



# IAIS

INTERNATIONAL ASSOCIATION OF  
INSURANCE SUPERVISORS

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**Public**

## Compiled Comments on *Consultation on ICP 18: Intermediaries*

30-Jun-17 to 30-Aug-17

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| Organisation                                    | Jurisdiction | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Resolution of comments                                                                                                                                                                                                                                                                                                                                                                                                           |
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| <b>1 - Q1 Comment on ICP 18</b>                 |              |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 1. World Federation of Insurance Intermediaries | Belgium      | No           | <p>General comments</p> <p>WFII welcomes the opportunity offered by the IAIS to provide feedback on the revised ICP18. Regulation should indeed always be developed in a transparent manner in close consultation with the industry.</p> <p>WFII welcomes the work of IAIS in setting high-level principles and standards as we are of the opinion that these should be applied in every country to all forms of insurance intermediation and distribution on the basis of a level playing field.</p> <p>However, WFII and its members have many times stated that they are always very concerned about prescriptive and too detailed language in principles drafted on an international level. We believe that too detailed rules are counterproductive and may stifle innovation or the development of business models which are in the interest of consumers. The more detailed the rules are the more difficult it is to apply them to a broad all-encompassing range of activities.</p> <p>The insurance intermediation sector is very different in character in different markets and we believe that consequently principles like the ICPs should stay on a high-level. It should be very clear to the national supervisors that the ICPs are principle-based and not rule-based and although the Introduction to the ICPs states that the guidance does not represent any requirements, we believe that adding extensive guidance with its many examples to the principles and standards, is rather confusing for the national supervisors. We urge the IAIS to bring the principles to the high-level they are meant to have by removing the guidance to a lower level such as Application or Issues papers.</p> <p>In other words, we believe the ICPs should be a clear statement of the core areas of activity that should receive regulatory attention in</p> | <p>Noted</p> <p>The material aims to be principles-based and outcome-focused. The guidance (which is not mandatory) includes examples, not to be prescriptive, but to assist supervisors.</p> <p>As noted, some of this is addressed in the introduction to the ICPs.</p> <p>The detailed comments (below) are reviewed with this in mind, given that we now have an Application Paper on the supervision of intermediaries.</p> |

| Organisation | Jurisdiction | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Resolution of comments                                                                                                                                                                                                                                                                                                                             |
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|              |              |              | <p>each jurisdiction (the principles), and a clear statement of the outcomes the regulatory process should seek to achieve (the standards). It should then be up to individual countries to implement these requirements (principles and standards), with the help of many examples (the guidance) laid down in Application and Issues papers, in a manner that is consistent with their local laws and regulatory framework. Within that regulatory framework, firms should have the widest opportunity and discretion possible to compete, be innovative, be entrepreneurial, and develop and offer new, interesting and exciting products and services that help people and firms manage and finance their risks. We are in favour of these free market forces and are concerned about the increasingly intrusive nature of regulation that is extensively prescribed in the detailed guidance in these ICPs. This regulation adds costs to the insurance process which must ultimately be carried by the consumer and which should be weighed up against the benefit(s) that consumers derive from this.</p> <p>In addition to what is being written in the introduction to all the ICPs, we would like to see that the Introduction specifically written for the ICP 18 gives more guidance to the supervisors on how to look at this ICP. We propose to insert the following:</p> <p>The insurance intermediation sector is very different in character in different markets. Consequently, the ICP will not be able to be universally applied in all instances and is to be seen as principle-based and not rule-based.</p> <p>For many jurisdictions, the content or the equivalent of the ICP have already been implemented. As the ICP is not mandatory, the supervisor should be aware of the fact that the ICP does not overrule existing legislation or regulation. However, if national legislators and regulators conclude that the ICP should give cause to adjustments of existing regulation or to new regulation, this should be developed in a transparent manner in close consultation with the industry. The supervisor should make sure that there is always a right balance between regulatory intervention and an open competitive market. Before introducing these adjustments or introducing new legislation or regulation, a cost/benefit analysis of the proposed regulation</p> | <p>However, we do not consider that the guidance is significantly more extensive than in the current ICP 18.</p> <p>We consider that the principle and standards should be met by supervisors, whilst there may be different ways of achieving the objectives.</p> <p>These are matters for other ICPs and/or national regulators/supervisors.</p> |

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|                                                |              |              | <p>should be conducted.</p> <p>Comments on the Principle<br/>Although the concept of proportionality is further worked out in the guidance (18.0.6 and following) we believe it is important enough to mention it already in the Principle. We also believe, as it is the intention of the drafters to enlarge the scope of the ICP to all forms of distribution of insurance, that the term insurance intermediaries should not be used in the Principle but instead it should mention the activity of insurance intermediation. Such a change would also bring this Principle in line with the ICP 4 Licensing where the term insurance activity is used and not the term insurer.</p> <p>We therefore propose the following text for the Principle:</p> <p>ICP 18 Activity of insurance intermediation</p> <p>The supervisor sets and enforces proportional requirements for those conducting the activity of insurance intermediation, in order that they conduct business in a professional and transparent manner.</p> | <p>“Proportionality” is more appropriate in guidance, which has been expanded in the updated ICP material.</p> <p>The MCWG considered it better to retain the current wording, in case of any unforeseen consequences, and because “intermediaries” is used within the material. The glossary definitions make it clear that intermediaries are those conducting the activity of intermediation.</p> |
| 2. Global Federation of Insurance Associations | Global       | No           | GFIA supports the balanced approach that has been taken in drafting the updated ICP 18.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Noted                                                                                                                                                                                                                                                                                                                                                                                                |
| 3. AIA Group                                   | Hong Kong    | No           | AIA appreciates the opportunity to comment on the public consultation on revised ICP 18 (Intermediaries).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Noted                                                                                                                                                                                                                                                                                                                                                                                                |
| 4. Magyar Nemzeti Bank                         | Hungary      | No           | The Magyar Nemzeti Bank welcomes the amendments made to ICP 18 (Intermediaries) that resulted in the version available now on public consultation. We appreciate that the guidances have been made more precise. We are glad to note that those described in the ICP are closely aligned with the European regulation on intermediation. We sincerely hope that the potential revisions that may be done upon the consultation will not result in changes giving rise to concerns on our side.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Noted                                                                                                                                                                                                                                                                                                                                                                                                |

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| 5. Dutch Association of Insurers      | Netherlands   | No           | The Dutch Association of Insurers welcomes the draft revision of the Insurance Core Principles (ICP). More in general we believe both the ICP 18 and ICP 19 reflect principles (and standards) which are common in the European Union and are standards reflected in the Insurance Distribution Directive (IDD, 2016/97/EU) which comes into force on 23 February 2018. We would like to share the following comments.                                                                                                                                                                                                                                                                                                                                       | Noted                                                |
| 6. Zurich Insurance Group             | Switzerland   | No           | <p>We believe there are some areas which require addressing in ICP 18. These include :</p> <ul style="list-style-type: none"> <li>- The inclusion of insurers involved in direct distribution as intermediaries (18.0.1 et al)</li> <li>- The “group-wide” approach to the supervision of intermediaries outlined in guidance 18.0.6 and 18.0.7; and the policies and procedures they put into place</li> <li>- The content of the terms of business agreement between intermediary and customer laid out in 18.5.3</li> <li>- Wording around “soft commissions” in 18.5.18</li> </ul>                                                                                                                                                                       | See detailed comments below.                         |
| 7. Institute of International Finance | United States | No           | <p>Application of the ICPs should ensure the appropriate and fair treatment of customers who are contracted locally</p> <p>Protecting the interest of policyholders and ensuring fair treatment of customers lies at the heart of regulation and supervision of the insurance sector. Regardless of the group structure and level of globalization of the insurer and the business of insurance intermediation, for the most part, consumers who purchase insurance products contract locally under local legal systems and market conditions with locally licensed operating entities that may or may not be part of a larger local, regional or global group. In this context, we believe it is important to recognize the local legal, regulatory and</p> | See individual comments/responses per question below |

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|              |              |              | <p>market specificities, and unnecessary to recommend higher standard of regulation based on the affiliation or not of the underwriting insurer with a larger group. Standards and guidance that would potentially deny customers fair access to insurance products, whether they are provided by a global or local insurer, should be avoided. Therefore, business conduct in intermediation systems should be subject to supervision that avoids regulatory arbitrage and market asymmetries that artificially prevent customers from fair access to insurance products.</p> <p>We take note that there is a lack of clarity around the direction that the ICPs are taking regarding the application of the ICPs on a global versus a local level. Some language in the consultation documents seems contradictory. Particularly in the case of intermediaries, ICP 18.0.6 leans towards a global group-wide approach for supervision of intermediaries, even if the requirements in some jurisdictions are “lower,” while ICP 18.0.7 appears to better recognize the focus on local specificities. The same contradiction is found in ICP 19.0.3 and ICP 19.0.13 regarding conduct of business. We urge the IAIS to resolve the apparent contradictions by removing language that would require global groups to adhere to a higher standard than their local competitors, which would encourage market distortion and potentially result in the unfair treatment of customers.</p> <p>The definition of concepts should be clarified</p> <p>We welcome the improved clarity in the consultation documents on the definition of concepts such as authorities responsible for insurance supervision. To enhance the clarity of the ICPs, we would like to see other more precise definitions. For example, the definition of a complaint in ICP 19.11.1: as “an expression of dissatisfaction” is rather wide without any reference to materiality, alleged loss, distress or inconvenience. The current broadly worded definition may trigger a comprehensive investigation of frivolous “complaints.” Another example is the reference to terms such as “micro-prudential” and “macro-prudential” supervision. As these terms are referenced on</p> |                        |

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|                                 |                          |              | <p>different occasions in different ways, a single definition is needed from the IAIS</p> <p>With particular concern in ICP 18, we noticed inconsistencies and confusion in the elaboration of “intermediation” and “direct distribution.” The consultation document seems to lack a clear distinction between these two concepts. For example, ICP 18.0.1 seems to apply to direct sales of the insurer despite ICP 18’s focus only on “intermediaries”, which are defined as “the interface between insurers and customers.” In ICP 18.0.6 we urge the IAIS to clearly distinguish between these two concepts and avoid the misleading message of transforming “direct distribution of the insurer” into “insurance intermediation.”</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>Note that 18.0.6 does not give a definition. The IAIS and this ICP take a functional approach to intermediation. The IAIS definition is given in the glossary and is based on the activity of “soliciting, negotiating or selling insurance contracts through any medium”.</p> |
| 8. Cincinnati Insurance Company | United States of America | No           | <p>Our company does not believe that the world needs a set of Insurance Core Principles (ICPs) and objects to the program under which the International Monetary Fund (IMF) grades the U.S. insurance regulatory system on its compliance with the ICPs. The core principles upon which the U.S. insurance regulatory system is premised have functioned perfectly for over 150 years and do not need an overhaul by the International Association of Insurance Supervisors (IAIS) or by its ostensible parent organization, the Financial Stability Board (FSB). Therefore, we object to ICP 18 and would suggest that these ICPs be eliminated rather than revised.</p> <p>Instead, we would urge the IAIS, FSB and IMF to work toward a system of global regulatory balance instead of global regulatory convergence. We envision a world-wide system of regulatory interaction which takes a "Google translate" approach to understanding each other’s regulatory regimes by employing international coordination and cooperation instead of preemption or prescription of jurisdictional regimes. Our emphasis on global regulatory balance instead of global regulatory convergence compliments our desire to preserve state insurance regulation and seek its acceptance at home and abroad as an equivalent form of regulation on par with the regulatory schemes of other countries.</p> | <p>Position noted, but we disagree.</p> <p>Please consider that the ICPs are intended to be principles-based. ICP 18 acknowledges proportionality and the variety in intermediation markets.</p>                                                                                  |

