.
78	Progress Together	UK	<p>Progress Together welcomes these indicators of positive action, as many are aligned to our list of suggested interventions and actions that our members can take to drive forward the socio-economic diversity and inclusion agenda.</p> <p>However, the list can benefit from more specificity and evidence in understanding how different interventions may work across different identity characteristics (e.g., setting targets may be helpful for driving progress for some individuals).</p>	IAIS takes note of this comment. No changes are made. The approach in Box 4 balances the level of specificity and detail appropriate for this paper. We consider the tools are well enough explained, and the <i>Evidence</i> section gives enough insight.
79	Association of British Insurers	United Kingdom	<p>The ABI appreciates the IAIS’ list of indicators, which highlight positive DEI action for insurers. In our role as a representative body of the UK insurance and long-term savings sector, we are committed to sharing best practices from our member firms on these indicators, and our DEI Blueprint Progress Report has practical case studies, such as examples of rotational development programs, other training programs and inclusive policies.</p> <p>The ABI also hosts a DEI Network for its members to facilitate</p>	<p>IAIS takes note of this comment.</p> <p>A precision concerning CEO has been added in Box 4 under “Enablers”.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>discussion and sharing of best practice. In addition, there is a Board-level sub-group focusing on DEI, which sets the strategic direction of the ABI's work on DEI. We agree with the IAIS that active engagement in knowledge sharing between firms on DEI is a good indicator of positive action on the topic, and we will continue to enable this for our member firms.</p> <p>Although, we appreciate that the IAIS' list is not meant to be exhaustive, we believe that CEOs and those who lead organisations should be explicitly mentioned as enablers of positive action. The IAIS highlights that DEI efforts should be at all levels, but emphasis should also be placed on those at the top of the organisation to actively support DEI efforts and champion this in their organisations. Tools to help with this include adding this to performance objectives and remuneration.</p> <p>Furthermore, the ABI welcomes the inclusion by the IAIS of "clear accountabilities set, e.g. prescribed responsibilities," as indicated in Box 4 of the paper.</p> <p>Prescribed responsibilities seek to do this and would be effective in endeavours to manage risks driven by insufficient DEI. The ABI believes that by allocating DEI as a prescribed responsibility to a board member or governing body, this will help to mitigate against these risks. This also helps ensure that focus is driven at the top levels and that responsibility is allocated on a basis that holds an individual to account.</p> <p>ABI DEI Blueprint progress report 2023 <a href="https://www.abi.org.uk/about-the-abi/dei-hub/dei-blueprint-progress-report-2023/">https://www.abi.org.uk/about-the-abi/dei-hub/dei-blueprint-progress-report-2023/</a></p>	

	Organisation	Jurisdiction	Comment	Resolution of comment
80	Lloyds Market Association	United Kingdom	There is a need to take into account the different models and sizes of firms and the proportionality of application.	Proportionality is prominently referenced in the AP. This includes recognising that size, location and nature of the insurer are relevant factors.
81	Global Federation of Insurance Associations (GFIA)	Global	<p>GFIA and its members support the indicators of positive DEI action at an insurer level, these are noted under the headings of Enablers, Tools, Evidence and Controls and Reporting.</p> <p>Recognising that the IAIS list of indicators is not meant to be exhaustive, it is recommended that CEO’s and those who lead the organisations should be mentioned explicitly as enablers of positive action, with tools to help with this including CEO and senior leaders’ performance objectives and remuneration.</p> <p>Note: the risk of a box-ticking culture may be exacerbated by financial incentives linked to reaching certain quantitative diversity metrics. Instead, it is more effective to link DEI non-financial performance metrics for variable remuneration to the delivery of a diversity and inclusion strategy more generally.</p>	<p>A precision concerning CEO has been added in <i>Enablers</i> section.</p> <p>Regarding remuneration, para 26 cautions that certain approaches to DEI remuneration incentives may exacerbate the risk of a box-ticking culture. Yet, it is still considered that remuneration is one of the tools that can be used appropriately and effectively by insurers to drive good DEI outcomes and hence appropriately cited under “Tools” in Box 4. Relatedly, some refinements have been made to the two sentences in para 26 on remuneration to more clearly and more accurately express the intended message. It now reads: <i>“The risk of a box-ticking culture may be exacerbated by financial incentives linked only to quantitative diversity metrics in a superficial manner. Instead, DEI metrics for variable remuneration should also link to more sustainable progress (eg the delivery of a DEI strategy, more diversity in the talent pipeline, retention of staff).”</i></p>

	Organisation	Jurisdiction	Comment	Resolution of comment
82	Insurance Europe	European Union	<p>Insurance Europe appreciates the IAIS’ list of indicators that highlight positive DEI action for insurers.</p> <p>It should be pointed out that while remuneration can be a useful tool to drive good DEI outcomes (eg incentives, performance targets and consequence management), if not carefully considered, it can lead to a box-ticking culture where the focus is merely on reaching certain quantitative diversity metrics, without leading to genuine commitment to sustainable improvements.</p> <p>Furthermore, Insurance Europe welcomes the inclusion by the IAIS of “Clear accountabilities set, e.g. prescribed responsibilities” as indicated in Box 4 of the paper, Indicators of positive action on DEI at an insurer detailed under tools used.</p> <p>Insurance Europe believes that allocating DEI as a prescribed responsibility to a board member or governing body can help improve the DEI situation in a company. It would guarantee the commitment of the top levels of the organisation.</p>	<p>Regarding remuneration – see resolution of comment 81.</p> <p>The rest of the comment is noted.</p>
<b>Comments on section 4 What can a supervisor do in response?</b>				
83	Institute of International Finance	USA	<p>Section 4 of the Draft Application Paper on DEI discusses possible supervisory responses to DEI issues at an insurer. Recognizing the range of approaches to DEI and the continuing evolution of the understanding and measurability of DEI, we encourage the IAIS to focus on the use of soft powers described in Section 4.1.1. In light of the challenges in quantifying diversity metrics, we do not believe that extensive data collections would result in the collection of meaningful or actionable information, even if those data collections are consistent with the supervisory mandate. The results of DEI data collections may reflect a variety of dynamics in a particular market that are not</p>	<p>Comment noted. In section 4.1.1 it made clear that the use of soft powers may be a starting point for a supervisor to encourage progress. It must however be acknowledged that there may well be instances where particular risks are identified and issues persist, and the supervisor may feel that more formal action is required to drive meaningful change. As noted in</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>reflective of an insurer’s or the industry’s commitment to DEI. As noted above, we encourage supervisors to explore best practices for the incorporation of DEI considerations in the policies and practices of insurers (as well as insurance authorities).</p>	<p>Paragraph 6 of the Application Paper on DEI, local circumstances, particularly the legal, cultural and historical context, will influence how DEI is considered and the actions taken by supervisors and insurers.</p> <p>It is important that the paper be considered with this in mind, and read in the context of the proportionality principle as explained in paragraph 1.3.</p> <p>We do not agree that diversity metrics is unquantifiable as the commentators seems to suggest. On the contrary the benefits of collecting and using data as part of a DEI strategy is explained in Box 5 of the Application paper. The box provides examples of how data can be analysed to form an assessment of the robustness of the insurers’ strategic approach to DEI, as well as to identify outliers.</p> <p>An appropriate balance is struck in recognising the potential limitation that may arise due to the supervisory mandate, jurisdictional context or in the absence of legislative power, and the paper is not prescriptive in the types of responses by supervisors, but instead</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				suggest the range of options available to supervisor. It would be up to the discretion of the particular supervisor, and dependent on their powers as to what exact action will be taken.
84	<b>General Insurance Association of Japan</b>	Japan	As DEI is an important issue for insurers, it is also important for supervisors to understand the status of DEI among insurers. While there are a variety of possible approaches and intensities of supervision related to DEI, it is desirable to take a balanced approach, for example, by utilizing existing frameworks and without being overly detailed.	Comment noted. The paper sets out options for approaches/actions that may be taken by supervisors and acknowledges that the supervisor will determine which approach according to a range of considerations – see paras 40 and 54. The paper itself will not prescribe what is the right balance of approach in each context.
