

3.1 Role of the group-wide supervisor

Q3 Section 3.1 Is the role of the GWS during the monitoring period appropriate? Please provide feedback on how the role should be refined.

Organisation	Jurisdiction	Confidential	Answer	Answer Comments
CLHIA	Canada	No	No	We encourage the GWS to come to conclusions, and to give as much advance warning as possible to IAIGs, on expectations for reporting requirements during the monitoring period. Such expectations should be consistent among the IAIG's within the GWS's purview, and be such that all IAIGs are able to provide the reporting requirements in practice, with many elements being on a best efforts basis.
China Banking and Insurance Regulatory Commission (CBIRC)	China	No	Yes	
European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	No	Yes	The role of the GWS during the monitoring period is appropriate.
Insurance Europe	Europe	No	No	The IAIS should encourage as much as possible consistency in the approaches by the GWS. Specifically: - Insurance Europe is seeking clarification on "additional reporting during the monitoring period" – in its reading, this refers to the additional reporting agreed in the KL agreement, such as reporting of internal model data. Such clarification is needed to avoid that this text is read as meaning "discretion" by the GWS in the ICS process. - Simplifications and approximations should be allowed during the

				monitoring phase, and they should be discussed by the GWS collectively, so that clear and common guidance is provided to all IAIGs. • Confidentiality of participation in the monitoring phase is fully supported. However, it should be acknowledged that some IAIGs may decide to reveal to the public, on own initiative, information about their own participation.
German Insurance Association	Germany	No	Yes	ICS would be also during the monitoring period a moving target, the GWS should allow for simplifications and approximations that would be curved out only after implementation of ICS as a PCR.
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Germany - BAFIN	No	Yes	
Global Federation of Insurance Associations	Global	No	No	The role of the GWS as described in section 3.1 is not sufficiently defined. The consideration the GWS should give to the effectiveness of the ICS during the monitoring period should be set out more clearly. While GFIA appreciates that there may be a need to change the participation in additional reporting during the monitoring period, there should be a process for this to happen, including discussion with the affected IAIGs. Paragraph 65 indicates that the GWS should “provide a report of summary results to the supervisory college of the IAIG for discussion.” It is unclear as to what such a report would entail, or how it would be used in the College. GFIA notes that the IAIS has sought to define feedback loops between group supervisors, local supervisors, Colleges and the IAIS (see also our responses to Q4-6). GFIA considers this to be a positive development.
International Actuarial Association	International	No	No	The Insurance Regulation Committee of the IAA recommends a continuing commitment by the IAIS to manage and enhance the ICS framework. We appreciate the need and desire to use factors and/or simpler



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				approximations of risk to meet the desire for comparability. But the world continues to evolve in both its risk exposures and ways to mitigate/pool those risks. Even beyond the field-testing period, the key supervisory need will be to understand when to believe and to disbelieve the numbers being reported, how those numbers may be impacting the market in unanticipated fashion and to adapt/modify the ICS to a world that will be changed by Insur Tech Innovations, Big Data, Climate Change, supervisory/regulatory innovation and other issues that have not yet been recognized. This will require forums and formats for group wide supervisors and their colleges to share their observations and questions with the IAIS working group and forum of supervisors on a regular basis into the future, as well as with other parts of the IAIS to ensure that reported numbers are linked to appropriate and useful supervisory responses. Given that the ICS is a standard approach, the effective use of its results means that other forms of solvency related disclosures (e.g. ORSA, risk sensitivities, stress tests) may be needed to guide effective supervisory responses. More insight into the additional nuances needed for the effective use of an ICS are provided in our answer to Question 47.
Dai-ichi Life Holdings, Inc.	Japan	No	No	At early stage in monitoring period, GWS should decide reporting period (submission due date), reporting frequency (annual, semi-annual, quarter, etc.) and the way of verifying submitted results. Although the ICS will regulate group level entity, it will also affect every entity in the group in terms of solvency framework. We agree with paragraph 31 which says supervisor will implement “taking into account specific market circumstances in their respective jurisdictions.” However, from the point of view of level playing field, not only GWS but also other supervisors should take into consideration their market circumstances. We believe that every jurisdictional supervisor has to ensure level playing field between the entities which are in the scope of the ICS and the others which are not.