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| <b>2 - Q2 Comment on Introductory Guidance 18.0.1</b> |              |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 9. Insurance Europe                                   | Europe       | No           | We welcome the recognition in this Guidance of the diversity across markets, and the emphasis on applying standards consistently to reduce regulatory arbitrage.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Noted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 10. Global Federation of Insurance Associations       | Global       | No           | GFIA takes the view that the revisions to paragraphs 18.0.1 and 18.0.2 accommodate the wide array of distribution models in use in life and health insurance, and welcomes the recognition in this Guidance of the diversity across markets, and the emphasis on applying standards consistently to reduce regulatory arbitrage.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Noted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 11. Zurich Insurance Group                            | Switzerland  | No           | <p>The final sentence of guidance 18.0.1 states: "Where an insurer's direct sales staff solicit, negotiate or sell insurance as employees of the insurer, the supervisor would apply the Standards to the insurer."</p> <p>However, ICP 18 applies to "intermediation" - defined in 18.0.6 as "the interface between insurers and customers." We do not believe it is appropriate to regard an insurer as involved in "intermediation" of its own products and services. The insurer cannot be the intermediary between itself and its customers. An insurer involved in direct distribution is, in common understanding, not intermediated.</p> <p>The objectives of this ICP simply cannot be achieved by transforming a direct seller into an intermediary. There are two possible routes to correction: The more cumbersome would be to review each standard and map the interaction to other ICPs relevant to insurers such as was done in 18.4.5. A simpler approach would be to revise the final sentence of 18.0.1 to read:</p> <p>"Where an insurer's direct sales staff solicit, negotiate or sell insurance as employees of the insurer, the supervisor should apply relevant Standards to the insurer where appropriate and in a proportionate manner to protect customer interests."</p> | <p>As noted above, 18.0.6 does not give a definition. The IAIS and this ICP take a functional approach to intermediation. The IAIS definition is given in the glossary and is based on the activity of "soliciting, negotiating or selling insurance contracts through any medium".</p> <p>Those conducting intermediation as employees of an insurer can be subject to similar incentives that influence customer fair treatment as other types of intermediary.</p> <p>Added "relevant" to the last sentence of 18.0.1.</p> |

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| 12. Institute of International Finance                     | United States            | No           | <p>There is some conflation between direct distribution and intermediaries that should be addressed. ICP18.0.1 seems to apply to direct sales of the insurer despite that ICP 18 should only focus on “intermediaries”, which are defined as “the interface between insurers and customers.” In ICP18.0.6. An insurer involved in direct distribution is, in common understanding, not intermediated. 18.4.5 also acknowledges direct distribution cannot be conflated into the concept of intermediation for the purposes of this ICP. 18.4.5 appears to distinguish direct distribution from the ICP’s governance standards by stating: “The governance of an insurer’s direct sales staff is the responsibility of the insurer, and the governance of insurers is the subject of ICP 7 Corporate Governance.” Thus, we urge the IAIS to provide a clear distinction between these two concepts consistently throughout the ICPs.</p> <p>Proposed language: “Where an insurer’s direct sales staff solicit, negotiate or sell insurance as employees of the insurer, the supervisor should apply relevant Standards to the insurer where appropriate and in a proportionate manner to protect customer interests.”</p> | <p>As noted above, 18.0.6 does not give a definition. The IAIS and this ICP take a functional approach to intermediation. The IAIS definition is given in the glossary and is based on the activity of “soliciting, negotiating or selling insurance contracts through any medium”.</p> <p>The purpose of the wording identified is to highlight that governance related to direct sales staff are already covered by ICP 7 and thus not subject to a separate standard on governance.</p> <p>Added “relevant” to the last sentence of 18.0.1.</p> <p>Proportionality is dealt with elsewhere in the guidance.</p> |
| 13. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 14. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | Last sentence of the paragraph should clarify an insurer’s direct sales staff are still required to be licensed if they sell, negotiate or sell insurance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Addressed in 18.1.2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>3 - Q3 Comment on Introductory Guidance 18.0.2</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 15. Global Federation of Insurance Associations            | Global                   | No           | GFIA notes the use of the example “such as wholesale intermediaries” may be most accurate in the property and casualty insurance context.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Noted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

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| 16. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | See response to comment 8.                                                                                                                                                        |
| <b>4 - Q4 Comment on Introductory Guidance 18.0.3</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                   |
| 17. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | See response to comment 8.                                                                                                                                                        |
| <b>5 - Q5 Comment on Introductory Guidance 18.0.4</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                   |
| 18. World Federation of Insurance Intermediaries           | Belgium                  | No           | WFII believes that persons such as tax advisers or accountants who offer advice on insurance cover, albeit on an occasional basis in the course of that other activity, should fall under the scope of the ICP. This is to ensure a watertight consumer protection framework and to ensure a level-playing field. All those who intermediate insurance, without any exception, must be subject to the same regulation. WFII proposes therefore to delete 18.0.4.                                                                                                                                          | This para excludes insurance intermediation. The end of the para states “provided that the purpose of that professional activity is not to intermediate an insurance contract”. . |
| 19. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | See response to comment 8.                                                                                                                                                        |
| 20. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | While a license is not required if the individual/firm simply refers customers, there may be instances where the person making the referral receives compensation from the intermediary/insurer based upon the placement of a policy, resulting in commission sharing. In such circumstances, the supervisor may require both parties to be licensed. Suggest adding clarification to 18.0.4 that the supervisor should consider and be clear on what constitutes a referral so as to prevent a situation where a party who is actually part of the intermediation process avoids applicable supervision. | Additional language not needed as this is addressed through the definition of “soliciting”.                                                                                       |
| <b>6 - Q6 Comment on Introductory Guidance 18.0.5</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                   |

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| 21. World Federation of Insurance Intermediaries      | Belgium                  | No           | WFII proposes to replace this paragraph with the following:<br>Intermediaries perform client servicing and other activities related to selling, negotiating and soliciting insurance contracts such as claims handling and administrative functions. These other functions vary widely from intermediary to intermediary and may depend on a contract with the insurer or the client or are simply functions they must perform as part of the insurance transaction process. These functions should be considered part of the intermediary's business and fall under an intermediaries' license. | As the ICP takes an activity-based approach, propose to leave to avoid confusion over what is and is not intermediation.<br><br>This would be dealt with as part of the licensing process – for example, see 18.1.5. |
| 22. Global Federation of Insurance Associations       | Global                   | No           | Where intermediaries are part of a group, the application of appropriate policies and procedures on insurance intermediation across the group should result in the fair treatment of customers on a group-wide basis, recognising local specificities to avoid regulatory arbitrage and market asymmetries.                                                                                                                                                                                                                                                                                      | Relates to 18.0.6<br><br>"Local specificities" now reflected in the drafting.                                                                                                                                        |
| 23. Cincinnati Insurance Company                      | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | See response to comment 8.                                                                                                                                                                                           |
| 24. MetLife                                           | USA                      | No           | Where intermediaries are part of a group, the application of appropriate policies and procedures on insurance intermediation across the group should result in the fair treatment of customers on a group-wide basis, recognising local specificities to avoid regulatory arbitrage and market asymmetries.<br><br>We do not think it appropriate or proportionate that an international insurance company is disadvantaged by being required to meet a standard higher than a local insurance company. It would create an uneven playing field in markets.                                      | As 22 above.                                                                                                                                                                                                         |
| <b>7 - Q7 Comment on Introductory Guidance 18.0.6</b> |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                      |
| 25. World Federation of Insurance Intermediaries      | Belgium                  | No           | WFII understands that in the third sentence 'including intermediation activity of an insurer's direct sales staff' has been deleted to avoid duplication with 18.01. We believe however it should remain as it                                                                                                                                                                                                                                                                                                                                                                                   | Propose to leave.                                                                                                                                                                                                    |

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|                                                 |              |              | brings again under the attention of the supervisors that standards also apply to insurer's direct sales staff if they mediate in insurance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                             |
| 26. Insurance Europe                            | Europe       | No           | This Guidance requires some clarification, as it currently reads as if the IAIS would not expect supervisors to apply the standards required by the legislation of the jurisdiction in which the intermediary is operating, but apply some other standard. Revised ICP 1 (Objectives, Powers, and Responsibilities of the Supervisor) suggests that supervisory objectives may include promoting insurance market development, and financial inclusion. In those jurisdictions where these are the supervisory objectives, supervisors may take a different approach to the implementation of ICP 18 to other jurisdictions, in accordance with the IAIS' overarching concept of proportionality (as set out in ICP and ComFrame Introduction and Assessment Methodology). The suggestion in this Guidance that the legal requirements of the individual jurisdiction should be overlooked, and a different standard applied, undermines the supervisor's objectives in setting their jurisdictional requirements, potentially resulting in a loss of choice for policyholders, and a negative impact on insurance penetration.  | See response to comment 22.<br><br>The concern is to avoid the potential for customers of an insurance group to receive different standards of fair treatment, depending on their location. |
| 27. Global Federation of Insurance Associations | Global       | No           | GFIA is not of the view that it would be appropriate or proportional for an insurance intermediary operating across multiple jurisdictions to be disadvantaged by being required to meet a standard higher than a local insurance intermediary. It would create an uneven playing field in markets, and undermines the role of the supervisor to set the standard in their jurisdiction. Revised ICP 1 (Objectives, Powers, and Responsibilities of the Supervisor) suggests that the insurance supervisory objectives may include promoting insurance market development, and financial inclusion. In those jurisdictions where these are the supervisory objectives, supervisors may take a different approach in its legal requirements to the implementation of ICP 18 to other jurisdictions, in accordance with the IAIS' overarching concept of proportionality (as set out in ICP and ComFrame Introduction and Assessment Methodology). The suggestion in this Guidance on intermediaries that the legal requirements of the individual jurisdiction should be overlooked, and a different standard applied, undermines | See response to comment 22.                                                                                                                                                                 |

