

3.2 Role of the IAIS

Q4 Section 3.2 Is the role of the Working Group within the IAIS during the monitoring period appropriate? Please provide feedback on how the role should be refined.

Organisation	Jurisdiction	Confidential	Answer	Answer Comments
Association of Bermuda Insurers and Reinsurers	Bermuda	No	No	We believe that the ICS is far from being fully developed and tested yet and as such we do not support rushing into the monitoring period. The ICS ratios should be stabilized first. Furthermore, more needs to be understood on how ICS would impact (a) internal risk management and (b) on the wider economy.
China Banking and Insurance Regulatory Commission (CBIRC)	China	No	Yes	
Insurance Authority (IA)	China, Hong Kong	No	Yes	
European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	No	Yes	The role of the Working Group within the IAIS during the monitoring period is appropriate.
Insurance Europe	Europe	No	Yes	Insurance Europe welcomes the IAIS intention to maintain interaction with IAIGs, and encourages the IAIS to use such opportunities to discuss not only the reference ICS, but also other relevant issues such as the use of simplifications, approximations, additional data - discussed and allowed by GWS.

Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Germany - BAFIN	No	Yes	
Global Federation of Insurance Associations	Global	No	No	GFIA encourages the IAIS and the Working Group to maintain the necessary resources and processes in place to ensure that necessary improvements in the ICS are identified and acted upon as early as possible during the monitoring period. In particular, GFIA would encourage the IAIS to prioritise definitions of insurance cash flows and group scope, since these are the key processes for firms preparing for ICS implementation. To this end, the IAIS should begin to include within its long-term planning horizon how it will maintain the ICS and keep it responsive to emerging risks and trends over the long term, well beyond the end of the monitoring period. The working group's role during the monitoring period should be expanded to look beyond 2024 and provide input to senior committees as to resource needs for the long term, in order to maintain the IAIS as a suitable global standard. GFIA agrees that potential improvements in ICS should be identified and implemented as early as possible during the monitoring period, and asks the IAIS to clarify that it will conduct future consultations on such improvements. An important role of the CSFWG that is not listed in this section is to find a suitable way in which some ICS data – appropriately aggregated and anonymized – can be published to indicate to all stakeholders the impact of the ICS relative to existing jurisdictional baseline calculations, and how that changes over time throughout the monitoring period. There is already precedent for this in disclosures that were made following the initial field testing of the BCR; similar disclosures should be made in respect of the ICS, hopefully disclosures that will be even more granular than were made about the BCR, given there are now many more firms included in field testing and soon subject to the monitoring period. This should also include information relative to the various forms of additional reporting as well – not just the MAV-based Standard Method. Section 3.2 includes only one reference to stakeholders, i.e., that one of the Working Group's responsibilities will be to "engage with stakeholders." While such engagement has occurred in the past, GFIA is mindful that the ICS will soon be transitioning from technical



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				development to preparatory stages in anticipation of adoption and implementation. As such, the Working Group will need to pay more attention to the broader group of stakeholders – including legislators and other officials whose influence will be critical in implementation -- to garner the broader support necessary in jurisdictions for implementation to occur. The request to disclose anonymized results is just one way that stakeholder engagement can be made more robust, but more can and should be done. GFIA further notes that an incorrect formulation of ICS would result in the IAIS not being able to meet its stated objectives. GFIA takes the view that the IAIS should maintain the same level of engagement with stakeholders (including insurance groups participating as interested Volunteer Groups) as during the field testing period. This engagement could take the form of regular workshops, global seminars and the IAIS annual conference.
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 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 yet to be 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	We appreciate that WG will keep making an effort to refine the ICS. We would like to ask IAIS to clarify that public consultation would be held when the ICS would be modified to refine. It would be appreciated if you would oversee the process of IAIG's preparation for ICS calculation, and pay attention to prioritization of issue resolution in order to avoid setbacks during preparation period. For example, the definition of insurance cash flows and scope of groups is in upper stream process, which means these have to be decided at early stage. Meanwhile, calibration of risk amounts and correlation matrix are placed at later stage. We believe that the engagement with stakeholders be kept on as same level as that in field testing period (by holding the workshop continuously, giving an opportunity to express the opinions in global seminar and annual conference, etc.).
General Insurance Association of Japan	Japan	No	Yes	We believe the role of the Working Group within the IAIS during the monitoring period described here is appropriate. Working Group discussions should avoid falling into too much technical detail and taking up issues which are difficult to implement. Communication between the Working Group and the IAIG is essential and should be encouraged, as was the case during the field testing exercise.
The Life Insurance Association of Japan	Japan	No	No	• The LIAJ would like the IAIS to ensure the same level of engagement with stakeholders, including interested Volunteer Groups, as the field testing period, through organising workshops on an ongoing basis, ensuring opportunities to express comments physically at Global Seminar or Annual Conference of the IAIS. Especially, since the Japanese regulatory authority (JFSA) is planning to refine their solvency regime by referencing the ICS, the impact of introducing ICS will be extended to go beyond the scope of IAIGs. • The LIAJ agrees with the intention that the IAIS will improve issues related to ICS Version 2.0 during the monitoring period. However, the LIAJ would like the IAIS to clarify that the IAIS will launch public consultation, after the IAIS explore a number of methods that will improve unresolved issues based on the results of prior year's confidential report, as the same way the IAIS has been exploring in the Field Testing exercise. The LIAJ would like to