General Insurance Association of Japan	Japan	No	Yes	We believe the role of the GWS during the monitoring period described here is appropriate. In addition, it should be clearly stated that part of the role of the GWS is to ensure internationally consistent implementation of the ICS as a PCR in terms of both contents and timing in each country/jurisdiction. The GWS should also be required to ensure transparency regarding the schedule of discussions to implement the ICS. Such roles are important to ensure a level playing field between the IAIGs headquartered in different countries/jurisdictions. Discussions regarding the rules to be applied to IAIGs and non-IAIGs on both a consolidated and single entity basis should also be forwarded.
The Life Insurance Association of Japan	Japan	No	No	• In determining the implementation of ICS version 2.0, specific market circumstances in each jurisdiction, as stated in the paragraph 31 of this CD, should be taken into account. • There are needs to define the length of period from the reference date of calculation to submission date of the results, the frequency of submitting the results (annually/quarterly), and the validation method of the submitted data in the early stage of monitoring period in the GWS. These components will have significant impacts on the preparation for implementing the ICS.
Financial Supervisory Service (FSS) & Financial Services Commission (FSC)	Korea (Republic of)	No	Yes	
American Council of Life Insurers	Office of General Counsel	No	No	**FEEDBACK LOOPS & GWS** We believe that robust supervisor and industry engagement and feedback is a centrepiece of an effective monitoring period. A feedback loop should occur during the monitoring period to allow for emerging findings to inform potential refinements to the ICS. While most of ACLI's suggestions for establishing this feedback loop pertain to the role of the IAIS, we believe



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			the GWS should be responsible for alerting the IAIS to discrete jurisdictional issues that are identified through annual reporting of the ICS reference method. **CONFIDENTIALITY & ROLE OF THE GWS** Paragraph 64 says that “it is expected that participation in the monitoring period by IAIGs, including participation in any additional reporting, will remain confidential.” The confidential nature of the ICS results during the monitoring period remains essential to ensure that IAIS retains flexibility to resolve flaws identified and that participating IAIGs are not harmed by the leak of any results throughout the five-year period. Group-wide supervisors should be subject to a confidentiality framework that prohibits the release of any monitoring period-related information to the public. While the confidentiality measures in place for the multi-year field-testing process have been effective, the monitoring period will have greater weight and more meaning, which will require additional structures and protections to prevent results and information from being released to the public. In this vein, we recommend that the IAIS develop a confidentiality framework to be employed by supervisors to prohibit the release of any monitoring period-related information to the public. This prohibition should apply equally to supervisors, the IAIS and involved insurers. Given the unaudited and tentative nature of the results, public release of the data has the potential to impact market positions of the industry and individual insurers. The IAIS should take all steps necessary to protect insurance markets from being disrupted by any intentional or unintentional release of the information. The IAIS should also work closely with group-wide supervisors and other involved supervisors to protect the confidentiality of IAIGs’ participation, their ICS results, and other non-public relevant data.
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Aegon NV	The Netherlands	No	No	During the monitoring period ICS results should be reported only to group-wide supervisors and should be withheld from broader supervisory college discussion. The IAIS has confirmed that, during the monitoring period, the ICS will not be used as a PCR (paragraph 30). In addition, the ICS will have no legal standing during the monitoring period and will continue to be calculated on a basis that is approximate and unaudited, and that lacks formal controls. A possibility exists that key elements of the ICS may be amended during this time. Therefore discussions of the ICS within colleges are premature. Supervisory discussions may lead to invalid perceptions of solvency and soundness and an inappropriate impact on actual supervision. Due to these factors it is not appropriate for the ICS to be part of supervisory college discussions during the monitoring period. We support submission of data to the group-wide supervisor only.
2+2 Group - Japan & U.S. Based Life Co's (Prudential Financial, Aflac, Dai-ichi-Life, Nippon Life	U.S. & Japan	No	No	The Kuala Lumpur (KL) Agreement marked a significant and positive milestone in the development of the ICS; it clearly demonstrated supervisor commitment to finalize and implement the first ever global insurance capital standard (ICS) while at the same time providing space for alternative approaches to be further developed and tested. The KL Agreement set out an innovative solution that enabled the IAIS to move the ICS along at pace and meet important dates set for key deliverables. We welcome the clarity that the KL Agreement provided. Since the ICS Monitoring Period is featured so prominently in the Kuala Lumpur Agreement we appreciate that the IAIS dedicated a section of the ICS Version 2.0 Consultation to its establishment and structure. Including this section in the Consultation was important to gain stakeholder views on the Monitoring Period and adds a needed level of transparency. The brief description of the Monitoring Period process in the Consultation is generally a good start towards a robust and well-governed framework

