



Compiled Comments on *ComFrame – Invitation for Comments* Paper

Compilation period: 2 July, 2012 to 31 August, 2012

In the order of “questions”

Basis of Compilation: The comments are in the sequential order of the “questions”, i.e. general questions then comments to Modules and Elements. If a question received more than one comment, these comments are in the alphabetical order of “respondent”, i.e. jurisdiction and organisation as stated in the submission.

Jurisdiction Organisation	Status	Question	Comments	Resolution of comments
Question 1				
1	Belgium National Bank of Belgium	IAIS Member	Question 1	The ComFrame criteria and process for identifying IAIGs are appropriate.
2	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Question 1	ABIR does not support the current proposal to include companies that do business in 3+ jurisdictions as the first basis on which to determine a company may qualify as an IAIG. ABIR would respectfully submit that one of the objectives of ComFrame is to develop 'harmonization' of the application of group supervision and in this regard, if for example, a group is operating in 3 jurisdictions within the EEA, then under the proposed regime harmonization in principle will have been already statutorily mandated, thus the purpose of introducing another group supervisory regime is not clear. We would propose that an IAIG is one which operates with legal entities in multiple jurisdictions which have separate and distinct regulatory systems across 3+ supervisory frameworks; for example, Canada; US; Bermuda; India, etc. ComFrame should be applied only to those internationally active groups that have a global footprint and operate with legal entities in jurisdictions on multiple continents. The EU and the United States would each count as a single jurisdiction since they operate with a common cross-state regulatory system. ABIR also recommends that a smaller number of groups -say the 20 largest-be targeted with COMFRAME; experiment first, learn from that before expanding the net. ABIR also is concerned with the proposed "constrained supervisory discretion" which grants "involved supervisors" the ability to consider an insurance group an IAIG even if it does not meet some of the proposed criteria or to exclude it as an IAIG. This type of discretion creates uncertainty for groups since it may be "deemed" to be an IAIG even if it doesn't meet the criteria. Whilst the ComFrame Paper provides examples of when this may be employed, the proposal is too far reaching. Given the proposed constrained supervisory discretion on the part of the supervisors, does ComFrame also propose an appeals process by which an identified IAIG can seek to have that designation lifted?
3	Canada Canadian Institute of Actuaries	Other	Question 1	The criteria and process appear reasonable. It would be useful to have some quantitative criteria for determining materiality of operations in a host country.
4	Canada	IAIS	Question 1	The Canadian Life and Health Insurance Association (CLHIA) welcomes the opportunity to

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	Canadian Life & Health Insurance Association Inc.	Observer		provide its views to the International Association of Insurance Supervisors (IAIS) on the latest version of the Common Framework for the Supervision of Internationally Active Insurers ("ComFrame"). Established in 1894, the Canadian Life and Health Insurance Association (CLHIA) is a voluntary trade association that represents the collective interests of its member life and health insurers. The Association's membership accounts for 99 per cent of the life and health insurance in force in Canada and administers about two-thirds of Canada's pension plans. Internationally, Canadian lifecos have a presence in over 20 jurisdictions around the world and generate over \$54 billion or 43% of their total premiums from foreign operations. This submission seeks to highlight the perspectives of the Canadian life and health insurance industry on the ComFrame consultation document and should be viewed as complimentary to the views expressed in the International Network of Insurance Associations (INIA) submission, which we endorse and are a signatory to. We would like to take this opportunity to commend the IAIS' Technical Committee for their progress to-date in developing the ComFrame. We support the four (4) drivers of ComFrame as set out in the consultation document: - Customization of supervision to the complexities of IAIGs; - Convergence fostering; - Complexity reduction; and - Coordination and cooperation. In particular, we see the move towards greater coordination and cooperation between supervisors, under Module 3, and any convergence in requirements that flows from it as being an effective way to address any gaps that may exist in the supervision of internationally active insurance groups (IAIGs) and to potentially reduce the regulatory burden and complexity faced by IAIGs. From this standpoint and in support of the INIA position, we respectfully suggest that the immediate focus of the ComFrame be directed at Module 3 and the establishment of effective coordination and cooperation between supervisors before turning to the question of what additional requirements might be appropriate for internationally active insurers which seems to be the thrust of Module 2. We appreciate the degree of input that is being afforded to stakeholders and look forward to an ongoing dialogue as the ComFrame is further refined. We thank you for considering our comments and please do not hesitate to reach out to us should you have any questions. In our view, provided it is done in a transparent manner, the primary means for deciding on which insurance groups are designated as IAIGs should be left to the judgment of the relevant supervisory college. The college should have the flexibility to incorporate qualitative considerations such as corporate strategy and internal risk management frameworks into the identification process rather than rely solely on a series of quantitative thresholds. A dialogue should also be woven into the process whereby involved supervisors and the insurance group itself can provide input and offer feedback as part of the college's decision-making process.	

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				With respect to the criteria themselves, the international activity and size components as per section 1-1-2 should only be considered as benchmarks and should not unduly influence the decision to designate a group as an IAIG as quantitative thresholds are somewhat arbitrary by nature. Furthermore, we would hope that the criteria parameters are not reverse engineered in order to produce any pre-conceived number of groups designated as an IAIG. In identifying a company as an IAIG, consideration should also be given to a company's market share and its new business activity relative to other insurers in a particular jurisdiction.	
5	Canada International Actuarial Association	IAIS Observer	Question 1	The criteria and process appear generally reasonable. We appreciate the need for "constrained supervisory discretion" for two reasons. First, the criteria as stated do not have any risk based criteria. Premium and asset exposures are not the same as risk exposures, though that simplifying assumption is often made. In fact, premium and asset exposures may also be a sign of greater stability if the organization is creating a sustainable diversification of risk. Second, not spoken to is if the actual classification as an IAIG may depend on the level of commitment and motivation of the countries who house the entities of the IAIG. Lastly, the use of constrained supervisory discretion will need to be balanced against the value of companies (and the market) having the predictability of more quantitative criteria for determining the materiality of operations in a host country.	
6	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Question 1	OSFI believes that the current criteria and process may be too prescriptive or mechanical. Further, OSFI discourages developing a discrete list of IAIGs that is determined mainly using quantitative requirements. Instead, a general definition as to the nature, size, complexity, international activity and risk profile of institutions to which ComFrame should apply would assist the supervisor in applying supervisory discretion to determine IAIGs. Rather than ranking insurers quantitatively and determining a cut-off point for IAIGs, the general definition should be applied on a continuum.	
7	China China Insurance Regulatory Commission	IAIS Member	Question 1	The identifying standards of IAIG include size, international activity, and constrained discretion, which can reasonably identify insurance group companies with international activity and the identification processes are comprehensive and reasonable. In our opinion, the "constrained discretion" should be prudently used while taking into consideration the development stage of each country's insurance market and the nature, function and risk condition of insurance groups.	
8	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Question 1	EIOPA strongly supports the work of the IAIS to develop a set of internationally consistent standards for the regulation and supervision of IAIGs. EIOPA would like to thank the IAIS for the work conducted up to now. Let us first express that EIOPA considers the restructuring of the ComFrame Paper to be an important improvement from the point of view of readability, focus, addressee perspective, among others.	

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				In general the ComFrame criteria and process for identifying IAIGs seem to be appropriate. However there are no explicit rules to define the Head of the IAIG in case where there is no legal entity that controls or exerts dominant influence over the other elements of the IAIG. Another aspect which is not fully explained refers to cases in which entities may be excluded from supervision. The ComFrame only refers to the principle of proportionality whereas clearer and more detailed guidance would be helpful. Moreover, EIOPA thinks that some redundancies with ICP's notions could be deleted.	
9	Europe Insurance Europe	IAIS Observer	Question 1	The IAIS should clearly set out the overriding purpose of group supervision, and therefore link the aims of ComFrame to this so that the criteria can be appropriately focused. The key focus of the criteria should be how "internationally active' an insurance group is with countries/jurisdictions only counting individually if they are not part of a common supervisory framework. Given that the aims of ComFrame are to foster global convergence, establish a comprehensive framework for supervisors to address group-wide activities and risks and also set grounds for better supervisory cooperation it would logically follow that an IAIG must be globally active and operating across a number of different supervisory frameworks and regulatory regimes. As the EU is subject to a common supervisory framework, shortly to be further reinforced following the implementation of Solvency II, the EEA should be counted as one "jurisdiction' for the purposes of ComFrame identification. Specification M1E1-1-1-2 suggests that insurance entities which are not insurance groups could still fall within the scope of ComFrame and be identified as IAIG. We disagree with this proposition. ComFrame is a framework for group supervision, designed to address risks arising from the corporate and financial structures and governance processes of groups, which would typically include a parent company with separate legal entities that operate in different jurisdictions. These issues do not apply to solo entities, which are prudentially supervised in their entirety by the home state supervisors. Given that ComFrame has been designed as a supervisory framework for groups, many of Module 2 and 3 requirements are irrelevant to the supervision of solo entities.	

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10	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Question 1	Most criteria and process for identifying IAIGs are appropriate. However there are no explicit rules on how to define the Head of the IAIG in cases of Art. 12 (1) of Directive 83/349/EEC where the administrative, management or supervisory bodies of an undertaking and of one or more other undertakings with which it is not connected consist for the major part of the same persons in office during the financial year. In such groups there is no legal entity that controls or exerts dominant influence over the other elements of the IAIG. Another aspect which is not fully explained refers to cases in which entities may be excluded from supervision. The ComFrame only refers to the principle of proportionality whereas clearer and more detailed guidance would be helpful.	
11	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Question 1	We think that particularly the identification criteria for identifying IAIGs are not consistent with the overall goals of ComFrame. It is the IAIS' intention to develop a comprehensive framework for supervisors to address group wide activities and risks in order to set grounds for an integrated approach and a more advanced co-operation between supervisors. This should apply to any insurance group conducting business in other jurisdictions to a certain extent. However, the reference to the assets and the gross premium written reveals that size is supposed to be main the driving factor for designating IAIGs. Size refers to complexity and increased diversification of business activities. Moreover, the size criteria seem to be related to the IAIS' draft methodology to identify Global Systemically Important Insurers (G-SIIs). In this context, we would like to emphasize the IAIS' assertion that systemic risks should not be captured by ComFrame. Therefore, ComFrame should pursue a broader approach which adequately reflects level playing field considerations and the proportionality principle instead of focusing on a rather small number of large insurance groups.	
12	International European Commission	IAIS Member	Question 1	We agree with the criteria and the process. However, in our view, intra-EU activity (both when conducted by way of subsidiaries or through branches) cannot be considered equivalent to global activity and therefore the relevant criteria and thresholds should be adjusted to reflect this. In particular: - Insurers have a legal right to provide services across the Single Market and EU legislation does not distinguish between domestic activities and intra-EU activities; - Cross-border single market service provision by means of branches is essentially equivalent to domestic service provision with the home country authority responsible for its supervision and resolution; - The EU already has the main aspects of a single financial regulatory regime in place (also for group supervision) and actions in the immediate pipeline will close the remaining gaps, notably as regards common resolution powers and tools. - Intra-EU activity is in certain key respects less risky than cross-jurisdictional activity, notably as regards currency risk.	
13	Japan The Life Insurance Association of Japan	IAIS Observer	Question 1	The 'international activity criteria' described in this working draft appears to be the sufficient enough to identify the activity of an insurance group as 'international'. Therefore, should an insurance group fail to meet this criteria, supervisors should not be allowed to have the	

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				discretion to identify the group as an Internationally Active Insurance Group (IAIG). In our view, the quantitative thresholds presented in the criteria also appear to be too low given the principle of materiality. We believe that the quantitative thresholds should be reconsidered and take into account the results of the impact assessments during the Calibrations Phase, which is undertaken immediately after the Development Phase. Module 1 Element 1 ComFrame Commentary states that the insurers should not change/rearrange their business activities in order not to meet the criteria. However, it should be noted that the excessively constrained regulation on IAIGs might prevent some insurers from expanding their international business activities. Some examples described in the Working Draft illustrate how the constrained supervisory discretion process may be applied, but we think that the criteria for applying the process remain uncertain. For instance, one of the examples states that even if the group does not meet some criteria in M1E1-1-2, the group should be considered an IAIG if its business activities in its host country are material. Moreover, there is no guidance on the basis by which the 'materiality' of their business activities will be judged. As a result, we are concerned about potential inappropriate use of such discretion. We believe that the specific guidance for exercising supervisory discretion should be explicitly set out in order to ensure transparency.	
14	Joint initiative CRO Forum / CRO Council	Other	Question 1	The criteria for an insurance group to be identified as an IAIG is too much focused on size as the emphasis should be on the materiality of international activities to avoid inclusion of groups that are not truly internationally active.	
15	New Zealand Reserve Bank	IAIS Member	Question 1	Appropriate. Final decision rests with the supervisory college. We note the operational practicality of achieving concurrence from supervisory college members and intervening entity-level discussions need to be dealt with.	
16	UK Association of British Insurers	IAIS Observer	Question 1	The criteria are too wide - insurers that are active only in countries that are part of a single regulatory and supervisory regime should not be classed as being internationally active. ComFrame should bring clarity to regulation and supervision of groups whose individual legal entities operate under multiple regulatory regimes - where a group is active in several countries which are all covered by the same regime, this need does not arise. It should not take three years before a designation as an IAIG can be retracted - this would lead to a situation where, for example, an insurer that had previously been designated an IAIG but had made significant changes to its business and was no longer internationally active in a meaningful way would still be subject to ComFrame for two years to no obvious benefit for policyholders, the company or the supervisors. In contrast other non-internationally active insurers operating on an identical basis but which had not previously been an IAIG would not be subject to ComFrame. If an insurer ceases to meet the criteria for an IAIG then neither the company nor supervisors will materially benefit from the application of ComFrame. An insurer's designation as an IAIG	

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				or not should be reviewed and updated at least annually.	
17	UK Lloyd's	IAIS Observer	Question 1	We do not consider that the following aspects of the criteria and process for identifying IAIGs are appropriate: - Treating an insurance legal entity with no parent or subsidiaries as an IAIG, even though legally it is not an insurance group. - The lack of transparency regarding the process for IAIG identification. 1. The criteria for identifying IAIGs The IAIS defines a group in these terms: "A group is considered to be an insurance group for the purpose of group-wide supervision if there are two or more entities of which at least one is an insurer and one has significant influence on the insurer" (IAIS Glossary). However, Specification M1E1-1-1-2 states that an insurance legal entity with no parent or subsidiaries operating through branch offices in foreign countries (in other words, a solo entity) that meets the ComFrame criteria is regarded as an IAIG. ComFrame should not include internationally active solo entities, which are not part of a group, within its scope. It is a framework for group supervision, designed to address risks arising from the corporate and financial structures and governance processes of groups operating internationally. Such groups have a parent, with controlling interests in separate insurance legal entities operating in different jurisdictions. ComFrame therefore aims to address group supervisory issues such as gaps in supervision, and to provide an integrated, multilateral framework for such "genuine" groups. These issues do not apply to solo entities, which are prudentially supervised in their entirety by their home state supervisors. Host supervisors may, of course, supervise certain aspects of a solo entity's operations in their jurisdictions, but when doing so they rely on the home supervisor's prudential supervision of the solo entity's overall financial position. Supervisory colleges for solo entities risk duplicating regulatory effort without enhancing supervisory outcomes. The ComFrame document does not set out a case for including solo entities within ComFrame's scope. As ComFrame is a supervisory framework for "genuine" groups, many Module 2 requirements are irrelevant to the supervision of solo entities. Nor can Module 3 group supervisory practices be easily applied to solo entities. We discuss these points in more detail in our comments on the relevant Modules and Elements. We therefore consider that Specification M1E1-1-1-2 should be removed.	

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				2. The process for identifying IAIGs It is not clear precisely how the process for identifying IAIGs will work. - Supervisory infrastructure: Many of the processes in Module 1 Element 2 rely on an infrastructure of colleges, group-wide supervisors and involved supervisors that one would expect to be established only after an IAIG has been identified as such. - Initiation by involved supervisors: Any involved supervisor has powers to request assessment of an insurance group (but not of a solo entity) to see whether it meets the ComFrame criteria. The definition of "involved supervisors" in M1E4-1-2-3 is so wide that a large number of organisations, including non-IAIS members, will have powers to initiate an assessment. - Key involved supervisors: M1E2-1-2-2 appears to envisage the establishment of provisional supervisory colleges to reach a decision on IAIG identification, consisting of a group-wide supervisor and "key involved supervisors", although this latter phrase is not defined. This does not tie up with M1E2-1-2, which requires all involved supervisors to come to a joint decision. "Key involved supervisors" should be replaced by "host supervisors". Power to request assessment of an insurance group should be limited to the group-wide supervisor and host supervisors, i.e. those supervisors which supervise the IAIG on an extensive basis or participate in the supervisory college. - Constrained supervisory discretion: Deciding if an insurance group meets the ComFrame criteria will be straightforward. In most cases, the need for discussion within a college will arise only in relation to the exercise of constrained supervisory discretion (M1E1-1-3). We support constrained supervisory discretion, which will give supervisors appropriate flexibility to decide who should be subject to the regime. However, the process does not explain how constrained supervisory discretion will work: whether, for example, the discretion will be exercised by the group-wide supervisor, by key involved supervisors or by all involved supervisors; nor how any disagreements on its operation will be resolved. M1E1-1-3 says that it will operate "under specific circumstances", but does not specify those circumstances. - Engagement with the assessed insurance group: The process does not mention any involvement of an insurance group in the assessment process. Supervisors should be required to inform an insurance group that it is under assessment and to notify it of the results of the assessment within a reasonable period of a decision, including whether or not constrained supervisory discretion has been exercised and, if so, the reasons for so doing. The group should have the right to challenge a decision.	
18	United Kingdom Ernst & Young LLP	IAIS Observer	Question 1	Generally, yes. It is possible to conceive of scenarios in which the criteria need to be flexed - for example, if the Head of a putative IAIG is located in a jurisdiction in which no insurance activity is conducted, or if the group itself is structured such as to isolate different geographical	

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				areas of operation with only ultimate ownership rather than actual direction held in common and the group does not actually derive or seek the synergies that can be both a strength and a potential vulnerability of IAIGs as described. This latter scenario might be the case where a private equity or similar organisation has holdings in several otherwise unconnected insurance operations in different countries. Given the manner in Module 2 is expressed, such an operation could need to be excluded from identification in order to avoid multiple breaches of a Module 2 that is predicated on a different type of organisation. Another possibility would be to continue with identification but to ensure that Module 2 has sufficient flexibility to be tailored to the nature and scale of such an operation, reflecting (and demonstrating and ensuring) the isolation of different operations within the ownership group.	
19	United Kingdom Financial Supervisory Authority	IAIS Member	Question 1	We believe that, aside from the criteria of size, an IAIG should be any group that has a physical underwriting operation in one or is subject to, three or more jurisdictions. The current definition would pick up solo reinsurance operations, for which ComFrame is not intended. Host supervisors of some types of operations, such as solo reinsurance operations, could find it very onerous to comply with ComFrame (e.g. supervisory processes in place, governance structure, capital requirements and the like) if they are included, and might be less than willing to comply when they have no real jurisdictional authority or responsibility for the firm.	
20	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Question 1	The IAIS should focus on the materiality of a firm's international activities to avoid inclusion of firms that are not truly internationally active. For this reason, we would urge the threshold percentage and number of foreign jurisdiction tests be higher and that a regional test be added so that a group writing only in one region, such as North America or Europe, be eliminated even if it passes the three-country test if that is retained. GNAIE would like to suggest that ComFrame needs to define the process by which companies are added to or removed from the IAIG list as part of its 2012-13 deliberations.	
21	United States of America American Insurance Association	IAIS Observer	Question 1	This module has been criticized as being both over- and under-inclusive, which points to a problem generally with the identification criteria. It is also symptomatic of the larger concern with ComFrame's increasing emphasis on the IAIG requirements in Module 2 and lack of clarity on the overall purpose of ComFrame. Assuming that appropriate agreed-upon criteria for identifying IAIGs can be finalized, one alternative is to rewrite and "phase in" any Module 2 standards applicable to IAIGs following implementation of Module 3 and the identification of any supervisory gaps to make them less prescriptive and more explicitly only illustrative guidance so that regulators can use the overall principles as a basis for assessing their own jurisdictional standards for groups. An increased comfort level with Module 2 may decrease objections to the Module 1 criteria and process, and enhance the value of Module 2 in relation	

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				to Module 3.	
22	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Question 1	There is no basis for supervising global insurers more stringently than other insurers. In any case the question of the IAIG selection criteria would be far less important if global insurers believed that the current version of ComFrame would produce improved supervision for them. In the case of our members, they do not. The process for identifying IAIGs must provide the insurer notice, hearing and an opportunity to challenge the decision before a neutral forum if it believes the decision is inappropriate.	
23	USA ACE Group	IAIS Observer	Question 1	We question the need for an "IAIG determination" and separate regulation at all, given that the ICPs have significant detail about how to manage insurance groups, including IAIGs, and about how supervisors should cooperate. This formal designation of "IAIG" seems to add little to the regulatory framework contemplated pursuant to group supervision and in fact, could lead to competitive issues for IAIGs if they are subject to super-normal regulatory scrutiny or intervention. We believe that a properly focused group-wide supervision model, coupled with local entity regulation will naturally define the scope of insurers to which group-wide supervision will apply.	
24	USA American Council of Life Insurers	IAIS Observer	Question 1	We believe that while progress has been made in this area, we think that too many companies would be captured and would offer the suggestion below to narrow the universe of groups by: - Premiums are written in not less than 7 jurisdictions, - Only jurisdictions where the group's collective presence operating in that jurisdiction (branch or subsidiary) makes it one of the top ten insurance groups, by total group net written premium in that jurisdiction, will count toward the above-mentioned 7 jurisdictions. - Total or gross premiums written outside its home jurisdiction is not less than 20% of the group's total gross premium written globally, and - Total assets of not less than US\$ 100 billion or annual gross written premiums of not less than US\$ 20 billion globally.	
25	USA Institute of International Finance - IIF	IAIS Observer	Question 1	- It is crucial that the introduction of ComFrame does not distort competition by introducing an additional layer of supervisory requirements to a small number of IAIGs which are subject to enhanced supervisory requirements. - The Institute therefore believes that the definition of internationally active insurance groups (IAIGs) and corresponding ComFrame criteria for the application of group wide supervision should not be too narrow, once ComFrame is fully implemented and should focus on insurance groups that operate on a truly international basis. - While it is right to have criteria which look at size and international reach, care is needed to ensure that these factors are appropriately weighted so that, for example, scale alone doesn't drive the process where a group is very large but not very international. - Complexity should be clearly distinguished from size and global activity when assessing whether an insurer is an IAIG or not. Complexity is typically used as a criterion to identify	

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				potentially systemic important institutions and does not, in itself, mark out an insurance group as internationally active.	
26	USA Liberty Mutual Group	IAIS Observer	Question 1	The criteria and process for identifying "IAIGs", as well as the effect of being so designated, are not appropriate. Internationally active insurers should not be subject to the stricter substantive regulatory standards set forth in ComFrame, simply because of their size and the number of countries in which they do business. Defining such companies to be "IAIGs" results in artificial and competitively unfair distinctions among insurers.	
27	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Question 1	While we appreciate that ComFrame criteria will apply only to IMF Financial Sector Assessment Program (FSAP) jurisdictions (Specification M1E1-1-2-1 p.24), the current scope of ComFrame could include a number of groups that raises concerns about limited supervisory capacity (both in terms of number of staff and expertise) to appropriately and efficiently implement ComFrame, especially as this is a new approach to supervision for both groups and supervisors alike. Therefore, we support the suggestion that ComFrame Criteria should be narrowed by, for example, increasing - the number of countries in which premiums are written to 7 - percentage total gross premiums written outside home jurisdiction to not less than 20% of the group's total gross premium written globally, and - total assets to not less than US\$100 billion, or annual gross written premiums of not less than US\$ 20 billion globally. We would also support a phase-in of ComFrame that could consist of a "dry run" over a period of 5 years which would allow groups and supervisors to better understand the practical implications of ComFrame and make necessary adjustments such that it achieves its aim of reflecting actual practices within large, internationally active insurance groups.	
28	USA NAIC	IAIS Member	Question 1	The process for identifying IAIGs appears to be collaborative in nature and indicative of how ComFrame, as a working framework, should operate. The criteria used to identify IAIGs should be clear and focused on identifying those entities which have a large presence internationally. The criteria should be simple and allow the involved supervisors to adjust using their judgment if circumstances necessitate a different answer ("constrained supervisory discretion"). The criteria currently under consideration by the IAIS attempts to strike a balance but should be carefully reviewed with these objectives in mind. As discussion on future steps (Field Testing, Implementation, etc.) progresses over the next year, the criteria and process for identifying may need to be reassessed to ensure it is appropriate to meet the intended objectives. With respect to the current draft, consideration should be given as to whether the criteria for the number of jurisdictions in which an IAIG operates should include threshold percentage of market share. This could either be part of the criteria itself or part of the supervisory discretion process.	

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29	USA Northwestern Mutual	IAIS Observer	Question 1	We believe it is critical that the criteria and process for identifying IAIGs provide companies and regulators with greater certainty as to which companies are subject to ComFrame and which are not. We therefore make two suggestions. First, ComFrame should establish a transitional period for companies entering and exiting IAIG status. For example, a company may need to meet the IAIG criteria for three consecutive years before becoming subject to ComFrame, and may need to remain outside the criteria for at least one year before exiting. Such a transition period would provide both regulators and supervisors with greater certainty and an opportunity for resource planning, as we would expect that the typical group becoming an IAIG will need considerable time (at least 18 months) to prepare once it appears relatively certain that they are, in fact, going to become subject to ComFrame. Second, the international activity criteria should be clarified to mean that the group has entities or branches that are authorized to write new business in the specified number of jurisdictions. In other words, it should be recognized that "premiums written" outside the home jurisdiction often result from policyowners moving to other countries where the group does not have a licensed branch entity. In that situation, the local law applicable to the insurance entity does not allow the insurer to "cancel" the policy so the insurer's collection of premium should not be considered international activity.	
30	Various International Network of Insurance Associations	Other	Question 1	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federación Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA) This module has been criticized as being both over- and under-inclusive, which points to a problem generally with the identification criteria. It is also symptomatic of the larger concern with ComFrame's increasing emphasis on the IAIG requirements in Module 2 and lack of clarity on the overall purpose of ComFrame. Assuming that appropriate agreed-upon criteria for identifying IAIGs can be finalized, one alternative is to rewrite and "phase in" any Module 2 standards applicable to IAIGs to make them less prescriptive and more explicitly only illustrative guidance so that regulators can use the overall principles as a basis for assessing	

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				their own jurisdictional standards for groups. An increased comfort level with Module 2 may decrease objections to the Module 1 criteria and process, and enhance the value of Module 2 in relation to Module 3.	
Question 2					
31	Belgium National Bank of Belgium	IAIS Member	Question 2	ComFrame should not minimize the importance and scope of supervisory reporting but should try to find an appropriate balance in defining the key elements on which both periodic supervisory reporting and public disclosure for groups is expected. Supervisory reporting by IAIGs on key ComFrame requirements is an important element of the supervisory review process, in particular for host supervisors which don't have immediate access to information on the group level. While some observers have warned for the costs related to extensive reporting requirements, the effectiveness of the ComFrame process may be very dependent on this factor. Needless to say that real improvement in the operational work of IAIG supervisors, and the supervisory colleges, to a large extent will depend on the periodic exchange of sound qualitative and quantitative information on a consolidated basis.	
32	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Question 2	Module 2 is too prescriptive and specific. The aspects relating to group governance, group ERM, group structure and strategy, group financial condition and group reporting and disclosure needs to take into account varying approaches to these disciplines and as such needs to be a set of guiding principles that IAIGs must be measured against rather than additional requirements. ABIR believes that the principles for ERM ought to be the same as those already in place for group supervision. Groups are structured according to their business purpose and groups take on various structures which affect the ways in which companies adopt approaches in addition to the regulatory environments in which they operate which also dictate the approaches taken. For example, a US publicly traded company will have a set of complex corporate governance requirements together with those of the licensing jurisdiction(s) and groups already expend enormous resources to ensure compliance. Similarly, the BMA has its own standards in place governing financial reporting, risk management and corporate governance. These should be subject to a principles based assessment in ComFrame, but an IAIS ComFame overlay of a separate set of requirements should not be required. It would be expensive, duplicative and unnecessary. To create another set of detailed requirements only adds another layer and additional cost burdens but may not add to the regulatory outcomes for the group. ABIR continues to support a Module 2 that establishes a set of principles that should be complied with and that will allow the group to demonstrate to the relevant group supervisor and supervisors that its corporate governance model, etc meets the principles that must be met by an IAIG.	
33	Canada Canadian Institute of Actuaries	Other	Question 2	The qualitative descriptions are conceptually aligned with modern best practices in these areas. We are concerned that the high level of specificity and the expectations for heavy documentation could lead to instances where organization charts and nice words replace substantive action and effective management.	

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34	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Question 2	Keeping in mind that the ComFrame does not appear to favour either a centralized or de-centralized approach in the supervision of IAIGs, Module 2, Element 1 raises a number of concerns for us: 1. It blurs the distinct functions of the Board of Directors (typically the "Governing Body" for a corporation) and management; 2. The prescriptiveness and the level of detail goes far beyond similar standards existing under the regulatory framework governing publicly traded corporations; 3. IAIGs are already subject to extensive corporate governance regulation in their respective home jurisdictions; and 4. The more detailed and prescriptive the framework, the more difficult it will be to have consensus among member jurisdictions and its adoption into national laws.	
35	Canada International Actuarial Association	IAIS Observer	Question 2	There are important variations in the organization and management of IAIGs. For some IAIGs, not all of the elements described are coordinated at the group level (for example, underwriting practices, claim processing). IAIGs will differ in the level of autonomy and self-sufficiency expected of the individual legal entities. Some may be completely centralized, others may prescribe general policies versus specific requirements and others may treat each company as a standalone entity. The qualitative descriptions are conceptually aligned with modern best practices in these areas. We are concerned that the high level of specificity and the expectations for heavy documentation could lead to a loss of focus in the reporting process on the perception and understanding of substantive actions and management direction. It is not clear what the regulator response would be for an IAIG that fell short in one or some of these elements. For example, should the supervisor focus on mandating compliance or should it translate the qualitative items into a process to determine/assess the quality of management of the IAIG and which IAIG's were in most need of increased regulatory attention and collaboration?	
36	China China Insurance Regulatory Commission	IAIS Member	Question 2	1. In regards to M2E3: First, in the evaluation of business risks, it is suggested to stress that the risk evaluation of non-regulated businesses is regarded as one of the key points, and the risk transfer of non-regulated businesses and regulated businesses should be considered. Second, overseas equity investment shall be included in the major changes items, including strategic investment and financial investment. Third, intra-group transaction and various types of risk exposure should be differentiated and categorized, with ceiling of each specified. Fourth, in regard to the trigger points of the Group's emergency plan, in addition to varied factors within the group, varied factors outside the Group may also be considered. For example, events that result in policy surrender and claim of large scale. Fifth, in case of emergencies, it is suggested that the Group report to the regulatory entity in time and disclose information orderly. Sixth, the Group is required to do emergency drills in case of emergencies.	

	Juris/Org	Status	Question	Comments	Resolution of comments
				2. In regard to M2E5, MATERIAL means "to be of substantial importance to and have a significant consequence on the IAIG", which might not be very feasible in practice due to the lack of quantitative standards. We suggest that intra-group transaction and various types of risk exposure should be differentiated and categorized, with ceiling of each specified. 3. We suggest that the content of IAIG investment strategies be specified and the differences between IAIG and non-IAIG investment strategies be defined in "M2E6a-1". It is also suggested that sentence "IAIG needs to establish effective internal control and risk management systems, and investment risk control should be included in the overall risk management system of the company, so as to ensure that IAIG investment strategies can be made and implemented effectively." be added. 4. We suggest that content of using financial derivatives to manage and hedge the risks is added in "M2E6a-4", and purpose of using financial derivatives as well as internal control and risk management measures to ensure appropriate usage of financial derivatives be defined. 5. We suggest regulatory requirements for affiliated investment between groups and intra-group legal entities be added in "M2E6a-6". Requirements for identification standards, information disclosure, internal control mechanism, risk management of the above transactions should also be specified.	
37	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Question 2	Qualitative requirements seem to be well developed. However, ComFrame should not minimize the importance and scope of supervisory reporting but should try to find an appropriate balance in defining the key elements on which both periodic supervisory reporting and public disclosure for groups is expected. Supervisory reporting by IAIGs on key ComFrame requirements is an important element of the supervisory review process, in order to facilitate sharing of information between home and host supervisors. While some Observers have warned for the costs related to extensive reporting requirements, the effectiveness of the ComFrame regulation and supervision may be very dependent on this factor. Needless to say that real improvement in the operational work of IAIG supervisors, and the supervisory colleges, to a large extent will depend on the periodic exchange of sound qualitative and quantitative information on a group-wide and consolidated basis.	
38	Europe Insurance Europe	IAIS Observer	Question 2	The status of module 2 is unclear as it appears to set prescriptive requirements that are applicable to IAIG's that to be applied would need to be transposed into national rules. As noted above under our comments on the purpose of ComFrame this risks the creation of separate prudential standards for IAIGs. This also appears to be inconsistent with the introductory remarks that note that ComFrame is designed to create more commonality and comparability of approaches without being rules based. We would recommend that Module 2 should focus on the essential elements and high level principles that a robust group supervision regime should include, covering both qualitative and quantitative aspects of group supervision with the aim that supervisors should understand and assess the appropriateness of IAIGs risk, governance and capital management, but not specify a framework that should be adopted.	

	Juris/Org	Status	Question	Comments	Resolution of comments
39	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Question 2	Yes, but we have specific comments on several points regarding the qualitative requirements. The quantitative aspects of these Elements, however, seem to fall short from what we would have expected (see q. 6).	
40	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Question 2	There is no doubt that qualitative requirements are an essential part of any risk-based supervisory approach and therefore need to be addressed in ComFrame. However, it is very important to realize that these requirements are particularly influenced by a variety of both different group structures and different legal mandates imposed by local company law. Consequently, irrespective of the level of detail provided, no framework can ever be exhaustingly reflective of all the practices actually exercised in the insurance sector. Therefore, the attempt to prescribe a detailed group wide approach with respect to corporate governance, underwriting etc. as set out in Elements 1-7 of Module almost inevitably fails to manage this challenge. We are concerned that these provisions are likely to cause duplicating, conflicting and redundant supervisory processes. Therefore, we strongly believe that the qualitative elements -presumably more than any other issue captured in ComFrame - need to be addressed by a principle-based approach or by downsizing the corresponding parameters and specifications to illustrative guidance.	
41	International European Commission	IAIS Member	Question 2	Overall, the qualitative requirements seem to be quite extensive and complete	
42	Japan The General Insurance Association of Japan	IAIS Observer	Question 2	We are concerned that the qualitative requirements set out under the overall ComFrame framework are overly prescriptive and do not sufficiently take account of actual business practices and will thus likely hinder the IAIGs operations. Please refer to our comments on each element.	
43	Japan The Life Insurance Association of Japan	IAIS Observer	Question 2	The descriptions presented in M1E3-1-2 and M1E3-1-4 appear to suggest that non-consolidated entities should be subject to supervision, although IAIGs are not in the position to control the management of their non-consolidated entities. The inclusion of the risk management and governance of non-consolidated entities into the ComFrame may not be consistent with the practices of the IAIGs. Therefore, we think that comments from stakeholders should be also taken into account in order to ensure that the requirements do not deviate from practice.	
44	Joint initiative CRO Forum / CRO Council	Other	Question 2	The CROF and CROC wish to emphasize the ultimate benefit of ComFrame is enhanced policyholder protection through improved cooperation, coordination and understanding among supervisors of IAIGs which will reduce duplication in group supervision. We are concerned about the level of prescription in many elements of ComFrame. ComFrame should be principles-based and allow for an optimal level of flexibility. The level of prescription undermines the necessary flexibility and principles-based approach that would enable a truly effective supervisory approach for IAIGs and avoid two regimes. . There needs to be greater clarity on the different roles of the standards, parameters and specifications to highlight that	

	Juris/Org	Status	Question	Comments	Resolution of comments
				parameters and specifications provide illustrations of possible approaches without excluding alternative ways of fulfilling the same objective. We agree that ideally the objective should be to develop a common terminology of risk measurements as well as guidance on risk topics (e.g. stochastic vs parametric?) to facilitate the coordination of the IAIGs supervision. However, the field of ERM continues to develop. Therefore, we believe that ComFrame should focus on improving coordination and cooperation, foster convergence of regimes and achieve recognition between group supervisory regimes.	
45	New Zealand Reserve Bank	IAIS Member	Question 2	Yes	
46	UK Association of British Insurers	IAIS Observer	Question 2	The ABI has strong reservations about the status of Module 2 as a whole - it is extremely prescriptive, even compared to the other Modules, and as such is inconsistent with the stated objective for ComFrame to be a principles based framework. The qualitative requirements certainly follow this overall theme. Members are particularly concerned that the many prescriptive requirements, which would need to be transposed into national/jurisdictional rules, would effectively create a separate prudential regime for IAIGs.	
47	UK Lloyd's	IAIS Observer	Question 2	These qualitative requirements may reflect practice within insurance groups. They are not all easily applicable to solo entities, as they were drafted with insurance groups in mind. No consideration appears to have been given to how these requirements could be applied to solo entities. If ComFrame is implemented in its current form, it will create uncertainty around how solo entities could comply with provisions that are not aimed at them. Module 2 requirements were drafted deliberately for insurance groups. ComFrame is aimed at decreasing the complexity of insurance group supervision and making them more transparent and comprehensible for insurance supervisors. Application of Module 2 to solo entities will not have this effect. Element 3, for example, requires maintaining a sufficiently transparent group structure. This is certainly a sensible proposition for insurance groups, but we question its applicability to solo entities, which are, by definition, not affiliated to other legal entities. Information requirements included in the IAIG Profile are not always applicable to solo entities. Requests to provide details on off-balance sheet entities, interlinkages and interrelations with other entities and materiality of entities would be irrelevant. Solo entities are also not involved in intra group transactions. Element 5 is therefore not applicable to such organisations. We also question the appropriateness of requirements to develop policies covering areas such	

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				as investment, underwriting, claims handling, reinsurance, liability valuation and asset liability management, as solo entities will already have such policies in place. It is unclear how a group-wide policy would differ from what already exists in practice. Like other insurers, we are concerned that the qualitative requirements set out in Module 2 are too prescriptive and detailed. The IAIS is an association, whose objectives include the development of principles, standards and guidance, which its members are encouraged to apply. Module 2, however, is a detailed and inflexible regulatory regime, presented as if it is directly applicable to international insurance groups and the entities within them.	
48	United Kingdom Ernst & Young LLP	IAIS Observer	Question 2	For a group that is managed as a group and brand, actual practices will reflect these elements to a greater or lesser extent. However the extent to which matters such as group ORSAs are developed still varies; where regulations currently require these features at a group level, they are more likely to be in place; and even in those jurisdictions, requirements are still under development. It is important that the eventual requirements do not lack flexibility, and are responsive to the nature and scale of the activities. There is a risk that one size will be assumed to fit all.	
49	United Kingdom Financial Supervisory Authority	IAIS Member	Question 2	Yes, when referring to standards on the whole.	
50	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Question 2	Module 2 as written has very prescriptive requirements for IAIGs. GNAIE would suggest that this Module be transposed with Module 3 to place greater emphasis on the role of the supervisor by having that language precede the language related to the IAIGs. The existing Module 2 could then be viewed as guidance to supervisors in the implementation of their supervisory role rather than requirements for IAIGs. We agree ComFrame needs to be flexible in its approach to actual practices for ERM and governance and avoid over prescription, which might impose requirements that are inappropriate for the management of a given group. One of the four main benefits of ComFrame as stated in the document is the customization of supervisory requirements and processes. This goal seems to have been forgotten in the high level of prescription in Module 2.	
51	United States of America American Academy of Actuaries	Other	Question 2	There is significant variation in the organization and management of IAIGs. Not all of the elements described are coordinated at the group level (for example, underwriting practices, claim processing) for some IAIGs. There are different levels of autonomy allowed within an IAIG. ComFrame should not specify how companies are organized.	

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52	United States of America American Insurance Association	IAIS Observer	Question 2	No. The current draft appears to favor a centralized approach to group operations and management, which will not be the model followed by all IAIGs. ComFrame needs to be flexible in its approach to IAIGs, as actual practices will continue to evolve and there are dynamics within the industry that are not predictable. Recognizing that not all IAIGs face the same risks, the key is for supervisors to understand the risks and know what IAIGs are doing to address them.	
53	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Question 2	No. They are far too prescriptive to be generally applicable. The concepts of "group-wide underwriting policy", "group-wide claims settlement policy", etc., do not work for groups that operate in jurisdictions with different legal systems and market conditions. Further, they do not work for groups in which subsidiary insurers operate under independent managements.	
54	USA ACE Group	IAIS Observer	Question 2	Generally speaking, ACE's day to day management of the group is consistent with the broad categories set forth in Module 2, Elements 1-7. ACE has a transparent group and management structure, the Board meets the criteria set forth in Module 2 and the approach to risk management, compliance, corporate governance, internal audit, asset management, reinsurance and valuation are broadly consistent with that set forth in Module 2. Nevertheless, we have serious concerns about the detailed "requirements" set forth in Module 2 and doubt whether the purpose of ComFrame - to facilitate the SUPERVISION of globally active groups - is advanced by Module 2. ComFrame has an identity crisis—it is not clear whether ComFrame is a framework to provide greater consistency and cooperation among supervisors who supervise IAIGs or whether it is attempting to create an entirely new regulatory regime applicable to IAIGs. The introductory remarks to ComFrame state that "the IAIS aims to develop methods of operating group-wide supervision of IAIGs in order to make group supervision more effective, to establish a comprehensive framework for supervisors to address group-wide activities and risks and also set grounds for better supervisory cooperation and to foster global convergence of regulatory and supervisory measures and approaches". Ace supports these goals to establish more consistent approaches to the supervision of IAIGs and more coordinated activities by our global supervisors. , However Module 2 is directed at IAIGs and seems to be substituting regulatory requirements for the judgment of management regarding how to operate an insurance group. The elements of Module 2 should be re-cast as guidance to supervisors regarding the supervision of IAIGs.	
55	USA American Council of Life Insurers	IAIS Observer	Question 2	Not as drafted, because they are not practical. For example, the proposed Standard M2E2-1 is not practical because it's too comprehensive—it's not feasible to maintain such a document. The words "relevant and" should be deleted. As drafted, some aspects are overly prescriptive. Also, some language implies that IAIGs are or should be organized and managed similarly, while other language recognizes that is neither true or practical.	
56	USA	IAIS	Question 2	We think it is important to point out that the field of Enterprise Risk Management is a	

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	CNA	Observer		developing discipline where a comprehensive set of industry best practices have yet to be developed in the U.S. It is unlikely many internationally active insurers are currently using all of the practices outlined in Module 2 Element 1 to 7, although many are likely using those practices that IAIG management feel are appropriate to the risks specific to the IAIG, given the materiality of those risks and the nature of the IAIG's operations. Additionally, the risks faced by IAIGs are varied, as are the process by which an IAIG will manage those risks. As such, we believe Module 2 should be less prescriptive. As an example, Parameter M2E2-3-1 can be interpreted as proscribing management processes, establishing minimum requirements around an ERM framework and their management in a cross border context. We believe the emphasis should be on Supervisors gaining an understanding of the approach to ERM taken by IAIG management, not on IAIG management fitting their approach into the regulatory framework. If adopted we request a significant implementation period for total compliance with these practices.	
57	USA Institute of International Finance - IIF	IAIS Observer	Question 2	- As a general matter, and as noted, we believe it is extremely important to avoid excessive levels of prescription in the modules. Whilst the standards set out in Module 2 Elements 1-7 largely meet this test, the parameters and specifications are still too prescriptive and are likely to undermine the intention of making ComFrame principle based. - An IAIG may meet ComFrame requirements at the high-level of analysis but not at the level of the detailed parameter/specifications. Many parameters/specifications are intended as examples. However, much more clarification is required from the IAIS regarding those parameters which will, in effect, be hard requirements and those which are offered as examples. This is an important distinction in that failure to meet the standards might be regarded as prima facie evidence of a need for remedial measures, whilst a failure to comply with illustrative parameters would be the prompt for an open-minded, judgment based supervisory assessment taking into account the specific circumstances of the group. - In general, the more detailed and prescriptive the framework is, the more difficult it will be to find a consensus among IAIS, individual jurisdictions and IAIGs. Further, the wording of ComFrame has to be integrated into national laws, which again seems not to be feasible with the current level of detail. Throughout the Module 2 the ICP language should be tailored to IAIGs. As the document is written, the ICP requirements are tailored to supervisors.	
58	USA Liberty Mutual Group	IAIS Observer	Question 2	The requirements set out in Module 2 are not reflective of actual practices within global insurers, because many of the requirements in Module 2 fail to accommodate sufficiently the reasonable differences in regulatory regimes from country-to-country, each of which arguably achieves effective regulatory outcomes in the practical context of their own local market conditions, political cultures, regulatory philosophies, and consumer needs. These new requirements in Module 2 simply do not work in many regulatory structures, nor do they reflect the practices global insurers use to comply with such structures.	

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59	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Question 2	Please see response to question A.3 and comments on M2E1-7 below.	
60	USA NAIC	IAIS Member	Question 2	We look forward to seeing comments from Observers about whether these elements are reflective of actual practices. In addition to industry practices, the Supervisory Forum should be used to review all of ComFrame to ensure it is reflective of actual supervisory practices as well. Module 2 reflects a mix of established and developing disciplines especially with respect to risk management. As new disciplines develop, companies and supervisors need to be wary of any unintended consequences. One of the stated objectives of ComFrame is to "develop methods of operating group-wide supervision of IAIGs in order to make group-wide supervision more effective and more reflective of actual business practices" (emphasis added). ComFrame needs to be flexible in its approach to IAIGs as actual practices will continue to evolve and there are dynamics within the industry that are not predictable. ComFrame cannot be too prescriptive or result in a one-size-fit all approach; otherwise supervisors may miss out as practices evolve. It is helpful to provide supervisors with examples of what they should look for but at the same time, it should be realized that not all IAIGs face the same risks. The key is for supervisors to understand the risks and know what the IAIG is doing to address them. The current draft seems to sometimes favor a centralized approach to group operations and management, which will not be the model followed by all IAIGs; therefore ComFrame needs to be written less prescriptive as the purpose is not to tell IAIGs how to structure their business.	
61	USA Northwestern Mutual	IAIS Observer	Question 2	While Northwestern Mutual is not an internationally active insurance group, we observe that the qualitative requirements set forth in Module 2 Elements 1 to 7 (and particularly the parameters and specifications therein) are overly prescriptive and therefore will not reflect the variety of practices undertaken by companies in light of the various legal frameworks in which internationally active companies operate. In particular, we are concerned that ComFrame in a number of places presumes a level of supervisor involvement in company decision-making that is inconsistent with the line drawn between management responsibilities and supervisory responsibilities under the US system of insurance regulation. Also, ComFrame continues in places to presume a level of board of director involvement in management decisions that is inconsistent with respective roles of the board and management under the US system of corporate governance. These problems arise from the fact that ComFrame Module 2 appears to present a new set of requirements that is to be made directly applicable to companies. As we observed in our comments on ComFrame one year ago, "to the extent that the proposal actually prescribes	

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				substantive standards directly applicable to IAIGs and their subsidiaries, it exceeds the legal and political foundations upon which it must rest," whereas "[p]rinciples embodied in the ICPs are incorporated into local supervisory regimes in a manner that respects local law, customs and regulator discretion". While we recognize and appreciate the efforts that have been made in the last year to restructure and refine the elements of ComFrame directly applicable to companies, our foundational concerns remain. Recognizing the considerable effort that IAIS staff, members and observers have put into Module 2, we therefore suggest that the material included within Module 2 be recharacterized as reference material to assist supervisors seeking information on what might be considered common practices of some internationally active insurers.	
62	Various International Network of Insurance Associations	Other	Question 2	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federaci�n Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA) No. The current draft appears to favor a centralized approach to group operations and management, which will not be the model followed by all IAIGs. ComFrame needs to be flexible in its approach to IAIGs, as actual enterprise risk management practices will continue to evolve and there are dynamics within the industry that are not predictable. Recognizing that not all IAIGs face the same risks, the key is for supervisors to understand the risks and know what IAIGs are doing to address them.	
Question 3					
63	Belgium National Bank of Belgium	IAIS Member	Question 3	The group governance requirements are sufficiently flexible.	
64	Bermuda Association of Bermuda	IAIS Observer	Question 3	See question 2.	

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	Insurers and Reinsurers				
65	Canada Canadian Institute of Actuaries	Other	Question 3	It's not clear that all the relevant supervisors will have the necessary powers to deal with non-regulated holding companies at the top of IAIGs and other non-supervised entities in the IAIG.	
66	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Question 3	A principles-based approach to ensuring "good governance" recognizes the fact that there are a number of valid approaches and practices in existence. We believe it would be appropriate for the ComFrame to provide examples and expectations of the governance functions that should be in place; however, it should not prescribe how the functions must operate or be structured.	
67	Canada International Actuarial Association	IAIS Observer	Question 3	No. The requirements may work for those IAIG structures which use a centralized management of risk although the requirements are in general too detailed, but some active companies could view their corporate holding structure more like that of a mutual fund passive investor which does not take an active management role in the businesses. It's also not clear to us how to address a group that may actually qualify as multiple IAIG's within one larger corporate structure. We have chosen not to address this last option in our comments.	
68	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Question 3	The Group Governance requirements have enough flexibility by referencing several of the standards to the "nature, size and complexity" of the IAIG. Flexibility should be enhanced by including "risk profile" as another factor influencing how the standards apply to an IAIG. One area of Group Governance that is not included in ComFrame is the CFO or Finance function of an IAIG. This function provides critical financial information that is used by other Group Governance functions and IAIG business unit heads. Usually there is a Group Finance function similar to the other Group Governance structures in an IAIG. The IAIS should include this function in ComFrame. The function could be described as: Financial is an independent function responsible for ensuring the timely and accurate reporting and in-depth analysis of the operational results of a regulated financial institution in order to support decision making by Senior Management and the Board. Its responsibilities include: - Providing financial analysis of the FIs and business line/unit performance and the major business cases to Senior Management and the Board; - Highlighting matters requiring their attention; and - Ensuring an effective financial reporting and management information system.	
69	China China Insurance Regulatory Commission	IAIS Member	Question 3	1. We suggest IAIS makes a clearer guideline for the group control and operation autonomy of its subsidiaries, and clearly specifies management responsibilities of the group and responsibilities of its subsidiaries, so as to strengthen the pertinence of supervision. 2. The ComFrame devotes much to risk management, internal control and compliance. In practice, objectives and borderlines of these three functions overlap to a certain degree, so we	

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				suggest IAIS to clear up them. 3. The ComFrame does not introduce the firewall system to prevent transfer of risks between the group and its subsidiaries, and among its subsidiaries, so we suggest adding related contents. 4. In practice, because the strength of the Group may be weak, and the actual controller is inconsistent with the nominal governance body, we suggest that it is necessary to point out such cases.	
70	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Question 3	The group governance requirements are sufficiently flexible to accommodate different ways of structuring IAIGs and different governance models.	
71	Europe Insurance Europe	IAIS Observer	Question 3	Insurance Europe believes the right risks are covered in this element and is not aware of other risks that should be covered. However, the level of prescription as to how, or by whom, a risk should be dealt with is a real concern and thus we believe this element is not sufficiently flexible to accommodate different ways of structuring IAIGs and different governance models being used. ComFrame should not include detailed provisions regarding the organisational and functional set-up within an organisation. Instead ComFrame should set out general principles focused on areas that have to be covered thus leaving it free for groups to determine the most appropriate way to structure their operations. Otherwise through being too prescriptive ComFrame runs the risk of conflicting with an IAIG's current practices or/and national requirements whilst not necessarily dealing with the risk in question in a more appropriate manner. We, therefore, the parameters and specifications included in this element are either deleted or redrafted to make it more apparent they are only included as illustrative guidance.	
72	Germany Bundesanstalt fr Finanzdienstleistungsaufsicht	IAIS Member	Question 3	Yes, the requirements seem sufficiently flexible.	
73	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Question 3	No. Though we believe that any potential issue relating to governance is captured the level of detail and the number of dispensable requirements and definitions are likely to conflict with national/regional provisions without reasonable justification. There is significant variation in the organization and management of IAIGs due to their business strategy and legal provisions applicable in their home jurisdictions. There are issues that are not suitable for coordination at group level. Moreover, there is no uniform landscape of hierarchies and level of autonomy granted to various bodies and entities within an IAIG. Therefore, the IAIS needs to refrain from the ambition to introduce a homogeneous governance structure. Good governance should ensure that the risks arising from the business activities of an insurance undertaking are identified and carefully monitored. It should be disposed to the responsibility of the	

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				undertaking/group to establish the organizational conditions in order to meet this goal.	
74	International European Commission	IAIS Member	Question 3	While the governance related areas seem to be broadly covered, some elements could be further specified. There is e.g. no reference to the requirement of propriety (in relation to the fit&proper test, for instance in M2E1-4); similarly no reference is made to variable remuneration and the questions linked thereto (limits, deferral period, linkage to performance criteria etc.) (for instance in M2E1-6)	
75	Japan The General Insurance Association of Japan	IAIS Observer	Question 3	- The term "governing body" is not commonly used (particularly in these types of frameworks/standards) and thus makes for less-than-smooth reading. It should be substituted with a more commonly used term (as seen in ICP 7 etc.) such as "the board" or "Head of the IAIG". Any definition/scope of the term (for the purpose of ComFrame) can be set out upfront. - Regarding governance requirements at a group level, it will suffice to just require a group to have an overarching governance framework for the group as a whole (the implementation of which is centrally driven by the head of the group), and a set of standardised minimum requirements the group expects all of its entities to comply with (e.g. requirement for the IAIG to have a group-wide standard Terms of Reference for the Board of Directors, etc.). The latter requirement(s) should be high level. Setting anything more prescriptive at a group level would be impractical and impossible to uniformly implement at an entity level across the group. Therefore, this section in ComFrame can be simplified and shortened significantly. - Given that there are different forms of IAIG management, such as centralised/integrated management v. segregated/localised management, it is inappropriate to have requirements that lead to any particular style or form of management. - We understand the significance of developing a group-wide governance framework to ensure consistent internal control and risk management systems. Having said that, it is not always appropriate to have all entities of an IAIG develop the exact same systems. The principle of proportionality should apply with regard to the implementation of internal control and risk management in each entity of an IAIG.	
76	Japan The Life Insurance Association of Japan	IAIS Observer	Question 3	There is a concern that the Group Governance requirements may not be consistent with national/regional legislation(s) and market environment(s), as requirements set out in ComFrame provide detailed descriptions. With regards to governance, each jurisdiction has its own governance structure and philosophy. Therefore, we believe that the need to take the diversification of governance structures across jurisdictions into account at the consideration of the group-wide governance should be explicitly stated. Please see our comments on M2E1-5-1-1.	
77	Joint initiative CRO Forum / CRO Council	Other	Question 3	We are concerned about the level of prescription in many elements of ComFrame. ComFrame should be principles-based and allow for an optimal level of flexibility. The level of prescription undermines the necessary flexibility and principles-based approach that would enable a truly effective supervisory approach for IAIGs and avoid two regimes. There needs to be greater clarity on the different roles of the standards, parameters and specifications to highlight that	

	Juris/Org	Status	Question	Comments	Resolution of comments
				parameters and specifications provide illustrations of possible approaches without excluding alternative ways of fulfilling the same objective. ComFrame currently provides considerable detail as to how IAIGs might structure and set operating objectives for their various risk-related functions (e.g. actuarial, internal audit, compliance and risk management) and other key business functions. These need to be sufficiently flexible to recognize the effectiveness of different operating models and recognize how principles around these concepts are incorporated into existing and future supervisory regimes.	
78	New Zealand Reserve Bank	IAIS Member	Question 3	yes	
79	UK Association of British Insurers	IAIS Observer	Question 3	The scope of the governance elements is comprehensive and we do not see any areas that are inadequately covered. However, as with the rest of Module 2, the governance requirements are far too prescriptive, and in many cases potentially conflict with current practices - and indeed in some cases, the requirements conflict with legislative requirements in certain jurisdictions. Much of the detail in these elements in particular (and in the module as a whole) should be either removed or clearly designated as guidance or illustrations.	
80	UK Lloyd's	IAIS Observer	Question 3	Although the ComFrame standards appear appropriate, the parameters and specifications in this section are too prescriptive and detailed. They leave little or no flexibility to accommodate different ways of structuring IAIGs and different governance models. They should not, for example, set out detailed lists of responsibilities for key functions. Insurance groups should have flexibility as to how they manage their risks and set up their operations, as long as they ensure that the outcome is complied with. We are not aware of any areas relating to governance of IAIGs which are not adequately covered.	
81	United Kingdom Ernst & Young LLP	IAIS Observer	Question 3	The Group Governance requirements should be able to accommodate different approaches to management of the risks within the group.	
82	United Kingdom Financial Supervisory Authority	IAIS Member	Question 3	The Group Governance Standards are sufficiently flexible, but the parameters are somewhat prescriptive. In fact, the Governance material seems to be quite generic, in that it could apply to non-IAIGs, and non-financial firms in many respects. It does not appear to add anything to the ICP material - does it need fine tuning?	
83	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Question 3	As we said in our response to question 2, there needs to be a principle of flexibility throughout Module 2. We agree the proposals should recognize that there are a variety of approaches and practices and that one size does not fit all companies. ComFrame should refocus on its	

	Juris/Org	Status	Question	Comments	Resolution of comments
				goal of customization of supervisory requirements and processes for each IAIG. The best way to look at whether the governance requirements are flexible is to conduct a "field test" of the governance proposals by looking at the policies currently used in large international companies compared to the requirements. Several companies have indicated a willingness to conduct this analysis at the ComFrame Dialogues. We would suggest that these field tests be conducted this year rather than waiting for the impact assessment phase in order to evaluate the requirements being proposed.	
84	United States of America American Insurance Association	IAIS Observer	Question 3	No. It is inappropriate for regulators to dictate governance practices to an IAIG, even more so practices that do not recognize the validity and flexibility of existing best practices or requirements adopted by agencies and organizations such as the SEC, NYSE and NASDAQ. Companies should be permitted to operate differently, which is what separates them in the marketplace. Governance requirements need to recognize that there are a variety of valid approaches and practices. ComFrame should provide examples and expectations of the governance functions that should be in place; however, it should not prescribe how the functions must operate or be structured. It is not the role of the supervisor to tell companies how to structure the organization of their business; rather, supervisors should have a thorough understanding of a company's governance and identify any gaps. Group governance requirements should be satisfied by a publicly traded company's compliance with applicable securities laws in their home jurisdictions. In its present form, as discussed under the comments on each individual module, Module 2, Element 1 (Governance) presents a number of related concerns that hopefully can be rectified before the IAIG framework is finalized: First, the Governance module blurs the distinct functions of the Board of Directors (typically the "Governing Body" for a corporation) and management. Under corporate laws prevalent in many countries, the Board of Directors has an oversight/advisory role, with all operations (including legal compliance) being within the purview of management. For example, the first bullet of Parameter M2E1-2-1 provides that the IAIG's Governing Body is required to ensure "that the IAIG's group-wide business objectives and strategies do not conflict with the jurisdictional requirements applicable to the entities within the IAIG?." Assuming that the board constitutes the "Governing Body," this Parameter is squarely at odds with national corporate governance requirements in many jurisdictions. Second, the Governance Element (particularly the Parameters and Specifications under the respective ComFrame Standards) in many cases is much more detailed and prescriptive than similar standards existing under the regulatory framework that governs publicly traded corporations. Corporate governance is not a "one-size fits all" analysis. IAIGs need flexibility to	

	Juris/Org	Status	Question	Comments	Resolution of comments
				determine what is appropriate for their particular needs and circumstances. Accordingly, the standards (and the related Parameters and Specifications) should be revised to provide Governing Bodies the flexibility necessary to develop policies and procedures that fit their respective companies' particular requirements. Lastly, public companies are already subject to extensive corporate governance regulation in their respective home jurisdictions. In addition to corporate fiduciary duties (and other requirements) existing under corporate law, for example, the SEC and the NYSE have adopted a comprehensive corporate governance framework. Insurance holding companies are also subject to holding company system regulation in their domiciliary jurisdictions. It would be unduly costly, burdensome and inefficient to subject IAIGs to another completely separate corporate governance framework. Accordingly, the Governance module (if not the entire ComFrame) should recognize an IAIG's compliance with its existing regulatory framework as being compliant with the ComFrame through a principles-based, outcomes-focused approach.	
85	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Question 3	No. The Group Governance requirements appear to be written for insurance groups under fairly rigid "top-down" control, and there are many groups that are not organized in that fashion and work very well. ComFrame should not require that IAIGs implement additional controls that are not required for other groups - good supervision for IAIGs is good supervision for other insurers. These requirements may also conflict with corporate governance law in jurisdictions, such as the U.S., where boards of directors have the responsibility to oversee corporate policy but not to manage business operations.	
86	USA ACE Group	IAIS Observer	Question 3	See answer to Question 2. While ACE's approach to group governance is largely consistent with M2E1, we do not understand the purpose or effect of providing prescriptive governance requirements in ComFrame. ACE is a publicly traded company in the U.S. and as such is subject to a set of complex corporate governance requirements as well as the Sarbanes Oxley law. It is not appropriate for insurance regulators to create an additional set of detailed corporate governance requirements which are contradictory and add significant burdens and costs. Rather the role of the group supervisor should be to ascertain that the IAIG has an appropriate approach to governance that is reflected in the way it actually manages its business. Throughout Module 2 there is reference to protection of policyholders and "other stakeholders". It is our view that insurance regulation should be limited to protection of policyholders and concerns for other parties such as shareholders, bond holders or employees should be and are addressed by other venues and should not be contained in ComFrame.	
87	USA American Council of Life Insurers	IAIS Observer	Question 3	No, in the current draft, the group governance requirements are not sufficiently flexible to accommodate different ways IAIGs and different governance models function because of a number of inconsistencies in the material. There are a variety of approaches and practices to governance functions and this should be recognized by not prescribing how these functions have to operate in a business or how they should be structured. Supervisors should be focused on understanding a company's governance and understanding gaps, rather than	

	Juris/Org	Status	Question	Comments	Resolution of comments
				mandating a particular approach. Please see our comments specific to governance.	
88	USA CNA	IAIS Observer	Question 3	ComFrame should acknowledge that publicly traded insurance IAIG [heads] are broadly subject to significant securities regulation relating to governance in their home jurisdictions. It should be specifically noted that ComFrame is intended to complement those requirements and not conflict with them, with consideration given to explicit exemptions to required ComFrame compliance if IAIG is in full compliance with parallel governance requirements for listing requirements. For example, an IAIG that has an audit committee of its Board of Directors that meets the independence and authority requirements of the NYSE and SEC should be exempt from compliance with specific guidance on audit committee structure and activity set forth by ComFrame.	
89	USA Institute of International Finance - IIF	IAIS Observer	Question 3	- As noted, the parameters and specifications in Module 2 Element 1 are overly prescriptive (e.g. parameter M2E1-8-7 and -8 on compliance function). - Overall, it is essential that the governance requirements in ComFrame rely on existing bodies and their responsibilities. In many instances these are based on corporate law in individual jurisdictions which will not change because of ComFrame.	
90	USA Liberty Mutual Group	IAIS Observer	Question 3	The Group Governance requirements are not sufficiently flexible to accommodate different insurer structures and different governance models in use. The following are three examples of this: (i) ComFrame mandates a structure and role for the board of directors of a global insurer that is significantly inconsistent with the duties of a corporation's board of directors as set forth in the statutory and common law of many countries; (ii) A group-wide chief risk officer is unnecessary, because, for example, Liberty Mutual uses a robust committee process in the strong belief that responsibility for risk management should be shared across the organization and not just managed by a CRO; and (iii) It is unnecessary for a global insurer's compliance function to report to the insurer's governing body, because this is outside the scope of the traditional role of a board of directors in the United States to direct corporate policy, but not manage it.	
91	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Question 3	M2E1 assumes a role for the Board that is inconsistent with authority granted to Boards in the US. This is a major issue. In many countries, including the US, Boards play an oversight role and do not have day-to-day management responsibility for the business, which is the responsibility of senior management. We comment further on this issue in response to Question D4 (Module 2 Element 1 Group Governance) below. In addition, where Standards and at times Parameters appear to recognize the need for flexibility (eg Parameter M2E1-2-1) certain Parameters and most Specifications are much too detailed to be of use in a multi-jurisdictional framework. We understand that detail in certain Specifications may be intended as illustrations of what might be expected under a corresponding Parameter. However, the current wording permits no flexibility and reads as a requirement. We comment further on these issues in our response to M2E1 below but would	

	Juris/Org	Status	Question	Comments	Resolution of comments
				strongly recommend that ComFrame be reworded to recognize the oversight role of Boards in many jurisdictions and the need for greater flexibility in group-wide governance, internal control and risk management policies.	
92	USA NAIC	IAIS Member	Question 3	There is still some inconsistency within the material regarding the flexibility allowed in meeting group governance expectations. Suggest an editorial review of this section as the prescriptiveness that comes across in some of this material is likely unintentional. ComFrame should allow an IAIG the flexibility to structure corporate governance functions and processes in a manner that best suits the specific needs of the IAIG. The objectives of a group-wide corporate governance framework are to ensure that systems, policies and procedures are in place to effectively and efficiently provide for sound management and oversight of a group's business. An IAIG's corporate governance framework should take into account and manage specific and/or additional risks to which it may be exposed due to its international activities. The minimum role of "functions" at the group level should be to coordinate, monitor and oversee decentralized functions that are in place at the entity level and take responsibility for aggregating the impact of those functions at the group level. If a group chooses to centralize these functions more or fully, that should be their choice, but it should not be mandated. Governance requirements need to recognize that there are a variety of approaches and practices. ComFrame should provide examples and expectations of the governance functions that should be in place; however it should not prescribe how the functions must operate or be structured. It is not the role of the supervisor to tell companies how to structure the organization of their business; rather supervisors should have a thorough understanding of a company's governance and identify any gaps. The relevant areas of governance for ComFrame purposes appear to be adequately covered at this point.	
93	USA Northwestern Mutual	IAIS Observer	Question 3	As noted in our response to Question 2, ComFrame presumes both a level of supervisor involvement in company decision-making that is inconsistent with the division between management responsibilities and supervisory responsibilities under the US system of regulation and presumes a level of board involvement in management decisions that is inconsistent with the respective roles of board and management under the US system of corporate governance.	
94	Various International Network of Insurance Associations	Other	Question 3	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA).	

	Juris/Org	Status	Question	Comments	Resolution of comments
				Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federaci�n Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA) No. It is inappropriate for regulators to dictate governance practices to an IAIG, even more so practices that do not recognize the validity and flexibility of existing best practices adopted by organizations such as the SEC, NYSE and NASDAQ. Companies should be permitted to operate differently, which is what separates them in the marketplace. Principles of "good governance" should recognize that there are a variety of valid approaches and practices. While it is appropriate for ComFrame to provide examples and expectations of governance functions, it should not prescribe how the functions must operate or be structured. It is not the role of the supervisor to tell companies how to structure the organization of their business; rather, supervisors should have a thorough understanding of a company's governance and, in concert with the company's management, identify any gaps. Group governance principles should be satisfied by a publicly traded company's compliance with applicable securities laws in their home jurisdictions. In its present form, as discussed under the comments on each individual module, Module 2, Element 1 (Governance) presents a number of related concerns that hopefully can be rectified before the IAIG framework is finalized: First, the Governance module blurs the distinct functions of the Board of Directors (typically the "Governing Body" for a corporation) and management. Under corporate laws prevalent in many countries, the Board of Directors has an oversight/advisory role, with all operations (including legal compliance) being within the purview of management. For example, the first bullet of Parameter M2E1-1-1 provides that the IAIG's Governing Body is required to ensure "that the IAIG's group-wide business objectives and strategies do not conflict with the jurisdictional requirements applicable to the entities within the IAIG?." Assuming that the board constitutes the "Governing Body," this Parameter is squarely at odds with national corporate governance requirements in many jurisdictions.	

