



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Public

Compiled Members' Comments on *Consultation on ICP 9* with resolutions

Organisation	Jurisdiction	Confidential	Answer	Resolution of comments
1 - Q1 General Comment on ICP 9				
Office of the Superintendent of Financial Institutions (OSFI)	Canada - OSFI	No	No specific comments/concerns re ICP 9	Noted.
European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	No	EIOPA welcomes this opportunity to provide comments.	Noted.
Bank Negara Malaysia	Malaysia	No	No comments	Noted.
3 - Q3 Comment on Introductory Guidance ICP 9.0.1				
4 - Q4 Comment on Introductory Guidance ICP 9.0.2				
17 - Q17 Comment on Standard ICP 9.1				
18 - Q18 Comment on Guidance ICP 9.1.1				
19 - Q19 Comment on Guidance ICP 9.1.2				
20 - Q20 Comment on Guidance ICP 9.1.3				
21 - Q21 Comment on Guidance ICP 9.1.4				
22 - Q22 Comment on Guidance ICP 9.1.5				
23 - Q23 Comment on Guidance ICP 9.1.6				
Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	"The supervisor should review the insurer's corporate culture, business objectives and strategies and business models" FINMA thinks that this goes beyond the ability of the supervisors. Reviews do only make sense if they may lead to concrete action of the	Disagree. Not sure how the supervisor would take any action on these issues or know if the insurer is acting within legal boundaries if they don't review these things. Revisions made to 9.1.6 to reflect that these

			supervisor and we do not see any potential feasible action in regard of the insurer's corporate culture, business objectives and strategies. Especially the corporate culture and business strategy should not be subject to supervisory influence as long as the supervised entity is acting within legal boundaries."	are things the supervisor would assess as part of framework for supervisory review and reporting.
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The NAIC is concerned about the use of the word "appropriateness" in the lead into each of the bulleted items. The supervisor's responsibility is to assess the risk associated with these items and collectively include that in its assessment of the insurer. The supervisor would engage with the insurer about what they are doing to address risks created where these items are not effective relative to its nature, scale and complexity. However, including whether these are appropriate suggests something more subjective and could suggest putting the supervisor in the role of management - suggest this read, "...evaluate the effectiveness of at least..."	Revised to be clearer and more straightforward, focusing guidance on those things that the supervisor should assess as part of the framework for supervisory review and reporting.
24 - Q24 Comment on Guidance ICP 9.1.7				
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The NAIC is concerned about the inclusion of the word "adequacy" in this text. Suggest it be deleted leaving "...assess the soundness of the insurer's...", which is more consistent with the supervisor's responsibility to assess the risk associated with these items and then engaging in a conversation with the insurer to determine how they are addressing the risk.	Revised to be clearer and more straightforward, focusing guidance on what the supervisor should assess.
25 - Q25 Comment on Guidance ICP 9.1.8				
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	ICP 9 is about ongoing supervisory review and reporting. The insurer's failure should only be considered if the risks are sufficiently high to suggest insolvency may occur. Otherwise, this seems to suggest that the framework for ongoing supervision should expect to take control of an insurer as opposed to taking actions that are more risk-based to prevent insolvency. Suggest deleting this paragraph; issues regarding resolution are covered adequately elsewhere, such as ICP 12.	Revised so guidance focuses more on the risks related to an insurer's failure as part of the overall framework for supervision.
26 - Q26 Comment on Guidance ICP 9.1.9				