				that will be implemented in 2020. Establishing a credible process for the Monitoring Period is vital to the ultimate success of the ICS. Such credibility can only be achieved through a process that considers lessons learned from the multi-year field-testing experience and is transparent to involved insurers and supervisors, well structured, effectively governed and clearly communicated. In our view key foundational elements of a credible Monitoring Period include: + Clearly stating that the ICS will not be used as a PCR during the Monitoring Period - all results and information reported to supervisors are for informational purposes only and will not be actionable; + Identifying that the Monitoring Period is designed to facilitate the ongoing development of ICS; + Establishing a strong and transparent governance framework/process for administering the Monitoring Period, including a monitoring period guidance paper, creation of a monitoring period governance committee, a process for reporting and analyzing annual results, making modifications to the ICS, etc.; + Recurring workshops where quantitative and qualitative aspects of the ICS are discussed among the IAIS and insurance groups and supervisors that provide data; + More substantive engagement on the appropriateness of the ICS framework/results from senior levels of the IAIS and jurisdictional supervisors; + Defined process for conducting impact analysis to identify flaws and unintended consequences of the ICS at a jurisdictional level and; + Openness to altering and modifying ICS Version 2.0 during the Monitoring Period if reported results and impact analysis identify major flaws or the potential for unintended consequences (e.g., pro-cyclicality, negative impacts on long duration products, inappropriate/misaligned reflection of an insurance group's capital and solvency position, etc.). Major Flaws and Unintended Consequences & Impact Analysis:
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				We especially appreciate that at a high level the Consultation addresses many of these foundational elements, most importantly the explicit recognition that the Monitoring Period will serve as a venue for “possible clarifications/refinements and correction of major flaws or unintended consequences” of the ICS. As such the IAIS must now develop a process through which it will continue to assess the ICS for major flaws and unintended consequences that includes greater feedback from industry participants and critical information that comes out of supervisory colleges. In addition, a formal impact analysis process must be developed to understand and address any negative effects the ICS will have on, among other issues, diversity in product lines and insurance markets globally. This impact analysis should vary jurisdiction-by-jurisdiction or product-by-product to test specific market issues and should be conducted each year but at least twice during the Monitoring Period in conjunction with ICS reference method reporting. The specifications for all sensitivity and impact assessments/analysis must be developed by group wide supervisors and jurisdictional authorities so that they appropriately reflect risks in individual insurance markets. These specific parameters should be shared and discussed through the forum that is proposed in Paragraph 71. The jurisdictional impact analysis should be a separate data set but collected and coordinated by the IAIS through the annual data submissions. It is quite possible that participating companies will run sensitivities relevant to jurisdictions outside of the home jurisdiction depending on their presence in host countries. The results of the impact analysis should be reviewed, assessed and discussed through supervisory colleges, the forum proposed in Paragraph 71 and most importantly at the senior-most levels of the IAIS. Senior level IAIS engagement is critical so that core political, policy and technical decisions regarding possible flaws and unintended consequences can be
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			made as necessary. These assessments and decisions should be undertaken in consultation with the technical ICS working group that is noted in Paragraph 67, but this group should not be responsible for final corrective recommendations/actions. This impact analysis process should be transparent to group wide supervisors, colleges and industry participants, to promote a clear understanding of the flaws and unintended consequences being examined and potential remedies. We suggest that the IAIS leverage the workshops identified in Paragraph 69 to examine and assess flaws and potential unintended consequences as well as recommended corrections with industry. The IAIS should also consult with the FSB on an annual basis to detail identified material flaws in the ICS or unintended consequences and to discuss potential corrections to the reference method. These FSB interactions should primarily address the impact of the ICS on financial stability and the provision of long duration products/long term capital investment. We recommend that the IAIS reconsider the depiction of the process to correct flaws and unintended consequences in Figure 1 so that it more clearly integrates direct consideration of impact analysis conducted through the Monitoring Period by group wide supervisors and the IAIS. Monitoring Period Governance: ICS Monitoring Period Oversight Committee: We urge the IAIS to create an ICS Monitoring Period Oversight/Steering Committee to be responsible for key decision making, project governance and pivotal interactions between senior level IAIS members and group wide supervisors. This Committee should be comprised of members of the
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				IAIS Executive Committee (ExCo), Policy Development Committee (PDC), the Capital and Solvency Working Group as well as select group wide supervisors. This Committee should regularly seek input and feedback from IAIGs. It should be responsible for reviewing and assessing the sensitivity/impact analysis noted above and operate throughout the entire Monitoring Period. This Committee should replace the existing ICS Task Force beginning in 2019. Monitoring Period Guidance Paper: In addition, the IAIS should work intensively in 2019, together with group wide supervisors and impacted companies to create a detailed set of processes and procedures to ensure its lasting efficacy and credibility. We believe that these details should be incorporated into a Monitoring Period guidance paper. The ICS Monitoring Period Oversight Committee should lead the development of this paper in conjunction with the IAIS Executive Committee, PDC, CSFWG, and Group Wide Supervisors in extensive consultation with affected companies. A guidance paper should fill in the details that do not appear in Figure 1. It would also explicitly spell out the “rules of the road” for the Monitoring Period both through expansion of the high - level topics included Sections 3.1 - 3.3 of the Consultation and inclusion of new parameters and processes that are not contemplated (i.e. “Role of Participating Companies”). The IAIS intends for the Monitoring Period to be a process with greater importance and meaning than ICS Field Testing. Such an official process dictates tangible, verifiable and transparent governance procedures and guidance that are commensurate with the exercise. A guidance paper is a critical component in implementing and executing a credible Monitoring Period Confidentiality:
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				We also thank the IAIS for featuring the confidential nature of the monitoring period throughout this section of the Consultation. The IAIS should define a more robust process through which confidentiality will be guaranteed. While the confidentiality measures in place for the multi-year field-testing process have been effective, the monitoring period will have greater weight and more meaning, which will require additional structures and protections to prevent results and information from being released to the public. We ask that the IAIS develop a confidentiality framework to be employed by supervisors to prohibit the release of any monitoring period-related information to the public. Group wide or lead supervisors should stipulate to IAIGs that they are prohibited from making public disclosure of Monitoring Period related data including ICS reference method ratios. Such an approach has been used previously in other jurisdictions to manage market expectations around non-disclosure. This prohibition (possibly through non-disclosure agreements) should apply equally to supervisors (group-wide and involved), the IAIS and involved insurers. Given the non-binding, unaudited and tentative nature of the results, public release of ICS reference method ratios has the potential to impact market positions of the industry and individual insurers. The IAIS should take all steps necessary to protect insurance markets from being disrupted by any intentional or unintentional release of the information. Therefore, it is important that the IAIS and supervisors proactively communicate with relevant stakeholders such as rating agencies and industry analysts to explicitly state that firms are prohibited from releasing any data related to the Monitoring Period. They should explain the confidential nature of the ICS and that a breach of the ICS cannot trigger any regulatory action during the monitoring period.
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			This confidentiality framework would apply only to ICS related data resulting from the Monitoring Period activities including the annual results of the ICS reference method, other methods and approaches and all sensitivities and impact analysis coordinated by group wide supervisors and the IAIS. Role of Industry Participants: The IAIS should also consider the role that industry participants will have in the Monitoring Period. Participating companies will be major contributors to the process and to the ultimate end goal of the ICS. The IAIS should create a more recognized formal and official role for the industry just as roles are identified for group wide supervisors, the IAIS and supervisory colleges. Among other items, we suggest that the IAIS more explicitly identify the expectations of participating companies, a clearer role for industry in engaging formally with the IAIS as well as parameters for enhanced qualitative feedback beyond the limited opportunities in current field testing. In addition to the comments above we offer the following specific recommendations to Sections 3.1. We believe these will inform a Monitoring Period Guidance Paper and help achieve our shared objective of a final ICS that is fit for purpose. We believe the items enumerated as the responsibilities of the Group Wide Supervisor are largely appropriate. However, we also believe that the following concepts and roles should also be included in this section. • The Group Wide Supervisor in coordination with the IAIS should drive a process to conduct jurisdictional impact and sensitivity analysis that should be developed based on jurisdictionally specific parameters. The impact analysis should be an additional reporting item conducted through annual ICS reference method data collection. The impact surveys and sensitivity
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				analysis should be particular to risks and products in individual markets. • The IAIS should provide a venue for Group Wide Supervisors to discuss the findings that come from sensitivity and impact analysis that feed directly into a process to correct major flaws and unintended consequences. • The Group Wide Supervisor should be responsible for alerting the IAIS to discrete jurisdictional issues that are identified through annual reporting of the ICS reference method. • Paragraph 66 should also reference “participating insurers” as part of the feedback loop.
Legal & General	UK	No	Yes	We are comfortable with the role, although we would seek assurance that ICS considerations during the monitoring period should never be read across to other capital metrics that the GWS oversees.
Association of British Insurers	United Kingdom	No	Yes	While the ABI appreciates that there may be a need to change the participation in additional reporting during the monitoring period, there should be a process for this to happen, including discussion with the affected IAIGs. The ABI notes the comment in Paragraph 64 that the results reported by IAIGs participating in the monitoring period will remain confidential. We would also ask the IAIS to ensure that the confidential nature of the results does not inhibit debate among supervisors regarding the success (or otherwise) of elements of the ICS.
AIG	United States	No	No	In addition to ensuring the reporting of ICS Version 2.0 by their IAIGs is suitable for their legal and regulatory framework during the monitoring period, GWSSs, in conjunction with the IAIS and their IAIGs, should establish review procedures to ensure that results are sufficiently assessed and understood prior to submission to the IAIS. GWSSs should be