	Juris/Org	Status	Question	Comments	Resolution of comments
				Second, the Governance Element (particularly the Parameters and Specifications under the respective ComFrame Standards) in many cases is much more detailed and prescriptive than similar standards existing under the regulatory framework that governs publicly traded corporations. Corporate governance is not a "one-size fits all" analysis. IAIGs need flexibility to determine what is appropriate for their particular needs and circumstances. Accordingly, the standards (and the related Parameters and Specifications) should be revised to provide Governing Bodies the flexibility necessary to develop policies and procedures that fit their respective companies' particular requirements. Lastly, public companies are already subject to extensive corporate governance regulation in their respective home jurisdictions. Insurance holding companies are also subject to separate, specific regulation in their domiciliary jurisdiction. It would be unduly costly, burdensome and inefficient to subject IAIGs to another completely separate corporate governance framework. Accordingly, the Governance module (if not the entire ComFrame) should recognize an IAIG's compliance with its existing regulatory framework as being compliant with ComFrame through a principles-based and outcomes-focused approach.	
Question 4					
95	Belgium National Bank of Belgium	IAIS Member	Question 4	More focus should be put on the outputs in relation to the supervision of ERM processes in IAIGs. For instance, the IAIG should produce at least annually a comprehensive risk report which discusses risk management practices and results of own assessments across the group (e.g. the ORSA). This report should form the basis for in-depth analyses by supervisors and discussions between the IAIG and the members of the supervisory college. More specific risk reports may be required also, for instance, in relation to the introduction of new risk models or risk assessments on activities which are outsourced to a third party (e.g. asset management).	
96	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Question 4	The ERM Module 2 Element 2 is very comprehensive and prescriptive. As previously stated the Module needs to take into consideration that insurance groups may employ different approaches to ERM that is appropriate to the nature, scale and complexity of the group. ERM is a function of how a group manages its risk and capital across the group and is the differentiating factor of how the group manages itself from another group. ERM continues to evolve as a practice and principles rather than prescription can recognize that evolution to the benefit of the IAIS goals. Again, ABIR supports a set of ERM principles and not a set of prescriptive requirements.	
97	Canada Canadian Institute of Actuaries	Other	Question 4	As our specific comments indicate, we see a number of the parameters as overly detailed, onerous for both the IAIG and the supervisors, and unnecessarily prescriptive. ERM is an evolving art and IAIGs need scope to adopt new approaches.	
98	Canada Canadian Life & Health	IAIS Observer	Question 4	In line with the drivers of ComFrame, we would urge that the emphasis be on providing supervisors with the necessary tools to better understand an IAIGs Enterprise Risk	

	Juris/Org	Status	Question	Comments	Resolution of comments
	Insurance Association Inc.			Management (ERM) practices and to assess their adequacy and not go so far as to prescribe a specific ERM form. A more complex framework that sets out prescriptive requirements poses its own risks by stifling innovation and reducing competition which in turn can lead to less product offerings and higher prices for consumers and policyholders. Moreover, it risks creating competitive inequities in the market between those companies designated as IAIGs and those which are not. In addition, we view ERM as being a useful internal tool to inform what the appropriate amount of capital is that a company should hold, but it should not be used to directly calculate capital requirements. We support the inclusion of ORSA's into this section of the ComFrame as we consider them to be a valuable tool through which the adequacy of a company's risk management practices and solvency needs (both present and future) can be ascertained.	
99	Canada International Actuarial Association	IAIS Observer	Question 4	The approach outlined does reflect current sound ERM concepts and methods as practiced by many insurers. But an adequate and comprehensive platform will need to include the wise and thoughtful translation of the ERM information and actions used to manage a company to the ERM information and actions needed by regulators to soundly manage their oversight of an industry from failure. The same concepts used by companies in Module 2 could be translated and included in Module 3. This would also help link the evolution and enhancement of corporate ERM practice with the evolution and enhancement of the regulatory practice. As mentioned before, it will be important to consider what rewards and punishments regulators might use across jurisdictions when corporate or regulatory practice falls short of these current best practice expectations.	
100	China China Insurance Regulatory Commission	IAIS Member	Question 4	1. Related requirements for risk management are very comprehensive. We suggest IAIG establishing suitable and appropriate ERM for risk management according to regulations of regulatory bodies. 2. It is probably difficult to use the same risk management tools in the emerging insurance market as in the mature market, so we suggest implementing them gradually.	
101	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Question 4	More focus should be put on the outputs in relation to the supervision of ERM processes in IAIGs. For instance, the IAIG should produce at least annually a comprehensive risk report which discusses risk management practices. Additionally an IAIG should prepare own risk assessments across the group (e.g. the ORSA). This report should form the basis for in-depth analyses by supervisors and discussions between the IAIG and the members of the supervisory college. EIOPA thinks some requirements are not relevant (on independent review of ERM) and some drafting may be enhanced to avoid any confusion (see detailed comments).	
102	Europe Insurance Europe	IAIS Observer	Question 4	The ERM requirements in ComFrame are too prescriptive and restrict the flexibility of an IAIG to most appropriately monitor and manage its risk. ComFrame should instead focus on facilitating supervisors understanding of an IAIG's ERM practises and assessing their	

	Juris/Org	Status	Question	Comments	Resolution of comments
				adequacy.	
103	Germany Bundesanstalt fr Finanzdienstleistungsaufsicht	IAIS Member	Question 4	Generally, it is a good basis. However, we have several detailed comments in our statement, which you might consider.	
104	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Question 4	Insurers make it their business to understand risk, which is why they have been leaders in recent years in the efforts to develop and implement enterprise risk management (ERM) techniques. We recognize the importance of an enterprise risk management framework from a supervisory perspective which needs to be addressed in ComFrame as well. Though we believe that all important aspects and risks are considered in Element 2 we reiterate our concern with the level of prescription. Implementing an ERM-framework is an evolving and continuous process which requires a great deal of flexibility.	
105	International European Commission	IAIS Member	Question 4	Overall the approach to ERM seems to be comprehensive.	
106	Japan The General Insurance Association of Japan	IAIS Observer	Question 4	ERM requirements at a group level should be principles-based and high level. They should come in the form of a group risk management policy (that covers for instance the group's policy on ORSA, risk-profile reporting, risk-appetite setting, and risk-limit setting and allocation, etc.). How each entity complies with these relevant group policies (in accordance with local rules and regulations) should be left to them, provided they are backed by a verification process, i.e. regular inspections, audits and monitoring by the head of the group (or delegated entity). Therefore, this section in ComFrame can be simplified and shortened significantly.	
107	Japan The Life Insurance Association of Japan	IAIS Observer	Question 4	Yes, though we see a need to describe conditions that necessitate the application of additional requirements in setting out such requirements beyond the current ICP 16.	
108	Joint initiative CRO Forum / CRO Council	Other	Question 4	Over all the CROF and CROC are comfortable with a strong reliance on ERM under ComFrame. This should be a key characteristic of the group supervisory regimes to be recognized under ComFrame. The focus of ComFrame should be to encourage an IAIG to demonstrate the effectiveness of its ERM framework within its own operating environment and culture. IAIGs have different strategic, operating and risk management goals and objectives. IAIGs operate on a spectrum of risk management and governance models that reflect varying degrees of centralization tailored to their unique business models. For the industry as a whole, this diversity should be encouraged rather than stifled within the supervisory framework. We highlight the following issues: Whilst the role of Risk Management on investments is of utmost importance, we recommend that undertakings are provided with adequate flexibility to pursue their intended investment strategies. A principles-based approach is appropriate at both group and solo levels. Artificial	

	Juris/Org	Status	Question	Comments	Resolution of comments
				limits and restrictions will drive IAIGs towards similar asset allocations, creating concentrations leading to pro-cyclicality and systemic risk issues. The principles should also explicitly recognize that, fundamental to their purpose, IAIGs should take risk to produce economic returns that attract capital to this critical industry and provide robust product choices for individuals and institutions. Regulatory frameworks should explicitly recognize that their goal is not the elimination of volatility and losses, but preserving IAIGs ability to provide policyholders with the contractual benefits they have committed to. ComFrame currently provides considerable detail as to how IAIGs might structure and set operating objectives for their various risk-related functions (e.g. actuarial, internal audit, compliance and risk management) and other key business functions. These need to be sufficiently flexible to recognize the effectiveness of different operating models and recognize how principles around these concepts are incorporated into existing and future supervisory regimes. Finally, some of the ComFrame requirements on ERM are difficult to interpret: most of the language has been transposed directly from the ICPs (which are applicable to Supervisors) to the ComFrame standards (applicable to IAIGs). In doing so, there are some areas where the requirement does not make sense to the IAIG - simply due to the differing role a supervisor would have (based on the ICPs) in comparison to an IAIG (depicted in the ComFrame standards).	
109	New Zealand Reserve Bank	IAIS Member	Question 4	yes	
110	UK Association of British Insurers	IAIS Observer	Question 4	Continuing the theme of Module 2, the approach to ERM is once again highly prescriptive. Rather than specifying exactly what IAIGs' ERM processes should look like, ComFrame should focus more on outcomes - ensuring that supervisors are able to understand ERM practices and to identify in each instance whether they are appropriate and sufficient in view of the nature of the particular group's business. In practice, IAIGs' ERM practices will evolve over time and the process for revisions to ComFrame is unlikely to be able to keep pace with such changes. As such the level of prescriptiveness in this area would then become even more problematic, whereas a more outcomes-focussed approach would be both more aligned with the overall objective of ComFrame and also more flexible to adapt to future developments.	
111	United Kingdom Ernst & Young LLP	IAIS Observer	Question 4	The ERM requirements should be sufficiently flexible to accommodate different approaches to management of the risks within the group. It is important that the framework recognises effective risk management, whether that management is centralised or decentralised, bottom-up or top-down, tactical or strategic, and so forth. Activities of a given nature and scale may be susceptible to more than one approach to risk management.	
112	United Kingdom	IAIS	Question 4	Yes	

	Juris/Org	Status	Question	Comments	Resolution of comments
	Financial Supervisory Authority	Member			
113	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Question 4	There is a need for flexibility regarding ERM processes. Rigid requirements will hamper the development of improvements in the developing field of ERM.	
114	United States of America American Insurance Association	IAIS Observer	Question 4	We believe Module 2 Element 2 is overly prescriptive. ComFrame's emphasis should instead be placed on supervisory understanding of an IAIG's ERM practices and assessing their adequacy, rather than on dictating specific ERM practices. Best practices related to ERM will evolve over time. ComFrame needs to be flexible enough to change and be able to address such best practices of IAIGs. ERM should not be used to calculate capital requirements. Regulators should not assume responsibility for ERM, e.g., by determining the level of economic capital. Companies decide how much capital they need to run their business and obtain the desired credit ratings.	
115	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Question 4	The requirement that the group-wide ERM Framework be independently reviewed on an annual basis is unworkable. Since some groups believe that responsibility for risk should be shared across the organization and do not concentrate this function in one officer, ComFrame should not require a Group Chief Risk Officer.	
116	USA ACE Group	IAIS Observer	Question 4	See response to Question 2. ACE undertakes a comprehensive approach to ERM which meets the requirements of M2E2, however, our view is that ComFrame is much too prescriptive in its approach to ERM. ACE has an Enterprise Risk Management Board which is chaired by our Chief Risk Officer, includes members of senior management and meets monthly. We have centralized oversight of certain areas such as reinsurance and investment strategy and have strong support from the functional support areas of Compliance, Treasury, Actuarial and Internal Audit providing direction in internal standard setting and consistency for local entities. This model works for ACE but may not be appropriate for other IAIGs, nor should it and, ComFrame should not attempt to dictate a one-size fits all approach to ERM. Rather than trying to dictate to companies exactly how they undertake ERM, ComFrame should provide guidance for regulators to assist in their review of an IAIG ERM process. That review should not be a check-the-box review to see if certain elements are present. Instead it should be a qualitative review of whether the IAIG has an ERM approach which is adequate and tailored to the IAIG business and which can be demonstrated to be in use throughout the IAIG.	
117	USA American Council of Life Insurers	IAIS Observer	Question 4	As drafted, the approach is not practical. The Standard M2E2-2 seems to require the IAIG to have a comprehensive statement, on a day-to-day basis, of all risks, whether material or not. We recommend deleting the words "relevant and" and "day-day [sic]." The Standard M2E2-4 seems to require that the CRO is responsible for ensuring adherence to that level of detail,	

	Juris/Org	Status	Question	Comments	Resolution of comments
				which is not practical either. The draft Parameters and Specifications assume that all IAIGs do operate or should operate similarly. ERM practices will vary within each IAIG because each has different risks, business strategies, and organizational structures. We would recommend that the emphasis be refocused to enhancing supervisory understanding of the IAIG's ERM practices	
118	USA CNA	IAIS Observer	Question 4	As we noted in our answer to General Question 2, we believe the approach to ERM in Module 2, Element 2, can be read as being proscriptive of ERM practices. As the nature and materiality of risks faced by IAIGs is varied, the practices used to manage those risks are varied. While many aspects of ERM noted in Module 2 Element 2 would be present in many IAIGs, we believe it is unlikely that most IAIGs, particularly those that have not been significantly subjected to Solvency II implementation across the IAIG (such as those with significant US operations), currently would have ERM frameworks in full compliance with Module 2 Element 2. Rather, we believe Module 2 Element 2 can be interpreted as overly proscriptive and excessive. We believe the emphasis should be place on Supervisory understanding of IAIG ERM practices and assessing their adequacy, not that an IAIG's practices should be established adhering to the proscriptive nature of M2E2.	
119	USA Institute of International Finance - IIF	IAIS Observer	Question 4	- Here too we believe that the standards are helpful and comprehensive but that the parameters are overly detailed and somewhat overlapping in places. Their status, as between hard requirements and illustrations, remains unclear. In general, we believe that the parameters could be streamlined into a small number of bullet points and their status clarified. - It is important that Element 2 addresses ERM in a comprehensive way. We support the emphasis on ORSAs which should fully reflect individual companies' risk profiles and, as such, are a very important element for the supervision of ERM processes in IAIGs. - However, focus should not only be on ORSA but rather on a pro-active and strong risk management. Supervisors should ensure that risk management within a firm reflects sound industry practices.	
120	USA Liberty Mutual Group	IAIS Observer	Question 4	ERM is done on a group-wide basis and not at the legal entity level. Module 2 Element 2 ignores this fact.	
121	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Question 4	Please see our comments to M2E1 and M2E2 below	
122	USA NAIC	IAIS Member	Question 4	The current draft seems adequate and comprehensive at this point. Work on reducing duplication and/or overlap with Module 2 Element 1 will improve and clarify the material on ERM and corporate governance.	

	Juris/Org	Status	Question	Comments	Resolution of comments
				ComFrame should identify the main components of effective ERM that addresses all relevant and material risks without prescribing a particular form to the IAIG. An IAIG should have an enterprise-wide risk management framework which addresses all relevant and material risks. Best practices related to ERM will evolve over time. ComFrame needs to be flexible enough to change and be able to reflect such best practices of IAIGs. Additionally, the ORSA should be sufficiently flexible in its form and content to accurately reflect the IAIG's nature, scale, and complexity. The ORSA should reflect a clear assessment of the IAIG's risk management and its current, and likely future, group solvency position. The ORSA should provide a clear understanding of the material intra-group transactions and exposures, reliance on particular entities for management and other services provided, and the extent of support provided by entities within the group.	
123	USA Northwestern Mutual	IAIS Observer	Question 4	The approach to ERM in Module 2 Element 2 is overly prescriptive. For example, Parameter M2E2-2-2 requires centralization of outsourcing decisions. It is unrealistic for ComFrame to attempt to specify a set of ERM practices applicable across internationally active insurance groups. Instead, ComFrame should focus, as the question suggests, on providing a platform for supervisors to cooperate and coordinate on their supervision of ERM processes in IAIGs.	
124	USA Prudential Financial, Inc.	IAIS Observer	Question 4	ERM Programs and ComFrame: Prudential Financial welcomes the enhanced focus on ERM frameworks in the current draft (Module 2 - Element 2) and believes it is a significant step forward. While the current draft notes that ERM frameworks are different for each IAIG, the various parameters and specifications in Module 2 - Element 2 appear to assume that IAIG's operate (or should operate) under a "one size fits all" or standardized ERM model. As we believe the IAIS understands, this is not the case. ERM programs are firm-specific, because risks vary from group to group. The ComFrame processes in Module 2 should allow for flexibility in ERM practices so that firms may appropriately manage their specific, diversified risks. One ERM regime should not be applied across all jurisdictions and across all IAIG's. A single ERM template or standardized requirements hold the high potential for supervisors and firms alike to miss unidentified or unexpected risks that may arise. ComFrame should, instead, look to ensure that IAIG's, in coordination with group and involved supervisors, have appropriate regimes in place that foster comprehensive ERM strategies to encourage the identification and management of material risks that face an IAIG. As ComFrame continues to evolve, the IAIS should use the coming year to increase institutional and supervisory understanding of the diverse ERM programs across IAIG's. To this end, Prudential encourages the IAIS and insurance supervisors to directly engage with industry practitioners (CRO's, CFO's etc) through distinct ERM specific seminars/meetings	

	Juris/Org	Status	Question	Comments	Resolution of comments
				over the next 12-15 months. We believe this would be an important and practical complement the ongoing ComFrame dialogue process.	
125	Various International Network of Insurance Associations	Other	Question 4	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federaci�n Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA) We believe Module 2 Element 2 is overly prescriptive. ComFrame's emphasis should instead be placed on supervisory understanding of IAIG ERM practices and assessing their adequacy, rather than on dictating specific ERM practices. Best practices related to ERM will evolve over time. ComFrame needs to be flexible enough to change and be able to address such best practices of IAIGs. ERM should not be used to calculate capital requirements. Regulators should not assume responsibility for ERM, e.g., by determining the level of economic capital. Companies decide how much capital they need to run their business and obtain the desired credit ratings.	
Question 5					
126	Belgium National Bank of Belgium	IAIS Member	Question 5	No, the first standard of module 2 element 3 should be much more comprehensive. It should require IAIGs not only to establish a transparent group structure, but also to develop a group structure which allows for an effective form of group supervision. Groups which unnecessary complex structures should be required to simplify their structures or to take due consideration of the related risks in their own risk and solvency self assessments. This should provide supervisors with a clear basis to enhance the requirements of overly complex and opaque groups. For instance, they should be able to impose consolidation requirements for solvency purposes for groups which explicitly avoid developing group structures such as large private equity groups with various related stand-alone insurance companies and unregulated entities.	

	Juris/Org	Status	Question	Comments	Resolution of comments
127	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Question 5	The current draft seems sufficiently comprehensive at this point. A principles-based approach towards group structure and strategy is appropriate given the complexity and variety of IAIGs.	
128	Canada Canadian Institute of Actuaries	Other	Question 5	Intra-group guarantees are an important part of structure that needs to be considered. It should be noted that transparent structure is as important for management as it is for supervision.	
129	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Question 5	Again, in keeping with the drivers of the ComFrame, the goal here should be to ensure that supervisors develop a clear understanding of an IAIG's group structure as well as its ERM strategy going forward. We find this section takes an overly prescriptive approach to address the potential risks that were identified. Such an overly complex approach can have serious consequences for the IAIG in terms of increased compliance costs and potentially less business freedom with ramifications on current operations, creativity and product innovation. Ultimately, such developments inevitably mean that consumers and policyholders will be negatively impacted through less choice and/or higher premiums.	
130	Canada International Actuarial Association	IAIS Observer	Question 5	We agree that intra-group guarantees, transactions, loans and reinsurance are an important part of the IAIG structure that needs to be considered. A transparent structure is as important for management as it is for supervision. A similar awareness will be helpful for possible regulatory agreements that develop for how regulators might act in a crisis to use intra group dynamics as a mitigation tool. One challenge is that even extensive documentation is no guarantee of an actual awareness at a management or regulatory level.	
131	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Question 5	The section may not be sufficiently comprehensive. The title of the standards for this section all mention "from an ERM perspective". However, there is not sufficient language to link the standards, parameters or specifications to the Group ERM in element M2E2. There do not appear to be linkages from the Group ERM to Group Structure and Strategy. This raises questions as to the ComFrame expectations in this area.	
132	China China Insurance Regulatory Commission	IAIS Member	Question 5	The complexity and governance framework of IAIG businesses are different and can bring about different control to each financial sector and jurisdiction. We suggest IAIG should follow the principles of ComFrame and formulate applicable risk management and control systems according to the regulatory rules of the home country and its own conditions.	
133	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Question 5	No, the first standard of module 2 element 3 should be much more comprehensive. Groups with unnecessarily complex structures should be required to simplify their structures or demonstrate full alignment of the management and control structure and practice to such complex structures and to take due consideration of the related risks of such complex structures in their own risk and solvency assessment (ORSA). This should provide supervisors	

	Juris/Org	Status	Question	Comments	Resolution of comments
				with a clear basis to enhance the requirements and supervision of overly complex and opaque groups.	
134	Europe Insurance Europe	IAIS Observer	Question 5	The requirements in this section are too detailed and prescriptive. This element along with most, if not all of Module 2, would benefit from greater clarity on the relationship between standards, parameters and specifications. In this regard, the specifications and parameters should be more clearly drafted and explicitly referenced as providing only illustrative guidance of how a standard could be complied with. The need for an IAIG to maintain a plan for use in a gone concern situation is excessive. Differences in the business models between insurers and banks and the resulting impact this has on their resolvability obviates the need for such plans to be drawn up in advance. Time will be available for a plan to be developed and tailored to the event in question should there be a need. This will not only be more efficient in terms of supervisors/ the IAIGs resources but it should ensure that the plan is appropriately designed to deal with the situation in question. With respect to contingency plans, although they can be a useful tool for IAIGs to ensure the full range of potential material risk are identified and tracked with potential mitigating responses pre-planned, the prescriptive requirements as to what these plans should cover are excessive and go much further than is appropriate for a contingency plan. For example, the requirement to include detail on how an IAIG might reposition its business strategy or restructure is inappropriate and unnecessary and should be deleted.	
135	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Question 5	In general, we are concerned with the emphasis on structure and strategy issues. Both areas belong to the core responsibility of the group's management and are not directly related to the IAIG's risk profile. The number of detailed requirements is likely to interfere with these responsibilities. In particular, we do not agree with the obligation to maintain contingency plans in going and gone concern situations. Unlike banks, insurers usually wind up over a longer timeframe in a gone concern scenario which will give both undertakings and supervisory authorities sufficient time to work out adequate resolution plans which are tailored to the concrete events and situations. It creates a massive burden for undertakings with little additional benefit for supervisors to require such plans in advance. Contingency plans in going concern situations also provide little additional value since there is a multiplicity of possible triggers for stressed situations which require different responses. Therefore, we believe that comprehensive ex ante plans cannot exist effectively.	
136	International European Commission	IAIS Member	Question 5	Overall the provisions included in both sections are of a rather high-level nature. Therefore, comprehensiveness seems to be ensured. However, the risk remains that these provisions may leave considerable room for various interpretations. What are, for example, the criteria against which to measure whether a group structure is "sufficiently transparent" (M2E3-1)? Similarly what is exactly meant by a "clear identification" of the legal and management structures? We would recommend more direct cross-references to relevant standards and the	

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				use of more specific wording.	
137	Japan The General Insurance Association of Japan	IAIS Observer	Question 5	Although the section is comprehensive, reporting requirements should be further sorted and simplified in order to avoid overburdening the insurers.	
138	Joint initiative CRO Forum / CRO Council	Other	Question 5	ComFrame currently provides considerable detail as to how IAIGs might structure and set operating objectives for their various risk-related functions (e.g. actuarial, internal audit, compliance and risk management) and other key business functions. These need to be sufficiently flexible to recognize the effectiveness of different operating models and recognize how principles around these concepts are incorporated into existing and future supervisory regimes.	
139	New Zealand Reserve Bank	IAIS Member	Question 5	yes	
140	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	Question 5	We think that the part of the 2012 ComFrame Draft relating to the risk assessment regarding Strategy is not comprehensive enough. We believe that it is important to assess a number of key documents of groups in order to form an adequate view. As a result the specifications lack to outline the key elements which are required to be able to understand and judge a group's strategy from a risk management perspective, such as: - Key documents: Group financial targets for the main entities and the contributions of the main segments (life, non-life) to these targets, business plan, capital plan, M&A strategy - Gap analysis comparing the strategy and its implementation - Measures to be taken in the short-, medium and long-term ranges	
141	UK Association of British Insurers	IAIS Observer	Question 5	We strongly oppose any requirement for IAIGs to maintain plans for use in "gone concern" situations - this is functionally indistinguishable from a resolution plan, which the IAIS clearly state in the introduction should not be required of IAIGs.	
142	UK Lloyd's	IAIS Observer	Question 5	We note that requirements contained in Group Structure and Strategy section aim at addressing risks arising from highly complex structures and business combinations of insurance groups. This is an understandable and justified objective. However, we do not see how this would apply to solo entities, which are not part of a group. As detailed in our answer to Question 2, solo entities are not impenetrable and convoluted by default, since they do not have any affiliated entities, which could increase their complexity. The IAIS question demonstrates that the mischief that it is trying to address is not found in the case of solo entities. This reinforces our position that solo entities, which are not part of a group, should be excluded from the scope of ComFrame.	
143	United Kingdom	IAIS	Question 5	Generally, yes. However more mention could be made of capital instruments other than	

	Juris/Org	Status	Question	Comments	Resolution of comments
	Ernst & Young LLP	Observer		shares (e.g. subordinated debt or contingent loans), and examples given of what is meant by interrelations/interlinkages in specification M2E3-2-1-1. Also in the related section M2E5-1-3-1, reinsurance appears to be given low profile when one considers that intra-group reinsurance is often used in insurance groups. It is suggested to add alternative risk transfer to the list, as these arrangements may also represent intra-group exposures.	
144	United Kingdom Financial Supervisory Authority	IAIS Member	Question 5	Yes, but is very repetitive of what has been covered in M2E1 and M2E2. Could be substantially rationalised.	
145	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Question 5	The IAIS should take a principles-based approach to group structure recognizing that groups vary greatly in their structure based on their business and management approach.	
146	United States of America American Insurance Association	IAIS Observer	Question 5	Group structure and strategy (M2E3-1) - Requiring an IAIG to "make[] and keep[] its group structure transparent in order not to impede effective group-wide supervision" approaches the issue from the wrong perspective and would stifle innovation and creativity. It is sufficient that IAIGs provide supervisors with enough information to understand their respective group structures. Continued operation in periods of stress (M2E3-5) - "Living will" provisions (or language that connotes a similar function) should be deleted, since it is impossible to foresee all "plausible adverse scenarios." In addition, the business models of insurers ensure that sufficient time should be available should an insurer run into financial difficulty for a tailor-made plan to be developed to deal with the situation in question. IAIG's strategy from an ERM perspective (M2E4) - These provisions are too prescriptive and might interfere with what companies are currently doing. Sharing such strategic information outside of a company, even outside of a certain level of management, could increase the chances for a leak of information and loss of a "first-mover" advantage in the marketplace. Insurers already are subjected to significant reporting and approval requirements related to acquisitions, inter-company transactions, reinsurance, and the introduction of new product policy forms. Any new reporting requirements should be subjected to legislative scrutiny before being introduced. Intra-group transactions and exposures from an ERM perspective (M2E5) - We object to the notion in Parameter M2E5-1-1 that material intra-group transactions "may be subject to approval by host supervisors." It should be sufficient that these transactions are transparently disclosed so supervisors can understand them.	
147	United States of America Property Casualty Insurers	IAIS Observer	Question 5	This section should not be prescriptive but should illustrate to group-wide and involved supervisors the types of risks that flow from group structure of which they need to be aware.	

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	Association of America (PCI)				
148	USA ACE Group	IAIS Observer	Question 5	See response to Question 2. ACE maintains a transparent group structure with clear legal entity and management structures. This element again is too prescriptive and tries to mandate one approach for all international groups. ComFrame should not attempt to regulate so precisely every aspect of managing an IAIG so that all IAIGs have similar structures and strategies. Such a result will diminish choice in the marketplace and discourage innovation and prudent risk taking. For instance, M2E3-3-1-2 suggests that a "competence centre" for a line of business may create risks. ACE maintains product boards for certain lines of business which cross legal entity and management lines of responsibility. Rather than creating risk, these product boards provide platforms for the sharing of emerging trends and developments that enables us to minimize and better manage risk and importantly, to identify opportunities for the development of new products. While unintentional, the pervasive standardization prescribed throughout ComFrame will result in less diversity which could lead to greater risk for the industry. We also disagree with provisions that purport to require IAIGs to advise the group supervisor of changes to its legal or management structure or changes to its strategy, business model or activities. Current law already provides specific circumstances under which notification to and sometimes approval by the legal entity supervisor(s) is required. ComFrame should not attempt to dictate additional, burdensome notification requirements on IAIGs but rather should defer to the existing law applicable to insurance entities.	
149	USA American Council of Life Insurers	IAIS Observer	Question 5	Some language in M2E3 through M2E6 is overly prescriptive, which we do not believe is appropriate or useful. M2E3: We agree with the stated purpose of the Element, but suggest rethinking the "hindrance" concept. As there is not agreement on what "group supervision" is, the phrase "so [it] will not be hindered" is not meaningful. Similarly Parameter M2E3-1-1 should be rephrased. M2E4: Again, we agree in general with the purpose of the Element. We think that deciding what is a "clear explanation" should be a collective decision within the supervisory college after consultation with the IAIG, and we urge incorporating a Parameter to that effect. M2E5: While we agreed with the statement of purpose, we have questions about how this would operate in practice and, depending on that, whether it would be practical. It might be more practical, for example, that the IAIG report to the lead of a sub-college, which would then be responsible for identifying for participants in the parent college(s). M2E6: The Standards within this Element are entirely prescriptive, as drafted, and we object strongly to those aspects. It implies that every IAIG must be centralized and have a unitary policy on every aspect of its operations that applies uniformly to all of its operations, wherever located. The language must be revised to recognize that IAIGs may have decentralized operations and several or many policies on each aspect.	
150	USA	IAIS	Question 5	- Again, the ICP language can not just be copied but needs to be appropriately tailored to its	

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	Institute of International Finance - IIF	Observer		intended audience. - Element 3 (Group structure) is too detailed (see e.g. specifications related to parameter M2E3-5-3). - It is not quite clear that standard M2E3-5 belongs in this section, but rather in M2E2. - Element 4 (Group strategy) needs more clarification regarding the likely role of the supervisor. A major concern is that the supervisors may take a too active role in influencing or approving the group strategy. Supervisors have a legitimate and valuable role in challenging business models and group strategy. But they should not approve a group structure or strategy. We agree however that they should be pro-actively informed and understand a group's structure and strategy. - Again, it needs to be clarified that being complex in itself by no means implies that a group is an IAIG.	
151	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Question 5	We have several comments. See Module 2 Elements 3 - 5 below.	
152	USA NAIC	IAIS Member	Question 5	The current draft seems sufficiently comprehensive at this point. Taking a principles-based approach towards group structure and strategy is appropriate given the complexity and variety of IAIGs and should allow the supervisors to achieve the desired outcomes. The group-wide supervisor should have a clear understanding of the IAIG's group-wide business activities and risks posed to the insurance group. The group-wide supervisor should have an understanding of the IAIG's strategy, which includes among other things, the business model, market share and geographic emphasis, and non-insurance business activities.	
153	USA Northwestern Mutual	IAIS Observer	Question 5	Aspects are overly prescriptive and/or seem to mix the objectives of ComFrame with those of systemic risk/financial stability. Therefore, to the extent these provisions are considered to be directly applicable to companies, they are likely to create confusion and unnecessary costs. For example, parameter M2E3-5-3 and the associated specifications, require contingency plans for "going and gone concern situations". Status as an IAIG is not, of itself, an appropriate basis for requiring such plans and procedures and such work completed in the abstract may prove to be of little value in the event of an actual crisis. ComFrame should instead focus on developing the connections between involved supervisors of an IAIG pre-crisis so that they are prepared to work together and communicate effectively in the event of an actual crisis.	
154	Various International Network of Insurance Associations	Other	Question 5	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI)	

	Juris/Org	Status	Question	Comments	Resolution of comments
				American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federaci�n Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA) Group structure and strategy (M2E3) - Requiring an IAIG to "make() and keep() its group structure transparent in order not to impede effective group-wide supervision" approaches the issue from the wrong direction and would stifle innovation and creativity. It is sufficient that IAIGs provide supervisors with enough information to understand their respective group structures. Continued operation in periods of stress (M2E3-5-3) - "Living will" provisions (or language that connotes a similar function) should be revised, as it is impossible to foresee all "plausible adverse scenarios." In addition, should an insurer run into financial difficulty, the business models of insurers already provide that time should be available for a tailor-made plan to be developed to deal with the situation in question. IAIG's strategy from an ERM perspective (M2E4) - As drafted, these provisions are overly prescriptive. Sharing such strategic information outside of a company, even outside of a certain level of management, could increase the chances for a leak of information and loss of a "first-mover" advantage in the marketplace. Insurers already have significant reporting and approval requirements related to acquisitions, inter-company transactions, reinsurance, and the introduction of new product policy forms. These reports would be presumably be funneled to the relevant college, as part of the supervisory cooperation and coordination process. Intra-group transactions and exposures from an ERM perspective (M2E5) - We believe Parameter M2E5-1-1 (material intra-group transactions "may be subject to approval by host supervisors") is not workable. It should be sufficient that these transactions are reported as currently required and then shared with the college so supervisors can understand any impact on the IAIG.	
Question 6					
155	Belgium National Bank of Belgium	IAIS Member	Question 6	Although some observers and members have raised concerns about basing the ComFrame requirements on IFRS, there is no reason why the IAIS should decide to change the basis of valuation for ComFrame or to open the door for other accounting approaches. The IAIS should	

	Juris/Org	Status	Question	Comments	Resolution of comments
				ensure that the supervision of IAIGs is based on consistent and transparent valuation principles which are firmly anchored in the IFRS, a single set of global accounting standards. The framework for valuation should require a consistent and economic (market consistent) valuation of all assets and liabilities. To achieve this, the IFRS completed by relevant and convergent prudential filters should be form a common valuation framework for prudential purposes for all IAIGs, while unchanged IFRS should be a common basis for general purpose financial statements (as part of public disclosure). From the start, the IAIS has agreed that ComFrame should offer a multidisciplinary approach where solvency is one component next to a number of other important components. This has been confirmed in November 2011 when it was decided to develop a partly harmonised set of standards and parameters. However, by contrast to the objectives set out, the work on solvency has not really progressed. This wrongfully may create the impression that its importance has decreased. Therefore, given the high expectations on the development of a coherent and consistent set of principles for solvency of IAIGs, we would like to urge the IAIS to make real progress in this area by making solvency again a key project within ComFrame which is supported by the required resources during the next development phase.	
156	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Question 6	ABIR acknowledges that the Solvency Sub Committee (SSC) is currently collecting information for a detailed comparison of methods and tools used for measurement of risk in various common risk categories. We also note that the current specification M2E8b-1-1-2 states that the "IAIG will react to solvency regulation within a jurisdiction. The group regulatory capital assessment will take into account the nature and extent of solvency regulation within a jurisdiction." ABIR members which are deemed Bermuda groups for regulatory purposes have group capital requirements. ABIR notes what ComFrame is proposing to include in M2E8b-1-3 and notes the Bermuda Group capital requirements are aligned with this proposal. We want ComFrame to accept the group solvency requirements as imposed by the group supervisor. ABIR will continue to monitor the progress of the work of the SCC and others working on group solvency requirements to understand the nature of the impacts to the group.	
157	Canada Canadian Institute of Actuaries	Other	Question 6	To achieve the necessary degree of harmonization, we believe that capital requirements should be based on: 1. A total balance sheet approach; 2. Consolidated IFRS statements as a starting point; 3. Requirements for off-balance-sheet risks including intra-group guarantees; 4. Requirements based on meeting policyholder obligations with a high degree of certainty; 5. Adjustment for goodwill and similar assets; 6. Adjustment for assets or liabilities not giving rise to cash flows; 7. Adjustment for inability to move capital between jurisdictions; and 8. Requirements to hold adequate assets in each jurisdiction.	
158	Canada	IAIS	Question 6	Discussions surrounding a partially harmonized approach to capital requirements are	

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	Canadian Life & Health Insurance Association Inc.	Observer		complicated by the fact that there is currently no common (accounting) standard or basis upon which capital can be compared or calculated across jurisdictions. With this in mind, we respectfully suggest that the issue of capital requirements does not belong in a document addressing the supervision of IAIG's and that, if a new set of capital requirements are deemed necessary for IAIGs, that it be addressed as a comprehensive and standalone topic. Moreover, if capital requirements are to be considered at all, we believe it should be restricted to high level principles of group capital as actual capital requirements (versus a supervisory assessment of capital) involve critically important public policy decisions that should not be made outside of a legislative process.	
159	Canada International Actuarial Association	IAIS Observer	Question 6	The challenge is that companies manage to regulatory and to rating agency capital requirements as well as their own economic capital targets. They often look through both risk neutral and real world lenses because any single economic representation of a company will contain and introduce its own unique biases. Market consistent lenses can create pro-cyclical incentives and measures based on historical values or averages which will miss measuring the value of long term guarantees. Requiring the use of a documented, reconciled economic capital model within an IAIG may be more valuable and robust for regulatory needs than prescribing one determined by regulators. Taking whatever combined balance sheet information is used to manage the company along with a regulatory process that effectively incorporates ORSA information will be a more effective way to address concerns of regulatory arbitrage than to focus only on a common balance sheet. We recognize that this concept is a newly articulated one, but it is one we think is crucial to improving regulation instead of making it more burdensome for both regulators and companies. Accounting bodies still have gaps in agreement after 15 years of work on defining a common balance sheet. We are skeptical of being able to solve this as an isolated problem. It will be more efficient and effective to analyze the balance sheet in terms of the ORSA, though this will require more effective integration of the regulatory review processes. Doing this will then bring the following under a common review process: 1. A total balance sheet approach 2. Off-balance-sheet risks including intra-group guarantees 3. Meeting policyholder obligations 4. Goodwill and similar assets 5. Other assets not giving rise to cash flows 6. The inability to move capital between jurisdictions 7. Requirements to hold adequate assets in each jurisdiction We suggest that ensuring that capital is in the right place when a crisis flares, will be more valuable than having an agreed on total capital number. This means understanding how group capital is allocated and accessed, as well as how and where it is actually held. To conclude, failures may not only be due to inadequate capital. They may be triggered by the operational needs of complex entities. For example: a securities lending program may introduce additional	

	Juris/Org	Status	Question	Comments	Resolution of comments
				liquidity risk not captured in capital. And, operationally, a company may have adequate capital, but it may not be able to exist without the IT system of the parent. Lastly, an entity may be over dependent on, or exposed to, a supplier. For example, carriers writing work stoppage insurance for electronic and car companies getting parts from Thailand were exposed to flood damage in a country they had not written any coverage for.	
160	China China Insurance Regulatory Commission	IAIS Member	Question 6	1. We suggest the Working Draft on ComFrame should take full consideration into the characteristics of the emerging insurance market and listen to the opinions of the emerging market. Being different from the European and American markets, the emerging market has distinct features in terms of development speed, product structure, technical power, capital market, etc. In the specific regulatory standards, especially in evaluating the solvency and classification of capital quality, we suggest taking full consideration of the actual situations and reflecting the development features of the emerging insurance market. 2. The Working Draft on ComFrame should keep maximum compatibility with the existing regulatory system with solvency as its core. When making extra capital requirements, it is suitable to begin with low requirement; in the regulatory practice, we may explore suitable capital requirement level gradually, instead of establishing another higher level of regulatory rule on the existing regulatory system. While lodging capital requirements to IAIG, the implementation time should be coordinated with other financial regulatory bodies to avoid a fluctuation of the financial market.	
161	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Question 6	It's worth to point out, although some observers and members have raised concerns about basing the ComFrame requirements on IFRS, there is no reason why the IAIS should decide to change the basis of valuation for ComFrame or to open the door for other accounting approaches. One of the main lessons from the global financial crisis was precisely that the plethora of different accounting rules around the world has obscured the true financial state of many financial institutions from regulators and investors. In this view, the G20 has repeatedly advanced the use of one set of global accounting standards as a key measure of its post-crisis reforms. With ComFrame regulators should not make the same old mistake again. Instead the IAIS should show that the supervision of internationally active insurance groups is based on consistent and transparent valuation principles which are firmly anchored in the IFRS, a single set of global accounting standards. The IAIS based ComFrame on a multidisciplinary approach. This objective is to be kept in mind when different working groups of the IAIS are having difficulties in finding agreement between all jurisdictions. In particular development of the Capital Adequacy part needs deep analysis and prospective thinking. By making capital adequacy a key project within ComFrame, EIOPA expects progress will be achieved for the next consultation. While EIOPA welcomes- the draft ComFrame clearly stating that the version presented here is a work in progress and is not yet fully reflective of the Technical Committee strategic decisions, EIOPA regrets the little progress made towards some of these decisions, notably on the development	

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				of a partly harmonized set of standards and parameters which sets out a narrow range of target criteria and time horizon for measurement of those risks. Such little progress does not allow stakeholders to get a comprehensive view of the upcoming framework, and then to provide relevant comments on this. As regards the current content of M2E8 Group Capital Adequacy assessment, EIOPA disagrees with the message conveyed in the introductory elements (and on Specification M2E8b-1-1-2) that capital requirements will finally depend on the jurisdiction of the groupwide supervisor. EIOPA thinks this is not in line with the general approach under Module 2, which says "Module 2: The IAIG" which states that this module "contains the requirements that an IAIG will need to meet. These requirements will need to be reflected in national/regional jurisdictions' regulatory and supervisory regimes" and EIOPA also thinks this is not in line with the strategic orientation for a partly harmonized approach for capital adequacy assessment, which EIOPA support. The introductory elements (and on Specification M2E8b-1-1-2) require above that all the involved supervisor of the group are able to impose on the whole group the Capital Adequacy Assessment rules specific of his jurisdiction. From our point of view, the purpose of the ComFrame being to promote convergence between the jurisdictions, even if this convergence is partial at this stage, the Module should also focus on the fact that the capital adequacy rules have to be consistent between IAIGs and not only within each group. As regards the steps that should be taken in achieving the strategic decision, EIOPA generally supports the suggested approach.	
162	Europe Insurance Europe	IAIS Observer	Question 6	It is important that the strategic direction of the IAIS Technical Committee in relation to solvency/capital standards provides sufficient flexibility to allow for the recognition of national regimes. It should set out a way of understanding the financial condition of the group using the risk based local requirements applicable at the group level allowing appropriate recognition of local requirements applicable to the solo entities within the group to provide a consolidated view. This could form the basis for a range of acceptable existing and developing solvency regimes that the IAIS are considering. - o ComFrame should enable all risks to be captured on the balance sheet including relevant off balance sheet items and activities conducted by unregulated entities and recognise an economic assessment of assets and liabilities - o The use of full and partial internal models should be accepted. - o The assessment should be risk based It is important that work in this area builds on the ICPs and a good knowledge of the range of approaches currently in place or being developed; we are, therefore, very supportive of the mapping exercise being conducted by the Solvency Subcommittee.	
163	Germany	IAIS	Question 6	On capital resources: The criteria for the three classes of capital should be further spelled out.	

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	Bundesanstalt fr Finanzdienstleistungsaufsicht	Member		It should be made clearer in the standards what items capital resources comprise (e.g. subordinated liabilities). The eligible amount of capital resources per class of capital should be defined (e.g. limitation for lowest quality capital to contribute to meeting capital requirements).	
164	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Question 6	In general, we support a harmonized approach in order to determine the capital requirements of an IAIG. However, we do not believe that ComFrame should require a single methodology in determining capital requirements. Instead, the quantitative assessment should provide a way of understanding the financial condition of the group using the risk based local requirements applicable at the group level while allowing appropriate recognition of local requirements applicable to the solo entities within the group to provide a consolidated view. This should form the basis for a range of acceptable existing and developing solvency regimes that the IAIS are considering.	
165	International European Commission	IAIS Member	Question 6	We see that the current draft of M2E8 still needs to be worked on in order to fully reflect the need of a harmonised approach to capital requirements. In particular, the strategic direction on risk measurement criteria needs to be further reflected. It is crucial that the underlying rationale for setting these criteria is evidenced. In particular, ComFrame should not go against the ICPs which are clear about transparency on the way capital requirements are established: - ICP17.3.4: "the criteria used by the supervisor to establish solvency control levels should be transparent" - ICP 17.6: "the regulatory Capital requirements are established in an open and transparent process and the objectives of the regulatory Capital requirements and the bases on which they are determined are explicit".	
166	Japan The General Insurance Association of Japan	IAIS Observer	Question 6	The set of ComFrame capital/solvency requirements as it currently stands lacks clarity on how it specifically aims to achieve a 'partly harmonized' approach (as set out by the TC) globally. Given that we are expecting to undergo a calibration phase after the development phase, it is only natural for there to be some form of measurement that the IAIS can actually 'calibrate'. We continue to ask for a globally consistent group solvency requirement under ComFrame that is short, simple, specific and easily explainable. The text should not be in legislative form, but rather kept reader-friendly and easy to follow. In the end, the IAIG should be able to come up with a number(s) (a ComFrame solvency ratio as it were) following the basic requirements set out in ComFrame (however flexible it remains in allowing for multiple approaches within a certain threshold, and however silent it remains on certain details). This would enhance comparability between IAIGs (something we lack today).	
167	Japan The Life Insurance Association of Japan	IAIS Observer	Question 6	We support the direction of M2E8a and M2E8b, particularly as they are based on ICP 17. 'Valuation based on IFRS (or reconciliation to IFRS) as a working assumption with filters and complements to be built where needed as IFRS develops' is described in M2E7, M2E8 and other parts. It should be noted, however, that there might be cases where IFRS has not yet been adopted in a certain jurisdiction and it's not possible to use IFRS as a basis, or, even	

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				when IFRS is adopted, still it's not appropriate to use it as valuation method for regulatory purpose. We would appreciate it if the IAIS could make sure that these circumstances are fully taken into account in developing a valuation framework for IAIGs. In addition, we believe that the IAIS should express its position following an in-depth discussion(s) on valuation to influence the standard setting of the IASB where the IAIS uses IFRS as prerequisite and not merely rely on the process of the IASB. We believe that the prudential filters discussed in M2E7 and M2E8c should be set out as principle-based provisions with consideration given to the result(s) of the mapping exercise to assess capital resources that is currently underway and comments received from stakeholders. For further details, see our comments on M2E7 and M2E8. Statements in 'A. Capital component of the solvency assessment' in Appendix 2 Strategic Direction' also foster our request that the IAIS conduct work on this approach through a sufficient level of impact assessments during the Calibrations Phase. Within the statement, two sections in particular are relevant: - 'A partly harmonised set of standards and parameters which sets out a narrow range of target criteria and time horizons for measurement of those risks is to be developed; and - 'A system which allows for various standardised approaches with internal models accepted is to be built.'	
168	Joint initiative CRO Forum / CRO Council	Other	Question 6	CROF and CROC agree that group solvency should be assessed based on the risk based approach prescribed by current and future group regimes to be recognized under ComFrame. Therefore ComFrame should not be prescriptive with regards to the requirements of economic capital models. It should be the group's decision whether to use an economic capital model, in accordance to the regulation in place; a wide range of approaches should be allowed, from fully integrated stochastic internal models to simple standard like models or scenario based approaches. Furthermore, the experience of the CROF and CROC members with implementation of new capital regimes is that the process requires substantial effort and time. By way of example, the areas of model scope, data validation and calibration present real challenges for the approval of internal models. These factors need to be reflected in the consideration by the IAIS of timing, resources, and purpose of group solvency assessment and its implementation. A solvency calculation for the group as a whole should treat the group as one economic unit and allow use of excess capital of solo entities for the group-wide solvency calculation if capital is truly fungible. Of course, capital would be held at levels sufficient for the legal entity to operate under locally applicable regulatory requirements. As CROF and CROC favor the recognition of existing or future regimes, the prudential valuation used in these regimes for group risk and capital assessments should be the basis under ComFrame. ComFrame should not add new requirements or a new valuation basis but rather give a framework for international supervisors to understand the IAIG and the basis for	

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				valuation under its existing regulation. CROF and CROC do not support the introduction of a specific valuation basis within ComFrame. Any consideration of a framework for measurement of balance sheet valuation and solvency capital requirements needs to recognize the long-term nature of insurance business. There needs to be care taken to assess the degree of short term volatility that might be introduced by different approaches and any unintended incentives and effects. Impact studies should be used to consider all these aspects.	
169	New Zealand Reserve Bank	IAIS Member	Question 6	Process of identification of an IAIG and group-wide supervisor should be progressed well in advance. Module 2 Element 8 states that the group capital adequacy approach and consequent requirements must be set by the group-wide supervisor. As a host supervisor, our interest would be the additional information required from the regulated insurer and impact, if any, on related legislation.	
170	UK Association of British Insurers	IAIS Observer	Question 6	It is vital that a range of existing national regimes are recognized within any approach to group capital taken in ComFrame. The quantitative assessment should provide a way of understanding the financial condition of the group using local risk-based requirements applicable at the group level and allowing appropriate recognition of local requirements applicable to the solo entities within the group to provide a consolidated view. This should form the basis for a range of acceptable approaches from existing and developing solvency regimes that the IAIS are considering. The group assessment should : 1) Enable all risks to be captured on the balance sheet including relevant off balance sheet items and activities conducted by unregulated entities and recognise economic assessments of assets and liabilities. 2) Accept use of full and partial internal models. 3) Be risk based.	
171	United Kingdom Ernst & Young LLP	IAIS Observer	Question 6	We believe that more extensive and advanced use of internal models is a preferable means of promoting risk management to standard mechanisms, as internal models, properly supervised, are responsive to individual institutions' risk profiles. The former can reflect the nature and structures of an organisation, while the latter lack flexibility, can be blunt instruments and may even under-recognise risks. Therefore, whilst we have no difficulty with the definition of a general framework to calculate capital and capital requirements, or with a preferred approach targeting certain criteria, we believe that these should always be considered critically as to their suitability in particular cases, and should not prevent or discourage the use of alternative approaches using internal models as long as those approaches and models are consistent with the ERM framework.	

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172	United Kingdom Financial Supervisory Authority	IAIS Member	Question 6	There is still some question over what is meant by "partially harmonised". For example, a risk based, total balance sheet approach to capital requirements would constitute a partly harmonised approach for IAIS members, when considering that there are many non-G20 jurisdictions which are responsible for supervising the subsidiaries (and sometimes the branches) of IAIGs. Appreciating that this element in particular is still a work in progress, it would appear that the draft herein is following the original strategic direction. We recognise that this is a very important, highly sensitive and technically demanding part of ComFrame and believe that the SSC should be given full support to enable them to continue with their work. We anticipate that the next consultation paper will contain far more detail in this area, thereby enabling jurisdictions to make a more informed comment. However, it is noted that the strategic directions given in the introduction to this paper is different from the original ones (which are laid out in the commentary to M2E8). Has the issue of ring fencing of capital within an entity/branch been discussed (implication for colleges also)?	
173	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Question 6	A single global capital requirement is not an appropriate goal for ComFrame. ComFrame should not prescribe the use of an economic capital model. It should be the group's decision to use or not an economic capital model, taking into account the regulation in place in its home jurisdiction. Element 8 needs further development and should be withdrawn at the moment from the draft until there is agreement as to how to approach capital and valuation. We would suggest this section be developed as a separate project because of the variety of opinions regarding group capital requirements.	
174	United States of America American Academy of Actuaries	Other	Question 6	The use of ERM will be better than prescribed calculations. Understanding the risks an IAIG faces often takes a multiplicity of approaches to understand. It is not feasible to quantify those risks to the 99.5th percentile as opposed to the 99th and often even the 95th percentile.	
175	United States of America American Insurance Association	IAIS Observer	Question 6	Arriving at a single global capital standard for IAIGs is not an appropriate component of ComFrame. ComFrame should not limit the flexibility of insurance groups to operate through well-capitalized, well-managed subsidiaries that maintain appropriate transparency to regulators for intercompany transactions without unnecessarily subjecting them to a separate group capital assessment. Instead, ComFrame should foster a mutual understanding of the different approaches to capital requirements among jurisdictions and ensure that relevant and material risks are captured and understood by the IAIG's supervisors.	

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				It is appropriate for ComFrame to include a supervisory assessment of an IAIG's own assessment of group capital, but this should be incorporated only as guidance for supervisors working to understand the IAIG's approach to capital so as to foster an effective discussion of timely claims paying ability during supervisory colleges and other forms of supervisory cooperation. U.S. and international supervisors have already developed processes to review a group's ORSA, which provides an understanding of the risks posed by all legal entities within a group and the sufficiency of capital to meet current, and likely future, solvency positions. We continue to be concerned that a global capital standard in Module 2 will be misinterpreted - either by regulators or by capital markets and investors - as if it were a technical regulation applicable to carriers rather than a standard for cross-border supervisory cooperation. In the end, actual capital requirements (as distinguished from a supervisory assessment of capital) involve critically important public policy decisions that should not be made outside of a legislative process. Such requirements involve strategic planning that may be set in motion years in advance. They impact policyholder premiums, borrowing costs, share prices, acquisitions, and numerous other strategic elements of successful insurance enterprises, which form the backbone of healthy insurance markets.	
176	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Question 6	ComFrame should not attempt to create or harmonize group capital requirements. There is no demonstrated need for IAIGs to be subject to standards that exceed the ICPs that apply to group capital. Further, the group capital analysis does not provide any additional information to regulators as to the ability of any individual insurance companies to respond to capital requirements. ComFrame should encourage supervisors within a group to help each other understand the capital standards that apply to group members in their domiciliary jurisdictions, and by making sure that group-wide risks are considered. Good regulatory systems differ as to how they deal with different risks, however, and capital is not always the most appropriate way to address a particular risk. ComFrame should promote understanding of these differences, and should not try to eliminate them.	
177	USA ACE Group	IAIS Observer	Question 6	ACE agrees with the introductory comment to Element 8 which recognizes that "inherent flexibility" will be necessary and which acknowledges that any group capital provisions suggested in ComFrame will only be operational when enacted into law by a supervisory authority. We appreciate all of the hard work that has transpired in attempting to create a partly harmonized approach to capital requirements. Despite these references to "flexibility" we are concerned that Element 8 continues to be prescriptive in its approach for a group regulatory capital requirement and its use of IFRS as the basis for valuation. Creating new and comprehensive requirements for consolidated financial accounting and reporting is duplicative of existing requirements and far outside the proper scope of ComFrame. Recent developments in the FASB/IASB efforts to reach convergence in accounting for insurance contracts make clear that we are long way from having a converged standard. Accordingly, it is inappropriate for ComFrame to continue to dictate that IAIGs use IFRS or reconciliation to IFRS.	

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				Module 8 reflects the view that regulation can dictate specific rules about how IAIGs assess their risk and capital requirements in a way which will make companies comparable and will lead to each company which follows the prescribed rules getting the exact same number and therefore the precise "right" amount of group capital. This result will never be the case—regulation cannot make all IAIGs have the same risk appetite or use the same assumptions, stress test scenarios and investment strategies and that should never be its goal. IAIGs are not utilities, they are not fungible and they should not be regulated in a manner that attempts to make them use identical approaches to managing their business. To do so fails to reward well run companies for their superior risk management and discourages innovation and ultimately will be detrimental to policyholders. Instead, the goal should be for regulators to develop better tools to understand and supervise global groups, to work together to share information about IAIGs and to use supervisory colleges to qualitatively and quantitatively review the IAIG to determine that the IAIG has appropriate governance and risk management and capital management in place to demonstrate that the IAIG is a well-managed group. While we are broadly supportive of principles and concepts of a total balance sheet approach for solvency assessment, we believe ComFrame should not attempt to require such an approach, particularly pending clarity around global insurance accounting standards and the stated principles and objectives of solvency standards for global groups. At this juncture, in the absence of common solvency standards and accounting frameworks, economic capital models should not be mandated but rather encouraged by regulators in the context of the IAIGs use of these models to conduct its business. For group capital requirements, a logical and practical approach, consistent with protecting policyholder interests and avoiding unwarranted significant duplication of effort, is the summation at a global level of the minimum capital requirements by local entities.	
178	USA American Council of Life Insurers	IAIS Observer	Question 6	We strongly urge that the use of ERM to understand an IAIG is far more meaningful than any required quantification of "group capital." We are opposed to a group capital requirement.	
179	USA CNA	IAIS Observer	Question 6	We are opposed to a group capital requirement since it is unclear what problem it is intended to address and how such requirement will be administered by the group supervisor. Why isn't an approach where the group capital requirement is the summation of the jurisdictional minimum capital requirement for each legal entity in the group sufficient, especially if the involved jurisdictions are ICP 17 compliant? Administratively where will the additional group capital be held? In the event of a group's insolvency, how will the additional capital be distributed amongst the group's legal entities? Will legislation be developed to direct the group supervisor on how the capital is to be distributed in an insolvency? It is our opinion that these important practical questions need to be addressed prior to the development of a group capital requirement. If the IAIS continues developing such a requirement, we must stress that capital requirements	

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				cannot be looked at in isolation from the accounting framework. Consistent application of a group capital requirement across IAIGs requires a consistent accounting framework as well. One cannot simply add capital from an IFRS or Solvency II balance sheet in one jurisdiction to statutory surplus in another jurisdiction and get a meaningful result. As one example, US statutory property and casualty reserves are held on a nominal basis to reflect US regulatory desires for conservatism to protect policyholders. The value of the embedded discount is essentially capital hidden by an accounting convention. In an IFRS framework with discounted liabilities, this "hidden capital" becomes actual capital to the extent it is not offset by a risk margin of comparable magnitude. By simply reinsuring liabilities from a US statutory reporting domicile to an IFRS reporting domicile within the same group, there is a potential for this "hidden capital" to be released. We recognize this is an oversimplification, but we use it to highlight the complexities of regulatory arbitrage if consistent accounting frameworks are not used in establishing a group capital requirement. Additionally, the impact of different tax regulations in jurisdictions can impact what regulators view as the quality of capital. As an example, in the US, the IRS utilizes discounted loss reserves in its calculation of taxable income. As US statutory income is calculated using nominal reserves, a Deferred Tax Asset is created, recognizing the embedded future value of what are essentially pre-paid taxes on future investment income. An accounting regime utilizing discounted reserves would inherently have a lower DTA on its balance sheet in this instance. This is important to recognize in any group capital requirement as different regulatory jurisdictions have different views on the DTA (it is subject to a cap under US statutory accounting as an example, even though a significant portion of the DTA exists due to the conservatism in nominal reserves for statutory accounting). While we are opposed to a group capital requirement, we believe any efforts undertaken by the IAIS as respects group capital should be thoroughly evaluated for such discrepancies that may put some IAIGs at a disadvantage due to accounting conventions. We also believe that due to the complicated nature and importance of such calculations, any implementation should be preceded by a thorough evaluation and impact analysis, along the lines of the QIS process for Solvency II.	
180	USA Institute of International Finance - IIF	IAIS Observer	Question 6	- It remains very unclear what exactly "partly harmonized" means in this context, and whether this would be consistent with the purpose of ComFrame. As currently set out, the specification of "three key components that will need to be prescribed in the group-wide supervisor's jurisdiction" and the comment that "existing or proposed jurisdictional requirements for capital adequacy assessment will need to be adjusted to align with ComFrame?" carry the strong implication that what is being sought is a harmonized standard for regulatory capital. - The standards vary in their coverage through the role of the IAIG in assessing risk; the role of the IAIG in determining regulatory capital - where the parameters are very detailed, through standards such as M2E8c-1 and M2E8d-1 which refer more broadly to the need for IAIGs to hold "sufficient" capital. These together look like the foundation for a harmonized regulatory capital standard. - We continue to believe, in contrast, that the IAIS should aim for a coordination and	

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				recognition of existing jurisdictional and regional capital requirement approaches based on general principles as a benchmark. ComFrame should focus on the fostering the conditions necessary to permit mutual recognition of existing solvency regimes instead of developing an own global capital standard. In addition, the IAIS should support the development of internationally accepted accounting and valuation standards. The convergence process between FASB and IAIS standards is still evolving and is surely going to continue to do so for several years. Hence, since IFRS is not yet the unified internationally accepted accounting standard it is too early for ComFrame to decide where valuation should be based on.	
181	USA Liberty Mutual Group	IAIS Observer	Question 6	ComFrame should not attempt to create or harmonize group capital requirements. There is no demonstrated need for global insurers to be subject to standards that exceed the ICPs that apply to group capital. While the risks presented by operation in group form should be taken into account, different regulatory systems have different means of doing so and capital is not the only way to do so. Also, the IAIS apparently assumes that its proposed capital requirements will be adopted globally. This assumption fails to consider properly the political processes in most jurisdictions and fails to accommodate sufficiently the differences in regulatory regimes among countries, each of which arguably achieves effective regulatory outcomes in light of local market conditions, political cultures, regulatory philosophies, and consumer needs.	
182	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Question 6	As (in the IAIS's own words) M2E8 is a work in progress, please find below our comments on the direction provided in Appendix 2 on features of the capital component of solvency assessment in ComFrame Valuation is to be based on IFRS (or reconciliation to IFRS) as a working assumption with filters and complements to be built where needed as IFRS develops. We believe that basing valuation on IFRS prior to an agreement on a common insurance accounting standard is not practical and likely to produce valuations that will not be comparable in the manner we understand ComFrame seeks to achieve. This fact is recognized in Module 2 Element 9 ComFrame 2012 Draft Commentary (second bullet at p. 127) which states IFRS will not be required prior to the mandatory adoption dates of the future insurance contracts and financial instruments standards. Given that agreement on common insurance accounting standards is not likely for the foreseeable future, as we comment in response to Element Specific Comment D6 Module 2 Element 7, basing valuation on IFRS prior will not be practical, and will not only risk complications but also increase work for each reporting period for both insurers and supervisor. For these reasons, we strongly recommend that ComFrame recognize different accounting bases, that references to IFRS and/or reconciliation to IFRS be eliminated and M2E9 ComFrame Commentary cited above be broadened and appropriately adjusted to reflect the	

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				current reality and apply to the entire framework. Valuation within ComFrame is both about comparability among IAIGs and about consistency of application across IAIGs for solvency analysis of those IAIGs. We would propose that the first focus of supervisory colleges under ComFrame should be the IAIG itself. Groups must manage risk, not manage risk to a prescribed model for comparability or consistency. As risks differ depending on type of risk underwritten, market in which written, and individual group risk appetite, each group will have an approach to solvency that differs from another group writing different business in different markets. Therefore without an initial and primary focus on the IAIG itself, there can be no comparability or consistency of application across IAIGs for solvency analysis. An approach regarding a range of similar means to address the risks for IAIGs as set out in the Concept Paper is to be developed. See comments below. For good measure, we reiterate that if ComFrame is to achieve its goals of improving group supervision of internationally active groups, its approach must be in terms of guidance and not prescriptive requirements that would make it impossible to implement as a framework covering IAIG operations in multiple jurisdictions. A partly harmonised set of standards and parameters which sets out a narrow range of target criteria and time horizons for measurement of those risks is to be developed. Implicit target criteria would be allowed providing that the underlying rationale is evidenced. We can support a "narrow range" if this range would include use of existing mechanisms under major regimes(for example, US RBC, Solvency II, Swiss Solvency Test, Japan SMR, Korea RBC) and internal models/ IAIG group-level ORSAs. The documentation required, and expense associated with a process that would be different and additional to existing requirements would be prohibitive and add unnecessarily to industry (and therefore policyholder) costs. In addition we propose that the results would not provide uniform numbers and that therefore they could be misleading if relied on as meeting target criteria. A system which allows for various standardised approaches (factor or stochastic) with internal models accepted is to be built. Basic principles of internal models and disclosures to allow comparison between various jurisdictions are to be spelt out. See comments above	
183	USA NAIC	IAIS Member	Question 6	As this is a work in progress, we look forward to seeing the completed draft from the Solvency Subcommittee as the experts in this area work to respond to this strategic direction. ComFrame should foster a mutual understanding of the different approaches to capital	

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				requirements among jurisdictions and ensure that relevant and material risks are captured and understood by the IAIG's supervisors. It is appropriate for ComFrame to include an assessment of group capital, but this is not a unilateral exercise; it requires the understanding of local jurisdictional capital requirements, the assessment of intra-group transactions, the accounting framework, nature and fungibility of capital, and the use of stress testing. Arriving at a single global capital standard is not an appropriate component of ComFrame. If IAIS Members believe that developing a global capital standard is necessary for insurance, it should be considered in a separate initiative.	
184	USA Northwestern Mutual	IAIS Observer	Question 6	We strongly urge that the use of ERM to understand an IAIG is far more meaningful than any required quantification of "group capital." We realize that in order to supervise a particular IAIG that the involved supervisors, informed by the ERM practices of the IAIG, may consider that certain capital metrics are more useful than others. Any conclusions would be based on their familiarity with the IAIG under review and its associated risks. However, we are opposed to a group capital requirement which to us implies extra capital mandated for an IAIG. This is because in our view it is not necessary from a regulatory standpoint for IAIGs to hold capital in excess of what is needed to ensure the payment of policy obligations in each respective jurisdiction in which the IAIG or its subsidiaries have written coverage. Approaching capital adequacy in this manner assures the satisfaction of policy obligations and the responsibility that the regulator has to insurance consumers.	
185	Various International Network of Insurance Associations	Other	Question 6	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federación Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA) ComFrame should not limit the flexibility of insurance groups to operate through well	

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				capitalized, well managed subsidiaries that have appropriate transparency to regulators for intercompany transactions without necessarily being subject to a separate group capital assessment. Instead, ComFrame should foster a mutual understanding of the different approaches to capital requirements among jurisdictions and ensure that relevant and material risks are captured and understood by the IAIG's supervisors. It is appropriate for ComFrame to include a supervisory review of an IAIG's own assessment of its group capital, but this should be incorporated only as guidance for supervisors working to understand the IAIG's approach to capital so as to foster an effective discussion of timely claims paying ability during supervisory colleges and other forms of supervisory cooperation. We continue to be concerned that a global capital standard in Module 2 will be misinterpreted - either by regulators or by capital markets and investors - as if it were a technical regulation applicable to carriers rather than a standard for cross-border supervisory cooperation. In the end, actual capital requirements (as distinguished from a supervisory assessment of an IAIG's own capital assessment) involve critically important public policy decisions that should not be made outside of a legislative process. Such requirements would involve strategic planning that may be set in motion years in advance. They would impact policyholder premiums, borrowing costs, share prices, acquisitions, and numerous other strategic elements of successful insurance enterprises, which form the backbone of healthy insurance markets. We respectfully suggest those implications cannot be addressed within ComFrame.	
Question 7					
186	Belgium National Bank of Belgium	IAIS Member	Question 7	Next to regulatory convergence, one of the key objectives of ComFrame is to foster global convergence of supervisory measures and approaches. However, more explicit attention should be drawn in the standards on the realisation of this objective. The standards provided under Module 3 together aim at fostering a more consistent approach in the supervisory process but not explicitly strive towards more convergence. For instance, a consistent application of the supervisory process, as advanced under standard M3E1-6, not necessary implies or fosters convergence. Nor do the horizontal reviews, specified under standard M3E1-7, aim to foster convergence in the risk assessment of IAIGs. Given its importance, this objective should be included more explicitly under element 1 of module 3 and it most certainly deserves a place under element 2 of module 4 (peer review). In order to really improve supervisory cooperation in the group-wide supervision of IAIGs the role and functions of supervisory colleges may need to be more advanced. Standard M3E4-4 presents key elements of the IAIG profile (i.e. group governance, group ERM, group structure and strategy, etc.) but it is not clear what the expected outputs are or how these would need to be realised by the college. To enhance the effectiveness of the supervisory colleges, clear outputs need to be defined which need to be realised by the college under the leadership of the group-supervisor. For instance, it should be stated that profound assessments need to be	

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				made on the each of the key elements of the IAIG profile. These assessments should be conducted by the colleges through close cooperation of all involved supervisors and result in detailed written reports. These reports should be discussed with company management and lead to concrete improvements in the examined areas. In order to support the work of the colleges, at least one physical meeting should be organised each year, which should be partly devoted to the discussion with company management on the group's risk profile.	
187	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Question 7	In contrast to Module 2, Module 3 continues to lack the necessary specificity and indeed the assignment of responsibilities to "involved supervisors" which increases the danger of duplicative supervision. ABIR does not support the approach to have more than one group supervisor as this leads to competing roles and duplication of efforts and resources. The current version of Module 3, including its assignment of responsibilities to "involved supervisors," fails to provide for the clear assignment of roles and responsibilities needed by insurers and intended by ComFrame. This contradicts the general principles for the allocation of roles to the group-wide supervisor and other involved supervisors namely the clear allocation of roles and the elimination of the duplication of work listed in the ComFrame Paper. If ComFrame results in every involved supervisor having extensive new duties, then duplication, inefficiency and unnecessary expenses for regulators/supervisors and the IAIGs will inevitably result. On the other hand, if the role of involved supervisors is to share information, participate in supervisory colleges, help select the group supervisor consistent with clear criteria, and regulate/supervise local operations as provided under applicable law, then new costs should be minimal. Likewise, the role of the group-wide supervisor needs to be more comprehensively described and made the exclusive responsibility of a single supervisor, except in very rare instances and with a dispute settlement process set out to determine which supervisor should be the exclusive group supervisor. The failure to provide adequate clarity on this point will result in more than one supervisor potentially providing direction to the global head of the group. This is not only wasteful because it assures duplication, but worse yet, it could lead to contradictory direction to the companies.	
188	Canada Canadian Institute of Actuaries	Other	Question 7	Yes, subject to some clarification of roles and building stronger mechanisms to safeguard the confidentiality of shared information. Element 6 is fundamentally important and outside of the control of the supervisors.	
189	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Question 7	As mentioned earlier, we believe that a high quality Module 3 which produces effective coordination and cooperation between supervisors offers the greatest potential in terms of outcomes from ComFrame. In terms of how the supervisory college should operate, we are of the view that there should	

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				be a single group-wide supervisor that manages the supervisory college. The group-wide supervisor should have ultimate decision-making authority provided this takes place within the scope of the ComFrame and with clear checks and balances including sufficient opportunity for dialogue so that involved supervisors and the IAIG itself can provide input and offer feedback on any decision(s) being rendered. We believe that a situation where every involved supervisor is given extensive new duties creates needless duplication and uncertainty over decision-making authority and could pose legal extra-territorial problems. Involved supervisors' responsibilities should be essentially restricted to their local territory and providing input to the group supervisor/supervisory college.	
190	Canada International Actuarial Association	IAIS Observer	Question 7	It is a good start. We note the following needed improvements: 1. Building stronger mechanisms to safeguard the confidentiality of shared information. 2. The desire for a common language is well appreciated, but the language that is least well developed is the language around the identification, measurement and management of risk from the point of view of the supervisor. Each business model (whether for life, P&C, Pensions, Banking, etc.) and country jurisdiction has independently evolved a set of required capital tools that are accounting based and focused on that specific business model. The traditional focus tool, such as MCR, has provided an objective measure for a regulator to seize control of a company and wind it up after it crosses a defined level of capital based on past activity. But new tools are needed for the desired expansion of regulatory objectives to now include: a. Develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders b. And contribute to global financial stability (i.e. ability to repay creditors, desired employment levels, etc. 3. The best way to gain a thorough understanding of the identification, measurement and management of risk will occur (and evolve) through a thoughtful regulatory approach to mining and analyzing the information obtained through the ORSA reports. This means that the regulator will be better prepared to identify: a. Emerging risks b. Where to focus their discretionary resources c. What actions can be taken - ranging from shutting down, to restorative to preventative? Also which actions are procyclical and what macro changes in the rules might be warranted? d. What agreements need to be reached with other jurisdictions so regulatory actions and oversight can be coordinated and supported across jurisdictions? e. Learning how the market place is evolving and adapting to the impact of regulations on a	

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				particular business model as well as assessing industry resilience in different environments 4. This will lead to clearer insights as to how to link distinctive risks and business models to the regulatory options (Methods & Tools) to oversee them. This will need to be managed through a thoughtful linkage of what have been traditionally seen as separate regulatory functions: Accounting/Balance Sheet and Capital requirements, requirements for Sound Entity Management, Supervisor engagement (including information required of the entity) and Public Disclosure requirements. The forward looking, preventive objectives of regulation will benefit from weaving and understanding these linkages. To help illustrate this the IAA will be beginning work on examples of how these functions worked (and did not work) in the case of two, large, complex organizations in the US (AIG & Conseco) and, perhaps, additional ones outside the US to show how the methods and tools of supervision need to understand and use the interdependencies of the different functions/pillars. 5. Element 6 is fundamentally important, but is also outside of the control of the supervisors. It's not clear if all the relevant supervisors will have the necessary powers to deal with non-regulated holding companies at the top of IAIG's and other non-supervised entities in the IAIG.	
191	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Question 7	In general, the module provides enough detail for effective coordination of IAIG supervision. A general concern is the possibility of "unintended adverse consequences" of making supervisory colleges a "permanent platform for cooperation and coordination". There is the potential for the college to become bureaucratic with a set of rules, processes and procedures that could become inflexible and impede effective decision making. Some thought should be given to providing the group-wide supervisors some discretion, in conjunction with individually involved supervisors or a small group of involved supervisors. The supervisory cooperation and coordination section should allow flexibility for supervisors to use judgment in their application or execution of the requirement. ComFrame should promote and encourage cooperation and coordination among involved supervisors but it should also recognize that there will be circumstances under which it is not always possible or optimal. In our view, although there are many other benefits, the main purpose of supervisory colleges should be information sharing (e.g.: greater understanding of risks, supervisory actions and plans). Thus, it may be appropriate that the group-wide supervisor be "obligated" to inform other involved supervisors of the work they are doing; however, references to supervisors "not taking decisions in isolation" (M3E2-1-1-1 and M3E5-1-4-4) raises concern. Circumstances will arise where supervisors must make decisions in isolation due to time constraints, possible conflicts of interest among jurisdictions, etc. Ideally a supervisor would take a position that works best for all concerned but in reality the supervisor's decisions must also be congruent with its mandate, powers and/or other constraints. ComFrame should provide explicit flexibility in this regard.	
192	China	IAIS	Question 7	We suggest the supervision over IAIG should fully respect the interests of the host country and	

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	China Insurance Regulatory Commission	Member		establishing a consultation mechanism of dispute between the home country and host country.	
193	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Question 7	One of the key objectives of ComFrame is to foster global convergence of supervisory measures and approaches. However, more explicit attention should be drawn in the standards on the realisation of this objective. The standards provided under Module 3 together aim at fostering a more consistent approach in the supervisory process but not explicitly strive towards more convergence. For instance, a consistent application of the supervisory process, as advanced under standard M3E1-6, not necessary implies or fosters convergence. Given its importance, this objective should be included more explicitly under element 1 of module 3 and it most certainly deserves a place under element 2 of module 4 (peer review). In order to really improve supervisory cooperation in the group-wide supervision of IAIGs the role and functions of supervisory colleges may need to be more advanced. Standard M3E4-4 presents key elements of the IAIG profile (i.e. group governance, group ERM, group structure and strategy, etc.) but it is not clear what the expected outputs are or how these would need to be realised by the college. To enhance the effectiveness of the supervisory colleges, clear outputs which need to be realised by the college under the leadership of the group-supervisor have to be defined. For instance, assessments should be conducted by the colleges through close cooperation of all involved supervisors and result in written reports, which should be discussed with IAIG management and lead when necessary to concrete improvements in the examined areas. Even though the current drafting of Module 3 can be seen as a solid basis for more effective and more coordinated supervision of IAIGs, some improvements can be made. For example, no disposition is foreseen in case of disagreement among involved supervisors. Further efforts should then be made to enhance the overall coherence between the elements.	
194	Europe Insurance Europe	IAIS Observer	Question 7	The definition of involved supervisors is far too broad and the powers they are granted too wide and risk creating duplication of regulation or, even worse, contradiction of requirements in different jurisdictions. To resolve this concern Insurance Europe suggests that many of the references in the draft to "involved supervisors" should instead be changed to refer to the group supervisor and "host supervisors". In addition, the group supervisor should be the one carrying out the assessment of the group as a whole (not involved supervisors) based on the information provided by involved/host supervisors and other supervisors should be encouraged to rely on it. Appropriate confidentiality arrangements are an essential pre-requisite for information sharing between supervisors and as such we welcome the requirements for supervisors to protect confidential information contained in M3E2-3 and that information is shared in a secure environment in M3E4-4-5. However, we strongly object to language in parameter M3E2-3-6 which states that the "inability to exchange information on a confidential basis is not to be a barrier to on-going efficient and effective supervision of IAIGs". Exposure of confidential information may result in significant harm to groups both from a regulatory and economic perspective; therefore it should not be viewed as an avoidable inconvenience but rather an	

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				essential pre-requisite.	
195	Germany Bundesanstalt fr Finanzdienstleistungsaufsicht	IAIS Member	Question 7	Yes. The Module has progressed well and should not change a whole lot in the future. Module 3 should cover the process of information exchange (who should submit which information to whom). Concerning the data gathering, Module 2 prescribes at the moment very detailed what kind of reporting should be required. Module 3 is on the contrary written in a very principle based style and not so prescriptive for the moment being. Module 2 should cover the data gathering for single entities within a group, Module 3 should cover the data gathering solely specific from a group perspective additionally to the one gathered already on a solo level (e.g. material intra group transactions at group level). Module 3 could therefore also include some minimum standards on plausibility checks for supervisors, what is definitely a "must" to be assessed worldwide from all supervisors.	
196	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Question 7	ComFrame provides a great opportunity to improve the efficiency of the supervisory review process both for supervisors and the industry. However, enhanced and effective cooperation requires a clear allocation of roles and responsibilities between the supervisors concerned by this process. Essentially, there should only be one group supervisor equipped with the ultimate decision power and responsible to chair the supervisory college in order to keep the home supervisors informed and encourage constructive discussions safeguarded by sound confidentiality policies. This would help to foster an atmosphere of trust and confidence where supervisors can rely on the decisions made by the group supervisor and avoid the unnecessary duplication of work. Unfortunately, Module 3 fails to achieve these goals. The definition of "involved supervisors" is too wide and the powers granted to them are too extensive. In addition, it allows for sub-group supervision which would clearly undermine the concept of cooperative group supervision.	
197	International European Commission	IAIS Member	Question 7	Overall Module 3 provides a sufficient basis for more effective and more coordinated supervision of IAIGs. However, improvements could be made in the following areas: - in every element of module 3 it should be clear that the group-wide supervisor and not the "involved supervisors" should be ultimately responsible for the identification of the IAIG and for its supervision. - We see room for clarification in relation to the different roles, duties and responsibilities of the group supervisor, the supervisory authorities supervising the single entities in the IAIG and the other supervisory authorities in the college. In particular, elements of module 3 are mixed up in some instances (e.g. in defining the duties of supervisors, which is set out both in M3E3 and in M3E4) - greater clarity could be added by simple changes in structure as follows: o M3E1- group wide supervision o M3E3 - roles and duties o M3E4 - colleges o M3E2 - cooperation and exchange of information	

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198	Japan The General Insurance Association of Japan	IAIS Observer	Question 7	- The roles of involved supervisors should be clearly defined. Additionally, supervisors should make efforts to promote their understanding of each other as it is crucial for the effective implementation of Module 3. - Adequate attention should be paid to ensuring sufficient communication between supervisors and IAIGs. Measures for this will include reporting from Supervisory Colleges to IAIG Board (Page 19). - It should be confirmed that group-wide reporting is required only between the Head of the IAIG and the group-wide supervisor.	
199	Japan The Life Insurance Association of Japan	IAIS Observer	Question 7	According to current Module 3, there might be a case where two or more supervisors are involved in the oversight of an IAIG. However, we believe that the point of contact with an insurer should be explicitly limited to a group-wide supervisor who can take into account the insurance markets' characteristics as well as the business profile of insurer's activities in each country, thereby avoiding duplicative supervision. For further details, see our comments on M3E1-2-5-1.	
200	Joint initiative CRO Forum / CRO Council	Other	Question 7	Regarding the supervisory process, the role of the lead group supervisor is critical and should be emphasized. The term "involved supervisors" should be clarified and narrowed to make sure that only supervisors directly involved in the supervision of an IAIG (being its parent company, subsidiaries and/or branches) are involved in the supervisory decision making process. In case there is already a group-wide supervisor in existence in the country or State where the group is based and where that supervisor has the statutory responsibility to supervise the head of the group should be first considered to take the role of the group-wide supervisor under ComFrame. However other factors can be considered when determining whether the group supervisor could be from a different jurisdiction (e.g. main business activities, location of main risks underwritten and/or largest balance sheet total). In any event, there should not be more than one group supervisor. Additional group supervisors will represent excessive and un-necessary burden on IAIGs, ultimately jeopardizing the benefits of ComFrame. We recommend that sub-group supervision should not be considered nor introduced as ComFrame should address and resolve the need for such supervision. Generally, ComFrame should be more flexible with regard to supervisory planning, off-site monitoring and on-site visits. The group supervisor should take the lead to conduct such visits or respond to inquiries and inform host supervisors via the Supervisory College. Intra-group transactions should not be subject to approval but the group supervisor and host supervisors should be informed. On reporting, duplications should be avoided as host regulators should rely on group risk information provided to the group supervisor. Reporting is onerous and time-consuming and ComFrame should be an efficient tool to respond adequately to growing reporting requests. Furthermore, the existing and future regimes include strong reporting elements and these should not be duplicated. CROF and CROC consider that ComFrame will have to recognize the Crisis management measures introduced in the regime (already envisaged or implemented under many regimes).	

