



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Stakeholders Meeting

*High-Level Update on the Forthcoming Consultations Incorporating
ComFrame Text with Revised Insurance Core Principles (ICPs)*

La Jolla, 17 January 2017



Agenda

- Thematic approach to standard setting
- Integration of ComFrame material into ICPs
- Preparation of the forthcoming public consultations
- Adoption of ICPs being a foundation for the ComFrame material
- Timeline of ComFrame further development and ICP review
- Question & answer session

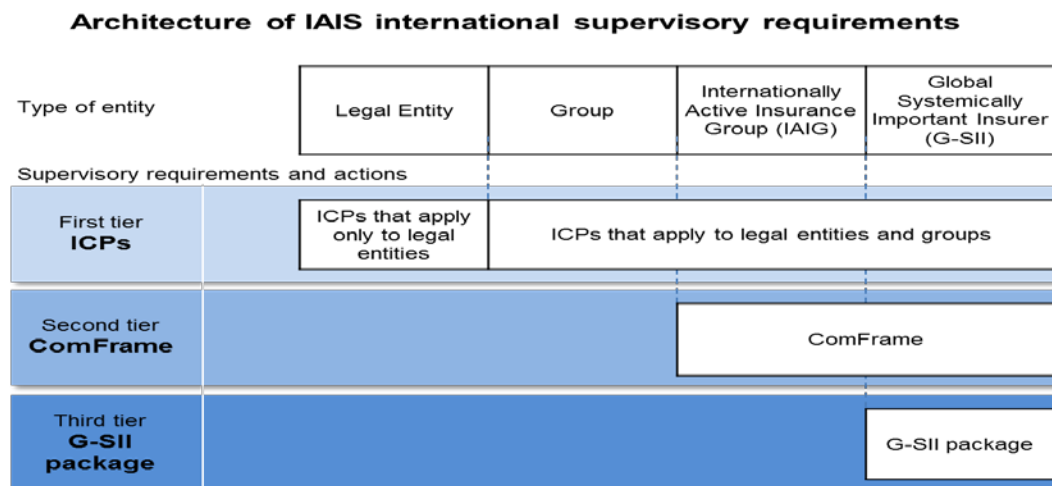
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Thematic approach to standard setting (1)

- Adopted in the fall of 2015 in order to ensure a more efficient process of developing supervisory materials.
- The management and development of supervisory materials by theme across the three tiers of standard setting (examples of the themes: Supervisory Cooperation and Coordination, Enterprise Risk Management).
- More decentralised responsibility for ComFrame further development, shifted to Subcommittees responsible for revision of relevant ICPs.
- Supervisory Materials Review Task Force (SMRTF) responsible for ensuring consistency across ICPs, ComFrame and G-SII Policy Measures (as relevant).

Thematic approach to standard setting (2)

- A key outcome – reorientation of the work to a more vertical perspective allowing:
 - A more consistent and effective process for review across tiers of standard setting;
 - A more efficient use of resources;
 - Alignment of public consultations by thematic areas.



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Old structure of ComFrame

- A specific document referring to ICPs as relevant:
- Three levels: Standards, Parameters and Guidelines.
- Three modules: The Scope of ComFrame; The IAIG; The Supervisor.
- Issues identified:
 - Extended string of letters and numbers for a particular piece of ComFrame;
 - Too similar definitions of Standards and Parameters;
 - Some repetition of ICP standards and guidance repeated in ComFrame material.

New structure of ComFrame

- ICP text will not be copied into ComFrame text.
- Modular structure abandoned, instead ComFrame text adjusted to the ICP hierarchy (Standards and Guidance):
 - ComFrame Standards and ComFrame Parameters merged into a single level of ComFrame requirements, called ComFrame Standards;
 - ComFrame guidelines renamed ComFrame guidance
- Numbering corresponds to the ICP under which the ComFrame standard sits

Example of the new structure* (1)

Old structure	New structure
Parameter M2E2-3-1 The IAIG's Governing Body establishes a well-defined group-wide governance structure which includes clear reporting lines and promotes effective oversight of the IAIG's group-wide operations.	CF 7.1a The group-wide supervisor requires the IAIG Board to establish a well-defined group-wide governance structure which includes clear reporting lines and promotes effective oversight of the IAIG's group-wide operations independent of day-to-day management.

* new text is a draft subject to potential further changes before releasing for the public consultation.

