



IAIS

INTERNATIONAL ASSOCIATION OF
INSURANCE SUPERVISORS

Public

Compiled Comments on *Consultation on ICP 1* from Members and Stakeholders with resolutions

Organisation	Jurisdiction	Confidential	Answer	Resolution of comments
1 - Q1 General Comment on ICP 1				
1. Insurance Europe	Europe	No	Insurance Europe appreciates the opportunity to comment on revised ICP 1 and generally supports the proposed changes. However, some clarifications should be made relating to the objectives of insurance supervision and Insurance Europe further proposes the addition of good regulatory practices to guide supervisors in achieving these objectives. The new wording of ICP 1 could be improved as follows: “Each authority responsible for insurance supervision, its powers, as well as the general objectives of insurance supervision are clearly defined.”	Noted. Good supervisory practices are a way to achieve supervisory objectives. Disagree, all objectives of insurance supervision should be clearly defined, not only the general ones.
2. Global Federation of Insurance Associations	Global	No	The new wording of ICP 1 could be improved as follows: “Each authority responsible for insurance supervision, its powers, as well as the general objectives of insurance supervision are clearly defined.”	Disagree. See answer to Q1.
3. AIA Group	Hong Kong	No	AIA appreciates the opportunity to comment on the public consultation on revised ICP 1 (Objectives, Powers and Responsibilities of the Supervisor) and revised ICP 2 (Supervisor).	Noted.
4. Zurich Insurance Company Ltd.	Switzerland	No	We are comfortable with the majority of revised ICP1. We do however have some specific questions on the removal of language calling for primary legislation to clearly define the mandate and responsibilities of the supervisor in standard 1.1. In addition, we feel the guidance 1.4.2 should be amended to better reflect that, While it is reasonable that supervisors raise issues within the current regime that require attention, we believe this is distinct from supervisors, or the supervisory function, initiating and leading legislative change, which is the responsibility of policymakers, or policy making function. Finally, we believe there is a difference in priority in insurance supervisions' objective to protect policyholders (primary) and contribute to financial stability (secondary) and have reflected this in	Disagree. Standard 1.1 states that primary legislation should define the responsibilities of the supervisor. Furthermore, it has been considered that the mandate of the supervisor was embedded in its responsibilities and objectives. Agree that initiating change in the legislation is not always in the supervisor's remit. However, as stated in the last sentence of 1.4.2, supervisors should initiate <i>or propose</i> changes in the legislation.

			comments to standard 1.2 and guidance 1.4.2.	Disagree.
5. Institute of International Finance	United States	No	We welcome the language on transparency, accountability and operational independence of supervisors In line with our comments made on the ICP Assessment Methodology in the March Consultation Package, transparency, accountability and operational independence of supervisors are crucial elements of a sound supervisory framework. While we had requested the IAIS to reinsert language around these elements in the Assessment Methodology, we are generally supportive of the elaboration of them in the current consultation documents. In order to enhance the principle of transparency and accountability, further guidance should be provided to facilitate public understanding and scrutiny of the supervisor. We would also like to point out the importance of the balance between operational independence and adequate communication and coordination among different supervisors, and other relevant government authorities, especially when making major supervisory decisions or setting longer-term goals. Mandate and responsibilities of supervisors, government and legislators should be clearly defined in primary legislation As different supervisory, government and legislative functions are involved in insurance supervision, their mandates and responsibilities should be clearly defined in primary legislation. Where more than one authority is involved in the supervision of an insurance group, their different objectives, responsibilities and powers should be clearly defined in conformity with political and legal regimes. For example, while we recognize the importance of the supervisory function supporting and making suggestions to the legislative process, the duty of reaching a compromise on and passing legislative changes should be left to the government or legislative functions . In addition, cooperation and coordination among different authorities should be clearly documented to avoid duplicative supervisory efforts.	Noted. Transparency, accountability as well as communication and coordination among different supervisors and other relevant authorities are also addressed in other ICPs (especially in ICP 2 and 3). Noted. See answer above.
6. Cincinnati Insurance Company	United States of America	No	Our company does not believe that the world needs a set of Insurance Core Principles (ICPs) and objects to the program under which the International Monetary Fund (IMF) grades the U.S. insurance regulatory system on its compliance with the ICPs. The core principles upon which the U.S. insurance regulatory system is premised have functioned perfectly for over 150 years and do not need an overhaul by the International Association of	Noted.