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				ComFrame should facilitate the understanding and cooperation between supervisors in times of crisis. Recovery and resolution plans (RRPs) should not form part of ComFrame. There needs to be a clear distinction made between crisis management, regulatory requirements which might be appropriate in case of a non-compliance with the solvency requirements and ERM steps and process developed to enable effective responses in stressed conditions.	
201	New Zealand Reserve Bank	IAIS Member	Question 7	yes	
202	UK Association of British Insurers	IAIS Observer	Question 7	The roles of "host" and "involved" supervisors are not consistent, with differing remits given at various points. In places involved supervisors are ascribed powers and responsibilities that are appropriate only for host supervisors. The definition of "involved supervisor" is also extremely broad, and encompasses some supervisors that would be best described as "interested" rather than "involved". For example, a non-insurance sectoral supervisor of a small subsidiary in a non-home jurisdiction would by the current definition qualify as an "involved supervisor" - which, on the present drafting, would grant it significant powers and responsibilities with respect to identification of the group supervisor and with various elements of the supervision of the group as a whole. This would be inappropriate. The group assessment should be carried out by the group supervisor only, based on information provided by host and involved supervisors. The group assessment should also be source of information for any host and involved supervisors with queries relating to the group status (although the sharing of such information from the group assessment must be subject to appropriate conditions of confidentiality). The definition of "involved supervisor" should be narrowed, and many of the activities and responsibilities ascribed to involved supervisors should be changed where appropriate to "group supervisor", "host supervisor" or "group and host supervisors". In general, it should be assumed that group and host supervisors may consult or seek views from involved supervisors, but that in the majority of circumstances "involved supervisors" will not participate directly in task of group supervision.	
203	UK Lloyd's	IAIS Observer	Question 7	Supervisory powers outlined in Module 3 are not clear and the split in responsibilities between different categories of supervisors is very vague. ComFrame refers to different sub-sets of supervisors in different places: "group-wide supervisors", "key involved supervisors", "involved supervisors" and "host supervisors". ComFrame defines some, but not all, of these phrases and the way the document is written suggests that those drafting different sections did not always have the same concepts in mind. For example, "involved supervisors" is defined by M1E4-1-2-3, but M1E2-1-1-1 says "involved	

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				supervisors are defined in M3E3" and M3E1-2-1 refers to "involved supervisors, as defined in M3E3-2-1", although neither referenced section contains a definition of involved supervisors. We suggest that ComFrame should contain a single section of definitions, covering all the key words and phrases used and that those definitions apply throughout the document. Various references are made to involved and host supervisors across the document. M1E4-1-2-3 says that a "host supervisor" is a "supervisor from a jurisdiction where the IAIG undertakes significant and/or relevant activities other than the jurisdiction of the group-wide supervisor". The reference to "relevant activities" here introduces ambiguity and should be omitted. Module 3E1 gives involved supervisors significant powers and responsibilities in relation to an IAIG subject to ComFrame. It is not always clear how these fit in with the responsibilities of a group-wide supervisor in M3E3 or the functioning of a supervisory college in M3E4. For example, M3E1-5-3, M3E1-5-4 and M3E1-9-8 suggest that the powers of involved supervisors would extend to taking actions in relation to the whole IAIG, not just to entities operating within their jurisdictions. Furthermore, whereas M3E4-2-1 suggests that supervisory college membership is based on "involved supervisors from jurisdictions where material activities are undertaken", M3E1 sets out the powers and responsibilities of all involved supervisors and is not limited to supervisory college members. It is unnecessary for ComFrame to give significant powers and responsibilities to involved supervisors unless they participate in the supervisory college. We therefore consider that Module 3 should be redrafted to focus on the group-wide supervisor and the supervisory college. It should be concerned with the powers and activities of supervisors who are responsible for significant operations of the group and who are members of the supervisory college. It should not refer to the powers and responsibilities of involved supervisors other than as members of a college. Although we can understand the desire to retain some flexibility over the operations of supervisory colleges, Module 3 should make clear that a group-wide supervisor is primarily responsible for the supervision of an IAIG and that membership of the college will be limited to "host supervisors" (as defined). The powers and activities of college members other than group-wide supervisors should be limited to entities and operations located in the jurisdictions of those college members.	
204	United Kingdom Ernst & Young LLP	IAIS Observer	Question 7	We have some concerns at the extent to which some activities are assigned to "involved supervisors", which could be taken to mean multiple group-wide supervision by different supervisors. We believe that this would be counter-productive and that only rarely should it be necessary - it would imply failure of the function of the group-wide supervisor. If all that is meant in some cases is that the involved supervisors would supervise at their levels, it is not necessary to spell this out as ICPs require it anyway.	

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				It is we believe important to make as much use as possible of mutual recognition and reliance. If international standards are to mean anything, supervisors need to rely upon each others' performance of supervision.	
205	United Kingdom Financial Supervisory Authority	IAIS Member	Question 7	It appears that M3 would benefit from restructuring and greater clarity over the role of the group-wide supervisor. How exactly is a college meant to work - not the semantics of producing agendas for meetings and the like, but the interaction (power play?) between the GWS and involved supervisors generally. We feel that the issue of judgement on what a supervisor should look at, could be given greater emphasis.	
206	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Question 7	GNAIE commends the IAIS for creating a Module specifically on the role of the supervisor and focusing in the recent draft on the supervisors' duties. We would suggest even further refinement to focus Module 3 on those elements unique to IAIGs. Module 3 and Module 2 should be reversed to place further emphasis on the role of supervisor. Further definition of the roles of a group supervisor is required.	
207	United States of America American Insurance Association	IAIS Observer	Question 7	We believe that a high quality Module 3 offers the greatest potential value for ComFrame, by closing regulatory/supervisory gaps in an efficient manner that avoids unnecessary burdens and duplicative or even contradictory supervision. However, while M3E3 provides for a useful assignment of supervisory roles and responsibilities, this is not reflected elsewhere in Module 3, particularly in M3E1. The lack of clear roles and responsibilities is already raising questions among supervisors as well as the industry. For example, at a recent Implementation Committee discussion, supervisors began to ask what resources they will need to perform their functions under ComFrame. If ComFrame results in every involved supervisor having extensive new duties, then duplication, inefficiency, and unnecessary expenses for regulators/supervisors and the IAIGs will inevitably result. Alternatively, if the role of involved supervisors is to share information, participate in supervisory colleges, help select the group supervisor consistent with clear criteria, and regulate/supervise local operations as provided under applicable law, then new costs should be minimal. Likewise, the role of the group-wide supervisor needs to be more comprehensively described and made the exclusive responsibility of a single supervisor, and with a dispute resolution process set forth to determine which supervisor should be the exclusive group supervisor. The	

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				failure to provide adequate clarity on this point will result in more than one supervisor potentially providing direction to the group. This is not only wasteful because it assures duplication, but worse yet, it could lead to contradictory direction to the companies.	
208	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Question 7	Module 3 is the portion of ComFrame that holds the greatest promise for improving the supervision of IAIGs, and we urge the IAIS to focus on improving and implementing it. Doing this properly will take enormous supervisory and insurer resources, as well as a significant amount of time, but this is the area in which real gains in effectiveness and efficiency can be most easily and quickly made. One area for improvement involves definition of the roles of group-wide supervisors and "involved supervisors. For the benefit of all supervisors, ComFrame must clarify that neither group-wide nor other involved supervisors may infringe on each other's legal authorities and responsibilities. "Involved supervisors" should not be allowed to require insurers or other group members for which they do not have regulatory responsibility to take actions of any sort. Clarity of supervisory roles would be significantly improved if Element 3's discussion of the roles of group-wide and other involved supervisors preceded Element 1's discussion of the group-wide supervisory process. Insurer confidentiality and due process protections should also be made stronger and clearer.	
209	USA ACE Group	IAIS Observer	Question 7	Module 3—The Group Wide Supervisory Process--- should be the centerpiece of ComFrame. We fully support the development of the role of the group supervisor and the supervisory college process. Many of the concepts set forth in Module 3 are taken from ICP 23 on group supervision and ICP 25 on supervisory cooperation. In our view, the IAIS should allow these ICPs to be adopted into law and implemented in the various jurisdictions to see whether there are gaps that need to be filled for the supervision of IAIGs. By way of example, ACE is scheduled to be the subject of a global supervisory college this September where supervisors of ACE legal entities from many different jurisdictions will participate. It is our understanding that many global insurance groups have participated in similar colleges in the past year or have colleges scheduled in the near future. These colleges will inform this entire discussion of the supervision of internationally active groups and may reveal areas where existing regulation may need to be strengthened or developed. ComFrame should not finalize prescriptive requirements for group supervision without the benefit of the real life experiences of the international supervisory colleges. While we recommend delay in ComFrame pending implementation of the ICPs, we recognize that this may not be accepted at this point, therefore, we provide the following comments regarding the approach to group supervision in Module 3. Although this version of ComFrame is improved from the 2011 draft, we continue to believe that there needs to be a more explicit assignment of responsibilities between the Group Supervisor and host supervisors. ComFrame will be a failed effort if the practical outcome is that every regulator of an ACE legal entity decides it needs to review ACE's group level information, processes and functions. While Module 3 does state that the role of the group supervisor needs to be agreed and clearly	

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				set out and provides responsibilities for the group supervisor, Com Frame needs to more clearly state that host supervisors should not undertake these specified responsibilities and should emphasize the goal to avoid burdensome duplication. Just as host supervisors should not undertake group supervision, group supervisors should not duplicate the role of the host supervisor. Group supervision should fill regulatory gaps; it should focus on inter-company transactions, including guarantees, reinsurance, collateral or unregulated activities. If Com Frame does not clearly delineate the respective roles of the group supervisor and host supervisors, IAIGs will face inefficiencies and conflicts of mandates among our regulators.	
210	USA American Council of Life Insurers	IAIS Observer	Question 7	We support the concept in Standard M3E2-3 that involved supervisors take all necessary actions to protect confidential information and we strongly suggest that demonstrated confidentiality protections must be evident in any data exchange. This is a paramount concern to protect the group and confidence in the supervisory system. As such, we disagree with the (italicized) language used in Parameter M3E2-3-6 "The inability to exchange information on a confidential basis is not to be a barrier to the on going efficient and effective supervision of IAIGs." Significant regulatory (SEC) and economic (competitive and trial bar) harm to U.S. IAIG's may result when proprietary information is leaked or made public. Confidentiality protections are an essential precondition to information exchange, which cannot be bypassed. Supervisors must have flexibility to deal with the unique circumstances of individual IAIGs, rather than a one-size-fits all approach.	
211	USA Institute of International Finance - IIF	IAIS Observer	Question 7	- In general we view the standards in Module 3 as appropriate steps in the direction of more effective group-wide supervision. - On-site activities and off-site monitoring are accepted supervisory techniques but should be based on existing processes. In many countries colleges are already in place and a group lead supervisor acts as a coordinator of all supervisory activities. All supervisory monitoring and inspection processes as well as the involvement of host supervisors or other interested supervisors should start with the analysis of existing information and exchange of existing information by supervisors. Additional data requests and other supervisory requirements to the IAIG should have a clear rationale in terms of arriving at an improved group-wide perspective. - As noted above, we believe that two elements of the supervisor process should receive more attention: a) the distinction between the assessment of inherent or business risks being run by groups and the effectiveness of the controls over these; and b) a more nuanced treatment of remediation, recognizing that the identification of shortcomings should in many cases be the prompt for a dialogue between supervisors (working in concert) and the group rather than immediate escalation/intervention/enforcement - though these will of course continue to have their place in appropriate circumstances. All supervisory activities should be based on confidentiality agreements and trust.	
212	USA Liberty Mutual Group	IAIS Observer	Question 7	Module 3 contains many promising concepts and the IAIS should center a reconfigured ComFrame on improved elements of Module 3. However, the IAIS should change its goals to developing a framework for supervisory cooperation, coordination, and information sharing.	

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				Such a framework should focus on improved processes and outcomes. It should be dynamic and allow for growth and adjustments over time as supervisors become more familiar with participating in supervisory colleges and analyzing cross-border regulatory issues. The framework should also describe the outcomes that regulators should seek to achieve through supervisory colleges and other tools, but in doing so should avoid imposing uniform substantive standards. Creation of a framework that addresses these and related issues would be a significant and productive undertaking that is both more practical and achievable in the short term. Supervisors and global insurers alike are not yet familiar with how best to exchange information while protecting its confidentiality (a significant challenge not to be overlooked), to communicate effectively, or to use tools like supervisory colleges. For example, there is currently a broadly perceived risk that there are and will be disparities in how supervisory colleges are conducted which could result in uneven or less than effective supervision of similarly positioned global insurers. A new ComFrame might develop guidance based on actual experience and identified areas for improvement to ameliorate such disparities and assure more effective oversight and coordination.	
213	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Question 7	There are many references to coordination and discussion among supervisors but very little on constructive engagement with the IAIG. Mention of IAIG comes when decisions have already been made (Parameter M3E1-8-2 and 3 p. 141). Discussion prior to this point will be critical and should be built in to the regular dialogue with the group-wide supervisor, especially on capital adequacy and risk assessment, and especially where the group-wide supervisor is contemplating action. We need a clear process and timeframes for appeal in these eventualities. Furthermore, where intervention is discussed, (see, eg: ComFrame Standards M3E1-9 and M3E1-13) it is not clear on what basis intervention is determined. Whose legal framework will apply in these instances? Please also see comment at Standard M3E1-10 below. Regulatory capacity is also a concern given complexities of reviews required, the cost of hiring experts (see M3E1-5-9) and that hiring experts will slow the acquisition of expertise through reduction of supervisory staff exposure to learning from the IAIG. Please see further comments at Question 8 and our comments on Specific Modules/Elements below	
214	USA NAIC	IAIS Member	Question 7	The current draft seems sufficient at this point. While it is helpful to provide examples, one needs to be careful that in trying to provide greater specificity, that a one-size-fits all or tick-the-box approach is not the end result as this would not provide supervisors with the necessary flexibility to deal with the unique challenges and circumstances of individual IAIGs. Insurance group supervision in the U.S. is a multi-jurisdictional approach that leverages a	

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				group-wide perspective on risk with legal entity level application of regulation. Under such an approach, a single all-powerful group regulator is neither advantageous nor necessary. ComFrame should respect different jurisdictional approaches to group supervision and focus on a common outcome of providing group-wide information and perspective to all relevant supervisors. Home and host supervisors should be proactive in their interaction and coordination of supervisory activities. Home and host supervisors cooperate on cross-border issues in an effort to effectively address issues that may adversely impact the group.	
215	USA Northwestern Mutual	IAIS Observer	Question 7	We support the objective of Module 3 to provide supervisors with the tools needed for more effective and coordinated supervision of IAIGs. Indeed, this should be the sole focus of ComFrame. We urge that while it is important for ComFrame to aid coordination and cooperation in supervision, it should not create (and would not have the legal foundation to create) a new power in the group-wide supervisor to "supervise the group". To do so would interfere with the capacity of the local regulators to exercise their statutory responsibilities for supervision of the regulated insurance entities and, in the process, create unlevel playing field issues among companies. We believe that the group-wide supervisor's role should be essentially one of coordination of the involved supervisors in the collective efforts of the involved supervisors to supervise the IAIG at the group level. As such, it is neither necessary nor appropriate for the group-wide supervisor to hold substantive decision-making authority relative to the IAIG. There would be no basis for such a delegation by the involved supervisors of whatever statutory supervisory responsibilities they may have under their applicable local legal and regulatory regimes.	
216	Various International Network of Insurance Associations	Other	Question 7	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federación Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA)	

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				We believe that a high quality Module 3 offers the greatest potential value for ComFrame, in enhancing supervisory understanding of how individual IAIGs operate. However, while M3E3 provides for a useful assignment of supervisory roles and responsibilities, this is not reflected elsewhere in Module 3, particularly in M3E1. The lack of clear roles and responsibilities is already raising questions among supervisors as well as the industry. For example, at a recent IAIS Implementation Committee discussion, supervisors began to ask what resources they will need to perform their functions under ComFrame. If ComFrame results in every involved supervisor having extensive new duties, then duplication, inefficiency, and unnecessary expenses for regulators/supervisors and the IAIGs will inevitably result. On the other hand, if the role of involved supervisors is to share information, participate in supervisory colleges, help select the group supervisor consistent with clear criteria, and regulate/supervise local operations as provided under applicable law, then new costs should be minimal. Likewise, the duties of the group-wide supervisor need to be clarified to avoid duplications and inconsistencies and ensure the allocation of tasks provides a firm foundation on which the supervisory process can be based. Therefore, we appreciate the attempt in Element 3 to provide a clear allocation of tasks between involved supervisors and the group-wide supervisor. However, it is unfortunate that the roles and responsibilities attributed to involved and group supervisors later in this chapter are inconsistent with the division of tasks allocated in Element 3.	
Question 8					
217	Belgium National Bank of Belgium	IAIS Member	Question 8	The base prerequisites and group-wide supervisor pre-requisites are appropriate.	
218	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Question 8	We note in ME4-1 that the IAIS proposes a phase-in period (transitional provisions) for ComFrame and ABIR supports this approach and recommends a trial testing period on a limited number of IAIGs before a full roll out. ABIR understands that the "base" prerequisites are augmented to accommodate the role of supervisor of an IAIG but would like to understand how supervisors will obtain the necessary resources and how the additional cost burdens will be applied. Again, ABIR supports a pilot program to be managed by the IAIS which would evaluate in real and practical terms what ComFrame really means to the IAIG and to the involved supervisors so that a proper assessment and evaluation could be made of what is being proposed in theory and whether or not the desired outcomes are in fact achievable instead of implementing an untested and untried system. One of the desired outcomes must be "efficiency" in regulation and supervision.	
219	Canada Canadian Institute of	Other	Question 8	Yes. Appeal processes should be sufficiently constrained so as not to obstruct necessary supervisory action in a crisis.	

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	Actuaries				
220	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Question 8	We would like to emphasize the importance of having the appropriate confidentiality protections in place, and that they be supported by legislation in each supervisors' jurisdiction prior to there being any information exchange within a college. From our standpoint, confidentiality is a prerequisite for the proper functioning of a supervisory college and without it, cooperation and coordination will be limited. Canada is among the jurisdictions that have signed on to the IAIS's Multilateral Memorandum of Understanding (MMoU) with respect to the international supervisory information and exchange agreement. In taking up its responsibilities within a college, we would expect that the relevant supervisors' home jurisdiction will have also become party to the IAIS's information exchange agreement.	
221	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Question 8	The base prerequisites and group-wide supervisor pre-requisites are appropriate.	
222	Germany Bundesanstalt fr Finanzdienstleistungsaufsicht	IAIS Member	Question 8	The Prerequisites set out in Module 4 should also be understandable from an outside perspective. Some of the wording could be aligned in order to enhance such understanding.	
223	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Question 8	As set out in the previous answer, we do not believe that the group supervisor is adequately equipped to meet the ambitions of ComeFrame. Apart from that, there are also some basic prerequisites missing which may jeopardize a successful implementation of ComeFrame. Above all, the IAIS has not clearly articulated yet how ComFrame is expected to operate. It is still unclear whether ComFrame is envisaged to work like the Basel requirements for the banking sector or whether a supervisory agreement with less binding force is intended. Such uncertainty about the interaction with existing regulatory/legal requirements may cause irritations and slow down the development of ComFrame.	
224	International European Commission	IAIS Member	Question 8	Overall the Base Prerequisites appear to be adequate	
225	Joint initiative CRO Forum / CRO Council	Other	Question 8	In order to be truly global and achieve the stated goals, ComFrame should be principles based and not introduce prescriptive requirements. CROF and CROC recommend that the IAIS develops and agrees on a set of principles that recognize existing or future group supervisory regimes under the ComFrame and provide a basis for convergence around best supervisory practice. A careful gradual phase-in approach, which provides an appropriate field testing phase, should be considered in order to build on developments across jurisdictions and ensure the successful introduction and implementation of ComFrame. The first priority of ComFrame should be to secure a more effective supervisory cooperation.	

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226	New Zealand Reserve Bank	IAIS Member	Question 8	yes	
227	UK Lloyd's	IAIS Observer	Question 8	The prerequisites are reasonable and we agree that supervisors should ensure that they possess necessary powers for their actions to be legally valid. As this Module continues to evolve, it is important to ensure that requirements and expectations contained therein do not contradict the current arrangements. If local legislation needs to be changed to comply with ComFrame, sufficient time should be allowed for the process to conclude. We therefore support Insurance Europe's suggestion that ComFrame is implemented in stages to ensure that the framework is applied consistently and any discussion deadlocks do not prevent timely application of uncontroversial measures.	
228	United Kingdom Ernst & Young LLP	IAIS Observer	Question 8	Generally, yes.	
229	United Kingdom Financial Supervisory Authority	IAIS Member	Question 8	Yes.	
230	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Question 8	We are concerned about resources of both the companies and supervisors to implement all the ComFrame provisions for 50 companies at once and would urge thought be given to a phase-in implementation, enacting various elements of ComFrame over time. ComFrame should launch as a basic structure for cooperative group supervision and evolve over time as the process is informed through experience, data collection and analysis and converging standards and practices. This approach will be easier to implement from both a regulatory resources and political standpoint.	
231	United States of America American Insurance Association	IAIS Observer	Question 8	While some important issues are mentioned, such as having a transparent supervisory system, inadequate detail is provided. For example, the OECD's Policy Framework for Effective and Efficient Financial Regulation sets forth a set of guidelines that includes publication of proposals, opportunity for comment, selection of the least costly policy option, and periodic reviews to assure continued relevance. This work should be referenced as an example of a transparent regulatory/supervisory system. We also believe that more specific guarantees should be provided regarding due process. Additionally, confidentiality protections are an essential precondition to information exchange, and a paramount concern to protect both the insurance group and confidence in the supervisory system. We appreciate that the Base Prerequisites contemplate all members maintaining "legislation requiring protection of the confidentiality of information in possession of the supervisor, including confidential information received from other supervisors."	

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232	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Question 8	The drafters of ComFrame should realize that they have no legal authority in any jurisdiction to impose new requirements on either supervisors or IAIGs, and so the apparent assumption in Standard M4E1-1 that jurisdictions will implement the requirements of ComFrame in their jurisdictional law as written by the IAIS should be revisited. ComFrame will be successful only to the extent that it can be implemented under existing supervisory authority or its supporters can persuade legislators in the various key IAIS jurisdictions that it is appropriate and necessary, and there will be strong industry opposition if the current version is not fundamentally revised. ComFrame should accommodate differences in regulatory regimes, philosophies and approaches, and focus on appropriate regulatory outcomes, rather than homogenizing the supervision of international groups. If it does so, the adoption process will be much smoother.	
233	USA ACE Group	IAIS Observer	Question 8	See response to Question 7. As set forth throughout these comments, we do not believe that ComFrame should take on an overly ambitious and unattainable mandate. ComFrame is an extremely broad set of mandates that cover every conceivable financial and regulatory issue. While we applaud the idea and effort to achieve an international common regulatory framework, such a framework must be; (a) far less mandatory and prescriptive; (b) far more accepting of local differences as to regulatory approach, (c) significantly more adaptable to local customs and circumstances that define regulatory objectives around the world and (d) mindful of competitive implications if IAIGs are subjected to requirements which are more burdensome than their less global competitors. If ComFrame is implemented in a manner which focuses group supervision on group level functions and interconnections while affording maximum deference to local regulators dealing with operating insurance companies in their jurisdictions, then the supervisory prerequisites will suffice. However, if ComFrame contemplates Group Supervision with broad, sweeping powers - which we think would be inappropriate and unenforceable - then the prerequisites would not be met. A group supervisor cannot have powers which purport to regulate entities outside of its jurisdiction and ComFrame should recognize this legal limitation in its approach to group supervision. The implementation of effective group supervision is entirely dependent on the voluntary cooperation of involved supervisors. Such cooperation cannot be regulated but rather will be the natural outcome of the supervisory college process as supervisors see the benefit of the collaborative process and develop trust for one another.	
234	USA American Council of Life Insurers	IAIS Observer	Question 8	These seem to be already covered in the ICPs and are duplicative.	
235	USA Institute of International Finance - IIF	IAIS Observer	Question 8	- The draft document emphasizes the need for IAIS standards to be integrated into law by local regulators. Such statements create ambiguity about the nature of the process. It is of course recognized that formal IAIS standards need to be implemented and operated by national supervisors and that this will require amendments to national arrangements, legal or	

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				otherwise. It is much less clear however that this should be an issue for a predominantly non-rules based umbrella framework. - The emphasis on translating ComFrame into national law implies that what is being developed is a highly prescriptive and legalistic framework - something that the industry would not support. The IIF continues to believe that further clarity as to the nature and status of ComFrame, together with an emphasis on its largely principles-based nature should be provided.	
236	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Question 8	Generally speaking, authority and capacity (and proposed solutions) under ComFrame are problematic. While ComFrame is proposed only for internationally active insurance groups (IAIGs) ALL IAIS member jurisdictions (p.172) will be expected to adapt their current supervisory structures to ensure that operations of IAIGs in their jurisdictions will be supervised to ComFrame standards. The question of how supervisors will obtain the authority to revise supervisory frameworks to reflect ComFrame or obtain the expertise necessary to participate in panels and make the sophisticated assessments they will be required to make is not addressed. Outsourcing is a solution proposed (see Module 4, Specification M4E1-2-4-2) and we would suggest this could exacerbate capacity issues by reducing supervisory staff exposure to the IAIG and learning therefrom, and could give rise to "shadow" regulators in some jurisdictions. This could mean that the IAIG is not in effect being supervised by the supervisory body but by the hired experts. Because it allows time for adjustment and capacity building, the phase-in proposed at Question A1 above may help address this situation. We would note here that where the scope of ComFrame Criteria for IAIG identification only to applies to IMF FSAP jurisdictions (Specification M1E1-1-2-1 p.24), Module 4 Element 1 (p.172) states that ComFrame will apply to all IAIS jurisdictions. This is somewhat inconsistent. We would propose that limiting the scope to IMF FSAP jurisdictions would eliminate certain emerging markets which could reduce some capacity concerns.	
237	USA NAIC	IAIS Member	Question 8	The purpose of ComFrame is to help supervisors with the supervision of internationally active groups. Modules 1-3 set out criteria for IAIGs and provide elaboration on the ICPs in various areas (solvency, governance, supervisory processes, etc.) for the case of IAIGs. It does not seem necessary to have a Module 4 on prerequisites when ICPs 1-3 establish what supervisors needs to have in place to supervise any insurer, whether an IAIG or not. The standards, parameters and specifications in Module 4 only seem to repeat what is expected to supervise insurers in any jurisdiction. It seems unnecessary to position such things as "prerequisites" that a supervisor must have in order to use ComFrame when they are already expectations under the ICPs.	
238	Various	Other	Question 8	These comments are submitted on behalf of the undersigned members of the International	

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	International Network of Insurance Associations			Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federación Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA) While some important issues are mentioned, such as having a transparent supervisory system, we believe that further detail would be useful. For example, the OECD's 2009 "Policy Framework for Effective and Efficient Financial Regulation" sets forth a set of guidelines that includes publication of proposals, opportunity for comment, justification of the costs of government action by its benefit before action is taken, and periodic reviews to assure continued relevance. This work should be referenced as an example of a transparent regulatory/supervisory system. We also believe that more specific guarantees should be provided regarding minimal due process. Furthermore, confidentiality protections are an essential precondition to information exchange, and a paramount concern to protect both the insurance group and confidence in the supervisory system. We appreciate that the Base Prerequisites contemplate all members maintaining "legislation requiring protection of the confidentiality of information in possession of the supervisor, including confidential information received from other supervisors."	
2. General comment on ComFrame ? Invitation for Comments document					
General comment to the document					
239	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	General comment to the document	On behalf of the 22 members of the Association of Bermuda Insurers and Reinsurers (ABIR) we appreciate the opportunity once again to provide feedback on the latest IAIS Working Draft of the Common Framework for the Supervision of Internationally Active Insurance Groups (IAIGs) known as "ComFrame" published last month. As stated, ABIR has provided comments and presented at various IAIS Observer Hearings with respect to the proposed ComFrame regime and whilst we note and support the restructuring of the proposal to four modules instead of five, we continue to have serious concerns about the goals, criteria, parameters and	

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				feasibility of the proposed ComFrame. ABIR represents 22 insurance groups which have principal underwriting operations in Bermuda. ABIR members at year end 2011 wrote global group gross written premiums of \$65 billion on a capital base of \$90 billion US. The ABIR members write insurance and reinsurance and collect insurance and reinsurance premium from more than 100 countries around the world. In the US our members have 142 domiciled legal entities in 18 states. In the rest of the world ABIR members have licensed entities in 61 jurisdictions and holding companies in 12 jurisdictions. Collectively the membership globally has 31,000 employees with 15,000 of those in the United States. Our membership is known for writing high layer excess liability insurance coverage and for writing property catastrophe insurance and reinsurance. The ABIR members illustrate perfectly the global nature of the (re)insurance business and epitomize international insurance groups. The membership is quite knowledgeable about global regulatory challenges and committed to Bermuda's goal of meeting international insurance regulatory standards. ABIR supports the creation of group supervision frameworks and supervisory regimes. We believe proper implementation of such regimes can lead to more effective and more efficient regulation. ABIR shares the goal of an effective and efficient regulatory/supervisory structure for IAIGs while promoting a level competitive playing field among insurers and we acknowledge that the IAIS has dedicated a lot of time and effort towards the development of a more globally harmonized and gap-free regulatory/supervisory system through its new Insurance Core Principles (ICPs), the work related to supervisory colleges and the Multilateral Memorandum of Understanding on Cooperation and Information Exchange ("MMoU") to which Bermuda is a signatory. However, ABIR believes that the objectives of ComFrame are clearly not yet understood by the industry; nor does the ComFrame paper itself provide assurance that an effective and efficient system will be established. ComFrame envisages the supervision of IAIGs (insurance groups that are internationally active) which fall under the remit of group supervision already defined and explained in the ICPs. ComFrame should be the mechanism by which an overriding set of principles guide the "supervisory college" under a single group (lead) supervisor to have oversight for an IAIG as opposed to additional prescriptive regulatory and reporting requirements. What further complicates the ComFrame debate is that a system for the supervision of IAIGs is being proposed without yet having identified and confirmed the criteria and the participants of ComFrame (see General Answer #1). ABIR strongly believes that at this critical juncture of the project, the IAIS should review and reflect on what is being proposed thus far and begin a phase of field testing the application of group wide supervision to a select few "test" IAIGs in order to determine and identify firstly, whether the criteria for selecting an IAIG is appropriate, and secondly, where the problems and "gaps" exist. ABIR believes that the IAIS should examine the original intent (objectives) of ComFrame to validate those original objectives and to consider the practicalities and cost of implementation for both supervisors and IAIGs today.	
240	Canada	Other	General	ComFrame is a needed and thoughtful supervisory response to the globalization and	

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	Canadian Institute of Actuaries		comment to the document	complexity of insurance enterprises.	
241	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	General comment to the document	In our estimation, the scope and substance of ComFrame can only be firmly established after an impact assessment and field testing has taken place. As stated above, and in solidarity with the position of the INIA, we would ask that consideration be given to a phased-in approach for ComFrame beginning with Module 3. Only after we have moved towards greater convergence through effective coordination and cooperation between supervisors can a proper assesement be made on the need for additional requirements for IAIGs. In addition, we believe it would be useful for both stakeholders and the IAIS to reach a common understanding on four fundamental issues: 1. Shared Goals/Outcomes of Group Supervision - Unintended consequences are minimized; - A level competitive playing field is maintained; - Growth of private markets must be taken into consideration; - Multiple layers of regulation becomes a drain; and - Supervisory colleges should focus on identifying areas where regulation is duplicative or burdensome. 2. Distinction between "Supervision" and "Regulation" - Lack of a clear scope and definition of "supervision" may drive legitimate fear that this module will be the source of new and unnecessary requirements thereby creating additional regulatory complexity, not reducing it; and - "Regulation" should be viewed as the execution and enforcement of applicable insurance laws within a jurisdiction, while "supervision" focuses on (i) non-regulatory government monitoring of the activities of an insurance group, irrespective of the jurisdictional location of the group's individual entities or subsidiaries; and (ii) coordination and cooperation among regulators to ensure appropriate oversight of activities affecting the group. 3. Group-Wide Supervision vs. Systemic Risk Regulation - ComFrame should ensure that there is no blurring of the lines between a GSII and IAIG as they are distinct from one another; - The ComFrame should deal solely with matters relating to IAIGs; and - It is not necessarily true, indeed there are only particular circumstances, that an IAIG would also be designated at GSII.	

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				4. Risks Associated with ComFrame Capital Component - Trending towards the creation of regulatory overlay; - Reference to "Regulatory arbitrage" is not clear to us as we question whether ComFrame is an appropriate vehicle to address this; and - Any discussion of a capital standard within the scope of ComFrame is fraught with difficulty in view of the fact that there is no common (accounting) standard for the purpose of measuring/calculating.	
242	Canada International Actuarial Association	IAIS Observer	General comment to the document	ComFrame is a needed and thoughtful supervisory response to the globalization and complexity of insurance enterprises. We believe it is heading in the right direction. We do think it needs better clarity about its ultimate desired objectives and what differences in actual company and regulatory behavior will flow from it. - Historically, the main regulatory focus (along with, in some jurisdictions, ensuring a robust and competitive market for insurance) has been on how to ensure that any failed insurer can be successfully resolved so that promises can be paid and the risk of failure is appropriately born by the shareholders. The micro regulatory focus identifies a point of failure that would leave sufficient resources intact for resolution and then monitors any company slippage towards that point. Most countries agree that, under this framework, a company failure was not a failure of the system, but the occasional, and manageable, outcome of a competitive, free market. However, since 2008, there are two new, broader, expectations also being requested of regulators. The first is how to understand and oversee complex, internationally active companies so that one, in the event of a crisis, the resources of the organization can be managed in a more effective manner (across regulatory jurisdictions) than that of just locking down each segment/subsidiary of the organization, and two, to understand prior to a crisis if the internal obligations and promises of the organization endanger its ability to function during a crisis. In both cases, this new regulatory expectation requires that the necessary legal and political will exist to facilitate actions and regulatory management levers needed to manage situations in both a preventative and a wind up fashion. - The second expectation is to address and manage systemic risk issues. Here the regulatory focus is entirely on preventative tools that identify both exposure to systemic risk and business practices that contribute to accelerating or amplifying systemic risk. This means there is a spectrum of regulatory roles and intentions that range from a micro focus only on the salvage/wind up of a single company which is "free to fail" to a macro focus on preventative/investigative roles for the regulator. And, this range of roles now needs to	

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				occur in a collaborative fashion across legal boundaries. We believe that this expanded regulatory job description can be effectively fulfilled if built on the following concepts: 1. Reviewing the corporate enterprise risk management and decision making process (including the motivations and models used for decision making); 2. Understand and review the triggers for actions by the enterprise and assess if they are likely much stricter triggers than the regulatory triggers; 3. Define triggers for regulatory engagement, collaboration and/or regulatory preventative actions based on an assessment of the above processes, beyond the more traditional reliance on capital and MCR. To elaborate on the above, the desire for a common language/framework is well appreciated, but the language that is least well developed is the language around the identification, measurement and management of risk. This is because each business model (whether for life, P&C, Pensions, Banking, etc.) and country jurisdiction has independently evolved a set of required capital tools that have typically been accounting based and focused on that specific business model. The traditional focus (for example, the use of an MCR) has been on the need for an objective measure for a regulator to seize control of a company to wind it up after it crosses a defined level of capital based on past activity. The expanded objectives for regulators will require tools that can be preventative and helpful to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders; and to contribute to global financial stability. Historically, capital and accounting rules create innovation in design that can, either intentionally or unintentionally create new risks not captured in the current rules and regulation only results to fix the past discovered problems. We have shared our suggestions on how to address this issue in our response to Question 7. Lastly, a few additional points: 1. We agree with the decision to clarify in two different modules what should be expected of companies versus what should be expected of regulators as this structure should help clarify how differing regulatory objectives will need to blend and combine different regulatory tools and options for oversight. 2. Since there may not be a consistent IFRS standard, ComFrame will need to consider how it will take this into consideration 3. It will be clearer for industry and regulators if ComFrame is limited to only those provisions that are different for IAIGs when compared to other companies.	
243	Canada Office of the Superintendent of Financial Institutions	IAIS Member	General comment to the document	Group-Wide Supervision: In general, the ComFrame language regarding Group-Wide Supervision (GWS) is built significantly from ICP 23. There are significant concerns with potential gaps in this language.	

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				Firstly, the language (either ICP 23 or ComFrame) fails to describe clearly the group level supervisory responsibilities in the event that the head of the insurance group is a non-regulated holding company (NOHC). There appears to be explicit expectations for group level supervision, while allowing the use of an "indirect" supervision approach which is only lightly defined in the opening paragraphs of the ICP document (not in ICP 23 itself). Some of the ComFrame requirements seem to imply that direct supervision is required for IAIGs; it is unclear whether the indirect approach would be sufficient for effective supervision of an IAIG. For example, the last bullet of the Module 1 Element 3 ComFrame Commentary suggests that the group-wide supervisor should have the power to influence the composition of the Board where the Head of the IAIG is not an insurer and does not have the necessary expertise at its Board level relating to insurers within the IAIG. A supervisor may have difficulty enforcing such a requirement using indirect supervision. Another example is M2E8b-3 which requires that the supervisory authority establishes regulatory capital requirements at the group level which may have to apply to a NOHC. Again, we question whether this is a realistic expectation for a supervisory authority using an indirect approach. We suggest that both the ICP's and ComFrame be reviewed with this concern about "direct versus indirect supervision" in mind. The ICP's and ComFrame also need to speak to the specific group-level supervisory responsibilities that arise when the insurance group is part of a financial conglomerate. Status/Authority of ComFrame: The status/authority of ComFrame should be clarified. OSFI recommends that ComFrame eventually be adopted as "additional guidance" that operates side-by-side with the ICPs. ComFrame should be subject to peer reviews. ComFrame should "encourage" prudent behavior from IAIGs and Group-Wide or involved Supervisors. The ICPs should form the foundation for all of the ComFrame content; if new expectations are introduced within ComFrame that do not have a clear link to the ICPs or Standards in the ICP's, then the ICPs should be revised accordingly. However, the IAIS should be careful to not significantly expand the ICPs. Structure of ComFrame: The ComFrame structure is too complex and detailed, particularly given that it is both layered over ICPs and repeats some of the content of ICPs. ComFrame objectives may be better served with the careful articulation of key principles and supporting interpretative guidance. For example, principles for: establishing the lead supervisor; supervisory cooperation; group-wide ERM; addressing cross-border issues; group reporting and stress testing. At present, there seems to be many overly detailed and complex partitions for key issues and sub-issues, some of which seem repetitive. M4E1 should be the first module in ComFrame as it lays out the anticipated prerequisites for the structure and functioning of what is required of Supervisors, including the Group-Wide Supervisor.	

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				In future versions or in the final document, any general commentaries that now follow some of the Modules and Elements would be better situated up front as such commentaries help to clarify what the Modules and Elements are targeting and provide useful context. Use of the word "framework": ComFrame overuses the word or concept of "framework" without providing any definition as to how the word is to be understood in the context of ComFrame. This will make it very hard for supervisors to be able to assess whether an IAIG meets the Standards. For example, framework is used as a specific title ("ERM Framework") and also more generally ("integrated group-wide framework" for internal controls). Is there a difference in expectations and/or should there be? Maybe different words should be used to avoid confusion. Ambiguity of Terminology: We recommend that ComFrame define words or phrases that could be seen as ambiguous or interpreted differently by different jurisdictions. Examples include material, sufficient, adequate, considerable importance, periodically, dominant influence, etc. Undefined words and motherhood statements may seem good in theory but these may create practical difficulties during implementation.	
244	Europe Insurance Europe	IAIS Observer	General comment to the document	Insurance Europe welcomes the opportunity to take part in this second public consultation on ComFrame. For many years, Insurance Europe has supported the introduction of comprehensive and efficient group supervision and, therefore, appreciates the International Association of Insurance Supervisors (IAIS) efforts in launching the ComFrame initiative. A global framework for group supervision is an appropriate response to the increasing globalisation of insurance markets to ensure that policy holders are appropriately protected and confidence in insurance markets is promoted. ComFrame is an ambitious project which we can still see potential benefits in for both supervisors and the industry: - Convergence of supervisory practises - work is underway in a number of jurisdictions to improve and further develop domestic approaches to group supervision, therefore, it is important these efforts build off and converge towards some common supervisory principles. - Greater consistency in supervisory requirements - it is important that supervisors and industry agree on basic and indispensable elements that should be included in a global framework for group supervision. This should help to foster a common understanding of groups among supervisors and reduce duplication of regulatory efforts for internationally active insurance groups. - Coordination and cooperation - greater understanding is fundamental to the ultimate success of ComFrame. To achieve this goal, efficient and effective coordination and cooperation between supervisors is vital.	

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				Through improving the quality and consistency of group supervision globally through improved cooperation and coordination between supervisors ComFrame should foster enhanced policyholder protection, facilitate competition for the benefit of policyholders, strengthen financial stability and contribute to a level playing field for insurance groups. Before highlighting the essential elements Insurance Europe believe should be reflected in ComFrame and our issues with the current draft, we set out our vision for successful implementation of the project. Vision Greater coordination and cooperation in group supervision delivering improved policyholder protection and confidence in the insurance industry The improved understanding between supervisors of the different practices and approaches used by jurisdictions, facilitated by result oriented supervisory colleges, should naturally lead to convergence in supervisory approaches, elimination of duplicative reporting requirements and greater efficiency and reliance on supervision conducted by supervisors involved in the college of international groups. From the perspective of the industry, a group operating internationally would only need to report once to its group supervisor with respect to risks arising from its group wide operations and processes. Solo supervisors would have a good understanding of the implications for legal entities in their jurisdiction of being part of a group and able to rely on and discuss concerns openly with the group supervisor and the supervisory college, should they need to, and avoid additional requirements on group risk issues. Information exchange between the IAIG, its group supervisor and supervisors of solo entities should be primarily gathered from already existing information, transparent taking into account the necessary confidentiality agreements, and proportionate. Key issues with the current status of the development of ComFrame In order to achieve this, there are a number of issues in the current draft that need to be addressed to provide an appropriate structure to the framework. These are: Purpose and scope of ComFrame We recommend that there is a clear statement on the purpose of group supervision to provide focus on how the standards, parameters and specifications should develop and justification for the aims and drivers articulated in the introductory remarks. This should also help clarify how ComFrame interacts with the ICPs and solo supervision given the common objectives of policyholder protection. Insurance Europe believes that the framework should focus on facilitating supervisory understanding of IAIG's and not blur this with the potential creation of a separate prudential regime for IAIG's through setting standards surrounding valuation and capital requirements.	

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				The creation of a two tiered approach to group supervision where prudential requirements differ between insurance groups must be avoided as this would create opportunities for regulatory arbitrage and may lead to unforeseen consequences. We believe that the aim of fostering global convergence of regulatory and supervisory measures will be achieved over time as a natural consequence of the structure of ComFrame. This will help improve supervisory dialog and understanding of regimes in other jurisdictions, such that best practice can be shared and applied in a way as to be applicable to all insurers, not just IAIGs. This would also be consistent with the introductory remarks to the paper that note ComFrame is designed to create more commonality and comparability of approaches without being rules based. Clarity of purpose will also enable a meaningful assessment of the measures proposed for identifying the firms that should be within the scope of the ComFrame requirements. Application of ComFrame The introductory remarks set out the characteristics of ComFrame as having three levels, Standards that supervisor's need to meet, Parameters that can be worked off in complying with the standard, and Specifications that illustrate or provide details and definitions to the parameters. Given that ComFrame will have the status of an international standard that will need to be reflected in a consistent manner in local legislation the language used throughout the paper should be appropriately addressed to national policy makers/supervisors and further articulation of the status of each of the three levels is required. In particular: - The Parameters and Specifications, especially in Module 2, are too prescriptive and should be positioned as indicative guidance on how the standards may be met but should explicitly note that alternative approaches may be equally valid and that supervisors should exercise discretion in assessing appropriateness. - There should be greater clarity on the status of module 2. It should not set prescriptive requirements applicable to IAIG's that would need to be transposed into national rules. We would recommend that Module 2 clearly focus on the essential elements and high level principles that a robust group supervision regime should include with the aim that supervisors' should be able to understand and assess the risks of a group. Key elements that ComFrame should address To ensure the success of the project it is very important that both regulators and industry agree on the basic and indispensable elements a global framework for group supervision should include. Following the experience gained as a result of the insurance groups directive and in preparing for the group supervisory regime in Solvency II, which cover EU domiciled insurance groups' insurance operations both in Europe and globally, Insurance Europe believes ComFrame should include the following components and principles:	

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				- Group supervision should only be exercised at ultimate parent level and should not be duplicated at different sub-group levels. - There should be only one group supervisor with clear supervisory responsibilities. - Solo entity supervision should remain the responsibility and task of the national supervisor. Through the establishment of supervisory colleges reliance and recognition between supervisors should be fostered and although other supervisors should be provided with an opportunity to challenge, the group supervisor should have ultimate decision making power with respect to group decisions. - Sharing of information amongst relevant supervisors should be based on appropriate confidentiality arrangements to protect the group and its policyholders. - ComFrame should be applied in a manner that is proportionate to the nature, scale and complexity of the risks inherent in the business of an insurer. - The group supervisor should be provided with appropriate tools and powers to carry out a risk based assessment of the financial position of a group. The assessment should not only consist of quantitative elements, but also cover qualitative aspects that influence a group's risk profile. - Principles covering a group's governance and risk management processes are important, however they should remain focused on ensuring that the right risks are covered while allowing for flexibility in how a particular risk is dealt with. A well-integrated own risk and solvency assessment (ORSA) for all internationally active groups is key to this. - Groups should be incentivised to measure and properly manage their risks. - The quantitative assessment should provide a way of understanding the financial condition of the group using the risk based local requirements applicable at the group level allowing appropriate recognition of local requirements applicable to the solo entities within the group to provide a consolidated view. This could form the basis for a range of acceptable existing and developing solvency regimes that the IAIS are considering. - o ComFrame should enable all risks to be captured on the balance sheet including relevant off balance sheet items and activities conducted by unregulated entities and recognise an economic assessment of assets and liabilities - o The use of full and partial internal models should be accepted. - o The assessment should be risk based - Reporting requirements should be harmonized at group level in order to ensure that the	

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				required extent of information will be restricted to what is actually needed to consider the special supervisory aspects of a group and will be primarily extracted from the reporting formats already available. This would help to avoid multiple reporting and redundant disclosure requirements. - Market discipline should be promoted through improved risk disclosure to the public and confidential disclosure to supervisory authorities. Insurance Europe is aware of the very challenging and ambitious task for the IAIS to agree on a framework that is fully consistent with the key elements described above. Thus, to ensure that development of ComFrame i) is not held up by difficulties in reaching agreement in certain areas and ii) provides added value to the comprehensive suite of supervisory standards already contained in the IAIS's ICPS, insurance Europe strongly believes that ComFrame should be developed through a phased approach based on practical experience of group supervision in an international context. Otherwise, there is a risk of the emergence of dysfunctional, disjointed and duplicative arrangements and structures being introduced, which may hinder convergence and prove difficult to dismantle. Insurance Europe believes this approach should be based on the following key phases: - Phase 1: The ComFrame development phase should focus on supervisory cooperation and coordination, in order to improve the common understanding of group risks, as set out in Module 3. Module 2 should be based on the principles contained in the ICPs and greater supervisory understanding of differences in jurisdictional approach should be informed by a mapping exercise of capital resources and key measurements already employed or being developed elsewhere. - Phase 2: As part of ComFrame's 'calibration phase' and following further implementation and embedding of the ICPs and practical experience of group supervision in an international context, any gaps in available information should be identified including areas where greater specification may be needed. Despite Insurance Europe, along with other industry observers, advocating such an approach in the past no clear explanation has been provided as to why supervisors believe there is a need to go further at the outset and develop all elements of ComFrame at the same time. With respect to the Working Draft of the Common Framework for the Supervision of Internationally Active Insurance Groups as released on 2nd July ("Working Draft"), Insurance Europe has identified some key concerns where the current text remains disconnected from the overall goals of ComFrame. In particular, many of the concerns highlighted do not properly reflect the strategic directions included in the resolutions set out in Appendix 1 to the Working Draft: - It is still unclear how ComFrame relates to local regulatory/legal requirements that meet the overall principles covered by ComFrame. Although, the IAIS has repeatedly stated (most	

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				recently in a separate resolution in Appendix 1 of the Working Draft), if local rules embody the ComFrame requirements then no change is needed, this is not clearly reflected in the ComFrame modules. On the contrary, the highly prescriptive nature of some requirements, as noted earlier, makes it unlikely that even robust group supervision regimes will satisfy the ComFrame requirements potentially due to minor differences resulting from the level of prescription specified in the ComFrame as to how a risk should be dealt with. Insurance Europe believes that further clarity should be provided in ComFrame to clearly indicate what is mandatory and what is indicative of good practice (recognising that alternatives may be equally valid) to enable coordination with existing and forthcoming supervisory regimes. - ComFrame is still too prescriptive. The Working Draft demonstrates this most clearly in the area of corporate governance and group financial condition, but it is also true for other parts of the paper. The focus should instead be on ensuring that a group identifies and deals with risks without specifying exactly how it does so. ComFrame's approach should build on existing and forthcoming supervisory regimes at national and regional level. - ComFrame should only apply to internationally active groups. Internationally active solo entities, which are not part of a group, should not fall within ComFrame's scope and there should be an explicit exclusion for them set out in the ComFrame text. ComFrame deals with specific group supervisory issues, such as gaps in supervision, and aims at providing an integrated, multilateral framework, giving a holistic picture of an IAIG. These group issues and considerations do not apply to solo entities, which are prudentially supervised in respect of the entirety of their operations and their solvency by their home state supervisors. - ComFrame should focus on what is "material" for a group. It should not seek to replace/be confused with supervision of legal entities. As a result of a desire for supervisors to create a "common language" and facilitate a greater reliance on each other's supervision ComFrame's focus has unfortunately in some places drifted from addressing gaps in group supervision to designing a more intrusive supervisory regime for legal entities within groups. This is not only at odds with ComFrame's original aim, to create a framework for group supervision, but will place an unnecessary and significant additional regulatory burden on groups and risks considerable delays to agreement and implementation of the framework. ComFrame should instead facilitate supervisory dialogue on material risks arising from being part of a group structure. - ComFrame should not set a single new global standard in the areas of capital, solvency and valuation but should facilitate the recognition of local regimes. Insurance Europe recognises that there are significant variations in local/regional regulatory frameworks for capital, solvency and valuation. Therefore, rather than defining a single standard for group capital requirements, ComFrame should set out a way of understanding the financial condition of the group using risk based local requirements applicable at the group level allowing appropriate recognition of local requirements applicable to the solo entities within the group to provide a consolidated	

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				view. This could form the basis for a range of acceptable existing and developing solvency regimes that the IAIS are considering. The current divergences in approaches, on-going developments and deep reservations between jurisdictions about change means that specifying one global standard at the outset could block progress on the initiative as a whole, which would be undesirable. Existing processes are already in place to amend solvency standards in various jurisdictions and it is unlikely to be productive to leapfrog these via prescription in ComFrame. It is also important that work in this area builds off a good knowledge of the range of approaches currently in place or being developed; we are, therefore, very supportive of the mapping exercise being conducted by the Solvency Subcommittee. With respect to valuation Insurance Europe believes that a common and consistent valuation standard should be used throughout the group. . Harmonisation of valuation standards is an issue that goes far wider than insurance, and it would be unwise to tie the progress of ComFrame to agreement on this issue. - Interaction with discussion on systemically important financial institutions The IAIS has repeatedly assured that ComFrame does not address systemic risks. However, IAIGs are required to maintain contingency plans in gone concern situations. This requirement clearly refers to the obligation for systemically important financial institutions to have resolution plans in place and contradicts the IAIS assertion that rather than requiring specific resolution plans, ComFrame should include an analysis of scenarios and the flexibility of IAIGs to reposition when under stress. We strongly object to the underlying indication that IAIGs are deemed to be systemically relevant and reinforce our position that resolution measures should be exclusively addressed as part of the discussions relating to systemically important financial institutions.	
245	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	General comment to the document	The German Insurance Association gladly takes the opportunity to take part in the second public consultation as regards the ComFrame-project of the IAIS. We have worked closely with Insurance Europe and explicitly endorse their comments. However, we would also like to share our main thoughts', comments and priorities with the IAIS in order to emphasize the importance of ComFrame and the lasting commitment of the German insurance industry with its goals. We still see considerable benefits potentially arising from ComFrame both for supervisors and the industry. We would like to reiterate our strong support for comprehensive and efficient group supervision. Group supervision approaches are increasingly being introduced by regulators across the globe. It is essential that these different approaches will be harmonized as much as possible in order to foster a common understanding of group risks among supervisors and reducing duplication of regulatory efforts for internationally active insurance groups. We still believe that the development of ComFrame provides a unique momentum to contribute to more convergence of group supervisory practices. However, for the success of this process it is very important that both regulators and industry widely agree on the basic and indispensable elements a global concept for group supervision should include. Following the	

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				experience of developing Solvency II which is at the forefront of regulation efforts in this area, we are convinced that ComFrame needs to address the following components and principles: - Defining clear supervisory powers of a responsible group supervisor and involved supervisors The group supervisor should have ultimate decision-making powers in relation to group matters while there might remain some appeal routes open to those supervisors who disagree with the decisions of the group supervisor. The group supervisor should be responsible for leading the supervision of the entire insurance group, with local regulators retaining responsibility for the solo insurers. The operation of supervisory colleges should facilitate the concept of cooperative group supervision. - Avoiding supervision of sub-groups ComFrame should be based on a foundation of mutual trust and confidence between the involved supervisors. This is not compatible with the exercise of sub-group supervision which would constitute a separate consideration of an arbitrarily chosen part of the group due to the lack of trust in the group supervisor. Sub-group supervision should be rejected since it would rather lead to multiple supervision procedures involving duplication for companies and supervisory authorities, conflict with clear delimitation of tasks between supervisory authorities and, moreover, weaken the concept of cooperative group supervision. - Strengthen qualitative aspects of group supervision Group supervision is much wider than just considering group solvency aspects. Group solvency assessments are an important part of group supervision, but of equal importance are the group's governance and risk management processes. However, due consideration needs to be given to the fact that there may be different designs of risk management systems within groups. Different group structures and obligations in terms of company law require different approaches to influence group entities. Therefore, it is particularly important that ComFrame pursues a principle-based approach when defining Pillar II-requirements for the supervision of IAIGs. - Group solvency assessment The German Insurance Association firmly believes that ComFrame should also address the quantitative aspects of group supervision. However, rather than to define a single standard for group capital requirements, ComFrame should provide a way of understanding the financial condition of the group using the risk based local requirements applicable at the group level while allowing appropriate recognition of local requirements applicable to the solo entities	

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				within the group to provide a consolidated view. This should form the basis for a range of acceptable existing and developing solvency regimes that the IAIS are considering. Such an approach would increase the prospects of the entire project due to the variety of differences to be encountered in the different jurisdictions. - Harmonizing reporting requirements at group level It is a key element of effective group supervision that required information will be made available to supervisors in a timely and regular manner. In this respect, many jurisdictions have already implemented a sophisticated system of reporting and disclosure requirements for insurance companies. Hence, for the purpose of ComFrame, we believe it is important that the required extent of information will be restricted to what is actually needed to consider the special supervisory aspects of an IAIG and will be primarily extracted from the reporting formats already available. This would help to avoid multiple reporting and redundant disclosure requirements. We are aware of the very challenging and ambitious task for the IAIS to agree on a framework that is fully consistent with the key elements described above. However, the German insurance industry remains strongly committed to contribute to a successful outcome of ComFrame. We believe that there is no reasonable alternative to adequately reflect the increasing globalization of insurance markets as moving towards a uniform approach in supervising IAIGs. This will foster policyholder protection, strengthen financial stability and contribute to a regulatory level playing field of insurance groups. We are convinced that a phased-in approach as suggested by Insurance Europe is the best way to promote the prospects of a successful implementation of ComFrame. Such a procedure would ensure that ? in a first phase to focus on supervisory cooperation as set out in Module 3. The drafting of Module 2 should be based on the ICPs and an emerging understanding of different approaches as regards the financial condition of the group informed by an accompanying mapping exercise which takes account of measurements already being developed elsewhere, and ? a second phase which is determined to identify possible gaps and additional measurers based on the experience gained by the supervision of designated IAIGs and further implementation of ICPs during the calibration phase of ComFrame. The ComFrame working draft subject to this consultation has made some considerable progress compared to the discussion paper released in July 2011. The proposed new structure of ComFrame with only 4 Modules left is welcomed. Moreover, we appreciate that	

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				some important concerns of the German insurance industry, such as the mandatory prior approval of changes in IAIG's business and structure and intra-group transactions, have been addressed by the IAIS. However, we have still identified some major concerns where the current draft remains disconnected from the overall aims of ComFrame: - Interaction with existing supervisory/legal requirements If a risk based regulatory regime already covers all relevant risk categories and ensures a sufficient capital base to cover such risks it should be considered as eligible. In Appendix 1 of the draft ComFrame paper, the IAIS points out that there is no need for change or amendments provided that existing national/regional regulatory regimes embody the standards and best practices of ComFrame. We understand this statement as a confirmation that ComFrame should not operate as an additional layer of supervision for IAIGs. However, the drafting of especially the modules 2 and 3 seems to overrun the principle. Given their extensive level of detail it is very unlikely that existing requirements fully comply with ComFrame. Therefore, it is very important that ComFrame includes a mechanism which enables an appropriate coordination with existing supervisory regimes. This mechanism needs to be based on compliance with the basic principles of ComFrame instead of replicating the entire framework. - Level of detail We believe that ComFrame will unfold its potential to contribute to more convergence in the supervision of IAIGs only if indispensable principles are identified and established. These principles should clarify the risk categories relevant for groups which need to be captured both on a qualitative and quantitative basis. It is important that jurisdictions are granted some flexibility to comply with these principles. Unfortunately, ComFrame still seems to strive for a full-integrated framework which is likely to raise legal conflicts with existing requirements rather than identifying material gaps and fostering a regulatory level playing field. This is particularly true with the requirements for IAIGs set out in Module 2. - Scope of application ComFrame should apply to all groups which are internationally active to a certain extent. However, particularly the size criteria adopted in Module 1 will only lead to the identification of a predefined number of about 50 groups which would be included in the scope of ComFrame. This is a very critical approach in terms of a regulatory level playing field. Instead, ComFrame should pursue an open approach by focusing on the international activity criterion. Emphasizing size is questionable since it is an indicator for enhanced stability in insurance. - Drawing on existing information	

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				It is evident that supervisors need access to relevant information in order to perform their duties. Hence, ComFrame includes numerous reporting requirements such as the, among others, Annual Supervisory Reporting Package. We would like to point out that equivalent reports and information (such as ORSA) are already filed and available in many jurisdictions. It should not be the goal of ComFrame to introduce an additional level of reporting requirements if the general level of information available to supervisors is sufficient for group supervisory purposes. Therefore, clarification is needed that the supervision of IAIGs should primarily refer to existing information if it is deemed to be equivalent. - Interaction with G-SII-discussion The IAIS has repeatedly assured that ComFrame does not address systemic risks. However, IAIGs are required to maintain contingency plans in gone concern situations. This requirement clearly refers to the obligation for G-SIFIs to have resolution plans in place and contradicts the IAIS assertion that rather than requiring specific resolution plans, ComFrame should include an analysis of scenarios and the flexibility of IAIGs to reposition when under stress. We strongly object the underlying indication that IAIGs are deemed to be systemically relevant and reinforce our position that crisis management and resolution measures should be exclusively addressed within the G-SII-workstream.	
246	International European Commission	IAIS Member	General comment to the document	1. The Commission Services would like to thank the IAIS for its important work during the last year leading up to the publication of the ComFrame Working Draft. We strongly support the work of the IAIS to develop a set of global standards for the supervision of IAIGs. This would also respond to expectations by international bodies such as the FSB. 2. The Commission Services strongly believe that the Modules and Elements of ComFrame must cover all major quantitative aspects of insurance supervision in order for the future system to be credible, operational and be able to foster global convergence of regulatory and supervisory approaches, which is one of the aims of the project. Common and explicit quantitative requirements are crucial for achieving the same, adequate level of protection expected by policy holders and for providing a level playing field for IAIGs. While we appreciate the improvement compared to the Concept Paper, in our view the current status of this working draft still presents an imbalanced view of the quantitative requirements compared to the qualitative ones, the latter being more developed and detailed than the former. We understand the difficulties in agreeing on common quantitative requirements and recognise that a great level of harmonization may not be achievable as of day one. Nevertheless, we believe that agreeing on common principles for setting out a framework for the calculation of capital requirements should be possible as well as agreeing on a range of possible measurements based on those general principles that should also be transparent and outcome-focussed. Among those agreed general principles there should be, at a minimum, that the system is risk-based, based on market consistent valuation, forward-looking and comprehensive (based on ERM and a total balance sheet approach).	