85	<b>Progress Together</b>	UK	As a membership body that covers over a third of the financial services sector in the UK, Progress Together welcomes the IAIS’s push towards industry-wide actions. It is through coordinated effort and knowledge-sharing across the sector that systemic changes can be realised.	Comment noted.
86	<b>Lloyds Market Association</b>	United Kingdom	<p>We support the expectation that supervisors bring their influence to improving DEI within the insurance industry. We have responded to the PRA and FCA consultations on diversity and inclusion. These can be found on our website:</p> <p>It is understood that this is necessarily generic to consider local legislation and relevant powers within the local jurisdictions. The more interventionist approaches proposed, and in line with 4.1.3, form a danger that the proposals move into the areas of public and social policy.</p> <p>Supervisors will need to be mindful of the local political and legal landscape. Some jurisdictions have had issues with “Anti ESG”</p>	<p>Comment noted.</p> <p>Agreed. As noted in Paragraph 6 of the Application Paper on DEI, local</p>



	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>movements through litigation and even state or federal legislation. This could be reflected in the response to any new DEI rules, and could be detrimental to those firms already undertaking DEI work.</p> <p>Supervisors also need to consider the availability of talent pipeline with the appropriate levels of skills and knowledge to meet the current ICP 7.3 expectations. It may take time for firms to develop an appropriate succession strategy and therefore should not be seen as a short-term expectation.</p> <p>It will not always be possible to recruit externally from the industry. Particularly if firms in other industries are chasing a small number of experienced candidates. It is also potentially misplaced to use DEI factors within shortlists or recruitment processes, as this creates legal and employment relations risks.</p>	<p>circumstances, particularly the legal, cultural and historical context, will influence how DEI is considered and the actions taken by supervisors and insurers.</p> <p>Comment noted.</p> <p>Comment noted on the risk that may arise. This risk should be considered alongside all potential risks that may arise due to the absence of an appropriate DEI strategy and policies and procedures. See para 24 in Section 2 of the paper.</p>
87	Insurance Europe	European Union	<p>While recognising that progressing towards more diverse representation and embedding more inclusive practices is a learning curve for all institutions, supervisors may consider using their convening powers to work together with the industry on identifying challenges and sharing learnings and steps to overcome them. This may be particularly helpful where common challenges exist, including in creating a diverse pool of candidates for both insurers and supervisors alike, as well as identifying and working through barriers certain groups of individuals may face once within the workforce (eg flexible working). Partnering with other suitable organisations to drive attention/progress on DEI (eg peer supervisors, government or similar agencies, professional bodies etc) can also support a broader approach that provides diversity of thought and experience, including from other sectors.</p>	<p>Comment noted.</p> <p>The benefits of engaging with peer organisations on DEI are touched on in Box 4 of the application paper that set out possible indicators of positive action on DEI at an insurer and confirmed in paragraph 44 of section 4.1.2 of the application paper.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			If taking more formal action, supervisors should ensure that there is a sufficiently clear connection between the lack of DEI and its contribution to the adverse outcome for the insurer. This will ensure that any follow up action is not only proportionate but also achieves the intended objectives as it address the root causes of such challenges.	Comment noted.
<b>Comments on section 4.1 Industry-wide approach</b>				
88	<b>General Insurance Association of Japan</b>	Japan	DEI is an important issue for insurers, but the content and extent of their initiatives are likely to vary depending on the jurisdiction and the size and nature of the insurer's business. Therefore, we believe that even when an industry-wide approach to DEI supervision is taken, it should not be overly detailed and should take into account the proportionality principle. In addition, implementation should first be carried out within existing frameworks, and new regulations and requirements should be limited to circumstances where they are truly necessary.	<p>Comment noted. As noted in Paragraph 6 of the Application Paper on DEI, local circumstances, particularly the legal, cultural and historical context, will influence how DEI is considered and the actions taken by supervisors and insurers.</p> <p>It is important that the paper be considered with this in mind, and read in the context of the proportionality principle as explained in para 1.3.</p>
89	<b>Progress Together</b>	UK	See comment for previous section.	
90	<b>Association of British Insurers</b>	United Kingdom	The ABI agrees that it is of high importance for supervisors to act as role models by showcasing best practice within their own organisations. In addition to cooperating with other relevant authorities, the ABI would encourage supervisors to engage with trade bodies and other representative associations on DEI (as mentioned under "4.1.1 Use of soft powers"). This can help drive consistent messaging, and insurers may wish to engage with the supervisor through their own representative body. This will also ensure efficient communication of key messaging.	<p>Comment noted.</p> <p>The benefits of engaging with peer organisations on DEI are touched on in Box 4 of the application paper that set out possible indicators of positive action on DEI at an insurer and confirmed in paragraph 44 of section 4.1.2 of the application paper.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
91	Lloyds Market Association	United Kingdom	<p>It is acknowledged that poor DEI practices may negatively impact the reputation of firms and the wider perception of the industry.</p> <p>Paragraph 39 references “where poor DEI practices are culminating in adverse outcomes that already are, or are likely to, negatively impact the safety and soundness of insurers”. It is not clear if there is an evidential basis for this link. Care should be taken in inferring an industry wide problem in DEI or that this would impact the “safety and soundness of insurers”.</p>	<p>Slight grammatical changes have been made at para 39 to better communicate the intended meaning of those sentences. The intention is to say “if this were the situation” not to make an assertion that this is necessarily currently the situation.</p>
92	Global Federation of Insurance Associations (GFIA)	Global	<p>The IAIS notes that “some DEI challenges may be common across the insurance sector, and so an industry-wide approach [on DEI engagement by insurance supervisors] may be warranted.”</p> <p>GFIA suggests that the IAIS encourages supervisors to engage with relevant industry trade associations as they consider which industry-wide supervisory approaches to implement on DEI issues. Such engagement would allow insurers an opportunity to propose optimal ways of addressing DEI challenges, and to provide evidence to supervisors. The use of ‘formal powers’ to create new requirements could be problematic.</p>	<p>Comment noted.</p> <p>The benefits of engaging with peer organisations on DEI are touched on in Box 4 of the application paper that set out possible indicators of positive action on DEI at an insurer and confirmed in paragraph 44 of section 4.1.2 of the application paper.</p>
93	Insurance Europe	European Union	<p>Insurance Europe agrees that it is of high importance for supervisors to act as role models by showcasing best practice within their own organisations. In addition to cooperating with other relevant authorities, supervisors can engage with trade bodies and other representative associations on DEI (as mentioned under “4.1.1 Use of soft powers”). This can help drive through consistent messaging, and insurers may wish to engage with the supervisor through their own representative body. This will also ensure efficient communication of key messaging.</p> <p>If the IAIS would take on an educational role it could provide a strong foundation to promote the importance of DEI in the market. The IAIS’ actions to inform, educate, and promote the implementation of DEI,</p>	<p>Comment noted.</p> <p>The benefits of engaging with peer organisations on DEI are touched on in Box 4 of the application paper that set out possible indicators of positive action on DEI at an insurer and confirmed in paragraph 44 of section 4.1.2 of the application paper.</p> <p>The IAIS declared the topic of DEI a strategic theme of its 2020-2024 Strategic Plan and has taken many steps in this regard including pursuing</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			along with insurers' actions, will be key to implement and increase awareness of DEI policies.	two Application Paper projects and convening discussions on the theme at its upcoming 2025 Annual Conference. The IAIS is pleased to be drawing attention and promoting dialogue on DEI between supervisors and industry, and is supportive of its members doing the same.
<b>Comments on section 4.1.1 Use of soft powers</b>				
94	General Insurance Association of Japan	Japan	The use of soft powers by supervisors would be useful in promoting DEI initiatives by insurers. In jurisdictions where many insurers have published sustainability-related reports covering DEI, it would also be useful to utilize such reports.	Comment noted.
95	Progress Together	UK	Progress Together is a convening body, and is supportive of the recommendations set out in this section for partnerships with other suitable organisations to drive attention and focus on DEI.	Comment noted.
96	Lloyds Market Association	United Kingdom	These soft powers are an appropriate use of the supervisors convening powers. As DEI is also seen as a potential risk mitigant, these educational powers are therefore likely to be persuasive to many firms.	Comment noted.