				note this process as of great importance for the supervisory due process purpose. • In view of this, the IAIS should make multi-layered and multi-faceted considerations such as the analysis of results in each jurisdiction, the potential effects and unintended consequences of the ICS, impact studies and improvements of those impacts in addition to the review of each company's result. It should be noted that impact studies should not be limited to the technical issues on the ICS, but also include impacts on the financial market and providing insurance products. The LIAJ recommends the IAIS to conduct those studies at least twice, such as the year of 2021 and 2023. • In the meantime, the LIAJ would like the IAIS to understand the preparation periods and work plan for the implementation of ICS by IAIGs and give due consideration in prioritising works for resolving issues in order not to start over again to the early point of preparation stage. • For example, the definition of insurance cash flows and the scope of group are in the upper stream of preparation stage, which need to be defined promptly; on the other hand, calibration of risk amount and correlation matrix are considered as the downstream stage.
Financial Supervisory Service (FSS) & Financial Services Commission (FSC)	Korea (Republic of)	No	Yes	
American Council of Life Insurers	Office of General Counsel	No	No	**AN OVERSIGHT COMMITTEE SHOULD BE CREATED AND INVOLVE EXCO AND PD MEMBERS** The IAIS should create an ICS monitoring period oversight/steering committee that is responsible for project governance, pivotal interactions between IAIS supervisors and IAIGs, and joint decision-making. This committee should comprise members of the IAIS Executive Committee, the Policy Development Committee, the Capital and Solvency Working Group, and select group wide supervisors. It should actively operate for the entire Monitoring Period, replacing the existing ICS Task Force in 2019, and should have a mandate to establish and maintain a visible and authoritative role in decision making about