National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	This paragraph should be modified to make it clear that the frequency and depth of communication should be commensurate with the risks of the insurer.	Addressed at a higher level with the revision to 9.1.1.
27 - Q27 Comment on Guidance ICP 9.1.10				
28 - Q28 Comment on Guidance ICP 9.1.11				
29 - Q29 Comment on Guidance ICP 9.1.12				
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Suggest adding that review of the framework should include regular public communication with relevant stakeholders (not just limited to internal and other relevant authorities). Such interaction may help identify and address issues for improvement in the current framework.	Agreed; revised to reflect this point.
30 - Q30 Comment on Guidance ICP 9.1.13				
31 - Q31 Comment on Guidance ICP 9.1.14				
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	As written, this paragraph reads that the group-wide supervisor's framework should include all entities identified within the insurance group and therefore suggests the group-wide supervisor performs the review and reporting for all these entities; however, this would not be the case for legal entities located in other jurisdictions and/or supervised by other authorities (as explained in 9.1.15 and 9.1.16). Suggest the intended message in 9.1.14 needs clarification.	Revised to clarify that the framework should take these entities into account, not perform review and reporting for all these entities.
32 - Q32 Comment on Guidance ICP 9.1.15				
33 - Q33 Comment on Guidance ICP 9.1.16				
Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	No	According to the Polish Act on insurance and reinsurance activity (article 374 paragraph 5 point 1) The supervisory authority being the group supervisor may, by means of a decision, decide not to include an undertaking in the group supervision where: 1) the undertaking is situated in a country other than the Member State of the European Union where there are legal impediments to the transfer of the necessary information. Suggested change: Similarly, where the group-wide supervisor does not have the power to	This is intended to address supervisory communication and coordination in a group situation generally, not focus only on exchange of information (which is covered in detail by ICP 3).

			conduct supervisory review and reporting of a group entity in another jurisdiction, it should communicate and coordinate with the host supervisor accordingly if there are no legal impediments to the transfer of necessary information.	
34 - Q34 Comment on Standard ICP 9.2				
35 - Q35 Comment on Guidance ICP 9.2.1				
36 - Q36 Comment on Guidance ICP 9.2.2				
37 - Q37 Comment on Guidance ICP 9.2.3				
62 - Q62 Comment on Standard ICP 9.3				
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Suggest deleting the word "any" as the standard already appropriately uses the word "material".	Agreed.
63 - Q63 Comment on Guidance ICP 9.3.1				
Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	No	According to Polish Act on insurance and reinsurance activity (article 75 paragraph 1) insurance and reinsurance undertaking should notify the supervisory authority about outsourced essential/critical or important activities and functions included in the system of governance at least 30 days before planning outsourcing. Suggested change: The supervisor should review based on local regulations outsourced material activities or functions through the insurer itself, but may also obtain information from, and conduct on-site inspections of, entities engaged in providing outsourced activities or functions for the insurer, where necessary	This is not necessary – it is implied throughout all the ICPs, and addressed in ICPs 1 and 2, that the supervisor does its job based on the authority and objectives provided in legislation and regulations.
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Suggest deleting "any" in the first line as the word "material" is already included and consistency with 9.3.2 and 9.3.3.	Agreed.
64 - Q64 Comment on Guidance ICP 9.3.2				
Komisja Nadzoru Finansowego - KNF (Polish	Poland	No	Unintelligible assumption: why and how review process should lead to the same outcomes - this point should be specified more precisely.	This is a common theme throughout IAIS material – approaches may differ but it is the

Financial Supervision Authority)				outcome that is important. Revised using suggestion below from MAS.
Monetary Authority of Singapore (MAS)	Singapore	No	We are of the view that it may not be feasible for supervisor to ensure that the outcome of the review of an outsourced activities or function would be the same as that of a non-outsourced function. IGWG can consider re-wording it as: "The supervisory review process for outsourced material activities or functions may differ from the process used for non-outsourced activities or functions, provided that the supervisory outcomes are met."	Agreed.
65 - Q65 Comment on Guidance ICP 9.3.3				
Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	No	According to Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (article 274 paragraph 4 (h)) the written agreement concluded between the insurance or reinsurance undertaking and the service provider shall in particular clearly state that supervisory authority have effective access to all information relating to the outsourced critical or important functions or activities including carrying out on-site inspections of the business premises of the service provider. Suggested change: Agreements between the insurer and entities providing the outsourced material activities or functions should be drawn up in such a way that the supervisor's ability to conduct its review is not restricted.	Agreed; "material" added here for consistency.
66 - Q66 Comment on Standard ICP 9.4				
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	A jurisdiction's auditing standards are generally determined by a party other than the insurance supervisor who may have no authority to specify the standards if all auditors in that jurisdiction are required to comply with those standards. If there is not a way to clarify this in the standard, suggest adding appropriate guidance.	Agreed; revisions made to 9.4.6 to clarify.
67 - Q67 Comment on Guidance ICP 9.4.1				
68 - Q68 Comment on Guidance ICP 9.4.2				