97	Global Federation of Insurance Associations (GFIA)	Global	On paragraph 44, GFIA and its members welcome the recognition that “advancing diverse representation and embedding more inclusive practices is a learning curve for all institutions.” Additionally, GFIA recognises the role of supervisors in facilitating shared learnings and best practices, exemplified by suggested initiatives like roundtable discussions.	Comment noted.
98	Insurance Europe	European Union	Insurance Europe welcomes the recognition that ‘advancing diverse representation and embedding more inclusive practices is a learning curve for all institutions.’ Additionally, we recognise the role of	Comment noted.

	Organisation	Jurisdiction	Comment	Resolution of comment
			supervisors in facilitating shared learnings and best practices, exemplified by suggested initiatives such as roundtable discussions.	
<b>Comments on section 4.1.2 Incorporating DEI themes into supervisory approaches</b>				
99	<b>General Insurance Association of Japan</b>	Japan	<p>DEI supervision from the perspective of corporate governance, risk management, etc. should first be conducted within existing supervisory frameworks, and new regulations and requirements should be limited to circumstances where they are truly necessary.</p> <p>In addition, even when conducting thematic surveys, consideration should be given to whether the necessary information can be obtained from publicly available information of insurers.</p>	<p>In section 4.1.1 it is made clear that the use of soft powers may be a starting point for a supervisor to encourage progress. It must however be acknowledged that there may well be instances where particular risks are identified and issues persist, and the particular supervisor may feel that more formal action is required to drive meaningful change. As noted in para 6 local circumstances, particularly the legal, cultural and historical context, will influence how DEI is considered and the actions taken by supervisors and insurers.</p> <p>The paper sets out options for approaches/actions that may be taken by supervisors and acknowledges that the supervisor will determine which approach according to a range of considerations – see paras 40 and 54. The paper itself will not prescribe what is the right balance of approach in each context.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				The paper makes regular reference to the proportionality principle which does include that supervisory techniques and practices should not go beyond what is necessary in order to achieve their purpose (footnote 3 at para 14).
100	Progress Together	UK	Progress Together is supportive of the recommendations in this section, particularly in incorporating DEI into supervisory approaches (e.g., governance, risk management, corporate culture). Within our 5-step plan to achieving socio-economic parity at the top, we ask all our members to assign clear accountability and responsibility via a senior sponsor / champion for this work. We encourage our members to set internal targets to test what works; for instance, 10% of our members have introduced targets for workplace diversity particularly relating to socio-economic background.	Comment noted.
101	Association of British Insurers	United Kingdom	<p>The ABI agrees that alternative ways of adding DEI to supervisory approaches may be needed.</p> <p>Paragraph 48 of the paper states that “where supervisors have less insight into DEI through regular supervision, they may consider conducting a thematic industry-wide study (or selecting certain insurers), including through surveys and document reviews.” Surveying and interviewing firms on DEI is a valuable way to gain market insights. However, the ABI encourages supervisors to ensure that samples intended to produce industry-wide insights are proportional to market size. This approach will help ensure that the findings are truly representative. Insurers vary greatly in size, business model, and location, which will influence their approaches to DEI as well. In addition, it would be beneficial for participating firms to receive constructive and practical feedback on their submissions.</p>	Comment noted.

	Organisation	Jurisdiction	Comment	Resolution of comment
102	Lloyds Market Association	United Kingdom	<p>The arrangements outlined appear to envisage a close “relationship managed” liaison with individual firms. This is unlikely to be the case for most firms within the insurance market, particularly independent intermediaries.</p> <p>Care should be considered on the level of burden this would place on supervisors and firms. This could be resource intensive and remove focus from other areas of supervisory responsibility.</p>	<p>The paragraph does not propose any closer engagement than is the usual supervisory practice. It is because of the potential resource implications raised by the commentator that the paragraph suggests that DEI consideration can be integrated into existing supervisory practices as DEI warning indicators may all be identified as part of supervision of other risk indicators related to governance, risk management and culture.</p> <p>An addition has been made in section 4.1.2 “Incorporating DEI themes into supervisory approaches” at the end of para 45:  <i>“Integrating DEI-related enquiries into supervisory approaches should be done in ways that complement and reinforce the supervisors’ focus on the core oversight areas of governance, risk management and corporate culture.”</i></p>
103	Global Federation of Insurance Associations (GFIA)	Global	<p>Paragraph 48 states that, “where supervisors have less insight into DEI through regular supervision, they may consider conducting a thematic industry wide study (or selecting certain insurers), including through surveys and document reviews.” GFIA and its members recommend that the principle of proportionality be applied. The size of the organisation must be taken into consideration, small and medium sized organisations may not have capacity to place individual responsibility for DEI on one person, rather collective responsibility which could be</p>	<p>It is agreed that a consideration of proportionality is needed when developing industry-wide responses. This is already acknowledged at para 40. That applies also to section 4.1.2 of the AP.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>argued is more in line with the cultural embeddedness of DEI in the organisation – starting with the tone from the top – chair, board and executive and right through the organisation.</p> <p>As an example, the introduction of the Individual Accountability Framework and Senior Executives Accountability Regime (SEAR) includes the requirement to assign responsibility for leading the development of the firm’s culture, including on matters relating to diversity and inclusion, by the board. This further embeds the drive for senior leaders within firms and their boards to take ownership for driving DEI through the organisation. However, more context on the supervisory expectations will be required to give firms comfort they are delivering on their obligations and allow firms to learn from each other. As noted in comments 4.1.1 GFIA recommends that regulators share good and poor practice with organisations.</p>	<p>Regarding supervisory expectations, as the paper is not prescriptive in the types of responses by supervisors, but instead suggest the range of options available to supervisor, it would be up to the discretion of the particular supervisor, and dependent on their powers as to what exact action will be taken. Likewise it would be within the discretion of the particular supervisor on how to best communicate their expectation to insurers in their jurisdiction.</p>
104	Insurance Europe	European Union	<p>Paragraph 48 of the paper states that, “where supervisors have less insight into DEI through regular supervision, they may consider conducting a thematic industry wide study (or selecting certain insurers), including through surveys and document reviews.” While surveying and interviewing companies on DEI is a good way to gain insights from the market, supervisors should ensure that review samples intended to produce industry-wide insights are proportional to market size, in order to ensure findings that are representative. Insurers vary greatly in size, business model, and location, which, along with limitations set out by local data protection rules, will influence their approaches to DEI as well. In addition, it would be beneficial for participating companies to receive constructive and practical feedback on their submissions.</p> <p>The principle of proportionality should also be applied. The size of the company must be taken into consideration, as small and medium-sized companies may not have capacity to place individual responsibility for DEI on one person. Especially in these cases, it should rather be a</p>	<p>See resolution of comment 103.</p>



	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>collective responsibility, which could be argued is more in line with the cultural embeddedness of DEI in the organisation – starting with the tone from the top -- chair, board and executives and throughout the organisation.</p> <p>Additionally, Insurance Europe has the following wording suggestion in paragraph 45: Consideration of DEI can be integrated into existing supervisory practices, <i>in line with their supervisory mandate</i>, in particular to form part of general supervisory approaches related to governance, risk management and corporate culture. <i>(red text to be added)</i></p>	<p>Proposed wording accepted. An addition has also been made at the end of para 45: <i>“Integrating DEI-related enquiries into supervisory approaches should be done in ways that complement and reinforce the supervisors’ focus on the core oversight areas of governance, risk management and corporate culture.”</i></p>
<b>Comments on section 4.1.3 Develop requirements</b>				