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				We would suggest setting this approach out clearly in the relevant modules. 3. The EU has created an internal market for providing insurance services. European insurance companies and groups are subject to harmonised rules and obstacles to cross-border trade have been removed. A maximum level of harmonization will be reached once Solvency II becomes applicable, when group-wide supervision and binding supervisory cooperation will also be in place. Against this background undertakings with cross border business restricted to different EU (and EEA) member countries should not be considered internationally active as they are operating in the same internal market. 4. It should be clarified throughout the modules that the group-wide supervisor and not the "involved supervisors" should be ultimately responsible for the identification of the IAIG and for its supervision. While this is clearly set out in M3E3, this is certainly not clear in other elements on M3, particularly on M3E2. We also see room for clarification in relation to the different roles, duties and responsibilities of the group supervisor, the supervisory authorities supervising the single entities in the IAIG and the other supervisory authorities in the college. 5. For the effectiveness and efficiency of group-wide supervision, it is paramount that only one group supervisor exists in relation to an IAIG. We cannot see situations where two or more group supervisors may be needed. This would undermine the benefits of having only one supervisor responsible for the supervision and identification of an IAIG. Having more than one group supervisor would create uncertainties and undermine the efficiency of the IAIG supervision, mixing responsibilities and roles and hampering the coordination and cooperation among the group wide supervisor and other involved supervisors. 6. It is still not sufficiently clear at which level the requirements should be applicable. Since IAIG supervision is a form of "group supervision", requirements should be applicable to and complied with primarily by the head of the IAIG. In turn, the group-wide supervisor should be responsible to assess the compliance of the group with the requirements. This is valid for both the quantitative requirements as well as for qualitative ones. This should be clearly stated in module 1 as it is a prerequisite for an effective and efficient application of the framework. Similarly, only one college should exist for an IAIG. This should not be combined with one or more sub-group colleges which would undermine the effectiveness of group supervision rather than facilitating it. 7. The basic elements of the ComFrame approach should not be conditional on the completion of the IASB work on insurance contracts. As the text stands now, the use of IFRS would be delayed until the adoption of certain IASB standards (M2E7-1-1-1). As it makes no sense to calculate capital resources and capital requirements without a common basis for valuation, referring to the completion of the IASB work would mean that the application of quantitative elements of the ComFrame would be conditional upon completion of that work.	

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				8.The basic elements of ComFrame should limit the discretion afforded to the group supervisor particularly in relation to the quantitative requirement in ComFrame and should seek to ensure a level playing field between groups. One area where different approaches may have a significant impact is in relation to the discount rate for technical provisions which is currently left to the discretion of the group wide supervisor. It could be helpful to further work on a range of acceptable approaches here.	
247	Japan Financial Services Agency	IAIS Member	General comment to the document	1. What should ComFrame be? (1) ComFrame should provide a framework for the supervision of IAIGs with the aim of supervising them in a more effective manner. - The ultimate objective of ComFrame is to make supervision of IAIGs more effective, by which convergence of supervisory requirements would be achieved. - Effective supervision of IAIGs can be realised through better cross-border cooperation and coordination among supervisors. In this context, qualitative ComFrame requirements need to be developed with the aim of providing a platform for cooperation and coordination. Also, quantitative ComFrame requirements need to be developed with the aim of providing benchmarks for referral so that the solvency positions of IAIGs can be comparable. - As to qualitative requirements, it is necessary for us to bear in mind that IAIGs need to be supervised taking into account their respective nature and characteristics. To that end, flexibility in supervisory approach (and thus practices) needs to be ensured. See our general comment "2. Flexibility in group-wide supervision" as well. - As to quantitative requirements, findings from field tests planned after a development phase should be fully taken into account to finalise the requirements so that comparability of solvency positions among IAIGs can be ensured in an appropriate manner. See our comment "4. Solvency." (2) ComFrame should be developed based on the ICPs, in which ComFrame should be characterised as "Advanced Criteria" under IAIS Core Principles. - The "Architecture of IAIS standard setting activities" on page 8 of the consultation document explains the relationship between the ICPs and ComFrame conceptually well. However, this relationship has not been realised at the ComFrame text level. - Most of the ComFrame Standards, Parameters and Specifications are developed based on the ICPs (including Standards under the ICPs), many of which (e.g. those in M2 and M3) almost copy the ICPs (including Standards) with (slight) modifications, and therefore, ComFrame text differs from that of the relevant ICPs. If such differences are due to specificities in the supervision of IAIGs, differences would be justifiable, but it is not necessarily clear whether such differences are due to specificities in the supervision of IAIGs or not. This would give rise to confusion and difficulties when, for example, compliance with ComFrame as well as the ICPs will be assessed through e.g. FSAP. - One of the solutions is that the relationship between ComFrame and the ICPs is further	

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				clarified by positioning ComFrame as "Advanced Criteria" under the ICPs. This makes sense in that the supervision of both IAIGs and non-IAIGs are based on the same high-level principles and IAIG-specific matters can be elaborated without giving rise to any overlap/duplication with existing ICP materials (i.e. Principles, Standards and Guidance materials) or confusion in terms of a relationship between the ICPs and ComFrame. Advanced criteria collectively can be characterised as ComFrame. 2. Flexibility in group-wide supervision Group structure, risk profile and operation of IAIGs vary from group to group, which justifies that the supervisory approach to each group can also vary. In developing ComFrame (especially qualitative requirements in Module 3 and some Elements in Module 2) further, this needs to be taken into consideration. One example would be the functions of a supervisory college—some colleges may be established as a mechanism mainly for the exchange of supervisory information and mutual understanding among supervisors; others may be established as a mechanism for decision making for implementing preventive and corrective measures to the IAIG. Another example would be the roles of group-wide supervisors and host supervisors, which could be determined depending on, for example, the functions of a supervisory college as well as the nature of the IAIG. Therefore, ComFrame should not provide for detailed qualitative requirements such as those in M3E3-1-1-1 (specification regarding roles of the group-wide supervisor and involved supervisors), but should ensure flexibility for the effective supervision. 3. Implementation of Module 3 Currently, most of the ComFrame Standards, Parameters and Specifications in Module 3 say "involved supervisors do this." According to the definition, the term "involved supervisors" includes group-wide supervisors as well as host supervisors. It is apparent that the roles and responsibilities of a group-wide supervisor are not the same as those of host supervisors in terms of group-wide supervision. Also, what a group-wide supervisor can and should do would not be the same as what host supervisors can and should do. So, it is not clear how a host supervisor can implement ComFrame such requirements in Module 3 or how compliance with those by a host supervisor can be assessed. In developing Module 3 further, this should be taken into consideration. 4. Solvency It is mostly supportive that the solvency requirements will be materialised in accordance with the strategic directions in Annex 2, while the strategic directions do not necessarily provide concrete proposals regarding the requirements. Envisaging the ComFrame development phase is over next year, it is also important that solvency requirements should be further considered to meet an expectation requiring a common standard from the G20 and the FSB.	

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				Toward the end of the development phase, we echo the importance of reflecting business attributes or practices of insurers and specificities in insurance markets in jurisdictions into solvency requirements, especially those regarding quantification of risks, availability of capital and prudential filters, in ComFrame. (For example, some specific reserves needed for sustainable insurance business have characteristics similar to those of high quality of capital, which needs to be regarded as capital with the nature of permanent availability, subordination and/or high loss-absorption.) The valuation of assets and liabilities also matters. Currently it is assumed that valuation is to be based on IFRSs (or reconciliation to IFRSs) with filters and complements to be built upon where needed as IFRSs develop. Considering the fact that IFRSs (such as IFRS 4) have not been finalised yet, however, regarding whether IFRSs can be the basis for the valuation of assets and liabilities for the solvency purpose, it is also necessary that a final decision is made taking into account findings from the field tests as well as other significant components of solvency—availability of capital and risk quantification.	
248	Japan The General Insurance Association of Japan	IAIS Observer	General comment to the document	- We appreciate and support the new structure of ComFrame. It now has a better flow and is easier to follow. On the other hand, there needs to be more consistency in the style and quality of the text and this should be achieved by integrating the drafting process. The final drafting should be done by one person or a small group of drafters. - Overall, many parts of the draft remain too prescriptive and are likely to hinder the operations unique to each local entity within the group. There needs to be more room for flexibility that takes account of actual business practices. - We recognise and find it helpful that certain sections, particularly the qualitative requirements, are developing and starting to take shape. We support the IAIS's efforts to make ComFrame a balanced framework that is not overly focused on capital requirements. That being said, ComFrame does need to come up with a globally consistent capital requirement for IAIGs. - Generally, the specifications regarding qualitative requirements are overly prescriptive. Please refer to our comments on each element. - Information obtained through group-wide supervision should be treated with the greatest care as it will certainly include sensitive and confidential information such as the IAIG's business strategy and other insider information. The ComFrame Paper should make it clear that any information shared between the group-wide supervisor and other involved supervisors is restricted to the minimum amount necessary, and this should be backed by a provision that makes it mandatory to have in place a special confidentiality agreement signed by supervisory college members and/or limiting the scope of information sharing to MMoU signatories. - Various terms are used in the draft to indicate plans required for IAIGs, such as "contingency plans" (M2E3-5-3), "resolution and recovery plan" (M2E8d-1-1-2), and "restructuring and repositioning planning" (M3E6-1-1). The terms should be integrated and standardised to ensure consistency throughout the paper. In addition, given that IAIGs are on-going active insurance groups which are different from G-SIIs, the IAIS should not require IAIGs that are not G-SIIs to develop plans for gone concern situations (i.e. plans unique to G-SIIs). For any	

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				other planning requirements, it is essential to ensure there is sufficient dialogue between the IAIG and the group-wide supervisor.	
249	Japan The Life Insurance Association of Japan	IAIS Observer	General comment to the document	We, the Life Insurance Association of Japan (LIAJ), would like to express our respect to the IAIS for its efforts to develop the common framework for the supervision of internationally insurance groups. We are also grateful for its dedication to valuing and accepting observers' comments. We believe that this ComFrame draft addresses relevant issues from various perspectives, including qualitative and quantitative requirements as well as supervisory cooperation, and we believe it is heading in the right direction. Furthermore, we think that the usefulness and understandability were enhanced as compared to the last Concept Paper by clarifying the respective roles and requirements of IAIGs and supervisors in the re-organised Modules structure. In addition to our support, however, we have some concerns with regards to Comframe as a whole. These include: 1.We believe that the regulatory requirements to be applied to IAIGs should be developed in accordance with insurance markets' characteristics and the business profile(s) of insurers in each jurisdiction as insurers' business models may differ depending upon where they operate. Furthermore, such requirements should focus on 'materiality'. 2.We are concerned that duplicative supervision may be imposed (in the worst case scenario) since the Working Draft appears to allow two or more supervisors to be involved in the supervision of an IAIG. 3.The Working Draft does not clarify a timeline upon completion of Development Phase. In order to pursue efficient and effective discussions of ComFrame, as well as improve the predictability of supervision, the timeline upon completion of the Development Phase should be clarified. Furthermore, a timeline with a view to the ladder implementation of ComFrame, such as the implementation of Module 3 and 4 prior to other Modules, should be considered and taking into account supervisor and insurer resources. 4.With regard to capital requirements, we would like to submit comments within the future process, since no specific requirements were presented in the Working Draft at this time.	
250	Joint initiative CRO Forum / CRO Council	Other	General comment to the document	The CRO Forum (CROF) and CRO Council (CROC) are pleased to present a joint response to the IAIS consultation on ComFrame. ComFrame is an ambitious initiative at a critical point of development. As CROF and CROC members are faced with an increasing number of requirements and/or initiatives on group supervision (such as Solvency II in the EU, NAIC SMI in the US and other group solvency requirements in Switzerland, Australia, Canada, Bermuda, Japan to mention a few), the two organizations agree that the IAIS should develop an international framework to facilitate better coordination and cooperation in the supervision of groups and greater understanding of risks arising from group wide operations and processes.	

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				In order to be truly global and achieve the stated goals, ComFrame should be principles based and not introduce prescriptive requirements. CROF and CROC recommend that the IAIS develops and agrees on a set of principles that recognize existing or future group supervisory regimes under the ComFrame and provide a basis for convergence around best supervisory practice. A careful gradual phase-in approach, which provides an appropriate field testing phase, should be considered in order to build on developments across jurisdictions and ensure the successful introduction and implementation of ComFrame. The first priority of ComFrame should be to secure a more effective supervisory cooperation. CROF and CROC agree on the critical role of the group supervisor in interacting with the IAIGs and supervisors of solo entities within the group on group risk issues in order to improve cooperation/coordination and avoid duplication of requirements. The IAIS should not develop new standards on capital or valuation but provide the basis for collective understanding and agreements between supervisors, particularly in the context of the College, under the lead of the group supervisor. CROF and CROC welcome the IAIS efforts to recognize ERM as a key element in ComFrame. However both organizations find the elements of ComFrame to be too prescriptive and the distinction between the roles of standards, parameters and specifications is insufficiently clear. The current ComFrame draft, particularly in Module 2 and aspects of Module 3, goes too far in prescribing standards and practices which will undermine the flexibility to accommodate new best practices that will evolve in for example ERM. ComFrame should recognize existing and future regimes which are building on a strong ERM. Despite the IAIS reassurance, the CROF and CROC are concerned that, instead of facilitating the recognition of existing and future group supervisory regimes, the current draft of Comframe introduces a two-tiered supervision based on different and additional prudential requirements which reduces the ability of ERM best practices to develop. IAIGs should not be penalized as they play an important role in servicing the needs of policyholders in both local and international markets. Such groups provide scale and depth of product across markets to policyholders and offer diversification of risk across markets. Due to the importance of this IAIS initiative, the joint responses are high level at this point and more detailed input will be provided as ComFrame develops.	
251	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	General comment to the document	++ Topics which are well covered: We appreciate that: - The 2012 ComFrame Draft reflects a multidisciplinary approach to insurance group supervision, including qualitative and quantitative requirements as well as key steps and content of the supervisory process - Subject to some detailed comments, we support the IAIG identification criteria. - The 2012 ComFrame Draft clearly assigns overall responsibility for supervision of the IAIG to the group-wide supervisor as the lead. - M2E9 Introductory comments (page 120): The IAIS does not require supervisors to develop common reporting templates for IAIGs. - M3E1-2 (page 129): Information gathering on legal entity level is explicitly only performed	

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				"where relevant" and not for all entities. -- Topics which should be reconsidered: - A glossary is missing. - Too detailed reporting requirements in M2E9-7 (page 125): We suggest that interim reporting is only performed for topics where changes happen frequently. For topics which do not undergo frequent changes (e.g. governance) an interim reporting should only be provided upon material changes. - M3E1-5 (page 134): Compared to the other elements, the topic of on-site and off-site work is too extensively covered. There is too much detail that should be eliminated.	
252	UK Association of British Insurers	IAIS Observer	General comment to the document	The Association of British Insurers (ABI) believes that well co-ordinated and globally consistent supervision of internationally active insurance groups (IAIGs) is essential to ensure that regardless of the location of a IAIG's headquarters or business activities, policyholders can be assured that it will be supervised according to framework in which all risks across the group are taken into account. ComFrame is also crucial to minimise burdens both on both supervisors and on insurers, enabling the task of group supervision to be performed effectively and efficiently. In order to achieve this, ComFrame should: - Ensure that IAIGs only have to provide a single, well-defined set of information for group-wide reporting purposes to one group supervisor. - Be applied in proportionately, taking into account the nature of each individual IAIG's structure, business strategy and activities - Ensure that involved supervisors, with a justifiable need for information pertaining to the group as a whole, rely on the information provided to the group supervisor - and that they can (with suitable confidentiality provisions) obtain this information from the group supervisor without making further demands on the company. - Ensure suitable confidentiality provisions so that information provided to the group supervisor and shared with other supervisors is sufficiently protected from access by an IAIG's competitors through, for example, freedom of information regimes. - Not seek to set a new single global solvency, capital or valuation standard; rather the quantitative assessment should provide a way of understanding the financial condition of the group using local risk-based requirements applicable at the group level and allowing appropriate recognition of local requirements applicable to the solo entities within the group to provide a consolidated view. This should form the basis for a range of acceptable approaches from existing and developing solvency regimes that the IAIS are considering. The group assessment should :	

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				o Enable all risks to be captured on the balance sheet including relevant off balance sheet items and activities conducted by unregulated entities and recognise economic assessments of assets and liabilities. o Accept use of full and partial internal models. o Be risk based. o As a default, rely on the valuation standard used for prudential reporting purposes in the IAIG's home jurisdiction Considering the overall structure of the current draft of ComFrame, we are concerned by the significant discrepancy between the intentions set out for the role of Standards, Parameters and Specifications in the introduction and their actual manifestation in the draft. The introduction states that only the Standards set out actual requirements or necessary actions; that Parameters set out how to comply with a Standard; and that Specifications provide guidance, illustration or definitions for the Parameters. However there many instances in the current draft (most notably throughout Module 2) of Specifications setting out detailed new requirements that do not simply expand on or provide quantification for a particular parameter. We urge the IAIS to clarify that actual requirements are set out only in the Standards; that any criteria for meeting a standard are set out in Parameters; and that the Specifications are for guidance, illustration and provision of further detail to the Parameters (i.e. that they contribute to the understanding of a particular way in which a Standard can be complied with, but are not necessarily the sole means of doing so - and also that Specifications will only provide illustration or definition for existing Parameters rather than themselves setting new requirements). With regard to the content, we are concerned that the current draft of ComFrame is far too prescriptive, in particular Module 2. In order to provide an effective, forward looking framework that can be implemented across a range of jurisdictions, many of the currently very detailed requirements (in particular in Module 2) will need to either be removed, or redesignated as illustrative. The ABI has also participated in and supports the comments made by Insurance Europe and INIA in response to this consultation.	
253	UK Lloyd's	IAIS Observer	General comment to the document	We support IAIS's development of ComFrame as a comprehensive framework for the group-wide supervision of internationally active groups. Politicians, commentators and the wider public are increasingly concerned about the regulation of the financial sector. Consequently, it is important that the insurance sector has in place an effective and thorough system for the	

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				supervision of internationally active insurance groups. IAIS's aims for ComFrame, set out on page 4 of the document, are laudable. Nevertheless, we question whether the regime as set out in the document will achieve these aims. ComFrame is an extensive package of standards, parameters and specifications and it should be considered whether it is seeking to achieve too much too soon. Important objectives on which ComFrame should focus are enhancing supervisory coordination, co-operation and communication and thereby reducing supervisory duplication. We fully support aspects of ComFrame intended to achieve these aims. However, it goes rather further and appears to propose the application of a new detailed and prescriptive regulatory regime to IAIGs. Much of the new regime in Module 2 resembles the IAIS's existing Insurance Core Principles (ICPs) and their associated standards and guidance. The fundamental difference is that those ICPs are addressed to member jurisdictions: they are not directly applicable to IAIGs and the undertakings within them. National insurance laws are broadly aligned with ICPs, with some room for interpretation and adjustment for particular circumstances. Module 2, however, is written as if it were a set of regulatory requirements directly applicable to IAIGs and their subsidiaries. ComFrame therefore risks establishing a two-tier regulatory system, whereby an IAIG and its components are subject to regulation at one level under national laws and at a higher level by a college applying Module 2 rules. This is exacerbated because ComFrame does not make clear that a group-wide supervisor is primarily responsible for the supervision of an IAIG based in its jurisdiction and gives the extensive group of "involved supervisors" significant supervisory powers and responsibilities in relation to an IAIG. There is a risk that a group-wide supervisor supervising an IAIG in accordance with its national insurance law will face challenge from other supervisors over apparent non-compliance with Module 2 rules. There are further risks that disagreement over the content of Module 2 and the time taken by jurisdictions to adapt existing insurance laws to the new requirements will lead to delay in the adoption of the whole package. We consider that dealing with these problems requires, firstly, simplification of Module 2, to make clear that it is a set of principles for the regulatory regimes of individual jurisdictions, not an extensive new regulatory regime for IAIGs; secondly revision of Module 3 so that a group-wide supervisor is primarily responsible for supervision of an IAIG as a whole and other college members are primarily responsible for supervision of the entities within a group based in their jurisdictions. Additionally, we have concerns about application of ComFrame to internationally active solo entities not part of a group. ComFrame is intended to make supervision more effective and "reduce duplicative effort amongst the supervisors and consequently reduce their demands on IAIGs". It is unclear how ComFrame can be applied to internationally active solo entities not	

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				part of a group. We declared an interest in our previous submission to the ComFrame consultation paper last year. We also detail our comments on the scope of the framework in other parts of this submission. Several operators in the Lloyd's market are parts of large international insurance groups, which would invariably be captured by ComFrame. Applying the framework to Lloyd's as a whole would therefore duplicate supervisory effort and will not increase the quality of the market's supervision. For the reasons explained in this submission, application of group-wide supervision to solo entities, such as Lloyd's, is inappropriate. We are aware that the UK Financial Services Authority (FSA) is preparing a case study on Lloyd's and its overseas operations to become a part of the IAIS Issues Paper on Branches. We hope that this paper will address questions and concerns regarding the operation and supervision of Lloyd's as a single entity. We note that ComFrame contains definitions scattered throughout the document. It is not always clear that those drafting different sections had precisely the same understanding of words and phrases. ComFrame should contain a single section of definitions, covering all the key words and phrases used. Those definitions apply throughout the document.	
254	United Kingdom Ernst & Young LLP	IAIS Observer	General comment to the document	We restrict our comments to the General questions.	
255	United Kingdom Financial Supervisory Authority	IAIS Member	General comment to the document	General impression was that the document was very repetitive, too long and overly prescriptive. This can make it a bit tedious to read, although it is difficult to argue with the contents generally. Overall, the document appears somewhat uneven, with some sections being very detailed (M2E1) and others very repetitive (M3), but we believe that most of those anomalies can be sorted out during the next phase of drafting development. We appreciate the fact that calibration is due to be developed in the next phase of ComFrame and look forward to reviewing and commenting on it at that time. The purpose of 'Specifications' is unclear: at times it appears that it provides further guidance, at others it seems to give detailed instructions. We recommend that this column is renamed 'Guidance', which would echo the ICP approach. We also believe that it would be beneficial to remove material that repeats the ICPs or existing rules (e.g. IFRS) that firms/supervisors are required to obey. There is no need to repeat the reference to an ICP, other than at the Element level.	

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256	United States Group of North American Insurance Enterprises Inc	IAIS Observer	General comment to the document	The Group of North American Insurance Enterprises (GNAIE) welcomes the opportunity to submit comments to the IAIS on this recent version of ComFrame. GNAIE is a signatory to the INIA joint trade letter. In addition to supporting those comments, we would like to offer the following comments on specific issues. GNAIE believes that the new four-module structure in ComFrame draft is an improvement on the 2011 draft providing a clearer view of requirements and their interconnectedness. We especially commend the IAIS for creating a Module specifically on the role of the supervisor and focusing in the recent draft on the supervisors' duties. We would suggest even further refinement of ComFrame focused on the real concerns of a global group and the unique aspects of their supervision. The latest ComFrame draft references the specific ICPs, which is helpful, but actually demonstrates that much of ComFrame is also dealt with in the ICPs. We believe that complete implementation of the ICPs may obviate the need for many of the ComFrame provisions, especially those in Module 2. If ComFrame is to build upon and operationalize the ICPs, that can be best assessed once the ICPs are enacted in the various jurisdictions. This refinement could be accomplished through a gap analysis to be completed by group supervisors, possibly involving the Supervisory Forum, before ComFrame is completed to identify those areas unique to IAIG supervision that are not addressed in the ICPs.	
257	United States of America American Academy of Actuaries	Other	General comment to the document	a) Timely and frequent communication should take place between the IAIG and the lead Supervisor, especially when significant changes in the IAIG have taken place. b) The document uses consistent styling and syntax in many places, but module 2 could use more coordination. c) When ComFrame was incubated, it seemed the whole world would be adopting IFRS. Now that is not so likely; the document should be redrafted considering this new fact. d) Module 2 should be more principles-based rather than using prescriptions. e) ComFrame should not duplicate what is already in the Insurance Core Principles(ICPs). ComFrame should be limited to only those provisions that are different for IAIGs when compared to other companies.	
258	United States of America American Insurance Association	IAIS Observer	General comment to the document	The American Insurance Association (AIA) appreciates the opportunity to submit comments on the International Association of Insurance Supervisors (IAIS) July 2, 2012 Public Consultation Document entitled "Working Draft of the Common Framework for the Supervision of	

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				Internationally Active Insurance Groups." (ComFrame Working Draft) AIA represents approximately 300 major U.S. insurance companies that provide all lines of property-casualty insurance to consumers and businesses in the United States and around the world. AIA members write more than \$117 billion annually in U.S. property-casualty premiums and approximately \$225 billion annually in worldwide property-casualty premiums. AIA's membership includes U.S. insurers that write insurance only within the U.S., U.S. insurers that write insurance inside and outside the U.S., and the U.S. subsidiaries of multinational insurers. This diversity gives AIA the ability to analyze issues from many perspectives and enables us to draw on the global experience and expertise of our companies with many forms of insurance regulation. The outcome of the ComFrame debate will have consequences for AIA members wherever they conduct business. Whether those consequences are adverse or beneficial depends largely on whether ComFrame is viewed and implemented as a guidance document for group-wide supervision or as a new layer of regulation that is applied to internationally active insurance groups (IAIGs). SUMMARY In its current form, AIA believes that the ComFrame Draft - particularly the details and specifications in Module 2 - sets forth prescriptive standards for IAIGs that can be interpreted as establishing a new prudential regulatory regime. Adopting new regulations for IAIGs through ComFrame sets a dangerous precedent and may unintentionally blur the distinction between this project and the IAIS global systemically important insurer (G-SII) initiative. As detailed more fully below, AIA would respectfully urge the IAIS to adopt a phased-in approach, striving to align ComFrame with the goals of regulatory efficiency and effectiveness and promotion of private market expansion and competition. (1) Develop Module 3 first. Informed by actual experience from supervising groups, participating in supervisory colleges, and applying the insurance core principles (ICPs), focus on developing Module 3 and the goals of enhanced supervisory cooperation and coordination. Based on the experience of implementing an initial draft of Module 3, refine and improve this Module to clarify the mechanics of supervisory cooperation, including identification of a single group-wide supervisor, coordination of responsibilities among regulators participating in supervisory colleges, and development of procedures to create regulatory efficiencies for IAIGs and to resolve any potential supervisory conflicts. (2) Conduct a gap analysis. Based on the experience gained in implementing Module 3, identify any supervisory gaps that may require attention. ComFrame, in particular Module 2, should focus any principles related to IAIGs specifically on those areas identified in a gap analysis as still requiring additional attention despite the best efforts at supervisory	

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				cooperation and coordination under Module 3. (3) Reframe and revise Module 2. After full implementation and successful application of Module 3 and after a post-implementation gap analysis has been completed, reframe and substantially revise Module 2 so that it focuses on principles that (i) will guide regulators in assessing their respective jurisdictions' supervisory standards against the ComFrame principles, and (ii) on any supervisory gaps identified in the gap analysis. Module 2 should not apply prescriptive regulatory requirements to IAIGs, and should not include a group capital standard. A. General Comments In order to produce a ComFrame document that aids the supervisory process while promoting competitive insurance markets, we also believe it is essential that Members and Observers reach a common understanding on these fundamental issues: - Shared goals and outcomes with respect to group supervision. - Differences between group-wide supervision and creation of a new prudential regime for IAIGs, including a clear distinction with the risk-related prudential standards applied to G-SIIs. - The proper scope of a capital component. 1. Shared Goals/Outcomes of Group Supervision The outcome of the group-wide supervision debate will have consequences for insurance companies regardless of where they conduct business. Whether those consequences are adverse or beneficial depends largely on a common understanding of the goals and principles and the manner in which they are implemented. Accordingly, it will be critical for regulators and industry to collaborate on their approach to implementing group-wide supervision standards so that unintended consequences are minimized. When discussing group-wide supervision, it is important that a level competitive playing field be maintained for all companies and the growth of private markets be taken into consideration. An additional shared goal is the need for more efficient and effective supervision that is free of gaps - a particularly relevant concern where a group has legal entities operating in numerous countries, resulting at times in an unnecessary layering of duplicative requirements. Often, these multiple layers of regulation become a drain on supervisory and company resources rather than a benefit to policyholders. The goals of promoting continued growth of private markets, maintaining a level playing field and improving policyholder protection are consistent with the goal of enhanced coordination	

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				and cooperation among regulators through participation in supervisory colleges. Supervisory colleges should focus on identifying areas where regulation is duplicative or burdensome in a group setting and should foster stronger communication among regulators so that the scope of a group's activities and the boundaries and limitations of regulatory authority are well understood. While the latest ComFrame consultation document acknowledges the goals of reducing regulatory burdens and increasing coordination and communication, the prescriptive standards outlined in Module 2 do not always align with these goals. Therefore, it is important to make sure that the details of group supervision do not undermine the proper supervision of healthy insurance markets. To provide transparency on how ComFrame should be developed and implemented, we would welcome a clear statement on the purpose of group supervision to be included in ComFrame's introduction. 2. Group-Wide Supervision under ComFrame Should Not Produce a New Prudential Regulatory Regime It has become apparent that some are viewing ComFrame as justification for imposing a new prudential regime to be applied to IAIGs. In fact, prescriptive language is pervasive throughout the 89 pages devoted to Module 2, starting with the introductory comments, which describe the section as containing "the requirements that an IAIG will need to meet" and which "will need to be reflected in national/regional jurisdictions' regulatory and supervisory regimes." If the IAIS is proposing the establishment of a new prudential framework for IAIGs through Module 2, we would strongly disagree with this approach. Moreover, the implicit threat of additional regulation applied to IAIGs in the name of "group-wide supervision" may well be the source of many of the concerns arising from ComFrame. Companies attempting to interpret the prescriptive language and "requirements" fear that this module will be the source of new regulatory layers, rather than a productive way for supervisors to coordinate company oversight while minimizing any potential negative impact that might result from applying different jurisdictional standards. For regulators, the prescriptive nature of Module 2 may also lead to confusion, particularly over the scope of another regulator's supervisory authority or the necessity of codifying Module 2 requirements as part of a national/regional regulatory framework. Such an outcome could possibly generate regulatory conflict instead of cooperation and coordination, thereby undermining the very purpose of ComFrame. Accordingly, we recommend - consistent with the timing and substance of the 3-stage approach outlined in our summary - redrafting Module 2 to shift its focus from imposing prescriptive, one-size-fits all requirements on IAIGs to encouraging supervisors to coordinate their distinctive regulatory frameworks. Under this approach, the Parameters and Specifications should be explicitly positioned as guidance or key examples/illustrations of various methods that could be used to achieve the outcome intended in the Standards. This would be in line with the description of specifications and parameters as stated in the "characteristics of ComFrame" in the introduction of the latest draft.	

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				The revisions to Module 2 should clarify the overall purpose of ComFrame to guide the coordination of supervision among regulators responsible for IAIGs. Consistent with the goals of effective and efficient regulation, growth of competitive insurance markets and improved policyholder protection, Module 2 should emphasize principles and standards applicable to groups that can be used by supervisors as a guide to assess their respective regulatory frameworks. Redrafted this way, Module 2 will not be misinterpreted as a regulatory penalty imposed on insurance groups that in many cases are among the most prudent and well-managed companies engaged in the business of insurance. Likewise, Module 2 should not be confused with the risk-related and enhanced prudential regulatory standards applied to financial institutions that pose a systemic threat to financial stability. As the IAIS has stated in connection with development of the G-SII Assessment Methodology, the insurance business model, regulatory framework, and company management and investment practices largely shielded insurance companies from being a source of systemic risk during the financial crisis. Module 2's sustained emphasis on IAIG requirements and the ComFrame draft's characterization of IAIGs as "complex" and deserving of closer supervision undermine this distinction. Even the chart displaying the "Architecture of IAIS standard setting activities" distinguishes between the supervision applied to G-SIIs and IAIGs, but describes the fundamental difference as a higher grade of supervision. There should not be an automatic assumption that the organization of insurance companies into a group - even one that does business in multiple jurisdictions - qualifies the group for new and more intrusive layers of regulation. It is important that supervision remains risk-based so only an IAIG, or any other insurer for that matter, that is conducting higher risk activities should find itself subject to more extensive and intrusive supervision. 3. Proper Scope of the ComFrame Capital Component We appreciate the deliberative approach the IAIS has taken with respect to developing a potential capital component. However, we also must emphasize that the capital component carries perhaps the greatest risks in all of ComFrame to the goals of creating a level competitive playing field and promoting continued growth of private markets. A capital component, if ultimately included, should focus on providing a way of understanding the financial condition of the group while recognizing local requirements applicable to legal entities within the group. We firmly believe that any capital component must not, directly or indirectly, create a global capital standard for IAIGs. Such a standard would have ramifications for the competitiveness of insurers operating outside their home jurisdictions and could contradict countries' national treatment commitments, as guaranteed in numerous treaties and World Trade Organization (WTO) accords.	

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				For example, in the United States, a large number of IAIGs selling insurance are companies whose ultimate controlling entities are domiciled outside the U.S. But they compete in the U.S. with many large non-IAIGs. So, if U.S. states were to adopt and enforce an IAIG capital standard requiring or pressuring IAIGs to hold larger amounts of capital, it would create a competitive disadvantage for IAIGs in many U.S. insurance markets. Furthermore, since this competitive disadvantage would not just fall on only a select number of American companies but also on virtually all non-U.S. companies operating here, this adverse impact would raise serious questions about whether or not the U.S. would be meeting its commitments regarding national treatment. We respectfully urge that any final capital component in ComFrame, if one ultimately is deemed necessary, fall strictly in Module 3 and serve only as guidance for supervisors working to understand, respect and reconcile their various jurisdictional approaches to capital. We also continue to be concerned that a capital standard in Module 2 will be misinterpreted - either by regulators or by capital markets and investors - as if it were a technical regulation applicable to insurers rather than a standard for cross-border supervisory cooperation and understanding. To avoid misinterpretation, we also recommend that a group's Own Risk and Solvency Assessment (ORSA) provide the basis for the group supervisor's assessment of group capital, coordinated with the applicable supervisory college.	
259	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	General comment to the document	The Property Casualty Insurers Association of America (PCI) welcomes the opportunity to comment on the ComFrame Working Draft. PCI consists of over 1,000 property/casualty insurers and reinsurers that write over \$189 billion US in direct written premium, 39.2% of the U.S. non-life insurance markets. PCI members also insure and reinsure business around the globe. PCI is strongly convinced that the ComFrame project requires an immediate, fundamental change in direction and focus. We believe that ComFrame's primary objectives should be (1) to increase communication and coordination between group-wide and host supervisors, and between insurance and other financial sector supervisors of IAIG members, and (2) to increase the efficiency and effectiveness of supervision of IAIGs, including increased coordination through a group supervisor. Achieving these objectives would address the most significant shortfalls in global group-wide supervision that were identified during the global financial crisis, as well as provide lasting benefits for supervisors, insurers and policyholders. Unfortunately, the Working Draft falls unacceptably short of these goals. While Module 3 (with necessary revisions) could improve group supervision for both IAIGs and supervisors, the new layer of regulation that Module 2 would impose on IAIGs will decrease their efficiency and increase costs unreasonably for policyholders around the world. There is no clear rationale for imposing more restrictive standards on insurance groups merely because they have a significant amount of cross-border business. In both their own domestic and foreign markets,	

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				IAIGs will also find themselves at a competitive disadvantage to equally large and complex insurance groups that do not do significant business outside their home country. Finally, the prescriptive requirements of Module 2 infringe upon the authority of national insurance regulatory regimes throughout the world that are appropriate for their own legal systems, market conditions and consumer needs. For these reasons we believe the ComFrame project should from this point forward focus on improving and implementing the elements of Module 3. The resulting framework would - Provide for improved supervisory cooperation, coordination and information sharing; - Clearly define the roles of group-wide and other involved supervisors and explain the relationships between those supervisors, the IAIG and its members; - Identify the outcomes that supervisors should seek to achieve through supervisory colleges and other tools; - Develop a process to monitor and recommend improvements in the supervisory college and other processes used in global group supervision and develop guidance for implementation of those improvements; and - Identify elements of the current Module 2 to be addressed through guidance and cooperative supervisory activities. This guidance should help supervisors assure themselves that IAIGs are appropriately recognizing and managing their risks, without requiring an additional layer of prescriptive regulation. Second, PCI urges that any requirements imposed by ComFrame be subjected to rigorous cost-benefit analysis to make sure that unjustified costs are not imposed on supervisors, IAIGs and the policyholders they serve. Field testing with volunteer companies should begin as soon as practical to demonstrate whether the framework will be workable and how it can be improved. Third, we ask the IAIS to develop a more collegial and collaborative method to develop ComFrame. We appreciate the fundamental process improvements the IAIS has made, with more frequent ComFrame Dialogues and more open discussion of industry comments. The fundamental discussions between supervisors about the project's direction, however, continue to occur without observers present, which greatly increases the possibility of a ComFrame that will not achieve widespread support. One possibility could be to reconstitute a ComFrame Working Group or similar working party to oversee the work of the various subcommittees and to conduct its activities in open session. Another would be to open the Technical Committee discussions on ComFrame to observers. We are willing to work with the IAIS and its members on anything that would improve the transparency of this process. We also believe that ComFrame should be as consistent as possible with current law, and should accommodate different regulatory structures and philosophies. It will be critical to ComFrame's success to appropriately integrate this project with existing national laws and	

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				regulatory authority. ComFrame has no legal authority or accountability, and its proposals will be implemented - or not - by legislatures and regulatory bodies that have that authority and accountability. The IAIS should recognize that it will be far more difficult for ComFrame to be adopted by key jurisdictions if it calls for significant (and controversial) changes to law in those jurisdictions. Finally, in a number of areas the Working Draft's language must be clearer. We do not know how the drafters of certain parts of Modules 2 and 3 believe the concepts embodied therein would work. It would be helpful to schedule a session where key drafters (supervisors and IAIS Secretariat) would meet with observers to discuss in detail how they envision specific aspects of the framework would be implemented. This discussion would certainly be helpful to us, and would focus discussion on key areas of disagreement, rather than areas where the language is merely confusing.	
260	USA ACE Group	IAIS Observer	General comment to the document	ACE's view is that ComFrame has veered off track and lost sight of its stated goal of creating a comprehensive framework for supervisors. ComFrame should focus on how supervisors undertake group supervision in a more effective and efficient way which is doable and enforceable in a global framework. The IAIS spent considerable time and effort re-drafting the ICPs which provide guidance for jurisdictions to adopt or reflect in their law regarding the supervision of insurers. The ICPs have much detail about how regulators should supervise groups, should assess solvency and should cooperate with one another and participate in colleges. We recognize that the AIG situation revealed that regulators need to do a better job at understanding complex groups and need to understand connections within the group better and to better communicate among the regulators. However, in our view, the IAIS should allow the ICPs to be implemented and global supervisory colleges to take place to see if there are gaps regarding the supervision of IAIGs before drafting a comprehensive framework which may be unnecessary and redundant of existing law. If the goal of ComFrame is to set up a supervisory framework that can be enacted into local law and regulation across the globe, the prescriptive approach of ComFrame does not work because regulation cannot dictate micro details of how to run a global insurance group and cannot substitute for the role of management and the Board. The IAIS has decided that converged risk management standards, accounting standards, financial reporting and solvency requirements (including valuation of assets and liabilities) would make the supervision of IAIGs comparable and more effective so ComFrame sets out to provide "requirements" for IAIGs to have group level control for virtually every functional area within a group, to use IFRS, to use economic capital models, to have group capital requirements or assessments, and to provide additional quarterly and annual reports--- all of which the IAIS cannot enforce. The IAIS can set forth recommendations that jurisdictions may adopt as part of their insurance regulation and the jurisdiction can be assessed against those standards but the IAIS cannot set "global requirements" that are enforceable unless individual jurisdictions adopt them into their law. This enforcement limitation is recognized within CF but	

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				then it is practically ignored throughout Module 2 which purports to be set forth binding requirements for IAIGs. This creates angst and confusion and is why companies are resisting being an IAIG and pushing back against the definition of IAIG. ComFrame is not the appropriate place to determine what the accounting standard for insurance contracts should be and even if it were, it is not the body to enforce such a standard. Rather than set forth detailed and prescriptive requirements for IAIGs—Module 2—the IAIS would be better served if it focused on standards for regulators to follow when supervising companies that are part of an IAIG—Module 3—which can be adopted in jurisdictions in a manner that works with local law, regulation and custom.	
261	USA American Council of Life Insurers	IAIS Observer	General comment to the document	ACLI continues to support the overall goals of ComFrame and has engaged in a detailed review of the July 2nd IAIS ComFrame Draft. Our comments are based upon the assumption that the ComFrame Project will proceed on schedule and be finalized by December 31, 2013. ACLI is supportive of moving forward with the finalization of ComFrame, if the priorities identified in our comments are addressed. We recognize the importance of maintaining forward momentum on ComFrame and believe the targets for both plan finalization (Year-end 2013) and implementation (January 1, 2017) are realistic and can be met. However, this support is contingent on how the intervening four years are used to appropriately implement the framework. ComFrame Standards = Insurance Core Principles (ICPs) The importance and relevance of ComFrame within the IAIS' hierarchy of standards has been a central question for industry, especially its relevance to the World Bank and IMF Financial Sector Assessment Program (FSAP). This brings to the forefront questions as to whether or not implications for regulatory and statutory changes will occur at the national level. While we do not believe that the apparent level of prescription in the current draft is intentional, the document nonetheless reads as though ComFrame will create a new or additional regulatory regime. In this light, it is critical for IAIS to more clearly articulate the distinct, individual roles, and basis of ComFrame standards, parameters and specifications and the important interrelations that exist between them. IAIS has explained that, in most cases, ComFrame standards are directly related to or derived from the ICPs, which set forth baseline requirements for supervisors and IAIGs. However, we also understand that ComFrame parameters and specifications exist largely to provide supervisors and IAIG's alike with examples or illustrations of how to achieve the desired goals of the ComFrame standards. The current ComFrame draft does not explicitly state the intended meanings of these three core components of ComFrame and leaves significant latitude for misinterpretation and	

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				misunderstanding. This should be viewed as a threshold issue as ComFrame standards, parameters and specifications are its core foundation and set the overall tone and expectations of the framework. Continued lack of clarity or specificity will undoubtedly result in continued concern over the real or perceived level of prescription in ComFrame itself. To this end, IAIS should significantly expand and reposition Section 3, "Characteristics of ComFrame" (pgs. 8-9) in the ComFrame draft. The enhanced section should be relocated to a more prominent area of the "Introductory Remarks" section to reflect specific definitions of the three categories - standards, parameters and specifications. The emphasized section should make clear that ComFrame standards are one and the same with existing IAIS Core Principles. In addition, it should declaratively state that in most cases, parameters and specifications are to be used as guidance or key examples/illustrations of various methods that could be employed to achieve the outcome intended in the ComFrame standards. Additionally, the definition should state that in large measure the parameters and specifications are not new or standardized requirements that IAIG's and supervisors must comply with. Implementation - Field Testing & Calibration We believe that ComFrame can only be successful to the degree that it is effectively and efficiently implemented and practiced. ComFrame must be more than static words on a page; it must be a living, evolving framework that adapts with time and most importantly, takes into consideration supervisory/industry developments. The implementation phase is therefore, as important as the development phase of ComFrame, and the IAIS should dedicate as much or more time to bringing ComFrame into practice as it has done in the drafting process. We strongly believe that IAIS should institute a substantial multi-year, non-binding "field testing" phase, once the ComFrame document is completed in late 2013. This should become a clearly defined component of ComFrame with a specified timeline. During this stage, the various aspects of the framework will be used as a guide for supervisors and IAIG's to assist in operationalizing ComFrame as a practice. This phase should be used to determine how effective the various ComFrame components are in everyday supervisory and business practice and permit for in process calibration and course corrections, as necessary. We urge the IAIS to use the IAIS Supervisory Forum as a course modification and correction mechanism during the field testing phase, to integrate feedback from subject groups, home and host supervisors and other stakeholders. In addition, ComFrame is likely to impose real resource constraints as regulators build and redirect resources to staff jurisdictional representation at supervisory colleges. These staff will not arrive fully trained, but will have to learn as they build this new system. This will take time and we urge recognition of this learning curve, which would be accommodated by field testing before ComFrame is officially implemented. For the groups identified in the IAIG criteria, it is of great importance that ComFrame be able to be implemented in an orderly, consistent, and efficient manner. This should be done, while	

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				not causing market disruption or competitive harm to those companies, which may be identified as IAIGs. While ACLI has responded to a number of the questions in the template, we wanted to also highlight our list of priorities (in alphabetical order) for the U.S. life insurance and reinsurance companies. ACLI PRIORITIES: A. Capital - We believe that questions of group solvency ought to be left up to the group-wide supervisor and the college of supervisors for that entity, rather than prescribed in ComFrame. This would not only accommodate the various solvency standards in existence around the world today, but it would also allow for the further development of new and refined methods in the future. We believe that a group capital number—even if achievable, which we doubt—would not be meaningful. B. Confidentiality - We support the concept in Standard M3E2-3 that involved supervisors take all necessary actions to protect confidential information and we strongly suggest that demonstrated confidentiality protections must be evident in any data exchange. This is a paramount concern to protect the group and confidence in the supervisory system. As such, we disagree with the (italicized) language used in Parameter M3E2-3-6 "The inability to exchange information on a confidential basis is not to be a barrier to the ongoing efficient and effective supervision of IAIGs." Significant regulatory (SEC) and economic (competitive and trial bar) harm to U.S. IAIG's may result when proprietary information is leaked or made public. Confidentiality protections are an essential precondition to information exchange, which cannot be bypassed. C. Financial Reporting Standard - ComFrame should allow the group-wide supervisor and the college of supervisors to determine the appropriate reporting standards for the IAIG, for example, based on the financial reporting requirements of the Head of the IAIG or the domicile of the largest insurance entity within the group. We support the NAIC's rationale and effort to challenge the IFRS working assumption. D. Level of Prescription-We believe that Module 2 is overly prescriptive, which increases the likelihood of creating an additional layer of regulation. This applies to ERM, governance, underwriting and actuarial elements- which are all too specific in their expectations of an IAIG and their group supervisors. Within the July 2 draft, we certainly appreciate the increased focus on ERM. We would strongly argue that Module 2 specifications must be illustrative, as opposed to requirements. They should be improved to better reflect varied business practices and structures in the U.S. system (e.g. M2 E 1,2,4,5,9). E. Approach to Implementation - We would argue that it is very important that ComFrame be able to be implemented in an orderly, consistent and efficient manner. The IAIS should recognize and quantify the costs of successfully implementing ComFrame, especially the increased need for staff and resources. The most effective and useful ComFrame will take time to function well. One potential idea is to build a multi-year, non-binding "field testing" phase, once the ComFrame document is completed in late 2013. F. Threshold - We recognize and agree that developing a definition with thresholds should be	

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				easily explained, not overly complex, and understandable in a transparent manner within the context of "constrained supervisory discretion." With that concept in mind, we would make the following modifications to the July 2nd draft to narrow the universe of groups, which would be captured as IAIGs, to those we believe justify inclusion. - Premiums are written in not less than 7 jurisdictions, - Only jurisdictions where the group's collective presence operating in that jurisdiction (branch or subsidiary) makes it one of the top ten insurance groups, by total group net written premium in that jurisdiction, will count toward the above-mentioned 7 jurisdictions. - Total or gross premiums written outside its home jurisdiction is not less than 20% of the group's total gross premium written globally, and - Total assets of not less than US\$ 100 billion or annual gross written premiums of not less than US\$ 20 billion globally. Finally, we believe there is a contradiction between the Insurance Core Principles (ICPs) of the IAIS and the scope of the selection process for ComFrame. Specifically, the preamble of the IAIS ICPs clearly states "The ICPs apply to the supervision of all insurers whether private or government controlled insurers that compete with private enterprises, wherever their business is conducted, including through ecommerce." We believe the ComFrame process must include large state owned and affiliated insurers such as Japan Post and Korea Post, the Life Insurance Corporation of India, China Life, the General Insurance Corporation of India, the Brazilian IRB and China's PICC. While we recognize that some of these groups only operate in their home jurisdiction, others have regional and international operations. We believe that these entities should be reviewed because of their size, interconnectivity and effect on the real economy.	
262	USA CNA	IAIS Observer	General comment to the document	CNA remains in favor of the ComFrame concept as outlined in the Introductory Remarks of the current exposure draft. In particular, we support a converged global standard for the regulation of IAIG's that is consistently applied across all jurisdictions reducing the risk of regulatory arbitrage and ensuring a level regulatory playing field for all market participants no matter where they are domiciled. In addition, we support a global standard which compliments jurisdictional regulation at the legal entity level thereby avoiding redundant regulatory oversight while encouraging cohesive regulation. Unfortunately, it is our opinion that the current draft guidance outlined in the ComFrame modules does not achieve these stated goals for the following reasons: 1. Group statutory financial statements need to be completed on an IFRS plus prudential filters basis. This is inconsistent with current reporting requirements in the U.S. which are not likely to converge with IFRS anytime in the foreseeable future. Being required to adopt IFRS when it is merely a means to an end (i.e. IAIS statutory/IFRS plus prudential filters) would add significant expense and redundancy to regulatory reporting requirements. CNA advocates allowing IAIG's to start with their general purpose financial statements and add prudential filters to those financial statements to arrive at a common basis accounting or IAIS statutory. 2. Each Group Supervisor will develop specific prudential filters that an IAIG will use in	

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				preparing its group financial statements. Prudential filters will not be consistently applied to every IAIG and those used will be based on the individual discretion of each Group Supervisor. This inconsistent application of a global standard could lead to greater regulatory arbitrage providing a competitive advantage to IAIG's domestic in certain jurisdictions and diminishes its usefulness from a supervisory perspective. 3. A Group Supervisor can direct an IAIG to complete additional public disclosure not already required by securities laws and accounting standards in their jurisdiction. ComFrame does not require that this disclosure be consistently applied across all IAIG's even if the same situation exists leading to further inconsistencies and potentially significant competitive issues. 4. Group actuarial report will also have to be completed on an IFRS plus prudential filters basis which is different from the U.S. standard resulting in regulatory redundancies and additional expense for no real benefit. 5. Group capital assessment/requirement will be required and the inputs to this assessment will be IFRS plus prudential filters. While CNA opposes the development of a group capital assessment, if one is developed, it must be consistently applied to all IAIG's ensuring that some groups are not required to carry additional capital for the same risk profile simply due to inclusion of a different prudential filter. In addition to these consistency and redundancy issues we are also concerned regarding the development of a group capital requirement as previously discussed. Development of such a requirement implies that a U.S. Group Supervisor will have the authority to require a U.S. IAIG to raise additional capital to cover non-U.S. insurance risks as well as non-insurance risks impacting the group. Such a scenario raises significant questions which need to be addressed prior to proceeding, such as: 1. In what legal entity will the additional capital be held, which in turn can affect the order of priority given the nature of the creditor (e.g. if capital is maintained at a holding company level, what mechanism exists to ensure priority be given to satisfying policyholder losses over those sustained by bond holders or other creditors?) 2. If the group supervisor requires additional capital to support risk assumed by one entity within an IAIG from another entity within the same IAIG (such as a reinsurance contract between affiliated companies), if the ultimate primary policyholders reside in a different jurisdiction than the entity assuming the risk via reinsurance, what mechanism exists to ensure such capital is appropriately made available to satisfy the insurance claims? 3. In the event of an insolvency will these funds be allocated and distributed to non-U.S. and U.S. policyholders? It is our belief that if these salient issues are not addressed by ComFrame then its usefulness and relevance must be questioned and the need to issue additional guidance beyond ICP 25, Supervisory Colleges, should be challenged.	
263	USA Institute of International Finance - IIF	IAIS Observer	General comment to the document	The Institute of International Finance (IIF) appreciates the opportunity to comment on the IAIS ComFrame initiative. These comments have been produced by the IIF Insurance Working Group under the guidance of the IIF Insurance Regulatory Committee.	

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				As stated in our earlier letters, there is general agreement among IIF insurance members that the IAIS should develop a framework for the supervision of internationally active insurance groups (IAIGs). In general, we recognize that the current draft contains a great deal that is positive and has addressed a number of issues and concerns raised by the industry in prior iterations. However, we continue to have a number of important reservations about what is proposed especially regarding the level of prescription. The IIF would like to underscore its support for the overall strategic direction of ComFrame, in particular its risk-based nature, providing a strong role for the single group-supervisor, and promoting and drawing upon a range of recognizing existing standards. We continue to believe that the framework should be based upon and complement the Insurance Core Principles (ICPs) and provide full credit to jurisdictions which already fulfill the requirements. The IAIS Secretariat, on several occasions, has asked for further clarity from the industry as to its views on the objectives, elements and overall substance of the ComFrame framework, given the diversity of views expressed among trade organizations and insurance firms on this initiative. With this in mind, the IIF has been promoting dialogue among its insurance members in order to distill such a set of consensus views on ComFrame. In this letter, we aim to clearly state such consensus views and in this way outline the key issues on which further dialogue is needed. 1. General comments ComFrame should remain a principle-based framework. The length and amount of detail of the ComFrame draft poses a significant problem. We recognize a dilemma here. In order to achieve the stated intention of "creating more commonality and comparability of approaches without being rules based" it is necessary to provide a reasonable amount of illustrative examples. In reality, however, it is very difficult to reconcile principles-based guidance with what now amounts to a 180 pages prescriptive document. Whilst it is important for the framework to be clear and comprehensive, the current level of prescription, especially in the parameters and specifications in Module 2, could stand in the way of a successful implementation of ComFrame. In general, the more detailed and prescriptive the framework, the more difficult it will be to find a consensus among stakeholders. The ComFrame standards will become increasingly difficult to define and implement as the level of prescription increases. Further, the wording of ComFrame may need to be integrated into national supervisory approaches, regulations and laws, which again seems not to be feasible with the current level of detail. The Institute suggests that, in further development of the framework the IAIS focuses on the development and articulation of broad principles, together with focused background material which is explicitly intended for purposes of illustration rather than producing increasing	

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				amounts of prescriptive detail. There is an urgent need for clarification from the IAIS as to which of the provisions of ComFrame are actually formal requirements for IAIGs and which parameters/specifications are illustrations that IAIGs and supervisors could employ to achieve the goals of the overarching ComFrame standards. Overall, priority should be given to establishing an umbrella framework to enable supervisors to coordinate and reconcile their efforts to monitor insurers' group-wide activities and to address the enterprise wide risks arising out of these on a comprehensive basis. Institutionally, firms are managed and controlled on a group-wide basis and the supervisory approach embedded in ComFrame needs to recognize that. In terms of risk, a group-wide perspective may reveal different dimensions of risk than are apparent at the individual entity basis (e.g. because of intra-group exposures or commitments, double counting of capital, etc.) or, more commonly, show that risk is lower (e.g. because of diversification benefits). Effective supervisory oversight of insurance groups is particularly important to allow for all material risks to be identified and assess how effectively these are being mitigated through sound risk management and governance. This distinction between inherent or business risks and the effectiveness with which these are mitigated is a fundamental one which is given insufficient emphasis throughout the current draft. There is also insufficient emphasis on constructive approaches to the remediation of problems that are identified in the groups being supervised or in the supervisory process. The modules tend to go from diagnosis of problems (data sharing, etc.) straight to implementation and enforcement. ComFrame, however, needs to be more about identifying shortcomings, particularly in management and controls and ensuring that these are fixed in a timely way. This is implicit in the paper but needs to be made more explicit. Importantly, colleges should figure more prominently in this framework. ComFrame should not only foster an open and transparent dialogue between the supervisor and an IAIG but also include a general commitment to cooperation, coordination and interaction among supervisors themselves. Whilst there is already considerable emphasis on colleges, we would suggest that some change of emphasis is needed. There is currently relatively little emphasis on the importance of joint working - either in the "diagnostic" or "remedial" phases. This is important to help foster convergent approaches, to arrive at a shared view of issues, avoid overlap and streamline the process for the group. We agree that, in the context of colleges, an effective single group-wide supervisor should coordinate the process of enterprise wide risks assessment in close collaboration with other supervisors in order to avoid duplication. Effective means that the group-supervisor (1) is accepted amongst other supervisors, (2) has a group-wide perspective and addresses issues on a consolidated basis, and (3) ensures that information is available, albeit on an appropriately controlled basis, to enable other supervisors to carry out their responsibilities with respect to group issues.	

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				ComFrame should be based largely on the improved coordination and recognition of existing regulatory regimes and not impose another supervisory layer on international groups. In this regard, the IIF welcomes the new strategic direction that ComFrame promotes a range for recognizing existing standards. This however raises the difficult issue of whether ComFrame is foreseen to be used as a mechanism for harmonizing global standards on capital. The paper is very ambiguous about what is meant by a "partly harmonized approach to many of the components of capital adequacy". To the extent that this sets out a checklist of things to be considered when judging whether national/regional standards are acceptable on a mutual recognition basis, this would be helpful and supported by the Institute. But it is far from clear whether it would stop at that and whether a new mandatory capital standard is being proposed. The IAIS should be more specific on this point and provide further clarity regarding the purpose of ComFrame in general. There is still a suggestion in the consultation paper that ComFrame may seek to develop mandatory global standards for capital, solvency and valuation. The industry strongly believes that ComFrame is not an appropriate vehicle to achieve this as it will only be applicable to IAIGs. Setting standards for IAIGs alone risks further divergence in prudential requirements for the insurance industry rather than achieving greater harmonization. ComFrame should instead focus on establishing a range of recognizing existing standards. This is consistent with the vision of ComFrame as a "pillar 2' mechanism, i.e. one which is not about specifying and imposing minimum standards for capital but providing the basis for supervisors collectively to agree on risks and the supervisory response to these. Regarding accounting it remains unclear how ComFrame could work without an internationally accepted global accounting standard. The IAIS should support the development of such standards. The convergence process between FASB and IAIS standards is still evolving and is surely going to continue to do so for several years. Hence, since IFRS is not yet the unified internationally accepted accounting standard it is too early for ComFrame to decide where valuation should be based on. Detailed Recovery and Resolution Plans (RRPs) are not necessary in the insurance sector. The intrinsic characteristics of banks' balance sheets (maturity mismatches, illiquid assets and leverage) that can result in precipitate failure with systemic consequences are largely absent with traditional insurance activities. Due to the generally long term nature of insurance and the prolonged time period in which situations, develop, a focus on detailed or prescriptive plans for recovery or resolution is unlikely to be an appropriate measure. The IIF therefore welcomes the IAIS suggestion to not requiring specific resolution plans for IAIGs but to rather focus on the analysis of scenarios and stress tests on group level as part of ongoing supervisory activities, coordinated by colleges under the lead of the group supervisor. The IIF also supports the development of best practices for crisis management as a part of sound risk	

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				management. Such crisis management measures are already developed under different regimes and ComFrame should recognize these measures. ComFrame implementation and timeline The definition of internationally active insurance groups (IAIGs) and corresponding ComFrame criteria for the application of group wide supervision while rational and practical should not be too narrow. Further, it remains unclear, whether only supervisors in jurisdictions that are home to a designated IAIG have to apply ComFrame in their jurisdiction or whether also host countries with operating entities, subsidiaries or branches of an IAIG would also be subject to it. In light of remaining uncertainties about the scope and content of ComFrame, the lack of an assessment of project costs, costs sharing among parties, and required resources, the timeline of the ComFrame project might be overly ambitious. ComFrame will only be successful to the degree that it is effectively and efficiently implemented. ComFrame must be a living, evolving framework that adapts to supervisory and industry developments. The implementation phase is therefore crucial and the Institute strongly believes that the IAIS should aim for a non-binding field testing phase, supporting supervisors and IAIGs to operationalize ComFrame. Such a phase-in approach would challenge the various ComFrame components in practice and permit further calibration and adaptation. In addition, it would enable supervisors to develop ComFrame expertise and to staff jurisdictional representation at supervisory colleges before ComFrame is officially implemented.	
264	USA Liberty Mutual Group	IAIS Observer	General comment to the document	Liberty Mutual Group ("Liberty Mutual") respectfully submits the following general comments concerning the IAIS' Working Draft of the Common Framework for the Supervision of Internationally Active Insurance Groups, dated July 2, 2012 (the "ComFrame draft"). Liberty Mutual is a Boston, Massachusetts-based diversified global property casualty insurer. As of December 31, 2011, Liberty Mutual had US \$ 117.1 billion in consolidated assets, US \$ 99.3 billion in consolidated liabilities and US \$ 34.7 billion in annual consolidated revenues. Liberty Mutual employs more than 45,000 people in more than 900 offices located in over 25 countries. SUMMARY Liberty Mutual does not support ComFrame, as currently conceived by the IAIS. This second ComFrame draft continues to prescribe a new additional layer of complex regulatory requirements that will be applied to relatively few insurers that exceed certain thresholds which the IAIS has determined makes them "internationally active." We are aware of no basis to support the conclusion that internationally active insurers should be subject to such stricter standards, while other insurers, large and small, escape such stricter regulation and thus enjoy competitive advantage.	

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				More importantly, the inclusion of new requirements in the ComFrame draft fails to accommodate sufficiently the reasonable differences in regulatory regimes from country-to-country, each of which arguably achieves effective regulatory outcomes in the practical context of their own local market conditions, political cultures, regulatory philosophies, and consumer needs. A number of these new requirements simply do not work in many regulatory structures, as we discuss below. A centralized attempt by the IAIS to replace or substitute for existing regulatory structures on a wholesale basis without first assuring a true investment in their development by individual governments is destined for broad opposition and likely failure in the implementation stage. Liberty Mutual acknowledges that insurance groups with substantial global operations present complicated logistical and procedural issues for insurance supervisors. It is often challenging for regulators, as well as insurers, to communicate effectively under such circumstances, to share confidential information, and to coordinate efficient cross-border supervision. These challenges can be met without imposing the structural and regulatory rigidity of ComFrame. Let us find a better way forward that addresses these challenges without imposing new substantive requirements on global insurers. The ComFrame draft contains a number of elements regarding how supervisors should conduct cross-border supervision of globally active insurers in a way that fosters collaboration and coordination. Supervisors and insurers alike would benefit from a framework that provides guidance on those issues. We recognize the hard work of IAIS members and staff that underlies ComFrame. That work should continue. We simply urge that the IAIS redirect the energy invested in this project and that it change course from a ComFrame laden with new regulation to the building of a true framework for global supervision. Such a collegial framework would provide a forum in which supervisors can share information about the supervision of insurers doing business in multiple countries, gather data and experiences from supervisory colleges, and craft guidelines so supervisors can better coordinate and collaborate in overseeing those insurers. The work of the IAIS in continuing to develop the ICPs and facilitating improvements in regulatory practices can and should continue, but in a way that accommodates differing regulatory needs and approaches. We should not pursue convergence for its own sake, but instead seek to identify improvements that make regulation more effective and that can be supported by all. DISCUSSION a. Flawed Approach of the ComFrame draft Liberty Mutual's fundamental criticism of the ComFrame draft is that despite its title, it is not a "framework." Instead, ComFrame consists of a complex litany of substantive standards and requirements to which global insurers must comply.	

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				We have specific concerns about these provisions, as set forth in our comments that follow these introductory remarks. A number of these concerns are about significant new regulatory requirements that simply do not work or are not appropriate to all regulatory regimes, including: (i) ComFrame continues to struggle to establish either a single group capital requirement or at least a common approach to assessing group capital adequacy on a global basis, largely ignoring the fundamental differences that exist in regulatory approaches and accounting standards. (ii) ComFrame presumes convergence of accounting standards through adoption of IFRS in all jurisdictions, yet recent developments suggest that will not occur in the near term, if ever. (iii) ComFrame requires global insurers to prepare a group-wide actuarial opinion, but global insurers operate in multiple markets, offering a variety of products, and it is unrealistic to suggest that actuarial analyses of these different business operations could be consolidated into a single-group wide actuarial opinion. (iv) ComFrame requires a group-wide underwriting policy and ignores often significant differences in market conditions and legal requirements in each jurisdiction around the world. (v) ComFrame mandates a structure and role for the board of directors of a global insurer that are significantly inconsistent with the duties of a corporation's board of directors as set forth in the statutory and common law of many countries. In the United States, for example, a company's board sets overall corporate policy that is then the duty of management to implement. The ComFrame draft reads as if to insert a board into the day-to-day management of a company. Such expanded obligations of an insurer's board cannot be easily reconciled with well-established principles of American jurisprudence. b. A Change of Direction and a New Focus on Collaboration Liberty Mutual urges that the IAIS change from the more prescriptive approach of the current draft to a more collegial approach that establishes a framework for supervisory cooperation, coordination, and information sharing. The new framework would have a clear focus on improved processes and outcomes. It would be dynamic and allow for growth and evolve over time as supervisors become more familiar with participating in supervisory colleges and analyzing cross-border regulatory issues. Creation of a framework that addresses these and related issues would be a significant and productive undertaking that is both more practical and achievable in the short term. Supervisors and global insurers alike are not yet familiar with how best to exchange	

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				information while protecting its confidentiality (a significant challenge not to be overlooked), to communicate effectively, or to use tools like supervisory colleges. For example, there is currently a broadly perceived risk that there are and will be disparities in how supervisory colleges are conducted which could result in uneven or less than effective supervision of similarly positioned global insurers. A new ComFrame might develop guidance based on actual experience and identified areas for improvement to ameliorate such disparities and assure more effective oversight and coordination. c. Achievable Objectives of an Alternative Approach Establishing a global framework for effective supervisory cooperation would represent an important achievement for the IAIS. The IAIS can achieve this objective within the ComFrame concept by simply centering the draft on improved and strengthened elements found in Module 3. The new ComFrame would: (i) Contain modalities for regulatory cooperation, coordination, and information sharing; (ii) Clearly define the roles of an insurer's group-wide supervisor and involved supervisors and explain the relationships among the supervisors and the global insurer, which will improve coordination among supervisors and with the global insurer; (iii) Identify effective outcomes that regulators should seek to achieve through supervisory colleges and other tools, and provide guidance for specific elements of future colleges; (iv) Structure a process for conducting ongoing monitoring and oversight of supervisory practices to identify needed improvements to global group supervision and develop guidance for implementation by each regulatory jurisdiction; and (v) Identify elements of the current Module 2 to be addressed through guidance and cooperative supervisory activities. This new ComFrame will accommodate political and cultural differences and regulatory needs. It will identify effective regulatory outcomes, improve standards for regulation, and promote their adoption without prescribing how supervisors from different parts of the world implement measures to achieve those outcomes. It will give true meaning to the term "Common Framework."	
265	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	General comment to the document	MetLife is fully supportive of ComFrame's goals of improving group supervision of the increasing number of internationally active groups and making group supervision more reflective of actual business practice. However, we would reiterate that if ComFrame is to	

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				succeed in these goals it must remain a set of principles that are outcomes-focused and which defer to existing quantitative and qualitative requirements, including group capital adequacy mechanisms in place in major markets. We applaud the huge effort and work that has been accomplished to streamline ComFrame and take industry comments into account. However we continue to have concerns that certain aspects of ComFrame are over-prescriptive making of ComFrame a second layer of duplicative requirements that conflict with existing local and regional regulatory frameworks. As we have stated in the past, prescription in most cases adds little value to existing requirements, and is burdensome and costly, not only for insurers (and consequently their policyholders) but also for supervisory bodies themselves. As a framework that will apply to IAIG operations in various jurisdictions around the world, which as a matter of course differ from each other both in terms of regulatory structure and market needs, ComFrame will best serve as a framework that aims first and foremost to foster understanding and trust among supervisors, and to coordinate supervisory standards and practice.	
266	USA NAIC	IAIS Member	General comment to the document	U.S. insurance regulators support the development of ComFrame to the extent that it results in an outcomes-focused framework that enhances supervision of IAIGs. We would oppose ComFrame resulting in prescriptive and duplicative layers of global, one-size-fit-all requirements that mandate changes to supervision contrary to the best interest of insurance consumers. The following general views guide U.S. state insurance regulators' overall approach and expectations for ComFrame: - There is great potential for ComFrame as a framework for international supervisory cooperation based on the IAIS Insurance Core Principles (ICPs) and used by supervisory colleges to improve the effectiveness and efficiency of international group supervision. - Given the different regulatory approaches and structures among IAIS members, ComFrame must be a dynamic and flexible framework focused on regulatory collaboration. - ComFrame does not exist in a vacuum and should leverage, not duplicate or contradict, the existing foundation of the IAIS ICPs. - The IAIS Supervisory Forum should have an important role in informing the ComFrame development process based on the practical hands-on experience of supervisors in the colleges. - One of the stated objectives of ComFrame is to foster global convergence. U.S. state insurance regulators believe that fostering global convergence is to arrive at a common degree of regulatory effectiveness and understanding for IAIGs without necessarily creating a need for identical rules. - The IAIS needs to be mindful that when putting what is on paper into real-world practice, unintended consequences may arise, such as an unlevel playing field developing between	

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				IAIGs and non-IAIGs. As ComFrame is meant to be "ever evolving", processes in the next steps of ComFrame should be used to avoid any such unintended consequences. Appendix 2 - the third bullet "valuation within ComFrame is both about comparability among IAIGs and about consistency of application across IAIGs for solvency analysis for those IAIGs" is not part of the strategic direction that was given on the capital component of the solvency assessment.	
267	USA Northwestern Mutual	IAIS Observer	General comment to the document	We recognize and appreciate the great effort that members and observers alike have put into ComFrame in the year since we commented on the original consultation draft. The document is much improved as a result of those efforts. That said, we continue to maintain the foundational concerns we expressed last year regarding ComFrame. Fundamentally, we believe that portions of ComFrame (Module 2 in particular) confuse the concepts of "supervision" and "regulation" and, in doing so, create conflicts with the ICPs and local regulation. ComFrame should be about improving supervision of internationally active insurance groups. Module 3 succeeds on this objective to the extent that it reflects understandings reached by the supervisors of various jurisdictions on a set of practices they intend to follow for coordinating their efforts in supervising IAIGs. ComFrame should not be about specifying requirements applicable to companies or groups. That is a regulatory process and the making of regulations should be left to the local legislative and regulatory bodies having constitutional authority and corresponding political accountability for the respective legal entities. As we observed in our comments last year, "[p]rinciples embodied in the ICPs are incorporated into local supervisory regimes in a manner that respects local law, customs and regulator discretion". To the extent that ComFrame establishes a new framework of requirements applicable to companies, it interferes with the delicate balance struck by the ICPs and presents a likelihood of confusion, conflict and inefficiency. Recognizing the work that has gone into Module 2, we suggest that this material be recharacterized as a reference resource for supervisors engaged in the supervision of IAIGs. A consequence of including standards applicable to companies within ComFrame is that those standards may not be reflective of the balance in all jurisdictions between company decision-making and supervisory responsibilities, or between board oversight and management responsibilities. Portions of Module 2 and Module 3 are not reflective of the balance struck on these key points within the US regulatory and corporate governance regimes, for example. A related concern is that aspects of Module 3 (and also of Module 2) seem to invest the group-wide supervisor with some new power to "supervise the group", going beyond legal foundations, potentially interfering with the capacity of the local supervisor with statutory responsibility for supervising the regulated insurance entity to carry out those responsibilities and, in the process, creating unlevel playing field issues among companies. We believe that the group-wide supervisor's role should be essentially one of coordination of the involved	

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				supervisors in the collective efforts of the involved supervisors to supervise the IAIG at the group level. As such, it is neither necessary nor appropriate for the group-wide supervisor to hold substantive decision-making authority relative to the IAIG. There would be no basis for such a delegation by the involved supervisors of whatever statutory supervisory responsibilities they may have under their applicable local legal and regulatory regimes. Additional significant concerns with aspects of Module 2 are: - ComFrame should allow the group-wide supervisor and the college of supervisors to determine the appropriate reporting standards for the IAIG, for example, based on the financial reporting requirements of the Head of the IAIG or the domicile of the largest insurance entity within the group. We recognize that IFRS financial statements may be one useful element for supervising IAIGs when such statements are available. However, maintaining a working assumption that IFRS statements will be available for IAIGs creates an unnecessary and potentially harmful expectation. For example, creating an IFRS balance sheet for an entity within an IAIG which does not have one, but is well capitalized and financially strong based on reliable local solvency metrics is costly and unnecessary. ComFrame should allow for the aggregation of local supervisory valuation and solvency rules to be used at a group level. This would require regulators to be fluent in the more commonly used valuation bases, capital frameworks and reporting requirements. However, it would avoid imposing a potentially significant burden on IAIGs with few benefits. - We strongly urge that the use of ERM to understand an IAIG is far more meaningful than any required quantification of "group capital." We realize that in order to supervise a particular IAIG that the involved supervisors, informed by the ERM practices of the IAIG, may consider that certain capital metrics are more useful than others. Any conclusions would be based on their familiarity with the IAIG under review and its associated risks. However, we are opposed to a group capital requirement which to us implies extra capital mandated for an IAIG. This is because in our view it is not necessary from a regulatory standpoint for IAIGs to hold capital in excess of what is needed to ensure the payment of policy obligations in each respective jurisdiction in which the IAIG or its subsidiaries have written coverage. Approaching capital adequacy in this manner assures the satisfaction of policy obligations and the responsibility that the regulator has to insurance consumers. Lastly, we urge that the criteria and process for identifying IAIGs should provide greater clarity and transitional guidance in order to enable certainty and an opportunity for resource planning.	
268	USA Prudential Financial, Inc.	IAIS Observer	General comment to the document	Prudential Financial, Inc. (Prudential) appreciates the ongoing Observer engagement by the IAIS on the development of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) and encourages the IAIS to offer additional, more frequent observer consultations as we approach the final stages of drafting. Prudential continues to support the IAIS in its efforts to enhance global insurance group supervision and	

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				believes that these comments are intended to be constructive, practical suggestions that will lead to a more effective ComFrame. The details of this submission notwithstanding, Prudential also actively participated in the development of specific comments submitted by the Institute of International Finance (IIF) and Joint CRO Forum/CRO Council and the American Council of Life Insurers (ACLI). To that end, we also strongly endorse their recommendations. Role of ComFrame Standards, Parameters, & Specifications: ComFrame remains unclear about the roles of and relationships between the ComFrame standards and their corresponding parameters and specifications. Since these three components form the foundation of the framework, it is critical that the IAIS more explicitly define the meaning of each and how they are intended to function in order to avoid continued misinterpretation and misunderstanding. While the current draft does offer some further insight in this regard, the overall tone and text of the modules continues to be overly prescriptive, and appears to envision a new and additional regulatory regime for IAIG's. We fundamentally do not believe that this is the ultimate intent of the IAIS. Declarative revisions to ComFrame that once and for all clarify the core tenets of the framework will hopefully go a long way towards alleviating any future concerns over the level of prescription in ComFrame. ComFrame Implementation: Ensuring effective implementation and application of ComFrame must be a top priority for the IAIS. The introduction to the current draft makes brief mention of a period of "impact assessments" that will occur once ComFrame is finalized, but does little to explain how these assessments will function or how long they will last. The three and a half year development/consultative phase of ComFrame is crucial to the creation of a comprehensive group-supervisory framework for IAIG's. The IAIS should likewise dedicate at least an equal amount of time and resources to moving ComFrame from the theoretical into the practical. The ultimate success of ComFrame will only be determined once it is fully operationalized not after the drafting is complete. ComFrame must be a living, evolving framework that adapts with time and most importantly, supervisory/industry developments, especially in its earliest, formative stages. Prudential therefore encourages the IAIS to take a more measured and comprehensive path in its final application of ComFrame to ensure that its elements are properly calibrated and tested in order to foster greater supervisory cooperation and coordination. We believe that a "field testing" phase should take the place of "impact assessments" and be integrated into the next working draft of ComFrame. During this stage the various aspects of the framework will be used as a guide for supervisors and IAIG's to assist in operationalizing ComFrame as a practice. This phase should be used to determine effectiveness of the various ComFrame	

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				components in everyday supervisory and business practice and permit for in process calibration and adaptations as necessary. Field testing is likely the most effective way to ensure that ComFrame is successful once implemented. Prior to the next consultation in July 2013 the IAIS should dedicate time and resources to developing a "field testing" component in ComFrame. Confidentiality: Prudential Financial agrees with the IAIS in its assertion that confidentiality should not be a barrier to the implementation of ComFrame. With that said, issues related to confidentiality if left unaddressed in ComFrame itself or through the implementation phase, hold the potential of lessening the framework's effectiveness. ComFrame and related supervisory colleges will necessitate the sharing of confidential and proprietary IAIG information across jurisdictions and supervisory agencies. Therefore, IAIS should develop a set of protocols addressing confidentiality issues based on existing IAIS work (e.g. IAIS Multilateral Memorandum of Understanding (MMoU) on Cooperation and Information Exchange) recognizing that certain standards and confidentiality agreements will require specific situational "add-ons" to reflect the supervisory college environment and jurisdictional nuances. IAIS should engage its members and observers over the last year of ComFrame consultations to establish the protocols and a secure mechanism to permit the collection, transfer and sharing of confidential information with involved supervisors. The group-wide supervisor should be charged with arranging for the required agreements in consultation with the IAIG and other involved supervisors.	
269	Various International Network of Insurance Associations	Other	General comment to the document	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA), who represent a significant portion of the world's insurance premium. Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federaci�n Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA)	

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				We commend the IAIS and supervisors for the significant efforts they have already devoted to creating a more globally harmonised and gap-free supervisory system through the new Insurance Core Principles (ICPs); the work relating to supervisory colleges; and the Multilateral Memorandum of Understanding on Cooperation and Information Exchange (MMoU). Before making any final decisions on the scope and substance of ComFrame, we believe it would be beneficial for all stakeholders to focus their efforts on fully implementing these and other existing measures designed to enhance cooperation and coordination among supervisors. To ensure this, we would encourage the IAIS to take the opportunity early in the next cycle for an open discussion of the objectives of ComFrame and consideration of the practicalities of implementation for both supervisors and internationally active insurance groups (hereinafter referred to as IAIGs). We also believe it is essential that Members and Observers reach a common understanding on these fundamental issues: - Shared goals and outcomes with respect to group supervision. - Differences between group-wide supervision and creation of a new prudential regime for IAIGs - The capital component. 1. Shared Goals/Outcomes of Group Supervision The outcome of the group-wide supervision debate will have consequences for insurance companies regardless of where they conduct business. Whether those consequences are adverse or beneficial depends largely on a common understanding of the goals and principles and the manner in which they are implemented. Accordingly, it will be critical for regulators and industry to collaborate on their approach to implementing group-wide supervision standards so that unintended consequences are minimized. When discussing group-wide supervision, it is important that a level competitive playing field be maintained for all companies and the growth of private markets be taken into consideration. An additional shared goal is the need for more efficient and effective supervision that is free of gaps - a particularly relevant concern where a group has legal entities operating in numerous countries, resulting at times in an unnecessary layering of duplicative requirements. Often, these multiple layers of regulation become a drain on resources rather than a benefit to policyholders.	