| Organisation                          | Jurisdiction              | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Resolution of comments                                                |
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|                                       |                           |              | the supervisor's objectives in setting their jurisdictional requirements, potentially resulting in a loss of choice for policyholders, and a negative impact on insurance penetration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                       |
| 28. American Council of Life Insurers | Office of General Counsel | No           | ACLI recommends deleting the last sentence, as supervisors do not have authority to impose standards not embedded in law in their jurisdiction. ACLI recommends revising the 3rd sentence by adding the phrase "in their jurisdiction." The revised 3rd sentence would read: "Where intermediation is carried out by intermediaries which are part of a group, supervisors should apply these standards to all the entities within the group that conduct insurance intermediation business in their jurisdiction."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | See response to comment 22.<br><br>The relevant sentence now deleted. |
| 29. Zurich Insurance Group            | Switzerland               | No           | <p>As per comment to guidance 18.0.1, "intermediation" is defined in 18.0.6 as "the interface between insurers and customers." We do not believe it is appropriate to regard an insurer as involved in intermediation of itself. The insurer cannot be the intermediary between itself and its customers. An insurer involved in direct distribution is, in common understanding, not intermediated.</p> <p>Given this, we would recommend IAIS applies a distinction between intermediary and insurer consistently where applicable throughout the ICP.</p> <p>In addition, we have some concerns over the consistency of groupwide supervision in introductory guidance 18.0.6 and 18.0.7:</p> <p>18.0.6 states: "Where insurance intermediation is carried out by intermediaries which are part of a group, supervisors should apply these standards TO ALL THE ENTITIES WITHIN THE GROUP that conduct insurance intermediation business. Where intermediaries are part of a group, the application of appropriate policies and procedures on insurance intermediation across the group should result in the fair treatment of customers ON A GROUPWIDE BASIS, even if legal provisions in some jurisdictions set requirements that are potentially lower than those used by the group."</p> | See response to 11.                                                   |

| Organisation | Jurisdiction | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Resolution of comments                                                                                                                   |
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|              |              |              | <p>We have three concerns over the “group-wide” approach to the supervision of intermediaries outlined in this guidance; and the policies and procedures they put into place:</p> <p>First, the draft goes to great lengths in 18.0.7 to explain that “intermediation systems and practices are closely linked with jurisdictions’ tradition, culture, legal regime and the degree of development of insurance markets.” It then advises that “such diversity should be taken into consideration in implementing this ICP in order to promote the fair treatment of customers.” However, guidance 18.0.6 would dispense with the value of diversity or the needs of customers in local markets by imposing homogenous global policies, procedures and supervisory standards.</p> <p>Second, 18.0.6 implies that standards in one jurisdiction that are “different” than standards in another jurisdiction are presumably “lower”. Again, 18.0.7 urges that different does not mean “lower” or “worse” but very well could mean more suitable for the environment in which the intermediation takes place.</p> <p>Third, the draft designates no single supervisory authority as the one with the correct standard to impose globally. As a result, each supervisory authority seems empowered to judge from its own vantage point whether another jurisdiction’s different standards are “lower” than its own even those the different standards are applied in the context of a foreign culture, traditions, legal regime and insurance market.</p> <p>We believe this contradiction must be resolved in favor of the customer – customers that live, work and buy insurance in their own cultures, traditions, legal regimes and insurance markets.</p> <p>Accordingly, the final two sentences of 18.0.6 should be removed.</p> | <p>See response to comment 22.</p> <p>18.0.6 has been split after the second sentence, as the two parts deal with different matters.</p> |

| Organisation                           | Jurisdiction  | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Resolution of comments     |
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| 30. ICMIF                              | UK            | No           | Considering that distribution channels can differ significantly among jurisdictions, we welcome the proportionate approach to supervision, one that takes into account the specificities of the national markets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Noted                      |
| 31. Institute of International Finance | United States | No           | <p>Protecting the interest of policyholders and ensuring fair treatment of customers lies at the heart of regulation and supervision of the insurance sector. Regardless of the group structure and level of globalization of the insurer and the business of insurance intermediation, for the most part, consumers who purchase insurance products contract locally under local legal systems and market conditions with locally licensed operating entities that may or may not be part of a larger local, regional or global group. In this context, we believe it is important to recognize the local legal, regulatory and market specificities, and unnecessary to recommend higher standard of regulation based on the affiliation or not of the underwriting insurer with a larger group. Standards and guidance that would potentially deny customers fair access to insurance products, whether they are provided by a global or local insurer, should be avoided. Therefore, business conduct in intermediation systems should be subject to supervision that avoids regulatory arbitrage and market asymmetries that artificially prevent customers from fair access to insurance products.</p> <p>We take note that there is a lack of clarity around the direction that the ICPs are taking regarding the application of the ICPs on a global versus a local level. Some language in the consultation documents seems contradictory. Particularly in the case of intermediaries, ICP 18.0.6 leans towards a global group-wide approach for supervision of intermediaries, even if the requirements in some jurisdictions are “lower,” while ICP 18.0.7 appears to better recognize the focus on local specificities. The same contradiction is found in ICP 19.0.3 and ICP 19.0.13 regarding conduct of business. We urge the IAIS to resolve the apparent contradictions by removing language that would require global groups to adhere to a higher standard than their local competitors, which would encourage market distortion and potentially result in the unfair treatment of customers.</p> | Noted. See response to 29. |

| Organisation                                    | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                   | Resolution of comments     |
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|                                                 |                          |              | Thus, we propose to strike the last two sentences in ICP 18.0.6                                                                                                                                                                                                                                                                                                          |                            |
| 32. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8. |
| <b>8 - Q8 Comment on Guidance 18.0.7</b>        |                          |              |                                                                                                                                                                                                                                                                                                                                                                          |                            |
| 33. Global Federation of Insurance Associations | Global                   | No           | GFIA is pleased to see the principle of proportionality included in 18.0.7 – 18.0.11.                                                                                                                                                                                                                                                                                    | Noted                      |
| 34. ICMIF                                       | UK                       | No           | Adopting a proportionate approach to supervision of intermediation is adequate taking into consideration the diversity of distributors. We therefore believe that the supervisory guidance should remain high-level and flexible.                                                                                                                                        | Noted                      |
| 35. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8. |
| <b>9 - Q9 Comment on Guidance 18.0.8</b>        |                          |              |                                                                                                                                                                                                                                                                                                                                                                          |                            |
| 36. ICMIF                                       | UK                       | No           | In support of the IAIS wording we would like to suggest that national supervisory authorities are better placed to take account of the different legal forms and corporate governance regimes and practices. We agree that sufficient flexibility should be granted to market participants in order to adapt the organisational arrangements to existing business models | Noted                      |
| 37. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8. |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Resolution of comments                                                                                      |
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| <b>10 - Q10 Comment on Guidance 18.0.9</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                             |
| 38. Insurance Europe                             | Europe                   | No           | This Guidance, and in 18.0.24, refers to vulnerable consumers. Insurance Europe suggests that the IAIS provides more clarity as to what this term means.                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Not considered necessary (or the right place).                                                              |
| 39. Global Federation of Insurance Associations  | Global                   | No           | This Guidance, and in 18.0.24, refers to vulnerable consumers. GFIA suggests that the IAIS provides more clarity as to what this term means.                                                                                                                                                                                                                                                                                                                                                                                                                                                             | As 38 above                                                                                                 |
| 40. ICMIF                                        | UK                       | No           | We support the acknowledgement that products are heterogeneous and that their complexity varies. We therefore believe that the supervisory guidance should remain high-level and flexible.                                                                                                                                                                                                                                                                                                                                                                                                               | Noted                                                                                                       |
| 41. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                                                                  |
| <b>11 - Q11 Comment on Guidance 18.010</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                             |
| 42. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                                                                  |
| <b>12 - Q12 Comment on Guidance 18.0.11</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                             |
| 43. World Federation of Insurance Intermediaries | Belgium                  | No           | <p>According to WFII the supervisor should make sure that there is always a right balance between regulatory intervention and an open competitive market. Before introducing adjustments or introducing new legislation or regulation, WFII believes that a cost/benefit analysis of the proposed regulation should always be conducted. WFII proposes to add this as follows to this paragraph:</p> <p>Supervisors are faced with balancing the need for consumers to receive an appropriate level of protection and the benefits of innovation and competition. The supervisor should always first</p> | The issue of cost/benefit analysis is broader than just ICP 18, and is more relevant to ICP 2 (Supervisor). |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Resolution of comments                                                                                                                                                                                                                                                                                                                                                                                                     |
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|                                                  |                          |              | conduct, before introducing adjustments or introducing new legislation or regulation, a cost/benefit analysis of the proposed regulation.<br>The supervisor should consider whether its licensing and supervisory requirements impose unreasonable barriers to entry for small or emerging intermediary businesses, or inhibit beneficial innovations, and thereby limit the accessibility of insurance coverage to consumers.                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 44. Insurance Europe                             | Europe                   | No           | As well as recognising the need to promote innovation and competition, we suggest that this Guidance also reflects that some jurisdictions also emphasise the need to increase insurance penetration.                                                                                                                                                                                                                                                                                                                                    | Noted – increased penetration could be one of the benefits of innovation, but there are other benefits. This is being dealt with in more depth in Issues Papers under developments.                                                                                                                                                                                                                                        |
| 45. Global Federation of Insurance Associations  | Global                   | No           | As well as recognising the need to promote innovation and competition, GFIA suggests that this Guidance also reflects that some jurisdictions also emphasise the need to increase insurance penetration.                                                                                                                                                                                                                                                                                                                                 | See response to 44 above                                                                                                                                                                                                                                                                                                                                                                                                   |
| 46. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>13 - Q13 Comment on Guidance 18.0.12</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 47. World Federation of Insurance Intermediaries | Belgium                  | No           | We believe it is not appropriate to use in an international high-level text the terms agents or brokers. These terms do not exist in many jurisdictions or have a different meaning. We believe it is better to speak of intermediary/ intermediation and to regulate that it must be clear to the customer from what perspective the intermediary is providing services: whether he/she gives advice and whether he/she is under a contractual obligation with one or more insurers. Jurisdictions can then use their own nomenclature. | Despite this wording, the distinction between agent and broker is in fact used very little in ICP 18, and this para could therefore create unnecessary misunderstanding.<br><br>Drafting changes have been made to eliminate the last sentence of 18.0.12 and the few references to “agent” and “broker” that appear after 18.0.13, by using alternative language. See also amendments to 18.0.12, 18.3.2, 18.5.3, 18.5.8. |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Resolution of comments                                                                                                  |
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| 48. Insurance Europe                             | Europe                   | No           | The distinction between agents and brokers should apply not only for ICP 18 but also for ICP 19. Therefore, at the beginning of the fourth paragraph, it should state "For the purposes of ICP 18 and ICP 19..." instead of "For the purposes of this ICP..."                                                                                                                                                                                                                                                                                                                                                                    | "Broker" is not referred to in ICP 19, so not necessary.                                                                |
| 49. Global Federation of Insurance Associations  | Global                   | No           | The distinction between agents and brokers should apply not only for ICP 18 but also for ICP 19. Therefore, at the beginning of the fourth paragraph, it should state "For the purposes of ICP 18 and ICP 19" instead of "For the purposes of this ICP".                                                                                                                                                                                                                                                                                                                                                                         | See response to 48 above.                                                                                               |
| 50. Dutch Association of Insurers                | Netherlands              | No           | We agree with the definition of independent intermediary which indeed primarily acts on behalf of the customer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Noted                                                                                                                   |
| 51. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | See response to comment 8.                                                                                              |
| <b>14 - Q14 Comment on Guidance 18.0.13</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                         |
| 52. World Federation of Insurance Intermediaries | Belgium                  | No           | We propose the following change:<br><del>Some supervisors</del> Most regulators/legislators do not distinguish between agents and brokers in legislation and instead supervise according to the activity performed. It may be possible for an intermediary to have different status depending on the customer relationship and the product or service being offered.                                                                                                                                                                                                                                                             | Propose to leave – in the ICPs the term "supervision" refers to both supervision and regulation (see ICP introduction). |
| 53. Insurance Europe                             | Europe                   | No           | Suggestion for re-drafting of the paragraph for clarification purposes:<br><br>"Some supervisors do not distinguish between agents and brokers in legislation and instead supervise according to the activity performed. <u>In some jurisdictions, it may be possible for an intermediary to have different status depending on the customer relationship and the product or service being offered, while in others, conflicts of interest that could arise vis-à-vis consumers are solved by establishing rules that prevent an intermediary from acting in any status other than the one in which he has been registered</u> " | Drafting added to reflect the substance of this suggestion.                                                             |