			the ICS throughout the monitoring period and possibly beyond. This group would be responsible for overseeing the process to identify flaws with the ICS, recommending corrective revisions to these flaws to the Executive Committee, overseeing the governance and administration of the Monitoring Period as well as all stakeholder engagement. **IMPACT ASSESSMENTS SHOULD BE PERFORMED** Before concluding that the ICS is suitable for jurisdictional implementation, the IAIS should assess the potential impact of the ICS on local insurance markets and on insurance groups. The IAIS's assessment should include the following: a) The IAIS should create a mechanism that encourages member jurisdictions to conduct impact analyses that reflect jurisdictional specific issues. The analyses could be performed by supervisory authorities and other government entities including finance ministries, advisory groups, or research bodies. The IAIS could specify desirable elements of these analyses, including the impacts of the ICS on product offerings, financial stability, long-term investment, costs and benefits, and competition (the exact elements may be a function of the scope of entities that may be subject to the ICS within a jurisdiction). Impact analyses should be conducted in time to allow for possible adjustments to the ICS prior to the end of the Monitoring Period. b) The IAIS should promptly update the appropriate FSB committee(s) on any findings of disruption to markets, regulatory and business models, long-term products and capital investments. c) The IAIS should transparently address any unintended consequences or effects through various senior level committees of the IAIS, including but not limited to the proposed "Forum of Supervisors." This process should be fully transparent to all ICS stakeholders. **A FEEDBACK LOOP FOR BOTH SUPERVISOR AND INDUSTRY INPUT SHOULD BE ESTABLISHED** Paragraph 67 says the Working Group will be charged with engaging with stakeholders.
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				ACLI believes 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. We offer the following suggestions: a) The IAIS should sponsor regular in-person ICS Stakeholder workshops throughout the monitoring period during which quantitative and qualitative aspects of the ICS can be discussed, including market impact analyses. The workshops should facilitate Volunteer input regarding on-going ICS development items and should be attended by members of the ICS oversight committee to ensure that issues discussed in these workshops are acted on efficiently and effectively. b) ICS reporting should include questionnaires to allow for efficient input on technical, interpretation, and implementation-related matters. c) The IAIS should establish a mechanism through which non-IAIGs can monitor developments related to the ICS and provide input to the IAIS on specific elements of the standard. d) Group-wide supervisors should be responsible for alerting the IAIS to discrete jurisdictional issues that are identified through annual reporting of the ICS reference method. e) The IAIS should consider sensitivity testing possible alternative approaches, particularly for elements of the ICS that may cause unintended consequences. This sensitivity testing could be coordinated by the IAIS but should be led and designed by experts in IAIS member jurisdictions who are familiar with the economics, product offerings and risks of individual markets. The analysis could involve both quantitative and qualitative elements that should be an additional reporting item conducted through annual ICS reference method data collection. The results should be provided to the IAIS for discussion and consideration within the IAIS Executive Committee, the ICS Oversight Committee noted above and other working groups.
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			f) Resolution of “major flaws” or potential “unintended consequences” should be done in consultation with the key stakeholders and directed by the “ICS Monitoring Period Oversight Committee.” **THE MONITORING PERIOD GOVERNANCE AND ADMINISTRATION PROCESS SHOULD BE TRANSPARENT AND COMPREHENSIVE** It is important for the IAIS to establish thoughtful and efficient structure for administering the Monitoring Period. We offer the following suggestions to enhance the proposals outlined in the consultation: a) The IAIS should create an overarching guidance document that serves as the anchor for all stakeholders impacted by and participating in the five-year exercise. b) The initial data template for reporting during the Monitoring Period should accompany the release of ICS Version 2.0, along with a taxonomy of terms and technical specifications to guide reporting efforts. c) Workshops should be held ahead of the first reporting cycle in 2020 to ensure that groups and supervisors that are new to the process understand the ICS framework, the purpose and expectations for the monitoring period, the files to be used (i.e., data template, technical specifications, etc.), etc. d) Analysis of results should be in-depth and expansive and be informed by stakeholder input. e) The assessment of “other methods” to an ICS should be done in a transparent manner and be subject to consultation with stakeholders. It should include principles for assessing comparability and include GAAP Plus, internal models, national discretions, and the Aggregation Method. f) The ICS should not be advanced in the absence of a vote at the end of the monitoring period that the final ICS is fit for purpose.
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Aegon NV	The Netherlands	No	No	We believe that other stakeholder groups should be more carefully considered within the monitoring period structure, and the involvement of these groups will influence the exact role of capital and solvency working group. First, industry stakeholders should be involved throughout the monitoring period. The IAIS should identify formal channels for insurance groups to discuss results and provide feedback on adjustments and the overall design of the ICS. Second, the Policy Development and Executive Committees should have more clearly defined roles. Given the impact of capital standards on the broader insurance marketplace, a greater emphasis on public policy issues during the monitoring period is appropriate.
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: 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
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			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 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
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				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 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
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				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: 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
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			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. 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 Section 3.2. 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. Section 3.2 - Role of the IAIS • Oversight and activities of the “Working Group” identified in Paragraph 67 must be transparent to involved supervisors and participating companies. Governance of this Committee should be addressed in the Monitoring Period guidance paper and its activities should be directly reportable to both the PDC and Executive Committee with high-level oversight provided by the ICS Monitoring Period Oversight Committee suggested above. Decisions regarding solutions to major flaws or unintended consequences in the ICS
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			should not be left to the sole discretion of the “Working Group.” A clear process and documented chain of command to resolve these issues must be identified and closely followed during the entire monitoring period.. • Resolution of “major flaws” or potential “unintended consequences” identified should be done in consultation with the key stakeholders. • The ICS Monitoring Period Oversight Committee should hold at least one stakeholder meeting a year with group wide supervisors and participating companies following ICS Reference Method reporting. It is critical that industry and supervisors have the opportunity to elevate issues above technical working groups that are more centered on the technical aspects of the ICS and not the broader impacts of the standard on industry and supervisory frameworks. • The initial data template for reporting during the Monitoring Period should accompany the release of ICS Version 2.0, along with a clearly defined and scheduled annual process to review and update the ICS technical specifications that are accompanied by in-person workshops for the participating companies and group wide supervisors. • Intensive workshops should be held ahead of the first reporting cycle in 2020 to ensure jurisdictions, supervisors, and insurance groups – particularly those that are less familiar with the ICS and/or did not participate in field testing – understand the ICS framework, the purpose and expectations for the Monitoring Period, the files to be used (i.e., data template, technical specifications, etc.), etc. • Analysis of results should be more in-depth and expansive than the analysis undertaken through field testing (i.e., prior to 2020) and be informed by key stakeholder input to ensure it is objective and unbiased. • The assessment of “other methods” to an ICS should be done in a transparent manner and subject to consultation with stakeholders. + Over time, clear guidelines for assessing comparability should be established. + Incremental assessments of GAAP Plus, the Aggregation Method, and national
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				discretions under consideration should be topics of discussion during the ICS workshops and consultation. • Paragraph 69 should be more expansive to note a continuous feedback loop should occur throughout the Monitoring Period between the Committee and key stakeholders and be anchored by a minimum of three to four in person ICS workshops a year, during which quantitative and qualitative aspects of the ICS are discussed. • There is no question that the forum described in Paragraph 71 should/must be formed to promote supervisory interaction and understanding of ICS reference method reporting/results and to foster dialogue across the supervisory community to aid in identifying key issues with the ICS. The IAIS must fulfill on their commitment to implement and coordinate the Monitoring Period and identifying and leveraging resources for this type of forum should be a high priority. Paragraph 72 should include a more authoritative and active role for the Executive Committee and the PDC in the Monitoring Period. To date it has appeared that the Capital, Solvency and Field Testing Working Group (CSFWG) has made many of the key technical decisions about field-testing parameters which have now become the basis for an ICS reference method that dictates more ongoing consideration. During the Monitoring Period the ExCo and PDC should play a more visible and authoritative role in decision making. As noted earlier, the Monitoring Period process should be governed by an oversight committee that is made up of members of ExCo, PDC, the Capital and Solvency Working Group and select group wide supervisors. This "ICS Monitoring Period Oversight Committee" should replace the ICS Task Force in 2019 and engage with participating companies on a formal and ad-hoc basis. • The "ICS Monitoring Period Oversight Committee" should establish procedures that guide reporting of results and engagement with insurance groups and supervisors that report data ("key stakeholders"); the procedures should be developed in conjunction with input from the key stakeholders, subject to annual review, and made available to the public to ensure transparency. These reporting procedures should, in part, form the basis of the ICS Monitoring Period Guidance Paper. The ICS Monitoring Period Oversight Committee should also perform two formal, exhaustive ICS reviews during the Monitoring Period (e.g. 2021 and 2023).
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Legal & General	UK	No	Yes	We are comfortable with the role.
Association of British Insurers	United Kingdom	No	Yes	Regarding the 10th and 11th bullet points, the IAIS' role should also include consulting on the technical criteria to assess additional reporting, and on any clarifications and refinements to the ICS. While the ABI welcomes the interactions with IAIGs through dedicated workshops, we would encourage the IAIS to consider how to make these more useful for IAIGs, for example by being directed by issues that the IAIGs wish to discuss, and ensuring appropriate technical expertise at the workshop to be able to discuss issues that are raised. We propose that the IAIS should also consult with non-IAIG firms and bodies as part of these discussions, given this standard may also become the de facto standard for non-IAIGs in some jurisdictions.
AIG	United States	No	No	Due to the significant number of unresolved issues and placeholder approaches implemented within the 2018 ICS Field Testing that require further testing, it is critical that the IAIS establishes a formal and structured framework to support ongoing methodology assessment and refinement during the monitoring period. The scheduled adoption of ICS Version 2.0 for implementation during the monitoring period after the 2019 ICS Field Testing should not preclude the continued assessment and revision of key outstanding issues including valuation, MOCE, qualifying criteria for financial instruments, non-default spread risk, credit risk, and the treatment of taxes. It is critical that the IAIS formalizes a mechanism that will support the necessary revisions to the ICS through a well-governed and transparent process that will include comprehensive impact assessments and facilitate constructive dialogue between the IAIS, IAIGs and their GWSs and host supervisors. Given the importance of the monitoring period, we suggest that the IAIS develop a policy development and governance framework which would formalize the process and procedures, governance structure and roles and responsibilities for key stakeholders including the IAIS, IAIG, GWS, forum of supervisors, and supervisory colleges. Key fundamental elements which should be covered in this framework include the following: 1. Creation of an oversight committee that should actively operate during the monitoring period and is responsible for project governance and interactions between the IAIS and