			Insurance Supervisors (IAIS) or by its ostensible parent organization, the Financial Stability Board (FSB). Therefore, we object to ICP 1 and would suggest that these ICPs be eliminated rather than revised. 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.	
7. Property Casualty Insurers Association of America (PCI)	USA	No	The Property Casualty Insurers Association of America (PCI), which represents nearly 1,000 U.S. member companies writing 36% of the U.S. property/casualty insurance market, appreciates the opportunity to participate in this consultation. PCI endorses the comments of the Global Federation of Insurance Associations, of which PCI is a member.	Noted.
8. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Suggesting revising the Principle Statement to better reflect the three concepts addressed by the standards: "Each authority responsible for insurance supervision has its powers, responsibilities and the objectives of insurance supervision are clearly defined."	The current wording better reflects the intention of the principle statement.
2 - Q2 Comment on Guidance 1.0.1				
9. International Insurance Foundation	International	No	Guidance 1.0.1 and 1.0.2 does not flow sequentially. Suggest following rewrite: "1.0.1 Primary legislation should define supervisory objectives and responsibilities to the extent that they need the effect of law. 1.0.2 Publicly defined objectives foster transparency. Clear objectives enable government, legislatures and other stakeholders, including insurance industry participants and consumers, to form expectations about insurance supervision and to assess how well the supervisor is achieving its	Disagree. The proposed wording does not capture all the content of current guidance (for example, stability over time).

			objectives and fulfilling its responsibilities."	
10. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
3 - Q3 Comment on Guidance 1.0.2				
11. Insurance Europe	Europe	No	Insurance Europe proposes the following clarifications to the section on updates of supervisory responsibilities and objectives: "However, when those responsibilities and objectives are updated, it should be done in a manner that avoids creating instability, as a stable business environment is important for the insurance market and consumer confidence." "Aspects that should undergo frequent updating due to environmental or other changes should be supplemented as needed with updated legally enforceable rules and Guidance."	Agree. See revisions.
12. Global Federation of Insurance Associations	Global	No	After the first sentence, GFIA proposes the following clarifications to the second and fourth sentences regarding updates of supervisory responsibilities and objectives: "When those responsibilities and objectives must be periodically updated, the updates should be implemented in a manner that avoids creating instability, as a stable business environment is important for the insurance market and consumer confidence." "Aspects that should undergo frequent updating due to environmental or other changes should be supplemented as needed with updated legally enforceable rules and guidance."	See answer to comment 11.
13. International Insurance Foundation	International	No	Continuation of rewrite suggested above: "1.0.3 To avoid undermining these expectations, the stated objectives and responsibilities should only change infrequently. Aspects of supervision subject to market or environmental changes should be articulated in legally enforceable rules and guidance, which are periodically updated.	Disagree. See response to comment 9.
14. Zurich Insurance	Switzerland	No	We believe the term "unstable environment" is suboptimal in this guidance;	Disagree. Disruption is not the correct word in this

Company Ltd.			we would instead recommend the passage be changed to "... in a manner that avoids DISRUPTION, as a stable business environment is important..."	context. See changes in the wording of this guidance.
15. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
16. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	First sentence, suggest "fixed" would be a more appropriate word choice than "stable". Second sentence, suggest adding "transparent" before "manner."	Disagree. "Fixed" could be understood as responsibilities and objectives of the supervisor never change.
4 - Q4 Comment on Standard 1.1				
17. Zurich Insurance Company Ltd.	Switzerland	No	The clear definition in primary legislation of authorities responsible for supervision and the objective of that supervision and powers of the supervisory function (1.1 to 1.3) is welcomed. However, we note that the removal of language in the existing standard 1.2 "Primary legislation clearly defines the MANDATE AND RESPONSIBILITIES of the supervisor". A clear mandate and responsibilities as defined in primary legislation is important for supervisory consistency and certainty. We would therefore welcome the guidance of standard 1.1 to leave no doubt that the definition of each authority also addresses its mandate and responsibilities. Similarly, to the extent more than one authority is responsible for insurance supervision [the existing language reads: "authority (or authorities)"], standard 1.1 should also be concerned with the interplay of these authorities, i.e. cooperation and coordination, as well as delineation among these authorities. While this could indeed be achieved IMPLICITLY with clear definitions of each authority, addressing the issue EXPLICITLY will leave less room for interpretation around a cornerstone of the IAIS' supervisory material. This would complement ICP25 and the revised ICP25, which are focused on the cross-border dimension (ICP25 rev. "The supervisor cooperates and coordinates with involved supervisors and relevant authorities to ensure effective supervision of insurers operating ON A CROSS-BORDER BASIS.").	Disagree. See answer to comment 4. Disagree. This issue is addressed by ICP 3 and 25.