| Organisation                                               | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Resolution of comments                                                                                                                                                             |
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| 54. Global Federation of Insurance Associations            | Global                   | No           | <p>This Guidance describes current practice in some jurisdictions, and a similar approach is taken in other parts of this revised ICP. GFIA considers that descriptions of current practice are more appropriately contained in Application Papers, rather than in ICPs, which should set out the IAIS' expected supervisory requirements.</p> <p>Suggestions for re-drafting of the paragraph for clarification purposes are as follows:</p> <p>"Some supervisors do not distinguish between agents and brokers in legislation and instead supervise according to the activity performed. In some jurisdictions, it may be possible for an intermediary to have different status depending on the customer relationship and the product or service being offered, while in others, conflicts of interest that could arise vis-à-vis consumers are solved by establishing rules that prevent an intermediary from acting in any status other than the one in which he has been registered."</p> | See response to 53 above.                                                                                                                                                          |
| 55. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | See response to comment 8.                                                                                                                                                         |
| 56. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | It appears the sentence "It may be possible for an intermediary to have different status..." should be "It may be possible for an intermediary to have a different status..."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Added "a"                                                                                                                                                                          |
| <b>15 - Q15 Comment on Guidance 18.0.14</b>                |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                    |
| 57. Insurance Europe                                       | Europe                   | No           | <p>Suggestion for re-drafting of the paragraph for clarification purposes:</p> <p>Intermediary operations range from large international firms to local sole traders. Intermediary firms sometimes operate as independent enterprises or divisions of insurers or other financial institutions, or as part of non-financial organisations. Intermediation may also be</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <p>Broadened "comparison websites" to "website and mobile phone applications".</p> <p>Note that an Issues Paper – in progress - will explore digital technology in more depth.</p> |

| Organisation                                    | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Resolution of comments                                                         |
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|                                                 |                          |              | performed by digital means, such as websites, apps etc. or comparison websites run by authorised intermediaries.                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                |
| 58. Global Federation of Insurance Associations | Global                   | No           | <p>Suggestions for re-drafting of the paragraph for clarification purposes are as follows:</p> <p>“Intermediary operations range from large international firms to local sole traders. Intermediary firms sometimes operate as independent enterprises or divisions of insurers or other financial institutions, or as part of non-financial organisations. Intermediation may also be performed by digital means, such as websites, apps etc. or comparison websites run by authorised intermediaries.”</p> | See response to 57 above.                                                      |
| 59. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | See response to comment 8.                                                     |
| <b>16 - Q16 Comment on Guidance 18.0.15</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                |
| 60. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | See response to comment 8.                                                     |
| <b>17 - Q17 Comment on Guidance 18.0.16</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                |
| 61. Global Federation of Insurance Associations | Global                   | No           | GFIA agrees that intermediaries should be competent, however, suggests removing “professional” as this term could seem to imply a fiduciary duty where one does not exist.                                                                                                                                                                                                                                                                                                                                   | Propose to leave. Consistent with use of “professional” in 18.3 and elsewhere. |
| 62. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | See response to comment 8.                                                     |
| <b>18 - Q18 Comment on Guidance 18.0.17</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Resolution of comments                                                                                                                                                                                               |
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| 63. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                                                                                                                                                                           |
| <b>19 - Q19 Comment on Guidance 18.0.18</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                      |
| 64. Global Federation of Insurance Associations  | Global                   | No           | This Guidance contains a description of current practice more appropriate to an Application Paper.                                                                                                                                                                                                                                                                                                                                                                       | Propose to leave. Substantially similar to existing guidance and provides context.                                                                                                                                   |
| 65. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                                                                                                                                                                           |
| <b>20 - Q20 Comment on Guidance 18.0.19</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                      |
| 66. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.<br><br>Note, wording improvements made to this para to describe “asymmetries of information” as a “core consumer protection concern” (rather than “at the heart of consumer protection”). |
| <b>21 - Q21 Comment on Guidance 18.0.20</b>      |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                      |
| 67. World Federation of Insurance Intermediaries | Belgium                  | No           | According to this paragraph: (...)“Enhanced financial awareness can be achieved through formal education initiatives and targeted awareness campaigns led by insurers and intermediaries, individually or jointly.”<br><br>WFII proposes to add to this paragraph the following: The size and type of intermediaries must be taken into consideration here. Small firms or sole proprietorships are financially not in a position to take on public awareness campaigns. | This is now described as an example.                                                                                                                                                                                 |

| Organisation                                    | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                    | Resolution of comments     |
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| 68. Insurance Europe                            | Europe                   | No           | Insurance Europe welcomes the IAIS' emphasis on financial awareness and education in this Guidance.                                                                                                                                                                                                                                                                       | Noted                      |
| 69. Global Federation of Insurance Associations | Global                   | No           | GFIA welcomes the IAIS' emphasis on financial awareness and education in this Guidance.                                                                                                                                                                                                                                                                                   | Noted                      |
| 70. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                         | See response to comment 8. |
| <b>22 - Q22 Comment on Guidance 18.0.21</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                           |                            |
| 71. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                         | See response to comment 8. |
| <b>23 - Q23 Comment on Guidance 18.0.22</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                           |                            |
| 72. ICMIF                                       | UK                       | No           | In jurisdictions where financial literacy is low, we would also like to stress that while 'other' stakeholders have a role to play, the financial education of the population is often incumbent on intermediaries or insurance providers. We therefore welcome supervisory support in promoting financial awareness through all distribution channels including digital. | Noted                      |
| 73. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                         | See response to comment 8. |
| <b>24 - Q24 Comment on Guidance 18.0.23</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                           |                            |
| 74. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                         | See response to comment 8. |
| <b>25 - Q25 Comment on Guidance 18.0.24</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                           |                            |

| Organisation                                    | Jurisdiction             | Confidential | Answer                                                                                                           | Resolution of comments                                                                                            |
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| 75. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                | See response to comment 8.                                                                                        |
| <b>26 - Q26 Comment on Guidance 18.0.25</b>     |                          |              |                                                                                                                  |                                                                                                                   |
| 76. Global Federation of Insurance Associations | Global                   | No           | GFIA suggests moving Guidance 18.0.25 and 18.0.26 up to after 18.0.21 to keep all guidance on benefits together. | Have moved up 18.0.25 but not 18.0.26, which remains on the theme of intermediaries' role in financial awareness. |
| 77. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                | See response to comment 8.                                                                                        |
| <b>27 - Q27 Comment on Guidance 18.0.26</b>     |                          |              |                                                                                                                  |                                                                                                                   |
| 78. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                | See response to comment 8.                                                                                        |
| <b>28 - Q28 Comment on Guidance 18.0.27</b>     |                          |              |                                                                                                                  |                                                                                                                   |
| 79. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                | See response to comment 8.                                                                                        |
| <b>29 - Q29 Comment on Guidance 18.0.28</b>     |                          |              |                                                                                                                  |                                                                                                                   |
| 80. Global Federation of Insurance Associations | Global                   | No           | This Guidance should reference ICP 3 on Confidentiality.                                                         | Not considered necessary – adequately covered in ICP 3 itself.                                                    |
| 81. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                | See response to comment 8.                                                                                        |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                      | Resolution of comments                                                                                                                                                                                                          |
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| <b>30 - Q30 Comment on Standard 18.1</b>         |                          |              |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                 |
| 82. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                           | See response to comment 8.                                                                                                                                                                                                      |
| <b>31 - Q31 Comment on Guidance 18.1.1</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                 |
| 83. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                           | See response to comment 8.                                                                                                                                                                                                      |
| <b>32 - Q32 Comment on Guidance 18.1.2</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                 |
| 84. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                           | See response to comment 8.                                                                                                                                                                                                      |
| <b>33 - Q33 Comment on Guidance 18.1.3</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                 |
| 85. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                           | See response to comment 8.                                                                                                                                                                                                      |
| <b>34 - Q34 Comment on Guidance 18.1.4</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                 |
| 86. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                           | See response to comment 8.                                                                                                                                                                                                      |
| <b>35 - Q35 Comment on Guidance 18.1.5</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                 |
| 87. World Federation of Insurance Intermediaries | Belgium                  | No           | WFII proposes to delete the examples of additional information. There is too much detail and there is no need for the supervisor to obtain detailed information on for example business plans. We cannot see an added value for the supervisors to have this information. The disclosure of the business plan to the supervisor is contrary to professional freedom and to the free market. | These are examples only. Depending on the nature of the application, it can be crucial for the supervisor to see that there is a viable business plan, receive relevant information to conduct due diligence procedures, and be |

| Organisation                                    | Jurisdiction | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Resolution of comments                                                                                                                                 |
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|                                                 |              |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | satisfied on various other matters before issuing a licence.<br><br>Note that the list is very similar to that provided in the current guidance.       |
| 88. Insurance Europe                            | Europe       | No           | This guidance provides a list of information that supervisors may require in order to grant a licence to intermediaries. The information in this list would be fit for the purpose of granting a licence to insurance undertakings, and is presumably intended for brokers or founders of agency organisations. It is too detailed, and potentially impractical, for agents, and goes too far for intermediaries that do not bear the risk and are mainly individuals or SME structures. This may have unintended consequences in markets with mainly agency-led distribution. If this list remains as it is, we suggest that, similar to 18.2.6, this list is prefaced with the term “Where the intermediary is an employee of the insurer...”.                 | See response to 87 above.<br><br>Some of the items listed are more applicable to applications for intermediary firms than to employees of the insurer. |
| 89. Global Federation of Insurance Associations | Global       | No           | GFIA supports the stronger language in this paragraph, i.e. “enable the supervisor to reject a license application”. However, the items in the list of information that the supervisors may require to determine suitability for granting a license to insurance undertakings is highly detailed. From a practical standpoint, it may not be possible for agents to meet all of the potential requirements. Further, it seems to go too far for intermediaries that do not bear the risk and are mainly individuals or SME structures. This may have unintended consequences in markets with mainly agency-led distribution. If this list remains as it is, similar to 18.2.6, it could be prefaced with “Where the intermediary is an employee of the insurer”. | Noted<br><br>See response to 87 and 88 above.                                                                                                          |
| 90. General Insurance Association of Japan      | Japan        | No           | As 18.0.12 to 18.0.15 provide, types of intermediaries could vary. In order to achieve the goal of effective supervision, each jurisdiction should be allowed to have a reasonable supervisory regime for intermediaries according to its circumstances. Therefore, we suggest revising the beginning of the second sentence as follows:<br>“For these purposes the supervisor may require an application depending on the type of intermediary”.                                                                                                                                                                                                                                                                                                                | Added: “that may depend on the type of licence being applied for and...”                                                                               |