				IAIGs to facilitate joint decision-making. This committee should replace the existing ICS Task Force in 2019 and should be comprised of members of the IAIS Executive Committee, the Policy Development Committee, the Capital and Solvency Working Group, and select GWSs. 2. Background information on the monitoring period such as the purpose, scope, and roles and responsibilities including binding confidentiality and non-disclosure agreements that would apply to the IAIS, IAIGs, and supervisors. 3. Policies and procedures for the five year monitoring period which would include establishing recurring workshops where key aspects of the ICS are discussed among the IAIS, IAIGs and supervisors. Robust supervisor and industry engagement and feedback is critical for an effective monitoring period. From a process standpoint, the IAIS should employ similar tools as implemented during the ICS Field Testing including (a) questionnaires to allow for efficient input on technical, interpretation, and implementation-related matters, (b) requesting the completion of annual surveys on the merits of the ICS by supervisors for discussion during ICS workshops, and (c) a forum for GWSs to discuss findings from the ICS results and market impact analyses including major flaws and/or potential unintended consequences. 4. Identification of key outstanding issues and placeholder approaches intended to be resolved during the monitoring period and a defined process for conducting impact analysis to identify flaws and unintended consequences of the ICS. 5. Broader integration of the ICS and ComFrame to ensure the review, assessment, and resolution of potential areas of inconsistency.
National Association of Mutual Insurance Companies	United States	No	No	See response to Q3 as well as the following: NAMIC members are not convinced that the version of the ICS used during the monitoring period will be the appropriate version. The Working Group should have an ongoing responsibility to share detailed reports at least annually with stakeholders and supervisors that reflect on how the ICS is performing during the monitoring period. During the monitoring period, the ICS should be subject to continued critiques that will allow for evolving improvements. The Working Group should have

				responsibility to recommend improvements in a public consultation when problems arise or the need for flexibility becomes evident. Answer: See response to Q3 as well as the following: NAMIC members are not convinced that the version of the ICS used during the monitoring period will be the appropriate version. The Working Group should have an ongoing responsibility to share detailed reports at least annually with stakeholders and supervisors that reflect on how the ICS is performing during the monitoring period. During the monitoring period, the ICS should be subject to continued critiques that will allow for evolving improvements. The Working Group should have responsibility to recommend improvements in a public consultation when problems arise or the need for flexibility becomes evident. NAMIC does not agree with any decision at this stage that would assign one version of the ICS status as the “reference” or “correct” version over any other version. The continued discussion of an Aggregation Approach, Internal Models, Dynamic Hedging, IAIG-specific factors, and Supervisor Credit Assessment Processes, require an open discussion over a flexible/optional method for assessing capital. All of these options support the continued engagement of stakeholders and supervisors that are not part of the Working Group or even part of the field testing exercises. If this Working Group will ultimately be deciding or even recommending a way forward to the Policy Development Committee and ultimately the IAIS Executive Committee, it is critical that clear governance of the process is developed including but not limited to: annual reports on the ICS and other monitored/tested methods must be open to stakeholders with information that is anonymous as to particular IAIGs and IAIG’s domestic countries and exposed for public comments.
RAA	United States and many other jurisdictions	No	No	A clearer process for disseminating the result of the working group’s and IAIS’ analyses during the monitoring period should be developed. Properly done, this would protect the confidentiality of IAIG’s while providing actionable feedback for observers and IAIS members.