18. Institute of International Finance	United States	No	The existing ICP1.2 addresses mandate and responsibilities: "Primary legislation clearly defines the MANDATE and RESPONSIBILITIES of the supervisor". This concept is lost in a more generically formulated ICP 1.1 proposed in the consultation. It is important that both mandate and responsibilities be then addressed as part of the guidance. Mandate and responsibilities should not be left to the supervisors to define.	Disagree. See answer to comment 4.
19. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
5 - Q5 Comment on Guidance 1.1.1				
20. International Insurance Foundation	International	No	Legal entity and group supervision are of equal importance; therefore: "Primary legislation should clearly define responsibilities of each authority involved in insurance supervision at both the insurance legal entity level and the group-wide level."	Agree. See changes.
21. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
6 - Q6 Comment on Guidance 1.1.2				
22. Insurance Europe	Europe	No	In practice, some frameworks have separate entities responsible for supervising (re)insurers and (re)insurance distributors. This could be reflected in the list of examples.	Disagree. This list is not intended to be exhaustive.
23. Global Federation of Insurance Associations	Global	No	In practice, some frameworks have separate authorities responsible for supervising (re)insurers and (re)insurance distributors. Therefore, the list of examples should also reflect this separation.	Disagree. See previous answer.
24. Zurich Insurance Company Ltd.	Switzerland	No	Given what we feel is inconsistent usages of the terms, we believe it may be useful for the IAIS to propose definitions of macro, micro and market conduct supervision.	Disagree, these are general terms. No specific definition needs to be introduced in ICPs.
25. Institute of International Finance	United States	No	Definitions of micro- and macro-supervision, and market conduct supervision seem to be missing. Considering that there are different views and reference (e.g. ICP 24) of these concepts, it may be for the IAIS to provide definitions of these terms as benchmarks.	See response to comment 24.

26. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
7 - Q7 Comment on Guidance 1.1.3				
27. International Insurance Foundation	International	No	Should be joined with 1.1.2, since it is an elaboration of the same idea. Suggested rewrite for clarity: "When there are multiple authorities involved in insurance supervision, the primary legislation should establish the institutional framework and clarify the scope of each authority's responsibility."	Disagree to merge the two guidance paragraphs but agree to highlight the role of primary legislation in providing a basis for the cooperation and coordination between supervisors. See changes.
28. American Council of Life Insurers	Office of General Counsel	No	ACLI urges that primary legislation should also mandate, or at least encourage, coordination among multiple authorities in order to avoid inconsistent or redundant supervision.	See changes to address the concern and answer to comment 27.
29. Institute of International Finance	United States	No	1.13 provides that where there are multiple authorities responsible for insurance supervision of an entity, the main responsibilities of the respective authorities should be clearly set out in primary legislation. Consider adding the following language: "Multiple authorities supervising the same insurer at the entity level or as part of group-wide supervision should coordinate supervision to avoid duplicative or overlapping activity"	See answer to comment 27 and 28.
30. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
31. MetLife	USA	No	1.1.3 provides that where there are multiple authorities responsible for insurance supervision of an entity, the main responsibilities of the respective authorities should be clearly set out in primary legislation. We suggest adding the following sentence to 1.1.3: "Multiple authorities supervising the same insurer at the entity level or as part of group-wide supervision, should coordinate supervision to avoid duplicative or overlapping activity".	See answer to comments 27 and 28.
32. Property Casualty Insurers Association of America (PCI)	USA	No	1.1.3 provides that where there are multiple authorities responsible for insurance supervision of an entity, the main responsibilities of the respective authorities should be clearly set out in primary legislation. The following language should be added: "Multiple authorities supervising the	See answer to comments 27 and 28.