| Organisation                                               | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Resolution of comments                                                                                                                                                                                                                                                                                                                                       |
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| 91. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | See response to comment 8.                                                                                                                                                                                                                                                                                                                                   |
| 92. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | While recognizing the list of bullets is information “such as,” what is listed may be too comprehensive for every type of license, nor is this necessarily an exhaustive list. Suggest adding some additional guidance that clarifies the amount and type of information the supervisor may require may depend on the type of license.                                                                                                                                                                                                                                                                                                                            | See response to 90 above.                                                                                                                                                                                                                                                                                                                                    |
| <b>36 - Q36 Comment on Guidance 18.1.6</b>                 |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                              |
| 93. World Federation of Insurance Intermediaries           | Belgium                  | No           | <p>WFII believes that appropriate steps should be taken to protect client or insurer money being handled by the intermediary. This is covered in standard 6. There is however no necessity to set minimum financial requirements as intermediaries are not risk takers. The obligations under the insurance policy lies with the insurer and not the intermediary. The financial situation of an intermediary can in no way harm the consumer</p> <p>WFII proposes to delete this paragraph as it is covered in standard 6: “The supervisor requires an insurance intermediary who handles client monies to have safeguards in place to protect these funds.”</p> | <p>The para sets out factors that may influence a risk-based approach to minimum financial resources. Minimum financial resources apply in many jurisdictions, for the reasons given.</p> <p>Insufficient financial resources that threaten an intermediary’s business continuity could have negative impacts – reworded to bring this out more clearly.</p> |
| 94. General Insurance Association of Japan                 | Japan                    | No           | As we explained in our comment on 18.1.5, financial resource requirements for intermediaries should be examined according to the type of intermediaries.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | We think this is addressed in the words “such requirements might take into account risk factors such as the nature of the business to be intermediated.”                                                                                                                                                                                                     |
| 95. Zurich Insurance Group                                 | Switzerland              | No           | <p>Following on from our comments to guidance 18.0.1, we believe the draft ICP text does not draw any practical or substantive distinction between intermediaries and direct selling insurers.</p> <p>18.1.6 is an example. It discusses “minimum financial resource requirements” and “mandatory professional indemnity insurance”, both of which would be inappropriate in the context of direct distribution. Other ICPs already cover insurer solvency requirements.</p>                                                                                                                                                                                      | <p>As noted above, the ICP takes a functional approach to intermediation.</p> <p>Note also the proposed amendments to 18.1.5, and that the list provides examples. In respect of direct selling, a factor to take into consideration would be the financial resources of the insurer.</p>                                                                    |

| Organisation                                               | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                        | Resolution of comments                                                                                                                                                                                                                                                   |
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|                                                            |                          |              | Given this, we would recommend IAIS applies the distinction between intermediary and insurer consistently where applicable throughout the ICP.                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                          |
| 96. Institute of International Finance                     | United States            | No           | Similar to our response in Q2, there is a lack of substantive distinction between intermediaries and direct selling insurers. 18.1.6 discusses “minimum financial resource requirements” and “mandatory professional indemnity insurance” both of which would be inappropriate in the context of direct distribution. Other ICPs already cover insurer solvency requirements. | See response to 95 above.<br><br>Note that the reference should be to “the level of any professional indemnity insurance” rather than to “mandatory professional indemnity insurance”. This is guidance only and the wording currently used creates no such requirement. |
| 97. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                             | See response to comment 8.                                                                                                                                                                                                                                               |
| 98. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | This paragraph seems to suggest the imposition of capital requirements on intermediaries, which are not risk bearing entities. Further clarification on the intent of this language would be helpful.                                                                                                                                                                         | See responses to 93-96. This paragraph is unchanged from the current guidance.                                                                                                                                                                                           |
| <b>37 - Q37 Comment on Guidance 18.1.7</b>                 |                          |              |                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                          |
| 99. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                             | See response to comment 8.                                                                                                                                                                                                                                               |
| <b>38 - Q38 Comment on Guidance 18.1.8</b>                 |                          |              |                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                          |
| 100. Cincinnati Insurance Company                          | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                             | See response to comment 8.                                                                                                                                                                                                                                               |

| Organisation                                                | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                | Resolution of comments                                                                                  |
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| 101. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | Rather than suggesting a supervisor may make exceptions for compliance to certain licensing requirements, the language should be revised to reflect the supervisor will use his/her regulatory judgement and discretion in the application of licensing requirements. | Reworded to reflect supervisory “power”, rather than “discretion” (which some supervisors do not have). |
| <b>39 - Q39 Comment on Guidance 18.1.9</b>                  |                          |              |                                                                                                                                                                                                                                                                       |                                                                                                         |
| 102. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                     | See response to comment 8.                                                                              |
| <b>40 - Q40 Comment on Guidance 18.1.10</b>                 |                          |              |                                                                                                                                                                                                                                                                       |                                                                                                         |
| 103. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                     | See response to comment 8.                                                                              |
| <b>41 - Q41 Comment on Standard 18.2</b>                    |                          |              |                                                                                                                                                                                                                                                                       |                                                                                                         |
| 104. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                     | See response to comment 8.                                                                              |
| <b>42 - Q42 Comment on Guidance 18.2.1</b>                  |                          |              |                                                                                                                                                                                                                                                                       |                                                                                                         |
| 105. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                     | See response to comment 8.                                                                              |
| <b>43 - Q43 Comment on Guidance 18.2.2</b>                  |                          |              |                                                                                                                                                                                                                                                                       |                                                                                                         |
| 106. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                     | See response to comment 8.                                                                              |
| <b>44 - Q44 Comment on Guidance 18.2.3</b>                  |                          |              |                                                                                                                                                                                                                                                                       |                                                                                                         |

| Organisation                                      | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                      | Resolution of comments                                                               |
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| 107. General Insurance Association of Japan       | Japan                    | No           | As 18.2.12 to 18.2.15 provide, intermediaries can be supervised indirectly. Depending on the supervisory regime and types of breaches, there are cases where intermediaries report breaches to the supervisor via insurers. | Deleted “by the intermediary” to be more neutral on this.                            |
| 108. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                           | See response to comment 8.                                                           |
| <b>45 - Q45 Comment on Guidance 18.2.4</b>        |                          |              |                                                                                                                                                                                                                             |                                                                                      |
| 109. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                           | See response to comment 8.                                                           |
| <b>46 - Q46 Comment on Guidance 18.2.5</b>        |                          |              |                                                                                                                                                                                                                             |                                                                                      |
| 110. World Federation of Insurance Intermediaries | Belgium                  | No           | WFII proposes to delete the examples. This is much too much detail for a high-level principle.                                                                                                                              | This is guidance, and these are examples, which are similar to the current guidance. |
| 111. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                           | See response to comment 8.                                                           |
| <b>47 - Q47 Comment on Guidance 18.2.6</b>        |                          |              |                                                                                                                                                                                                                             |                                                                                      |
| 112. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                           | See response to comment 8.                                                           |
| <b>48 - Q48 Comment on Guidance 18.2.7</b>        |                          |              |                                                                                                                                                                                                                             |                                                                                      |
| 113. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                           | See response to comment 8.                                                           |

| Organisation                                      | Jurisdiction             | Confidential | Answer                                                                                                                                               | Resolution of comments                                                                                                            |
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| <b>49 - Q49 Comment on Guidance 18.2.8</b>        |                          |              |                                                                                                                                                      |                                                                                                                                   |
| 114. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                    | See response to comment 8.                                                                                                        |
| <b>50 - Q50 Comment on Guidance 18.2.9</b>        |                          |              |                                                                                                                                                      |                                                                                                                                   |
| 115. World Federation of Insurance Intermediaries | Belgium                  | No           | The last bullet. We believe that it is not the supervisor's place to be interrogating business strategies and activities. We propose to delete this. | Disagree. This can be an important aspect in supervision. The supervisor needs sufficient information to understand the business. |
| 116. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                    | See response to comment 8.                                                                                                        |
| <b>51 - Q51 Comment on Guidance 18.2.10</b>       |                          |              |                                                                                                                                                      |                                                                                                                                   |
| 117. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                    | See response to comment 8.                                                                                                        |
| <b>52 - Q52 Comment on Guidance 18.2.11</b>       |                          |              |                                                                                                                                                      |                                                                                                                                   |
| 118. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                    | See response to comment 8.                                                                                                        |
| <b>53 - Q53 Comment on Guidance 18.2.12</b>       |                          |              |                                                                                                                                                      |                                                                                                                                   |
| 119. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                    | See response to comment 8.                                                                                                        |
| <b>54 - Q54 Comment on Guidance 18.2.13</b>       |                          |              |                                                                                                                                                      |                                                                                                                                   |

| Organisation                                | Jurisdiction             | Confidential | Answer            | Resolution of comments     |
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| 120. Cincinnati Insurance Company           | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>55 - Q55 Comment on Guidance 18.2.14</b> |                          |              |                   |                            |
| 121. Cincinnati Insurance Company           | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>56 - Q56 Comment on Guidance 18.2.15</b> |                          |              |                   |                            |
| 122. Cincinnati Insurance Company           | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>57 - Q57 Comment on Guidance 18.2.16</b> |                          |              |                   |                            |
| 123. Cincinnati Insurance Company           | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>58 - Q58 Comment on Guidance 18.2.17</b> |                          |              |                   |                            |
| 124. Cincinnati Insurance Company           | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>59 - Q59 Comment on Guidance 18.2.18</b> |                          |              |                   |                            |
| 125. Cincinnati Insurance Company           | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>60 - Q60 Comment on Guidance 18.2.19</b> |                          |              |                   |                            |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                             | Resolution of comments                                                            |
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| 126. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                  | See response to comment 8.                                                        |
| <b>61 - Q61 Comment on Standard 18.3</b>         |                          |              |                                                                                                                                    |                                                                                   |
| 127. Insurance Europe                            | Europe                   | No           | Insurance Europe recommends that recognition is given to industry/insurer training as a valid method for educating intermediaries. | Agreed to leave – such training could be challenging for supervisors to evaluate. |
| 128. Global Federation of Insurance Associations | Global                   | No           | GFIA recommends that recognition is given to industry/insurer training as a valid method for educating intermediaries.             | See response to 127 above.                                                        |
| 129. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                  | See response to comment 8.                                                        |
| <b>62 - Q62 Comment on Guidance 18.3.1</b>       |                          |              |                                                                                                                                    |                                                                                   |
| 130. Global Federation of Insurance Associations | Global                   | No           | GFIA notes that there appears to be some misplaced text in this Guidance.                                                          | Now deleted                                                                       |
| 131. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                  | See response to comment 8.                                                        |
| <b>63 - Q63 Comment on Guidance 18.3.2</b>       |                          |              |                                                                                                                                    |                                                                                   |
| 132. Global Federation of Insurance Associations | Global                   | No           | As highlighted previously, this Guidance contains statements of current practice better suited to an Application Paper.            | Propose to leave as it elaborates on expectations of the standard.                |