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				The goals of promoting continued growth of private markets, maintaining a level playing field, and improving policyholder protection are consistent with the goal of enhanced coordination and cooperation among regulators through participation in supervisory colleges. Supervisory colleges should focus on identifying areas where regulation is duplicative or burdensome in a group setting and should foster stronger communication among regulators so that the scope of a group's activities and the boundaries and limitations of regulatory authority are well understood. While the latest ComFrame consultation document acknowledges the goals of reducing regulatory burdens and increasing coordination and communication, the prescriptive standards outlined in Module 2 do not always align with these goals of regulatory efficiency, increased competition, enhanced policyholder protection, and private market expansion. Therefore, it is important to make sure that the details of group supervision within ComFrame do not undermine the broader goal of proper supervision of healthy insurance markets. In order to provide a clear focus for how ComFrame should be developed and implemented, we would welcome the inclusion of a clear statement on the purpose of group supervision in the "Introductory remarks". 2. Group-Wide Supervision under ComFrame Should Not Produce a New Prudential Regulatory Regime It has become apparent that some are viewing ComFrame as justification for the application of a new prudential regime to IAIGs. In fact, prescriptive language is pervasive throughout the 89 pages devoted to Module 2, starting with the introductory comments, which describe the section as containing "the requirements that an IAIG will need to meet" and which "will need to be reflected in national/regional jurisdictions' regulatory and supervisory regimes." If the IAIS is proposing the establishment of a new prudential framework for IAIGs through Module 2, we would strongly disagree with this approach. Moreover, the implicit threat of additional regulation applied to IAIGs in the name of "group-wide supervision" may well be the source of many of the concerns arising from ComFrame. Companies attempting to interpret the prescriptive language and "requirements" fear that this module will be the source of new regulatory layers, rather than a productive way for supervisors to coordinate company oversight while minimizing any potential negative impact that might result from applying different jurisdictional standards. For regulators, the prescriptive nature of Module 2 may also lead to confusion, particularly over the scope of another regulator's supervisory authority or the necessity of codifying Module 2 requirements as part of a national/regional regulatory framework. Such an outcome could possibly generate regulatory conflict instead of cooperation and coordination, thereby undermining the very purpose of ComFrame. Accordingly, we recommend redrafting Module 2 to shift its focus from imposing prescriptive, one-size-fits all requirements on IAIGs to encouraging supervisors to coordinate their distinctive regulatory frameworks. Under this approach, the Parameters and Specifications should be explicitly positioned as guidance or key examples/illustrations of various methods	

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				that could be used to achieve the outcome intended in the Standards. This would be in line with the description of Parameters and Specifications in the "Characteristics of ComFrame" section of the "Introductory remarks". The revisions to Module 2 should clarify the overall purpose of ComFrame to guide the coordination of supervision among regulators responsible for internationally active insurance groups. Consistent with the goals of effective and efficient regulation, growth of competitive insurance markets, and improved policyholder protection, Module 2 should emphasize principles and standards of enterprise risk management applicable to groups that can be used by supervisors as a guide to assess their respective regulatory frameworks. Redrafted this way, Module 2 will not be misinterpreted as a regulatory penalty imposed on insurance groups that, in many cases, are among the most prudent and well-managed companies engaged in the business of insurance. ComFrame should deal solely with matters relating to group supervision of IAIGs and should not be used to introduce requirements that are solely and specifically relevant to systemically important financial institutions. There should not be an automatic assumption that the organization of insurance companies into a group - even one that does business in multiple jurisdictions - qualifies the group for new and more intrusive layers of regulation. It is important that supervision remains risk based, so that an IAIG (or, for that matter, any other insurer) should find itself subject to more extensive and intrusive supervision only if it is conducting higher risk activities. 3. ComFrame Capital Component While we appreciate the deliberative approach the IAIS has taken with respect to developing a potential capital component, we also must emphasize that this component carries perhaps the greatest risks in all of ComFrame to the goals of creating level competitive playing fields and promoting continued growth of private markets. A capital component, if ultimately included, should focus on providing a way of understanding the financial condition of the group while recognizing local requirements applicable to legal entities within the group. We firmly believe that any capital component must not, directly or indirectly, create a global capital standard for IAIGs. Such a standard would have ramifications for the competitiveness of insurers operating outside their home jurisdictions. For example, in any given jurisdiction, there may be IAIGs selling insurance whose ultimate controlling entities are domiciled outside the jurisdiction. However, they compete inside the jurisdiction with non-IAIGs. So, if jurisdictions were to adopt and enforce an IAIG capital standard requiring or pressuring IAIGs to hold larger amounts of capital, it would create a competitive disadvantage for IAIGs in many insurance markets. We also continue to be concerned that a global capital standard in Module 2 will be	

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				misinterpreted - either by regulators or by capital markets and investors - as if it were a technical regulation applicable to insurers rather than a standard for cross-border supervisory cooperation and understanding. This must be corrected and incorporated into any new iteration of Module 2. ***** To the extent that a substantial portion of ComFrame has been devoted to Module 2, there is a great deal of concern that it is trending toward creation of regulatory overlay that will neither lead to regulatory efficiency nor advancement of competitive private markets. Instead, the outcome may generate additional regulatory risk to the IAIG. If ComFrame is to remain true to its stated intent and satisfy the needs of all stakeholders, the IAIS should redirect its efforts towards establishing a common framework for the supervision of IAIGs as the unique and diverse market participants they are today, as opposed to subjecting IAIGs to restrictive regulatory mandates that, while perhaps intended to simplify the supervisory process, will only serve to stifle innovation, impose undue costs and burdens, and ultimately harm policyholders. Accordingly, we recommend that the IAIS take a phased-in approach to implementing ComFrame that would: (a) focus first on Module 3, particularly those elements that identify the group-wide supervisor, describe responsibilities within the context of a supervisory college, and establish a process for dispute resolution and supervision in time of crisis; (b) implement a structure based on practical experiences of supervisory colleges, group supervision, and application of the ICPs - which already contemplate the regulation of insurance groups and collaboration of supervisors at an international level; and (c) based on that structure and experience, identify gaps in group supervision that may merit, as appropriate further specification. That will allow group-wide supervision to develop while also learning how to focus—collectively and cooperatively—on the overall quality of a group's enterprise-wide risk management (ERM). ComFrame is likely to impose real resource constraints as regulators and supervisors build and redirect resources to staff jurisdictional representation at supervisory colleges. These staff will not arrive fully trained, but will have to learn as they build this new system. This will take time and we urge recognition of this learning curve. We also suggest that IAIS institute at 3-4 year, non-binding "field testing" phase, once the ComFrame document is completed. This should become a clearly defined component of ComFrame with a specified timeline. During this stage, the various aspects of the framework will be used as a guide for supervisors and IAIG's to assist in operationalizing ComFrame as a practice. This phase should be used to determine how effective the various ComFrame components are in everyday supervisory and business practice and permit for in-process calibration and course corrections, as necessary. We urge the IAIS to use the IAIS Supervisory Forum as a course modification and correction mechanism during the field testing	

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				phase, to integrate feedback from subject groups, home and host supervisors and other stakeholders. This amendment to the process would substantially reduce regulatory risk to IAIGs and "resource risk" to supervisors. It is also important that a properly constructed ComFrame - which does not impose prescriptive requirements on groups, but rather assists supervisors in determining whether groups are appropriately managing risk - can be implemented in an orderly, consistent, and efficient manner that does not cause any market disruption or competitive harm to those companies which may be identified as IAIGs.	
3. Comment on Module 1					
General comment to Module 1 (Scope of ComFrame)					
270	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	See question #1.	
271	Canada Canadian Institute of Actuaries	Other	General comment to Module 1 (Scope of ComFrame)	The scope of ComFrame appears appropriate. The key challenge will be obtaining the necessary powers and arrangements for including non-regulated entities and regulated entities in other sectors of financial services. We have the following specific suggestions.	
272	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	While we agree with the overall aim of ComFrame, we have a number of concerns with respect to its scope. We would urge the Committee to ensure that the ComFrame adheres to a risk- and principles- based approach to the supervision of IAIGs and avoid adopting overly prescriptive requirements. We also hope that attention can be paid to the adverse effects of an unlevel playing field and the risk of regulatory overreach. In short, we would encourage the Committee to ensure that the ComFrame adheres closely to the four (4) drivers outlined in the consultation document and in particular, the goals of convergence fostering, reducing complexity and achieving effective coordination and cooperation between supervisors.	
273	Canada International Actuarial Association	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	The scope of ComFrame appears appropriate. The key challenge will be obtaining the necessary powers and arrangements for including non-regulated entities and regulated entities in other sectors of financial services. We also have the following specific suggestions. M1E1-1-1-5: 'Definition of a group - The paper as drafted does not sufficiently define or	

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				contemplate the different types of groups that exist. Specifically, it doesn't allow for a situation where two or more "insurance groups" can exist under one holding company. Some IAIGs have insurance entities that are not managed as a single group. It would be a challenge for them to be treated as a single group under ComFrame, which is silent on this issue. An IAIG like this has several insurance groups that operate independently from each other under the holding company.	
274	China China Insurance Regulatory Commission	IAIS Member	General comment to Module 1 (Scope of ComFrame)	Clear standards should be given to determine the group-wide supervisor. We suggest in addition to proportion of business income to the balance of the Group, the history of development and supervision of the group should also be considered; we should be prudent about changing the group-wide supervisor of the Group, and should not change the group-wide supervisor before the income from other business divisions becomes the largest proportion of the Group.	
275	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	General comment to Module 1 (Scope of ComFrame)	Some parts of in this Module would fit better to Module 3, especially on the role and responsibilities of the group-wide supervisor and involved supervisors.	
276	Europe Insurance Europe	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	It is very important that the scope of ComFrame does not result in a two tier prudential system with a small number of internationally active groups potentially subject to differing and additional prescriptive requirements. Therefore the ComFrame principles should focus on supervisory recognition, coordination and cooperation to allow deference to robust group supervision already in place. There should not be any "cliff edges" with groups suddenly becoming subject to a whole new suite of prudential requirements following identification as an IAIG. The EEA should be treated as just one "jurisdiction" for IAIG identification purposes in ComFrame. The EU has created an internal market for providing insurance services. European insurance companies and groups are subject to harmonised rules and obstacles to cross border trade have been removed. Robust group supervision is already in place and will be further strengthened and harmonised once Solvency II enters into force. Against this background undertakings with cross border business restricted to different EEA member countries should not be considered internationally active as they are operating in the same internal market. The identification criteria currently proposed by the IAIS would result in a large insurer only doing business in three European countries potentially falling in ComFrame scope. Given that a common framework is already in place within Europe it is hard to see what additional benefit ComFrame will bring to the IAIG or to the respective involved supervisors. Where a robust common supervisory framework already exists, deference should be given to it and groups subject to such a framework (and not operating outside of it) should not fall within the ComFrame scope.	

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				Insurance Europe has concerns about the inclusion of internationally active solo entities which are not part of a group. ComFrame is a framework for group supervision, developed to address risks arising from the corporate and financial structures and governance processes of insurance groups with separate legal entities operating in different jurisdictions, elaborating on the standards set out in the ICPs that are applicable to solo entities. Given that ComFrame has been designed as a group regulatory framework, many of the Module 2 or Module 3 provisions have little or no application to, or would be inappropriate for, solo entities. The case has not been made for including solo entities, which are already prudentially supervised on a holistic basis by their home supervisors, within the scope of ComFrame.	
277	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	The main motivation for developing ComFrame is the conclusion that IAIGs increasingly engage in activities in and across several countries and markets and aim at achieving synergies in many regards including by the pooling of risks and by optimizing financial efficiency. We would agree that increased globalization requires a regulatory response by fostering a more coherent supervision of IAIGs. However, this would require that the ComFrame framework applies to all IAIGs based on their extent of international activity. Instead, ComFrame is likely to identify a rather small number of groups by means of size indicators such as the total of assets and gross written premiums. This would not only disadvantage the groups concerned but also contradict the overall aims of ComFrame. We strongly advocate a more open approach which is clearly focused on the level of international activity and neglects or even abandon the significance of size. Moreover, countries which are subject to a uniform regulatory regime such as the EEA should be treated as one jurisdiction since an integrated and harmonized supervisory approach for groups solely operating within these countries is already in place.	
278	International European Commission	IAIS Member	General comment to Module 1 (Scope of ComFrame)	please refer to our comments in intra-EU activity	
279	Japan Financial Services Agency	IAIS Member	General comment to Module 1 (Scope of ComFrame)	Comments on M1E1 Commentary The 1st bullet (including all of the sub-bullets) should be deleted as this is already captured by M3E3 (roles of group-wide supervisors and involved supervisors), although varieties in group structure mentioned in this bullet (i.e. the four sub-bullets) could be mentioned in a relevant Specification in M1 if necessary. The 2nd bullet should also be deleted as (i) roles of the GWS and other supervisors (i.e. their relationship) are already addressed in M3 and (ii) it is not clear what is meant by "this Element does not apply" in the 1st sub-bullet.	

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				In relation to the 4th bullet, any terms should be defined in the body of the ComFrame (which is one of the roles of Parameters/Specifications), not in the Commentary. The definition of an insurance group provided by the 4th bullet is not clear enough and therefore should be deleted unless otherwise clarified further. The 5th bullet should also be deleted as this is no longer necessary. (If you would like to retain the 4th and 5th bullets, it would be better for them to be modified as follows in order to ensure clarity and accuracy.) "In ICP 23 (23.2.1), an insurance group is deemed to exist if there are two or more entities, of which at least one has a significant influence on an insurer. From insurance groups defined generally under ICP 23, IAIGs are identified by applying the international activity and size criteria subject to supervisory discretion." The 6th bullet should also be deleted as this is already covered by M1E1-1-1-4, which mentions a financial conglomerate.	
280	Joint initiative CRO Forum / CRO Council	Other	General comment to Module 1 (Scope of ComFrame)	The criteria for an insurance group to be identified as an IAIG is too much focused on size as the emphasis should be on the materiality of international activities to avoid inclusion of groups that are not truly internationally active.	
281	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	General comment to Module 1 (Scope of ComFrame)	M1E1-1-2-1 "Gross premiums written outside the home jurisdiction" are gross premiums written from subsidiaries, branch offices or on a cross border basis outside the home jurisdiction. Premiums on "cross border basis" may not be publicly available. Further, the term "cross border basis" needs clarification, particularly in view of cross border reinsurance (e.g. primary insurer location vs. risk location). "Home jurisdiction" is the jurisdiction in which an IAIG is headquartered. The term "headquarter" must be defined in more detail. This could be done in the glossary and by analogy to ICP 25.3.5.	
282	UK Lloyd's	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	We are concerned that an insurance legal entity with no parent or subsidiaries is treated as an IAIG, even though legally it is not an insurance group. We are also concerned about the lack of transparency regarding the process for IAIG identification. Detailed comments on these points are set out in response to General Question 1 and specific comments on Module 1.	

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283	United Kingdom Financial Supervisory Authority	IAIS Member	General comment to Module 1 (Scope of ComFrame)	Seems muddled (sometimes the sentence construction makes it difficult to understand the point being made) and uneven in places. Should identification and scope be more closely linked? The identification/definition and treatment of conglomerates could bear with greater clarification here (and in other parts of the document where relevant).	
284	United States of America American Academy of Actuaries	Other	General comment to Module 1 (Scope of ComFrame)	p23,M1E1-1-1-5: 'Definition of a group - The paper as drafted does not sufficiently define or contemplate the different types of groups that exist. Specifically, it doesn't allow for a situation where two or more "insurance groups" can exist under one holding company. Some IAIGs have insurance entities that are not managed as a single group. It would be a challenge for them to be treated as a single group under ComFrame, which is silent on this issue. An IAIG like this has several insurance groups that operate independently from each other under the holding company.	
285	United States of America American Insurance Association	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	This module has been criticized as being both over- and under-inclusive, which points to a problem generally with the identification criteria and a concern with the overall purpose of ComFrame, as well as a lack of clarity. The current criteria for Module 1 capture over 45 IAIGs, many of which are only regionally active. Thus, if anything, AIA believes that the parameters should be narrowed and focus on "international activity" and the group's operation under numerous different supervisory regimes. These contradictory perspectives are symptomatic of both the need for a clear articulation of the overarching goals of ComFrame and concern with the increasing emphasis on the IAIG requirements in Module 2, with some companies wishing to avoid the overly prescriptive requirements while others who seem likely to be designated as IAIGs regardless of the criteria wishing to avoid the adverse effects of an unlevel playing field. If our recommended 3-stage phased-in approach is adopted, thereby shifting ComFrame's primary focus to supervisory coordination and cooperation, we anticipate there will be far less concern about the Module 1 determination process and more widespread consensus about the criteria that define an IAIG. Further, the IAIS should not view the differing industry perspectives or failure to reach consensus on Module 1 criteria as an indication that the current Module 1 criteria strike an appropriate balance. They do not. Instead, the IAIS, consistent with our stated views, should look at Module 1 as a practical reflection of the industry unease with the language, tone and direction of the Parameters and Specifications of Module 2. In addition, in order to align with the ICPs, we believe ComFrame should apply to state-owned and state-affiliated insurers. This is due to the fact that, according to the ICPs' preamble, the ICPs "apply to the supervision of all insurers whether private or government-controlled insurers that compete with private enterprises, wherever their business is conducted, including	

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				through e-commerce." While we recognize that some of these state-owned or state-affiliated groups only operate in their respective home jurisdictions, others have regional and international operations, and we believe these entities should fall within the scope of ComFrame based on their size and international activity. With respect to particular aspects of Module 1, Parameter M1E3-2-1 continues to raise concerns about regulatory overreach. While we appreciate the need for consideration of certain entities within an IAIG over whom a supervisor may lack legal authority, the provision may be interpreted to instruct regulators to ignore the boundaries of their legal authority and/or supervisory power. This Parameter should be rewritten as a more affirmative instruction to group-wide supervisors to consider inviting other regulators, including non-insurance sector regulators, to participate in supervisory cooperation where the insurance supervisor lacks legal or supervisory authority. In addition, Standards M1E4-2 and M1E4-3 seem misplaced and would be more appropriately included in Module 3, as they relate more to the role of a group-wide supervisor rather than to the identification of an IAIG or selection of a group-wide supervisor.	
286	USA American Council of Life Insurers	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	Threshold - We recognize and agree that developing a definition with thresholds should be easily explained, not overly complex, and understandable in a transparent manner within the context of "constrained supervisory discretion." With that concept in mind, we would make the following modifications to the July 2nd draft to narrow the universe of groups, which would be captured as IAIGs, to those we believe justify inclusion. - Premiums are written in not less than 7 jurisdictions, - Only jurisdictions where the group's collective presence operating in that jurisdiction (branch or subsidiary) makes it one of the top ten insurance groups, by total group net written premium in that jurisdiction, will count toward the above-mentioned 7 jurisdictions. - Total or gross premiums written outside its home jurisdiction is not less than 20% of the group's total gross premium written globally, and - Total assets of not less than US\$ 100 billion or annual gross written premiums of not less than US\$ 20 billion globally.	
287	USA Institute of International Finance - IIF	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	The following comments refer to introductory remarks and appendices 1 and 2 Introductory remarks - ComFrame should focus on achievable goals in the area of improving global supervision. Setting overly ambitious goals, such as seeking to develop mandatory global standards for capital, solvency and valuation would jeopardize the prospects for progress, without necessarily adding value in improving the effectiveness of the supervisory process. - The purpose of ComFrame should be better articulated to provide the rational for the aims and drivers as set out in the introductory remarks and to set the appropriate focus and	

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				justification for the standards, parameters and specifications. - ComFrame should be based largely on the coordination and recognition of existing regulatory regimes and not impose another supervisory layer on international groups. It is of course recognized that ComFrame will create obligations and requirements on both home and host supervisors in respect of IAIGs which will result in some adjustments to the way they undertake their supervision. But these need to take place within existing frameworks of supervision and there needs to be complete clarity that ComFrame will not, in itself, create additional layers of supervision. This would be confusing, duplicative and not cost-effective. - The term "customization" on page 5 usually means tailoring something on a one-off basis to take account of specificities or needs. That makes sense if what is meant here is that big groups are unique so it is necessary to have an approach which recognizes that and is tailored to the group, but subject to a set of common principles. - "Convergence fostering" is seen as a useful aim of ComFrame as long as it is not intended to develop a new common regulatory standard (for e.g. capital). - Criteria should look at international reach and scale. But some care is needed to ensure, for example, that scale alone doesn't drive the process where a group is huge but not very international. - In the architecture graph on page 8 the IIF thinking is that each potential G-SII would be also an IAIG. Hence, the bar on ComFrame should be extended to the right (or last column be deleted). - The IAIS should aim for more realistic timelines given the fact that neither costs nor necessary resources are assessed and outline further development (beyond July 2013) of the ComFrame project. In light of remaining uncertainties about the scope and content of ComFrame; the lack of an assessment of project costs; how costs will be shared among parties; and the resources (in national supervisors and the IAIS) that will be required to implement it, the timeline of the ComFrame project might be overly ambitious. Therefore, the the Institute strongly believes that the IAIS should aim for a non-binding field testing phase, supporting supervisors and IAIGs to operationalize ComFrame (see comments on page 3). The risk terminology should be aligned across the document and reflect sound ERM practices which will continue to develop. Appendix 1 - The ComFrame draft states that to the extent national/regional systems embody the ComFrame's objectives, there's no need to change. However, the IAIS should develop principles that will assist regulators in assessing whether existing local and regional frameworks achieve the objectives of effective group supervision that ComFrame embodies. The level of prescription in both modules and elements is too great and looks set to increase further. This should be one of the main focus points for the next revision. To the extent that the intention is genuinely to create a largely principles based framework with the aim of promoting (but not requiring) convergence of standards, there would be scope for: a) shortening the document; b) looking again at the standards to increase their clarity and to avoid overlaps; and	

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				c) considerable streamlining the parameters and specifications to provide a small number of explicitly illustrative features which may assist supervisors (and groups) in adopting the principles based framework. Appendix 2 - The capital component of solvency assessment is very prescriptive. As noted, this looks consistent with a wish to develop a globally standardized approach to capital. The IIF believes that this would be a serious mistake; that the chances of success would be small and that this would represent a distraction from the worthwhile goal of creating an effective umbrella framework for supervising global groups. The emphasis instead should be on establishing a general framework for mutual recognition of existing standards. ComFrame should be seen as a "pillar 2' mechanism, i.e. one which is not about specifying and imposing minimum standards for capital (for which other mechanisms already exist) but providing the basis for supervisors collectively to agree on risks and the supervisory response to these. - Priority should be given to establishing an umbrella framework to enable supervisors to coordinate their efforts to monitor insurers' group-wide activities and to address the enterprise wide risks comprehensively arising out of these. Colleges should figure prominently in this framework. The IIF strongly agrees that ComFrame should include a general commitment to cooperation, coordination and interaction among supervisors and that the group-wide supervisor should be able to rely on work of other involved supervisors and vice versa. We would like to see more emphasis on joint working by supervisors within college structures. - The IIF believes that strengthening cooperation will, of necessity, be an evolutionary process based on growing mutual confidence amongst supervisors. The initial emphasis should probably be on joint working moving steadily towards a greater willingness of college members to place mutual reliance on one another. The IIF believes that ComFrame can provide the necessary vehicle for such progress in order to facilitate effective supervision of IAIGs among supervisors which will help them to have better aligned agendas and to assess whether local frameworks address critical issues needed to effectively consolidate the information to supervise an IAIG. - Regarding colleges, further elaboration is necessary regarding communication among supervisors within a college and how supervisors can effectively interact with an IAIG in a two way dialogue. This is also critical for the interaction of regulators with firms. Only an effective, open and transparent two way dialogue can build and enhance trust. - Further, sub-group cross-border colleges should not, as a general matter, be introduced but clearly, variable "geometries' within a college reflecting the specificities of individual groups, should exist. - There needs to be an acknowledgment that, in assessing risk, supervisors need to assess: a) the risks inherent in the activities being undertaken; and b) how effectively these are being mitigated through risk management, good governance etc. This is a fundamental distinction which is given insufficient emphasis throughout the current draft.	

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				The IIF recommends to replace the last two bullets under "Components of Supervisory Process' on page 16 by "decision making regarding necessary risk mitigation' and "implementation of agreed supervisory program, including remedial measures and monitoring'.	
288	USA Liberty Mutual Group	IAIS Observer	General comment to Module 1 (Scope of ComFrame)	Liberty Mutual opposes the creation of an artificial subset of all companies, called "internationally active insurance groups." Because there is no empirical evidence that these companies should be treated differently for regulatory purposes, any attempt to define them results in competitive disadvantages in favor of those insurers which are not so defined. When regulation is effective, it should apply to all insurers. We prefer the term "global insurer" to describe insurance groups doing business in more than one country. We propose in our comments that ComFrame be redirected to provide a framework for supervisory coordination and communication, which would benefit all insurers and their supervisors. If so redirected, ComFrame's guidance should be applied to any global insurer doing business in more than one country. Supervisors of insurers that do business in relatively fewer jurisdictions would need to utilize less of this new cooperative framework than would supervisors of insurers that do business in many jurisdictions, but all insurers and their supervisors would benefit from improved coordination and communication among supervisors.	
289	Various International Network of Insurance Associations	Other	General comment to Module 1 (Scope of ComFrame)	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federaci�n Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA) This module has been criticized as being both over- and under-inclusive, which points to a problem generally with the identification criteria that is exacerbated by a lack of clarity in the overall purpose of ComFrame. For example, some industry trades believe that the currently considered 3+ country geographic scope threshold is not in line with the qualitative	

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				determination of "internationally" active insurance groups. Those trades would argue that a more appropriate threshold would be 6+ countries (or 3+ common supervisory frameworks, given that group regulation would already be harmonised across various jurisdictions), which would rectify the presumably unintended consequence of capturing over 45 IAIGs, many of which are only regionally active. Other suggestions are to give more weight to international activity than size criteria; increase the size criteria (e.g., total assets of not less than USD 100 billion or gross written premium of not less than USD 20 billion); and establish a market share threshold for all countries in which an IAIG operates to achieve that designation. Conversely, other industry trades believe that the IAIG determination should be more broadly applicable to any internationally active group, minimally defined, in order to preserve competitive balance among all international insurers. These contradictory perspectives are symptomatic of both the need for a clear articulation of the overarching goals of ComFrame and concern with the increasing emphasis on the IAIG requirements in Module 2, with some companies wishing to avoid the overly prescriptive requirements while others who seem likely to be designated as IAIGs regardless of the criteria wishing to avoid the adverse effects of an unlevel playing field. If our recommended phased-in approach is adopted, thereby shifting ComFrame's primary focus to supervisory coordination and cooperation, we anticipate there will be far less concern about the Module 1 determination process and more widespread consensus about the criteria that define an IAIG. Further, the IAIS should not view the differing industry perspectives or failure to reach consensus on Module 1 criteria as an indication that the current Module 1 criteria strike an appropriate balance. They do not. Instead, the IAIS, consistent with our stated views, should look at Module 1 as a practical reflection of the industry unease with the language, tone and direction of the Parameters and Specifications of Module 2. In addition, in order to align with the ICPs, we believe ComFrame should apply to state owned and state affiliated insurers. This is due to the fact that, according to the ICP's preamble, the ICPs "apply to the supervision of all insurers whether private or government controlled insurers that compete with private enterprises, wherever their business is conducted, including through ecommerce." While we recognize that some of these state owned or affiliated groups only operate in their home jurisdiction, others have regional and international operations, and we believe these entities should fall within the scope of ComFrame based on their size and international activity. With respect to particular aspects of Module 1, Parameter M1E3-2-1 continues to raise concerns about regulatory overreach. While we appreciate the need for consideration of certain entities within an IAIG over whom a supervisor may lack legal authority, the provision may be interpreted to instruct regulators to ignore the boundaries of their legal authority and/or supervisory power. This Parameter should be rewritten as a more affirmative instruction to group-wide supervisors to consider inviting other regulators, including non-insurance sector	

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				regulators, to participate in supervisory cooperation where the insurance supervisors lacks legal or supervisory authority. In addition, Standard M1E4-2 seems misplaced and would be more appropriately included in Module 3, as it relates more to the role of a group-wide supervisor rather than to the identification of an IAIG or selection of a group-wide supervisor.	
Specific comment to M1E1 (Identification of IAIGs)					
290	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	See question #1.	
291	Canada Canadian Institute of Actuaries	Other	Specific comment to M1E1 (Identification of IAIGs)	M1E1-1-2-1: It would be useful to have some quantitative criteria for determining materiality of operations in a host country. M1E1-1-1-3: We don't see the value of applying anything other than the consolidated general purpose financial statements for assessing the criteria.	
292	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	E1-1-1 and E1-1-2: The ComFrame Criteria should not be reverse engineered to produce a pre-conceived targeted number of groups being classified as IAIGs. Specifically, the international activity and size components should not be parameterized with this goal in mind. Instead the specific quantitative parameters should only be considered as benchmarks and not unduly influence the decision to designate a group as an IAIG since the proposed quantitative lines in the sand are arbitrary. For example, compare: (i) A group with all but \$1 of its foreign premium in two foreign territories, \$1 of its foreign premium in a third foreign territory, in all three territories the group has insignificant market share and is not writing any new business in either of the three foreign territories, and 10.1% of its premium written outside of its home territory; and (ii) A group operating in three foreign territories with 3.3% of its premiums in each, and in each of those three foreign territories, significant market share (since the foreign territories are relatively small markets) and new business. Group (i) meets the international criteria whereas group (ii) does not. The criteria should be analyzed from a materiality perspective - for example, the IAIG's relative to other insurers, market share and the level of, if any, new business activity in the territory. Furthermore, the differences in the nature of cross transactions between banks and insurers should be recognized by the supervisory college in their deliberations on determining IAIGs.	

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293	Canada International Actuarial Association	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	M1E1-1-1-3: We don't see the value of applying anything other than the consolidated general purpose financial statements for assessing the criteria. M1E1-1-2: Size should be above some threshold, such as by the amount which could disrupt global economic activity in the event of distress. Global activity should be based on significant market presence in a diversity of jurisdictions. For example, the threshold might be expressed as a company of more than \$X billion in assets with a top [5] market share in more than [3] jurisdictions. Alternative expressions are possible, such as a company that is a local SIFI in more than [3] jurisdictions. Jurisdictions might consider only the G-20 economies.	
294	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M1E1 (Identification of IAIGs)	Following clarifications could be introduced: - -ComFrame requirements should apply to insurance groups and to financial conglomerates that are led by insurer (and not to any financial group) or insurance subgroups of financial conglomerates. - -ComFrame criteria should apply at the level of insurance undertaking, insurance holding company or other holding company at the head of the insurance group or conglomerate led by insurer. M1E1-1-1-4: Implications of identification of the financial conglomerates as IAIGs should be further considered and addressed in the relevant specifications.	
295	Europe Insurance Europe	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	- M1E1-1-2-1 Insurers writing premiums in not less than 3 jurisdictions potentially fall within ComFrame scope. The definition of "jurisdictions" is not based on a common supervisory framework or even a legal jurisdiction but is based on how the International Monetary Fund (IMF) has treated a country for the purposes of its Financial Services Action Programme (FSAP) assessments. Insurance Europe believes it would be more appropriate for reference to be made to common supervisory framework. In this respect EEA should be treated as one "jurisdiction" for ComFrame purposes. Individual countries can and should still be assessed through the IMF's Financial Services Assessment Process on the extent to which ComFrame has been implemented in that country. - M1E1-1-2 The key focus of the criteria should be how "internationally active" an insurance group is with countries/jurisdictions only counting individually if they are not part of a common supervisory framework. Size should be a less important criterion than "international activity". - M1E1-1-1-2 The inclusion of internationally active solo entities which are not part of a group in ComFrame's scope is unnecessary and inappropriate. ComFrame aims to address group supervisory issues, including gaps in supervision, and to provide an integrated, multilateral framework for genuine groups. There is, however, no established need for this in relation to internationally active solo entities, which are not part of a group. Such solo entities are subject to comprehensive home state prudential supervision in relation to the entirety of their operations. Host supervisors may of course additionally supervise certain aspects of the solo entity's operations in their jurisdictions, but are entitled to rely on the home supervisor for central supervision of the whole entity. Supervisory colleges for solo entities risk duplicating	

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				regulatory effort without enhancing supervisory outcomes. Given that ComFrame has been designed as a supervisory framework for groups, many of Module 2 requirements are irrelevant to the supervision of solo entities. It is also unclear how group supervisory practices, as envisaged in Module 3, could be applied to solo entities. If supervision of internationally active solo entities needs to be improved, this can and should be achieved by amending the relevant ICPs rather than attempting to shoehorn solo entities inappropriately into a group supervisory regime.	
296	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	M1E1-1-2: As stated in the general comment to Module 1, there is an overreliance on size in the identification criteria. In order to compensate this, we would recommend allocating a higher weighting on international activity and/or lowering the thresholds on total assets and gross written premiums.	
297	International European Commission	IAIS Member	Specific comment to M1E1 (Identification of IAIGs)	Clarification (in the module and in the commentary to the module) on the following situations would be appreciated: - ComFrame should be applicable to insurance groups (whether they are part or not of a wider financial conglomerate) and to insurance-led financial conglomerates and not to any financial group, which would go beyond the mandate of ComFrame - the assessment of ComFrame criteria should be done at the level of the insurance undertaking or insurance holding company or other holding company at the head of the insurance group or insurance led conglomerate.	
298	Japan Financial Services Agency	IAIS Member	Specific comment to M1E1 (Identification of IAIGs)	M1E1-1-1-6 The 1st sentence would not be practical as it is quite difficult to exclude e.g. assets of non-insurance entities within a group from the total assets in a precise manner, taking into consideration, for example, any intra-group transactions. Regarding operations outside of the insurance sector, they do not need not to be taken into account in regard to the following ComFrame Criteria: the number of jurisdictions, gross written premiums and percentage of gross written premiums written outside the home. Therefore, the 1st sentence is no longer necessary and thus needs to be deleted. The 2nd sentence is relevant to the scope of supervision, but not relevant to the identification of IAIGs. So, that should also be deleted. M1E1-1-3-4 From the perspective of consistency with the other two bullets, the 1st bullet should be written as follows: a group whose business activities in the host jurisdictions are material, even if the group does	

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				not meet some of the criteria in M1E1-1-2. Also, the following explanation needs to be added. "Host jurisdiction" refers to a jurisdiction other than the home jurisdictions defined in Specification M1E1-1-2-1.	
299	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	- In determining the scope of a group in order to identify the IAIG, sufficient dialogue and understanding between supervisors and IAIGs is necessary (M1E1-1-2-2). - We suggest adding the following as the second sentence of M1E1-1-3-1: 'Where it doesn't exist, refer to M1E2-1-2-2.'	
300	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	-M1E1-1-2: The second bullet point of 'international activity criteria' in ComFrame Criteria does not prescribe the basis period for 'less than 10%' of the group's total gross written premium. If only a single-year 'percentage' basis is to be utilised as a criterion for identifying an IAIG, there may be a concern that such identification may be influenced by temporary volatility in written premiums and result in undermining of the stability of ComFrame. To ensure consistency with 'size criteria', the 'international activity criteria' should be amended to read; "percentage of gross premiums written outside the home jurisdiction is not less than 10% of the group's total gross written premium (BASED ON A ROLLING THREE-YEAR AVERAGE)." -M1E1-1-3: Although some examples illustrating how the constrained supervisory discretion process may be applied are described in this Working Draft, we think the criteria for applying those processes remains uncertain. One uncertainty is given in the examples in M1E1-1-3-4. It states that even if the group does not meet some of criteria in M1E1-1-2, the group should be considered an IAIG if its business activities in its host country are material. However, there is no details regarding what basis business activity materiality may be judged. As a result, we have concerns about potential inappropriate use of those discretions. We believe that the specific guidance for exercising constrained supervisory discretion should be explicitly set out to ensure transparency.	
301	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	Specific comment to M1E1 (Identification of IAIGs)	M1E1-1-2-1 "Gross premiums written outside the home jurisdiction" are gross premiums written from subsidiaries, branch offices or on a cross border basis outside the home jurisdiction. Premiums on "cross border basis" may not be publicly available. Further, the term "cross border basis" needs clarification, particularly in view of cross border reinsurance (e.g. primary insurer location vs. risk location).	

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				"Home jurisdiction" is the jurisdiction in which an IAIG is headquartered. The term "headquarter" must be defined in more detail. This could be done in the glossary and by analogy to ICP 25.3.5.	
302	UK Association of British Insurers	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	M1E1-1-2-1 : International activity should be measured by the number of jurisdictions an insurer is active in which are subject to separate and distinct supervisory frameworks - to the extent that an insurer is active in jurisdictions that are covered by a robust single supervisory framework, ComFrame will not add either to supervisory understanding of the group, to policyholder protection or to efficient supervision.	
303	UK Lloyd's	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	Specification M1E1-1-1-2 states that an insurance legal entity with no parent or subsidiaries operating through branch offices in foreign countries (in other words, a solo entity which is not part of a group) that meets the ComFrame criteria is regarded as an IAIG. ComFrame should not include internationally active solo entities, which are not part of a group, within its scope. It is a framework for group supervision, designed to address risks arising from the corporate and financial structures and governance processes of groups operating internationally. Such groups have a parent, with controlling interests in separate insurance legal entities operating in different jurisdictions. ComFrame therefore aims to address group supervisory issues such as gaps in supervision, and to provide an integrated, multilateral framework for such "genuine" groups. These issues do not apply to solo entities, which are prudentially supervised in their entirety by their home state supervisors. Host supervisors may, of course, supervise certain aspects of a solo entity's operations in their jurisdictions, but when doing so they rely on the home supervisor's prudential supervision of the solo entity's overall financial position. Supervisory colleges for solo entities risk duplicating regulatory effort without enhancing supervisory outcomes. The ComFrame document does not set out a case for including solo entities within ComFrame's scope. As ComFrame is a supervisory framework for "genuine" groups, many Module 2 requirements are irrelevant to the supervision of solo entities. Nor can Module 3 group supervisory practices be easily applied to solo entities. We discuss these points in more detail in our comments on the relevant Modules and Elements. We therefore consider that Specification M1E1-1-1-2 should be removed.	
304	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M1E1 (Identification of IAIGs)	M1E1-1-1-2 In order not to stretch the legal definition, might it not be better to say: "An insurer that operates through branch offices in foreign countries, even though it may have not a parent or subsidiaries, will be regarded as an IAIG for the purposes of ComFrame." M1E1-1-1-6 The criteria for selection (of an IAIG) and the supervision of a group appear to be	

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				different. Would this mean that a supervisor may be responsible for a group (that is internationally active) but which may not fall under ComFrame? This may require further clarification. M1E1-1-2-1 appears to capture solo reinsurance entities and those purely domestic entities that may underwrite a risk that is located in a couple of other countries, but without any overseas presence. Thence the reinsurer/domestic entity would only be subject to supervision in a single jurisdiction, thus negating the need for ComFrame requirements of group supervision. M3E1-1-3-2 should read: "Where supervisors identify a group that predominantly writes?". The second bullet point under the Commentary does not seem to make sense.	
305	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	GNAIE believes that the criteria for the international aspects of an IAIG need to be higher than three (3) countries outside the home jurisdiction. If the goal of ComFrame is to focus on international groups, a company writing in only four countries (including their home jurisdiction), especially if it is focused in one region, should not qualify as an IAIG. Three jurisdictions is a very low threshold and should be reviewed. We suggest the IAIS actually assess the impact of raising the number to six (6) or even ten (10) before making a decision.	
306	United States of America American Academy of Actuaries	Other	Specific comment to M1E1 (Identification of IAIGs)	p22,M1E1-1-2: The criteria for identifying IAIGs in Module 1 is focused on size. The criteria could focus more on the materiality of the risk. The criteria could look at the significance of the IAIG in multiple jurisdictions, rather than whether it operates in more than one country with more than 10% of total gross premium outside a single country. p.22,M1E-1-12: Size should be above some threshold, such as by the amount which could disrupt global economic activity in the event of distress. Global activity should be based on significant market presence in a diversity of jurisdictions. For example, the threshold might be expressed as a company of more than \$X billion in assets with a top [5] market share in more than [3] jurisdictions. Alternative expressions are possible, such as a company that is a local SIFI in more than [3] jurisdictions. Jurisdictions might consider only the G-20 economies.	
307	USA American Council of Life Insurers	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	Please see answer to #10	
308	USA	IAIS	Specific	- It is crucial that the introduction of ComFrame does not distort competition by introducing an	

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	Institute of International Finance - IIF	Observer	comment to M1E1 (Identification of IAIGs)	additional layer of supervisory requirements to a small number of IAIGs. - The Institute therefore believes that the definition of internationally active insurance groups (IAIGs) and corresponding ComFrame criteria for the application of group wide supervision should not be too narrow, once ComFrame is fully implemented. If an "other involved supervisors' requests consideration of a group then any designation of the group as an IAIG must be agreed to by the Group Supervisor. - Transparency should be increased regarding the supervisory discretion within the IAIG identification process. The circumstances in which supervisory discretion can be used to override the established criteria need to be spelled out clearly. There needs to be a distinction between the Group Supervisor and involved supervisors. As drafted in this parameter they seem to be equivalent. This is not the case in other sections of the document.	
309	USA Liberty Mutual Group	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	We are aware of no basis to support the conclusion that internationally active insurers should be subject to stricter substantive regulatory standards, while other insurers, large and small, escape such stricter regulation and thus enjoy competitive advantage.	
310	USA Northwestern Mutual	IAIS Observer	Specific comment to M1E1 (Identification of IAIGs)	We believe it is critical that the criteria and process for identifying IAIGs provide companies and regulators with greater certainty as to which companies are subject to ComFrame and which are not. We therefore make two suggestions. First, ComFrame should establish a transitional period for companies entering and exiting IAIG status. For example, a company may need to meet the IAIG criteria for three consecutive years before becoming subject to ComFrame, and may need to remain outside the criteria for at least one year before exiting. Such a transition period would provide both regulators and supervisors with greater certainty and an opportunity for resource planning, as we would expect that the typical group becoming an IAIG will need considerable time (at least 18 months) to prepare once it appears relatively certain that they are, in fact, going to become subject to ComFrame. Second, the international activity criteria should be clarified to mean that the group has entities or branches that are authorized to write new business in the specified number of jurisdictions. In other words, it should be recognized that "premiums written" outside the home jurisdiction often result from policyowners moving to other countries where the group does not have a licensed branch or entity. In that situation, the local law applicable to the insurance entity does not allow the insurer to "cancel" the policy so the insurer's collection of premium should not be considered international activity.	
Specific comment to M1E2 (Process of identifying IAIGs)					
311	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M1E2	See question #1.	

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			(Process of identifying IAIGs)		
312	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	E2-2-1: It should only be necessary to carry out the review more than annually if there are extenuating circumstances such as a financial crisis or a manifest change in the industry such as a consolidating transaction. Furthermore, full applicability of the Comframe screening process should not be applied to all groups every year. Instead it should be restricted to groups identified in the previous year as being sufficiently close to the threshold (i.e., both sides of the threshold - groups classed as IAIGs and those not). E2-2-2: There should be flexibility with the 3 consecutive year pre-requisites to no longer be considered an IAIG category, for example, substantial disposals in a second year with little flexibility expectation at the end of the second year of resuming year one activity in the third year. In summary, we believe there should be some flexibility with respect to full applicability and with the three year requirement to de-classify an IAIG.	
313	Canada International Actuarial Association	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	M1E2-1: This section suggests that a group-wide supervisor exists before an IAIG is identified. Should IAIGs be identified by each group-wide supervisor or should they be identified in a centralized process to ensure consistency? We think additional discussion on practical/achievable ways to achieve consistency in this process is warranted.	
314	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M1E2 (Process of identifying IAIGs)	M1E2-1-1: This parameter should be aligned with the general principle that the group supervisor is in the lead for identifying an IAIG where it states that the supervisory college is the mechanism for that decision. M1E2-2-1-2: It would be useful to add a definition of a "joint decision".	
315	Europe Insurance Europe	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	- It is important that the identification process is sufficiently transparent and that it provides for an opportunity to challenge and contribute to the discussions leading to a decision. In addition, potential IAIGs should not find themselves subject to constant requests for additional information. The IAIG should be informed if non-publicly available information relating to its activities is being shared with other supervisors. - M1E2-2-2 Insurance Europe questions the rationale for it only taking one year for an IAIG to be classified as an IAIG but three years for an IAIG to be declassified. Insurance Europe believes that IAIGs should be classified, or declassified at the frequency that the designation of IAIGs is reviewed. It should not take three years for an IAIG to be declassified.	

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316	Germany Bundesanstalt fr Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M1E2 (Process of identifying IAIGs)	It would be useful to have a definition of "joint decision" to avoid discussion about the meaning (unanimous or not?).	
317	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	As stated above, international activity refers to the number of different countries where business is conducted. Instead, international activity should be measured against the number of jurisdictions with different regulatory frameworks. Apart from that, the identification process lacks an adequate involvement IAIG-candidates. In order to ensure a due process groups should be entitled to challenge the conclusions of supervisors. It is also important that the identification process primarily refers to existing information and that IAIG-candidates will be kept informed about the extent of data and information circulated within the college.	
318	International European Commission	IAIS Member	Specific comment to M1E2 (Process of identifying IAIGs)	M1E2-1-1: this parameter doesn't seem to be in line with the general principle that the group supervisor is responsible for identifying an IAIG where it states that the supervisory college is the mechanism for that decision	
319	Japan Financial Services Agency	IAIS Member	Specific comment to M1E2 (Process of identifying IAIGs)	M1E2-1 The 2nd sentence would not be Standard, but would rather be something like a best practice complementing the Standard. So, it should be moved into Parameters or Specifications under M1E2-1. (Delete the last sentence of M1E2-1 and then make it as Parameter or Specification under M1E2-1.) M1E2-1-1 and M1E2-1-2 The 1st sentence of M1E2-1-1 talks about the function of a college and the 2nd sentence describes a college's role, both of which are not relevant to the identification process. So, M1E2-1-1 and M1E2-1-2 can be combined as follows. "Involved supervisors come to a joint decision on the identification of an Internationally Active Insurance Group (IAIG) through the supervisory college." M1E2-1-2-2	

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				It is not clear to whom "any involved supervisor may request." Therefore, it would be better for this to be modified as follows. "When no supervisory college exists, an involved supervisor demonstrating (one of) the characteristics in Specification M1E4-1-2-1 analyses or any involved supervisor may request another involved supervisor to analyse whether a group meets the ComFrame Criteria described in M1E1-1-2. Key involved supervisors are invited to participate in the identification process by the involved supervisor. M1E2-2-1-1 This should be deleted as it is not clear in which case transitional arrangements can be taken into account and what kind of transitional arrangements can be taken. Also, M1E1-1-3-4 is not relevant to transitional arrangements. M1E2-2-2 It would be better for this to be modified as follows since there may be a case in which a group is identified as an IAIG because of the application of supervisory discretion even if an IAIG does no longer meet the Criteria. "When an IAIG does not meet the ComFrame Criteria for three consecutive years, then it will no longer be considered as an IAIG for the purposes of ComFrame, unless constrained supervisory discretion is otherwise applied."	
320	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	In M1E2-2-2, it is stated that insurance groups not fulfilling the ComFrame Criteria for three consecutive years will be excluded from IAIGs. Please confirm that, notwithstanding the above, a 'constrained supervisory discretion' process stated in M1E1-1-3 will remain valid (and applicable to all groups).	
321	UK Association of British Insurers	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	M1E2-2-2 : It should not take three years before a designation as an IAIG can be retracted - this would lead to a situation where, for example, an insurer that had previously been designated an IAIG but had made significant changes to its business and was no longer internationally active in a meaningful way would still be subject to ComFrame for two years to no obvious benefit for anyone - (either policyholders, the company or the supervisors). In contrast, other non-internationally active insurers operating on an identical basis but which had not previously been identified as an IAIG would not be subject to ComFrame. At the very least, ComFrame should ensure parity of treatment for insurers of identical size	

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				and with an identical range of international activity. As such an insurer's designation as an IAIG should be reviewed at least annually, and any insurer that ceases to meet the criteria should immediately cease to be designated as an IAIG.	
322	UK Lloyd's	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	It is not clear precisely how the process for identifying IAIGs will work. - Supervisory infrastructure: Many of the processes in Module 1 Element 2 rely on an infrastructure of colleges, group-wide supervisors and involved supervisors that one would expect to be established only after an IAIG has been identified as such. - Initiation by involved supervisors: Any involved supervisor has powers to request assessment of an insurance group (but not of a solo entity) to see whether it meets the ComFrame criteria. The definition of "Involved supervisors" in M1E4-1-2-3 is so wide that a large number of organisations, including non-IAIS members, will have powers to initiate an assessment. - Key involved supervisors: M1E2-1-2-2 appears to envisage the establishment of provisional supervisory colleges to reach a decision on IAIG identification, consisting of a group-wide supervisor and "key involved supervisors", although this latter phrase is not defined. This does tie up with M1E2-1-2, which requires all involved supervisors to come to a joint decision. We suggest that "key involved supervisors" is replaced by "host supervisors". Power to request assessment of an insurance group should be limited to the group-wide supervisor and host supervisors. - Constrained supervisory discretion: Deciding if an insurance group meets the ComFrame criteria will be straightforward. In most cases, the need for discussion within a college will arise only in relation to the exercise of constrained supervisory discretion (M1E1-1-3). We support constrained supervisory discretion, which will give supervisors appropriate flexibility to decide who should be subject to the regime. However, the process does explain how constrained supervisory discretion will work: whether, for example, the discretion will be exercised by the group-wide supervisor, by key involved supervisors or by all involved supervisors; nor how any disagreements on its operation will be resolved. M1E1-1-3 says that it will operate "under specific circumstances", but does not specify those circumstances. - Engagement with the assessed insurance group: The process does not mention any involvement of an insurance group in the assessment process. Supervisors should be required to inform an insurance group that it is under assessment and to notify it of the results of the assessment within a reasonable period of a decision, including whether or not constrained supervisory discretion has been exercised and, if so, the reasons for so doing. The group should have the right to challenge a decision.	
323	United Kingdom Financial Supervisory	IAIS Member	Specific comment to	M1E2-2 seems a bit awkward and not very clear. Perhaps: "??supervisor, periodically reviews the IAIG status of groups in its jurisdiction."	

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	Authority		M1E2 (Process of identifying IAIGs)	M1E2-2-1 is unclear about who is carrying out the review, particularly of any new insurance groups. It may be better to separate the two bullet points: that is, the group wide/involved supervisors would determine if an IAIG continues to meet the criteria, but a (non IAIG) group may not have a group wide supervisor, and thence may require the intervention of the supervisor (i.e. supervisory/regulatory authority).	
324	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	GNAIE believes more thought should be given to the issue as to the implications of a change in the status of a group.	
325	United States of America American Academy of Actuaries	Other	Specific comment to M1E2 (Process of identifying IAIGs)	p.28,M1E2-1-1: "supervisory college" While discussed on page 19, this term should be defined within the ComFrame document. p 28, M1E2-1: This section suggests that a group-wide supervisor exists before an IAIG is identified. Should IAIGs be identified by each group-wide supervisor or should they be identified in a centralized process to ensure consistency?	
326	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	An insurance group under consideration for IAIG status should be notified and included in the determination process with the group-wide supervisor and supervisory college, and should have the opportunity to challenge any adverse determination decision before a neutral forum.	
327	USA American Council of Life Insurers	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	Please see answer to #10	
328	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	- Supervisors should in a first step discuss amongst themselves the IAIG identification criteria and rely on existing information and reporting. The probable IAIG has to be informed about all activities within the supervisory college. The term "involved supervisor" needs further clarification as only supervisors with direct responsibility for the group or its entities should be involved. There is an inconsistency between being deemed an IAIG (meeting criteria for 1 year) and being removed from the IAIG list (requires 3 years of not meeting criteria). It should be	

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				reviewed annually and if an insurer does no longer qualify then it should be removed with immediate effect.	
329	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M1E2 (Process of identifying IAIGs)	Parameters M1E2-1-1 and 2 Parameters 1 and 2 above and associated specifications state that an IAIG will be identified through a supervisory college led by the group-wide supervisor. Spec M1E2-1-2-1 acknowledges that a group-wide supervisor may not be formally identified, and provides guidance for this eventuality. However, the current Module 1E2 language assumes a supervisory college exists for all potential IAIGs (before their formal identification as an IAIG) and thereby creates a "chicken and egg" problem, i.e. are all IAIG's necessarily preceded by a supervisory college that can identify them? We recognize that global colleges are forming under proposed or existing frameworks for many groups. We would therefore suggest that a) this fact be acknowledged and recognized by reference in M1E2 such that existing colleges are incorporated by reference avoiding the possibility of duplicate and potentially "rival" colleges and b) that consideration be given to an alternate designation process where a supervisory college may not yet exist for a potential IAIG, to provide guidance for supervisors of any such group as to how they may proceed to table the issue and eliminate the current somewhat circular construction of M1E2-1-1 and 2 (and related Parameters and Specifications). Parameters M1E2-2-2 and Spec M1E2-2-2-2: Where these contemplate that an IAIG that no longer meets the ComFrame criteria for three consecutive years will no longer be considered an IAIG, Spec M1E1-1-3-4 contemplates that supervisory discretion could be applied to release a group from IAIG status sooner in the case of, e.g., an expected disposal of part of the group's operations. It is not clear under what conditions or how this sooner release would occur and we suggest that without such clarification there is not only inconsistency but also potential for inconsistent treatment.	
Specific comment to M1E3 (Scope of ComFrame supervision)					
330	Belgium National Bank of Belgium	IAIS Member	Specific comment to M1E3 (Scope of ComFrame supervision)	-Parameter M1E3-1-2: How does ComFrame supervision apply to different stand-alone insurance companies which are not part of a structured insurance group subjected to group supervision or consolidated financial reporting requirements, but which meet the ComFrame criteria specified under parameter M1E1-1-2 and are linked through ownership and control ties to the same parent organisation, such as in a typical private equity group structure? -Parameter M1E3-1-5: It is not clear why the supervisory requirements or approaches should differ for some types of entities within the scope of ComFrame supervision. All entities included in the scope stand in a direct relationship with the head or represent material risks. -Parameter M1E3-2-4: It would seem sufficient if the supervisors of the key entities within the	

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				insurance group are able to explain the appropriateness of the scope of ComFrame supervision.	
331	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	ABIR seeks clarification on how involved supervisors would propose to consider individuals other than members of the Board or Senior Management of the Head of the IAIG to be members of the IAIGs Governing Body or Senior Management?	
332	Canada Canadian Institute of Actuaries	Other	Specific comment to M1E3 (Scope of ComFrame supervision)	M1E3-1-3-1: The Group Capital Adequacy Assessment needs to include any non-regulated parent company - supervisors may currently lack the powers to do this. M1E3-2-1-1: Lack of powers could act to effectively narrow the scope of supervision. In the absence of legislated powers, contractual agreements might be used to obtain access to information from non-regulated entities.	
333	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	E3-2-4: The CLHIA does not understand what, with respect to all involved supervisors, "accountable for the determined scope of ComFrame supervision" entails in practice and its implications (including unintended consequences) and what value is to be obtained from this requirement. Also what value is to be obtained from all involved supervisors being "able to explain the appropriateness". Certainly the group supervisor should assume these two responsibilities, but certainly not all involved supervisors. E3-2-5: This requirement would most efficiently be addressed, not through communication among involved supervisors without coordination, but rather through coordination by the group supervisor, for example during supervisory college meetings.	
334	Canada International Actuarial Association	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	M1E3-1-2: The guidance with regard to joint ventures is unclear. Do the premium amounts for such items get included or not in the metrics for determining an IAIG? If so, at the full value or at the pro-rated value (i.e., joint venture premium multiplied by the ownership percentage). M1E3-1-3-1: The Group Capital Adequacy Assessment needs to include any non-regulated parent company - supervisors may currently lack the powers to do this. M1E3-2-1: "The group-wide supervisor does not narrow the identified scope of ComFrame supervision due to lack of legal authority and/or supervisory power. In some countries, an insurance supervisor may not have the legal authority to supervise certain entities within the identified IAIG." It isn't clear then how this works if the group supervisor doesn't have legal authority. M1E3-2-1-1: Lack of powers could act to effectively narrow the scope of supervision. In the absence of legislated powers, contractual agreements might be used to obtain access to information from non-regulated entities.	

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				M1E3-2-3: "in determining the scope of ComFrame supervision?" Will the supervisors be empowered to capture information from non-insurance affiliates?	
335	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M1E3 (Scope of ComFrame supervision)	M1E3-2-2-1: The requirement that an insurer and other entities in the IAIG should provide supervisors with information may be unrealistic, particularly if the Supervisor has no powers or authorities over the "other entities". We suggest changing to "The Head of the IAIG should provide supervisors with any information needed for the determination of the scope of the IAIG." M1E3-2-3: The Supervisor can only capture the risks to which the IAIG is exposed if the Supervisor has the powers and authorities to access the "other entities" in the group to understand and identify the material risks. Absent such powers and authorities, the other entities are unknown black boxes. Module 1 Element 3 ComFrame Commentary last bullet: This bullet focuses on the situation where the Head of the IAIG is not an insurer, and may be an unregulated holding company - the Supervisor may have difficulty to lawfully access the unregulated holding company if said company is not regulated (i.e.: insufficient powers or authorities). This bullet also suggests that the group-wide supervisor should have the power to influence the composition of the Board where the Head of the IAIG is not an insurer and does not have the necessary expertise at its Board level relating to insurers within the IAIG. A supervisor may have difficulty enforcing such a requirement using indirect supervision. Is it implied that direct supervision is required for an IAIG?	
336	China China Insurance Regulatory Commission	IAIS Member	Specific comment to M1E3 (Scope of ComFrame supervision)	1. In regard to M1E3-1-1: It is difficult to perform the two parameters of "control" and "risk" in determining which entities to capture within the scope of the ComFrame supervision. We suggest using quantitative indicator measure; for this purpose, we may use International Accounting Standards to define the Group Company. 2. We suggest in Element 3 "Regulatory Scope", clearly empowering the insurance regulator with regulatory power over non-regulated entities and special purpose entities and the insurance regulator conducts supervision by means of license issuing, prior approval, consolidated supervision, etc.	
337	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M1E3 (Scope of ComFrame supervision)	Specification M1E3-1-1-1: Most criteria and process for identifying IAIGs are appropriate. However there are no explicit rules on how to define the Head of the IAIG where the administrative, management or supervisory bodies of an undertaking and of one or more other undertakings with which it is not connected consist for the major part of the same persons in office during the financial year. In such groups there is no legal entity that controls or exerts dominant influence over the other elements of the IAIG. Parameter M1E3-1-2: It should be clarified when determining which entities to capture within the scope of ComFrame supervision, both "control" and "risk" aspects need to be taken into	

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				consideration. In this context, the relevant entities should include not only the entities which are accounted for on the consolidated basis ("consolidate entities") but also other related entities if they are relevant from the perspective of risk ("non-consolidated entities also subject to supervision"). The entities can either be incorporated or unincorporated. ComFrame supervision applies to different stand-alone insurance companies which are not part of a structured insurance group subjected to group supervision or consolidated financial reporting requirements, but which meet the ComFrame criteria specified under parameter M1E1-1-2 and are linked through ownership and control ties to the same parent organisation, such as in a typical private equity group structure. Parameter M1E3-1-3: Expression "relevant consolidated entities" should be clarified. Does EIOPA mean line-by-line consolidation or it just refers to entities included in the consolidated financial statements, whatever method is used (e.g. equity method)? In our view, group and consolidation notions are unfortunately not clear enough in the whole ComFrame document. This generates uncertainty about how ComFrame will apply in practice. Parameter M1E3-1-5: It is not clear why the supervisory requirements or approaches should differ for some types of entities within the scope of ComFrame supervision. All entities included in the scope stand in a direct relationship with the head or represent material risks. Proportionality principle should apply. Parameter M1E3-1-6: It is the question if this example is the only case where entities may be excluded from supervision. Generally cases where entities may be excluded should be defined properly at least in a basic way and not only referred to the proportionality principle. Other cases for excluding an entity may be (and could be defined in the ComFrame): -Entity is situated in a country where there are legal impediments to the transfer of the necessary information, -The inclusion of the undertaking would be inappropriate or misleading.	
338	Europe Insurance Europe	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	- An IAIG should be given an opportunity to challenge the final decision on the scope of supervision. Currently the Working Draft is silent with respect to interaction with the IAIG when setting the scope, except for the purpose of information provision. - M1E3-1-1-1 The specifications include definitions for the "governing body" and "senior management of the IAIG". This is unnecessarily detailed and prescriptive and likely to conflict with different legal requirements imposed by corporate law in certain jurisdictions; Insurance Europe instead suggests the definition as applicable in the group supervisor's home jurisdiction should apply to avoid contradictory relevant bodies. - M1E3-2-2 The involved supervisors of an IAIG are required to share any information needed for the identification of the scope of ComFrame supervision with the other relevant involved supervisors. Insurance Europe points out that confidentiality needs to be safeguarded during the entire process.	

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339	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M1E3 (Scope of ComFrame supervision)	Parameter M1E2-1-2: When determining which entities to capture within the scope of ComFrame supervision, both "control" and "risk" aspects need to be taken into consideration. In this context, the relevant entities should include not only the entities which are accounted for on the consolidated basis ("consolidated entities") but also other related entities if they are relevant from the perspective of risk ("non-consolidated entities also subject to supervision"). The entities can either be incorporated or unincorporated. => "Related" should be added for reasons of clarification. Parameter M1E3-1-6: It is the question if this example is the only case where entities may be excluded from supervision. Generally cases where entities may be excluded should be defined properly at least in a basic way and not only referred to the proportionality principle. Other cases for excluding an entity may be (and could be defined in the ComFrame, too): - Entity is situated in a country where there are legal impediments to the transfer of the necessary information. - The inclusion of the undertaking would be inappropriate or misleading. Specification M1E3-1-1-1: There are no explicit rules on how to define the Head of the IAIG in cases of Art. 12 (1) of Directive 83/349/EEC where the administrative, management or supervisory bodies of an undertaking and of one or more other undertakings with which it is not connected consist for the major part of the same persons in office during the financial year. In such groups there is no legal entity that controls or exerts dominant influence over the other elements of the IAIG.	
340	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	Following our proposal for more interaction with IAIG-candidates during the identification process, the scope of ComFrame should not only be determined by the supervisory college but also discussed with the IAIG. M1E3-2-3: The involved supervisors of an IAIG are supposed to share any information needed for the identification in the scope of ComFrame supervision. Therefore, it is essential that confidentiality needs to be safeguarded and a process will be implemented which ensures that the supervisors request only information with a clear rationale.	
341	International European Commission	IAIS Member	Specific comment to M1E3 (Scope of ComFrame supervision)	The statement "are determined in relation to the Head of the IAIG" could be clarified by stating that all related entities of the IAIG should be covered by ComFrame. It should be clear that the group-wide supervisor and not the involved supervisors is the primary contact of the IAIG. M1E3-1-2: Unclear what "incorporated or unincorporated" means in the last sentence. M1E3-1-3: Unclear if "relevant consolidated entities" has the accounting meaning of line-by-line consolidation or only broadly refers to entities included in the consolidated financial statements, whatever method is used (e.g. equity method). M1E3-1-5: Since IAIG supervision is a form of "group supervision", requirements should be applicable to and complied with primarily by the head of the IAIG.	