			same insurer at the entity level or as part of group-wide supervision should coordinate supervision to avoid duplicative or overlapping activity".	
8 - Q8 Comment on Standard 1.2				
33. Insurance Europe	Europe	No	Insurance Europe believes that the terms used for the second principle objective are highly subjective ("fair" and "safe") and potentially misleading ("stable"). Stability should be clarified to mean stability of the overall financial system (as per the third principal objective) to not imply that there could be any justified interference by the supervisor with free competition in the insurance market – instead, the promotion of competition could be included as an objective.	Disagree. Please note that this was the original wording of the ICP. Promoting "free competition" in the insurance market is usually not in the insurance supervisor's remit.
34. Global Federation of Insurance Associations	Global	No	GFIA suggests the following modification of the opening clause, in order to provide greater clarity: "Primary legislation clearly defines the principle objectives of insurance supervision; at a minimum, the principal objectives are to:" GFIA is of the view that the terms used for the second principal objective are highly subjective ("fair" and "safe") and potentially misleading ("stable"). Stability should be clarified to mean stability of the overall financial system (as per the third principal objective). The standard should avoid any language that implies the supervisor has justification to interfere with free competition in the insurance market – instead, GFIA suggest that the promotion of competition is included as an objective.	Disagree. This wording does not provide greater clarity. Disagree. See answer to comment 33.
35. AIA Group	Hong Kong	No	AIA supports the principal objectives of insurance supervision to protect policyholders, promote the maintenance of a fair, safe and stable insurance market and contribute to financial stability. Such regulation should be applied in relation to the nature, scale and complexity of the insurer.	Noted. Proportionality principle applies throughout the ICP, including ICP 1.
36. International Insurance Foundation	International	No	Suggested rewrite for clarity: "The principal objectives of insurance supervision embedded in primary legislation should at least include: - protection of policyholders, - promotion of a fair, safe and stable insurance market; and - concern for financial stability."	Disagree. Insurance supervisors are expected to be more than "concerned" by financial stability and rather should contribute to it.

37. Dirección General de Seguros y Fondos de Pensiones	Spain	No	We back to keep the Standard 1.2 as it's in the Standard 1.3 of the present version of the ICPs. The proposed wording includes those objectives that as a minimum should need to be considered as principal objectives by the insurance supervisor. But it's our understanding that the proposed wording creates confusion, without establishing in a clear way which is the principal objective of the insurance supervision. This is under our opinion the protection of the policyholders. The aspects of financial stability and other objectives can be considered but as previously mentioned the insurance supervisor needs to take into account that the principal objective of the insurance supervision is the protection of the policyholders.	Revisions to the Standard retain which objectives should be covered, but do not suggest a prioritization of these standards. Additional text in 1.2.1 acknowledges that the priorities of the objectives may vary by jurisdiction.
38. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	FINMA thinks that the principal objective of insurance supervision should aim at policyholder protection. From this perspective, standard 1.2 could be understood as too far-reaching, as the principal objectives in primary regulation are intended to be broadened by adding the contribution to financial stability. This new wording, according to our understanding, seems not balanced enough, meaning not expressing the principal objective of a supervisor being policyholder protection. FINMA suggests keeping former standard 1.3 and to amend guidance 1.1.2 with financial stability as a further example. This would also be in line with proposed ICP guidance 12.2.1. IAIS members should be able to preserve jurisdictional flexibility, since it is clear that different supervisors have very different mandates with respect to financial stability. Additionally, FINMA is of the opinion that life and non-life (re)insurance activities do not trigger or amplify systemic risk, which is supported by the findings of the IAIS report "Insurance and Financial Stability".	See answer to comment 37.
39. Zurich Insurance Company Ltd.	Switzerland	No	While financial stability is a concern, we clearly see it as a secondary objective to policyholder protection in the ICPs. We would therefore question financial stability's placement as an equal objective in standard 1.2 and suggest that language either be added to differentiate the levels of priority or that the financial stability bullet be moved to guidance.	See answer to comment 37.
40. ICMIF	UK	No	A sizeable proportion of ICMIF's 290 member organizations are SMEs. They often provide cover to underserved or niche markets. We would like to suggest amending the 2ndsub-point; as follows: Promote the maintenance of a fair, safe, diverse and stable insurance	Disagree. It is not in the supervisor's remit to promote the diversity of the insurance market. Furthermore, one can argue that the diversity is included within "fair market".