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Prudential Financial, Inc.	United States of America	No	No	Prudential Financial believes it is critical that the activities of the “Working Group” during the monitoring period be conducted in a transparent manner, be subject to strong governance and incorporate lessons learned from the multi-year field testing experience. To this end, we call on the IAIS to create an “ICS Monitoring Period Governance Committee” that is tasked with project governance – including establishing a detailed set of lasting, effective, and credible processes and procedures, assessing reported ICS results – including impact and sensitivity analysis reported, making key decisions, and pivotal interactions between the Working Group, GWSSs, and senior level IAIS members. This Committee should be comprised of members of the ExCo, PDC, CSWG, and a global representation of GWSSs. This Committee should replace the existing ICS Task Force prior to the start of the monitoring period. With respect to transparency, this Committee should guide the development of a “Monitoring Period Guidance Paper” with input from the ExCo, PDC, CSWG, GWSSs, and IAIGs. The guidance paper should outline the procedures that will guide execution of the monitoring period, address gaps in the framework proposed in the consultation document (e.g., figure 1 on page 21, which should be reconsidered, and expand on the high-level guidance included sections 3.1 through 3.3), and incorporate changes and additions proposed by stakeholders in their feedback on the consultation document. In addition, the guidance paper should be subject to periodic review (e.g., annual) and made available to the public. Given the significance of the monitoring period, which we view as being of greater import and meaning than the ICS field testing phase that preceded it, we believe development of an objective and transparent governance process as being critical inputs for ensuring the credibility of the monitoring period, and more broadly, the final version of the ICS. Establishing the proposed Committee and guidance paper would be meaning steps toward achieving the shared objective of an appropriately designed monitoring period. With respect to the activities of the “Working Group” and the ICS Monitoring Period Governance Committee we propose, we note the following: + Oversight and Working Group execution of the non-exhaustive list of responsibilities identified in paragraph 67 must be transparent to all involved stakeholders; these functions should be addressed in the guidance paper (proposed above). Working Group responsibilities should be subject to reporting to and oversight by the PDC and ExCo, with
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				high-level oversight provided by the ICS Monitoring Period Governance Committee (proposed above). + Resolution of identified flaws and/or unintended consequences should not be left to the sole discretion of the “Working Group.” A credible and transparent process for the identification, tracking, and resolution of such items must be documented and included early input from more senior levels of the IAIS (e.g., PDC, ExCo, and the Governance Committee) and stakeholder community. + The ICS Monitoring Period Governance Committee should hold at least one stakeholder meeting a year with GWSs and participating insurers where results, including the results of impact and sensitivity analysis and feedback from GWSs on the usefulness of ICS data, are discussed. We note that it is critically important that participating companies and GWSs have standing opportunities to elevate and engage on issues above the Working Group level. + The monitoring period data template should accompany the release of ICS Version 2.0, along with an accompanying clearly defined schedule for the annual process that includes a collaborative review and update of the technical specifications through consultation and in-person workshops with the participating companies and their GWSs. To this end, and extensive in-person workshops should be held ahead of the 2020 reporting cycle to ensure jurisdictions, GWSs, and insurers – particularly those that are less familiar with the ICS and/or did not participate in field testing – understand the ICS framework, the purpose and expectations for the Monitoring Period, files to be used (i.e., data template, technical specifications, etc.), etc. + Analysis of results developed by the Working Group should be more in-depth and objective than that developed throughout field testing (i.e., prior to 2020) and be informed by stakeholder input to ensure it is sufficiently fulsome and unbiased. + The assessment of “other methods” to an ICS should be done in a transparent manner and subject to consultation with stakeholders and based on thorough assessments performed at all levels of the IAIS (e.g., the Working Group, PDC, ExCo, and ICS
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				Monitoring Period Governance Committee proposed above). ---- Over time, clear guidelines for assessing comparability should be established. ---- Incremental assessments of GAAP Plus, the Aggregation Method, and national discretions under consideration should be topics of discussion during the ICS workshops and subject to public consultation. + The feedback loop with IAIGs should be more extensive than noted in paragraph 69. A continuous feedback loop should occur throughout the monitoring period between the ICS Monitoring Period Governance Committee (proposed above) and reporting insurers and their GWS. Engagement with reporting insurance companies and their GWS should be anchored by a minimum of three to four in person ICS workshops a year, during which quantitative and qualitative aspects of the ICS are discussed. + The ICS Monitoring Period Governance Committee should perform two formal, exhaustive reviews of the ICS during the monitoring period (e.g., 2021 and 2023), with the results of the reviews made available to the public. In addition to the points noted above, we believe it is important to also highlight the following items pertaining to the role of the IAIS during the monitoring period: + 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 and warrants additional structures and protections to prevent results and information from being released to the public. The IAIS should define a more robust process through which confidentiality will be guaranteed before the monitoring period begins; a non-exhaustive list of elements the IAIS should consider including in this process is as follows: ---- A confidentiality framework to be employed by supervisors to prohibit the release of any monitoring period-related information to the public; GWSs should stipulate that they are prohibited from making public disclosure of monitoring period related data, including ICS reference method ratios, which are being collected solely for purposes of further
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				developing the ICS; ---- Equal application of this prohibition (possibly through non-disclosure agreements) to supervisors (the GWS and host supervisors), involved insurers, and the IAIS; and ---- Application of confidentiality protections to all results insurers submit to the IAIS (e.g., the reference method, alternative approaches, impact and sensitivity analysis, etc.). + The IAIS (and supervisors) must proactively communicate the non-binding, unaudited and tentative nature of ICS results during the monitoring period with relevant stakeholders such as rating agencies and industry analysts. In addition, the IAIS should highlight the confidential nature of the data reporting process and reiterate that ICS results reported during this five-year window cannot be used as a basis for supervisor action. + The IAIS should consult with the FSB on an annual basis to walk through the current status of the ICS, including identified flaws and unintended consequences and the corresponding action plans to resolve them, the results of impact and sensitivity assessments, and feedback from supervisors from their discussions on the ICS in forums such as supervisory colleges. In the spirit of transparency, the IAIS should share make these progress reports available to the public.
American Property Casualty Insurance Association (APCI)	USA	No	No	AIA is concerned that the IAIS may be pre-judging the suitability of ICS 2.0 as fit for purpose going into the monitoring period, and may not be receptive to evidence that might arise during the monitoring period indicating that further refinements (perhaps significant ones) may nonetheless be necessary. We urge the IAIS and the WG to keep an open mind in this respect and to maintain the necessary resources and processes in place to ensure that such necessary improvements are identified and acted upon during the monitoring period. To this end, the IAIS should begin to include within its long-term planning horizon how it will maintain the ICS and keep it responsive to emerging risks and trends over the long term, well beyond the end of the monitoring period. The WG's role during the monitoring period should be expanded to look beyond 2024 and provide input to senior committees as



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				to resource needs in order to maintain suitable global standards. While we appreciate the there is a reference in Paragraph 67 to the WG having the responsibility to “engage with stakeholders”, there is not nearly enough information on how the WG will engage with stakeholders, and in general the ICS implementation process appears to be a “black box” rather than a transparent process. Stakeholder engagement will be particularly important to the “develop[ment of] technical criteria to assess the additional reporting items (GAAP Plus and other methods of calculation of the ICS capital requirement) by the end of the reporting period”. We also urge the IAIS to make the “dedicated workshops” referenced in Paragraph 69 open to stakeholders. The CD states in Paragraph 67 that the WG will “perform an annual analysis of the outcome of the reference ICS calculations, as well as additional reporting” and “make recommendations to the Policy Development Committee (PDC) on clarifications/refinements and correction of major flaws or unintended consequences [...] before the implementation of ICS Version 2.0 as a PCR”. We urge the IAIS to make the outcomes and recommendations public. The CD references additional “data collection exercises aimed at refining calibration for ICS risk charges” in Paragraph 70. Companies have already expressed concerns about the growing cost of data calls, and we urge the IAIS to consider ways to reduce such costs. The IAIS should better explain what types of additional data collection exercises it anticipates, the scope of those exercises, and anticipated costs.
MetLife, Inc	USA	No	Yes	We cannot over-emphasize the need for a transparent and well-governed process that takes into account the fact that companies will be confidentially reporting ratios developed under a framework that remains under development and therefore ratios that will not be valid measures of an IAIG’s capital adequacy. In addition, effective evaluation of the impact of the ICS requires the input of volunteer companies and we welcome the IAIS commitment to continued engagement and