				responsible for alerting the IAIS to discrete jurisdictional issues that are identified through annual reporting of the ICS reference method. In particular, GWSs should develop jurisdiction specific sensitivity testing and impact analysis that would supplement the annual ICS results. The impact analyses should be based on jurisdictional considerations and real world/market conditions and assess the effects of the ICS Version 2.0 on product offerings, financial stability, long-term investment, costs and benefits, and competition. Results of the sensitivity and impact analysis should be submitted to the IAIS to facilitate discussion and engagement with the IAIS and other working groups including the Forum of Supervisors to ensure that senior level officials and supervisors have an understanding of the implications of the ICS from a jurisdictional and consolidated group level.
National Association of Mutual Insurance Companies	United States	No	No	NAMIC would support a more comprehensive role for the groupwide supervisor during the monitoring period. Their role should include reaching conclusions about the level of an IAIG's group capital, the identification/deletion of companies to be designated as IAIGs, and the cost-benefit of continued participation in the monitoring period for IAIGs and other companies. Also, in this section questions remain unaddressed concerning clarity around confidentiality of the information shared by the IAIG with the GWS and information shared by the GWS with the IAIS Working Group. Confidentiality must be completely clear at all levels. If supervisors are participating at the working group level that do not have a role in a IAIG's supervisory college, they should not have access to a company's confidential information. Anonymity of the IAIG and country associated with the information submitted and/or aggregation of the information before it is viewed by the Working group should be considered before the roles are finalized.