69 - Q69 Comment on Guidance ICP 9.4.3				
70 - Q70 Comment on Guidance ICP 9.4.4				
71 - Q71 Comment on Guidance ICP 9.4.5				
72 - Q72 Comment on Guidance ICP 9.4.6				
73 - Q73 Comment on Guidance ICP 9.1.7				
74 - Q74 Comment on Guidance ICP 9.4.8				
75 - Q75 Comment on Guidance ICP 9.4.9				
76 - Q76 Comment on Guidance ICP 9.4.10				
77 - Q77 Comment on Guidance ICP 9.4.11				
78 - Q78 Comment on Guidance ICP 9.1.12				
79 - Q79 Comment on Guidance ICP 9.4.13				
Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	No	Suggested change: the nature and scale of significant intra-group transactions. (According to the Polish Act on insurance and reinsurance activity the supervisory authority being the group supervisor identifies appropriate thresholds to identify significant intragroup transactions, to be reported annually).	Revised; added "material" for consistency.
80 - Q80 Comment on Guidance ICP 9.4.14				
81 - Q81 Comment on Guidance ICP 9.4.15				
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Suggest the first sentence needs some clarification; we agree coordination should be done for ad hoc reporting (information requests) but disagree with extending this concept of coordination with host supervisors for regular reporting as it would not be necessary.	Agreed; clarification added on the intention of such coordination.
82 - Q82 Comment on Guidance ICP 9.4.16				

Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	No	Suggested change: (...) significant intra-group transactions	Revised; added "material" for consistency.
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Suggest this guidance be clarified - is this information being submitted by the head of the group? Suggest it also be rewritten to be more risk-based as well; as currently drafted, the guidance focuses on general information to be submitted but does not say why this information would be useful or suggest the group-wide supervisor should take a risk-based approach in seeking information on the insurance group.	Agreed; clarification added as to why the group-wide supervisor may require this information and how it may be helpful.
89 - Q89 Comment on Standard ICP 9.5				
90 - Q90 Comment on Guidance ICP 9.5.1				
91 - Q91 Comment on Guidance ICP 9.5.2				
92 - Q92 Comment on Guidance ICP 9.5.3				
93 - Q93 Comment on Guidance ICP 9.5.4				
94 - Q94 Comment on Guidance ICP 9.5.5				
Komisja Nadzoru Finansowego - KNF (Polish Financial Supervision Authority)	Poland	No	General comment: the majority of listed in annex activities can be accomplished only within on-site inspection. Regarding point A. of the annex and issue of testing the insurer's internal policies: such analyses are conducted mainly in terms of compliance with the regulations and not the risk profile. Suggested change: testing the insurer's internal policies, processes and controls in order to assess the compliance with regulations and/or adequacy in light of the insurer's risk profile	These are listed as both so as to provide flexibility for jurisdictional approaches. Agreed.
95 - Q95 Comment on Standard ICP 9.6				
96 - Q96 Comment on Guidance ICP 9.6.1				
97 - Q97 Comment on Guidance ICP 9.6.2				

98 - Q98	Comment on Guidance ICP 9.6.3
99 - Q99	Comment on Guidance ICP 9.6.4
100 - Q100	Comment on Guidance ICP 9.6.5
101 - Q101	Comment on Guidance ICP 9.6.6
102 - Q102	Comment on Guidance ICP 9.6.7
103 - Q103	Comment on Guidance ICP 9.6.8
121 - Q121	Comment on Standard ICP 9.7
122 - Q122	Comment on Guidance ICP 9.7.1
123 - Q123	Comment on Guidance ICP 9.7.2
130 - Q130	Comment on Annex to ICP 9