			market.	
41. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
42. Property Casualty Insurers Association of America (PCI)	USA	No	1.2 provides that the objectives of insurance supervision should be to: • Protect policyholders; • Promote the maintenance of a fair, safe and stable insurance market; and • Contribute to financial stability. PCI maintains that policyholder protection and maintenance of a fair, safe and stable market are the primary goals of insurance supervision, and ICP 1.2 should state this clearly. In prioritizing these two functions supervisors make their primary contribution to financial stability.	See answer to comment 37.
43. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Saying that primary legislation “defines” the objectives could be read to require having a specific definition within legislation, which seems to focus the standard more on the form rather than the outcome. The way jurisdictions draft primary legislation varies, thus the goal should be ensuring the objectives of insurance supervision are captured in legislation regardless of the wording used to do so. To avoid this, suggest: “Primary legislation clearly reflects the objectives...” Contributing to financial stability may be an objective, but as the standard is on the principal objectives of insurance supervision, we suggest keeping the current standard’s wording so that the focus remains on the first two bullets. As the ICPs are minimum standards applying to insurance supervisors and insurers of all kinds, not including financial stability (and saying “at least to”) in the standard does not prevent supervisors from adopting and acting on a financial stability objective should it be appropriate in their particular circumstances. Financial stability as an objective could then be mentioned in guidance.	Agree, but “reflects” does not seem accurate here. Revised to “Primary legislation clearly determines...” See answer to comment 37.
9 - Q9 Comment on Guidance 1.2.1				
44. Insurance Europe	Europe	No	Insurance Europe would like to point out that the suggestion in Guidance 1.2.1 to include “promoting insurance market development” as a supervisory objective may and, in practice, has invited supervisors to take protectionist measures against foreign (re)insurers under the justification of promoting local insurance markets and their developments. Insurance	Disagree. The objective to maintain a “fair” insurance market includes a fair competition. The IAIS does not encourage protectionist measures against foreign insurers.

			Europe would therefore urge the IAIS to not encourage such behaviour and would suggest that a further objective to promote fair competition could be added to mitigate that unwanted effect.	
45. Global Federation of Insurance Associations	Global	No	GFIA would like to point out that the suggestion in Guidance 1.2.1 to include “promoting insurance market development” as a supervisory objective may and, in practice, has invited supervisors to take protectionist measures against foreign (re)insurers under the justification of promoting local insurance markets and their developments. GFIA would therefore urge the IAIS to not encourage such behaviour by explicitly listing the objective as an option in Guidance 1.2.1, or by including the promotion of competition as an objective.	See answer to comment 44.
46. International Insurance Foundation	International	No	Delete last part of first sentence. Suggested rewrite for clarity: The precise supervisory objectives may vary by jurisdiction. Additional supervisory objectives could include promoting insurance market development, financial inclusion, financial consumer education, and combating financial crime."	Disagree. The IAIS considers it important to highlight that objectives of the insurance supervision may vary depending on the level of development of the insurance market. It also considers important to emphasize that different supervisory objectives might be defined in accordance with consumer's expectations.
47. Dirección General de Seguros y Fondos de Pensiones	Spain	No	Please see previous comment in relation with the aspect of protection of policyholders. Please see Guidance 1.3.1 of the present version of the ICPs.	See answer to comment 37.
48. ICMIF	UK	No	In line with the UN Sustainable Development Goals (SDGs) ICMIF particularly supports the stated supervisory objectives of promoting the developments on insurance markets, financial inclusion and in particular, financial consumer education which is essential for the improvement of financial sustainability of underserved individuals and societies.	Noted.
49. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
10 - Q10 Comment on Guidance 1.2.2				
50. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
11 - Q11 Comment on Guidance 1.2.3				