				discussion of results and provide feedback on adjustments and the overall design of the ICS.
Northwestern Mutual	USA	No	No	The ICS is a remarkably complex and significant undertaking. There are no precedents for the effort to establish a globally comparable insurance capital and valuation regime. Its consequences are likely to reach far beyond the field of IAIGs. That is why our company, which does not conduct international insurance operations, has endeavored to offer constructive feedback throughout the ICS development process. Moreover, substantial work remains for the ICS to be fit for purpose and to avoid negative unintended consequences. Given this, we recommend that the IAIS maintain robust policy making processes, with opportunities for feedback – through consultations such as this one – from a broad range of interested parties (not limited to IAIGs), throughout the monitoring period. This will require an expansion of the proposed mandate for the Working Group. From our perspective as a non-IAIG concerned about the implications of the ICS for local insurance valuation and capital regimes, the key is that there be: (1) regular published assessments (no less than annual) of how the ICS is performing throughout the monitoring period, including the status of efforts to resolve ongoing concerns; and (2) regular consultations (at least in conjunction with the annual assessments) during which all interested parties (including regulators, consumer groups, IAIG and non-IAIG insurers, and other interested parties) have regular and robust opportunities to engage and contribute to the resolution of ongoing concerns with the ICS. We also note that paragraph 70 specifies a role for the Working Group to propose revisions to ICPs 14 and 17. In doing so it will be important for the Working Group to distinguish between the aims of the ICS to deliver a comparable methodology for supervision of IAIGs and the need for the ICPs to maintain flexibility for local regimes.
Property Casualty Insurers Association of America (PCI)	USA	No	No	No. This section of the CD is premised on the view that there will be no further field testing during the monitoring period. We are concerned that the IAIS may be pre-judging the

			suitability of ICS 2.0 as fit for purpose going into the monitoring period, and not be receptive to evidence that might then arise indicating that further refinements, perhaps significant ones, may nonetheless be necessary. We urge the IAIS to keep an open mind in this respect and to maintain the necessary resources and processes in place to ensure that such necessary improvements in the ICS are identified and acted upon during the monitoring period. More is clearly needed to be done to have an ICS 2.0 standard method with all outstanding issues sufficiently resolved to begin the monitoring period, and more is needed to fully develop GAAP Plus, the aggregation method, and to provide adequate controls and comparability in respect of the proposed use of internal models. There is much to be done during the monitoring period for all methods that is still in the vein of development and testing which will require more attention and resources than we believe the IAIS has considered. It is apparent to us that while ICS 2.0 may be adopted late 2019, it is suitable only for the limited purposes to be achieved in the monitoring period; it will not be fit-for-purpose as a PCR to be implemented in 2025 and beyond by jurisdictions. Toward, the end of the monitoring period, when a version of the ICS is ready to be considered for adoption for actual implementation, it would be appropriate to consider at one time, in a single and consolidated ICS package, the MAV-based standard method, GAAP Plus, internal models, and the aggregation method. Comparability of any other method to the standard method should be based on a single, common set of comparability principles agreed upon in advance. These steps assure a fair negotiation process for the benefit of all jurisdictions. Furthermore, our own experience in the U.S. with risk-based capital has shown that the maintenance of a comprehensive capital regime is a journey, not a destination. The IAIS should begin to include within its long-term planning horizon how it will maintain the ICS and keep it responsive to emerging risks and trends over the long term, well beyond the end of the monitoring period. The working group's role during the monitoring period should be expanded to look beyond 2024 and provide input to senior committees as to resource needs for the long term in order to maintain the IAIS as a suitable global standard. Potential improvements in the CS should be identified and developed during the monitoring period, and the IAIS should conduct future consultations on such improvements.
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				An important role of the Capital, Solvency and Field Testing Working Group (CSFWG) that is not listed in this section is to find a suitable way in which some ICS data – appropriately aggregated and anonymized – can be published to indicate to all stakeholders the impact of the ICS relative to existing jurisdictional baseline calculations; and how that changes over time throughout the monitoring period. There is already precedence for this in disclosures that were made following the initial field testing of the BCR; similar disclosures should be made in respect of the ICS, hopefully disclosures will be even more granular than were made about the BCR given there are now many more firms included in field testing and soon subject to the monitoring period. This should also include information relative to all the the various forms of additional reporting as well – not just the MAV-based standard method. Section 3.2 includes only one reference to stakeholders, i.e., that one of the Working Group’s responsibilities will be to “engage with stakeholders.” While such engagement has occurred in the past, we are mindful that the ICS will soon be transitioning from technical development to preparatory stages in anticipation of adoption and implementation. As such, the Working Group will need to pay more attention to the broader group of stakeholders – including legislators and other officials whose influence will be critical in implementation -- to garner the broader support necessary in jurisdictions for implementation to occur. Such officials will not likely understand the arcane workings of a capital calculation, but they will understand, and demand, information about its impact. The request to disclose anonymized results as described in the prior paragraph is just one way that stakeholder engagement can be made more robust, but more can and should be done. The IAIS should maintain at least the same level of engagement with stakeholders (including but not limited to insurance groups participating as interested Volunteer Groups) as during the field testing period. This engagement could take the form of stakeholder meetings and calls, regular workshops, global seminars and the IAIS annual conference.
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National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Yes	Yes.
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Q5 Section 3.2 Is the role of the forum of supervisors with the IAIS during the monitoring period appropriate? Please provide feedback on how the role should be refined.

Organisation	Jurisdiction	Confidential	Answer	Answer Comments
China Banking and Insurance Regulatory Commission (CBIRC)	China	No	Yes	
European Insurance and Occupational Pensions Authority (EIOPA)	EIOPA	No	Yes	The role of the forum of supervisors with the IAIS during the monitoring period is appropriate.
Insurance Europe	Europe	No	Yes	
Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)	Germany - BAFIN	No	Yes	
Global Federation of Insurance Associations	Global	No	No	The role of the forum of supervisors is only very briefly described as “discussing the implementation of ICS Version 2.0 in the monitoring period.” More thought should be given as to the nature and extent of those discussions in terms of exactly what is needed to determine if V.2.0 is fit for purpose by the end of the monitoring period. Most line supervisors will likely not have had any involvement through the IAIS in the development of the ICS, so a foundational or baseline level of understanding of the ICS, and its forms