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342	Japan Financial Services Agency	IAIS Member	Specific comment to M1E3 (Scope of ComFrame supervision)	1. Order The Head of the IAIG would be one of the entities listed in Parameters M1E3-1-3 and M1E3-1-4. Therefore, it would be better for Parameter M1E3-1-1 and related Specifications to be moved next to Parameter M1E3-1-6. 2. Contents The 1st sentence (especially "in relation to the Head of the IAIG") is not clear enough and thus needs to be clarified. Regarding the 2nd sentence, the process for the identification of the Head of the IAIG and its Governing Body and the Senior Management should be consistent with that in M1E3-2, which stipulates a process for the identification of the scope. M1E3-1-1-1 It is not clear what is meant by "other elements of the IAIG." Taking into account the Joint Forum "Principles for the supervision of financial conglomerates," the 1st paragraph could be modified as follows. "The Head of the IAIG is the legal entity which controls or exerts dominant influence over the group. (The Head of the IAIG would be one of the entities listed in M1E3-1-1 and M1E3-1-4. It can be the ultimate parent or the head of a group that is a subset of a wider group. M1E3-1-1-1 The 4th paragraph in Specification M1E3-1-1-1 should be deleted as this is something like a requirement which needs to be covered by a governance-related Module/Element. The 5th paragraph. It is not clear what is intended by the statement "the involved supervisors may consider, subject to applicable jurisdictional legal requirements, individuals other than members of the Board or Senior Management of the Head of the IAIG to be members of the IAIG's Governing Body or Senior Management." If it means, for example, that someone who is a Board member of an insurer within a group can be considered a member of the Board of the Head of the IAIG, that does not make sense. Moreover, such a requirement could breach legislations in most of the jurisdictions. Therefore, the 5th bullet should be deleted. M1E3-1-3-1 It would be better for this to be moved to Specification under Parameter M1E3-1-6 as this Specification is more relevant to M1E3-1-6.	

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				M1E3-1-4-2 It would be better for this to be moved to Specification under Parameter M1E3-1-1 as this Specification is more relevant to M1E3-1-1, especially regarding the Head of the IAIG and its Governing Body and Senior Management. M1E3-1-6 Irrespective of the proportionality principle, all financial institutions within a group shall be in the scope of ComFrame supervision. Therefore, this Parameter should be modified as follows. "The principle of proportionality applies in determining the scope of ComFrame supervision. Nevertheless, no financial institutions are excluded from the scope of ComFrame supervision, while other individual entities may also be excluded from the scope if the risks of/from those entities are negligible." M1E1-3-2 This can be moved under Parameter M1E3-1 as this is more relevant to the scope, rather the process. M1E3-2-5 This should be deleted as this is already captured by M1E3-2. M1E3 Commentary The 1st bullet should be deleted as it is already captured by Parameters M1E3-1-3 and M1E3-1-4. The 2nd bullet should not be Commentary, but rather Specification under Parameter M1E2-1-3. (There is no reason to retain it as Commentary as it provides essential information on the scope of ComFrame supervision.) The 3rd bullet shall be discussed further from the standpoint that what types of expertise the Head of the IAIG (e.g. a holding company) has to have. At least, the last sentence of the bullet (i.e. example) would not be appropriate as a ComFrame requirement.	

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343	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	- With regard to the scope of ComFrame supervision, sufficient dialogue and understanding between supervisors and IAIGs is necessary. - In the interest of predictability, we would appreciate illustrative examples of what kind of measures, etc., could be applied to groups with entities which insurance supervisors do not have legal/supervisory authority over.	
344	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	-M1E3-1-2: The Working Draft stipulates that non-consolidated entities may also be subject to ComFrame supervision from the perspective of risk, and such an identification should be employed 'to the extent [that] they may have significant adverse impact on insurance legal entities within an IAIG or an IAIG as a whole' as described in M1E3-1-4-1. Therefore, even if an entity is not included in the Group Capital Adequacy Assessment, the entity may be subject to ComFrame supervision, and there might be concern that overestimating risks could result in the expanded scope of ComFrame supervision. We believe that the basis for determining 'significant adverse impact' should be more clearly stated. It should be noted that there is a limit to the level of information an IAIG can provide to supervisors on non-consolidated entities as the IAIG often have little or no 'control' over such entities.	
345	UK Lloyd's	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	Following from the comment above, there is nothing to suggest that a group identified as an IAIG can contribute to the discussion on the scope of its supervision. Supervisors of the IAIG should not make decisions in isolation from the organisation that they supervise.	
346	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M1E3 (Scope of ComFrame supervision)	M1E3-1-1-1 This seems a bit broad. Would it not be sufficient to demonstrate this to the group-wide supervisor. M1E3-1-4-2 Is this necessary when already have 3-1-4-1? M1E3-1-5 The words "where necessary" would appear to be superfluous and negate the purpose of the parameter. M1E3-2-1 It is unclear if it is the GWS's own lack of legal authority, or others. M1E3-2-3 seems out of place in this element whilst M1E3-1-6 belongs in M1E3-2. M1E3-2-4 this basically repeats M1E2-1-3. Commentary is repetitive and unnecessary - second bullet point, is "acceptable" meant rather than "explainable"?	
347	United States of America American Academy of Actuaries	Other	Specific comment to M1E3 (Scope of ComFrame supervision)	p33,M1E3-1-2: The guidance with regard to joint ventures is unclear. Do the premium amounts for such items get included or not in the metrics for determining an IAIG? If so, at the full value or at the pro-rated value (i.e., joint venture premium multiplied by the ownership percentage). Last bullet, page 34 Commentary seems to indicate requirements for the Governing Body for	

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			supervision)	the IAIG or provide guidance for choosing the governing body for ComFrame purposes. Please clarify. p 33, M1E3-2-1: "The group-wide supervisor does not narrow the identified scope of ComFrame supervision due to lack of legal authority and/or supervisory power. In some countries, an insurance supervisor may not have the legal authority to supervise certain entities within the identified IAIG." It isn't clear then how this works if the group supervisor doesn't have legal authority. p.33,M1E3-2-3: "in determining the scope of ComFrame supervision?" Will the supervisors be empowered to capture information from non-insurance affiliates?	
348	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	We strongly endorse the statement in Specification M1E3-1-4-2 that "An IAIG may centralize or decentralize its governance functions and structure." Parameter M1E3-2-1's statement that the scope of ComFrame supervision is not narrowed "due to lack of legal authority and/or supervisory power" could give supervisors responsibility for the actions of entities they cannot supervise - a prescription for failure.	
349	USA American Council of Life Insurers	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	Please see answer to #10	
350	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	- Confidentiality should be safeguarded. A process should be implemented which ensures that the supervisors first make maximum use of existing data, requesting additional information only with a clear rationale on a proportionate basis. - M1E3-1-1-1: The specifications include definitions for the "governing body" and "senior management of the IAIG". This reference should be flexible and aligned with the internal governance of an IAIG and allow for differences in roles ascribed to boards and management under local law and/or practice. - M1E3-1-6-1: The expression "regularly reconsidered" is undefined. Entities excluded from the scope of ComFrame should be reviewed as part of the annual assessment - M1E3-2-2: Sharing of information should be limited to "relevant information" not "any information".	
351	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M1E3 (Scope of ComFrame supervision)	Parameter M1E3-1-2 This parameter generally addresses which entities to capture in the scope of ComFrame supervision. Some objective standards or parameters along with materiality thresholds (because the parameter references entities "relevant" from a risk perspective) should be	

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				developed to prevent over-capture of entities. Parameter M1E3-1-4: This parameter provides criteria for the consideration of non-consolidated entities that may be subject to supervision. It is not clear how most of the items listed in the bullets would be applied or considered in the identification process. We propose that they are too vague to provide any form of meaningful guidance to supervisors and suggest the IAIS consider providing greater clarity as to what, eg "significant or dominant influence", "other contractual rights and obligations" might be and what level of direct or indirect participation might be considered. In addition, what is "risk exposure" or "risk concentration" to be measured against? We would propose that without this additional clarity there is potential for unfettered regulatory discretion and thereby the potential for regulatory uncertainty for IAIGs which is counter to international regulatory standards. Specification M1E3-2-2-1 This specification is overbroad and requires the IAIG to provide "any information" seemingly without limit or justification. As we suggest elsewhere in our comments (see, for example Standard M3E1-1 below), to prevent duplication and ensure adequate protection of any confidential information, the group-wide supervisor should coordinate information requests in accordance with criteria on sharing of information under information sharing arrangements in place among supervisory college members (see Parameter M3E4-4-5). Parameter M1E3-2-5: We suggest that input from the IAIG itself should be sought and considered before the involved supervisors decide on the scope of ComFrame supervision for the identified IAIG.	
Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)					
352	Belgium National Bank of Belgium	IAIS Member	Specific comment to M1E4 (Identification of the group- wide supervisor and involved supervisors)	-Specification M1E4-1-2-3: Host supervisors will include in the first place those of major subsidiaries and branches relevant for the jurisdiction they are located in. -Parameter M1E4-2-2 (in relation to parameter M1E4-1-3): It is not clear how this requirement can be met by the IAIG's Governing Body if the Head of the IAIG does not have operational control of the IAIG.	

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353	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	ABIR"s view is that there should only be ONE group supervisor; we would respectfully submit that it would be highly improbable that two or more group supervisors could work together "seamlessly" as one body. The need or predication for more than one group supervisor as stated would be the allocation of roles which would differ and therefore not be seamless.	
354	Canada Canadian Institute of Actuaries	Other	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	It is fundamentally important that the relevant supervisor have the level of expertise and access to information consistent with their role in Module 4.	
355	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	E4-1: The principle in E4-1-2-1 of which supervisor should be the group supervisor should be the default criteria, hence the involved supervisors can only collectively decide to designate a group supervisor based on other criteria only under extenuating circumstances.	
356	Canada International Actuarial Association	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	Is there any concern if the logical group-wide supervisor is not considered to have appropriate expertise by the other involved supervisors? Requirements for supervisors are addressed in Module 4, but it isn't clear what happens if they are not met. M1E4-1-2-6: "For banking dominated financial conglomerates, the banking activities are supervised by banking supervisors. Here, cooperation between insurance and banking supervisors is necessary." How will insurance supervisors accomplish such cooperation?	
357	EU European Insurance and	IAIS Member	Specific comment to	Specification M1E4-1-1-1 and M1E4-1-1-2: Aiming for the effectiveness and efficiency of group-wide supervision, there should be only one group-wide supervisor who has ultimate	

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	Occupational Pensions Authority (EIOPA)		M1E4 (Identification of the group-wide supervisor and involved supervisors)	responsibility for the supervision of the IAIG. In case of more than one group-wide supervisor uncertainties would be created and the efficiency of the IAIG supervision would be undermined, responsibilities and roles would be unclear and it would impede the coordination and cooperation among the supervisors. The objective criteria for defining the group-wide supervisor should be clearly set out, to avoid discretion of supervisory authorities involved. Joint decision should be possible only when the above criteria cannot be used. Parameter M1E4-2-2 (in relation to parameter M1E4-1-3): Wondering if this parameter could be deleted, it is not clear how this requirement can be met by the IAIG's Governing Body if the Head of the IAIG does not have operational control of the IAIG.	
358	Europe Insurance Europe	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	- M1E4-1 The process for selection of the group wide supervisor should be simplified and in the first instance based on objective criteria rather than on discussion and joint decision between supervisors. The designation of the group supervisor should mainly be based on the location of the head office (i.e. where strategic Board decisions are taken). In specific circumstances other factors could be considered such as the location of main risks and/or largest balance sheet total (for example, in case of a newly established group or when group supervision is not in place in the country of residence of the IAIG's head office). - M1E4-1-2-2 We strongly support this specification as we believe it is important that there is clarity as to who should be the group supervisor if agreement cannot be reached jointly. In this regard, we suggest this specification should become a parameter. - Insurance Europe would like to see clarification that where there is already a group-supervisor in charge in the jurisdiction where the IAIG's ultimate parent's has its head, that such a group-supervisor will be identified as the relevant group-wide supervisor for ComFrame. Additional group-supervisors would result in an excessive burden for the IAIG and jeopardise already existing processes. - Contrary to M1 E4-1-1-1, IAIGs should not become subject to multiple group supervisors and that only one supervisor should be assigned with the responsibilities of a group-wide supervisor. We believe that having the "duty of seamless co-operation" spelt out in the event there is more than one group wide supervisor does not prevent the risk of inefficient or even conflicting supervisory processes. Not only does having more than one group supervisor increase the risk of duplicative and contradictory requirements being made of IAIGs and duplicative work processes established but having just one group supervisor is also in-line with how most groups structure themselves with the group's board of directors and group-wide governance in one location. - M1E4-1-2-3 The definition of involved supervisors is too wide. Involvement in the process for identifying the group supervisor should be limited to supervisors of legal entities and significant branches. There needs to be appropriate recognition of the different interests and accountabilities of the supervisors to avoid the regulatory process becoming inefficient - M1E4-2-2 The governing body is required to demonstrate the adequacy and effectiveness of the IAIG's governance framework. ComFrame should be clear that where information is	

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				provided under a regime that meets ComFrame standards that this will be sufficient in order not to duplicate processes or create additional workload for the IAIG.	
359	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M1E4 (Identification of the group- wide supervisor and involved supervisors)	Specification M1E4-1-1-2: It seems difficult to have clear roles between these identified group-wide supervisors. One single group-wide supervisor should be preferred to have clear responsibilities. Generally, we would recommend that the definitions of the group-wide supervisor and involved supervision is used stringently throughout the document and in line with the glossary.	
360	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M1E4 (Identification of the group- wide supervisor and involved supervisors)	M1E4-1: It is intended that the involved supervisors determine the group-wide supervisor. We would like to see a clarification that if there is already a group-supervisor in charge for the IAIG's ultimate parent he should also be the designated group-wide supervisor for the purpose of ComFrame. If a group-wide supervisor is already determined by local/regional rules it should be automatically confirmed that he is also the relevant group-supervisor for ComFrame. Additional group-supervisors would mean an excessive burden for the IAIG and jeopardize already existing processes. M1E4-2-2: The governing body has the obligation to demonstrate the adequacy and effectiveness of the IAIG's governance framework. Supervisors should rely on existing information in order to avoid duplicative processes or additional workload for important entities of an IAIG. In general, the group supervisor should be able to deliver the relevant information.	
361	International European Commission	IAIS Member	Specific comment to M1E4 (Identification of the group- wide supervisor and involved supervisors)	For the effectiveness and efficiency of group-wide supervision, it is paramount that only one group supervisor exists in relation to an IAIG. We cannot see situations where this would be inconceivable. Having more than one group supervisor would not be desirable since there should be only one supervisor who is ultimately responsible for the supervision of the IAIG. To decide otherwise would undermine the benefits of having only one supervisor responsible for the supervision and identification of an IAIG. Having more than one group supervisor would create uncertainties and undermine the efficiency of the IAIG supervision, mixing responsibilities and roles and hampering the coordination and cooperation among the group wide supervisor and other involved supervisors. We would suggest that objective criteria according to which the group supervisor is defined are clearly set out, without the need for too much discretion by supervisory authorities involved. Derogation from these criteria under certain circumstances may be proposed by supervisory authorities involved when they believe that the application of the criteria is not appropriate, in which case it would make sense to have a joint decision. Some of the provisions in this Module seem more suitable for Module 3 on the role and responsibilities of the group-wide supervisor and involved supervisors.	

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362	Japan Financial Services Agency	IAIS Member	Specific comment to M1E4 (Identification of the group- wide supervisor and involved supervisors)	M1E4-1-1-1 It is not clear what is intended by "with the proviso that those supervisors identified work together seamlessly as a single body." In a case where, for example, two GWSs are identified (one is from a jurisdiction A, the other is from B), it is apparent that they are not a "single body." The thing is that they have to cooperate in a coordinated manner, not to work together as a single body. Therefore, the latter part of the sentence (i.e. "with the proviso that those supervisors identified work together seamlessly as a single body") shall be deleted. "In principle only one group-wide supervisor is to be identified but in exceptional circumstances two or more group-wide supervisors may be identified." M1E4-1-1-2 It depends on the nature of the group, etc. how multiple GWSs have to work. In some cases, roles might be allocated clearly among them, while, in other cases, it might not be possible to allocate roles clearly due to e.g. national legislation in a jurisdiction of the GWS. Therefore, this should be modified as follows. "When more than one involved supervisor is identified as group-wide supervisors, their respective roles need to be clarified." M1E4-1-2-1 These two Specifications shall be combined as follows. (This was already agreed at a Subcommittee level.) "In principle, role of group-wide supervisor is undertaken by the supervisor in the jurisdiction where: - the Head of the IAIG is based; - the insurance operations of the IAIG are actually controlled; - the supervisor has the statutory responsibility to supervise the Head of the IAIG; - the largest proportion of the IAIG's balance sheet is located; - the main business activities of the IAIG are undertaken; - the main business decisions are taken; - the main risks are underwritten; or, - the supervisor who has statutory responsibility over the Head of the IAIG. M1E4-1-2-2 This contradicts M1E4-1-2-1 and M1E4-1-3-1. In any case, a GWS needs to be determined based on a joint decision and thus this Specification should be deleted.	

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				M1E4-1-2-3 It would not matter whether involved supervisors are IAIS members or not. The 2nd sentence is not necessary and thus should be deleted. ""Involved supervisors" are insurance supervisors involved in the supervision of an IAIG and include the group-wide supervisor, host supervisors and other relevant sectoral supervisors." M1E4-1-2-3 All involved insurance supervisors other than a GWS shall be host supervisors. Materiality should be considered and judged by a college and therefore should not be stipulated in the ComFrame text. Therefore, this should be changed as follows. ""Host supervisor" is any involved insurance supervisor (excluding a group-wide supervisor) in jurisdictions where the IAIG has its operation. Supervisors of branches of the IAIG are also by definition host supervisors unless they are not a group-wide supervisor." M1E4-1-2-4 This should be modified as follows. (See our comment on Specification M1E4-1-2-3 for the reason.) "Other relevant sectoral supervisors may include, but are not limited to, other sectoral supervisors inside and outside the jurisdiction, relevant authorities for AML/CFT matters, and/or law enforcement agencies." M1E4-1-3 This is no longer necessary as M1E4-1-2-1 and M1E4-1-3-1 shall be combined. Delete this. M1E4-2 and related Parameters/Specifications These are not relevant to the "identification of group-wide supervisor and involved supervisors," rather more relevant to supervisory process (M3) and/or governance (M2). Standard M1E4-2 and related Parameter (M1E4-2-1) and Specification (M1E4-2-1-1) are relevant to M3, while Parameter M1E4-2-2 and Specifications M1E4-2-2-1 and 2 are more relevant to M2 (governance). Therefore, these should be moved to more relevant places.	

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				M1E4 Commentary Definitions of terms should be the same if the terms are used both in ComFrame and ICPs, otherwise, it could give rise to confusion. At least, this Commentary should be deleted. And then, if necessary, the definition in the IAIS Glossary should be amended.	
363	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	Further clarification is needed regarding the definition of the group-wide supervisor and involved supervisors. For instance, when comparing 'involved supervisors' (M1E4-1-2-3) and 'host supervisors' (M1E4-1-2-3) with 'group-wide supervisor' (M1E4-1-1), the definition of 'other involved supervisors' (M1E4-1-1) is not clear. Moreover, while M1E4-1-2-3 explains involved supervisors as including the group-wide supervisor, this is not exactly consistent with the description in M3E4-4-2-3 'involved supervisors (including the group-wide supervisory process)'. It is not clear whether or not 'involved supervisors' without a supplemental note always includes the group-wide supervisor.	
364	Joint initiative CRO Forum / CRO Council	Other	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	Regarding the supervisory process, the role of the lead group supervisor is critical and should be emphasized. The term "involved supervisors" should be clarified and narrowed to make sure that only supervisors directly involved in the supervision of an IAIG (being its parent company, subsidiaries and/or branches) are involved in the supervisory decision making process. In case there is already a group-wide supervisor in existence in the country or State where the group is based and where that supervisor has the statutory responsibility to supervise the head of the group should be first considered to take the role of the group-wide supervisor under ComFrame. However other factors can be considered when determining whether the group supervisor could be from a different jurisdiction (e.g. main business activities, location of main risks underwritten and/or largest balance sheet total). In any event, there should not be more than one group supervisor. Additional group supervisors will represent excessive and un-necessary burden on IAIGs, ultimately jeopardizing the benefits of ComFrame. We recommend that sub-group supervision should not be considered nor introduced as ComFrame should address and resolve the need for such supervision.	
365	UK Association of British Insurers	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	M1E4-1-1-1 : ComFrame should require a single group supervisor, and should define a clear process for identifying that single group supervisor. The task of ensuring well co-ordinated group supervision without either duplicative or conflicting requirements or requests would be impeded rather than enhanced by the existence of multiple group-supervisors. The theoretical scenario of multiple supervisors working together "seamlessly as one body" is not possible in practice as the various supervisors will not be one body, but will have differing approaches, priorities, cultures and possibly languages and time zones. M1E4-1-2-3 : The definition of "involved supervisor" is also extremely broad, and encompasses some supervisors that would be best described as "interested" rather than "involved". For	

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				example, a non-insurance sectoral supervisor of a small subsidiary in a non-home jurisdiction would by the current definition qualify as an "involved supervisor" - which, on the present drafting, would grant it wide-ranging powers and responsibilities with respect to identification of the group supervisor and with various elements of the supervision of the group as a whole. This would be inappropriate, and the while the necessity of seek views and contributions from supervisors other than the group and host supervisor is clear, their influence over the selection of the group supervisor and the current level of engagement allowed for "involved supervisors" is too great.	
366	UK Lloyd's	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	This section should be moved to and integrated within Module 3, which deals with the group-wide supervisory process, including the powers of group-wide supervisors and the operations of colleges. We agree with M1E4-1-2-1's "in principle" explanation of the identification of the group-wide supervisor. Selecting the group-wide supervisor using this approach should, in most circumstances, be straightforward, and there is no need for a process by which involved supervisors (who could include a large number of entities) come to a joint decision on the group-wide supervisor. M1E4-1-2-1 should be a Parameter and the words "in principle" dropped, making this a standard, automatic process for arranging the group-wide supervisor. Only if this is entirely inappropriate (for example in the circumstance described in M1E4-1-3) should other approaches (such as those in M1E4-1-3-1) be used. If so, agreement of the process should be required from host supervisors in the college, rather than from all involved supervisors. M1E4-1-2-3 contains a very wide definition of "involved supervisors", encompassing a very large number of different entities and involved supervisors are referred to in several other places through the document. Yet ComFrame is principally a regime for the supervisory oversight of IAIGs by colleges. There is no real need for it to be addressed to supervisors except to the extent to which they are actual or prospective college members. Membership of the college and exercise of powers under ComFrame should be limited to the group-wide supervisor and host supervisors.	
367	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	M1E4-1-3 If the head of the IAIG does not have operational control, how can it be considered the head? (see M1E3-1-1-1). M2E4-2-1 The implications that there could be more than one group wide supervisor seems to have caused a lot of confusion and disquiet . It needs to be emphasised here (M1E4-2-1-1) that there may be a case for regional (group) supervisors where the group is very large, spread right across the globe, etc. to facilitate college meetings and the collation of material. If the definition of a group wide supervisor is wider than the IAIS glossary then it must be spelt out here (in the "specifications").	

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				M1E4-3 seems completely out of place here as it has nothing to do with the identification of an IAIG or a group-wide supervisor, whilst M1E4-3-2-2 seems completely unnecessary (wherever it is placed). Commentary makes no sense	
368	United States of America American Academy of Actuaries	Other	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	p 35: Is there any concern if the logical group-wide supervisor is not considered to have appropriate expertise by the other involved supervisors? Requirements for supervisors are addressed in Module 4, but it isn't clear what happens if they are not met. p36,M1E4-1-2-6: "For banking dominated financial conglomerates, the banking activities are supervised by banking supervisors. Here, cooperation between insurance and banking supervisors is necessary." How will insurance supervisors accomplish such cooperation?	
369	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	In general, Element 4 appears to belong in Module 3, which deals with group-wide supervision issues, rather than in Module 1. The definitions in Element 4 could be included in a separate "definitions" section, or a ComFrame Glossary. We strongly agree with Specification M1E4-1-1-1's statement that there should be only one group-wide supervisor in all but exceptional circumstances.	
370	USA American Council of Life Insurers	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	We look forward to further discussion of how this would work in practice, for example, we are unclear about how to distinguish the roles of a group supervisor, lead supervisor and leaders of subcolleges. We recommend referring expressly to the IAIS Supervisory Forum. Any approach to group-wide supervision must be outcomes based and consistent with the U.S. regulatory framework. We support an emphasis on enhanced communication and cooperation among supervisors to promote effective oversight; a clear and consistent process for determining a group-wide supervisor is critical. Specification M1E4-1-2-1 raises the following questions: Are the bullets hierarchical? What is meant by "Head of the IAIG"?	
371	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M1E4 (Identification of the group-	- M1E4-1: It is intended that the involved supervisors determine the group-wide supervisor. It should be clarified that in case there is already a group-supervisor for the IAIG's parent, the same (and only one) group-supervisor will be the group-wide supervisor within ComFrame. Additional group-supervisors would mean an excessive burden for the IAIG and jeopardize already existing processes.	

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			wide supervisor and involved supervisors)	- M1E4-1-2: Further language should be added to ensure consistency with local law, i.e. "in compliance with relevant legal requirements, if any, in the group's domiciliary jurisdiction". - M1E4-2-2: IAIS should rely on existing information in order not to duplicate processes or create additional workload for important entities of an IAIG. In general the group supervisor should be able to deliver the required information.	
372	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	Parameter M1E4-1-1: Under current US law, this standard would not capture an insurance holding company, such as MetLife, Inc. No one U.S. state insurance supervisor has "responsibility for supervising" an insurer as a whole; their authority only runs to the insurers domiciled or licensed in their state. For this Parameter to apply, the laws of all the US states will have to be changed and some uniform method for determining which state insurance regulator has authority over the group as a whole will need to be agreed upon and adopted in all of the states. We would suggest the following definition for Specification M1E4-1-2-1 In principle, the role of the group-wide supervisor is undertaken by the insurance supervisor of the jurisdiction (which could be below national level) where - The head of the IAIG is based - The IAIG insurance operations are effectively controlled - The supervisor has statutory responsibility to supervise a substantial part of the IAIG's insurance operations Please also see our comment on the question of what is the "Head of the IAIG" below at comment on Specification M1E4-1-2-2. Parameter M1E4-1-2 ComFrame should set out specific parameters that involved supervisors must follow to choose a group-wide supervisor. Spec M1E4-1-2-2: We would suggest that what is meant by "the Head" or "where it is located" be further defined. We would propose that ComFrame might specify that it means the principal office of the head / and or where that is located as opposed to, for example, the jurisdiction of organization. We would also point out a typing error: "of the IAIG" is repeated in the third line. Spec M1E4-1-2-3: It is not clear what is meant by "branches relevant for the jurisdiction they are located in". Presumably relevance would be measured in terms of the branch's size relative to the local	

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				market. We would suggest that the term "relevant" be defined consistent with the term "significant" in Specification M3E4-2-1-2, i.e.: "Significant branches meet one of the following two criteria: - The annual gross written premium of the branch is larger than 5% of the annual gross written premium of the IAIG. - The annual gross written premium of the branch represents more than 5% of the overall market of the host jurisdiction. " Spec M1E4-1-2-5: As in Spec M1E4-1-2-3 above, we suggest there should be some kind of significance threshold for including "other relevant sectoral supervisors". This could be consistent with the definition of "consistent" for Spec M3E4-2-1-2 purposes.	
373	USA NAIC	IAIS Member	Specific comment to M1E4 (Identification of the group-wide supervisor and involved supervisors)	Specification M1E4-1-2-1 Second bullet: Suggest using the term "ultimate" rather than "actual" to better define the locus of control. Third bullet: Suggest inserting the term "authority" before "responsibility" to read, "the supervisor has the statutory authority and/or responsibility to supervise the Head of the IAIG."	
4. Comment on Module 2					
General comment to Module 2 (The IAIG)					
374	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	General comment to Module 2 (The IAIG)	See question #2. Module 2 introduces requirements for groups to report on a host of elements including material changes to the group. Changes are effected through legal entities which require the relevant supervisory approvals by the legal entity supervisor. ComFrame must incorporate and include a greater degree of acceptance of the approvals already afforded by the legal entity supervisor and more clearly distinguish between reporting only and approval requirements. Under Bermuda law, the BMA as a group supervisor will approve specific actions of a group; and collect specified information from the designated insurer for the group. We look to ComFrame to recognize and work with existing group regulatory requirements.	
375	Canada Canadian Institute of Actuaries	Other	General comment to Module 2 (The IAIG)	The qualitative descriptions in this module appear conceptually aligned with modern best practices. The key challenge will be managing the reporting burden on both the IAIG and the supervisors. We have the following specific suggestions.	

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376	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	General comment to Module 2 (The IAIG)	We are of the view that there should not be a reference to IFRS in ComFrame until such time as a global accounting standard for insurance contracts is in place. In the meantime, the appropriate financial reporting standards for an IAIG should be determined by the group-wide supervisor and the supervisory college. The impact assessment and field testing will provide valuable insight into where the global convergence on insurance contracts stands. As these modules are subject to further development for reporting a year from now and will benefit from the experience gained through the impact assessment, it is our estimation that there will be sufficient opportunity to reach a final position on this issue later on. We would also point out that the requirements contained in the Governance Element are, in our estimation, far more detailed and prescriptive than similar type standards including, for example, the extensive corporate governance regulations that public companies are subject to. We submit that this Element would be better to operate as guidance only. Lastly, it would appear there is a blurring of the distinct functions that the Board of Directors and Management perform.	
377	Canada International Actuarial Association	IAIS Observer	General comment to Module 2 (The IAIG)	General reaction: this section was quite prescriptive on all the elements that need to be included. A more principles-based approach was expected, focusing on concepts like expectations for a robust ERM process to be in place and/or the expectations for a sound inclusion of actuarial oversight and review. The qualitative descriptions in this Module appear conceptually aligned with modern best practices. The key challenge will be managing the reporting burden on both the IAIG and the supervisors. We have the following specific suggestions.	
378	China China Insurance Regulatory Commission	IAIS Member	General comment to Module 2 (The IAIG)	The ComFrame allows the reporting system equivalent to IFRS' to evaluate assets and liabilities. We suggest the equivalent report system should include the reporting system of accounting standards prevailing in Chinese enterprises. IFRS has been updating itself but not been implemented yet. In future, there might be major changes. As the reference for evaluation of IAIS' specified assets and liabilities, we suggest considering the uncertainty of IFRS.	
379	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	General comment to Module 2 (The IAIG)	EIOPA considers that this module is lacking requirements on internal communication and reporting. Standard M2E2-6 contains such a requirement, but this is limited to ERM where EIOPA thinks a requirement on internal communication has to have a much broader than ERM only: this is a general governance requirement.	
380	Europe Insurance Europe	IAIS Observer	General comment to Module 2	We appreciate and support the resolution in the introduction to the paper that: "The IAIS sets standards in the expectation of a common basis of supervision for IAIGs that are translated as needed by national/regional regulators into national/regional regulation and	

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			(The IAIG)	supervision. In this way, it is essentially no different from ICPs needing to be translated into national/regional systems as needed. To the extent national/regional systems embody these standards and best practices, there is no need to change". However, the level or prescription contained in Module 2 makes this resolution redundant, as in practice it is highly unlikely that the detail in multiple different jurisdictions will be in line with the practices outlined in the Working Draft. For this reason, it is important to return the focus of this module to principles rather than prescriptive requirements. Indeed, we believe the parameters and specifications are too prescriptive and should be redrafted as indicative guidance on how the standards may be met. In line with our comments in the introduction, ComFrame should be developed through a phased in approach. Thus at the outset Module 2 should focus on the essential elements and high level principles that a robust group supervision regime should include, covering both qualitative and quantitative aspects of group supervision. To inform the development of the high level principles we strongly support mapping exercises to be carried out to ensure that ComFrame is based and builds, where necessary, on the ICPS and practises and approaches already employed or being developed elsewhere. Further specification and detail should only be developed at a later stage as necessary based on experience gained from practical implementation of global group supervision. Insurance Europe understands that the restructuring of ComFrame Module 2 is intended to clarify which requirements an IAIG is expected to meet as opposed to requirements that supervisors are intended to implement (Module 3). However, in changing the focus it is important that some of the elements are redrafted as to be applied to IAIG's they would need to be transposed into national rules. As noted above under the purpose of ComFrame this risks the creation of separate prudential standards for IAIGs. This also appears to be inconsistent with the introductory remarks that note that ComFrame is designed to create more commonality and comparability of approaches without being rules based.	
381	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	General comment to Module 2 (The IAIG)	We particularly welcome the IAIS' confirmation that to the extent national/regional systems embody the standards and best practices introduced by ComFrame, there is no need to change. This clarification seems to address the concern of the industry that ComFrame is likely to establish a separate layer of supervision for IAIGs. However, despite the IAIS' intention we are afraid that considerable amendments will be inevitable. Even highly developed and sophisticated group supervision regimes such as Solvency II do not exactly comply with the massive amount of detail set out in Module 2 though, in essence, there are no substantial differences or contradictions. We reinforce our recommendation that ComFrame should be strictly based on high level-principles of supervision. Instead, ComFrame is still heading to a full integrated framework which will raise difficult legal implications without apparent benefit.	

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382	International European Commission	IAIS Member	General comment to Module 2 (The IAIG)	Please refer to our general comments on the use of IFRS and on the excessive discretion afforded to the group supervisor in setting the discount rate.	
383	Joint initiative CRO Forum / CRO Council	Other	General comment to Module 2 (The IAIG)	We are concerned about the level of prescription in many elements of ComFrame. ComFrame should be principles-based and allow for an optimal level of flexibility. The level of prescription undermines the necessary flexibility and principles-based approach that would enable a truly effective supervisory approach for IAIGs and avoid two regimes. There needs to be greater clarity on the different roles of the standards, parameters and specifications to highlight that parameters and specifications provide illustrations of possible approaches without excluding alternative ways of fulfilling the same objective. We agree that ideally the objective should be to develop a common terminology of risk measurements as well as guidance on risk topics (e.g. stochastic vs parametric?) to facilitate the coordination of the IAIGs supervision. However, the field of ERM continues to develop. Therefore, we believe that ComFrame should focus on improving coordination and cooperation, foster convergence of regimes and achieve recognition between group supervisory regimes.	
384	UK Association of British Insurers	IAIS Observer	General comment to Module 2 (The IAIG)	The level of prescriptiveness and detail in Module 2 undermines ComFrame's ability to serve as a set of principles that can set out a common basis for supervision of IAIGs across jurisdictions. In order to achieve this aim many of the detailed requirements in the parameters and specifications will need to be removed or else to be redesignated as guidance illustrating possible ways of meeting the standards.	
385	UK Lloyd's	IAIS Observer	General comment to Module 2 (The IAIG)	These requirements are not all easily applicable to solo entities, as they were drafted with insurance groups in mind. No consideration appears to have been given to how these requirements could be applied to solo entities. The IAIS's Insurance Core Principles were drafted for solo entities, so are a much better series of regulatory standards to apply to them. If ComFrame is implemented in its current form, it will create uncertainty around how solo entities could comply with provisions that are not aimed at them. ComFrame is aimed at decreasing the complexity of insurance group supervision and make them more transparent and comprehensible for insurance supervisors. We disagree with solo entities being included in the scope of ComFrame, when many of its requirements are not applicable to them. A solo entity is already subject to the insurance laws and regulations of the jurisdiction in which it is established, which should reflect the IAIS's insurance core principles. If Module 2 accurately reflects the ICPs it references, it should impose few additional regulatory obligations on solo entities, which raises the question of whether Module 2 serves any useful function in relation to solo entities.	

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				In fact Module 2 is not exactly aligned with ICPs, in part because the former is directed at groups and the latter at solo entities. Consequently, a solo entity subject to ComFrame is likely to find itself subject to two-tier supervision: at one level, its national supervisor will apply national laws and regulations, probably aligned with IAIS ICPs; at another level, the college will apply Module 2: similar but different requirements, with considerable possibilities for differences in approach and interpretation between the two supervisory systems. Like other insurers, we are concerned that the qualitative requirements set out in Module 2 are too prescriptive and detailed. Requirements on organisational and functional set-up are too detailed and we question the need to regulate this aspect in such a prescriptive manner. It is important to allow insurers to organise their businesses in a way they consider most effective and efficient. The same concern relates to risk management arrangements, in particular provisions on outsourcing. Other elements of Module 2 also do not strike the correct balance and contain requirements which are overly prescriptive. We have read Insurance Europe's draft submission and support their views on these issues. The IAIS is an association, whose objectives include the development of principles, standards and guidance, which its members are encouraged to apply. Module 2, however, is a detailed and inflexible regulatory regime, presented as if it is directly applicable to international insurance groups and the entities within them.	
386	United Kingdom Financial Supervisory Authority	IAIS Member	General comment to Module 2 (The IAIG)	There is some clear and valuable information in this Module but there are also areas which seem to serve a limited purpose (see E3/4/5 below). Some of the standards, particularly under 6b, appear very sparse and generic.	
387	United States Group of North American Insurance Enterprises Inc	IAIS Observer	General comment to Module 2 (The IAIG)	GNAIE believes that complete implementation of the ICPs may obviate the need for many of the ComFrame provisions, especially in Module 2. Many of the ICPs reference groups there is still considerable duplication between the ICPs and ComFrame. A specific gap analysis as to the application of the ICPs to groups needs to be undertaken before Module 2 can be completed. This gap analysis should be completed before ComFrame is completed. We would also suggest that during the next year the IAIS work with companies to "field test" all the provisions in Module 2 (except Element 8) in order to determine whether the proposals do reflect general practices for IAIGs as suggested in the ComFrame discussions.	
388	United States of America American Academy of Actuaries	Other	General comment to Module 2 (The IAIG)	General reaction: this section is quite prescriptive on all the elements that need to be included. A more principles-based approach was expected.	

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389	United States of America American Insurance Association	IAIS Observer	General comment to Module 2 (The IAIG)	As indicated in our General Comments and outlined in our 3-stage approach, we believe discussion on the application of specific Parameters and Specifications in Module 2 should be deferred until further work on Module 3 has been advanced and a gap analysis completed. Perhaps inadvertently, Module 2 now appears to be centered on technical regulation, rather than setting standards that can be the basis for supervisory discussions of the quality of an IAIG's enterprise-wide risk management. Therefore, we would continue to respectfully recommend that the IAIS, at minimum, reframe and substantially revise Module 2 to reflect the overarching goals of supervisory coordination and cooperation. This would entail retention of principles-based Elements while explicitly acknowledging that the Parameters and Specifications are intended as guidance to supervisors, as opposed to prescriptive mandates on IAIGs. To the extent that a substantial portion of ComFrame has been devoted to Module 2, there is a great deal of concern that it is trending toward creation of regulatory overlay that will neither lead to regulatory efficiency nor the advancement of competitive private markets. If Module 2 is characterized and implemented this way, the outcome may generate additional regulatory risk to the IAIG that results from the redundancy of supervisory roles and responsibilities. Equally important, the new set of mandates would create an unlevel playing field by imposing burdens on IAIGs that are not imposed on domestic players that may be equally, if not more, complex. Ironically, ComFrame could result in the imposition of new costs and constraints only on IAIGs, which in many cases may be the most financially strong and well-managed companies in some domestic markets. If ComFrame is to remain true to its stated intent and satisfy the needs of all stakeholders, the IAIS should redirect its efforts towards establishing a common framework for the supervision of IAIGs as the unique and diverse market participants they are today, as opposed to subjecting IAIGs to restrictive regulatory mandates that, while perhaps intended to simplify the supervisory process, may only serve to stifle innovation, impose undue costs and burdens, and ultimately harm policyholders. Among our specific concerns about Module 2 is its treatment of capital, including capital assessment and adequacy. The concept of group capital is not well-defined, and does not adequately address how capital supervision is undertaken in different jurisdictions. While capital assessment in some form may be an appropriate function to be performed by supervisors with respect to entities subject to their respective jurisdictions, it should be included in Module 3 and serve only as guidance for supervisors working to understand, respect, and reconcile their various jurisdictional approaches to capital. As noted earlier, AIA believes that a group's ORSA can, and should be, a fundamental part of the assessment of group capital. We believe these matters are fundamental and perhaps should only be addressed after there is more experience among supervisors working together to apply the ICPs, supervisory colleges, and group supervisory practices.	

	Juris/Org	Status	Question	Comments	Resolution of comments
				There has also been no agreement or resolution on a global accounting standard. Given the differences in accounting treatment and asset and liability valuation for solvency purposes among countries, we do not believe it is necessary or productive to specify International Financial Reporting Standards (IFRS) or any other specific accounting model, since measurements of financial activity and account balances can be based on standards appropriate for a given entity in their domiciliary jurisdiction. In any event, it is premature to cite IFRS as the standard for accounting, as there is currently much uncertainty with regard to international financial accounting standards. Additionally, the sheer number of rules imposed on IAIGs in Module 2 and their degree of prescription seems redundant or otherwise unnecessary, and if not addressed would create entirely new supervisory mandates on a select class of insurers and create competitive imbalances. We strongly object to the entirely prescriptive standards in Module 2, Element 6, which contemplate that an IAIG maintain group-wide policies/strategies for underwriting, claims management, reinsurance, insurance liability valuation, and asset liability management. Supervisors should work with companies to better understand their business models, instead of requiring them to adhere to a predetermined approach that either does not recognize the validity of existing corporate frameworks or does not allow sufficient flexibility for a company to respond to the needs of its investors and policyholders. Accordingly, these provisions must be revised to recognize that IAIGs may have decentralized operations and more than one policy/strategy in these areas. For example, the overly-prescriptive nature of Module 2, Element 1 - Governance blurs the distinct functions that the Board of Directors (typically the "Governing Body" for a U.S. corporation) and management perform. Under the corporate laws prevalent in the United States (each state has its own corporate law that governs companies incorporated in that state, as opposed to one overarching federal law), the Board of Directors has an oversight/advisory role with all operations being within the purview of management. As a specific example, the first bullet of Parameter M2E1-2-1 provides that the IAIG's Governing Body is required to ensure "that the IAIG's group-wide business objectives and strategies do not conflict with jurisdictional requirements applicable to the entities within the IAIG?." In the United States, legal compliance, while subject to oversight by the Board of Directors, is a management-level function. Boards of Directors do not review every single jurisdictional requirement. Second, the Governance module (particularly the Parameters and Specifications under the respective ComFrame Elements) are much more detailed and prescriptive than similar standards existing under the regulatory framework that governs publicly traded (NYSE/NASDAQ) corporations in the United States. Corporate governance is not a "one-size fits all" analysis. IAIGs need flexibility to determine what is appropriate for their particular needs and circumstances. While touching on different topics, compare Specification M2E1-4-	

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				1-1 to the commentary to New York Stock Exchange Listing Standard 303.A2. The ComFrame specification provides, "In addition to the requirements in ICP 5, the members of the IAIG's Governing Body collectively have: knowledge about the structure of the IAIG and the business of the entities within the IAIG and the supervisory regimes applicable to insurers and other entities within the IAIG and expertise relating to cross-border business and international transactions." Contrast that to the NYSE commentary regarding director independence: "It is not possible to anticipate, or explicitly to provide for, all circumstances that might signal potential conflicts of interest, or that might bear on the materiality of a director's relationship to a listed company (references to "listed company" would include any parent or subsidiary in a consolidated group with the listed company). Accordingly, it is best that boards making "independence" determinations broadly consider all relevant facts and circumstances. In particular, when assessing the materiality of a director's relationship with the listed company, the board should consider the issue not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation." Consistent with agencies and exchanges in the U.S. that deal with corporate governance, including the SEC, NYSE and NASDAQ, the Governance module (and the related Parameters and Specifications) should be revised to provide Governing Bodies the flexibility necessary to develop policies and procedures that fit their respective companies' unique requirements and comply with jurisdictional requirements. Lastly, public companies in the United States are already subject to extensive corporate governance regulation at both the state and federal level. In addition to corporate fiduciary duties (and other requirements) existing under the laws of the state of incorporation, the SEC and the NYSE have adopted a comprehensive corporate governance framework. U.S. insurance holding companies also are subject to holding company system regulation from state insurance regulatory authorities. It would be unduly costly, burdensome and inefficient to subject IAIGs to another completely separate corporate governance framework. Accordingly, the Governance module (in fact, the entire ComFrame) should recognize an IAIG's compliance with an existing regulatory framework (as robust as that in the U.S.) as being compliant with ComFrame without the need for additional standards or parameters. In sum, we recommend the above-referenced 3-stage approach to Module 2, including the capital and accounting provisions. This would involve setting aside consideration of Module 2 until the last stage and moving ahead with the critical process of enhancing supervisory coordination and cooperation pursuant to a fully-developed Module 3 and gap analysis. If there is a desire to retain other aspects of Module 2, they should be recast as principles-based outcomes subject to supervisory oversight that do not require IAIGs to alter generally conforming business models and governance frameworks.	
390	United States of America	IAIS	General	As we stated in our general comments, PCI believes that Module 2 should be held back for	

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	Property Casualty Insurers Association of America (PCI)	Observer	comment to Module 2 (The IAIG)	further work, and be restructured in a nonprescriptive mode. In its current form Module 2 would impose a new, onerous and unjustified layer of regulatory requirements on IAIGs that would create a competitive disadvantage as they compete with domestic insurers that are not subject to those requirements. Many requirements in Module 2 impose specific methods by which IAIGs must manage risk, while supervisors should instead be concerned with understanding the manner in which individual IAIGs choose to manage risk and becoming comfortable that all material risks are being managed appropriately. We will begin work on proposed revisions that embody our comments shortly after we have submitted them. Our specific comments that follow assume that all or some parts of Module 2 remain, but should not be read as an endorsement of the requirements therein.	
391	USA ACE Group	IAIS Observer	General comment to Module 2 (The IAIG)	Module 2 has a structural problem because it purports to provide numerous and detailed requirements on every aspect of managing an IAIG but fails to address or recognize the inherent legal limitations of this approach. This disconnect in Module 2 between what is "required" and the practical enforceability of same is understandable given that much of Module 2 is taken directly from the ICPs. The ICPs are best practices for supervisors to consider for adoption in their regulation of insurers and jurisdictions are assessed against the principles in the FSAP process. Using language drafted to apply to supervisors to set standards for companies creates confusion. Module 2 contains very detailed and prescriptive language about every aspect of running an IAIG. In many respects, it reads like a "best practices manual" regarding how an IAIG should be structured, governed and managed. In some places, Module 2 is quite prescriptive; such as M2E2-2-2 which "requires" an IAIG to centralize its outsourcing decision making or M2E6a-2-5 which requires an IAIG to have documented procedures regarding cross border transfers of assets. Module 2 is replete with such detailed provisions that purport to dictate very specifically how an IAIG operates. On the other hand, Module 2 also has numerous statements about IAIGs that are so vague they are meaningless. For instance, M2E1-4-1 states the members of the IAIG's Governing Body commit adequate time for the oversight of the IAIS's business, or M2E1-7 which requires a group-wide communication strategy. We are not at all sure what these statements mean or what value is added by their inclusion. Module 2 is ninety pages of descriptions of what an IAIG is supposed to do—its structure, its management, its Board structure, its risk management framework, its group wide control functions, outsourcing, ERM, ORSA , intra-group transactions, group strategy , contingency plans, asset liability management, investment strategy, valuation of assets and liabilities, capital requirements, reinsurance strategy and claims management. It attempts to cover every conceivable issue involved in managing an insurance group and then sets forth exactly how to do it. Many of the ideas set forth in Module 2 are perfectly fine approaches to managing an insurance group and ACE's approach to group wide risk management and capital management is compatible with much of Module 2, we just do not understand why a framework that was conceived as a framework to help supervisors more efficiently and effectively manage internationally active groups turned into a lengthy, prescriptive but largely	

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				unenforceable set of requirements for IAIGs. Com Frame is not a self-enforcing document. As set forth in the introduction, "the IAIS sets standards in the expectation of a common basis of supervision for IAIGs that are translated as needed by national/regional regulators into national/regional regulation and supervision. In this way, it is essentially no different from the ICPs needing to be translated into national/regional systems as needed". We completely agree and given this reality, we do not understand why module 2 has so many "requirements" for IAIGs. In our view, much of the angst expressed by insurance groups regarding Com Frame derives from this basic disconnect between the original goal of ComFrame (effective and efficient supervision of IAIGs) and what has been produced (requirements for every aspect of managing an IAIG). Companies are so resistant to the designation of IAIG because they fear they will be subjected to lengthy and burdensome additional regulatory and financial reporting requirements, particularly if their less global competitors are not subject to such burdens. This fear is not unfounded given the current design of Module 2 and statements in Appendix 1 that "the nature and risks embodied in an IAIG calls for more intensive supervision". Companies do not know what it will mean to be supervised pursuant to ComFrame and therefore are adamantly opposed to being designated an IAIG. It would be helpful if the IAIS could provide more specificity about exactly what it contemplates will be required of IAIGs that is not required of an insurance group that is not an IAIG. It is this uncertainty about the consequence of being deemed an IAIGs that is causing the negative reactions by Observers much more so than some of the concepts discussed in ComFrame. Most if not all large insurance groups already address the elements set forth in Module 2 but they do so in very individual ways informed by the unique aspects of the group and the law and regulation where they operate. The ideas expressed in the ICPs and Com Frame may cause some jurisdictions to consider changes to their insurance regulations which may involve new and different requirements for IAIGs but these requirements will be proposed in local law and regulation subject to all of the process and due process inherent in the legislative/regulatory process. Com Frame should not attempt to be "global regulation" which sets binding requirements on global insurance groups. Rather, the work that went into module 2 should be converted to guidance for supervisors to ask IAIGs about when they are attending supervisory colleges or engaging in legal entity supervision. This approach is actually doable given sovereignty rights and should get to the stated goal of more effective, efficient, consistent and collaborative supervision of IAIGs.	
392	USA American Council of Life Insurers	IAIS Observer	General comment to Module 2 (The IAIG)	We believe that Module 2 is overly prescriptive, which increases the likelihood of creating an additional layer of regulation. This applies to ERM, governance, underwriting and actuarial elements- which are all too specific in their expectations of an IAIG and their group supervisors. Within the July 2 draft, we certainly appreciate the increased focus on ERM.	

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				We would strongly argue that Module 2 specifications must be illustrative, as opposed to requirements. They should be improved to better reflect varied business practices and structures in the U.S. system (e.g. M2 E 1,2,4,5,9).	
393	USA CNA	IAIS Observer	General comment to Module 2 (The IAIG)	Throughout Module 2 direct or indirect reference is made "protecting the interests of policyholders and other stakeholders of insurers within the IAIG." Including consideration of creditors and stockholders to solvency regulation would be inconsistent with the U.S. regulatory model where the sole concern is policyholder obligations. We suggest removing the reference to other stakeholders.	
394	USA Institute of International Finance - IIF	IAIS Observer	General comment to Module 2 (The IAIG)	As a general matter, and as noted, we believe it is extremely important to avoid excessive levels of prescription in the modules. Whilst the standards set out in Module 2 Elements 1-7 largely meet this test, the parameters and specifications are still too prescriptive and are likely to undermine the intention of making ComFrame principle based (see answer to question 2).	
395	USA Liberty Mutual Group	IAIS Observer	General comment to Module 2 (The IAIG)	Liberty Mutual's fundamental criticism of the ComFrame draft is that despite its title, it is not a "framework." Instead, ComFrame consists of a complex litany of substantive standards and requirements, which are primarily set forth in Module 2, to which global insurers must comply. The "Introductory Comment" to Module 2 states that these requirements "will need to be reflected in national/regional jurisdictions' regulatory and supervisory regimes." Many jurisdictions will need to enact new laws to achieve this objective. The prescriptive nature of this approach fails to recognize properly the reasonable differences in regulatory regimes and philosophies that achieve similarly effective outcomes, but are adapted to local needs and requirements. The assumption by the IAIS that jurisdictions will accept imposition of others' prescribed measures is politically unrealistic. Instead, ComFrame should focus on guidance for supervisors' oversight of groups, not specific requirements for insurers. Therefore, the IAIS should revise ComFrame and center it on establishing the regulatory outcomes to be achieved by supervisors, as described in more detail in our general comments responding to Question 9 and in our comments concerning Module 3. Module 2, as currently structured, should be set aside, with work to continue on elements of Module 2 within a more collegial approach of developing guidance for supervisors.	
396	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	General comment to Module 2 (The IAIG)	General Comments on Modules 2 (The IAIG) and 3 (The Supervisors) - To avoid multiple, burdensome and unwarranted requests for information, all requests from involved supervisor for group level information should be filtered through the group-wide supervisor who can ensure information is shared in accordance with the terms and standards of information sharing arrangements/agreements in place with involved supervisors. - Insurance groups in US jurisdictions are required to comply with substantial reporting and	

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				disclosure rules. Therefore, where adequate, ComFrame should defer to all reporting and disclosure rules in place under existing frameworks and not require additional and/or different reporting and disclosure rules to avoid unnecessary, burdensome and costly duplication. - Inconsistencies in reporting requirements need to be ironed out and what exactly is required publicly and to the group-wide supervisor made more clear.	
397	USA NAIC	IAIS Member	General comment to Module 2 (The IAIG)	The restructuring of the Modules did provide a clearer structure for ComFrame. However, it seems the style and tone of Module 2 suggests that ComFrame itself is establishing requirements which IAIGs must meet rather than setting out what supervisors should have in place through their supervisory systems. As with the ICPs, ComFrame needs to read as obligations/expectations of the supervisors. Module 2 is titled "The IAIG" and Module 3 is titled "The Supervisors"; however both Modules are on what the supervisor should be doing - Module 2 guides supervisors in the supervision of an IAIG and Module 3 is guides supervisors in their interactions and cooperation with one another. The groups involved with drafting Module 2 should work over the next year of drafting to ensure that their relevant sections convey the appropriate tone and style.	
398	USA Northwestern Mutual	IAIS Observer	General comment to Module 2 (The IAIG)	We continue to maintain the foundational concerns we expressed last year regarding what is now Module 2. Fundamentally, we believe Module 2 confuses the concepts of "supervision" and "regulation" and, in doing so, creates conflicts with the ICPs and local regulation. ComFrame should be about improving supervision of internationally active insurance groups. ComFrame should not be about specifying requirements applicable to companies or groups. That is a regulatory process and the making of regulations should be left to the local legislative and regulatory bodies having constitutional authority and corresponding political accountability for the respective legal entities. As we observed in our comments last year, "[p]rinciples embodied in the ICPs are incorporated into local supervisory regimes in a manner that respects local law, customs and regulator discretion". To the extent that ComFrame establishes a new framework of requirements applicable to companies, it interferes with the delicate balance struck by the ICPs and presents a likelihood of confusion, conflict and inefficiency. Recognizing the considerable effort that IAIS staff, members and observers have put into Module 2, we therefore suggest that the material included within Module 2 be recharacterized as reference material to assist supervisors seeking information on what might be considered common practices of some internationally active insurers. A consequence of including standards applicable to companies within ComFrame is that those standards may not be reflective of the balance in all jurisdictions between company decision-making and supervisory responsibilities, or between board oversight and management responsibilities. Portions of Module 2 and Module 3 are not reflective of the balance struck on these key points within the US regulatory and corporate governance regimes, for example. A related concern is that aspects of Module 3 (and also of Module 2) seem to invest the group-	

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				wide supervisor with some new power to "supervise the group", going beyond legal foundations, potentially interfering with the capacity of the local supervisor with statutory responsibility for supervising the regulated insurance entity to carry out those responsibilities and, in the process, creating unlevel playing field issues among companies. We believe that the group-wide supervisor's role should be essentially one of coordination of the involved supervisors in the collective efforts of the involved supervisors to supervise the IAIG at the group level. As such, it is neither necessary nor appropriate for the group-wide supervisor to hold substantive decision-making authority relative to the IAIG. There would be no basis for such a delegation by the involved supervisors of whatever statutory supervisory responsibilities they may have under their applicable local legal and regulatory regimes.	
399	USA Prudential Financial, Inc.	IAIS Observer	General comment to Module 2 (The IAIG)	As stated in a response to Question 9. Role of ComFrame Standards, Parameters, & Specifications: ComFrame remains unclear about the roles of and relationships between the ComFrame standards and their corresponding parameters and specifications. Since these three components form the foundation of the framework, it is critical that the IAIS more explicitly define the meaning of each and how they are intended to function in order to avoid continued misinterpretation and misunderstanding. While the current draft does offer some further insight in this regard, the overall tone and text of the modules continues to be overly prescriptive, and appears to envision a new and additional regulatory regime for IAIG's. We fundamentally do not believe that this is the ultimate intent of the IAIS. Declarative revisions to ComFrame that once and for all clarify the core tenets of the framework will hopefully go a long way towards alleviating any future concerns over the level of prescription in ComFrame.	
400	Various International Network of Insurance Associations	Other	General comment to Module 2 (The IAIG)	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA) Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federaci�n Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA)	

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				As indicated in our General Comments, we believe discussion on the application of any specific Parameters and Specifications in Module 2 should be deferred until further work on Module 3 has advanced. Perhaps inadvertently, Module 2 now appears to be centered on technical regulation, rather than setting standards that can be the basis for supervisory discussions of the quality of the IAIG's enterprise-wide risk management. Therefore, we would continue to respectfully urge the IAIS to, at minimum, revise Module 2 to reflect the overarching goals of supervisory coordination and cooperation. This would entail retention of principles-based Elements while explicitly acknowledging that the Parameters and Specifications are intended as guidance to supervisors, as distinguished from prescriptive mandates on IAIGs. While the latest ComFrame consultation document acknowledges the goals of reducing regulatory burdens and increasing coordination and communication, the prescriptive standards outlined in Module 2 do not always align with the goals of regulatory efficiency, increased competition, improved policyholder protection, and private market expansion. Therefore, it is important to make sure that the details of group supervision do not undermine the broader goal of proper supervision of healthy insurance markets. Equally important, the new set of mandates would create an unlevel playing field, by imposing burdens on IAIGs that are not imposed on domestic players that may be equally, if not more, complex. Ironically, ComFrame could result in the imposition of new costs and constraints only on IAIGs, which in many cases may be the most financially strong and well-managed companies in some domestic markets. If ComFrame is to remain true to its stated intent and satisfy the needs of all stakeholders, the IAIS should redirect its efforts towards establishing a common framework for the supervision of IAIGs as the unique and diverse market participants they are today, as opposed to subjecting IAIGs to restrictive regulatory mandates that, while perhaps intended to simplify the supervisory process, will only serve to stifle innovation, impose undue costs and burdens, and ultimately harm policyholders. Among our specific concerns about Module 2 is its treatment of capital, including capital assessment and adequacy. The concept of group capital is not well-defined, and does not adequately address how capital supervision is currently undertaken in different jurisdictions. While capital assessment in some form may be an appropriate function to be performed by supervisors with respect to entities subject to their respective jurisdiction, it can serve as guidance only for supervisors working to understand an IAIG's approach to capital. We believe these matters are fundamental and can be addressed most effectively with more experience among supervisors working together to apply the ICPs, supervisory colleges, and group supervisory practices.	

	Juris/Org	Status	Question	Comments	Resolution of comments
				There has also been no agreement or resolution on a global accounting standard. Given the differences in accounting treatment and asset and liability valuation for solvency purposes among countries, we do not believe it is necessary or productive to mention International Financial Reporting Standards (IFRS) or any other specific accounting model, since measurements of financial activity and account balances can be based on standards appropriate for a given entity in their domiciliary jurisdiction. It is also premature to cite IFRS as the standard for accounting, as there is currently much uncertainty with regard to international financial accounting standards. Furthermore, the sheer number of rules imposed on IAIGs in Module 2 and their degree of prescription seems redundant or otherwise unnecessary, and if not addressed would create entirely new supervisory mandates on a select class of insurers and create competitive imbalances. We strongly object to the entirely prescriptive standards in Module 2, Element 6, which contemplate that an IAIG maintain group-wide policies/strategies for underwriting, claims management, reinsurance, insurance liability valuation, and asset liability management. Supervisors should work with companies to better understand their business models, instead of forcing them to adhere to a predetermined approach that either does not recognize the validity of existing corporate frameworks or does not allow sufficient flexibility for a company to respond to the needs of its investors and policyholders. Accordingly, these provisions must be revised to recognize that IAIGs may have decentralized operations and more than one policy/strategy in these areas. The overly prescriptive nature of Module 2, Element 1 - Governance blurs the distinct functions that the board of directors and management perform. Under U.S. state corporate laws (wherein each state has its own corporate law that governs companies incorporated in that state, as opposed to one overarching Federal law), the board of directors has an oversight/advisory role, with all operations (including legal compliance) being within the purview of management. In contrast, Parameter M2E1-1-1 provides that the IAIG's Governing Body is required to ensure "that the IAIG's group-wide business objectives and strategies do not conflict with the jurisdictional requirements applicable to the entities within the IAIG?" This provision appears to place compliance responsibility on the board, in conflict with national corporate laws. In Europe, corporate governance frameworks vary, with some jurisdictions supporting a one-tier system, as in the United Kingdom, where the board exercises both an oversight/advisory role and a management role. Conversely, other jurisdictions support a two-tier system, as in Germany, where different boards exercise the oversight/advisory and management roles. Public companies are already subject to extensive corporate governance regulation within their home jurisdictions. Insurance holding companies also are subject to separate, specific regulation in their home jurisdictions. It would be unduly costly, burdensome, and inefficient to subject IAIGs to another completely separate corporate governance framework. Accordingly, the governance provisions should be principles-based and allow flexibility as to how the overall	

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				principles are met. In sum, we recommend adopting a phased-in approach to Module 2, including the capital and accounting provisions, and moving ahead with the critical process of enhancing supervisory coordination and cooperation pursuant to a fully-developed Module 3. If there is a desire to retain other aspects of Module 2, they should be recast as principles-based outcomes subject to supervisory oversight that do not require IAIGs to alter generally conforming business models and governance frameworks.	
Specific comment to M2E1 (Governance)					
401	Belgium National Bank of Belgium	IAIS Member	Specific comment to M2E1 (Governance)	-Parameter M2E1-3-1: Perhaps this parameter should also specify that if an IAIG has not developed yet comprehensive group activities it becomes a key task of the IAIG's Governing Body to develop an appropriate form of group governance and to ensure compliance with the ComFrame requirements. -Parameter M2E1-8-3: The IAIG's internal control system should also focus on the establishment of appropriate information and communication processes, a comprehensive risk management system and a monitoring system which regularly reviews the efficiency and effectiveness of the internal control system. -Parameter M2E1-8-5: It should be mentioned specifically that, as part of the monitoring system, the key independent control functions including the internal audit function, the risk management function, the compliance function and the actuarial function should be assessed on their efficiency and effectiveness by an independent third party at least every five years. -Parameter M2E1-8-6: The IAIG's Governing Body should establish the governance structure as well as the risk strategy for the group-wide risk management system. In support of the Governing Body, the group-wide risk management function prepares and evaluates the risk strategy and policies to ensure that these are implemented in a proper way. -Parameter M2E1-8-8: The IAIG's Governing Body should establish the governance structure as well as the strategy for the group-wide compliance system. In support of the Governing Body, the group-wide compliance function prepares and evaluates the group's compliance policies and activities and ensures that these are implemented in a proper way. -Parameter M2E1-8-11: The IAIG's internal audit function provides independent assurance to the IAIG's Governing Body and Senior Management on the adequacy and effectiveness of the group-wide internal control system. To fulfil its responsibilities the group-wide internal audit conducts periodic internal reviews, quantitative and qualitative assessments and specific tests in relation to the IAIG's internal controls, ERM and governance system.	
402	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M2E1 (Governance)	See question #2.	

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403	Canada Canadian Institute of Actuaries	Other	Specific comment to M2E1 (Governance)	M2E1-8-4-2: It's not clear why reasonable combining of control functions would impair the effective functioning of the controls. M2E1-8-9-1: We think it is appropriate for the Group-wide actuarial function to "limit or restrict" the actuarial functions at a legal entity level as part of sound actuarial management of the enterprise. The actuarial function is, at least, a quasi-control function. It is important to recognize obligations of local duties according to local requirements, as well as contribution to group-wide actuarial functions. It should also be recognized that local knowledge of market, legal, societal factors are important inputs to pricing as are wider perspectives that can be made available, inter alia, from a group function (e.g., emerging trends in other markets, control and valuation of out of market risks). These comments apply equally to pricing, underwriting and reserving.	
404	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M2E1 (Governance)	These provisions should be amended to indicate what companies must do, not how it must be accomplished. We find this section to be far too prescriptive instead of focusing on overall risks. There cannot be common underwriting practices for different lines of insurance. The group governance requirements should be satisfied by a publicly traded company's compliance with securities laws. E1-1: It is not the primary role of regulators to protect the interests of stakeholders other than policyholders. The requirement to "establish" plans (e.g. group-wide risk management plan in E1-8-5 and group risk compliance plan in E1-8-7), and even more to the point, annually, should not be required. The Governing Body's role should be to set policy and it is management's responsibility to operationalize such policies.	
405	Canada International Actuarial Association	IAIS Observer	Specific comment to M2E1 (Governance)	M2E1-1: "? protecting the interests of policyholders and other stakeholders?" Can other stakeholders be defined? Other stakeholders could include creditors, shareholders, agents, employees and suppliers. On p83, M2E6a-2-4 they are called "creditors." On p124, M2E9-6 they are called "market participants." . Does ComFrame and supervision intend to go beyond the needs of policyholders and claimants and create any new rights for stakeholders? We don't think this can be done due to jurisdictional limits. M2E1-8-4-2: "Given the nature, scale and complexity of the IAIG, an IAIG should not combine Control Functions except under very exceptional circumstances, such as on a temporary basis while a replacement is being arranged. The Governing Body approves and periodically reviews the effectiveness of any arrangement for combining Control Functions." This is an example of setting out too detailed requirements. Reasonable combining of control functions would not necessarily impair the effective functioning of the controls. The group should form a view on the actuarial activities of the subsidiaries, but this cannot act	

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				to constrain the performance of local duties according to local requirements. It should also recognize that local knowledge of market, legal, societal factors are important inputs to pricing as are wider perspectives that can be made available, inter alia, from a group function (e.g. emerging trends in other markets, control and valuation of out of market risks). These comments apply equally to pricing, underwriting and reserving.	
406	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M2E1 (Governance)	M2E1-2-1: Suggest modifying the third bullet to "?to promote the effective implementation AND MONITORING of the IAIG's?" M2E1-3-1-1: Suggest extending the policies and procedures to all employees to minimize any real or perceived conflicts of interest. M2E1-4-1: Suggest modifying the text: "?of knowledge, skills and expertise at the Governing Body level to effectively SET, IMPLEMENT AND MONITOR the IAIG's group-wide objectives?" M2E1-4-1-1: Suggest modifying the first bullet: "knowledge about the structure of the IAIG and the business AND RISKS of the entities within?" M2E1-6: The link between the remuneration policy and risk appetite framework is important enough that it should be included in Standard M2E1-6 rather than Parameter M2E1-6-1. M2E1-6-1-1: Suggest including the role of the CRO with respect to the remuneration policy. M2E1-7-1: Suggest modifying the third bullet: "to ensure sound and prudent management AND OVERSIGHT of the IAIG'. M2E1-8-2-1: Suggest modifying the second bullet: takes into account the IAIG's overall business strategy AND RISK APPETITE, including relevant objectives, key principles, and the proper allocation of responsibilities AND DELEGATION OF AUTHORITIES for risks across the activities and organisational units within the IAIG. M2E1-8-2-1: Suggest modifying the fifth bullet: contains reporting AND ESCALATION procedures? M2E1-8-4-1: Suggest modifying the third paragraph to: The group-wide Control Functions possess sufficient knowledge regarding the markets where the IAIG is active AND THE RISKS TO WHICH IT IS EXPOSED. M2E1-8-4-2: OSFI agrees that exceptions could be made but this caveat is not necessary given that there could be exceptions to any number of ComFrame requirements. The statement here may give the impression that this exception is more acceptable than others or	

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				that no other exceptions exist. Suggest changing the Specification to: Given the nature, scale and complexity of the IAIG, an IAIG should not combine Control Functions. M2E1-8-5: Suggest that all control functions (including group-wide risk management, compliance and actuarial functions) should be "independent" in the sense that those groups are in an oversight capacity and should be distinct from the business units in charge of the day-to-day operations which they oversee. M2E1-8-5: Suggest modifying the Parameter to: The IAIG has an effective AND INDEPENDENT group-wide risk management function capable of assisting it to, in a timely way, identify, assess AND MEASURE, monitor, manage, and report on its key risks. M2E1-8-7: Suggest modifying the Parameter to: The IAIG has an effective AND INDEPENDENT group-wide compliance function? M2E1-8-9: Suggest modifying the Parameter to: The IAIG has an effective AND INDEPENDENT group-wide actuarial function capable of evaluating? M2E1-8: Suggest consistency in requirements for control functions; i.e., all control functions should be independent from management and have unrestricted access to the Governing Body. M2E1-8-11: It is unclear what is meant by independent assurance. Does this technically mean an opinion? M2E1-8-11-1: Suggest removing the reference to evaluating the quality of the performance of external auditors in the ninth bullet as internal audit may not evaluate external audit. In Canada, the assessment of the external auditors is done by an independent auditor regulator, the Canadian Public Accountability Board. It is confusing to have words in the coordination with the external auditors and to also include assessing the quality of the external auditors.	
407	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M2E1 (Governance)	Parameter M2E1-3-1: Perhaps this parameter should also specify that if an IAIG has not developed yet comprehensive group activities it becomes a key task of the IAIG's Governing Body to develop an appropriate form of group governance. Standard M2E1-4 is limited to collective fitness and properness requirements of the IAIG's Governing Board. EIOPA believes that each individual member of the IAIG's Governing Board needs to be fit and proper as well with respect to the tasks and duties assigned to her or him. Standard M2E1-5: EIOPA suggests replacing 'its work' by 'the performance of its duties'. Standard M2E1-6: The group-wide remuneration policy could refer to variable remuneration -	

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				limits, deferral period, linkage to performance criteria etc.). Specification M2E1-6-1-1: The module needs to make sure that the Governing Body does not assess its own remuneration policies and practices as this would result in a conflict of interest. Parameter M2E1-8-2 links the IAIG's Risk management system (Parameter M2E1-8-1) with the ERM Framework for Solvency Assessment (M2E2) where it is stated that the ERM Framework for Solvency Assessment is part of the Risk Management Framework being part of the General Governance Framework M2E1. The problem starts where the requirements of these two frameworks/systems are going to conflict and overlap. EIOPA made the following detailed comment regarding M2E1-8: -Specifications M2E1-8-2-1 deals with requirements of written policies, risk appetite, reporting procedures and monitoring and reviewing of the risk management system, which - on a higher (standard/parameter) level are also covered under Element 2: Standards M2E2 (risk management policy), M2E3 (identifying and measuring risk). -Requirements on risk management use different terms: for instance Parameter M2E1-8-5 'key risks', Standard M2E2-1 'all relevant and material risks'. -Requirements on the risk management function appear under Standard M2E1 and Parameters M2E1-8-5/M1E1-8-6 and subsequent specifications and under Standard M2E2-4 and subsequent Parameters and specifications. -Refer also to the connection/overlap between Parameter M2E1-8-5 and Standard M2E3, -Standard M2E1-8 and Parameter M2E1-8-9 include requirements on the actuarial function, where these are much more detailed under standard M2E6b-6. EIOPA believes that these requirements belong to M2E1. Parameter M2E1-8-6: The IAIG's Governing Body should establish the governance structure as well as the risk strategy for the group-wide risk management system. In support of the Governing Body, the group-wide risk management function prepares and evaluates the risk strategy and policies to ensure that these are implemented in a proper way. Parameter M2E1-8-8: The IAIG's Governing Body should establish the governance structure as well as the strategy for the group-wide compliance system. In support of the Governing Body, the group-wide compliance function prepares and evaluates the group's compliance policies and activities and ensures that these are implemented in a proper way. Parameter M2E1-8-11: The IAIG's internal audit function should provide independent assurance to the IAIG's Governing Body and Senior Management on the adequacy and effectiveness of the group-wide internal control system and other elements of the IAIG's Governance and ERM system. To fulfil its responsibilities the group-wide internal audit conducts periodic internal reviews, quantitative and qualitative assessments and specific tests in relation to the IAIG's internal controls, ERM and governance system.	