51. Insurance Europe	Europe	No	Insurance Europe considers that the ICP could be further enhanced to set out good regulatory practice that the supervisors should consider in fulfilling their mandate. Therefore, the following wording to the end of Guidance 1.2.3 should be added. “In fulfilling its objectives, the supervisor should have regard to the following regulatory principles: • The need to use its resources efficiently, and transparently; • The principle that a burden of restriction imposed should be proportionate to the benefits; • The general principle that consumers should take responsibility for their decisions; • The benefit of competitive markets to good consumer outcomes; • That the regulator should act in a transparent manner; and • The potential detriment that publishing information relating to persons may have on them.”	Disagree. These regulatory principles are already covered elsewhere in the ICPs.
52. Global Federation of Insurance Associations	Global	No	GFIA considers that the ICP should be further enhanced to set out good regulatory practice that the supervisor should have regard to in fulfilling its mandate. Therefore, GFIA would recommend adding the following wording to the end of paragraph 1.2.3: “In fulfilling its objectives the supervisor should have regard to the following regulatory principles: • The need to use its resources efficiently, and transparently; • The principle that a burden of restriction imposed should be proportionate to the benefits; • The general principle that consumers should take responsibility for their decisions; • The benefit of competitive markets to good consumer outcomes; • That the regulator should act in a transparent manner; and • The potential detriment that publishing information relating to persons may have on them.”	See answer to comment 51.

53. International Insurance Foundation	International	No	Suggested rewrite of last sentence for clarity: "In such circumstances, a temporary change of emphasis should be explained to stakeholders, including insurance industry participants, consumers and the public." [Public added.]	Agree; See changes
54. Institute of International Finance	United States	No	We consider that the ICP should be further enhanced to set out good regulatory practice that the supervisor should have regard to in fulfilling their mandate. Therefore, we would recommend adding the following wording to the end of paragraph 1.2.3. 'In fulfilling its objectives the supervisor should have regard to the following regulatory principles: • The need to use its resources efficiently, and transparently; • The principle that a burden or restriction imposed should be proportionate to the benefits; • The general principle that consumers should take responsibility for their decisions; • The benefit of competitive markets to good consumer outcomes; • That the regulator should act in a transparent manner; and • The potential detriment that publishing information relating to persons may have on them	See answer to comment 51.
55. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
56. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Suggest different order to better reflect intended meaning: Depending on the evolution of the jurisdiction's insurance or financial markets, the supervisor may emphasise temporarily one or more of the objectives, in which case such an approach should be explained to stakeholders, including insurance industry participants and consumers. Regardless, the supervisor should take into account any relevant objectives in fulfilling its function.	Disagree. By explaining the temporary focus on one or more objectives, the supervisor should also highlight that it still take into account other relevant objectives in fulfilling its function. This does not seem well reflected in the suggest wording.
12 - Q12 Comment on Guidance 1.2.1				
57. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
13 - Q13 Comment on Standard 1.3				

58. AIA Group	Hong Kong	No	Legislation should appropriately balance the objectives of insurance supervision. For example, while the protection of policyholders is key, legislation should not unduly restrict the offering of products and choices to consumers.	Noted.
59. American Council of Life Insurers	Office of General Counsel	No	ACLI suggests that the Standard and Guidance acknowledge that, in some jurisdictions insurers may be supervised by multiple authorities for different purposes, e.g., prudential and market conduct. Primary legislation should encourage coordination among such multiple authorities in order to avoid inconsistent or redundant supervision.	Noted. This is addressed by Standard 1.1
60. Institute of International Finance	United States	No	1.3 states that primary legislation gives the supervisor adequate powers to meet its responsibilities and objectives. For example, the supervisor should have the powers needed to implement a framework for effective insurance supervision, which is defined in the ICPs in general. In 1.3, we might want to acknowledge that many insurers may be supervised by several authorities for entity level, group-wide, prudential, market conduct or resolution related supervision by adding the following: Depending on the institutional framework, several separate supervisory authorities may have distinct objectives, powers and responsibilities for the supervision of an insurance legal entity and should cooperate to avoid duplicative or overlapping activity.	Noted. This is addressed in Guidance 1.1.3.
61. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
62. MetLife	USA	No	1.3 states that primary legislation gives the supervisor adequate powers to meet its responsibilities and objectives. For example, the supervisor should have the powers needed to implement a framework for effective insurance supervision, which is defined in the ICPs in general. We would like to acknowledge that many insurers may be supervised by several authorities for entity level, group-wide, prudential, market conduct or resolution related supervision and add the following: "Depending on the institutional framework, several separate supervisory authorities may have distinct objectives, powers and responsibilities for the supervision of an insurance legal entity and should cooperate to avoid duplicative or overlapping activity".	See answer to comment 60.
63. Property Casualty	USA	No	1.3 states that primary legislation gives the supervisor adequate powers to	See answer to comment 60.