105	Institute of International Finance	USA	<p>With respect to the suggestion in Paragraph 50 that supervisors could require insurers to set targets for demographic representation and/or improved inclusion metrics, we would caution that a reliance on demographic metrics may result in an oversimplification of diversity within an organization. Targets have a tendency to emphasize quantitative measures or a ‘tick-box’ approach which is suboptimal in the case of DEI objectives. The failure to meet targets may be viewed as discrimination or potential misconduct even when the underlying reasons are unrelated to poor conduct or reflect complex dynamics in a particular market.</p> <p>The IAIS should consider the legal and reputational risks that could accompany any requirements to publicly disclose insurers’ DEI data and approaches, as suggested in Paragraph 50, or to disclose non-</p>	<p>Comment noted. As noted in Paragraph 6 of the Application Paper on DEI, local circumstances, particularly the legal, cultural and historical context, will influence how DEI is considered and the actions taken by supervisors and insurers in a particular jurisdiction. There may well be examples in particular jurisdiction where demographic metrics can serve a specific purpose, such as where persons with particular demographics have historically been discriminated against.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>compliance and fines. Public disclosure of DEI data risks crowding out and distracting from more tangible measures of outcomes which might be of greater importance. As noted above, consumers may construe data about demographic characteristics, or changes in demographic metrics, as discrimination or potential misconduct when it may be random variations, or a function of normal staff attrition. Supervisors would be better served by requesting information on how insurers are addressing any concerns regarding groupthink, ineffective challenge or other DEI challenges, instead of requiring specific DEI disclosures.</p> <p>We strongly believe that it is inappropriate to develop requirements and to adopt formal actions or interventions, including enforcement actions, given the lack of evidence linking inadequate DEI policies and practices to material risks to policyholders or poor financial outcomes for insurers. In particular, the establishment of DEI targets for an insurer or a requirement for companies to assign senior responsibility for DEI with linkages to performance objectives and remuneration would be inappropriate given the lack of a linkage to prudential concerns. These suggested actions would exceed many supervisory mandates and may conflict with the mandates and directives of other authorities with responsibilities for employment law or market conduct. Moreover, any such requirements would be inconsistent with the need for companies to have the flexibility and discretion to develop and evolve their DEI policies and practices. Instead of developing prescriptive requirements and imposing formal actions on insurers who fail to fully follow those requirements, we encourage the IAIS and its insurance supervisor members to consider best practices for DEI based on their experiences across a wide range of jurisdictions.</p>	<p>Additionally, para 26 of the paper does acknowledge the risks of, and cautions against, box-ticking approaches of using quantitative diversity metrics in a superficial manner. But overall, there are many merits to setting targets and using metrics as part of balanced DEI approaches.</p> <p>The paper is not prescriptive in the types of responses by supervisors, but instead suggest the range of options available to supervisor. It would be up to the discretion of the particular supervisor, and dependent on their powers as to what exact action will be taken.</p> <p>We agree that it is important that the paper be considered with this in mind, and read holistically and in the context of the proportionality principle as explained in section 1.3.</p> <p>It is not agreed that there is no link between DEI related measures and prudential concerns. The paper in detail explains the link between DEI and aspects that are core to sound governance, risk management and corporate culture, all which are directly linked to sound prudential outcomes.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				<p>Concerns around prescriptive requirements are noted, however, there may well be jurisdictions where this may be considered appropriate and it would be for a particular supervisor to consider the need for formal action, including whether this falls within their mandate.</p> <p>An addition has also been made at the end of para 53: <i>“Requirements established by the supervisor should be linked to its mandate and objectives”</i>.</p>
106	General Insurance Association of Japan	Japan	<p>We understand that in some circumstances it may be necessary to impose new regulations and requirements in order to promote DEI initiatives of insurers, but this should be limited to cases where it is truly necessary. Even in cases where it is truly necessary to impose requirements, we believe that consideration should be given not only to the size of the insurer, but also to the extent of the problems and risks that have arisen. As a first step, we believe that consideration should be given to the use of existing frameworks and whether the necessary information can be obtained from publicly available reports of insurers, etc.</p>	<p>Comment noted. See resolution of comment 99.</p>
107	Progress Together	UK	<p>Whilst Progress Together is generally in support of developing requirements for insurers via supervisory bodies, it may be beneficial to highlight interventions – backed by solid evidence – that would be best for advancing the agenda. For instance, there is mixed evidence on the efficacy of unconscious bias training. Our members have consistently asked for more guidance and evidence to support in making the case for interventions that work in advancing specific DEI causes (e.g., how to build a diverse talent pipeline). We welcome the suggestion for</p>	<p>Comment noted.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			supervisory bodies to publish supplementary guidance should there be introduction of new requirements.	
108	Lloyds Market Association	United Kingdom	<p>Please see our responses to the FCA and PRA. Whilst we believe that setting requirements are appropriate, we believe this to be subject to appropriate proportionality.</p> <p>As outlined by the FCA in a response to the Treasury Committee, it is for parliaments to mandate specific targets or quotas as this is a social policy matter.</p> <p>Smaller firms will not be able to implement stretching strategies reasonably and data will lack statistical meaning. There should also be established causal chain links between requirements and the harms they seek to address.</p> <p>In line with our response to the UK supervisors, we do not believe it is proportionate to mandate disclosure of firm's strategies or external data.</p> <p>It is also not balanced to mandate that smaller firms establish strategies and data collection arrangements. This is likely to have significant costs and result in tick box approaches to DEI to ensure a technical compliance and DEI-Washing.</p> <p>We would also be concerned at the concept of considering "remedial action" which implies interference in a firms employment arrangements.</p>	<p>Comment noted.</p> <p>The paper is not prescriptive in the types of responses by supervisors, but instead suggest the range of options available to supervisor. It would be up to the discretion of the particular supervisor, and dependent on their powers as to what exact action will be taken.</p> <p>We agree that it is important that the paper be considered and read holistically and in the context of the proportionality principle as explained in paragraph 1.3 of the Application paper.</p> <p>The reference to "Undertake targeted remedial action" should not be interpreted to suggest so-called interference with employment arrangements. It simply suggests that a supervisor can consider requiring an insurer to implement corrections or improvements to how it is doing something where it may be necessary as identified through supervisory monitoring of DEI. The explanation of what the term was intended to mean has been elaborated in the paper.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
109	FWD Group	Hong Kong	<p>We note paragraph 50 of the Application Paper states that supervisors could require insurers to “set targets for demographic representation and/or improved inclusion metrics”. We would propose instead that insurers should focus more on crafting a genuine DEI roadmap with commitment to see through related milestones and goals. It is our view that the roadmap will be more effective in driving meaningful and sustainable longer-term changes, such as setting a strong DEI culture, focusing on structural changes (e.g. implementing screening tools that remove unconscious biases) and employee listening including DEI matters. Both quantitative and qualitative data are important to form an accurate bigger picture.</p>	<p>The bullet preceding this, “Develop and maintain DEI strategies and/or internal policies”, was already intended to pick-up on the need for having a genuine commitment documented in policy/strategy. We prefer to not be too prescriptive about exactly what DEI strategies and/or internal policies a supervisor might require the insurer to develop, due to the paper’s general recognition of the need for jurisdictional context and the supervisors’ mandate and powers to inform the actions taken by supervisors and insurers in a particular jurisdiction.</p> <p>The concept raised by FWD Group is, however, added within Box 4 (Indicators of positive action on DEI at an insurer) under <i>Enablers</i>: “a well-rounded sustainable, longer-term plan that features milestones and goals along the way to meeting the insurer’s DEI ambition”.</p> <p>The point that supervisors could “set targets for demographic representation and/or improved inclusion metrics” is retained in para 50. There may well be examples in particular jurisdiction where the setting of targets can serve a specific purpose, such as where</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				persons with particular demographics have historically been discriminated against, and significantly interventionist measures are necessary to correct existing imbalances.