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			of additional reporting, will have to be achieved as a precondition for meaningful discussions to occur. The IAIS, through the CSFWG, should develop a set of topics for discussion and a list of questions to help facilitate productive discussion. For example, a discussion topic could include how supervisors assess an IAIG's ICS result and whether or to what degree that result has meaning, considering the totality of other information that is also available to the GWS and the College. It is unclear if the "forum of supervisors" is intended to mean a particular supervisory college involved with an IAIG, representatives from a variety of supervisory colleges involved with IAIGs, or some other group. GFIA is of the view that all line supervisors involved with an IAIG should have a voice and their input should be considered without diminution because it may fall outside of majority views. While it would not likely be possible for all such supervisors to meet in a single physical forum, the IAIS should consider other means to solicit input from all such as through electronic surveys. As to other forums such as the Supervisory Forum, it is likely that not all members would be involved with an IAIG. To the extent that members are so involved, their input would already be solicited through the aforementioned "forum of supervisors." To the extent they are not, their input would seem to be less relevant. Therefore, use of the Supervisory Forum would seem to be redundant to, and less productive than, the forum of supervisors. A key issue involved with such forums is confidentiality of IAIG information. GFIA acknowledge the existing field testing confidentiality protocols and processes, but are unclear as to how the IAIS intends to assure continued confidentiality involving a wider group – even though supervisors – who may be meeting "outside the data room" and communicating information across a variety of platforms and channels. Just as all IAIG data is now channelled through the group-wide supervisor to the IAIS, the IAIS should consider a similar strategy whereby feedback from line supervisors is similarly channelled through the GWS. For larger forums, other protocols will have to be proposed, consulted on, and implemented. The IAIS should consider allowing industry representatives to participate in certain
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				meetings with the forum of supervisors, to enable them to make their points to the IAIS directly.
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 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 yet to be 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	We would appreciate it if IAIS would give IAIG an opportunity to participate in the necessity part of the forum, which allows IAIG directly express their opinion.
General Insurance Association of Japan	Japan	No	Yes	We believe the role of the forum of supervisors within the IAIS during the monitoring period described here is appropriate. In addition to discussing the implementation of ICS Version 2.0 in the monitoring period, the forum of supervisors could also be mandated to discuss the potential unintended consequences of the implementation of the ICS as a PCR.
The Life Insurance Association of Japan	Japan	No	No	• The LIAJ would like the IAIS to give opportunities for IAIGs and other interested Volunteer Group, where appropriate, to participate (partly) in some stakeholder meetings and express comments directly.

Financial Supervisory Service (FSS) & Financial Services Commission (FSC)	Korea (Republic of)	No	Yes	
American Council of Life Insurers	Office of General Counsel	No	No	The IAIS should transparently address any unintended consequences or effects through various senior level committees of the IAIS, including but not limited to the proposed « Forum of Supervisors .» This process should be fully transparent to all ICS stakeholders.
Aegon NV	The Netherlands	No	No	The added value of the forum of Supervisors is not clear to us at this stage. It is not clear whether the forum would be focused on a single IAIG or on a group of IAIGs. In addition, home and host supervisors already appear to have several opportunities for engagement. If the forum were to be installed, confidentiality of the data delivered would be a concern given that the ICS will not be a PCR during the monitoring period.
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: 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
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				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 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.
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				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 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
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			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: 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
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				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. 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 Section 3.3. 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. Section 3.3 – Role of Supervisory Colleges • Supervisors should be required to complete annual surveys on their experience using
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				the ICS in supervisory colleges to assess the value (or lack thereof) the tool offered, perspectives on the appropriateness of the results, etc. Results of the surveys should be shared with the key stakeholders on an aggregated basis and discussed at the ICS workshops.
Legal & General	UK	No	Yes	We are comfortable with the role.
Association of British Insurers	United Kingdom	No	No	It is unclear why the discussion on a forum of supervisors is couched more tentatively than the other roles – e.g. “could be created” (Paragraph 71) vs “will be maintained” (Paragraph 67). It seems appropriate that, if the Working Group is focussing on the outputs of reporting and the development of the ICS, that there should be a group established to consider implementation issues. One point to note is that the forum of supervisors is considering implementation issues from the point of view of supervisors, and perhaps there should be a formal mechanism for IAIGs to feed in their views on implementation.
AIG	United States	No	No	In addition to the mandate focused on “discussing the implementation of ICS Version 2.0 in the monitoring period” and “producing a report for PDC on the experience of front-line supervisors with respect to the ICS” (Paragraph 71), the forum of supervisors should work closely with the IAIS and GWSs to address and resolve potential issues which are identified during the monitoring period as part of jurisdiction specific sensitivity testing and impact analysis which should be performed by GWSs in coordination with the IAIS. Please refer to the response for Q3 for further information on the proposed impact analyses which should be performed and included in the role of the GWS.
National Association of Mutual Insurance Companies	United States	No	No	NAMIC believes that more specificity is required if the forum of supervisors is intended to refer to the Supervisory Colleges. This vague reference creates confusion. It seems the reporting on the reference ICS report should come from the GWS working through the supervisory college for each IAIG. A report from a new forum of supervisors that is not clearly understood would not be appropriate. It is unclear what value this additional level of review would provide, and it does increase the exposure of confidential information.

RAA	United States and many other jurisdictions	No	No	See comment to questions 3 and 4.
Prudential Financial, Inc.	United States of America	No	No	Prudential Financial strongly supports establishing a forum of supervisors – it SHOULD be formed. This forum will serve as key vehicle for promoting supervisory dialogue and interaction on the ICS, which will help facilitate the identification and resolution of issues with the framework. With respect to the framing of the forum in the consultation document: + Frequent communication and information sharing among supervisors should be encouraged and facilitated. However, while vehicles such as e-mail and teleconferences may be highly conducive for such engagement we stress that there must be a balance between facilitating “real time dialogue” and more formal processes, interaction and governance. We believe the latter will help transform discussions into action items and work plans to resolve flaws and unintended consequences identified. Sufficiently and appropriately staffing the forum should be a high priority for both supervisors and the IAIS. + Prudential Financial supports the call for supervisors to report on their experiences with the ICS (both positive and negative) throughout the monitoring period and value (or lack thereof) the tool offers. The consultation document indicates the IAIS is envisioning a single report however, we believe this step should be carried out annually through a survey process. Aggregate anonymized results of the surveys should be made publicly available, rather than limiting submission to the PDC, and subject to discussion in workshops with insurers reporting ICS results and broader stakeholder engagement forums. + The forum of supervisors should include discussion on all aspects of the ICS including the reference method, alternative approaches (e.g., GAAP Plus, the Aggregation Method, and use of internal models), the results of impact and sensitivity analysis, alignment or conflict with local group and entity level solvency regimes, etc.