RAA	United States and many other jurisdictions	No	No	The design appears reasonable though it could be refined to provide more explicit guidance on what is expected from the GWS and its interaction with the IAIG, the IAIS and involved jurisdictions. The IAIS should consider development of an oversight committee to provide guidance to all parties during the monitoring period.
Prudential Financial, Inc.	United States of America	No	No	As noted above in our response to question 1, which includes our general remarks on the consultation document, Prudential Financial believes framing of the monitoring period in the consultation document falls short of what will ultimately be necessary to deliver an ICS that does not trigger unintended consequences. With respect to the role of the GWS, we believe their role within the monitoring period should be expanded through the following elements: + The GWS, in conjunction with the IAIS, should conduct annual impact and sensitivity analysis that includes jurisdiction specific stress scenarios to better assess the appropriateness of the ICS for products issued/risks underwritten in their market and the impact it may have on local stakeholders. Market specific sensitivities should be discussed in the forum of supervisors (proposed in paragraph 71 of the consultation document), the Monitoring Period Governance Committee (proposed/discussed further below), across all levels of the IAIS (e.g., CSWG, PDC, ExCo) and insurers reporting ICS results so drivers of variances to the reference method and flaws and unintended consequences they uncover are well understood. Impact and sensitivity analysis should also apply to any alternative methods the GWS has requested the insurer to report. Finally, the IAIS should collect results of the impact and sensitivity analysis in conjunction with the reference method results and facilitate the development of materials for subsequent discussion of the results with supervisors and insurers. + Results of the impact and sensitivity analysis should be submitted and assessed in conjunction with the reference method ICS and, subject to