110	Global Federation of Insurance Associations (GFIA)	Global	<p>GFIA recommends that “develop requirements” should be changed to “develop expectations”.</p> <p>On paragraph 49, GFIA would encourage supervisors to engage with their local industry peak bodies to consider the most effective approach for their jurisdiction as it was noted that not all GFIA members are aligned on the need for mandatory action.</p> <p>On paragraph 50, supervisors could require insurers to:            n “Develop and maintain DEI strategies and/or internal policies.”            GFIA would encourage the IAIS to also note that, if supervisors do decide to require firms to adopt DEI strategies, they should recognise that firms should have the freedom to set their own DEI strategies and internal policies based upon their context and needs.            n “Set targets for demographic representation and/or improved inclusion metrics.”</p> <p>A note on demographic representation:            In terms of demographic representation targets, GFIA would urge the IAIS to encourage supervisors to allow firms the flexibility to set appropriate targets instead of mandating firms to set a numerical representation target from the beginning. GFIA would also urge the IAIS to stress that any such targets, if introduced, should be proportionate. In many cases, it would be very difficult for smaller firms to report to the same level and standard as larger firms. Moreover, in smaller firms, a change in one person on senior management or a board could have a significant impact on DEI representation – but this</p>	<p>Regarding the suggestion to change “develop requirements” to “develop expectations”, the particular terminology was interrogated in detail during the development of the paper, and the alternative use of the term “expectations” considered. However, the use of requirements is preferred, as the expectations of the supervisors are addressed elsewhere in the paper (under paragraph 4.1.1 on use of soft powers). It may create duplication if changed to expectations, which is less intrusive / more ‘light touch’. The paper is structured in a progressive manner explaining that the starting point would be soft powers, and the most intrusive measures would be to develop regulatory requirements that can be enforced against.</p> <p>Other comments regarding various of the points in para 50 are noted. Edits to the list in para 50 have not been made because they were considered unnecessary. The comments sometimes:</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>would be more a reflection of the small size of the firm rather than the firm’s commitment to DEI.</p> <p>A note on inclusion metrics:            In terms of potential inclusion metrics, GFIA would encourage the IAIS to note that the questions or wording of such metrics should not be prescribed by supervisors. Firms should have the flexibility to measure inclusion in ways that best suits their organisational needs and that is aligned with the ways in which they measure culture and employee engagement more holistically.            The IAIS should also remind supervisors of the need to exercise caution in how to interpret inclusion metrics. Inclusion does not exist separately from other aspects of an organisation’s culture such as leadership, management and decision-making, and employee feedback. As such, GFIA urges that supervisors consider inclusion more holistically alongside these other factors. Requiring firms to report on inclusion questions to supervisors in isolation, without broader firm context, means the data could be misinterpreted.</p> <p>A note on collecting and reporting several types of data to the supervisor:            The IAIS also proposes that supervisors might require insurers to “publicly disclose information on their data and/or approaches related to DEI.” Although it is hard to comment on the impact of disclosing DEI data in general (as opposed to specific kinds of DEI data), there is a risk that the reliability and accuracy of DEI data might be impacted by a disclosure requirement. If employees know that their data will be publicly disclosed, they may be less willing to share their data for DEI related exercises. For example, if firms were required to disclose inclusion related data, this requirement may impact how open and honest employees are in their feedback, and thus undermine the</p>	<p>(i) propose specifications out of an abundance of caution (eg the paper already expresses that supervisors could require insurers to set targets – ie that it is the insurer who sets the targets); or</p> <p>(ii) propose detailed/prescriptive additions at a level more specific than the style of the paper, especially given the paper’s general recognition of the need for jurisdictional context and the supervisors’ mandate and powers to inform the actions taken by supervisors and insurers in a particular jurisdiction; or</p> <p>(iii) note risks that are presently hard to comment on with confidence/surety (eg potential risk that requiring data to be reported to the supervisor makes it less likely for employees to share their data).</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>purpose of measuring inclusion.</p> <p>A note on implementing training on DEI (for example unconscious bias training, or training on hiring practices):            GFIA urges the IAIS to ensure that regulators align with the desired outcomes. For example, Insurance Ireland noted that insurance professionals are required to complete 15 hours of continuous professional development under regulatory requirements. However, DEI training does not count for Continuing Professional Development (CPD) purposes. This is contrary to the objective of the regulatory drive on insurance firms to drive a diverse and inclusive workforce.</p> <p>Overall recommendations/comments on paragraph 50:            GFIA further recommends the word “require” should be changed to “expect”.</p> <p>An overarching observation about all of these potential requirements that the IAIS suggests supervisors might consider applying to firms, is that GFIA would urge the IAIS to remind supervisors to always justify why they are introducing a particular DEI related requirement (e.g. a requirement for firms to report on certain kinds of DEI data), to explain how the supervisor plans to use any data once gathered, and to provide a clear evidence base that demonstrates how the proposed requirement will help the regulator achieve its objective.</p>	<p>The comment is noted that supervisors should follow good practice when introducing requirements. This would apply to the introduction of any requirement, and not only DEI requirements. Evidence based policy making is however broadly supported.</p>
111	Insurance Europe	European Union	<p>The development of additional requirements should be particularly considered in the context of local circumstances, especially the legal, cultural, and historical context and should be in line with the supervisory mandate. Additional requirements could be helpful in certain circumstances. However, Insurance Europe wants to highlight the role and the importance of social partners as they are the ones uniquely positioned to drive and promote effective change. They play a crucial role in the governance of the employment relationship and are</p>	<p>Comment noted. Relatedly, an addition has been made at the end of para 53: <i>“Requirements established by the supervisor should be linked to its mandate and objectives”</i>.</p> <p>The benefits of engaging with peer organisations on DEI are touched on in</p>



	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>key players in industrial relations. They are, therefore, best placed to design initiatives that work in the real world and, at the same time, respond to the needs of different groups of workers.</p> <p>If supervisors do decide to develop requirements, companies should have the freedom to set their own DEI strategies and internal policies based on their context and needs. In this regard, companies should have the flexibility to measure inclusion in ways that best suits their organisational needs and that is aligned with the ways in which they measure culture and employee engagement more holistically.</p>	<p>Box 4 of the application paper that set out possible indicators of positive action on DEI at an insurer and confirmed in paragraph 44 of section 4.1.2 of the application paper.</p> <p>Consistent with the resolution of comment 110, these points are noted but no need is seen to make corresponding edits in the paper.</p>
<b>Comments on section 4.2 Insurer-specific engagement</b>				
112	General Insurance Association of Japan	Japan	Individual supervisory engagement with insurers regarding their DEI initiatives is an effective approach from the perspective of responding flexibly to the circumstances of individual companies. On the other hand, sufficient consideration should be given to whether the content of the engagement is appropriate and whether the burden on insurers is not excessive. In addition, "formal intervention" by supervisors should be limited to cases where it is truly necessary.	See resolution of comment 99.
113	Progress Together	UK	No comment as it pertains to supervisors' remit.	Noted.
114	Lloyds Market Association	United Kingdom	<p>The IAIS has acknowledged that different jurisdictions have different legislation and challenges with relation to DEI. Given the international nature of insurance groups, it is therefore appropriate that this lens is applied when engaging with and understanding insurers approach to DEI.</p> <p>Where a group's main domicile prohibits data collection or the supervisor has limited regulatory remit, it is inevitable that there will be challenges in applying a more prescriptive regime elsewhere.</p>	<p>Comment noted.</p> <p>Formal interventions, and the extent and nature thereof would depend on the circumstances and the supervisor's mandate and powers. It cannot be conceptually quantified in the absence of the facts of the matter that give rise to such interventions.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			Unless this was also related to material failings within the firm where lack of DEI were an aggravating factor. It is not clear that censure or fines would be proportionate response to a firm’s approach to DEI.	
115	Global Federation of Insurance Associations (GFIA)	Global	On paragraph 55, GFIA would oppose a formal intervention by a supervisor. In addition, both the triggers and the actions that could be taken (such as public disclosure and fines) would be left up to a supervisor’s discretion and could be very onerous on companies. It would also have the effect of turning supervisors into DEI enforcement officers.	Comment noted, however it is not clear in the absence of the facts of a particular matter that give rise to such interventions what the commentator is basing its opposition on. Formal interventions, and the extent and nature thereof would depend on the circumstances and the supervisor’s mandate and powers. Current drafting of para 55 is considered appropriate and is retained.