Example of the new structure* (2)

7.1 The supervisor requires the insurer's Board to:

- ensure that the roles and responsibilities allocated to the Board, Senior Management and Key Persons in Control Functions are clearly defined so as to promote an appropriate separation of the oversight function from the management responsibilities; and
- provide oversight of the Senior Management.

7.1.1 The Board should ensure that the insurer has a well-defined governance structure which provides for the effective separation between oversight and management functions. The Board is responsible for providing the overall strategy and direction for the insurer and overseeing its proper overall management, while leaving the day-to-day management of the insurer to Senior Management. The separation of the roles of the Chair of the Board and the Chief Executive Officer (CEO) reinforces a clear distinction between accountability for oversight and management.

CF 7.1a The group-wide supervisor requires the IAIG Board to establish a well-defined group-wide governance structure which includes clear reporting lines and promotes effective oversight of the IAIG's group-wide operations independent of day-to-day management.

CF 7.1a.1 Clear reporting lines should exist between IAIG Board, Senior Management and Key Persons in Control Functions, and the Boards, Senior Management and Key Persons in Control Functions of legal entities within the IAIG.

CF 7.1a.2 Where individuals undertake similar functions for more than one entity within the IAIG, the Governing Body should adopt appropriate measures so that there is no conflict between the different roles to be performed by such individuals.

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Package for the March 2017 public consultation

- Governance
 - ComFrame material integrated with ICP 5 (*Suitability of Persons*)
 - ComFrame material integrated with ICP 7 (*Corporate Governance*)
 - ComFrame material integrated with ICP 8 (*Risk management and Internal Controls*)
- The Supervisor and Supervisory Measures
 - Revised ICP 9 (*Supervisory review and Reporting*) and ComFrame material integrated with ICP 9
 - Revised ICP 10 (*Preventive Measures, Corrective Measures and Sanctions*) and ComFrame material integrated with ICP 10 (ICPs 10 and 11 combined into one ICP)
- Supervisory Cooperation and Coordination
 - Revised ICP 3 (*Information Sharing and Confidentiality Requirements*)
 - Revised ICP 25 (*Supervisory Cooperation and Coordination*) and ComFrame material integrated with ICP 25
- Recovery and resolution
 - Revised ICP 12 and ComFrame material integrated with ICP 12 (ICP 26 currently planned to be integrated with ICP 12 and 25)

Integration of qualitative field testing of the ComFrame material with the public consultations

- Public consultation process amended to include qualitative field testing-related questions to IAIG Volunteers and Supervisors for ComFrame specific material, where relevant (not for ICPs). Qualitative field testing of ComFrame specific material not to be performed as a separate exercise.
- As in case of any public consultation, two options available to respondents:
 - All answers publicly available (i.e. to be published on the website with IAIS resolution),
 - All answers are restricted and cannot be made publicly available.
- Answers to qualitative field testing-related questions should not contain market sensitive information that would be subject to the field-testing confidentiality restrictions.

Elements of the public consultation tool

- Boxes to provide comments on each part of the ICP text and ComFrame specific text.
- Boxes to provide answers to field testing-related questions concerning the ComFrame material – separate set of questions will be prepared for:
 - Potential IAIGs,
 - Supervisors of potential IAIGs.

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Adoption of ICPs being a foundation for ComFrame material

- Timeline of revision of ICPs related to ComFrame and of ComFrame further development is aligned.
- Revisions of relevant ICPs to be generally adopted by Annual General Meeting (AGM) together with ComFrame at the end of 2019 (adoption before possible as exception to be justified by relevant Subcommittee).
- Revisions of ICPs completed before 2019 (as per current timeline) will be published on the IAIS website as drafts for information purposes only.
- Revised draft ICPs (to be published on the IAIS website) may be subject to potential further changes given ongoing work on ICPs/ComFrame material – before adoption by AGM at the end of 2019.
- Only revised ICPs adopted by AGM are expected to be implemented.

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Main steps of the timeline

Time	Activity
March-April 2017	Public consultation on revised ICPs and ComFrame material (please refer to slide 10)
June 2017	Agreement of ICS Version 1.0
July-August 2017	Public consultation on revised ICPs 2, 18, 19, 24
November-December 2017	Public consultation on revised ICPs 8, 15 and 16 and ComFrame related material
June 2018	Overarching consultation on ComFrame (integrated with ICPs including ICS Version 2.0)
2018-2019	Further revision of ICPs and ComFrame material; publication of drafts of revised ICPs
November 2019	Adoption of revised ICPs and ComFrame including ICS Version 2.0 by Annual General Meeting

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