				As noted in our general comments and our response to question 4, Prudential Financial believes the role of the PDC and ExCo must evolve at this important juncture in the development of the ICS. The PDC and ExCo must play a more visible, active and authoritative role in reviewing results – including impact and sensitivity analysis, driving action on elements of the framework that need to be modified, decision making and engaging with stakeholders. We believe participation in the proposed ICS Monitoring Period Governance Committee and direct engagement with the forum of supervisors will be key steps toward achieving a sufficient degree of engagement from the PDC and ExCo.
American Property Casualty Insurance Association (APCI)	USA	No	No	The role of the forum is only very briefly described as “discussing the implementation of ICS Version 2.0 in the monitoring period.” More thought should be given as to the nature and extent of those discussions in terms of exactly what is needed to determine if ICS 2.0 is fit for purpose by the end of the monitoring period. Most line supervisors will likely not have had any involvement through the IAIS in the development of the ICS, so a foundational or baseline level of understanding of the ICS, and its forms of additional reporting, will have to be achieved as a precondition for meaningful discussions to occur. The IAIS, through the WG, should develop a set of topics for discussion and a list of questions to help facilitate productive discussion. For example, a discussion topic could be how supervisors assess an IAIG’s ICS result and whether or to what degree that result has meaning considering the totality of other information that is also available to the GWS and the college. It is unclear if the “forum of supervisors” is intended to mean a particular supervisory college involved with an IAIG, representatives from a variety of supervisory colleges involved with IAIGs, or some other group. We think that all line supervisors involved with an IAIG should have a voice and their input should be considered without diminution because it may fall outside of majority views. While it would not likely be possible for all such supervisors to meet in a single physical forum, the IAIS should consider other means to solicit input from all such as through electronic surveys.



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				As to other forums such as the Supervisory Forum, it is likely that not all members would be involved with an IAIG. To the extent that members are so involved, their input would already be solicited through the aforementioned “forum of supervisors.” To the extent they aren’t, their input would seem to be less relevant. Therefore, use of the Supervisory Forum would seem to be redundant to, and less productive than, the forum of supervisors. A key issue involved with such forums is confidentiality of IAIG information. We understand the existing field testing confidentiality protocols and processes, but are unclear as to how the IAIS intends to assure continued confidentiality involving a wider group – even though supervisors – who may be meeting “outside the data room” and communicating information across a variety of platforms and channels. Just as all IAIG data is now channelled through the group-wide supervisor to the IAIS, the IAIS should consider a similar strategy whereby feedback from line supervisors is similarly channelled through the GWS. For larger forums, other protocols will have to be proposed, consulted on, and implemented.
MetLife, Inc	USA	No	No	Assuming that the role of the forum of supervisors is to evaluate reported results as against existing and new solvency regimes, and given that the objectives, composition and differentiation of the forum of supervisors from supervisory colleges are unclear, in line with comments in response to Q3 above and the concerns that data reported under the Reference ICS be kept entirely confidential, we suggest that evaluation of the impact of the ICS as against existing or new local requirements could be performed on the basis of aggregated data. All sharing of ICS ratios beyond the group wide or lead supervisor should be a decision reached by the group-wide or lead supervisor with the full agreement of a volunteer company’s management. The role of this additional forum should be better explained.

Property Casualty Insurers Association of America (PCI)	USA	No	No	No. The role of the forum of supervisors is only very briefly described as “discussing the implementation of ICS Version 2.0 in the monitoring period.” More thought should be given as to the nature and extent of those discussions in terms of exactly what is needed to determine if V.2.0 is fit for purpose by the end of the monitoring period. Most line supervisors will not have had any involvement through the IAIS in the development of the ICS, so a foundational or baseline level of understanding of the ICS, and its forms of additional reporting, will have to be achieved as a precondition for meaningful discussions to occur. The IAIS, through the CSFWG, should develop a set of topics for discussion and a list of questions to help facilitate productive discussion. For example, a discussion topic could include how supervisors assess an IAIG’s ICS result and whether or to what degree that result has meaning, or is corroborated, considering the totality of other information that is also available to the GWS and the college. It is unclear if the “forum of supervisors” is intended to mean a particular supervisory college involved with an IAIG; representatives from a variety of supervisory colleges involved with IAIGs; or some other group. We believe that all line supervisors involved with an IAIG should have a voice and their input should be considered without diminution because it may fall outside of majority views. While it would not likely be possible for all such supervisors to meet in a single physical forum, the IAIS should consider other means to solicit input from all, e.g., through electronic surveys. As to other forums such as the Supervisory Forum, it is likely that not all members would be involved with an IAIG. To the extent that members are so involved, their input would already be solicited through the aforementioned “forum of supervisors.” To the extent they aren’t, their input would seem to be less relevant. Therefore, use of the Supervisory Forum would seem to be redundant to, and less productive than, the forum of supervisors. A key issue involved with such forums is confidentiality of IAIG information. We acknowledge the existing field testing confidentiality protocols and processes, but are unclear as to how the IAIS intends to assure continued confidentiality involving a wider group – even though supervisors – who may be meeting “outside the data room” and communicating information across a variety of platforms and channels. Just as all IAIG
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				data is now channeled through the group-wide supervisor to the IAIS, the IAIS should consider a similar strategy whereby feedback from line supervisors is similarly channeled through the GWS. For larger forums, other protocols will have to be proposed, consulted on, and implemented.
National Association of Insurance Commissioners (NAIC)	USA, NAIC	No	Yes	Yes.

End of Section 3.2