<b>Comments on section 4.2.1 Understanding an insurer’s approach to DEI</b>				
116	General Insurance Association of Japan	Japan	<p>Paragraph 58: In order to understand an insurer's approach to DEI, it would be desirable to discuss DEI utilizing existing frameworks such as regular engagement.</p> <p>Paragraph 59: Even when employees have equivalent skills and work experience, remuneration, training, benefits and career opportunities should vary depending on the nature of the job assigned. Therefore, we suggest revising the first sentence as follows:            "On the human resources side, remuneration, training, benefits and career opportunities should be treated fairly for all employees with equivalent skills and work experience, ..."</p>	<p>Para 58: Comment noted.</p> <p>Para 59: Partially agreed. The intended point is that where employees have equivalent skills and work experience and they perform the same type or level of role they should have comparable remuneration and benefits (for instance, as opposed to a “gender pay gap”), and fair access to training and career opportunities. The sentence has been reworded:  <i>“On the human resources side, employees with equivalent skills and work experience and that fulfil the</i></p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				<i>same type and level of roles should receive comparable remuneration and benefits, and have fair access to training and career opportunities. <sup>20</sup></i>
117	Progress Together	UK	No comment as it pertains to supervisors' remit.	Noted.
118	Association of British Insurers	United Kingdom	<p>Paragraph 59 of the paper states, "On the human resources side, remuneration, training, benefits and career opportunities should be similar and accessible to all employees with equivalent skills and work experience, and supervisors may be able to enquire on this during regular engagement and on-site inspections." Depending on the jurisdiction, insurers should also be encouraged to aim to offer equitable opportunities to talent from underrepresented backgrounds.</p> <p>In the UK, the Equality Act 2010 regulates the use of positive action. Positive action allows additional help to be provided for talent with a 'protected characteristic'. Firms can take proportionate action that aims to eliminate or reduce disadvantage, meet different needs, and increase participation. In the context of an insurance firm, this could mean mentoring schemes, development initiatives, networks, and outreach work that are open to everyone but targeted towards talent from underrepresented backgrounds. Internal schemes such as reverse mentoring can benefit both senior colleagues wishing to understand and learn from diverse employees. It can also benefit diverse employees by allowing them to easily access senior colleagues to understand how to progress and share any concerns or improvements in a less formal manner. Thus, such initiatives have the potential to benefit all employees involved and contribute to a more inclusive culture where individuals feel empowered to contribute.</p> <p>Guidance: Positive action in the workplace</p>	<p>Comment and example noted.</p> <p>To incorporate the point raised about equitable opportunities, para 59 now expresses:  <i>"On the human resources side, employees with equivalent skills and work experience and that fulfil the same type and level of roles should receive comparable remuneration and benefits, and have fair access to training and career opportunities.<sup>20</sup></i></p> <p><sup>20</sup> Subject to the jurisdictional context, insurers are encouraged to offer equitable opportunities that aim to overcome structural and systemic disadvantages to increase diversity – eg dedicated recruitment pathways, development programs or mentoring for individuals from underrepresented backgrounds."</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<a href="https://www.gov.uk/government/publications/positive-action-in-the-workplace-guidance-for-employers/positive-action-in-the-workplace">https://www.gov.uk/government/publications/positive-action-in-the-workplace-guidance-for-employers/positive-action-in-the-workplace</a>	
119	Lloyds Market Association	United Kingdom	<p>Pro-active work on DEI is likely to be time consuming and resource intensive.</p> <p>It is not clear that activity proposed in paragraph 56 is the appropriate response to the “warning signs”. There is a risk that supervisors are diverted by technical compliance with DEI expectations, to the detriment of other supervisory activities more directly related to policyholder protections.</p> <p>During the recent consultation, the FCA and PRA indicated they are unlikely to use firm strategies and targets as a means of holding firms to account.</p> <p>It is likely that for many firms these “warning signs” will emerge as part of reactive work that has been commenced due to crystalised solvency issues, customer harm or other identified failing.</p>	<p>The comment by the commentator seems to imply that DEI is not directly related to more positive conduct and prudential outcomes at insurers. Please see para 4 that explains the significance of DEI in the context of insurance supervision, and the detailed explanation in section 2 on why DEI matters in the context of ICP7, 8 and corporate culture.</p> <p>Considering the relevance of DEI as explained it would therefore be appropriate for DEI to be supervised alongside other components of insurance supervision as is suggested in section 4.1.2.</p> <p>The paper regularly makes clear that proportionality should be considered; an extra reference is now included post-consultation at para 54 to ensure it is understood that proportionality applies throughout section 4.2.</p> <p>The paper also references that potential DEI supervisory actions will be considered according to various factors including the supervisor’s</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				assessment of its priorities (paras 15 and 38).
120	Global Federation of Insurance Associations (GFIA)	Global	<p>GFIA and its members broadly support the supervisors’ approach to understanding insurers approach to DEI. The following comments can be made:</p> <p>In paragraph 56, the IAIS states that “generally, the starting point for a supervisor when warning signs on DEI are encountered would be to undertake an analysis of the insurer’s approach to DEI, including engaging with the insurer on the indicators identified”. GFIA would encourage the IAIS to remind supervisors to adopt a proportionate approach to engaging a firm on DEI issues, and, where possible, to rely on any relevant evidence that the firm in question has already produced on DEI issues rather than moving straight to the conclusion that additional data or reporting is required.</p> <p>In paragraph 57, the IAIS states that “a valuable starting point may be targeted engagement with the board on their role in setting organisational values of the insurer and effectively setting and overseeing the insurer’s corporate culture, business objectives and strategies”. GFIA notes that, dependent on the organisation and its size and complexity, it may be more productive for supervisors to initially engage with senior management or the organisations risk or DEI function.</p> <p>In paragraph 59, the IAIS states that “on the human resources side, remuneration, training, benefits and career opportunities should be similar and accessible to all employees with equivalent skills and work experience, and supervisors may be able to enquire on this during regular engagement and on-site inspections.” GFIA notes that, depending on the jurisdiction, insurers should also be encouraged to aim to offer equitable opportunities to talent from underrepresented backgrounds.</p>	<p>Comment noted. The paper regularly makes clear that proportionality should be considered; an extra reference is now included at para 54 to ensure it is understood that proportionality applies throughout section 4.2.</p> <p>Comment noted.</p> <p>Regarding equitable opportunities, see resolution of comment 118.</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
121	Insurance Europe	European Union	<p>Paragraph 59 of the paper states: “on the human resources side, remuneration, training, benefits and career opportunities should be similar and accessible to all employees with equivalent skills and work experience, and supervisors may be able to enquire on this during regular engagement and on-site inspections.” Insurance Europe is supportive of positive action. Positive action allows additional help to be provided for talent who share a ‘protected characteristic’. Companies can take proportionate action to eliminate or reduce disadvantage, meet different needs and increase participation. In the context of an insurance company, this could mean mentoring schemes, development initiatives, networks and outreach that are open to everyone but targeted toward talent from underrepresented backgrounds.</p> <p>In the EU, social partners are the ones uniquely positioned to drive and promote effective change. They play a crucial role in the governance of the employment relationship and are key players in industrial relations. They are therefore best placed to design initiatives that work in the real world and, at the same time, respond to the needs of different groups of workers.</p>	<p>Regarding positive action/equitable opportunities, see resolution of comment 118.</p> <p>See resolution of comment 111 above.</p>
<p><b>Comments on section 4.2.2 Undertake review work to examine DEI related arrangements and plans</b></p>				
122	General Insurance Association of Japan	Japan	<p>Paragraph 62: While we understand that a more targeted supervisory review may be necessary to understand the status of an insurer's DEI efforts, the items and information to be covered and the approach to be taken should be determined with due consideration of the circumstances surrounding DEI in the relevant jurisdiction.</p> <p>If there is a need to conduct a review of DEI, we agree that it should be incorporated into the existing business-as-usual supervisory engagement.</p>	<p>Comment noted.</p> <p>As noted in Paragraph 6 of the Application Paper on DEI, local circumstances, particularly the legal, cultural and historical context, will influence how DEI is considered and the actions taken by supervisors and insurers. The paper is not prescriptive in the types of responses by</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
				supervisors, but instead suggest the range of options available to supervisor. It would be up to the discretion of the particular supervisor, and dependent on their powers as to what exact action will be taken.