| Organisation                                      | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Resolution of comments                                                                                               |
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| 133. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | See response to comment 8.                                                                                           |
| <b>64 - Q64 Comment on Guidance 18.3.3</b>        |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                      |
| 134. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | See response to comment 8.                                                                                           |
| <b>65 - Q65 Comment on Guidance 18.3.4</b>        |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                      |
| 135. World Federation of Insurance Intermediaries | Belgium                  | No           | According to this paragraph: Intermediaries should be knowledgeable regarding the status of the insurers whose products they sell. For example, they should be satisfied that the insurer is licensed to sell insurance in the relevant jurisdiction, as a branch or subsidiary, and should be aware of the financial status and credit rating of the insurer and the applicability of any policyholder protection schemes to that insurer's products.<br>We propose to delete "and should be aware of the financial status and credit rating of the insurer " because of the legal uncertainty this could create in the jurisdictions. | Awareness of financial soundness issues of an insurer could be an important factor in intermediating life insurance. |
| 136. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | See response to comment 8.                                                                                           |
| <b>66 - Q66 Comment on Guidance 18.3.5</b>        |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                      |
| 137. World Federation of Insurance Intermediaries | Belgium                  | No           | .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | N/A                                                                                                                  |
| 138. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | See response to comment 8.                                                                                           |

| Organisation                                                | Jurisdiction             | Confidential | Answer                                                                                                                                                                       | Resolution of comments                                                                                                                                   |
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| <b>67 - Q67 Comment on Guidance 18.3.6</b>                  |                          |              |                                                                                                                                                                              |                                                                                                                                                          |
| 139. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                            | See response to comment 8.                                                                                                                               |
| <b>68 - Q68 Comment on Guidance 18.3.7</b>                  |                          |              |                                                                                                                                                                              |                                                                                                                                                          |
| 140. World Federation of Insurance Intermediaries           | Belgium                  | No           | WFI proposes to add to this paragraph that if codes of conducts are introduced, this should be done in consultation with all market participants.                            | Agree there should be appropriate due process in establishing codes of conduct. It is not necessary to highlight this here, as this is covered by ICP 3. |
| 141. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                            | See response to comment 8.                                                                                                                               |
| <b>69 - Q69 Comment on Guidance 18.3.8</b>                  |                          |              |                                                                                                                                                                              |                                                                                                                                                          |
| 142. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                            | See response to comment 8.                                                                                                                               |
| 143. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | In addition to the items listed in this section, consideration should be given to including administrative actions by regulatory agencies and Self-Regulatory Organizations. | Added.                                                                                                                                                   |
| <b>70 - Q70 Comment on Guidance 18.3.9</b>                  |                          |              |                                                                                                                                                                              |                                                                                                                                                          |
| 144. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                            | See response to comment 8.                                                                                                                               |
| <b>71 - Q71 Comment on Guidance 18.3.10</b>                 |                          |              |                                                                                                                                                                              |                                                                                                                                                          |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                     | Resolution of comments             |
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| 145. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                          | See response to comment 8.         |
| <b>72 - Q72 Comment on Guidance 18.3.11</b>      |                          |              |                                                                                                            |                                    |
| 146. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                          | See response to comment 8.         |
| <b>73 - Q73 Comment on Guidance 18.3.12</b>      |                          |              |                                                                                                            |                                    |
| 147. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                          | See response to comment 8.         |
| <b>74 - Q74 Comment on Guidance 18.3.13</b>      |                          |              |                                                                                                            |                                    |
| 148. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                          | See response to comment 8.         |
| <b>75 - Q75 Comment on Guidance 18.3.14</b>      |                          |              |                                                                                                            |                                    |
| 149. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                          | See response to comment 8.         |
| <b>76 - Q76 Comment on Standard 18.4</b>         |                          |              |                                                                                                            |                                    |
| 150. Insurance Europe                            | Europe                   | No           | The Guidance relating to ICP 18.4 could also refer to disciplinary policies and procedures for wrongdoing. | Added to 18.4.2 as a bullet point. |
| 151. Global Federation of Insurance Associations | Global                   | No           | The Guidance relating to ICP 18.4 could also refer to disciplinary policies and procedures for wrongdoing. | See response to 150 above.         |

| Organisation                                                | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Resolution of comments                                     |
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| 152. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                 |
| 153. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | While some revisions have been made to this standard and its guidance, it still seems to suggest having governance requirements for all insurance intermediaries that may be too unrealistic for small firms and sole traders. Suggest editing/clarifying text in 18.4.1 and 18.4.3 to better communicate different expectations for different intermediaries and perhaps focus more on “governance” than constantly referring to “governance requirements”. Additionally, suggest swapping the order of 18.4.2 and 18.4.3 as the latter seems more connected to 18.4.1. | Addressed through suggested edits and reordering of paras. |
| <b>77 - Q77 Comment on Guidance 18.4.1</b>                  |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                            |
| 154. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                 |
| <b>78 - Q78 Comment on Guidance 18.4.2</b>                  |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                            |
| 155. Global Federation of Insurance Associations            | Global                   | No           | GFIA supports the addition of the first bullet “ensuring that those responsible for the intermediary organization’s governance have the competence and integrity to fulfil their respective roles”.                                                                                                                                                                                                                                                                                                                                                                      | Noted                                                      |
| 156. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                 |
| <b>79 - Q79 Comment on Guidance 18.4.3</b>                  |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                            |
| 157. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                 |

| Organisation                                                | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Resolution of comments                                                                                                                                                                                                                                                                                           |
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| 158. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | Last sentence, delete the extra comma after “regardless”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Deleted                                                                                                                                                                                                                                                                                                          |
| <b>80 - Q80 Comment on Guidance 18.4.4</b>                  |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                  |
| 159. Global Federation of Insurance Associations            | Global                   | No           | GFIA supports the addition of this paragraph on the requirement for intermediaries to establish and implement policies on the fair treatment of customers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Noted                                                                                                                                                                                                                                                                                                            |
| 160. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | See response to comment 8.                                                                                                                                                                                                                                                                                       |
| <b>81 - Q81 Comment on Guidance 18.4.5</b>                  |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                  |
| 161. Zurich Insurance Group                                 | Switzerland              | No           | <p>As per our comments to guidance 18.0.1, we believe that 18.4.5 acknowledges direct distribution cannot be conflated into the concept of intermediation for the purposes of this ICP.</p> <p>Guidance 18.4.5 appears to exempt direct distribution from the ICP's governance standards by stating: “The governance of an insurer's direct sales staff is the responsibility of the insurer, and the governance of insurers is the subject of ICP 7 Corporate Governance.”</p> <p>Given this, we would recommend IAIS applies the distinction between intermediary and insurer consistently where applicable throughout the ICP.</p> | <p>As above, the ICP takes a functional approach to intermediations, meaning that direct selling and other forms of intermediation cannot be completely separated.</p> <p>However, here we are able to highlight that insurers are already subject to (higher) governance requirements than set out in 18.4.</p> |
| 162. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | See response to comment 8.                                                                                                                                                                                                                                                                                       |

| Organisation                               | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Resolution of comments                                                                                                                                                                                |
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| <b>82 - Q82 Comment on Standard 18.5</b>   |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                       |
| 163. ON BEHALF OF MYSELF                   | BRAZIL                   | No           | <p>1) The wording of Standard 18.5 could be "The supervisor requires intermediaries to disclose to customers before concluding a contract, at minimum:", since the information listed in the bullets of Standard 18.5 is important to customers to make better informed decisions; and</p> <p>2) Based on the third bullet point of 18.5, the intermediary will disclose to customers information on the basis on which they are remunerated only where he or she recognises a potential conflict of interest. It means that the intermediary will decide whether he or she should disclose the information to customers. So I propose a new wording for the third bullet: "information on the basis on which they are remunerated."</p> | <p>Timing of disclosure is dealt with in 18.5.4</p> <p>This bullet has been the subject of much discussion. The current wording reflects a compromise which we need to retain for the time being.</p> |
| 164. Cincinnati Insurance Company          | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                                                                                                                                                            |
| <b>83 - Q83 Comment on Guidance 18.5.1</b> |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                       |
| 165. Cincinnati Insurance Company          | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                                                                                                                                                            |
| <b>84 - Q84 Comment on Guidance 18.5.2</b> |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                       |
| 166. Cincinnati Insurance Company          | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | See response to comment 8.                                                                                                                                                                            |
| <b>85 - Q85 Comment on Guidance 18.5.3</b> |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                       |
| 167. World Federation of                   | Belgium                  | No           | This paragraph seems to suggest the imposition of mandatory terms of business between the client and the insurance intermediary. However, terms of business agreement between the client and the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | It is a requirement of the standard that the terms of business are disclosed.                                                                                                                         |

| Organisation                                     | Jurisdiction | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Resolution of comments                                                                                                                                                                                            |
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| Insurance Intermediaries                         |              |              | insurance intermediary is not mandatory in every jurisdiction. The stated aims and objectives in these paragraphs cannot and should not be enforced in a jurisdiction if the requirement is not already part of the regulatory framework. This should be explained in this paragraph.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                   |
| 168. Insurance Europe                            | Europe       | No           | Insurance Europe suggests that there is flexibility as to how terms of business are disclosed – i.e. that it not necessarily be a separate document, but could be integrated into the product information to improve the customer experience.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 18.5.3 is not prescriptive, but makes a suggestion. It does not preclude alternatives.                                                                                                                            |
| 169. Global Federation of Insurance Associations | Global       | No           | GFIA suggests that there is flexibility in this Guidance as to how terms of business are disclosed – i.e. that it not necessarily be a separate document, but could be integrated into the product information to improve the customer experience.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | See response to 168 above.                                                                                                                                                                                        |
| 170. Zurich Insurance Group                      | Switzerland  | No           | <p>This draft standard sets forth the content of the terms of business agreement between intermediary and customer. We believe that three of the potential items of content for such an agreement are confusing:</p> <p>Charging Arrangements – It is unclear whether this is a reference to the payment for the insurance contract, the intermediary services or both. A solution could be amending the text to:<br/>“Charging arrangements for intermediation services if separate from the premium”</p> <p>Cancellation Rights - It is unclear whether this is a reference to the cancellation of the insurance contract, the intermediary services or both. A solution could be:<br/>“Cancellation rights with respect to the intermediation services, as applicable”</p> <p>Relevant Laws – Without further explanation, it is difficult to understand the reference. A solution could be:<br/>“Other matters required under relevant laws”</p> | <p>Added “for the intermediation services”, which is what is intended here.</p> <p>Added “in respect of the intermediation services”, which is what is intended here.</p> <p>Added “governing the agreement”.</p> |