Insurers Association of America (PCI)			meet its responsibilities and objectives. For example, the supervisor should have the powers needed to implement a framework for effective insurance supervision, which is defined in the ICPs in general. The following statement should be included to acknowledge that many insurers may be supervised by several authorities for entity level, group-wide, prudential, market conduct or resolution related supervision: "Depending on the institutional framework, several separate supervisory authorities may have distinct objectives, powers and responsibilities for the supervision of an insurance legal entity and should cooperate to avoid duplicative or overlapping activity".	
14 - Q14 Comment on Guidance 1.3.1				
64. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
15 - Q15 Comment on Guidance 1.3.2				
65. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
66. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Editorial suggestion: "Legislation should clearly address insurance legal entity and group-wide supervision, providing the supervisor with sufficient powers to achieve their respective responsibilities and objectives."	Agree. See changes.
16 - Q16 Comment on Guidance 1.3.3				
67. International Insurance Foundation	International	No	Suggested rewrite of last sentence for clarity: "Also the legislation should empower the supervisor of an insurance legal entity which is part of a group to contribute to the supervision of that group on a group-wide basis." Who determines the meaning of "appropriately"?	Agree, "appropriately" has been deleted.
68. Institute of International Finance	United States	No	We suggest adding the following text in 1.33 after the second sentence : The test for determining whether a group-wide supervisor has sufficient powers in place to perform its role must be flexible rather than prescriptive so it can be applied in numerous distinct institutional frameworks. It should focus on the effectiveness of satisfying the desired responsibilities and	Disagree. This seems related to the proportionality principle which applies throughout the ICPs (see Introduction and Assessment Methodology). It is not clear what is meant by a test for determining if a group-wide supervisor has sufficient powers.

			objectives and not on any one or more specific required powers.	
69. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
70. MetLife	USA	No	We suggest adding the following text in 1.3.3 after the second sentence: "The test for determining whether a group-wide supervisor has sufficient powers in place to perform its role must be flexible rather than prescriptive so it can be applied in numerous distinct institutional frameworks. It should focus on the effectiveness of satisfying the desired responsibilities and objectives and not on any one or more specific required powers".	See answer to comment 68.
71. Property Casualty Insurers Association of America (PCI)	USA	No	The following text should be added after the second sentence: "The test for determining whether a group-wide supervisor has sufficient powers in place to perform its role must be flexible rather than prescriptive so it can be applied in numerous distinct institutional frameworks. It should focus on the effectiveness of satisfying the desired responsibilities and objectives and not on any one or more specific required powers".	See answer to comment 68.
72. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	The types of powers a group-wide supervisor should have may depend on the type of group it supervises; suggest: "The supervisor should have sufficient powers in place to perform the role of group-wide supervisor as appropriate, including coordination and collaboration with other relevant supervisors."	Noted. This is addressed by the proportionality principle as well as ICP 25.
17 - Q17 Comment on Standard 1.4				
73. American Council of Life Insurers	Office of General Counsel	No	ACLI suggests that changes in legislation would be most effectively initiated if done in consultation with industry.	Agree that changes in legislation may require prior public consultation; however this is covered in ICP 2.
74. Zurich Insurance Company Ltd.	Switzerland	No	The alignment of supervisory mandate and responsibilities, objectives and powers with environmental changes in the market is essential, as appropriately noted in guidance 1.4.1. However, while it is reasonable that supervisors raise shortcomings or other issues, we believe this is distinct and must remain distinct from supervisors, or the supervisory function, initiating and leading legislative changes, which is the responsibility of policymakers, or the policy making function. We would recommend that the IAIS clarifies this important distinction.	Noted. See answer to comment 4.