				confidentiality protections, subject to discussion in forums such as supervisory colleges, presentation of results to senior levels of the IAIS and to the FSB, workshops with IAIGs, and other relevant ICS forums and communications. + The GWS should be responsible for informing the IAIS of any jurisdictional issues (e.g., process, design, calibration, impacts, etc.) identified through the annual reporting process, including the impact and sensitivity assessments noted above. GWS findings should directly feed into the IAIS' process for addressing flaws in the ICS and unintended consequences it may trigger. + In addition to understanding the results of the insurers they supervisors and impacts the framework may have on their local market, GWSs should also understand the methods employed and challenges faced to develop the ICS results (e.g., approximations versus detailed calculations, interpretation of the specifications, etc.). Field testing has highlighted a range of interpretations approaches have been employed to date, some of which have generated results that are not intuitive to the IAIS. At the same time, requiring moving beyond a "best efforts" approach to ICS may require insurers to incur significant costs (e.g., systems modifications, human capital, etc.) solely for the purposes of reporting an unproven global standard. Insights gained by the GWS throughout the Monitoring Period on these aspects of the ICS would valuable as the IAIS determines the way forward. + Within this section of the consultation document, we note that paragraph 66 should also reference "participating insurers" as part of the feedback loop. Further and more broadly, we call on the IAIS more explicitly identify the expectations it has of participating companies throughout the monitoring period. Prudential Financial believes it is critical for the ultimate credibility and success of the monitoring period and ICS that stakeholders be provided sufficient transparency into the continued development of the
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				ICS and enhanced opportunities for providing feedback and meaningfully engaging with the IAIS.
American Property Casualty Insurance Association (APCI)	USA	No	No	The role of the GWS as described in section 3.1 is not sufficiently robust. The monitoring period should involve more pro-active involvement of the GWS beyond reasonableness checks of data and being the liaison between the IAIG and the IAIS. In particular, the GWS of each IAIG should undertake a cost-benefit analysis of the ICS, and generally monitor the extent to which the ICS is a burden on IAIGs. A GWS and an IAIG may also wish to jointly report to the IAIS their experience during the monitoring phase. Paragraph 65 indicates that the GWS should “provide a report of summary result to the supervisory college of the IAIG for discussion.” It is unclear as to what such a report would entail, or how it would be used in the college.
Liberty Mutual Insurance Group	USA	No	No	The IAIS has no authority to mandate what a GWS does with respect to the ICS during the monitoring period, or ever for that matter. This bold, unsubstantiated exercise of power is inappropriate on multiple levels. The IAIS claims that calculation of the ICS “is not meant to be burdensome and should be able to be leveraged off existing systems” but this comment ignores the objections many field testing participants have expressed that, in fact, the ICS is anything but this. The IAIS also appears to assume without reservation that all IAIGs and GWSs will agree to participate in the monitoring period. We disagree and expect that many, in fact, will not. The IAIS should recognize this reality and adjust its plans for adopting the ICS accordingly. Furthermore, we believe there are serious unanswered questions as to whether supervisors have sufficient resources to implement the ICS during the Monitoring Period or the ability to retain outside advisors to do so in their place.