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408	Europe Insurance Europe	IAIS Observer	Specific comment to M2E1 (Governance)	- Although Insurance Europe believes the right risks are covered in this element. The level of detail included is far too high. ComFrame should not include detailed provisions regarding the organisational and functional set-up within an organisation (e.g. rules on which function does what). Instead ComFrame should set out general principles focused on areas that have to be covered thus leaving it free for groups to determine the most appropriate way to structure their functional and organisational set-up. - M2E1-1-1: this section requires the governance framework to identify the head of the IAIG, its governing body and the senior management. We would like to see a clarification that the definitions should refer to the relevant jurisdictional requirements in order avoid contradictory relevant bodies. - M2E1-3 The principle requiring roles and responsibilities of the IAIG's governing body to be clearly defined by the IAIG is sensible. However, the detailed list of responsibilities for the key functions specified later on in the element contradicts this principle and instead impinges on an IAIG's ability to structure its operations as most appropriate. For example, business objectives and strategies may be developed by an IAIG's management body not its Governing Body. As long as the established process of oversight adequately captures the risk in question this should be acceptable. Flexibility should be allowed as to which function is responsible for dealing with a particular risk. - The following are illustrative of how through being too prescriptive ComFrame might conflict with an IAIG's current practices or/and national requirements whilst not necessarily dealing with the risk in question in a more appropriate manner. We, therefore, suggest this level of detail is removed from ComFrame and include these examples as illustrations of where immaterial conflicts may arise: - M2E1-8-4-1 introduces the requirement for control functions to be subject to periodic evaluations by an external evaluator where appropriate. This statement may be either redundant or overlapping as an internal assessment of control functions by the internal auditor is already required. M2E1-8-8-1 requires the group-wide compliance function to conduct a regular assessment of the compliance systems at the group and entity level. This requirement and associated requirements in M2E1-8-8-11-1 and M2E1-8-12-2 should not be too prescriptive to allow IAIG's discretion on how they structure their internal controls so as to allow proportional approaches to be taken. M2E1-8-7/M2E1-8-8 the compliance function is local. The group supervisor should not be involved in supervising compliance matters or market conduct issues in other countries.	
409	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M2E1 (Governance)	M2E1-6-1-1: We need to make sure that the Governing Body does not assess its own remuneration policies and practices as this would result in a conflict of interest.	
410	Germany Gesamtverband der Deutschen	IAIS Observer	Specific comment to M2E1	M2E1-1-1: This section requires the governance framework to identify the head of the IAIG, its governing body and the senior management. We would like to see a clarification that the definitions should refer to the relevant jurisdictional requirements in order avoid contradictory	

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	Versicherungswirtschaft		(Governance)	relevant bodies.	
411	International European Commission	IAIS Member	Specific comment to M2E1 (Governance)	M2E1-4: We understand this standard to cover the fitness ('competence') of the IAIG's governing body. However there is nothing on the propriety of the members of the governing body (honesty, financial soundness, personal behaviour and business conduct, absence of relevant criminal records, etc.); M2E1-6: the reference to a group-wide remuneration policy seems to be very high-level and does not reflect half of the principles set out in the relevant FSB principles on compensation (which explicitly refers to the IAIS): e.g. no reference is made to variable remuneration (limits, deferral period, linkage to performance criteria etc.)	
412	Japan Financial Services Agency	IAIS Member	Specific comment to M2E1 (Governance)	M2E1-3 This Standard needs to be refined as, for example, a number of "other legal entities within the IAIG" and also a huge number of "Boards, Senior Management and Key Control Functions" might exist. This can be modified as follows. "Roles and responsibilities of IAIG's Governing Body in terms of group governance are clearly defined." M2E1-5 This is already covered by M2E1-1 which stipulates a group-wide governance framework and thus needs to be deleted. M2E1-7 It is not clear what is meant by "group-wide communication." The 1st bullet of M2E1-7-1, for example, is about supervisory reporting and the 3rd bullet is about internal reporting, both of which are already covered by other Standards. Therefore, this Standard is no longer necessary, unless what is meant by "group-wide communication" is different from those above otherwise. Delete this. M2E1-8-9 and M2E1-8-9-1 The actuarial function at the group level needs to be considered further, considering that there are not necessarily common practices yet on that matter. This issue should be discussed in depth at a (sub)committee which is composed of members who have actuarial expertise.	

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				M2E1-8-10, M2E1-8-11, M2E1-8-10-1, M2E1-8-11-1 and M2E1-8-11-2 The internal audit function and its role at the group level could vary depending on group structure, etc.—some groups may choose a centralised approach; others may choose a decentralised approach in developing the internal audit function at the group level. (For example, a group's internal audit function may not be expected to perform to review levels of compliance with legislations at the level of each group entity, although it seems that M2E1-8-11-1 intends such a function is performed by the group's audit function.) These Parameters/Specifications should be applicable to any cases and thus need to be reconsidered further. M2E1-9 It is not clear what this Standard intends. This can be modified as follows based on Specification M2E1-9-1-1. "The IAIG establishes a policy for outsourcing and monitors material functions outsourced."	
413	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M2E1 (Governance)	- Views on risk strategy and risk appetite differ from IAIG to IAIG. Further clarification/explanation is necessary in order to avoid confusion. (M2E1-2) - M2E1 provides details of the management of Key Control Functions. In implementing a group-wide governance framework, a flexible approach should be accepted, which includes consideration of the group's business practices and conditions inherent in each jurisdiction. Details are given as follows: > M2E1-5-1-1 requires IAIGs to establish committees that exercise adequate oversight over various issues including risk management and remuneration structure. As long as the group has a system in which adequate oversight can be provided, it is not always necessary to establish the committees described in the specification. A flexible approach should be accepted. > The provision for remuneration policy and practices should not be on a group-wide basis. Rather, it would be more effective if made by each entity based on the actual situation of each group. It is sufficient that the IAIG establishes a system in which the board of the Head of the IAIG ensures that each entity's remuneration policy and practices are effective and robust. (M2E1-6) > Group-wide communication can be sufficiently achieved when the head of a group or the parent company provides appropriate communication policy and management from the point of group governance. Necessity of a group-wide communication strategy should be decided by the actual conditions of each group. (M2E1-7) - Though M2E1-4-1 requires that 'a sufficient number of the members of the IAIG's Governing Body are independent of the entities within the IAIG', legal systems regarding board members vary among jurisdictions, reflecting different environments. The parameter should allow for flexibility in consideration of such jurisdictional differences.	

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				- There is a need for further explanation of what 'the annual risk management plan' should cover. (M2E1-8-5) - Whilst we do not deny the possibility of there being groups that need (or would be better off having) a group actuarial function, extra care should be given so that the role and responsibility of such an additional function does not overlap with (and become duplicative of) existing roles and responsibilities of the actuarial functions at an entity level. To the extent each entity has a robust actuarial function in place (as it should), it is unnecessary to make the establishment of a group actuarial function mandatory.	
414	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M2E1 (Governance)	-M2E1-5-1-1: Institutions' serving surveillance functions are not limited to "committees", though it is required to establish "committees" of the Governing Body that exercise adequate oversight over the "audit" and "remuneration" of the IAIG and legal entities within the IAIG, With regards to governance, every jurisdiction maintains its own governance structure and philosophy. As stated in our comments on GQ3, the group-wide governance structure needs to be considered and take into account the range of governance structures present across jurisdictions. In consideration of these points, we suggest that the first sentence of this paragraph be amended to read; "WHERE APPROPRIATE, the IAIG's Governing Body establishes...". -M2E1-6-1-1: We believe that the "?assessment of the effectiveness and appropriateness" objective should be clarified with additional description. Furthermore, as any assessment of remuneration policy requires a long-term perspective in order to achieve the assessment's objective, we feel that ANNUAL assessments should not be required. Based on these points, the first item in this paragraph should be amended to read "?undertakes an assessment of the effectiveness and appropriateness of the group-wide remuneration policy to ensure that it is implemented effectively and operating as intended from the perspective of preventing risks to the long-term existence of entities that may stem from an extremely short-term performance-linked remuneration policy". -M2E1-8-9 and M2E1-8-9-1: On parameter and specification, it is stated that the group-wide actuarial function "?evaluates the IAIG's Governing Body regarding technical provisions, premium and pricing activities, and compliance with regulatory requirements" as well as "?aggregating and reviewing actuarial information at the group level". However, we believe that the group-wide actuarial function should deal only with certain items that have a significant group-wide impact as it is impractical and unrealistic for group-wide actuarial function to deal with all actuarial-related items of individual entities. Therefore, the section that specifies issues "?regarding, at a minimum, technical provisions, premium and pricing activities, and compliance with related statutory and regulatory requirements of the insurers within the IAIG" should be amended to the following; "?regarding	

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				actuarial-related items significant for the group as a whole". Similarly, the phrase "aggregates and" should be deleted from the section that specifies "aggregates and reviews actuarial information".	
415	UK Association of British Insurers	IAIS Observer	Specific comment to M2E1 (Governance)	M2E1-8 : The level of detail in the parameters describing not only reporting lines of various functions, but the bodies that are responsible for instituting those functions (e.g. M2E1-8-4) goes far beyond the scope of establishing principles necessary to ensure a common standards of governance, and many of the details specified (for example in M2E1-8-5 on the exact issues on which a group-wide risk management function should report upward) are appear to be presented as mandatory when they should properly be illustrative.	
416	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M2E1 (Governance)	Some of the specifications just repeat what is said in the parameters (first part of M2E1-3-1-1) or are very prescriptive (second part of M2E1-3-1-1). Moreover, a lot of the content appears to be what one would expect of other sectors and for non-IAIGs. M2E1-2 "taking due account" reads as if this was independent of the business objectives and strategy. Suggest delete or change to "based upon the IAIG's". M2E1-3-1-1 Third bullet point - why is it restricted just to insurance branches? The organisation chart should be as full as possible to give a holistic view. Fourth bullet point is repetitive of the first in the standard. The examples given in the second paragraph on conflicts of interest do not appear to add anything and are prescriptive. Suggest omitting everything after "arises" in the first bullet, and end the second bullet at "conflicts of interest". M2E1-6-1 seems overly prescriptive and does not appear to add anything that is not already covered in the ICP. However, why restrict bullet point 4 just to insurance stakeholders - this is not the case in third and last bullet points - it seems out of place. The whole of M2E1-8 appears repetitive and unclear. It does not add much to what is in the ICP - it could be left at the Standard itself, with perhaps specification M2E1-8-3-1. Moreover, M2E1-8-1-1 surely applies to everything, not just risk management and internal control, and not just governance. In order to avoid duplication with M2E2, suggest that the fourth bullet point in M2E1-8-2-1 is deleted. M2E1-8-4-2 appears to have muddled the general principle of proportionality into the point of the message. The first phase should be left out beginning "An IAIG should not?" or it could say: "Given that an IAIG is complex by its very nature, it should not?" M2E1-8-5 One would expect a group wide risk management function to be capable of identifying key risks: suggest deleting "assisting to" as too weak. "Key risks" should be upgraded to "all relevant and material risks" as described in E2. The bullet points under the	

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				second sentence should be deleted as they refer to risk and are covered in M2E2. Likewise, the second part of M2E1-8-5-1 is repetitive (of M2E2) and should be deleted. M2E1-8-6-1 One would expect the head of the IAIG to be responsible for risk culture as well. The second paragraph under M2E1-8-7 is very prescriptive and should move to M2E1-8-7-1 (the second sentence of which needs deleting as it repeats the parameter anyway). A sentence should also be added to the parameter to emphasise the importance of the independence of the reporting line. It may be that M2E1-8-8 fits better as a second sentence under M2E1-8-7. M2E1-8-8-1 is very detailed - suggest deleting the first bullet point, the first sentence of the third bullet point, and the fourth and fifth bullet points (and move remainder to new M2E1-8-7-2). Additionally, why should this be restricted to the insurer internal policies? M2E1-8-9 should be have a full stop after "...governing body." And the rest of the sentence deleted, but giving a reference to M2E6b-6. This section should be limited to the governance responsibilities of the function and not its actual tasks. M2E1-8-10-1 could be deleted/re-worded as it basically repeats the parameter. M2E1-8-11-1 is very detailed (and seems to just repeat the ICPs). Suggest deleting here and moving bullet points under the parameter to a specification, emphasising the group aspect. Moreover, M2E1-8-11-2 should be reduced to the key sentence and the fourth bullet point. This Element appears to have rather more reference to ICPs (M2E1-5-1-1, M2E1-7-1-1, M2E1-8-4-1, M2E1-9-1-1) than other parts of CF - feel that this is better left up front in the introduction.	
417	United States of America American Academy of Actuaries	Other	Specific comment to M2E1 (Governance)	p40,M2E1-1: "? protecting the interests of policyholders and other stakeholders?" Can other stakeholders be defined? Other stakeholders could include creditors, shareholders, agents, employees and suppliers. On p83, M2E6a-2-4 they are called "creditors." On p124, M2E9-6 they are called "market participants." This reference should be consistent throughout the document. Does ComFrame and supervision need to go beyond the needs of policyholders and claimants? Supervision should not create any new rights for stakeholders. p43,M2E1-4-1: "a sufficient number of the members of the governing body are independent of the entities within the iaig?". Can this be expanded to say that governing body members should also be independent of other key governing members (eg, relatives)? There should be no conflicts of interest. p48,M2E1-8-4-2: "Given the nature, scale and complexity of the IAIG, an IAIG should not combine Control Functions except under very exceptional circumstances, such as on a temporary basis while a replacement is being arranged. The Governing Body approves and periodically reviews the effectiveness of any arrangement for combining Control Functions." It sounds like there can be a centralized Control Function, but then it says the IAIG can't combine Control Functions. Please clarify.	

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				p52,M2E1-8-9: Pricing needs to be done at the local level, not at the Group level especially for an international entity. What does evaluation and providing advice mean in this context?	
418	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M2E1 (Governance)	In general, Element 1 is far too prescriptive. Its provisions may work for a group that operates in a centralized manner, but are not workable for groups that are decentralized. The supervisory focus here should be on becoming satisfied that a group's corporate governance structure is effective, rather than upon mandating what characteristics it must have. There is no justification of which we are aware for an IAIG to have more rigid corporate governance requirements than other international insurance groups. The definition of "Governing Body" and the duties assigned to it raise significant concerns. Boards of directors of companies governed under U.S. law have oversight responsibility, but senior management is responsible for setting the group's goals and objectives (with the board's approval). ComFrame should be flexible enough to accommodate different corporate governance approaches in different jurisdictions, as long as all material risks are adequately overseen and policyholders are protected. In Specification M2E1-2-1-1, the reference to "and other stakeholders" in bullet 4 should be stricken. The treatment of stakeholders that are not policyholders or claimants is not the proper subject of insurance supervision. It should be clear that ComFrame does not require a group-wide chief risk officer. That is one way, and not the only way, that groups may choose in order to manage risk. Parameter M2E1-8-7 indicates that a group-wide compliance function must report directly to the Board or a committee thereof. That is one way, but not the only way, for a compliance function to operate. Parameter M2E1-8-9's requirement of a group-wide actuarial function should not be made applicable to all IAIGs. The same is true for Parameter M2E1-8-10's group-wide internal audit requirement.	
419	USA American Council of Life Insurers	IAIS Observer	Specific comment to M2E1 (Governance)	Standard M2E1-1, Parameter M2E1-1-1 and Specification M2E1-2-1-1 refers to protecting the interests of and the "fair" treatment of policyholders and other stakeholders. -The term "stakeholders of insurers" needs to be clarified. Is this term meant to be synonymous with insurers' "shareholders" or is it meant to be broader to include other parties as well (e.g., creditors)? -The word "fair" is very subjective. - With respect to stock insurance companies, clarification is needed to confirm that such standard is not meant to elevate the interests of policyholders to that of its shareholders (with regard to the latter, a board of directors has a legal duty to act in their best interests). - The word "ensures" is used throughout this Element with regard to an IAIG's Governing	

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				Body. We should make it clear that while it may be appropriate to state that a Governing Body (defined as being generally the Board of Directors of the entity which is the Head of the IAIG) should "ensure" that certain objectives and/or procedures are in place and that the roles and responsibilities of the boards and senior managers of the other legal entities within the IAIG are clearly defined, it would be inappropriate and contrary to well-established laws in the United States to require the Governing Body (or the boards of directors of the other legal entities within the IAIG) to "ensure" certain specified results or outcomes. Instead, such body and boards "oversee" the implementation of its objectives and/or procedures. "Ensure" and "oversight" are not defined in the same way and it seems that oversight is what a Board provides. "Ensure" suggests a guarantee of a certain outcome. Standard M2E1-6 states that the Governing Body "ensures that the IAIG has well-defined and clearly articulated group-wide remuneration policy and practices?." -Clarification is needed to confirm that the details of implementing such policy and practices at the individual entity level are defined and carried out by such individual entities. -Clarification is also needed in Parameter M2E1-8-10, where it states "The IAIG's internal audit function is independent from management and is not engaged operationally in the IAIG's business." Spec M2E1-4-1-1 "expertise relating to cross border business and international transactions" -Prescriptive and unclear...who judges what is or isn't "expertise" in these areas? Does the CEO of a major airline that is on a board qualify? Would this "expertise" really "ensure" any greater certainty? Parameter M2E1-6-1 and corresponding Spec - -Overly prescriptive and does not seem to account for varying businesses in a group that may have very different compensation structures/drivers. -Overly ambitious to expect a group supervisor to have the authority to drive group-wide compensation policy in a financial conglomerate, for example. Parameter M2E1-8-3 -Use of the word "integrated" in the first bullet is beyond the scope of the ICP's and should be changed to "coordinated." Spec M2E1-8-4-2 -Overly prescriptive and goes beyond what is expected in ICP 8.2.8. While this is an important point, would IAIS consider various control functions reporting to the same Sr. Exec as "Combined?" If so, it would seem that this would lead to de-centralization and therefore end up having the opposite effect of what is intended. Parameter M2E1-8-5 -This is an additional "requirement" beyond what is in ICP 8.3.2. -Also, what is effective and who determines this? Effective is not a word that appears in the ICPs in this context. This holds true for the use of effective in the entirety of Module 2. -The use of "at least annually" in the corresponding spec is also prescriptive. Parameter M2E1-8-7 -Same comment as above on the use of "effective." Also, the second and third bullet seem to	

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				be new "requirements" that do not appear in the ICP's. Standard and Parameter - M2E1-9 - -This is a higher standard than the ICPs with regard to outsourcing...which will undoubtedly increase costs. Spec M2E2-1-1-1 -Use of the words MUST COMPLY reads as being prescriptive Parameter M2E2-2-2 & corresponding spec - - See comment above about outsourcing	
420	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M2E1 (Governance)	- The governance related standards seem to capture in general the existing industry practices. However, the level of prescription is too high. The standards should be principle based and allow for flexibility to deal with different existing governance structures. For example, ComFrame is too detailed and prescriptive regarding the organizational and functional set-up of an IAIG. - M2E1-1-1: ComFrame should avoid creating contradictory relevant governing bodies as jurisdictional requirements might differ significantly. - M2E1-7-1: The third bullet does not relate to communications with the Group-wide supervisor, as drafted it refers to a management function. - M2E1-8-7/8: Flexibility is needed on the structure and function of the compliance function so that it can be tailored to the specific needs of the IAIG. Therefore requirements should be principles based and not prescriptive. M2E1-8-11: The internal audit function description is very prescriptive and entails also tasks which should rather be dealt with within risk management (e.g. "ensuring that the identified risks and the agreed actions to address them are accurate and current").	
421	USA Liberty Mutual Group	IAIS Observer	Specific comment to M2E1 (Governance)	In general, Module 2 Element 1 is far too prescriptive. Its provisions may work for a group that operates in a centralized manner, but are not workable for groups that are decentralized. The supervisory focus here should be on becoming satisfied that a group's corporate governance structure is effective, rather than on mandating what characteristics that structure must have. The ComFrame draft mandates a structure and role for the board of directors of a global insurer that is significantly inconsistent with the duties of a corporation's board of directors as set forth in the statutory and common law of many countries. In the United States, for example, a company's board sets overall corporate policy that is then the duty of management to implement. It would be outside of the normal process for a U.S. board of directors to actually set business objectives. The ComFrame draft, however, inserts a company's board into the day-to-day management of a company. Such vastly expanded obligations of an insurer's board as proposed in the ComFrame draft cannot be easily reconciled with well-established principles of American jurisprudence. Parameter M2E1-4-1 is too vague. What is meant by the requirement that the members of a	

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				global insurer's governing body must "commit adequate time for oversight of the global insurer's business?" In addition, the requirement in M2E1-4-1-1 that the governing body must have "expertise relating to cross-border business and international transactions" is unrealistically prescriptive and ignores the importance of other skills and experiences that members of a global insurer's governing body must have. This Parameter should be deleted. It should be clear that ComFrame does not require a group-wide chief risk officer. Liberty Mutual uses a robust committee process in the strong belief that responsibility for risk management should be shared across the organization and not just managed by a CRO. Parameter M2E1-8-7 indicates that a group-wide compliance function must report directly to the board of directors or a committee thereof. It is unnecessary for compliance to report to the board and such reporting is outside the scope of the board's traditional role to direct corporate policy, but not manage it. Parameter M2E1-8-9's requirement of a group-wide actuarial function should not be made applicable to all global insurers. It is impractical for large insurance groups to have a comprehensive actuarial review at the group level. Each operating unit should be responsible for its own actuarial functions. [See further discussion in response to Question 21].	
422	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M2E1 (Governance)	General Comment Module 2 Element 1: As mentioned in our response to General Question A3 above, with the exception of Board authority (which we address below) Standards and certain Parameters are reasonable provided they can be flexible enough to accommodate existing practices which vary from group to group. Specifically: Role of the Board: Use of the word "ensure" in many instances as the standard to which the Board will be held in executing its duty may be inappropriate, as Boards in the US (and other jurisdictions) oversee rather than manage the day to day business. We would suggest that where this word occurs, this fact is acknowledged by, for example, stipulating the Board charges senior management of IAIGs of developing and implementing group wide policies on??." Definition of "Stakeholders": The term "stakeholder" is used often but is never defined. See for example, ComFrame Standard M2E1-1, Parameter M2E1-1-1, ComFrame Standard M2E1-7 ("relevant stakeholders"), Parameter M3E1-3-4 ("involved stakeholders"). Who are "stakeholders in these instances? Are they shareholders, creditors, insureds, beneficiaries? In addition, we note instances where if "stakeholders" are not "shareholders", the Governing Body's role in various jurisdictions as accountable to shareholders is not sufficiently taken into account (See eg: Specification M2E1-2-1-1).	

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				Level of prescription: Specifications for (for example) group-wide compliance, actuarial, audit and underwriting are too detailed on specifics and specific tasks required. The detail occurs in large part in the Specifications. While we understand that detail in certain Specifications is intended as illustration vs. requirement this is not evident from the current text which uses imperative as opposed to suggestive language. Examples can be found at M2E1-2-1-1 (p.41), M2E1-3-1-1 (p.42), M2E1-6-1-1 (p.45) and other places. If indeed these are illustrations, we would proposed that ComFrame include a broad black-letter statement at the outset stating that unless otherwise noted, detail in Specifications is intended as an illustration of how a Parameter might be fulfilled. However, better still would be complete modification of language in each instance where a Specification is an illustration along the following lines: "An example of how an IAIG's Governing Body might fulfill Parameter "x" is as follows." If detail provided is intended as a requirement we would suggest that ComFrame becomes a "one-size fits all approach" and will be impossible to implement as a framework that covers IAIG operations in multiple jurisdictions. Not only will IAIGs be burdened with an additional layer of requirements that are duplicative and risk conflict with local law, but also from a supervisory perspective, ComFrame will not achieve its overarching goals of improving group supervision of IAIGs. Standard M2E1-8 -- Effective systems of Risk Management and Internal Controls With the exception of the issue of prescriptive detail described above, our review revealed no significant concerns. MetLife supports an integration of risk management and internal control functions such that the discussion of risk, risk mitigation and internal controls is one and the same both in framework and principles. MetLife strongly recommends frameworks that encourage the use of judgment, which is critical in evaluating frameworks of internal control in order to distinguish between the nature and extent of risk and risk mitigation necessary given differences in a company's size, nature, timing and extent of controls. For these reasons, MetLife would suggest that COMFRAME could consider leveraging the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Frameworks which combine these elements and could create consistency and minimize the number of potential overlapping and redundant requirements that could create confusion and inefficiencies in a Company's governance process and its control environment.	

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423	USA NAIC	IAIS Member	Specific comment to M2E1 (Governance)	Standard M2E1-1: Who are the "other stakeholders" that should be protected? The main concern of supervisors should be the protection of policyholders. Parameter M2E1-2-1, 1st & 2nd bullet: As with the ICPs, one should avoid "ensure" as it can be vague as well as be an impossible expectation. "Ensure" appears repeatedly throughout ComFrame - a word search should be run and a more appropriate term used throughout. Parameter M2E1-6-1, 5th bullet: Should a remuneration policy at the group level really contain enough detail to apply to management at each separate legal entity of an IAIG? An IAIG remuneration policy should apply to employees of the parent company and contain guidelines for each of its individual entities to follow. It is unclear if this is what is intended here or if something much more prescriptive is intended. A more prescriptive intent would not be appropriate. Parameter M2E1-7-1, 1st bullet: Need to include the other relevant supervisors, not just the group-wide: "provides adequate information to promote effective engagement of the group-wide supervisor, other relevant supervisors and other stakeholders relating to the governance of the IAIG as a whole" Specification M2E1-8-1-1: It's unclear what this really means. Parameter M2E1-8-3, 1st bullet: What is meant by "integrated"? The system of internal controls within an IAIG should be coordinated at the group level but integrated suggests a higher level of group control which may not allow for enough flexibility in approaches among different IAIGs. Perhaps, "coordinated" is a less prescriptive term for this purpose. Specification M2E1-8-4-2: With respect to the example given, a replacement is being arranged for who/what? Parameter M2E1-8-5 and M2E1-8-7: What is meant by "key entity level" and "key business/unit/product level"? What makes them "key"? Perhaps "material", defined as understood in U.S. securities/banking context is an appropriate substitute. Parameter M2E1-8-7: 1st bullet: What compliance risks exist at the group level? Are these compliance requirements on the Head of the IAIG or collectively the compliance requirements that relate to an individual entity or product? 4th bullet: What are "Key Control Factors"? Is this a defined term? If not, why is term capitalized?	

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424	USA Northwestern Mutual	IAIS Observer	Specific comment to M2E1 (Governance)	Please see answer to #15. Module 2 Element 1 includes a number of prescriptive provisions applicable to IAIGs which raise potential conflicts with local law and customs that could be avoided if Module 2 were recharacterized as reference material providing examples of ways that some IAIGs may govern themselves. Among these are: - Parameter M2E1-4-1 and Specification M2E1-4-1-1, expressing requirements for membership of the IAIG's Governing Body; - Parameter M2E1-6-1 and Specification M2E1-6-1-1, expressing detailed requirements for remuneration policies, including entity-specific policies; - Parameter M2E1-8-5 and Specification M2E1-8-5-1, stipulating how an IAIG is to organize its approach to enterprise risk management; - Parameter M2E1-8-6, including language to the effect that the IAIG's Governing Body manages group risks (rather than oversees their management); - Parameter M2E1-8-7 and -8, and related Specifications, expressing detailed requirements for how an IAIG organizes its group-wide compliance function; - Parameter M2E1-8-9 and Specification M2E1-8-9-1, stipulating the IAIG's group-wide actuarial function; and - Parameter M2E1-8-10, limiting flexibility in the way the IAIG structures its internal audit function.	
Specific comment to M2E2 (Enterprise Risk Management)					
425	Belgium National Bank of Belgium	IAIS Member	Specific comment to M2E2 (Enterprise Risk Management)	-Parameter M2E2-2-4: The IAIG's ERM policy should address the risks arising from intra-group transactions and ensure that appropriate qualitative and quantitative limits exist on such exposures. -Specification M2E2-2-4-2: In relation to securities lending the IAIG's procedures should also ensure that appropriate arrangements for the provisioning of collateral are in place and that market-conform remunerations are being paid for the services provided. -Parameter M2E2-2-5 deserves to be placed earlier in the presentation of this element. -Specification M2E2-5-4-1: Legal risk should be added.	
426	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	See question #2.	
427	Canada Canadian Institute of Actuaries	Other	Specific comment to M2E2 (Enterprise Risk)	M2E2-1-4-1: No matter how performed, a comprehensive, independent annual review of the ERM Framework seems excessive. M2E2-1-6-1; This aspect is very important for Enterprise Risk Management. M2E2-2-1-1: These data issues belong with Internal Audit and the Actuarial Function. M2E2-2-2-1: The outsourcing policies need to ensure continuity of services in event of	

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			Management)	insolvency. M2E2-2-5: The need for describing all the specified relationships is unclear; in many cases the limits will be based on other considerations such as earnings impact. M2E2-5-1-1: Periodic reporting should include identified breaches of policies and their rectification.	
428	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	In line with the drivers of ComFrame, the approach should not be to prescribe a form of ERM, especially since best practices continuously evolve and should therefore not be codified in law. ERM should not be used to calculate capital requirements. Regulators should not assume responsibility for ERM, e.g., by determining the level of economic capital. Companies decide how much capital they need to run their business and obtain the desired credit ratings. It is inappropriate for regulators to dictate best practices for operating an IAIG. Companies should be permitted to operate differently, which is what separates them in the marketplace. As noted earlier, while the findings and experience from ERM work can be used internally to inform on levels of capital to be held, it should not be looked upon as a tool to compute capital requirements. As an overarching comment, the Parameters and Specifications are far too prescriptive and seem to stray from the drivers of ComFrame - namely the intent of reducing complexity and easing the compliance burden on IAIGs. To illustrate this point: E2-1-4: The requirement that the ERM Framework be independently reviewed on an annual basis is overly prescriptive. It should be left to the Governing Body to judge how frequently these reviews should take place. Hence, we would suggest that this Element be deleted, but if it is not, the "annually" requirement should be replaced with "periodically". E2-3-1: The list is too prescriptive. The Comframe is primarily intended to cover supervisory gaps for IAIGs rather than set out a series of risks that the framework should cover. E2-3-3 to E2-3-6: Although groups will conduct these risk management activities, this requirement is too prescriptive, instead the requirement should be more generally described insofar as the applicability of ORSA needs to recognize the unique risks of the IAIG. E2-4-3: The requirement of reporting risk assessments by business/unit/product within a legal entity to the Governing Body is duplicative and should be removed as the responsibility for such reporting already exists at the level of the territory's local senior management/Board and involved supervisor. Instead this Element should concentrate on the IAIG's ERM processes.	
429	Canada	IAIS	Specific	M2E2-1-2: The documentation requirements ("comprehensively documents its group-wide	

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	International Actuarial Association	Observer	comment to M2E2 (Enterprise Risk Management)	ERM Framework") could easily turn a worthwhile exercise into compliance, check-box exercise that focuses on the process more than the substance. We don't believe the guidance provided here should be overly prescriptive or costly. A similar problem exists with the annual independent review required by M2E2-1-4, which should be more risk-focused than check-box focused, and hence should not be required to be a "comprehensive" review if facts & circumstances do not warrant such a review. M2E2-1-4-1: A comprehensive, independent annual review of the ERM Framework is very likely to be excessive, especially if this is contemplated as parallel to the CPA type of external audit function already required. M2E2-1-6-1; We support the review of the remuneration policy to ensure it is consistent with the ERM objectives and measures of the organization. We agree with M2E2-2-1 but it is not clear why M2E2-2-1-1 refers to 'using the aggregation method will enable a more granular recording of risks' M2E2-2-1-1: These data issues belong with Internal Audit and the Actuarial Function. M2E2-2-2: This section instructs an IAIG that any outsourcing decisions must be centralized. It is difficult to see how a competent Governing Body would have the same people making the decisions on outsourcing the operations to different countries with their existing different cultures, products, language and legal structures. This is an example of where we feel this Module becomes overly prescriptive. A practice that may work and be used in some corporate structures may not be beneficial or relevant in other structures. M2E2-2-2-1: The outsourcing policies need to ensure continuity of services in event of insolvency. M2E2-2-5: The need for describing all the specified relationships is unclear; in many cases the limits will be based on other considerations such as the impact on earnings. M2E2-2-5-1 refers to reinsurance arrangements dictating regulatory capital requirements. Impact, influence or affect seems to be a more suitable word choice here. M2E2-3-3: the IAIG is to build an "economic capital model" to demonstrate sound risk management. However, it is seldom referenced after this point as all emphasis shifts to a defined solvency reporting system. Are these intended to be referring to the same process? M2E2-3-3: "the economic capital model? enables deeper attention to owners' capital." What is meant by "owner's" capital? And on what topics/issues would the deeper attention be focused? Perhaps this means to better manage the sustainability of future dividends and the	

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				most valuable use of current capital? M2E2-4-3-1: what does 'an assessment of risks evolving from any risk issues involving senior management or persons occupying positions of major responsibility within a legal entity' mean? M2E2-5-1-1: Periodic reporting should include identified breaches of policies and their rectification M2E2-5-4: Interest rate risk is noted among other risks that may be considered suggesting that interest rate risk is not part of the market risk that is already listed. Is this what is meant to be implied? M2E2-6-1: "The IAIG's culture supports the open communication of emerging risks that may be significant to the IAIG and its members." How will supervisors assess "culture"?	
430	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M2E2 (Enterprise Risk Management)	The role of ERM is broader than the sole calculation of the solvency requirements. This standard should not mix ERM and calculation of solvency requirements. Solvency requirements, as referring to Group Capital Adequacy Assessment handled with in M2-E8, should not be referred to in this standard. Therefore, EIOPA suggests replacing it by "enables it to identify, measure, monitor, manage and report those risks on a continuous basis". Parameter M2E2-1-4 EIOPA does not support independent review requirement on an annual basis of the group-wide ERM Framework. It seems to be too burdensome. The regular internal review should be enough. The requirement for an independent review is already addressed by the requirements for internal audit (see M2E1-8-11). Parameter M2E2-2-2 on outsourcing rather deals with governance matters and should rather be considered within M2E1 Governance. Parameter M2E2-2-4: The IAIG's ERM policy should address the risks arising from intra-group transactions and ensure that appropriate qualitative and quantitative limits exist on such exposures. Specification M2E2-2-4-2: In relation to securities lending the IAIG's procedures should also ensure that appropriate arrangements for the provisioning of collateral are in place. Parameter M2E2-2-5 deserves to be placed earlier in the presentation of this element. Specification M2E2-2-5-1 deals only with reinsurance arrangements: as the specification reduces the scope of Parameter M2E2-2-5, M2E2-2-5-1 should be amended to precise that reinsurance arrangements alone do not address all requirements of Parameter M2E2-2-5.	

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				EIOPA suggests adding at the beginning of the Specification, the following statement: "When describing the relationship between the IAIG's tolerance limits, regulatory capital requirements, economic capital and the processes and methods for monitoring risk, particular note should be made?" Parameter M2E2-2-6: What does "Those policies" refer to? Moreover approval of policies and their revision should be standard with regards to all policies and not only ERM policies. Standard M2E2-4: Terms "ERM activity", "ERM policy", "ERM framework", and "ERM system" should be defined. Specification M2E2-5-4-1: Legal risk could be added.	
431	Europe Insurance Europe	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	- M2E2-2-2-1 Specifications relating to exactly how an outsourcing arrangement should be dealt with are excessive. What is important is that the risk of outsourcing is considered. Therefore the detail included in this specification should be deleted and at the very least it is unnecessary for written contracts to include expectations of all parties and this should be deleted. - M2E2-3-6-2 Stress tests as prescribed by the group supervisor, as opposed to those which are conducted by the IAIG as part of its ORSA, should come under Module 3 not Module 2. Indeed stress testing by supervisors is already covered in Module 3 Element 5. Therefore we believe M2E2-3-6-2 should be deleted. M2E2-5 Through conducting an ORSA an IAIG is undertaking a forward looking assessment of the adequacy of its solvency position not its risk management. We therefore believe that reference to "risk management" in this standard should be deleted so that it reads instead "The IAIG regularly performs its ORSA to assess the adequacy of its current and likely future, solvency position". M2E2-5-4 an ORSA is by very definition a groups own risk solvency assessment and as such we do not believe the risks to be covered should be specified.	
432	Germany Bundesanstalt fr Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M2E2 (Enterprise Risk Management)	Parameter M2E2-1-3 Second sub-paragraph: Who is to make the necessary response? To what extent does a change in the risk profile of the IAIG require a response at the local level? Specification M2E2-1-5-1 I do not understand the sentence "The IAIG Profile should assist in defining the qualitative and quantitative risk tolerance levels where warranted". Neither can I see any link to the preceding statement. Parameter M2E2-1-6/ Specification M2E2-1-6-1 The connection between the parameter and the specification is not clear to me. ComFrame Standard M2E2-2 The term "outlier" has a very specific meaning that does not fit the context at hand, and therefore should not be used.	

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				Parameter M2E2-2-1/ Specification M2E2-2-1-1 The connection between the parameter and the specification is not clear to me. Parameter M2E2-2-2 It is not clear why outsourcing decision-making has to be centralised. In the event of outsourcing, the outsourced activity must be supervised, but to what extent should it be absolutely necessary for the decision to lie with one person in order to provide for consistency and control over the (outsourcing?) process for and to aggregate the risks arising from the outsourcing? The outsourcing entity would already have to ensure that all that is no problem. Specification M2E2-2-2-1 The purpose of the first bullet point is not quite clear. Preventing the circumvention of required separations of functions resulting from outsourcing? The presumed "circumvention" in reality would also be a breach of the requirement of separation of functions. It would hardly be possible to define the "expectations" of all parties in a written contract. The expectations that are likely meant here are such as can be defined in terms of duties for the other contractual party, or it is being considered that provisions should be included on the manner in which the outsourced activities are to be fulfilled. In that case, though, clearer wording should be provided. The term "Ultimate Controlling Entity" turns up here. Does it mean something different from the previously used term "Head of the IAIG"? Bullet points 5 and 7 cannot apply to outsourcing measures at the company level. Specification M2E2-2-4-2 We do not understand why this specification is included here. Please clarify. Specification M2E2-2-5-1 Normally, reinsurance results in capital requirements being reduced. The term "dictate" suggests an increase, not a reduction in capital requirements. If the intended meaning is that the risks that may arise from reinsurance relationships are likewise to be included (in terms of their capital-increasing effects), that should be worded more clearly. Parameter M2E2-3-3 That is not an explicit Solvency II requirement (although an economic capital model can be proportional for certain companies), but since it will probably be regarded as proportional for IAIGs, it does not give rise to any inconsistency with Solvency II. Parameter M2E2-3-4 That is very important, but is out of place here. It is a requirement which is covered in Solvency II through the ORSA. In my view this item is so important that it should be a ComFrame standard. Specification M2E2-3-6-2 This is correct in substance; but how can this be a specification for a requirement which is addressed to IAIGs? Specification M2E2-4-1-1 This merely once again reaffirms what was already said in Parameter M2E2-4-1. Parameter M2E2-4-3 The requirement that those persons who actually manage the IAIG or exercise other key	

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				functions have to be duly taken into account is also explicitly provided for in Solvency II (Article 44(1) SP 2). There it is not further specified what is meant by that. As I understand it, only the first bullet point is correct if it is understood to mean that this applies in particular with reference to the persons mentioned in the introductory part. However, the other two items in my view have nothing to do with the introductory sentence (the peer review is somewhat too prescriptive for me, but otherwise there are no objections to be made to what is stated in the last bullet points). The aim is to ensure that precisely the persons specifically mentioned receive all information relevant for their decisions timely, reliably and completely. SpecificationM2E2-4-3-1 Repetition of what was already stated for the risk management function. ComFrame Standard M2E2-5 I would not consider it correct to state that the purpose of the ORSA is to assess the adequacy of risk management. It is about the connection between risk management and capital management, but the ORSA does not serve to assess risk management. It is still unclear what is meant by "solvency position". What would have to be meant is that both economic capital and regulatory capital requirements and the assets covering such requirements are considered. SpecificationM2E2-5-1-1 The first subparagraph is definitely meant to be a requirement and not merely a voluntary practice: the ORSA must be performed both at the individual and at the group level. ParameterM2E2-5-1 We see the fourth bullet point somewhat differently. Whilst it is true that restrictions in transferability and fungibility should be considered, this should apply to the actual and not the target situation (in any case as far as the regulatory capital is concerned; for economic capital a different approach could be taken). ParameterM2E2-5-2 The second bullet point is perhaps just unclearly worded. It could be read to mean that the risk management actions depend on how much economic and regulatory capital the IAIG needs and has, or that the risks that cannot be covered by capital are to be addressed by the risk management actions (as the remaining residual items). It indeed, however, has to be decided, in any case with reference to the internal capital requirements, which risks should be backed by capital and which ones are to be managed. SpecificationM2E2-5-3-1 What is addressed here is a very important matter under Solvency II. It appears inadequate to merely make mention of it in a specification. ParameterM2E2-5-4 Why "relevant material risks", since there is no such thing as irrelevant material risks? The list of risks enumerated departs from the list of risks which at the least have to be considered in risk management. That does not make any sense. SpecificationM2E2-5-4-1 It should at least read "other risks that may have to be considered are:" because the consideration is not optional but must be performed if the risks in question are material risks	

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				for the IAIG. ParameterM2E2-5-5 This is not about the relationship between risk management and the level and quality of financial resources needed and available but about the relationship between risks and?. SpecificationM2E2-5-1-2 It is unclear to what the specification is referring, to economic or to regulatory capital, or to both. SpecificationM2E2-5-5-1 The ORSA always has to be performed also at the legal entity level; there is to be no possibility foregoing it. It is not clear what is supposed to be meant by "correlations between risk management and available financial resources". We would sooner see concentration of reinsurance cover and the existence of reinsurance cover by group entities as a risk management issue, not as something for the ORSA.	
433	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	M2E2-3-1: It is undisputed that ERM should capture all relevant risks. However, it is important that solvency risks are not mixed up with systemic risks. The risk of contagion (or other risks related to financial stability) should be handled within the G-SII framework in order to avoid a double counting. M2E2-3-6: We agree stress testing and scenario analysis using scenarios identified by the IAIG is an important element of ERM. We believe that ad hoc stress tests and periodical stress tests should also rely on existing information available for the group supervisor. All existing stress tests should be scrutinized if they do reflect the relevant object of testing.	
434	International European Commission	IAIS Member	Specific comment to M2E2 (Enterprise Risk Management)	M2E2-2-6: the wording seems unclear. Is this parameter about review or approval of the ERM? What is meant by 'those policies'? M2E2-4: standard refers to "ERM activity", "ERM policy", "ERM framework" and "ERM systems". We wonder whether all these terms are clear and defined	
435	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	- Views on risk strategy and risk appetite differ from IAIG to IAIG. Further clarification/explanation is necessary in order to avoid confusion. (M2E2-1-1) - With regard to ERM Framework and ERM policy, further clarification/explanation is necessary. (M2E2-1-2, M2E2-2-1) - The definition of similar terms relating to risks, such as "risk tolerance" (M2E2-1-1), "risk tolerance statement" (M2E2-1-5-1), and "risk tolerance limits" (M2E2-1-6), should be further clarified/explained or such terms should be standardised. - Over-burdening IAIGs with regard to management and centralisation of external outsourcing should be avoided so as not to cause negative effects on the efficiency of a group's management. - 'the IAIG's Ultimate Controlling Entity' in the third bullet point of M2E2-2-2-1 should be	

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				reworded as 'the Head of the IAIG', since 'Ultimate Controlling Entity' is only used in this specification. - As it is more effective and efficient for ALM Policy to be implemented by each entity, it is sufficient that the IAIG establishes a system in which the board of the Head of the IAIG ensures that each entity's ALM Policy is effective and robust (in line with high level group guidelines, if any). - It is more effective and efficient for Investment Policy to be implemented by each entity. Therefore, it will suffice to require that IAIGs have a system where the board of the Head of the IAIG ensures that the Investment Policy of each entity is effective and robust (in line with high level group guidelines, if any). (M2E2-2-8) - 'The IAIG's ERM Framework should cover at least the following risks and the management of these risks in a cross border context' (M2E2-3-1) should be reworded as 'The IAIG's ERM Framework, taking the following risk categories into account, should address risk management in a cross border context'. Moreover, the overly detailed risk classification in this parameter should be flexibly reviewed and made consistent with the classification in M2E2-5-4. (e.g. (l) fraud risk should be included in (f) operational risk.)	
436	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	-General: In setting out additional requirements beyond ICP 16 in its present form, we think there might be a need to describe conditions where additional requirements should be applied. We also believe that the application of ERM requirements in ComFrame should be limited to the group-wide level and should not be extended to the individual subsidiary level. This should be clearly stated in the Element. -M2E2-3-1: We propose that risks listed in M3E2-3-1 should be presented as illustrative examples.	
437	Joint initiative CRO Forum / CRO Council	Other	Specific comment to M2E2 (Enterprise Risk Management)	The focus of ComFrame should be to encourage an IAIG to demonstrate the effectiveness of its ERM framework within its own operating environment and culture. IAIGs have different strategic, operating and risk management goals and objectives. IAIGs operate on a spectrum of risk management and governance models that reflect varying degrees of centralization tailored to their unique business models. For the industry as a whole, this diversity should be encouraged rather than stifled within the supervisory framework.	
438	UK Association of British Insurers	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	M2E2-5-4 : It is contradictory to prescribe the risks that a firm should cover in its Own Risk and Solvency Assessment. Any such list should be identified as illustrative only, and ComFrame should set out the need to conduct and ORSA and the broad outcomes that an ORSA should achieve rather than the specific content.	
439	United Kingdom	IAIS	Specific	Reference should be made in M2E2-1-3 to responding to changes in business strategy.	

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	Financial Supervisory Authority	Member	comment to M2E2 (Enterprise Risk Management)	M2E2-2-1 Needs to consider non-insurance entities as well. M2E2-2-4 This could be expanded to include the need to ensure that intra-group transactions are not used to encourage unwarranted risk taking. M2E2-2-4-2 This could be more general - wider than insurance transactions. M2E2-3-5-1 Seems oddly placed - belongs elsewhere? M2E2-3-6-1 Should be clearer: change to "Key assumptions and limitations'. Communications on stress & scenario testing should be communicated to the group-wide supervisor. M2E2-3-6-3 Needs re-wording - systemic effect and business model are deleterious.	
440	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	M2E2-2-1-4 The requirement for an independent review of a company's ERM framework should be deleted. It is not clear how an internal independent review could be conducted and an external review raises significant concerns of undue cost, use of time, leakage of intellectual property and perhaps ultimately moral hazard. As the Supervisory College unfolds, the different models and approaches used by companies and the relative strengths and weaknesses will become apparent. M2E2-3-3 ComFrame should not prescribe the use of economic capital models. It should be the group's decision to use or not an economic capital model, in accordance to the regulation in place in the jurisdiction of the group supervisor. M2E2-6b-6-4 GNAIE suggests the requirement for a group-wide actuarial opinion should be deleted as overly prescriptive.	
441	United States of America American Academy of Actuaries	Other	Specific comment to M2E2 (Enterprise Risk Management)	p56,M2E2-1-1: Economic capital is referred to many times but not defined. ICP 16 is referred to, but it also does not define economic capital. p56,M2E2-1-2: The documentation requirements ("comprehensively documents its groupwide ERM Framework") could easily make a worthwhile exercise into a compliance, checkbox exercise that focuses on the process more than the substance. The guidance provided here should not be overly prescriptive and costly. A similar problem exists with the annual independent review required by M2E2-1-4, which should be more risk-focused than checkbox focused, and hence should not be required to be a "comprehensive" review if facts & circumstances do not warrant such a review. p59,M2E2-2-2: This section instructs an IAIG that any outsourcing decisions must be centralized. It is difficult to see how a competent Governing Body would have the same people making the decisions on outsourcing the operations in different countries with their different	

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				cultures, products, language and legal structure that exist. This is overly prescriptive. p63,M2E2-3-3: the IAIG is to build an "economic capital model" to demonstrate sound risk management. However, it is seldom referenced after this point as all emphasis shifts to a defined solvency reporting system. p64,M2E2-3-3: "the economic capital model? enables deeper attention to owners' capital." What is meant by "owner's" capital? And the attention should be deeper than what?	
442	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	The element appears to be a compilation of ERM "best practices". Best practices are not regulatory standards, and should not be codified as such. To do so discourages future advances in practice, and also fails to recognize the need for differences in practice between groups. An example of the above is Parameter M2E2-2-6's requirement that "the IAIG reviews its ERM Policy at least annually." Why annually? Why not periodically, as management determines necessary? Another example is the economic capital model requirement in Parameter M2E2-3-3. While this may be a best practice, why should it be required? How would this apply to a group with a non-insurance parent and an insurance subgroup or subgroups? Groups should not be required to apply the ORSA (Parameter M2E2-5-1) at the group level, but should be allowed to conduct it in the manner that management deems best - group-wide, on a subgroup basis or on a legal-entity basis, so long as all insurers within the group are covered by an ORSA.	
443	USA American Council of Life Insurers	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	Please see answer to question #4	
444	USA CNA	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	M2E2-1 Standard appears to imply that one of the primary functions of an insurers ERM Framework is to calculate its solvency requirement. In the U.S. we do not use an economic capital model/internal model to determine our solvency requirement. Most insurers use their ERM Framework as a means of managing risk and capital which is frequently multiples of the minimum regulatory capital requirement. M2E2-1-4 We question the need to have an IAIG's ERM Framework independently reviewed on an annual basis. We suggest having the framework reviewed every five years or after a	

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				material change in the group's risks management framework. M2E2-2-2 Parameter appears to require all outsourcing decisions be centralized which seems overly restrictive. We favor flexibility in how and where ERM decisions are made. M2E2-3-3 Why is the use of an economic capital model necessary for sound risk management? It is our opinion that ComFrame should not dictate tools management should use in the management of its business.	
445	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	- While element 2 on Group ERM comprehensively addresses ERM, it is too prescriptive and should be more principle-based. - M2E2-2: The IAIS should further clarify what is meant with the term "outlier" (i.e. "?describe any entity whose requirements or processes are deemed to be an outlier ?") - M2E2-2-2: The governance requirements for outsourcing are too prescriptive. - M2E2-3-1: The IAIS should give a definition of the risks listed under this parameter. In addition, there are concerns with using "pension obligation risk" within this list. This should be rather addressed through an IAIG's ORSA. Further, there are concerns that risks related to the systemic risk debate (e.g. group risks including contagion risks) are mixed up with solvency concerns. - M2E2-3-6: Stress tests are a useful instrument of an effective risk management process. Ad hoc and/or periodical stress tests should only be conducted after an assessment whether this information is already available at the group supervisor / within a college. All existing stress tests and scenario analysis exercises should be scrutinized to ensure that they reflect the relevant testing objectives. M2E2-5-1-1: To perform an ORSA on legal entity level or group-wide level is given as an option. For the purpose of ComFrame the IIF sees a group-wide ORSA as sufficient. Therefore, a legal entity level ORSA should not be requested under ComFrame.	
446	USA Liberty Mutual Group	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	ERM is not done at the legal entity level. It is generally done at the group-wide level. This Element should be revised to reflect this fact. M2E2-1-4-1 should specify that the review of the global insurer's ERM framework can be done by a global insurer's internal audit function. The comprehensive risk management policy called for in M2E2-2 should only be required at the group level, not for each legal entity. The term "asset liability management policy" used in M2E2-2-7 must be defined.	
447	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M2E2	Again, the level of prescription in Specifications is a problem. If this is a question of semantics, and detail in Specifications intended as illustration, wording should reflect this fact and imperatives should be worded otherwise. If not, we propose that as written, M2E2 does not	

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			(Enterprise Risk Management)	sufficiently recognize that each group will have its own system of Enterprise Risk Management designed for its particular business model and product offering and markets in which different products are offered. Enterprise risk management generally entails a range of qualitative guidelines and quantitative tools to manage and measure different risks under different scenarios and in different market environments. It cannot be effective if it is all about creating reports and templates. Enterprise risk management is a process as opposed to a "requirement" and must be flexible enough to respect the different business models (nature, complexity and scale) of the IAIG as a whole. Given the complexity and diversity of methods of managing insurance groups' risk and that this can vary from enterprise to enterprise and within a given enterprise from operation to operation (in consideration of different market risks) we would recommend that the focus of IAIG supervisors should be on group ORSA information provided by the group-wide supervisor, and information from the IAIG home and local jurisdictions' applicable capital adequacy and solvency assessment. This of course may be more appropriately written in to Module 3 (The Supervisors). Please also see our comments under Standard M2E1-8 -- Effective systems of Risk Management and Internal Controls above.	
448	USA NAIC	IAIS Member	Specific comment to M2E2 (Enterprise Risk Management)	M2E2-1: Is this standard covering only "solvency requirements" as the first sentence suggests, or is it broader? For example, parameter M2E2-1-1 states that the ERM framework covers capital management and economic capital, among other things. M2E2-1-1: It would appear reasonable to separately reflect "regulatory capital" as a bullet point. M2E2-2: It is not clear what is intended by the reference to "The IAIG will also describe any entity?deemed to be an outlier within the IAIG's risk management policy" (the form of the description or the scope). M2E2-2-2: This parameter seems to require a "centralized" approach to decision-making regarding outsourcing, as opposed to the requirement that an overall policy be established with regard to outsourcing. It's important we preserve the flexibility within ComFrame regarding ERM structures. M2E2-2-4: This parameter deals with intra-group transactions; there is a separate element dedicated solely to intra-group transactions under M2E5-1. We didn't see a need to repeat intra-group transactions under element two. M2E2-2-5: This parameter seems to better fit under ORSA (M2E2-5). We're not sure what	

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				relationship there would be between tolerance limits and regulatory capital requirements as reflected in this parameter. M2E2-2-8: This parameter deals with the requirement to have an investment policy; there is a separate element dedicated solely to investments under M2E6a-1. We didn't see a need to repeat investment policy under element two. M2E2-3: This standard seems to be generally covered under M2E2-1. The relevant parameters/specifications supporting this standard could be moved under M2E2-1. M2E2-3-2: This parameter deals with group strategy; there is a separate element dedicated solely to group strategy under E4-2. We didn't see a need to repeat group strategy under element two. M2E2-3-5: This parameter uses the term "rank and quantify risk". We are not clear what is contemplated by "rank", and isn't this sufficiently covered elsewhere (for example, M2E2-1)? M2E2-3-5-1: This specification refers to an IAIS establishing a process for assessing its reinsurance security; the related parameter refers to a ranking and quantification of risk. There are other references to the use of reinsurance under specifications M2E2-2-5-1 and M2E2-2-5-2. You may want to consider drafting a separate standard that deals with the use of reinsurance from a risk management standpoint and including all of the specifications referencing reinsurance under this standard. M2E2-4-1: This parameter, along with parameters M2E2-4-2 and M2E2-4-3, use the word "group-wide" after IAIG. It seems redundant; if not redundant, it's not consistent wording throughout the other elements. M2E2-4-3: This parameter should be reconciled to M2E2-1-6. They both deal with integrating ERM into operations. M2E2-5-4: The material risk categories listed under this parameter should be reconciled to the material risk categories listed under M2E2-3-1. M2E2-6: This parameter deals with the communication of the IAIG's risk appetite and risk tolerance. This seems to be related to the risk management function described under parameter M2-E2-4, and perhaps should be integrated into the standard as well as the parameters shown under M2-E2-4. M2E2-6-1: This parameter supports the communication of emerging risks within the IAIG. Perhaps it's implicit within other standards, but no mention is made of developing a sense of awareness for emerging risks within/among IAIGs (you must become aware of them before	

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				you can communicate them).	
449	USA Northwestern Mutual	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	Please see answer to #15. Specification M2E2-2-1-1 is unclear as to whether it is implying that a consolidation basis of ERM results in less strict risk management at the legal entity level than an aggregation approach. It is important that ComFrame not create implications which might serve to weaken the focus of local regulators on capital required to be maintained at the regulated legal entity. Parameter M2E2-2-2 is overly prescriptive in that it states that an IAIG "needs to centralise its outsourcing decisions". ComFrame and Module 2 in particular should not impose an additional level of requirements on IAIGs, which may present conflicts with the ICPs and underlying local regulations. Instead, where helpful to facilitate the efforts of supervisors to better coordinate their supervision of IAIGs, ComFrame may appropriately provide reference material on common practices of IAIGs. Specification M2E2-3-6-2 should not grant the group-wide supervisor authority to prescribe stress tests without at least coordinating with other involved supervisors. Standard M2E2-6 should qualify the reference to external communication of the IAIG's risk management information with appropriate confidentiality protection, given that a company's approach to risk management may be a competitive advantage that the company treats as confidential and proprietary.	
450	USA Prudential Financial, Inc.	IAIS Observer	Specific comment to M2E2 (Enterprise Risk Management)	As stated in a response to Question 4. ERM Programs and ComFrame: Prudential welcomes the enhanced focus on ERM frameworks in the current draft (Module 2 - Element 2) and believes it is a significant step forward. While the current draft notes that ERM frameworks are different for each IAIG, the various parameters and specifications in Module 2 - Element 2 appear to assume that IAIG's operate (or should operate) under a "one size fits all" or standardized ERM model. As we believe the IAIS understands, this is not the case. ERM programs are firm-specific, because risks vary from group to group. The ComFrame processes in Module 2 should allow for flexibility in ERM practices so that firms may appropriately manage their specific, diversified risks. One ERM regime should not be applied across all jurisdictions and across all IAIG's. A single ERM template or standardized requirements hold the high potential for supervisors and firms alike to miss unidentified or unexpected risks that may arise. ComFrame should, instead, look to ensure that IAIG's, in coordination with group and involved supervisors, have appropriate regimes in place that foster comprehensive ERM strategies to encourage the	

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				identification and management of material risks that face an IAIG. As ComFrame continues to evolve, the IAIS should use the coming year to increase institutional and supervisory understanding of the diverse ERM programs across IAIG's. To this end, Prudential encourages the IAIS and insurance supervisors to directly engage with industry practitioners (CRO's, CFO's etc) through distinct ERM specific seminars/meetings over the next 12-15 months. We believe this would be an important and practical complement the ongoing ComFrame dialogue process.	
Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)					
451	Belgium National Bank of Belgium	IAIS Member	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	-Specification M2E3-3-3-1: The assessment of the adequacy of the IAIG profile should also include the ability to conduct effective group-wide supervision.	
452	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	It is sufficient for the group supervisor to understand a company's legal and management structures. Specification M2E3-3-1-2 should be deleted as it is too prescriptive in assessing the management structure vis-à-vis the legal structure.	
453	Canada Canadian Institute of Actuaries	Other	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	M2E3-2-1-1: Intra-group guarantees should be explicitly listed as part of the IAIG Profile.	
454	Canada	IAIS	Specific	We believe it is sufficient for supervisors to understand a company's legal and management	

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	Canadian Life & Health Insurance Association Inc.	Observer	comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	structures. "Living will" provisions (e.g. contingency plans) should be deleted, since the circumstances surrounding their application are dynamic and unpredictable.	
455	Canada International Actuarial Association	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	M2E3-1-1: There are many reasons why a Group's structure becomes complex over time. The IAIG should have to communicate the structure so that the supervisor can understand it (M2E3-2-1 seems to make this requirement). However, supervisory intervention to mandate a change in structure on grounds of transparency should only occur, if at all, in exceptional circumstances. What is needed is to understand the risk management purpose and need for that specifically chosen corporate structure. What risk is being managed by the chosen structure? M2E3-2-1-1: Intra-group guarantees should be explicitly listed as part of the IAIG Profile	
456	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	M2E3-5-1: Suggest including the content of Standard M2E3-5 in Standard M2E2-5 to keep the ORSA content together.	
457	Chinese Taipei Financial Supervisory Commission	IAIS Member	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	Parameter M2E3-5-4 requires that the IAIGs pay special attention to intra-group transactions and how they behave in stress situations and how they can be resolved. We suggest that certain important items other than cash flow be listed on Specification so that it would be convenient for the IAIGs to check if their scenarios are appropriate.	
458	EU European Insurance and Occupational Pensions	IAIS Member	Specific comment to M2E3	M2E3 requirements (legal and management structure) to our understanding are more of a general governance nature than specific ERM for solvency purposes requirements.	

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	Authority (EIOPA)		(IAIG's legal and management structures from an ERM perspective)	Specification M2E3-3-3-1: The assessment of the adequacy of the IAIG profile should also include the ability to conduct effective group-wide supervision. Standard M2E3-5 on the group ORSA seems not to fit the rest of the requirement on group structure and strategy. To our understanding the ORSA belongs to the heart of risk management (M2E1)	
459	Europe Insurance Europe	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	- There is also far too much detail in this element. What is important is that a certain risk is appropriately dealt with/given adequate consideration. For example, we believe requirements on the legal structures of groups should not be stipulated (M2E3-3-1-2). Legal structures of groups are based on group strategy and national company law and other local issues i.e. whether a 1 or 2 tier board structure is applied. - M2E3-1 Insurance Europe agrees that an IAIG should maintain a group structure that is transparent, however it should be the role of the group supervisor, not all involved supervisors, to ensure they are comfortable/have a complete overview of the group's structure. In addition, the reference to supervision of the IAIG otherwise being hindered' should be deleted as this is an assessment for the group supervisor (and should therefore be addressed in module 3). Therefore, we suggest this standard should be redrafted with the last part deleted to read as follows "The IAIG maintains a transparent group structure", therefore deleting "(...)that is sufficiently transparent to the involved supervisors so that supervision of the IAIG will not be hindered". - M2E3-5-3 Insurance Europe is supportive of the overall principle of M2E3-5 that an IAIG should use appropriate scenarios to analyse whether it has the risk management capability and financial resources to continue to operate in periods of stress. However, the parameters here seem to go much further and demand much more of the IAIG. Therefore the parameters should be deleted. With respect to contingency plans or "procedures to be developed to deal with a going concern situation", Insurance Europe believes that contingency plans can be a useful tool as part of risk management to address and anticipate particular risks. . However, the prescriptive requirements as to what these plans should cover are excessive and go beyond what is necessary for a contingency plan. As a risk management tool for the IAIG, It should be up to an IAIG to determine the contents of the contingency plan as opposed to it being prescribed by its supervisor. ComFrame also requires the IAIG to maintain procedures for use in gone concern situations. These requirements contradict the final IAIS's Resolution in the introduction to the Working Draft. This notes that rather than requiring resolution plans, ComFrame should include an analysis of scenarios and the flexibility of IAIGs to reposition under stress. Insurance Europe considers this to mean "going concern analysis' and finds it hard to understand the difference between resolution plans and "procedures to be used in gone concern situations'. Therefore, the reference to gone concern should be deleted from ComFrame. The topic of resolution plans should be exclusively addressed in the discussions relating to systemically important financial institutions. Differences in the business models between insurers and banks and the resulting impact this has on their resolvability obviates the need for such plans or procedures to be drawn up in advance. Provided a suitable ladder	

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				of intervention is observed, time will be available in the event of financial distress of an insurer for a plan to be developed and tailored to the event in question during the early stage of intervention. This will not only be more efficient in terms of supervisors/ the IAIGs resources but it should ensure that the plan is appropriately designed to deal with the situation in question.	
460	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	Parameter M2E3-3-1: Please delete. Standard M2E3-5: Consider moving as text does not seem to fit to this element.	
461	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	M2E3-5-3: IAIGs are required to maintain contingency plans and procedures for use in going and gone concern situations. Particularly as regards contingency plans in gone concern situations, we urge the IAIS to reflect the different business models of insurers and banks. In addition, ComFrame should consider the G-SII process which clearly mentions that systemic risks are not only linked to size while the criteria to identify an IAIG are clearly linked to size. Double counting of risks and different processes to identify and operate systemic risks should be avoided. M2E3-6: We support that protection schemes should be in place. However, protection schemes constitute a more general instrument which should not only be binding for IAIGs. As the Market Conduct Subcommittee of the IAIS is currently developing an Issues Paper on policyholder protection it should consider existing systems and their effectiveness.	
462	Japan Financial Services Agency	IAIS Member	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	M2E3-3 This and related Parameter/Specifications are already captured by M2E1 and M2E2 and therefore should be deleted. M2E3-4 This and related Parameter/Specification are requirements regarding supervisory reporting and therefore should be combined with M2E9. M2E3-5	

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				This and related Parameters/Specifications are closely relevant to ERM and ORSA provided by M2E2. Therefore, this should be combined with M2E2. M2E3-6 This and related Parameter are already captured by M3E5-4 and thus should be deleted.	
463	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	- Care should be given to ensure that the submission of the IAIG Profile does not become an overly burdensome exercise (where the burden outweighs any actual merit). - When supervisors require an IAIG to keep its group structure transparent, they should avoid negatively affecting the efficiency of its operations through excessive intervention. - It is inappropriate to require IAIGs to develop plans for use in gone concern situations (M2E3-5-3), as such a requirement should be an issue only for Global Systemically Important Financial Institutions (G-SIFIs).	
464	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	In setting out additional requirements beyond the current ICP 16, we see a need to describe conditions that necessitate the application of additional requirements.	
465	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	M2E3-2-1-1 The bullet points are somewhat unclear: - 4th bullet point: details of the shareholding structure including internal and external controllers (in terms of shareholders or other individuals and corporate exercising control) - 7th bullet point: Materiality of entities or business units within the structure We recommend to better define the term "materiality". (E.g. in terms of equity, net asset value, total assets, premium volume, etc.) M2E3-3-1-2 In the first paragraph it is explained that risks may arise out of centralizing. In addition it should also be mentioned that there might also be risks out of decentralizing. Paragraph three is unclear and should be reworded. M2E3-4-1 Material changes in structure should be reported by the IAIG. The specifications further define	

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				materiality, however, they lack some of the key review criteria as for example: - Level of the entity in the hierarchical structure - Materiality in terms of Net Asset Value, Equity, Contribution to Solvency etc. M2E3-5 Reference is made to group ORSA and that as part of ORSA scenarios for stress testing should be used. This comment is redundant compared to "Parameter M2E2-3-6 The IAIG's risk identification and measurement includes stress (and reverse stress) testing and scenario analysis using scenarios identified by the IAIG." M2E3-5-4-1 The specifications cover intra-group transactions (IGT), however, it is not distinguished among risk transfer and capital transfer instruments. In addition there is no mention of the types of IGT such as guarantees which do not always trigger immediate cash flows. M2E3-5-5-1 The topics of business continuity management and impacts through indirect market events should not be commingled in one paragraph. We propose to delete the "indirect market events" part. M2E3-6 Policyholder protection schemes do not have a direct link to the structure and strategy of an IAIG. Therefore, we suggest to move the whole topic of policyholder protection schemes into a separate Element of the ComFrame Paper e.g. in the financial condition sections	
466	UK Association of British Insurers	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	M2E3-1 : It is not necessary that an IAIG should maintain a structure that is transparent to involved supervisors. It is sufficient for involved supervisors to have a clear understanding of the status of the legal entities that they are responsible for and their relation to the group - but not necessarily to understand the structure of the entire group. For instance, non-insurance sectoral supervisors of a subsidiary outside the home jurisdiction may not be well placed to understand the overall structure of an IAIG and it is not necessary that they do so. A group-wide view of the IAIG is necessary only for the group-supervisor. M2E3-5-3 : It is not apparent how "Procedures to be used in gone concern situations" differ in practice from a resolution plan, which it is specifically noted in the introduction that the IAIS do not believe should be required of IAIGs. This reference should therefore be deleted.	
467	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	Initially, it appears that this would sit better before elements 1 and 2, as it feeds into them, and then it is noted that the Introductory Commentary states that it is only looking at the IAIG's legal and management structures from an ERM perspective. This is not really reflected in the standards as given. It is difficult to see the purpose of elements 3,4 and 5 as they provide very little additional information. Moreover, not only do the parameters often only repeat what is in the standard, they also repeat what is covered in elements 1 and 2.	