123	Progress Together	UK	No comment as it pertains to supervisors' remit.	Noted
124	Association of British Insurers	United Kingdom	<p>We believe that it is of crucial importance that the IAIS has included a variety of ways in which it can explore and verify the effectiveness of DEI initiatives, and especially that the focus is on ensuring policy and practice aligns.</p> <p>To ensure that the material potentially reviewed reflects genuine initiatives and progress, the ABI would suggest being cautious with material that is commercial in nature. For example, "awards and prizes" as exemplified in paragraph 63 of the paper. If such material is used to assess the DEI efforts of an insurer, the supervisor is encouraged to ensure that an independent, non-biased and impartial judging panel is involved, and that the organising entity is otherwise credible. Many awards within the DEI space are paid for, which may raise concerns about the awarding criteria and the accessibility for smaller firms.</p>	<p>Agreed. The reference in paragraph 63 expanded to awards and prizes that are independently and impartially awarded.</p> <p>The scenario explained by the commentator would be an example of DEI washing as is described in Box 3 in the Application Paper. The reference to awards and prizes is clarified to those that are independently and impartially awarded.</p>
125	Lloyds Market Association	United Kingdom	Again, whilst these are areas of work that may be considered. It is not clear if the level of engagement and burden is proportionate to the likely gains in policy holder protections, or when considering the general supervisory objectives.	Not agreed. Also see resolution of comment 119.
126	Global Federation of Insurance Associations (GFIA)	Global	<p>GFIA and its members value the IAIS's incorporation of diverse methods to assess and validate the effectiveness of DEI initiatives, emphasising the importance of ensuring practice and policy align.</p> <p>In paragraph 61, the IAIS notes that "supervisor(s) may consider undertaking a targeted review of the insurer's approach to DEI." It</p>	Regarding supervisory reviews being proportionate and avoid being intrusive in nature: the paper regularly makes clear that proportionality should be considered. An extra reference is now included at para 54 to ensure it is

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>further notes that “a targeted review could be linked to quantitative and qualitative assessments and include evidence-based engagements to explore and verify the design and effectiveness of DEI initiatives”. GFIA would urge the IAIS to stress that these ‘targeted reviews’ should be proportionate. Full reviews can absorb considerable regulatory resources, as well as firm resources, especially if much additional data gathering and analysis work is done. They should not be undertaken except in cases where a review is necessary and where the supervisors’ objectives cannot be attained in more proportionate ways.</p> <p>GFIA would also encourage supervisors, where possible, to leverage existing data that has been gathered by firms (e.g. employee engagement data) when advancing such reviews, rather than automatically requiring new data to be gathered from scratch. It is recommended that materials reviewed that are commercial in nature (e.g. reward submissions) are viewed with caution. Additionally, a focused review for engagement should be proportionate and considerate of the quantity and nature of materials requested so it’s not intrusive in nature.</p>	<p>understood that proportionality applies throughout section 4.2. The proportionality principle does include that supervisory techniques and practices should not go beyond what is necessary in order to achieve their purpose (cited in footnote 3 at para 14).</p> <p>The comment that supervisors are encouraged to leverage existing data is noted. The proportionality principle is relevant again here. The paper also recognises the jurisdictional legal and privacy issues that influence the gathering and use of diversity data.</p> <p>Regarding awards: agreed and wording in paragraph 63 has been expanded. See response to comment 124.</p>
127	Insurance Europe	European Union	<p>Insurance Europe welcomes the IAIS’s approach recognising the diverse methods to assess and validate the effectiveness of DEI initiatives. It is key to ensure that policy and practice are aligned.</p> <p>In paragraph 61 the IAIS notes that “supervisor(s) may consider undertaking a targeted review of the insurer’s approach to DEI.” It further notes that “a targeted review could be linked to quantitative and qualitative assessments and include evidence-based engagements to explore and verify the design and effectiveness of DEI initiatives”. The IAIS should stress that these “targeted reviews”, if necessary, must be</p>	<p>Comment noted.</p> <p>Regarding supervisory reviews being proportionate, avoid being intrusive in nature and leverage existing data: see resolution of comment 126.</p> <p>Regarding awards: agreed and wording in paragraph 63 has been</p>



	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>proportionate. Full reviews can absorb considerable regulatory resources, as well as company resources, especially if additional data gathering and analysis work is required and should not be undertaken except in cases where a review is necessary and where the supervisors' objectives cannot be attained in more proportionate ways.</p> <p>Supervisors, where possible, should also leverage existing data that has been gathered by companies (e.g. employee engagement data) in such reviews, rather than automatically requiring new data to be gathered from scratch.</p> <p>Finally, Insurance Europe suggests being cautious with review material that is commercial in nature, i.e. awards and prizes as mentioned in paragraph 63 of the paper. If such material is used to assess the DEI efforts of an insurer, the supervisor is encouraged to ensure that the organising entity is credible and independent. Awards within the DEI space that are paid-for may raise concerns over the awarding criteria and impartiality of the awarding institution.</p>	expanded. See resolution of comment 124.
<p><b>Comments on Box 5 Collecting and using data as part of a DEI strategy</b></p>				
128	General Insurance Association of Japan	Japan	<p>It should be noted that the data that insurers can collect will vary widely from jurisdiction to jurisdiction. Demography data in particular is highly constrained and may make it difficult for insurers to collect detailed data.</p> <p>As data collection itself is difficult, practical difficulties in establishing uniform standards for goal setting and cost setting based on the data are expected.</p> <p>While the AP mentions comparing societal norms and expectations as a measure of data analysis, since they are conceptual, we would like to</p>	<p>Jurisdictional variation around data collection is recognised in the paper eg para 6, and within Box 5 under "Where DEI data collection is not an option".</p> <p>Societal norms and expectations is meant to refer to the need for data interpretation to be done by reference to the local cultural context. It is impossible to prescribe any singular</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>see a more concrete image.</p> <p>Some companies conduct employee awareness surveys when verifying inclusion, and it would be a good idea to refer to these data as well.</p>	<p>reference point that will be appropriate in all jurisdictions.</p> <p>Employee surveys are already referenced within bullet 7 of Box 5.</p>
129	Progress Together	UK	Progress Together is in support of collecting and analysing data, as per our prior comments.	Comment noted.
130	Association of British Insurers	United Kingdom	<p>The ABI recognises data collection as a crucial element in measuring progress. Challenges often arise when staff lack clarity on the purpose of the collection and use of data or when internal trust isn't firmly established. We acknowledge the sensitivity of personal data, and it's common for some firms to find data collection more manageable than others.</p> <p>It is important to offer firms help and support with this exercise. Educating staff on the significance of data collection and refining the language used in staff data collection surveys through testing will be beneficial in the long term. This topic is often discussed within the ABI DEI Network in order to facilitate the sharing of best practices.</p> <p>As mentioned in question 4 under our response to “Comments on Box 1 Interpretation of the terms diversity, equity, and inclusion in this paper,” the UK is a jurisdiction where firms are allowed to collect data on employees’ demographic characteristics. Whereas many firms tend to collect data on the set list of protected characteristics set out in the law, ABI and its member firms are deeply committed to addressing all relevant diversity characteristics with the same level of attention as legally protected characteristics. For example, we are aware that the financial services industry in the UK has an underrepresentation of</p>	Comment noted. The comment does not raise any edits/changes.