MetLife, Inc	USA	No	No	There are several issues with the role outlined for the GWS. Paragraph 61 sets an expectation that a GWS “ensure” reporting of the reference ICS (and such additional reporting as it may wish to require) by IAIGs it supervises. First there is a timing issue in that Paragraph 61 assumes that IAIGs will have been “identified” by January 2020 under the separate framework ComFrame that will only just have been adopted by the IAIS in 2019. Second, more importantly, once IAIGs are identified, the language of Paragraph 61 should reflect that where the group or lead supervisor has no legal authority to require reporting of the reference ICS (or other additional reporting), an IAIG will have the option of declining to report under the reference ICS. So, while we understand the IAIS expects its members to request IAIG’s to participate, we would suggest that the appropriate term is “encourage”. While we welcome the IAIS statement in Paragraph 64 that participation in the Monitoring Period is “expected” to remain confidential, we would point out that given that it is public knowledge through IAIS publications that all IAIGs are expected to participate in the 5 year Monitoring Period, and IAIGs will need to be identified prior to any GWS requesting (or requiring) such submission, which groups are or are not IAIGs will be more or less common public knowledge. Indeed, it is less the confidentiality of participation that is the issue and more the confidentiality of data. This has always been and remains a key concern. Paragraph 65 proposes that when the GWS is “comfortable with the content of the data submission, it should also provide a report of summary results to the supervisory college of the IAIG for discussion”. In light of the above we wish to express our grave concern with suggestions that the group wide or lead supervisor be directed by the IAIS to share individual
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				IAIG ratios with the supervisory college. First, GWS or lead supervisors may not be legally permitted to share such information under jurisdictional professional secrecy laws. Second, companies will continue to report on the basis of simplifications, assumptions and proxies and more importantly report on this basis under an ICS for which many key elements remain unresolved (discounting, calibration, diversification). In addition, in 2018 the IAIS introduced new elements that have yet to be fully tested and agreed (three-bucket liability discounting option, non-default spread risk charge) and a number of important “placeholders” (MOCE and tax treatment) continue to be discussed. In light of the above, we would suggest that evaluation of ratios reported by companies during the monitoring period continue to be confidential to the group-wide or lead supervisor and select IAIS working group members who have signed non-disclosure agreements. Evaluation of the impact of the ICS as against existing or new local requirements could be performed on the basis of aggregated data. Sharing and evaluation of ICS ratios with the supervisory college should be a decision reached by the group-wide or lead supervisor with the full agreement of a volunteer company’s management.
Property Casualty Insurers Association of America (PCI)	USA	No	No	The role of the GWS as described in section 3.1 is not sufficiently defined, nor robust. The monitoring period should involve more pro-active involvement of the GWS beyond reasonableness checks of data and being the liaison between the IAIG and the IAIS. During the monitoring period, the GWS of each IAIG should undertake efforts to assess the cost-benefit of the ICS: • Does the value of the resulting ICS ratio make sense, and why or why not? How does the metric relate to other information based on the

				supervisory tools available to the GWS and the supervisory college? Does the ICS ratio send a signal to supervisors that is corroborated by other supervisory tools and inputs? If not, why is that? • How does the ratio react over time and does that appear to make sense? Why or why not? • Aside from its use as a PCR, is the ICS result otherwise “actionable” for the group-wide supervisor? Does a single group-wide metric tell the GWS where he or she should focus more attention (which entities, activities, regions, etc.)? • How does ComFrame relate to the ICS? Do the applicable qualitative aspects of ComFrame enrich the supervisory understanding and usefulness of the ICS (and vice versa) and why, or why not? Are those benefits tangible and quantifiable? How do they compare to the costs of applying additional supervisory measures? • Do other supervisors in the college feel the same way? How does the ICS improve, if at all, the understanding of host supervisors? Does it improve the common understanding of involved supervisors in the college? • In respect of additional reporting that the GWS might require (i.e., GAAP Plus, internal models, aggregation), the same questions should be asked. Which appears to be better, more useful, or most fit for purpose, given the applicable legal and market frameworks? • At an IAIG level, what market impacts are foreseen? Would the cost of capital for certain products change, and if so, what would be the likely impact on product pricing and offerings of the IAIG? What societal impacts are foreseen? Paragraph 65 indicates that the GWS should “provide a report of summary
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				result to the supervisory college of the IAIG for discussion.” It is unclear as to what such a report would entail, or how it would be used in the college.
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Yes	The role of the GWS is acceptable given the general description offered in the ICS consultation document. In order to gain maximum benefit from the role of the GWS during the monitoring period, we suggest that the IAIS interact with the GWS as the IAIS evaluates the results of the ICS reporting during the monitoring period. The feedback loop should be interactive in nature, not one way (from the GWS only). For example, it may prove helpful to the GWS if the IAIS communicates some of its analysis to the GWS; this could help the GWS focus on specific areas of the ICS results. Also, it may help if the IAIS can clearly articulate what expectations it has from the GWS (e.g., is the ICS a relevant metric that should be incorporated as part of its supervisory toolkit?).

End of Section 3.1