| Organisation                                                | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                          | Resolution of comments                                                           |
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| 171. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                               | See response to comment 8.                                                       |
| <b>86 - Q86 Comment on Guidance 18.5.4</b>                  |                          |              |                                                                                                                                                                                                                                                 |                                                                                  |
| 172. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                               | See response to comment 8.                                                       |
| <b>87 - Q87 Comment on Guidance 18.5.5</b>                  |                          |              |                                                                                                                                                                                                                                                 |                                                                                  |
| 173. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                               | See response to comment 8.                                                       |
| <b>88 - Q88 Comment on Guidance 18.5.6</b>                  |                          |              |                                                                                                                                                                                                                                                 |                                                                                  |
| 174. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                               | See response to comment 8.                                                       |
| 175. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | The sentence structure of the second sentence should be revised; suggested: "Where insurance is solicited, negotiated, or sold over the internet, the customer may be required to acknowledge the terms of business before a policy is issued." | This is captured within the definition of "intermediation", hence not necessary. |
| <b>89 - Q89 Comment on Guidance 18.5.7</b>                  |                          |              |                                                                                                                                                                                                                                                 |                                                                                  |
| 176. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                               | See response to comment 8.                                                       |
| <b>90 - Q90 Comment on Guidance 18.5.8</b>                  |                          |              |                                                                                                                                                                                                                                                 |                                                                                  |

| Organisation                                      | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                          | Resolution of comments                                               |
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| 177. World Federation of Insurance Intermediaries | Belgium                  | No           | WFII proposes to delete the words 'are a broker or an agent '. The sentence would then be: specifically whether they work with one or more insurance companies,                                                                                                                                                 | Reworded along these lines, including a reference to "independence". |
| 178. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                               | See response to comment 8.                                           |
| <b>91 - Q91 Comment on Guidance 18.5.9</b>        |                          |              |                                                                                                                                                                                                                                                                                                                 |                                                                      |
| 179. Insurance Europe                             | Europe                   | No           | Financial interests, such as a shareholding that agents may have in the insurer they are tied with, do not raise any conflicts of interest. In this respect, a distinction should be made between insurance undertakings' employees or tied agents on the one hand, and other intermediaries on the other hand. | Added: "for some intermediaries"                                     |
| 180. Global Federation of Insurance Associations  | Global                   | No           | Financial interests, such as a shareholding that agents may have in the insurer they are tied with, do not raise any conflicts of interest. In this respect, a distinction should be made between insurance undertakings' employees or tied agents on the one hand, and other intermediaries on the other hand. | See response to 179 above.                                           |
| 181. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                               | See response to comment 8.                                           |
| <b>92 - Q92 Comment on Guidance 18.5.10</b>       |                          |              |                                                                                                                                                                                                                                                                                                                 |                                                                      |
| 182. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                               | See response to comment 8.                                           |
| <b>93 - Q93 Comment on Guidance 18.5.11</b>       |                          |              |                                                                                                                                                                                                                                                                                                                 |                                                                      |
| 183. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                               | See response to comment 8.                                           |

| Organisation                                                | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                     | Resolution of comments                                        |
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| <b>94 - Q94 Comment on Guidance 18.5.12</b>                 |                          |              |                                                                                                                                                                                                                                            |                                                               |
| 184. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                          | See response to comment 8.                                    |
| <b>95 - Q95 Comment on Guidance 18.5.13</b>                 |                          |              |                                                                                                                                                                                                                                            |                                                               |
| 185. World Federation of Insurance Intermediaries           | Belgium                  | No           | WFII proposes to delete the last lines reading: but may have a bearing on the independence of any advice that is provided. This does not seem to be an objective statement and it is already covered in 18.5.17                            | See response to 187 below.                                    |
| 186. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                          | See response to comment 8.                                    |
| 187. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | Suggest the last sentence of this paragraph read, "...such information may be less important to customers." This is more consistent with the focus on the paragraph rather than the independence of advice, which is addressed in 18.5.16. | This sentence deleted to avoid redundancy.                    |
| <b>96 - Q96 Comment on Guidance 18.5.14</b>                 |                          |              |                                                                                                                                                                                                                                            |                                                               |
| 188. AIA Group                                              | Hong Kong                | No           | To avoid any unintended consequences in regards to the disclosure of fees and commissions, we suggest that a supervisor conduct a consultation with stakeholders including the industry before implementing any specific requirements.     | Noted (this would be covered by ICP 3)                        |
| 189. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                          | See response to comment 8.                                    |
| <b>97 - Q97 Comment on Guidance 18.5.15</b>                 |                          |              |                                                                                                                                                                                                                                            |                                                               |
| 190. World Federation of                                    | Belgium                  | No           | WFII proposes to add to this paragraph that requirements regarding information on fees and commissions should be in accordance with                                                                                                        | Propose to leave. There is no change to the current guidance. |

| Organisation                                     | Jurisdiction              | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Resolution of comments                                                                                                                                                                                               |
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| Insurance Intermediaries                         |                           |              | national law and regulation after careful consideration of the necessity of these requirements and based on a level playing field.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>The wording reflects a compromise that was achieved when drafting the current guidance.</p> <p>It is not necessary to reiterate here that ICP material needs to be implemented through national requirements.</p> |
| 191. Global Federation of Insurance Associations | Global                    | No           | <p>The supervisor may also require that upon a customer's request the customer is provided with further information on a) fees paid by the customer; and/or b) the nature of any remuneration received by the intermediary from the insurer.</p> <p>Exact remuneration disclosure, i.e. the levels of commissions, would not be helpful, because: a) remuneration arrangements are diverse, complex and therefore can be difficult to accurately calculate and coherently present to the customer. It would be difficult for the customer to gauge whether or not the levels of commissions is appropriate, because of the lack of a clear reference point; b) publicly disclosing negotiated remuneration agreements between intermediaries and insurers would give an unfair advantage to certain distribution channels over others, and also to certain intermediaries within the same distribution channel.</p> | See response to 190 above.                                                                                                                                                                                           |
| 192. Dutch Association of Insurers               | Netherlands               | No           | Please note that in the light of the articles 22 (3) IDD and article 29 (3) IDD Member States of the EU have the option to go beyond the provisions and are allowed to impose stricter requirements. In particular, jurisdictions may additionally prohibit or further restrict the offer or acceptance of fees, commissions or non- monetary benefits from third parties. Such as the case in the Netherlands.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Noted                                                                                                                                                                                                                |
| 193. American Council of Life Insurers           | Office of General Counsel | No           | ACLI believes the customer should be informed how an intermediary is remunerated and further details should be provided where the fees are paid by the customer. Mandating disclosure of the level of fees and commissioners would not be helpful in the life insurance context. Remuneration arrangements are diverse, complex and therefore can be difficult to accurately calculate and coherently present to the                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | See response to 190 above.                                                                                                                                                                                           |

| Organisation                            | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Resolution of comments     |
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|                                         |                          |              | customer. It would be difficult for the customer to gauge whether or not the levels of commissions is appropriate because of the lack of a clear reference point. Publicly disclosing negotiated remuneration agreements between intermediaries and insurers would give an unfair advantage to certain distribution channels over others, and also to certain intermediaries within the same distribution channel.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                            |
| 194. Institute of International Finance | United States            | No           | <p>We believe the customer should be informed of the nature by which an intermediary is remunerated and further details should only be provided where the fees are paid by the customer.</p> <p>Exact remuneration disclosure, i.e. the levels of commissions, would not be helpful, because: a) remuneration arrangements are diverse, complex and therefore can be difficult to accurately calculate and coherently present to the customer. It would be difficult for the customer to gauge whether or not the levels of commissions is appropriate, because of the lack of a clear reference point; b) publicly disclosing negotiated remuneration agreements between intermediaries and insurers would give an unfair advantage to certain distribution channels over others, and also to certain intermediaries within the same distribution channel. Suggest edits:</p> <p>The supervisor may also require that upon a customer's request the customer is provided with further information on a) fees paid by the customer; and/or b) the nature of any remuneration received by the intermediary from the insurer.</p> | See response to 190 above. |
| 195. Cincinnati Insurance Company       | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | See response to comment 8. |
| 196. MetLife                            | USA                      | No           | The supervisor may also require that upon a customer's request, the customer is provided with further information on: (a) fees paid by the customer; and/or (b) the nature of any remuneration received by the intermediary from the insurer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | See response to 190 above. |

| Organisation                                      | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Resolution of comments                                                                                                                                                                                                                                                                  |
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|                                                   |                          |              | <p>We believe the customer should be informed of the nature by which the intermediary is remunerated and further details should only be provided where the fees are paid by the customer. Exact remuneration disclosure, i.e., the levels of commissions, would not be helpful, because remuneration arrangements are diverse, complex and therefore can be difficult to accurately calculate and coherently present to the customer. It would be difficult for the customer to gauge whether or not the levels of commission are appropriate because of the lack of a clear reference point. Publicly disclosing negotiated remuneration agreements between intermediaries and insurers would give an unfair advantage to certain distribution channels over others, and also to certain intermediaries within the same distribution channel.</p> |                                                                                                                                                                                                                                                                                         |
| <b>98 - Q98 Comment on Guidance 18.5.16</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                         |
| 197. Cincinnati Insurance Company                 | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | See response to comment 8.                                                                                                                                                                                                                                                              |
| <b>99 - Q99 Comment on Guidance 18.5.17</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                         |
| 198. World Federation of Insurance Intermediaries | Belgium                  | No           | <p>WFII strongly opposes the prohibition of any form of remuneration. It is counter to free market principles and it is not in the best interest of the consumer as it limits consumer choice. We therefore propose to delete in this paragraph the following sentence:</p> <p>Other examples include:</p> <ul style="list-style-type: none"> <li>• prohibitions on certain types of financial interest; and</li> <li>• structural changes to the distribution model, such as by prohibiting the payment or receipt of commission on investment products in favour of a fee-based approach.</li> </ul> <p>We further suggest to delete in the first sentence of this paragraph the word best as the concept of “best interests” is unclear and could lead to legal interpretation problems.</p>                                                    | <p>Agreed to delete the examples, as addressed in detail in an Application Paper on Conduct of Business Supervision, addition a cross reference.</p> <p>Wording broadened to refer to the “nature and severity of the conflict of interest”, and a cross-reference to the AP added.</p> |

| Organisation                                                | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                  | Resolution of comments                                                                                                                    |
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| 199. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                       | See response to comment 8.                                                                                                                |
| 200. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | The phrase “customers’ best interests” in the first sentence may suggest a fiduciary relationship. Suggest deleting “best” so the first sentence ends with “and deliver outcomes aligned with customers’ interest.”                                                     | Discussed at length with no suitable alternative found.<br>“Customers’ interest” would be seen to lower the bar and weaken the guidance.  |
| <b>100 - Q100 Comment on Guidance 18.5.18</b>               |                          |              |                                                                                                                                                                                                                                                                         |                                                                                                                                           |
| 201. World Federation of Insurance Intermediaries           | Belgium                  | No           | Same comment as for 18.5.17. WFII proposes to delete the following word: and also need to be avoided, managed or prohibited as appropriate.                                                                                                                             | Agreed to leave for clarity.                                                                                                              |
| 202. Insurance Europe                                       | Europe                   | No           | Insofar, with respect to tied (exclusive) agents, as they facilitate improvements to customer service, professional support and IT support should not be seen as raising conflicts of interests.                                                                        | Noted. The wording includes “may” and does not intend that professional support and IT support create an inducement in all circumstances. |
| 203. AIA Group                                              | Hong Kong                | No           | To avoid any unintended consequences, a supervisor should conduct a consultation with stakeholders including industry before prohibiting any “soft” commissions.                                                                                                        | Noted. This would be covered by ICP 3.                                                                                                    |
| 204. Dutch Association of Insurers                          | Netherlands              | No           | We share the view of IAIS on inducements. In the Netherlands there is a ban on inducements for non-life and life (complex products).                                                                                                                                    | Noted                                                                                                                                     |
| 205. Zurich Insurance Group                                 | Switzerland              | No           | 18.5.18 expresses that “soft” commissions “need to be avoided, managed or prohibited.”<br><br>This wording suggests there should be a separate process for the evaluation of such commissions than other commissions, which appears unnecessary and could be confusing. | See response to 201 above.                                                                                                                |