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>talent from lower socio-economic backgrounds (see, for example, the Bridge Group study ‘Who gets ahead and how?’ ). As a result of this data-driven insight, our sector is committed to collecting data on this characteristic, despite it not having the same protected nature as the characteristics set in law. We would urge the supervisors to encourage firms to aim to do this where applicable to their jurisdiction and cultural context.</p> <p>However, it is important to note that UK employment legislation, such as the Data Protection Act 2018 and the Equality Act 2010 , imposes restrictions on the mandatory collection of diversity data. Employers cannot legally mandate the disclosure of personal data, including diversity characteristics, from employees. Therefore, it is essential to make it clear that all data disclosures are voluntary, and this needs to be clearly communicated to employees.</p> <p>Box 5: Collecting and using data as part of a DEI strategy states, “Insurers can look at demographic data with reference to representation at different levels within an insurer (for example are people from a disadvantaged demographic group represented at lower levels of an insurer but not at senior levels?).” We agree that it is essential to collect, analyse, and benchmark data across the talent pipeline. The ABI DEI data collection includes data points on representations split by organisational level, which allows member firms to also benchmark their data to other firms in the market, and thus they can aim to improve their representation to meet and exceed market averages. Supervisors are encouraged to make such benchmarking data available where applicable and to signpost firms to best practices.</p> <p>Bridge Group: Who gets ahead and how?  <a href="https://static1.squarespace.com/static/5c18e090b40b9d6b43b093d8/t/">https://static1.squarespace.com/static/5c18e090b40b9d6b43b093d8/t/</a></p>	

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>5fbc317e96e56f63b563d0f2/1606168962064/Socio-economic_report-Final.pdf</p> <p>Data Protection Act 2018  <a href="https://www.legislation.gov.uk/ukpga/2018/12/contents">https://www.legislation.gov.uk/ukpga/2018/12/contents</a></p> <p>UK Equality Act 2010  <a href="https://www.legislation.gov.uk/ukpga/2010/15/section/4">https://www.legislation.gov.uk/ukpga/2010/15/section/4</a></p>	
131	<b>Lloyds Market Association</b>	United Kingdom	<p>Collecting consistent data could materially reduce the burden of work proposed in 4.2.1 and 4.2.2. Data can help supervisors and firms establish a baseline, benchmark and measure if progress is made against aspirations.</p> <p>However, care should be taken to ensure that the data being collected is proportionate and likely to be meaningful. e.g. collecting granular data from a firm of less than 500 people may not be a large enough sample.</p> <p>Social policy may be relevant in what supervisors can consider. Some jurisdictions prohibit collection of some demographic characteristics. Therefore, it should be noted that supervisors should not automatically assume it is appropriate or proper to collect all diversity characteristics, particularly if firms apply an international approach to DEI.</p>	<p>Comment noted.</p> <p>The paper makes regular references to the proportionality principle, including to recognise that size of the insurer may be impactful.</p> <p>The paper does recognise that legal, cultural and historical context will influence how DEI is considered and the actions that can be taken, including with respect to gathering and using data.</p>
132	<b>Global Federation of Insurance Associations (GFIA)</b>	Global	<p>Insurers' use of data' is highly prescriptive and GFIA recommends that this should be more principles based. Any collection by a supervisor of an insurer's data, should be reasonable in scope and sensitive to the amount and type of data that is being requested so it is not intrusive in nature. In addition, such data must be subject to strict confidentiality protections.</p> <p>With reference to "insurers can look at demographic data with reference to representation at different levels within an insurer (e.g. are people from a disadvantaged demographic group represented at lower levels of an insurer but not at senior levels?).", GFIA agrees that it is</p>	<p>Comment noted.</p> <p>The paper makes regular reference to the proportionality principle which does include that supervisory techniques and practices should not go beyond what is necessary in order to achieve their purpose (footnote 3 at para 14).</p> <p>The paper also recognises the jurisdictional legal and privacy issues</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>essential to collect, analyse and benchmark data across the talent pipeline. Supervisors are encouraged to make such benchmarking data available where applicable, and to signpost firms to best practice and to ensure that the volume of data collected is proportionate and valuable to the company, not simply a compliance exercise. GFIA notes that sharing of peer-to-peer data needs to be carefully considered to ensure the protection of personal information and identification.</p> <p>For example: Since 2021, Insurance Ireland has been gathering data from members on the diversity of their member organisation across the areas of gender, age and nationality. In 2022 and in 2023, Insurance Ireland added additional questions to try to gather more data on ethnicity, disability, sexual orientation, neurodiversity etc. This data is very difficult for their members to gather and can only be done so on a voluntary and anonymous basis.</p> <p>The collection of data is recommended to be anonymous and voluntary to build trust between organisations and their employees. This might not be the case in organisations that display exclusive behaviours culturally. In addition, global organisations will manage data collection and analysis appropriately within a local context, for instance what is a majority population in one location might be a minority in another. Indirect indicators can provide valuable insights into DEI state of an organisation – statements such as “I can be myself around here”.</p>	that influence the gathering and use of diversity data.
133	Insurance Europe	European Union	Insurance Europe recognises that data collection is an important tool. Gathering and using data that give insight into the presence or not of diversity and the degree of inclusion or exclusion within an insurer, in jurisdictions where it is legal and culturally acceptable, can be a powerful component of insurer-initiated DEI actions and action by the supervisor.	<p>Comment noted. See resolution of comment 126.</p> <p>Regarding leveraging existing data and the scope of data collections being proportionate, the paper makes regular</p>

	Organisation	Jurisdiction	Comment	Resolution of comment
			Supervisors should leverage existing data where possible. Any collection of an insurer's data by a supervisor should be proportionate and reasonable in scope. Many of Insurance Europe's members collect data from their member companies to measure progress on DEI. This data is generally very difficult to gather and can only be done on an voluntary and anonymous basis.	reference to the proportionality principle which does include that supervisory techniques and practices should not go beyond what is necessary in order to achieve their purpose (footnote 3 at para 14). The paper also recognises the jurisdictional legal and privacy issues that influence the gathering and use of diversity data.
<b>Comments on section 5 Conclusion</b>				
134	Institute of International Finance	USA	The conclusions set forth in Section 5 of the Draft Application Paper on DEI, and particularly in Paragraph 70, are overbroad and not clearly supported by evidence. There is not a clear link between a lack of DEI and 'widespread misconduct, groupthink, inappropriate decision making and financial and consumer harm'. We also reiterate our comments about the mandate and role of a prudential supervisor in helping to ensure that financial risks are appropriately managed and mitigated for the protection of policyholders and other stakeholders. We encourage the IAIS to reflect in any final Application Paper a clear focus on financial risks.	Not agreed. The Application paper goes to great lengths in Sections 1 and 2 to explain the relevance of DEI in the context of governance, risk management and corporate culture and the link between DEI and ICP 7 and 8 confirms the relevance of DEI to insurance supervision.
135	General Insurance Association of Japan	Japan	The situation of DEI, particularly with regard to diversity, differs greatly depending on the country/region and cultural/historical background. Therefore, response to DEI issues should take such factors into consideration.  DEI is an important issue for insurers, too, and we recognize that many companies are actively addressing it. However, DEI is an issue common to all organizations (not just insurers), and should not only bear a "direct correlation" to insurance supervision but also be	Comment noted and agreed in principle that DEI has wider impact than only in the context of insurance supervision.  The aim of the Application paper is to specifically focus on DEI and why it is relevant in the context of an insurer's

	Organisation	Jurisdiction	Comment	Resolution of comment
			<p>addressed by society at large. In this sense, it is desirable to address DEI as one of many issues within existing insurance frameworks, rather than through DEI-specific insurance supervision.</p> <p>Particularly in view of inclusion, insurers need to examine their response strategies to a diversity of people, from the perspectives of not only governance, risk management and corporate culture, but also the benefits for and protection of policyholders.</p> <p>In addition to the elderly and persons with disabilities, for whom efforts are already underway, consideration for a diversity of people, such as sexual minorities, is important from the standpoint of respect for human rights, and should be one of the issues addressed.</p>	<p>corporate governance, risk management and corporate culture.</p> <p>There is separate but related work underway by the IAIS' Market Conduct Working Group which focuses on DEI considerations in conduct of business (per ICP 19) to secure fair treatment of diverse consumers, meaning those who may have specific needs, be under-served, or be experiencing vulnerability. The implication of DEI for policyholder and vulnerable customers is explored more fully in that work.</p>
136	Progress Together	UK	No comment.	Noted.
137	Lloyds Market Association	United Kingdom	Care should also be taken in peer review, e.g. Differences in firms established in inner city areas v. more rural locations should use other data sets as context. It should also be considered that staff willingness to share their demographic characteristics may be driven by external social considerations and not a direct reflection of the firm itself. Even within a single jurisdiction or country there may be more conservative or liberal views in one area compared with another.	<p>Comment noted.</p> <p>The potential for divergent view in a single jurisdictions is noted and should be considered as part of a particular supervisor's approach to supervision of DEI.</p> <p>The location of the business (eg offices outside of major cities) is noted within para 30 as a factor that may introduce differences.</p>