			See also comments to 1.4.2.	
75. Institute of International Finance	United States	No	We would like to see a clearer delineation between the responsibilities of the supervisory function and that of the policymaking or legislative function in ICP 1.4. While we recognize the importance of supervisory function supporting and making suggestions to the legislative process, the duty of reaching compromise on and passing legislative changes should be left to the government or legislative functions. In addition, to sufficiently meet the intended supervisory outcomes, language should be added to confirm that: The supervisor will coordinate and as appropriate negotiate with or support industry on such proposed changes in legislation. For example, at times industry has initiated legislation supporting the financial stability of insurers and the insurance market.	Disagree. See answer to comment 4. See answer to comment 73. Disagree with the proposed wording (the supervisor does not “negotiate” with the industry).
76. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
77. MetLife	USA	No	To sufficiently meet intended supervisory outcomes, language should be added to confirm that: “The supervisor will coordinate and, as appropriate, negotiate with or support industry on such proposed changes in legislation”. For example, at times industry has initiated legislation supporting the financial stability of insurers and the insurance market.	See answer to comment 75.
78. Property Casualty Insurers Association of America (PCI)	USA	No	We would like to see a clear delineation between the responsibilities of the supervisory function and that of the policymaking or legislative function in ICP 1.4. While we recognize the importance of supervisory function supporting and making suggestions to the legislative process, the duty of reaching compromise on and passing legislative changes should be left to the government or legislative functions. In addition, to sufficiently meet the intended supervisory outcomes, language should be added to confirm that: “The supervisor will coordinate and, as appropriate, negotiate with or support industry on such proposed changes in legislation”. For example, industry has often initiated legislation supporting the financial stability of insurers and the insurance market.	See answer to comment 75.
18 - Q18 Comment on Guidance 1.4.1				

79. General Insurance Association of Japan	Japan	No	As ICP 1.2 describes "promote the maintenance of a fair, safe and stable insurance market" as one of the objectives of primary legislation, we suggest revising "maintain a safe and stable insurance market" to "maintain a fair, safe and stable insurance market".	Agree. See changes.
80. Swiss Financial Market Supervisory Authority (FINMA)	Switzerland	No	FINMA thinks that the principal objective of insurance supervision should aim at policyholder protection. In line with the comment made at Q8, FINMA suggests deleting the last part of the sentence "and contribute to financial stability".	Disagree. See answer to comment 37.
81. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
19 - Q19 Comment on Guidance 1.4.2				
82. General Insurance Association of Japan	Japan	No	Considering that it could be necessary to put entities engaging in activities similar to insurance under insurance supervision, due to changes in environment surrounding and behavior of both insurance providers and consumers along with the progress of digitalization and other factors, we suggest revising "Market changes" in the first sentence to "Market changes, including transformation or expansion (including the entry of players from other industries) to the insurance business or others that could bring about substantially similar economic effects, as well as diversification of consumer behavior".	Disagree. IAIS acknowledges the relevance of digitalization and other factors on the behaviour of insurers or consumers but this is embedded in "changes in the economy, society or business environment".
83. Zurich Insurance Company Ltd.	Switzerland	No	Building on our comments to standard 1.4, we propose the final sentence of guidance 1.4.2 be amended to remove "initiate or" so that it reads: "When the supervisory outcomes may not be achieved with the current legislation, the supervisor should PROPOSE changes in legislation". In addition, to better align with the relevant objectives listed under standard 1.2, we propose to expand the enumeration in 1.4.2 as follows: "... that affect THE LEVEL OF POLICYHOLDER PROTECTION, the fairness, safety or ...".	Disagree. Some supervisors might have the ability to change the legislation (as guidance for instance). The IAIS deliberately chose for a broad language to allow for both. Noted. See changes (no need to repeat the objectives).
84. Cincinnati Insurance Company	United States of America	No	See answer to Q1.	See answer to comment 6.
85. National	USA, NAIC	No	The final sentence reads: "the supervisor should initiate or propose changes	Disagree, the difference is intended.

Association of Insurance Commissioners (NAIC)			in legislation." As the preceding text uses "may," suggest these be changed from "should" to "may" as well. Additionally, initiating or proposing changes in legislation may not be the only or best way for the supervisor to address such shortcomings.	
20 - Q20 Comment on Guidance 1.4.3				
86. International Insurance Foundation	International	No	Suggested rewrite for clarity: "When supervisory responsibilities, objectives or powers assigned by primary legislation become obsolete, the supervisor should initiate or propose revisions to the legislation."	Agree, see changes.
87. Cincinnati Insurance Company	USA	No	See answer to Q1.	See answer to comment 6
88. National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Similar to our comment on 1.4.2, the final sentence reads: "the supervisor should initiate or propose changes in legislation." As the preceding text uses "may," suggest these be changed from "should" to "may" as well. Additionally, initiating or proposing changes in legislation may not be the only or best way for the supervisor to address such shortcomings.	See answer to comment 85 and changes of the guidance.