| Organisation                                                | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                         | Resolution of comments                                                                                                                           |
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|                                                             |                          |              | We suggest the final sentence of 18.5.18 should be revised to read: "Such inducements may lead to conflicts of interest and are less transparent than fees or commissions. THEY SHOULD ALSO BE SUBJECT TO THE PROCEDURES DESCRIBED IN 18.5.17" |                                                                                                                                                  |
| 206. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                              | See response to comment 8.                                                                                                                       |
| 207. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | The term "inducements" in the second sentence may have a negative connotation. To eliminate this, suggest replacing "inducements" with "incentives."                                                                                           | Propose to leave. This would create different language than used in the Intermediaries AP (including a US example that refers to "inducements"). |
| <b>101 - Q101 Comment on Standard 18.6</b>                  |                          |              |                                                                                                                                                                                                                                                |                                                                                                                                                  |
| 208. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                              | See response to comment 8.                                                                                                                       |
| <b>102 - Q102 Comment on Guidance 18.6.1</b>                |                          |              |                                                                                                                                                                                                                                                |                                                                                                                                                  |
| 209. Zurich Insurance Group                                 | Switzerland              | No           | Per our comments to guidance 18.0.1, 18.6.1 discusses safeguarding client monies that have not yet reached the insurer, which cannot be relevant to direct distribution where client monies are paid directly to the insurer.                  | Agreed – this standard only applies where the intermediary handles client monies.                                                                |
| 210. Institute of International Finance                     | United States            | No           | This guidance discusses safeguarding client monies that have not yet reached the insurer, which cannot be relevant to direct distribution where client monies are paid directly to the insurer.                                                | See response to 209 above.                                                                                                                       |
| 211. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                              | See response to comment 8.                                                                                                                       |
| <b>103 - Q103 Comment on Guidance 18.6.2</b>                |                          |              |                                                                                                                                                                                                                                                |                                                                                                                                                  |

| Organisation                                                | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                              | Resolution of comments                                                                                                                                             |
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| 212. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                   | See response to comment 8.                                                                                                                                         |
| <b>104 - Q104 Comment on Guidance 18.6.3</b>                |                          |              |                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                    |
| 213. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                   | See response to comment 8.                                                                                                                                         |
| <b>105 - Q105 Comment on Guidance 18.6.4</b>                |                          |              |                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                    |
| 214. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                   | See response to comment 8.                                                                                                                                         |
| <b>106 - Q106 Comment on Guidance 18.6.5</b>                |                          |              |                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                    |
| 215. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                   | See response to comment 8.                                                                                                                                         |
| <b>107 - Q107 Comment on Guidance 18.6.6</b>                |                          |              |                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                    |
| 216. Cincinnati Insurance Company                           | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                   | See response to comment 8.                                                                                                                                         |
| 217. National Association of Insurance Commissioners (NAIC) | USA, NAIC                | No           | The insolvency of an insurance intermediary is different than the insolvency of an insurer and may not be subject to the same insolvency rules/processes. Thus it may not be appropriate for the IAIS to opine on what should or should not be permissible for insolvencies of non-insurers. Suggest revising this to make it relevant to the insurance supervisor. | This articulates a potential risk to customers, and is in the current guidance. Deleted reference to “insolvency”, as client account protection applies generally. |
| <b>108 - Q108 Comment on Guidance 18.6.7</b>                |                          |              |                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                    |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                                                      | Resolution of comments     |
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| 218. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                           | See response to comment 8. |
| <b>109 - Q109 Comment on Standard 18.7</b>       |                          |              |                                                                                                                                                             |                            |
| 219. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                           | See response to comment 8. |
| <b>110 - Q110 Comment on Guidance 18.7.1</b>     |                          |              |                                                                                                                                                             |                            |
| 220. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                           | See response to comment 8. |
| <b>111 - Q111 Comment on Guidance 18.7.2</b>     |                          |              |                                                                                                                                                             |                            |
| 221. Global Federation of Insurance Associations | Global                   | No           | GFIA supports the addition of paragraphs 18.7.2 – 18.7.6 and is of the view that they are reflective of current regulatory practices in some jurisdictions. | Noted                      |
| 222. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                           | See response to comment 8. |
| <b>112 - Q112 Comment on Guidance 18.7.3</b>     |                          |              |                                                                                                                                                             |                            |
| 223. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                           | See response to comment 8. |
| <b>113 - Q113 Comment on Guidance 18.7.4</b>     |                          |              |                                                                                                                                                             |                            |
| 224. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                           | See response to comment 8. |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Resolution of comments                                                                                                                                   |
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| <b>114 - Q114 Comment on Guidance 18.7.5</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                          |
| 225. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | See response to comment 8.                                                                                                                               |
| <b>115 - Q115 Comment on Guidance 18.7.6</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                          |
| 226. Monetary Authority of Singapore (MAS)       | Singapore                | No           | IAIS may wish to elaborate on the example of “poor consumer outcomes” as it seems rather broad.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Amended to reflect “unfair treatment”.                                                                                                                   |
| 227. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | See response to comment 8.                                                                                                                               |
| <b>116 - Q116 Comment on Guidance 18.7.7</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                          |
| 228. Global Federation of Insurance Associations | Global                   | No           | This guidance lists removing key persons in control functions as an example of applicable supervisory measures on the fourth bullet. GFIA is concerned about this approach to allow the supervisor to require the insurer to remove those key persons in control functions. This could invite excessive supervisory intervention into HR management, bias the insurer’s autonomous business judgement, and inhibit enhanced corporate value and market development. Those key persons whom the supervisors request removal should be limited to those who are expected to have the most outstanding management capacity. Thus, this guidance should replace “key persons in control functions” with “Board Members”. | Note that this relates to intermediaries, not insurers.<br><br>Agreed to delete, as this is inconsistent with (goes beyond) ICP 10 guidance re insurers. |
| 229. The Life Insurance Association of Japan     | Japan                    | No           | This guidance lists removing key persons in control functions as an example of applicable supervisory measures on the fourth bullet.<br><br>We are concerned about this approach to allow the supervisor to require the insurer to remove those key persons in control functions. This could invite excessive supervisory intervention into HR                                                                                                                                                                                                                                                                                                                                                                       | See response to 228 above.                                                                                                                               |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Resolution of comments                                                                                                        |
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|                                                  |                          |              | management, bias the insurer's autonomous business judgement, and inhibit enhanced corporate value and market development.<br><br>Those key persons whom the supervisors request removal should be limited to those who are expected to have the most outstanding management capacity. Thus this guidance should replace "key persons in control functions" with "Board Members"                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                               |
| 230. Monetary Authority of Singapore (MAS)       | Singapore                | No           | IAIS may wish to provide examples of such corporate governance roles for clarity (i.e. does this include only Directors and senior management or also compliance?)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | This would be difficult to specify, given the wide range of intermediary organisations (from sole trader to multi-nationals). |
| 231. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | See response to comment 8.                                                                                                    |
| <b>117 - Q117 Comment on Guidance 18.7.8</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                               |
| 232. Global Federation of Insurance Associations | Global                   | No           | This guidance lists barring individuals from acting in key roles or holding similar roles in the future as an example of applicable sanctions on the second bullet. GFIA is concerned about this approach to allow the supervisor to bar individuals from key roles in control functions. This could invite excessive supervisory intervention into HR management, bias the insurer's autonomous business judgement, and inhibit enhanced corporate value and market development. Those roles that the supervisors bar individuals to act in or hold should be limited to those roles that require the most outstanding management capacity. Thus, this guidance should replace "acting in key roles or holding similar roles in the future" with "the Board". | For some intermediaries there may be no Board. The wording is consistent with ICP 19 (revised draft).                         |
| 233. The Life Insurance Association of Japan     | Japan                    | No           | This guidance lists barring individuals from acting in key roles or holding similar roles in the future as an example of sanctions.<br><br>We are concerned about this approach to allow the supervisor to bar individuals from key roles in control functions. This could invite                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | See response to 232 above.                                                                                                    |

| Organisation                                     | Jurisdiction             | Confidential | Answer                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Resolution of comments     |
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|                                                  |                          |              | <p>excessive supervisory intervention into HR management, bias the insurer's autonomous business judgement, and inhibit enhanced corporate value and market development.</p> <p>Those roles that the supervisors bar individuals to act in or hold should be limited to those roles that require the most outstanding management capacity. Thus this guidance should replace "acting in key roles or holding similar roles in the future" with "the Board"</p> |                            |
| 234. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                              | See response to comment 8. |
| <b>118 - Q118 Comment on Guidance 18.7.9</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                            |
| 235. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                              | See response to comment 8. |
| <b>119 - Q119 Comment on Guidance 18.7.10</b>    |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                            |
| 236. Global Federation of Insurance Associations | Global                   | No           | GFIA welcomes the recognition in this Guidance of due process for appealing supervisory measures.                                                                                                                                                                                                                                                                                                                                                              | Noted                      |
| 237. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                              | See response to comment 8. |
| <b>120 - Q120 Comment on Standard 18.8</b>       |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                            |
| 238. Cincinnati Insurance Company                | United States of America | No           | See answer to Q1.                                                                                                                                                                                                                                                                                                                                                                                                                                              | See response to comment 8. |
| <b>121 - Q121 Comment on Guidance 18.8.1</b>     |                          |              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                            |

| Organisation                                 | Jurisdiction             | Confidential | Answer            | Resolution of comments     |
|----------------------------------------------|--------------------------|--------------|-------------------|----------------------------|
| 239. Cincinnati Insurance Company            | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>122 - Q122 Comment on Guidance 18.8.2</b> |                          |              |                   |                            |
| 240. Cincinnati Insurance Company            | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>123 - Q123 Comment on Guidance 18.8.3</b> |                          |              |                   |                            |
| 241. Cincinnati Insurance Company            | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>124 - Q124 Comment on Standard 18.9</b>   |                          |              |                   |                            |
| 242. Cincinnati Insurance Company            | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>125 - Q125 Comment on Guidance 18.9.1</b> |                          |              |                   |                            |
| 243. Cincinnati Insurance Company            | United States of America | No           | See answer to Q1. | See response to comment 8. |
| <b>126 - Q126 Comment on Guidance 18.9.2</b> |                          |              |                   |                            |
| 244. Cincinnati Insurance Company            | United States of America | No           | See answer to Q1. | See response to comment 8. |