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				Perhaps the answer is to amalgamate the current elements 3/4/5 into a new element 1 (thereby rendering governance as a new E2, and ERM as a new E3) emphasise some of the key points, all under the heading of Group Structure and Strategy, and calling it the IAIG's legal and management structures. This would also introduce the concept of an 'IAIG Profile' in the right place (currently initially referred to under element 2, ERM). Then delete M2E3-1-1, M2E3-3-3-1 Paraphrase M2E3-3-1-1 and turn it into the new parameter. The second para in M2E3-3-1-2 seems unnecessary: similar sentiments are not expressed elsewhere, for example when looking at consolidated versus aggregated solvency. M2E3-5 muddles up recovery and resolution plans (normally as the result of financial stresses or desire to minimise impact on wider financial systems/the economy) and business continuity plans (to be put into effect in case of physical disasters). Both are important but the sections need to be clearer, particularly to distinguish group structure and strategy issues from the ORSA exercise and formal resolution covered in M3E6 (as well as currently being repeated in M2E5). It is also crucial to use common terminology throughout the document to distinguish the varying levels of activity M2E3-6 - there is no need to have a parameter if it only repeats the standard. The commentary here seems irrelevant. How much consideration should be paid to other non-insurance entities whose risk management it is also very import to get right?	
468	United States of America American Academy of Actuaries	Other	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	p62, M2E3-1-1: There are many reasons why a Group's structure becomes complex over time. The IAIG should have to communicate the structure so that the supervisor can understand it (M2E3-2-1 seems to make this requirement). However, supervisory intervention to mandate a change in structure on grounds of transparency should only occur, if at all, in exceptional circumstances. p 68, M2E2-6-1: "The IAIG's culture supports the open communication of emerging risks that may be significant to the IAIG and its members." How will supervisors assess "culture"?	
469	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M2E3 (IAIG's legal and	While transparency of group structure is important, group structure should be determined by management and the board of directors, and not depend upon whether all supervisors understand it. The group should certainly explain its structure to its supervisors, but the decisions as to how to structure the group must remain with management.	

	Juris/Org	Status	Question	Comments	Resolution of comments
			management structures from an ERM perspective)	The IAIG Profile referred to in Standard M2E3-2 should not be a prescribed template, but should provide guidance to supervisors about the types of structural issues that they need to understand. For U.S. groups, the NAIC Annual Statement Schedule Y, which requires groups to diagram their corporate structure, should satisfy most if not all of this need.	
470	USA American Council of Life Insurers	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	Please see answer to question #5	
471	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	- It would be useful to include a statement that an IAIG is not by definition "complex". Complexity should be clearly distinguished from size and global activity when assessing whether an insurer is an IAIG or not. Complexity is typically used as a criterion to identify potentially systemic important institutions and does not, in itself, mark out an insurance group as internationally active. - M2E3-2-1: Clarification about the IAIG profile is necessary - does the IAIG have to file/provide the Profile with the Group Supervisor? What is the updating cycle, annually, biennially or some other period? If the Profile is to be filed with the Group Supervisor then the IIF recommends that equivalent reports, as they exist in various jurisdictions, should be accepted as ComFrame reports. - M2E3-3-1-2: A mapping of an IAIG management structure to its legal structure is not seen as appropriate in an international supervisory context. - M2E3-5-3: Some specifications to this parameter seem to be inappropriate due to its level of detail regarding an IAIG's contingency plans and procedures for use in going and gone concern situations. The differences in business models of insurers and banks should be carefully considered in such requirements. M2E3-6: Protection schemes are an important mechanism and should not only be binding for IAIGs. Therefore, they should not be included in ComFrame	
472	USA Liberty Mutual Group	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	The responsibility to determine a group's structure is within the purview of a group's board and management, not its supervisors. While it is important that supervisors fully understand a group's structure, that objective can be achieved most effectively through dialogue with management.	

	Juris/Org	Status	Question	Comments	Resolution of comments
			perspective)		
473	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	Parameter M2E3-1-1 This parameter specifies that an IAIG should maintain a "transparent" structure. The IAIG should maintain a group structure that is appropriate for oversight and control of its operations not necessarily one that is transparent in the view of supervisors, who may have different views as to what a transparent structure should look like. Also, the term "transparent" in this context is ambiguous. Instead, the IAIG may direct applicable supervisors to individuals within the IAIG designated to liaise with applicable supervisors to assist in group-wide supervision and aid supervisors in understanding the IAIG's structure, if necessary. ComFrame Standard M2E3-2 Insurance groups in US jurisdictions are required to provide substantial disclosure regarding their holding company structure and certain key governance issues. The same may be true for other jurisdictions. In many cases these IAIGs must obtain approval for the changes. Insurance groups that are subject to securities reporting requirements in the US are required to provide substantial disclosures regarding structure and governance. If this standard is to be considered an additional requirement it would impose additional regulatory burdens on highly regulated entities currently subject to extensive disclosure requirements. This concern is activated by a number of the ComFrame provisions including Parameter M2E3-4-1, Standard M2E9-3. As stated elsewhere in these comments (see for example M2E9-5-1 below), ComFrame should rely on existing reporting structures to avoid unnecessary duplication and re-creation of reporting structures. Parameter M2E3-3-1 This provision addresses the IAIG's evaluation of its risks. The term "stand-alone basis" is ambiguous. To what does it refer? Specification M2E3-4-1-1 This specification sets general reporting thresholds for IAIGs. Quantitative standards must balance the necessity of oversight vs. requiring burdensome over reporting. Qualitative standards without a fair degree of specificity and/or examples could lead to inconsistent reporting, over-reporting, and burdensome reporting requirements. Standard M2E-3-6 This standard requires the IAIG to be aware of "policyholder protection schemes." What would ComFrame expect the IAIG to do with this information?	

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474	USA Northwestern Mutual	IAIS Observer	Specific comment to M2E3 (IAIG's legal and management structures from an ERM perspective)	Please see answer to #15. Parameter M2E3-5-3 and related Specifications require an IAIG to maintain "going and gone concern" contingency plans and procedures. Status as an IAIG is not, of itself, an appropriate basis for requiring such plans and procedures and such work completed in the abstract may prove to be of little value in the event of an actual crisis. ComFrame should instead focus on developing the connections between involved supervisors of an IAIG pre-crisis so that they are prepared to work together in the event of an actual crisis.	
Specific comment to M2E4 (IAIG's strategy from an ERM perspective)					
475	Belgium National Bank of Belgium	IAIS Member	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	-Parameter M2E4-1-1: The IAIG strategy explanation should also include the financing strategy with details on funding strategy, capital management, liquidity management and related risks.	
476	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	These provisions are too prescriptive and might interfere with what companies are currently doing. As previously stated, ComFrame needs to take into consideration that insurance groups may employ different approaches to ERM that is appropriate to the nature, scale and complexity of the group. ERM is a function of how a group manages its risk and capital across the group and is the differentiating factor of how the group manages itself from another group. ERM continues to evolve as a practice and principles rather than prescription can recognize that evolution to the benefit of the IAIS goals. Again, ABIR supports a set of ERM principles and not a set of prescriptive requirements.	
477	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	No comment at this time.	
478	Canada International Actuarial Association	IAIS Observer	Specific comment to M2E4 (IAIG's strategy from	M2E4-3: "The IAIG notifies the group-wide supervisor of material changes to its strategy, business model and activities, and those of its material entities." This increased attention and reporting needs to be managed so that it yields more efficient and more effective regulation. We believe that, politically, the public needs to be able to see these enhanced regulatory objectives do not just result in a need to hire even more regulators while keeping the entire old	

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			an ERM perspective)	infrastructure. M2E4-3-1-1: 'Materiality for reporting purposes may be set qualitatively in terms of: 1) impact on risk management in terms of ease of identifying and monitoring 2) impact on reinsurance capacity. 3) reporting of risks as well as ability to manage the risks.' It is not clear what the last bullet refers to. Whose capacity is it?	
479	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	M2E4-2-1: Suggest removing ORSA reference so parameter reads "The IAIG identifies and considers risks arising from its strategy."	
480	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	Parameter M2E4-1-1: The IAIG strategy explanation should also include the financing strategy with details on funding strategy, capital management, liquidity management and related risks.	
481	Europe Insurance Europe	IAIS Observer	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	- M2E4-3 The group-wide supervisor should be kept informed by an IAIG about material changes to its strategy and important developments in the relevant markets. However, Insurance Europe questions the extent to which quantitative reporting is necessary. In this regard, a continuous qualitative exchange of relevant information with a clear focus on materiality should be relied on instead.	
482	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	M2E4-3: It is absolutely supported to inform the group-wide supervisor about strategy and important developments in the relevant markets. However, it should be reconsidered to what extent explicit quantitative reporting is necessary. We believe that the introduction of a continuous qualitative exchange of relevant information with a clear focus on materiality would be more appropriate.	
483	Japan Financial Services Agency	IAIS Member	Specific comment to M2E4	M2E4-1 This and related Parameter/Specification should be combined with M2E1 which addresses	

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			(IAIG's strategy from an ERM perspective)	IAIG's strategy. M2E4-2 This and related Parameter/Specification should be combined with M2E1 or M2E2 which addresses risk management. M2E4-3 This and related Parameter/Specification are about supervisory reporting and therefore should be moved to M2E9.	
484	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	General Comment M2E4 We think that the part of the 2012 ComFrame Draft relating to the risk assessment regarding Strategy is not comprehensive enough. We believe that it is important to assess a number of key documents of groups in order to form an adequate view. As a result the specifications lack to outline the key elements which are required to be able to understand and judge a group's strategy from a risk management perspective, such as: - Key documents: Group financial targets for the main entities and the contributions of the main segments (life, non-life) to these targets, business plan, capital plan, M&A strategy - Gap analysis comparing the strategy and its implementation - Measures to be taken in the short-, medium and long-term ranges M2E4-1-1 The fifth bullet point "likely changes in market share" should be deleted as it is unlikely that the market share is known in detail. M2E4-1-1-1 The specifications miss to outline the key elements which are required to be able to understand and judge a group's strategy, such as: - Key documents: Group financial targets for the main entities and the contributions of the main segments (life, non-life) to these targets, business plan, capital plan, M&A strategy - Gap analysis comparing the implementation with the strategy - Measures to be taken in the short-, medium- and long-term ranges M2E4-3-1-1 The specifications define materiality for reporting, however, they lack some of the key review criteria as for example on the quantitative side: - Materiality in terms of importance of the entity in the hierarchical structure - Materiality in terms of Net Asset Value, Equity, Contribution to Solvency etc. With regards to the qualitative side, the second (impact on reinsurance capacity) and third bullet point (impact on percentage of required capital) listed should be moved to the list of the quantitative bullets.	

	Juris/Org	Status	Question	Comments	Resolution of comments
485	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M2E4 (IAIG?s strategy from an ERM perspective)	See 18 above. M2E4-2 belongs under ERM. M2E4-3, and M2E3-5-1, are both about reporting material facts to the supervisor (whether it be changes in strategy or undertaking major transactions - although such issues as M&A, disposals seem to be missing here) and should be merged. Current specifications seem a bit prescriptive.	
486	United States of America American Academy of Actuaries	Other	Specific comment to M2E4 (IAIG?s strategy from an ERM perspective)	p77, M2E4-3: "The IAIG notifies the group-wide supervisor of material changes to its strategy, business model and activities, and those of its material entities." This is an expansion of what has been normal regulatory oversight. Do supervisors have the resources to manage this?	
487	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M2E4 (IAIG?s strategy from an ERM perspective)	It is possible that, if the IAIG's insurance operations are carried out by separate subgroups, there will be no overall IAIG strategy as it pertains to its insurance operations. In any discussion of group strategy with supervisors, the confidentiality of this highly-proprietary information must be protected. In particular, supervisors must not share any of this information with competitors, either directly or indirectly.	
488	USA American Council of Life Insurers	IAIS Observer	Specific comment to M2E4 (IAIG?s strategy from an ERM perspective)	Please see answer to question #5	
489	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M2E4 (IAIG?s strategy from an ERM perspective)	- This element could be integrated in other existing elements. M2E4-3: IIF members absolutely agree to inform the group-wide supervisor about the group's strategy and important developments in the relevant markets. However, it should be discussed to what extent explicit quantitative reporting is necessary. It should be rather ensured that a regular qualitative exchange of relevant information with a clear focus on materiality takes place.	
490	USA	IAIS	Specific	A global insurer's strategy is highly confidential. Potential concerns regarding the ability of	

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	Liberty Mutual Group	Observer	comment to M2E4 (IAIG's strategy from an ERM perspective)	supervisors to protect strategic information must be fully resolved.	
491	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	While the supervisory college has a right to be advised and take strategy and management of risks that strategy entails into consideration, business strategy is not a regulatory but a business function key to innovation, business development and growth. Group strategy should not be subject to supervisory restraint provided that all other qualitative and quantitative reports are in place and satisfactory. Please also see our comment at Standard M3E1-1.	
492	USA Northwestern Mutual	IAIS Observer	Specific comment to M2E4 (IAIG's strategy from an ERM perspective)	Please see answer to #15.	
Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)					
493	Belgium National Bank of Belgium	IAIS Member	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	-Specification M2E5-1-3-1: Material intra-group transactions and exposures likely will include intra-group securities lending, repo and reverse repo transactions, and other related transactions which are used in the context of liquidity transformation.	
494	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures)	It is sufficient for supervisors to understand these transactions and exposures, as opposed to subjecting them to supervisory approval.	

	Juris/Org	Status	Question	Comments	Resolution of comments
			from an ERM perspective)		
495	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	Although it is reasonable for the applicable two host supervisors to approve (does IAIS mean "pre-approve") material transactions, the supervisory college should set guidelines for what is considered to be "material" with due regard to identifying in what context materiality is important and to recognizing that different transactions have different materiality criteria.	
496	Canada International Actuarial Association	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	M2E5-1-1-1: Is a 'not' missing? M2E5-1-3-1: See comment to M2E4-3-1-1	
497	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	M2E5-1-1-1: This is difficult to understand, needs clarification.	
498	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	M2E5-1-3: Approach to 'materiality' should be defined and aligned. Currently it differs - see e.g. M2E2-1, or M2E3-4. Specification M2E5-1-3-1: Material intra-group transactions and exposures likely will include intra-group securities lending, repo and reverse repo transactions, and other related transactions which are used in the context of liquidity transformation.	

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499	Europe Insurance Europe	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	- M2E5-1-1/M2E5-1-2 Insurance Europe welcomes the fact that host supervisor's prior approval of intra-group transactions (IGTs) is no longer explicitly required. However, the statement that intra-group transactions may be subject to approval is ambiguous and unnecessary and therefore should be deleted. The focus should instead be on informing the group-supervisor of material IGTs. - M2E5-1-3-1 This specification contains a detailed definition of materiality for reporting purposes. If an informative communications process is in place a detailed definition of materiality seems unnecessary. There is also the risk that the definition of materiality might differ to that currently used in other regimes, for example in Solvency II IGTs is classified as follows: IGTs, significant IGTs and very significant IGTs. Otherwise, IAIGs might find themselves needing to dual classify certain transactions to comply with two different reporting regimes. We therefore suggest this specification is deleted.	
500	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	Specification M2E5-1-1-1: Sentence not clear. Group requirements should not replace requirements on solo entity level, but should be consistent. Specification M2E5-1-1-1: The listed requirements should not entirely replace national reporting requirements. The specification sounds as if requirements set by the host supervisor could be replaced by ComFrame. Specification M2E5-1-3-1: Please revise as follows "Material intra-group transactions and exposures could include:" as the items should serve as an example. Parameter M2E5-1-3: If materiality will be defined from an IAIG perspective, the materiality threshold will be very high and the majority of the IGT will not be disallowed. Specification M2E5-1-3-1: Who will set the materiality for reporting/disclosure duties?	
501	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	M2E5-1-1/M2E5-1-2: We welcome that intra-group transactions should not be subject to mandatory approval by host supervisors as envisaged in the IAIS' concept paper. However, it needs to be ensured that all business decisions (including intra-group transactions) rest with the responsibility of the relevant company and the process of such decisions is transparent; there is no need for even a discretionary pre-approval requirement. Of course, information and explanation should be provided to the group-wide supervisor and in specific cases also to host supervisors. A definition of materiality and corresponding reporting requirements are obsolete in case there is an informative communication process in place.	
502	International European Commission	IAIS Member	Specific comment to M2E5 (Intra-group transactions and exposures)	M2E5-1-3: this parameter includes a definition of 'materiality'. However, the term 'material' is used on several occasions before (e.g. M2E2-1, or M2E3-4). We would suggest aligning this.	

	Juris/Org	Status	Question	Comments	Resolution of comments
			from an ERM perspective)		
503	Japan Financial Services Agency	IAIS Member	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	M2E5-1 The 1st sentence is relevant to risk management and thus it and related Parameters/Specifications should be moved to M2E1. The 2nd sentence is about supervisory reporting and therefore the sentence and related Parameters/Specifications should be combined with M2E9.	
504	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	What is important is that intra-group transactions are properly tracked, monitored and managed, and not that they are subjected to prior-approvals per se. The flexible and strategic use (and therefore value) of intra-group transactions should not be hindered by a prior-approval system. However "material" is defined in the end, prior-approval based transactions should be the exception rather than the rule.	
505	Joint initiative CRO Forum / CRO Council	Other	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	Intra-group transactions should not be subject to approval but the group supervisor and host supervisors should be informed.	
506	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	M2E5-1-3-1 The specifications list a set of quantitative terms for assessing materiality for reporting purposes. We suggest to delete bullet points two (percentage of gross premium) and three (percentage of market share) and replace them by Equity, Net Asset Value and Solvency contribution.	

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507	UK Association of British Insurers	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	M2E5-1-3-1 : It should be clarified that this detailed definition of materiality is illustrative only, and that other definitions of materiality already implemented in national regimes can be used to comply with this standard.	
508	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	See 18 and 19 above. M2E5-1-1-1 makes no sense. Should it be "may" rather than "applies"? M2E5-1-3 Could reinforce this by adding something along the lines of "IAIGs should consider the incentives created by intra group transactions and, in particular, the potential for excessive risk taking."	
509	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	The supervisory approval of material intra-group transactions (parameter M2E5-1-1) is provided for in jurisdictional insurance holding company law (at least in the U.S.), and should not be further regulated in ComFrame.	
510	USA American Council of Life Insurers	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	Please see answer to question #5	
511	USA CNA	IAIS Observer	Specific comment to	Specification M2E5-1-1-1 Does this mean that an IAIG would work through the Group Supervisor for approval of all affiliated transactions even if they are not the involved supervisor	

	Juris/Org	Status	Question	Comments	Resolution of comments
			M2E5 (Intra-group transactions and exposures from an ERM perspective)	of the impacted legal entities? Guidance seems unclear and should be clarified.	
512	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	M2E5-1-1/2: The IIF welcomes the fact that the language regarding intra-group transactions has become less binding. ComFrame however still suggests that material intra-group transactions may be subject to prior approval of the host supervisor. Prior approval of intra-group transactions is not an appropriate measure as the existing information exchange between the IAIG and its group supervisors should be sufficient.	
513	USA Liberty Mutual Group	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	Intra-group transactions impact the legal entities that are parties to the transactions. There is no need for a group-wide analysis, as required by M2E5-1-2. The definition of "material" in M2E5-1-3 is qualitative. The definition should also contain quantitative standards.	
514	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	Standard M2E5-1 In the US (as no doubt in other jurisdictions) insurance groups are subject to multiple and broad-based reporting requirements. Therefore, we would suggest that definitions of materiality and notification and approval requirements be consistent with existing laws governing intra-group transactions, (state Holding Company Registration Acts in the US for example) and that reporting under these laws be deemed sufficient for ComFrame purposes. This will avoid unnecessary duplicate filings that could be complicated by conflict with existing requirements and timing of filings. Parameter M2E5-1-1: As stated above, ComFrame should rely on existing definitions of materiality and on existing notice and approval requirements. In the interests of consistency, ComFrame should not require additional approvals or different criteria for reporting than that currently required under existing laws. Specification M2E5-1-1-1:	

	Juris/Org	Status	Question	Comments	Resolution of comments
				There appears to be a word missing and it is difficult to determine whether the specification proposes the group reporting requirement replace or not replace requirements set by host supervisors at legal entity level. In all events, we would propose that in an effort to streamline reporting, improve consistency, and avoid unnecessary duplicate reporting of different aspects of the same transaction, where the group level reporting requirements are substantially the same or greater than that required at local legal entity level in the host jurisdiction, group level reports should suffice for all IAIG supervisors. Specification M2E5-1-2-1: This specification refers to a "group-wide intra-group transactions policy". What would such a policy need to cover? What would be considered an appropriate tracking mechanism? Parameter M2E5-1-3 Please see comments at Standard M2E5-1 above	
515	USA NAIC	IAIS Member	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	M2E5 - General: It is not entirely clear what is meant by intra-group transactions. Are these intra-group transactions (which are subject to M2E5) between subsidiaries of the IAIG, or are they between the IAIG and one of the subsidiaries, or is it something different? If the transaction has already been reported to the host or home supervisor pursuant to supervisory requirements in a particular jurisdiction, are they still reportable to the group-wide supervisor (M2E5-1)? M2E5-1-1: We are not entirely clear on the meaning of this parameter. The first sentence refers to material intra-group transactions being subject to approval by host supervisors. The second sentence refers to what needs to be considered by the IAIG when reporting to the group-wide supervisor. Are these potentially the same intra-group transactions? If so, will the same intra-group transactions be potentially reported to the host supervisor and the group-wide supervisor? M2E5-1-3-1: Consideration should be given to what is currently under M2E2-2-4 and M2E2-2-4-1 (qualitative restrictions).	
516	USA Northwestern Mutual	IAIS Observer	Specific comment to M2E5 (Intra-group transactions and exposures from an ERM perspective)	Please see answer to #15.	
Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)					

	Juris/Org	Status	Question	Comments	Resolution of comments
517	Belgium National Bank of Belgium	IAIS Member	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	-Parameter M2E6a5-1: It should be specified that any IAIG investments including those in collective investment funds should be managed according to the "look through" principle, as required under ICP 15. -Parameter M2E6a5-2: It should be specified that investments in structured investment products should be based on own due diligence of the underlying risks including credit and market risks, next to the use of other analyses such as assessments from credit rating agencies.	
518	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	The requirement to maintain a group-wide underwriting policy should be deleted. Groups themselves do not underwrite, and underwriting policies different significantly among business units. It should be sufficient that supervisors verify that underwriting policies as established by management are in place.	
519	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	Standard M2E6b-1: The requirement to maintain a group-wide underwriting policy should be deleted. Groups themselves do not underwrite, and underwriting policies differ significantly among business units. It should be sufficient that supervisors verify that underwriting policies within the respective business lines are maintained. E6a-2-4: The minimum liquidity requirements need to be principles-based as the ability to redeem policies among different territories may vary sufficiently enough to make quantitative requirements largely ineffective. E6a-3-1-1: We question whether the inclusion of this element is overly prescriptive and goes beyond the original intent of ComFrame, which was to address supervisory gaps for IAIGs. E6b-1 to E6b-3: Although we agree it is reasonable to have group wide claims and reinsurance policies, we do not agree with the appropriateness of a group wide underwriting policy since underwriting policies are unique by territory. E6b-4: No comment at this time. E6-5: No comment at this time. E6-6: Actuarial - The "further examples of activities and issues that could be carried out by the actuarial function" is very extensive, so supervisory colleges should have some degree of consistency among IAIGs as to what is expected and to not unduly burden IAIGs compared to non-IAIGs.	

	Juris/Org	Status	Question	Comments	Resolution of comments
520	Canada International Actuarial Association	IAIS Observer	Specific comment to M2E6 (Liabilities/technical provisions and assets/investments)	M2E6a-2-2: 'The IAIG's investment policy respects supervisory requirements on investing in low-quality assets. The IAIG does not distribute such assets around the IAIG to avoid local investment restrictions.' If each entity respects the legal requirements, how does this distribution arise? M2E6b-4: "the IAIG maintains a ? policy which is consistent with the requirements of Element 7." This statement seems paradoxical here, since it precedes element 7. Can this be moved into element 7 and elaborated there? M2E6b-4-1 second bullet: The term "MOCE" (Margin Over Current Estimate) is not used in the IFRS Insurance Contracts Project. The similar concept used in IFRS is "Risk Adjustment". M2E6b-5 "the IAIG maintains a group-wide asset liability management policy." This was addressed in an earlier element (M2E6a-1) and does need to be repeated here. Also, as is true of other requirements, a group-wide policy might not make sense given differences in regulation, policies and investments in different jurisdictions. M2E6b-6-3, second bullet: "calculation of reinsurance recoverable assets?" Shouldn't other counterparty obligations (e.g., a CDS) be quantified also? M2E6b-6-3-2: The actuarial function should carry out these activities consistent with the nature and complexity of the IAIG. ALM should be added to the list. M2E6b-6-4 first bullet: "the reliability ... of the technical reserves". If "reliability" refers to re-establishing the accuracy of local statutory accounting liabilities, this would not be a worthy use of actuarial talent at the IAIG level. As an example: While a London-based actuary may not be fluent with the requirements of Korean provisions, the London actuary does need to understand the impact of various risks on the Korean provisions. But, more importantly here is the issue of the value (and appropriate expectations) of a group-wide actuarial function to provide an opinion on the technical provisions of the IAIG. And, even further, to provide for an opinion from the group-wide actuarial function on the future financial condition of the IAIG which may include non-insurance entities and non-regulated entities. We think thoughtful, further, work on this topic will be a way to supplement and/or support the need for increased regulatory understanding and oversight of complex organizational and insurance risk operations. The IAA would be very supportive of collaborating further on this subject. In some jurisdictions, some risks may not be covered by the actuarial opinion, such as underwriting risks.	
521	EU	IAIS	Specific	As a general comment, EIOPA notes some considerations on Valuation and role of actuarial	

	Juris/Org	Status	Question	Comments	Resolution of comments
	European Insurance and Occupational Pensions Authority (EIOPA)	Member	comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	function overlapping with those already in Elements M2E7 and M2E1. While indeed these considerations may, to some extent, complement those already in M2E7 and M2E1, EIOPA would suggest considering including them respectively in M2E7 and M2E1, for better consistency and understanding of ComFrame. Standard M2E6b-4 ("The IAIG maintains a group-wide insurance liability valuation policy which is consistent with the requirements of Element 7") is redundant with what is covered under M2E7 ("Valuation"), and thus, should be deleted or moved to M2E7. Requirements on investment policy (M2E6a1 - M2E6a-6) in our understanding fall under the remit of risk management (M2E1); the same applies for underwriting policy (M2E6b-1/2), reinsurance strategy (M2E6b-3) and ALM policy (M2E6b-5). Parameter M2E6a5-1: It should be specified that any IAIG investments including those in collective investment funds should be managed according to the 'look through' principle, as required under ICP 15. Parameter M2E6a5-2: It should be specified that investments in structured investment products should be based on own due diligence of the underlying risks including credit and market risks, next to the use of other analyses such as assessments from credit rating agencies.	
522	Europe Insurance Europe	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	- The requirements in this element are much too prescriptive and detailed and therefore in many cases should be deleted. The focus should remain on ensuring the right risks are covered through setting high level principles, however, it should not be specified exactly how a risk is dealt with. If too much detail is included on the exact activities carried out by a function, as is the case with these parameters and specifications currently drafted, there is a high risk that ComFrame requirements will conflict with local requirements already in place which already adequately achieve the same outcome. To illustrate this there are the following examples of some of the areas where we believe too much detail has been included, however there are others and this list should not be viewed as comprehensive: - o M2E6a-2, M2E6a-3 and M2E6a-4 relating to an IAIG's investment policy. Undertakings should be responsible for adopting asset and liability management strategies that best fit their company and report to their supervisor on their investments as part of their standard supervisory reporting. - o M2E6b-1 IAIG's group-wide underwriting policy. Not only does the level of prescription increase the risk of conflicts with local requirements already in place, but a number of the requirements specified are already covered in an IAIG's ORSA as they are not specific to underwriting i.e. willingness to bear risk; risk appetite and tolerance; risk monitoring process; interaction between policy and strategy and connectivity with prices and premiums, therefore inclusion in the underwriting policy is both duplicative and unnecessary. M2E6b-2 Too much detail is provided on what should be included in an IAIG's group wide claims management policy M2E6b6 List of activities the IAIG's group-wide actuarial function is expected to carry out is not only excessive and unnecessary but runs the risk of conflicting	

	Juris/Org	Status	Question	Comments	Resolution of comments
				with current practice whilst making little difference to the outcome of the risk assessment.	
523	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	Parameter M2E6a-1-2: The parameter delays with legal requirements but the standard refers to the IAIG. What does "the objectives of those requirements are explicit" mean? legal requirements normally do not target the aims. Parameter M2E6a-2-2: The control of this requirement seems to be difficult as the group-wide supervisor might not know the common supervisory regulation in all involved jurisdictions. Parameter M2E6a-2-2: Second sentence not clear. Standard M2E6a-5: The sentence is not clear. Does "on a local basis" refer to the "supervisors"? Standard M2E6b-2: There is a general question if a group-wide "claims management policy" is needed. Please delete this requirement as it is sufficient if each single (relevant) entity has a policy in place. Parameter M2E6b-3-1: Second bullet point not clear.	
524	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	M2E6a-2-4: Both clear investment policies and measures to ensure that a company is able to provide the liquidity to pay its obligations is important for any insurance company. ComFrame requires that "sufficient assets are held in the appropriate location". We understand that the appropriate location can be determined by the investment policy of the group (e.g. the inadmissibility of location rules in the EEA must be respected).	
525	Japan Financial Services Agency	IAIS Member	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	M2E6b-6-4 M2E6b-6-4 stipulates that "the group-wide actuarial function provides an annual actuarial opinion to the Governing body of the IAIG," but it is not clear, for example, what kind of opinion it should provide and for what purpose it should provide one. This matter should be considered further from the perspective, for example, of whether the IAIG should be required to have the group-wide actuarial function or not and, if it should, what kind of roles the group-wide actuarial function should play.	
526	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	- Qualitative requirements under an international supervisory framework like ComFrame should contain its focus on governance, ERM and internal controls. It need not address activity/transaction regulations or departmental duties and authorities. It is imperative this distinction is made. Items taken up here such as investment, underwriting, claims-management, reinsurance, and insurance liability valuation all fall under items that are best/commonly taken care of under local operational/departmental terms of reference and/or internal allocation of duties and authority. ComFrame is not the place to address such issues. - For instance, the current draft will not work in the following cases:	

	Juris/Org	Status	Question	Comments	Resolution of comments
				> As underwriting policies need to be consistent with each jurisdiction's legislation and the nature of each entity's businesses, it is impractical to set a group-level underwriting policy that goes into detailed day-to-day and risk-by-risk underwriting procedures, etc. The role of oversight and control at a group-level and entity-level need to be distinguished and kept separate. > Criteria for damage assessment and claims processing need to be consistent with each jurisdiction's legislation and the nature of each entity's products. Therefore, it is impractical to develop a uniform group-wide claims management policy that goes into operational claim-by-claim handling at each entity. > ALM policies are inherently linked to the nature of each entity's products. A detailed ALM policy should not be developed at a group level. > The liquidity of its investment portfolio should be examined by each entity, based on reinsurance strategy, underwriting portfolio, main types of hazard in each jurisdiction, and government involvement. It is impractical for IAIGs to set uniform, minimum group-wide criteria for the liquidity of their investment portfolios. - To the extent these items need to be referenced, they should be consolidated under one Standard, and ComFrame should simply require the IAIG to have a high level group policy and/or guideline on each respective item. It should be left to each group entity to set out individual operation manuals taking account of these group policies. Compliance and implementation should be ensured and verified by regular inspections, audits and monitoring by the head of the group (or delegated entity). Therefore, this section in ComFrame can be simplified and shortened significantly. - The draft provides a role for the group-wide actuarial function on the premise of group-wide policies covering the scope of operational direction of the aforementioned issues. As we have pointed out, such a premise should be revised. - The group-wide actuarial function is required to provide an actuarial opinion which covers analysis of the current and future financial condition of an IAIG. As we have commented above, it is impractical to set group-wide underwriting and claims management policies that address the scope of operational direction at each entity, making it unrealistic for the group-wide actuarial function to provide the board of the Head of the IAIG with an actuarial opinion premised on such policies. - We would reiterate that to the extent each entity has a robust actuarial function in place (as it should), it is unnecessary to make the establishment of a group actuarial function mandatory. - In M2E6a-3-1-1, it is required to pay due attention to match currencies and duration of investments to the nature of the liabilities held by an IAIG. However, considering the possible occurrence of a large-scale disaster and consequent dysfunction of the market, payments might have to be made through other currencies. It should be noted that it is reasonable for general insurers to retain a certain proportion of assets in different currencies. - Over-burdening IAIGs with requirements regarding their own due diligence conducted in the context of decreasing over reliance on rating agencies should be avoided (M2E6a-4-2).	

	Juris/Org	Status	Question	Comments	Resolution of comments
527	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M2E6 (Liabilities/technical provisions and assets/investments)	-M2E6a-2-5: We believe that parameter M2E6a-2-5 needs to be revised. There is a concern that an excessive burden may be imposed on IAIGs by requiring them to investigate the legal and practical impediments to the cross-border transfer of assets as well as keeping of a list of different jurisdictional requirements. The parameter should be amended to read; "?give due regard" to the nature of potential legal and practical impediments.	
528	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M2E6 (Liabilities/technical provisions and assets/investments)	The standards seem to very generic. Perhaps something along the lines of: "The IAIG develops, implements and maintains a (reinsurance strategy) that reflects its group-wide (exposure to risk)." It is unclear if M2E6a-2-2 is to respect all, local or home supervisory requirements (one presumes all to which the group is subject), of all aspects of investments. M2E6a-2-3 i.e. a "large exposure policy"? M2E6a-2-4 Add some notion of stressed circumstances. M2E6a-2-6 This seems very basic, applies to all firms, and should be deleted. The parameter and specification in M2E6a-3 appear to have been transposed and standards M2E6a-5 and M2E6a-6 (which are common "follow the rules") would appear to sit more easily as a parameter under M2E6a-2. It may be easier to digest the standards for liabilities/technical provisions and for assets/investments if they were split into two separate elements - one only notices that E6a has become E6b because the standards suddenly seem irrelevant. Some of the bullet points under the parameter and specification in M2E6b-1-1 (-1) appear to have been transposed and need rationalising. Feel that it is also important to emphasise the correlation of the underwriting policy with the reinsurance program - perhaps a separate parameter (with specification M2E6b-1-1-4) and cross reference to M2E6b-3? Under standard M2E6b-2, it would be useful to add a parameter/specification that tackles the issue of escalation of claims data from local entity to group (e.g. for sudden increase in claim amount, slowness in settlement, rejections, etc.) M2E6b-2-1 Are these generic to all insurers? i.e. delegations of authority may sit more easily under a specification or perhaps, under the second bullet point.. Is M2E6b-5 necessary here as it repeats M2E2-2-7? If kept should be re-worded to "?.. maintains a group-wide investment policy.' to keep in line with the other standards here. M2E6b-6-3-1 seems a bit weak and should be deleted.	

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				M2E6b-6-4-1 seems unnecessarily detailed but needs rationalising to pull out the key points that are specific to groups. One presumes (from the commentary) that the intention is to rectify the lack of ICP material on technical provisions. This should then be clarified (elsewhere) and included in the IAIS Road Map.	
529	United States of America American Academy of Actuaries	Other	Specific comment to M2E6 (Liabilities/technical provisions and assets/investments)	p91,M2E6b-4: "the IAIG maintains a ? policy which is consistent with the requirements of Element 7." This statement seems paradoxical here, since it precedes element 7. Can this be moved into element 7 and elaborated there? p91,M2E6b-4-1 second bullet: "MOCE". If ComFrame will employ IFRS as an accounting basis. This term is not used in IFRS. p92,M2E6b-5 "the IAIG maintains a group-wide asset liability management policy." This was addressed in an earlier element (M2E6a-1) and should not be repeated here or anywhere. p93M2E6b-6-3, second bullet: "calculation of reinsurance recoverable assets?" Shouldn't other counterparty obligations (eg, cds) be quantified also? p94,M2E6b-6-4 first bullet: "the reliability ... of the technical reserves". If "reliability" refers to re-establishing the accuracy of local statutory accounting liabilities, this would not be a worthy use of actuarial talent at the IAIG level. As an example: Can a London-based actuary expected to be fluent with the requirements of Korean provisions? The IAIG actuarial function should stay focused on sufficiency.	
530	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M2E6 (Liabilities/technical provisions and assets/investments)	Investment policy is supervised on a legal-entity basis in the U.S. There should be no requirement for an IAIG-wide insurance investment policy. There should be no requirement for a group-wide underwriting policy (Standard M2E6b-1). Groups with companies domiciled and writing business in different companies will be subject to different legal requirements, writing risks that are governed by different legal systems, different pricing systems, etc. that may make a group-wide policy unworkable. For similar reasons, a group-wide claims management policy should not be required (Standard M2E6b-2). Reinsurance strategy may often be managed at the legal-entity level. While the supervisory college should be interested in the group's reinsurance practices, there should be no	

	Juris/Org	Status	Question	Comments	Resolution of comments
				requirement for a group-wide strategy (Standard M2E6b-3). Since insurance liability valuation "policy" (Standard M2E6b-4) is determined by the accounting system that applies to the group, it appears superfluous for a group-wide policy to be required. Whether a group-wide actuarial function is appropriate depends upon management's judgment, based on how the group is structured and how it manages its insurance operations. It should not be a requirement (Standard M2E6b-6). In particular, Parameter M2E6b-6-4's requirement for a group-wide "forward looking" actuarial opinion is unworkable. It is particularly inappropriate for groups that operate in jurisdictions in which their members are subject to legal-entity actuarial opinions (such as the U.S.).	
531	USA American Council of Life Insurers	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	ComFrame should allow the group-wide supervisor and the college of supervisors to determine the appropriate reporting standards for the IAIG, for example, based on the financial reporting requirements of the Head of the IAIG or the domicile of the largest insurance entity within the group. We support the NAIC's rationale and effort to challenge the IFRS working assumption. The purpose of ComFrame valuation is to enable to the valuation of an IAIG, not to benchmark them to each other	
532	USA CNA	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	Parameter M2E6b-4-1 second bullet - Concept of Margin over Current Estimate (MOCE) is not a concept currently found in U.S. GAAP or statutory accounting. Since we oppose using IFRS as the accounting basis used we request that this reference also be removed. Parameter M2E6b-6-4 We assume that the group actuarial opinion would be done on a IFRS plus prudential filters basis. If so this is currently different from what is being done on a U.S. statutory basis causing redundancy and additional expense. To address this issue we recommend having consistency in statutory accounting at a group and legal entity basis. The third bullet point of this Parameter cites an actuarial analysis of the ? future financial condition of the IAIG given recent experience. We are unaware how such analysis would be done from a non-Life perspective and recommend limiting this analysis to Life risks only where a forward looking cash-flow analysis is typically performed.	
533	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	- M2E6: The requirements set out in this element are seen as too prescriptive. - M2E6a-2-4: An investment policy which is consistent and compliant with regulatory requirements and includes a prudent risk management approach is seen as essential for an effective asset-liability management. However, undertakings should be able to establish their own investment strategies. Too much restricted and guided investment policies would create in itself greater risk and potential herd behaviors. In addition, clear investment principles and also measures to ensure that a company is able to provide the liquidity to pay its obligations	

	Juris/Org	Status	Question	Comments	Resolution of comments
			investments)	are important for any insurance company. ComFrame requests that "sufficient assets are held in the appropriate location". We assume that the appropriate location can be determined by the investment policy of the group. M2E6b-1: It seems to be inappropriate to have a standard on group-wide underwriting policy under this element. In addition, the level of prescription in this and following standards is too high.	
534	USA Liberty Mutual Group	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	Investment policy is supervised on a legal-entity basis in the U.S. There should be no requirement for a group-wide insurance investment policy. M2E6a-2-4 requires that an insurer set "minimum criteria" applicable to the liquidity of its investment portfolio. An explanation is needed as to how such criteria are to be determined. M2E6b-1-1's requirement that a global insurer adopt group-wide underwriting standards ignores the often significant differences in market conditions and legal requirements among each jurisdiction around the world. This criticism also applies to the requirements in M2E6 for the use of group-wide claims handling practices, reinsurance strategy, and actuarial function, each of which is more effectively executed at the legal entity level. M2E6b-6's requirements regarding a global insurer's group-wide actuarial function and, in particular, the need for a group-wide actuarial opinion, are overly prescriptive and impractical. A global insurer operating in multiple markets and/or offering a variety of products has multiple actuaries with appropriate industry knowledge preparing actuarial opinions that are specific to a particular market or product. It is unrealistic to suggest that these could be consolidated into a single-group wide actuarial opinion containing the level of detail prescribed by this Parameter. This requirement should be deleted.	
535	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M2E6 (Liabilities/ technical provisions and assets/ investments)	Standards and Parameters are generally acceptable if, as it appears, these are intended as principles that can be flexible as to individual jurisdiction and market requirements. Certain requirements (see for example M2E6b-1 group underwriting policy) indicate a direction that is overly prescriptive and not practicable at the legal entity level across jurisdictions and/or reflective of group policy, which must both provide clear guidance and be written such that compliance and enforcement of group policies are not compromised as legal entities subject to different jurisdictional requirements and marketing in different cultures strive to achieve their business objectives. Where ComFrame could usefully assist in streamlining would be in the introduction of some form of "passporting", so that operations could be conducted around the world based on conformity with either uniform global supervisory standards or some sort of accreditation principle, reducing the burden of compliance with widely divergent local requirements.. We acknowledge ComFrame's stipulation(Module 4 Element 1) that IAIS jurisdictions will be	

	Juris/Org	Status	Question	Comments	Resolution of comments
				required to apply ComFrame but would repeat here what has been stated elsewhere that jurisdictions may not be able to easily modify their national insurance supervisory regimes and different approaches, and that if the latter is the case (or if additional time is needed to achieve required modifications) the creation of required supranational group supervision standards for IAIGs could result in an additional layer of regulation without corresponding benefits, and the complexity and cost of international operations would be increased rather than reduced. M2E6a-1-1 would require the IAIG to develop and implement a group level investment policy and require formalization or at least mapping of existing policies at the Enterprise-wide level. While insurance organizations may be able to fulfill this requirement it would in most cases be additive to current procedures. Specification M2E6a-3-1-1 places an emphasis on choosing investments that match/cover liabilities. While the benefits of matching to the insurer are acknowledged, we would point out that there are instances where well managed "mismatched" positions can provide reliable profits for an insurance company. Risk management controls as opposed to prescriptive matching requirements would be the preferred regulatory approach in this area. In several places (see for example Parameter M2E6a-2-5), ComFrame identifies as a matter of concern and for additional scrutiny affiliated transactions within a group, from shifting assets around between entities to arbitrage regulation, to investments in affiliated entities, to concerns about the liquidity of such investments. Under our existing insurance regulation such transactions require fair and equitable arms-length terms and regulatory oversight for material transactions between group companies. This approach appears to strike a reasonable balance. Prohibitions could limit intragroup financial flexibility and beneficial internal transactions, including well structured, mutually beneficial loans between affiliates and pooled investment or risk management approaches. With respect to investment liquidity, we believe that liquidity should most appropriately be viewed on a portfolio wide basis rather than asset by asset, and not in a way that favors publicly traded assets over private & structured assets such that the latter classes' global use and potential to enhance risk diversification and profitability is limited. Similarly, we urge a nuanced rather than proscriptive approach to SPVs, since SPVs can be useful in structured finance and achieving other investment objectives. We are very supportive of appropriate oversight and guidance for an insurance company's use of derivatives. In this connection, we note that the principles expressed in the last two paragraphs of ICP 15.6 are consistent with the prevalent approach under U.S. state insurance law and European regulation, in recognizing the appropriateness of derivatives use both for hedging and efficient portfolio management (replication). We want to make sure that ComFrame maintains its current balanced approach in this area and does not provide guidance that would result in undue constraint on prudently managed non-hedging derivatives	

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				activities by insurers.	
536	USA NAIC	IAIS Member	Specific comment to M2E6 (Liabilities/technical provisions and assets/investments)	M2E6b-1 & M2E6b-2: It is not clear if the IAIG (i.e., the holding company) is the one that maintains a group-wide underwriting policy and a group-wide claims management policy, or if it's to ensure that the group's underwriting policy and claims management policy covers group-wide activities. ComFrame should not be duplicating processes (at the holding company level) that already exist at the operating level.	
537	USA Northwestern Mutual	IAIS Observer	Specific comment to M2E6 (Liabilities/technical provisions and assets/investments)	Please see answer to #15. ComFrame should allow the group-wide supervisor and the college of supervisors to determine the appropriate reporting standards for the IAIG, for example, based on the financial reporting requirements of the Head of the IAIG or the domicile of the largest insurance entity within the group. We recognize that IFRS financial statements may be one useful element for supervising IAIGs when such statements are available. However, maintaining a working assumption that IFRS statements will be available for IAIGs creates an unnecessary and potentially harmful expectation. For example, creating an IFRS balance sheet for an entity within an IAIG which does not have one, but is well capitalized and financially strong based on reliable local solvency metrics is costly and unnecessary. ComFrame should allow for the aggregation of local supervisory valuation and solvency rules to be used at a group level. This would require regulators to be fluent in the more commonly used valuation bases, capital frameworks and reporting requirements. However, it would avoid imposing a potentially significant burden on IAIGs with few benefits.	
Specific comment to M2E7 (Valuation)					
538	Belgium National Bank of Belgium	IAIS Member	Specific comment to M2E7 (Valuation)	The framework for valuation should require a consistent and economic (market consistent) valuation of all assets and liabilities. To achieve this, the IFRS completed by relevant and convergent prudential filters should be form a common valuation framework for prudential purposes for all IAIGs, while unchanged IFRS should be a common basis for general purpose financial statements (as part of public disclosure).	
539	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M2E7 (Valuation)	Absent an agreed global financial reporting standard between the US FASB and the IASB, ABIR does not support the single standard of accounting being proposed, i.e. IFRS. (See question #23)	
540	Canada Canadian Institute of	Other	Specific comment to	M2E6b-6-3-2: The actuarial function should carry out these activities consistent with the nature and complexity of the IAIG. ALM should be added to the list.	

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	Actuaries		M2E7 (Valuation)	M2E7-1-4, M2E7-2: All of these adjustments relate to capital adequacy and should, if needed after IFRS is finalized, be included in Element 8.	
541	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M2E7 (Valuation)	Regardless of the underlying financial reporting system (IFRS, US GAAP, etc.), we question the need for extensive prudential filters. These standards already encompass highly developed measurement and recognition principles, therefore these filters only serve to add additional layers of conservatism. We would also question the appropriateness of these prudential filters given the business model and the time it takes to run risk profiles of insurers. Consistent with the draft's comment about this being a work in progress, the relevance of this section remains to be seen. If there is not sufficient global adoption of IFRS4 and IFRS9 in particular, combined with other measures to designate and supervise IAIGs, then using or reconciling to IFRS may not be relevant.	
542	Canada International Actuarial Association	IAIS Observer	Specific comment to M2E7 (Valuation)	Whether and how IFRS is or is going to be used in a jurisdiction varies depending on each jurisdiction. In fact, there is likely to be a different "IFRS" in each jurisdiction so requiring "IFRS" may be an incomplete requirement. In addition, IFRS4 is still under consideration and the outcome of such consideration is uncertain in many respects. It should be noted, therefore, that there are circumstances where assuming the use of IFRS as a given will not be possible. M2E7-1: While we understand the desire for a consistent accounting standard, we don't believe that specifying one standard is in the spirit of principles-based supervision. If the IAIG practices in countries where another accounting basis predominates, the supervisors should have the option to utilize this other accounting basis, particularly if the IAIG already prepares consolidated financial statements on that basis. M2e7-1-1 third bullet: the IFRS valuation is "an economic valuation that reflects the risk-adjusted present value of cash flows." If IFRS does not require economic valuations, the actuary could not be expected to do so within the confines of IFRS. M2E7-1-4: "own credit standing? apply adjustments or filters to remove the effects?" From a procedural standpoint, when IFRS is used, the IAIS should consider accepting IFRS intact then promulgate a series of alterations to reflect solvency supervisory needs, rather than create a modified IFRS financial statement. M2E7-1-4, M2E7-2: All of these adjustments relate to capital adequacy and should, if needed after IFRS is finalized, be included in Element 8. M2E7-1-6: "The IAIG applies criteria prescribed by the group-wide supervisor for the determination of appropriate rates to be used in the discounting of technical provisions." How	

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				will group supervisors have the authority to establish or determine the discount rates to be used for valuation throughout an IAIG, particularly if IFRS is used as the accounting basis? M2E8-1-7: "makes appropriate allowance for embedded options and guarantees in the valuation?" This is already expected for any insurer using IFRS, not just those subject to ComFrame. M2E7-2: "the IAIG applies appropriate adjustments to IFRS to ensure an economic basis for valuation." This, too, is already expected for any insurer, not just those subject to ComFrame	
543	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M2E7 (Valuation)	On the on-going discussion as to the nature of the adjustments to IFRS and whether the material on adjustments logically belongs in M2E7 or in M2E8c (Availability of Capital Resources), EIOPA thinks that the prudential filters should be first considered within valuation considerations (M2E7), with the purpose of establishing an economic and consistent Balance Sheet on which to consider risks, in the Total Balance Sheet approach retained as a Technical Committee strategic decision. Some additional prudential filters may be separately considered within capital resources for eligibility of capital resources notably (M2E8c). As regards the content of M2E7, EIOPA considers that the linkage of some parameters and specifications to standards is in some extent confusing, because mixing considerations on application of IFRS and prudential adjustments to IFRS. For instance, parameters and specifications related to standard M2E7-1 on application of IFRS should not include considerations on economic valuation (EIOPA suggests to remove the third bullet point from Parameter M2E7-1-1, which besides repeats standard M2E7-2) or on prudential filters (EIOPA suggests to move Parameter M2E7-1-4 to standard M2E7-2) EIOPA also generally suggests to clearly highlighting that this element will have to be amended depending on the final IFRS standard on Insurance contracts. For instance, specification around the determination of a Current Estimate and a Margin over the Current Estimate (MOCE) may have to evolve depending on IFRS final standard. Parameter M2E7-1-2: it should not be left to IAIG to determine the valuation methodology (measurement and recognition). Parameter M2E7-1-4: The approach should be consistent with the ICPs which allow a different approach to certain liabilities other than Technical Provisions. The credit standing embedded in the initial valuation of liabilities should not be adjusted. "Liabilities" should therefore be changed to "liabilities other than technical provisions" and the reference should be to "changes to own credit standing". Parameter M2E7-1-6: complete discretion of the group-wide supervisor to determine an appropriate discount rate for technical provisions should be limited to a range of acceptable	

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				approaches. Specification M2E7-2-1-1 should be moved to M2E8c. As general purpose financial statements are not necessarily established following IFRS the approach should not start from capital reported in the general purpose financial statements. Specification M2E7-2-1-2 is unclear. Does it apply to available capital or valuation more generally, general purpose financial statements or to IFRS? It should be clarified that the working assumption is IFRS and not the local accounting rules. It should not be left to each supervisor to determine the adjustments. Prudential filters should be set in ComFrame. Specification M2E7-2-1-3 ("The decision to modify or reject is made when the assets or liabilities are deemed?")- EIOPA does not support the assumption that assets do not absorb losses because the assets do not have the potential to give rise to the flow of cash or cash equivalents to the entity. EIOPA considers this is not a relevant assumption, as very difficult to appreciate. The criteria of recognition of each asset considered separately should be based on the capacity to identify amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction. EIOPA more generally suggests this specification to be discussed again. Specification M2E8-7-1-1 ("To the extent possible, supervisors base their assessment of prudential capital on the measures of retained earnings and reserves that are recognised in the IAIG's annual public financial statements"), seems to be not consistent with the related standard on application of filters to derive economic basis for valuation. EIOPA suggests this specification to be removed. See also our general comment on whether the material on adjustments logically belongs in M2E7 or in M2E8c (Availability of Capital Resources).	
544	Europe Insurance Europe	IAIS Observer	Specific comment to M2E7 (Valuation)	- A common and consistent valuation method should be used to evaluate the group. ComFrame should not design its own valuation standard. Harmonisation of valuation standards is an issue that goes far wider than insurance, and it would be unwise to tie the progress of ComFrame to agreement on this issue. M2E-7-2 We continue to strongly object to the development of "prudential filters" a definition of prudential filters would only make sense if questions relating to contract boundaries, valuation of liabilities as well as OCI are finalised first.	
545	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M2E7 (Valuation)	Please change "Specification" by "Parameter".	
546	Germany Gesamtverband der	IAIS Observer	Specific comment to	M2E7-1/-2: In order to achieve comparability it is absolutely necessary to rely on a common and consistent valuation system. Element 7 requires the use of IFRS adjusted by prudential	

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	Deutschen Versicherungswirtschaft		M2E7 (Valuation)	filters which is supposed to result in a market-consistent valuation of assets and liabilities. We continue to oppose this approach. IFRS can simply not be a deemed proxy for market-consistent valuation. The introduction of prudential filters would create another valuation methodology in addition to those already existing. Therefore, as a general rule, ComFrame should refrain from introducing another valuation methodology and separate disclosure rules, and should give deference to existing rules in place or under discussion, e.g. local GAAP, IFRS and regulatory accounting.	
547	International European Commission	IAIS Member	Specific comment to M2E7 (Valuation)	he strategic direction on the use of IFRS is interpreted in the sense that the IAIS aims at minimising the differences between methodologies used for general purpose financial reporting and methodologies used for regulatory purposes. This is true only to the extent that general purpose financial reports use the same valuation as that required by IFRS. This should be made explicit in the introductory sentence of the module. IFRS should be used as a working assumption. The use of this common working assumption should not be delayed until the adoption of certain IASB standards (M2E7-1-1-1). M2E7-1-1: "valuation of assets and liabilities is an economic valuation that either reflects the risk-adjusted present values of their cash flows or is a market-consistent valuation". It should be possible to use economic valuation obtained directly from markets. M2E7-1-2: it should not be up to the IAIG to determine the methodology for valuation (measurement and recognition). M2E7-1-4: The approach is not fully consistent with the ICPs which allow a different approach to certain liabilities other than Technical Provisions. The credit standing embedded in the initial valuation of liabilities should not be adjusted. "Liabilities" should therefore be changed to "liabilities other than technical provisions" and the reference should be to "changes to own credit standing". M2E7 - 1-6: the group-wide supervisor has complete discretion to determine an appropriate discount rate for technical provisions ComFrame should aspire to a more consistent approach between IAIGs and could propose at least a range of acceptable approaches here. M2E7-2-1-1: this specification is about available capital. It should be moved to M2E8c. On the substance, there is no reason to consider that the starting point for the calculation of prudential capital should be the capital reported in the general purpose financial statements. In any case, these general purpose financial statements are not necessarily established following IFRS and therefore may result in very different approaches. M2E7-2-1-2: it is unclear whether this specification is about available capital or valuation more generally. It is also unclear whether the adjustments are to be applied to the general purpose financial statements or to IFRS. It should be clear that the working assumption is IFRS and not the local accounting rules. Finally, it should not be up to each supervisor to determine the adjustments. Prudential filters are to be spelled out in ComFrame. M2E7-2-1-3: the first two bullets seem to confuse capital and liquidity by referring to cash and cash equivalents, cash should be replaced with "capital". In relation to the third bullet, as soon as the accounting measurement is insufficiently prudent, there should be an adjustment. This	

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				should not be conditional on whether the valuation assumptions can be externally verified or back tested or not. "and" should be replaced by "or" and "measure" should be replaced with "accounting measurement".	
548	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M2E7 (Valuation)	Whilst ComFrame references IFRS as the base-line accounting standard for IAIGs, given the increasing uncertainty and non-clarity surrounding IFRS (including whether it is to be made mandatory for certain firms or not) at the moment, it would be prudent and practical to give this section (thereby supervisors) a bit more flexibility and discretion. Accordingly, we suggest: > adding 'or its equivalents' at the end of M2E7-1. > adding the following as a new parameter under M2E7-1: 'IFRS includes local version of IFRS, either fully or partially adopted, or converged. An IAIG determines its equivalence based on the materiality to available capital calculation after adjustment in M2E7-2.'	
549	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M2E7 (Valuation)	-General: Standard M2E7-1 requires the valuation of an IAIG's assets and liabilities using IFRS or reconciliation to IFRS. It should be noted, however, that there might be cases where IFRS has not yet been adopted in a certain jurisdiction and it's not possible to use IFRS as a basis, or, even when IFRS is adopted, still it's not appropriate to use it as valuation method for regulatory purpose. We would appreciate it if the IAIS could make sure that these circumstances are fully taken into account in developing a valuation framework for IAIGs. In addition, where the IAIS uses IFRS as a prerequisite, we believe that the IAIS should express its position following an in-depth discussion on valuation within the IAIS and through its influence on IASB standard setting and not merely rely on the process of the IASB. We agree, from a practical standpoint, with the first paragraph of the Module 2 Element 7 Introductory Comments that states that "it is most desirable that the methodologies for calculating items in the general purpose financial reports can be used for regulatory reporting purposes with as few changes as possible to satisfy regulatory requirements". The latter paragraph of the Introductory Comments states that "the material on adjustments to IFRS included under M2E7-2 is a work in progress". We expect that this material will enhance the relevance of adjustments to IFRS and the understandability of the adjustments. -M2E7-2-1-3: We believe that it is not appropriate to identify assets as unable "to absorb losses because the assets do not have the potential to give rise to the flow of cash or cash equivalents to the entity". It should be identified after consideration of the characteristics of each asset. -M2E7 ComFrame Commentary: Although examples of assets that are subject to the application of prudential filters are provided in this Commentary, we propose that such assets should be presented as illustrative examples and not as rules. Similarly, we believe prudential filters should be provided as	

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				principle-based requirements. We support the IAIS' direction to allow for local practice when applying the prudential filters, provided adequate disclosure is made. In particular, we believe that due consideration should be given to intangible assets and deferred tax assets as they are closely-linked to each country's individual taxation system.	
550	Joint initiative CRO Forum / CRO Council	Other	Specific comment to M2E7 (Valuation)	As CROF and CROC favor the recognition of existing or future regimes, the prudential valuation used in these regimes for group risk and capital assessments should be the basis under ComFrame. ComFrame should not add new requirements or a new valuation basis but rather give a framework for international supervisors to understand the IAIG and the basis for valuation under its existing regulation. CROF and CROC do not support the introduction of a specific valuation basis within ComFrame. Any consideration of a framework for measurement of balance sheet valuation and solvency capital requirements needs to recognize the long-term nature of insurance business. There needs to be care taken to assess the degree of short term volatility that might be introduced by different approaches and any unintended incentives and effects. Impact studies should be used to consider all these aspects.	
551	UK Association of British Insurers	IAIS Observer	Specific comment to M2E7 (Valuation)	We do not believe that progress of ComFrame should be reliant on agreement to a single global valuation standard. Various efforts to achieve international harmonization of valuation standards have been in progress for many years and it is unlikely to be productive to tie ComFrame to this debate.	
552	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M2E7 (Valuation)	Language appears different from other elements (e.g. "demonstrates"). M2E7-1-3 Does this include reconciliation? M2E7-2-1 "prescribed" by whom? The supervisor? Local or group-wide?	
553	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Specific comment to M2E7 (Valuation)	M2E7-1-1 The decision to use IFRS as basis for valuation for IAIGs is premature since both the Insurance Contracts and Financial Instruments Standards are under development and there is no certainty that there will be a single international accounting standard. GNAIE believes that the group assessment, which is the basis of ComFrame, can be achieved if a group adopts one common consolidated basis for the group reports. This common reporting basis should be established in conjunction with the involved supervisors.	
554	United States of America American Academy of Actuaries	Other	Specific comment to M2E7 (Valuation)	p97,M2E7-1: While we understand the desire for a consistent accounting standard, we don't believe that specifying one standard is in the spirit of principles-based supervision. If the IAIG practices in countries where another accounting basis predominates, the supervisors should have the option to utilize this other accounting basis.	

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				p97,M2e7-1-1 third bullet: the IFRS valuation is "an economic valuation that reflects the readjusted present value of cash flows." If IFRS does not require economic valuations, the actuary could not be expected to do so within the confines of IFRS. p98,M2E7-1-4: "own credit standing? apply adjustments or filters to remove the effects?" The IAIS should consider accepting IFRS intact then promulgate a series of alterations to reflect solvency supervisory needs, rather than created a modified IFRS financial statement. p98,M2E-7-1-4: "own credit standing"? an adjustment like this would impact all insurers, whether or not they are in groups or not, whether or not they are international. This type of adjustment should appear in an ICP so it covers all insurers. p 98, M2E7-1-6: "The IAIG applies criteria prescribed by the group-wide supervisor for the determination of appropriate rates to be used in the discounting of technical provisions." It seems odd that any of the group supervisors can establish or determine the discount rates to be used for valuation. p99,M2E8-1-7: "makes appropriate allowance for embedded options and guarantees in the valuation?" Again, this is for any insurer, not just those subject to ComFrame. p99,M2E7-2: "the IAIG applies appropriate adjustments to IFRS to ensure an economic basis for valuation." Again, this is for any insurer, not just those subject to ComFrame.	
555	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M2E7 (Valuation)	We do not believe ComFrame should specify a uniform accounting basis for IAIGs, in particular IFRS. Now that it is almost certain that IFRS and U.S. GAAP will not achieve a converged insurance accounting standard, it is highly inappropriate for the IAIS to choose which of the world's two major accounting systems all IAIGs must use, regardless of the significant costs this will impose. We believe that the valuation basis used by an IAIG should be agreed upon by the IAIG and the group-wide supervisor.	
556	USA American Council of Life Insurers	IAIS Observer	Specific comment to M2E7 (Valuation)	Please see answer to #21	
557	USA CNA	IAIS Observer	Specific comment to M2E7 (Valuation)	Standard M2E7-1 Requires an IAIG to use IFRS for group solvency reporting. Due to fact that convergence between IFRS and U.S. GAAP is unlikely to occur in the foreseeable future we recommend that IAIS develop an Other Comprehensive Basis of Accounting (OCBOA) for IAIG's similar to the U.S. statutory framework. This accounting basis could be built off both U.S. GAAP and IFRS by applying specific filters to each standards resulting in a defined IAIS statutory would be consistently applied by all IAIG's.	

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558	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M2E7 (Valuation)	- M2E7-1: To achieve comparability it is absolutely necessary to rely on a common and consistent valuation system. The convergence process between FASB and IAIS standards is still evolving and is surely going to continue to do so for several years. Hence, since IFRS is not yet the unified internationally accepted accounting standard it is too early for ComFrame to decide where valuation should be based on. M2E-7-2-1 IIF members are concerned with prudential adjustments and filters which have already been rejected by the industry. In addition, a definition of prudential filters makes only sense in case the pending discussion on valuations and measurements are finalized.	
559	USA Liberty Mutual Group	IAIS Observer	Specific comment to M2E7 (Valuation)	The discussion in this Element presumes convergence of accounting standards through adoption of IFRS in all jurisdictions, yet recent developments suggest that will not occur in the near term. In any case, IFRS should not be the prescribed method of accounting to be used. Any designated accounting methodology for ComFrame should simply be consistent with what is used by the global insurer for its consolidated financial statements. M2E7-1-5's prescriptive requirements dictating how a global insurer values its technical provisions are inappropriate. This is a determination that should be left to the judgment of the global insurer.	
560	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M2E7 (Valuation)	ComFrame Valuation sections continue to reference IFRS and require IFRS (or reconciliation to IFRS) as the accounting basis. We understand that this was based on an expectation of convergence of US GAAP and IFRS for insurance contracts and financial instruments, which is no longer expected for insurance contracts. We further understand that use of IFRS would primarily have served to compare IAIGs as opposed to supervise individual IAIGs. Two comments here: First, as suggested in our response to Question 6 of General Questions above, we are of the view that the first focus of supervisory colleges under ComFrame should be the IAIG itself. Second, given the unlikelihood of convergence in the near or even medium term, we would point out that basing valuation on IFRS prior will not be practical, and will not only risk complications but also increase work for each reporting period for both insurers and supervisors all for valuations that will not be comparable in the manner we understand ComFrame seeks to achieve. This fact is recognized in Module 2 Element 9 ComFrame 2012 Draft Commentary (second bullet at p. 127) which states IFRS will not be required prior to the mandatory adoption dates of the future insurance contracts and financial instruments standards. We would add that consideration must also be given to the fact that IFRS itself has not been adopted uniformly. For all these reasons, we strongly recommend that ComFrame recognize different accounting	

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				bases, that references to IFRS and/or reconciliation to IFRS be eliminated and M2E9 ComFrame Commentary cited above be broadened and appropriately adjusted to reflect the current reality and apply to the entire framework.	
561	USA NAIC	IAIS Member	Specific comment to M2E7 (Valuation)	M2E7: US state insurance regulators are no longer able to support the working assumption that "Valuation is to be based on IFRS (or a reconciliation to IFRS) as a working assumption with filters and complements to be built where needed as IFRS develops." The ComFrame parameters in much of M2E7 are based on ICP14, which itself was created based on guesses as to the likely end result of a converged IFRS/US GAAP standard for insurance contracts. ICP14 is subject to review based on the end results of the IASB/FASB processes. As such, it is premature to be basing ComFrame on this standard. The alternative that US state insurance regulators can support is that any high quality set of financial accounting standards can be used for ComFrame evaluation purposes as long as they are consistently applied at the group level. Examples of such standards would include IFRS, US GAAP and US SAP. Consequently, this will require a rewrite of M2E7.	
562	USA Northwestern Mutual	IAIS Observer	Specific comment to M2E7 (Valuation)	Please see answers to #15 and #21.	
Specific comment to M2E8 (Capital Adequacy)					
563	Belgium National Bank of Belgium	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	-Specification M2E8b-2-5-1: In this context, reference could be made also to legal risk, compliance risk and fraud risk.	
564	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	Group supervision does NOT require uniform financial reporting, accounting standards, and capital measurement across jurisdictional boundaries. Uniformity in these prudential requirements is a matter for separate consideration and may or may not emerge as a beneficial component of group supervision.	
565	Canada Canadian Institute of Actuaries	Other	Specific comment to M2E8 (Capital Adequacy)	M2E8a-1-3: Consistent with our answer to Question 7, we believe that a consolidated approach is appropriate at all levels. M2E8c-1: Maximum harmonization across jurisdictions for both required and available capital is fundamentally important.	
566	Canada Canadian Life & Health	IAIS Observer	Specific comment to	We would ask that the Committee give consideration to revising the requirement whereby an IAIG is having to get its models certified on an annual basis. Such a requirement will seriously	

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	Insurance Association Inc.		M2E8 (Capital Adequacy)	impact business planning as the decision to hold higher amounts of capital is typically planned years in advance. It is also worth keeping in mind that there is a cost to capital which is ultimately borne by consumers and policyholders through higher premiums. The inclusion of prescriptive standards for group capital adequacy in Comframe is inappropriate. At most Comframe should only address high level prudential filter criteria for jurisdictions where the valuation and accounting basis is not consistent with IFRS standards. E8a-1: The choice of group level focus vs. legal entity focus should not create unlevel playing fields with other IAIGs and non-IAIGs E8 - b-1, b-2, b-3, c-1, c-4, c-5, d-1: All reference ICP17 and hence this goes above and beyond the scope of ComFrame which should be primarily focused on addressing gaps in the supervision of IAIGs. E8b-2: Non-quantifiable risks such as reputational or emerging risks should be based on a company's ORSA and be assessed in the context of the insurer's overall risk profile and not be part of the group regulatory capital requirements. E8c-3-3: Again, we are concerned about the degree of prescriptiveness in this parameter including, for example, the requirement for the IAIG to deduct goodwill and other intangible assets. From our standpoint, existing standards are sufficiently robust and so the need for additional filters is viewed by us as unnecessary.	
567	Canada International Actuarial Association	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	M2E8a-1-3: Consistent with our answer to Question 7, we believe that a consolidated approach is appropriate at all levels. M2E8c-1-1, second bullet: "the determination of capital resources is? an assessment of the ?quality and suitability of the financial instruments comprising the total amount of capital resources identified?" This is an example of possibly moving to too much prescription. It invites the question if this means specific assets are expected to be allocated and dedicated to capital and would require a whole additional series of possible rules to answer this. We would have expected something on allowing for risk mitigations (e.g. reinsurance, hedging). This allowance will need to consider risks created in using such techniques - in particular counterparty risk and the effectiveness of the mitigation.	
568	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	M2E8b-1-2-1: Suggest adding fungibility of capital to the list of considerations. M2E8b-2-2-1: This example may no longer be relevant as pension obligation, per IFRS, are now on balance sheet.	

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				M2E8b-3: Suggest removing "where appropriate" as all internal models used to calculate group regulatory capital should be approved by the supervisor. M2E8d-2: Suggest moving this requirement to ERM rather than capital adequacy.	
569	China China Insurance Regulatory Commission	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	In regard to M2E8b-2: we suggest adding "liquidity risk" in major categories of risk specially referred to.	
570	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	Standard M2E8a-1: EIOPA should adds here that the total balance sheet approach also applies to the assessment of the resources available to cover the risks (and not only to the risks): "The IAIG applies a total balance sheet approach to assess all the risks to which it is exposed and the resources to cover them." Specification M2E8b-1-1-2 This specification should be either clarified or deleted. Standard M2E8b-2 and Parameter M2E8b-2-1: non-insurance risks should be considered (in particular for conglomerates). Specification M2E8b-2-5-1: In this context, reference could be made also to legal risk, compliance risk and fraud risk. Standard M2E8b-3: EIOPA considers that the standard and related specifications and parameters could be revised for a more logical order and hierarchy. In particular, the methods referred to as "factor based", "formula based" and " shock techniques" are all deterministic methods ; therefore, EIOPA would suggests having an additional layer of hierarchy in methods, such as: -Deterministic methods - Factor based - Formula based - Shock techniques -Stochastic methods Standard M2E8c-1 sets some requirements as to sufficient available resources to be held - which seems redundant with the purpose of standard M2E8d-1; in addition, parameters and specifications within standard M2E8c-1 rather relate to methodology to determine capital resources eligible to meet regulatory capital requirements (and hence rather seems to relate to ICP 10); EIOPA would proposes removing Standard M2E8c-1 and including related parameter (M2E8c-1-1) and specifications within the standard M2E8c-2. Parameter M2E8c-3-3 on deduction of some elements (e.g goodwill) for determination of	

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				eligibility of own funds, should be moved to an earlier section, namely as first parameter after M2E8c-1-1 (as such deductions are made as adjustments to the net asset value) Standard M2E8c-4 should tolerate limited incentives and assess classification into tiers accordingly. EIOPA would however agree that only capital elements free from requirements or incentives to redeem the nominal sum could be eligible for the highest quality tier Parameter M2E8c-4-2 on the assessment of the extent of permanence of a capital element: the criterion of the duration of the IAIG's obligations to policyholders does not seem fully suitable. First of all, the concept of "duration" of an obligation is hard to determine and assess. Secondly, the reference to the covering of obligations to policyholders could lead to qualify as "permanent capital element" some own funds items that have very short maturity in case of short-term business, like non-life business. Thus, EIOPA would suggest the criterion be completed as follows: "the highest of the capital element maturity, which should be undated or at least 30 years, and the duration of the IAIG's obligations to policyholders". Parameter M2E8c-5-2 is not clear when referring to, in the case of a legal entity approach, considerations as to the fact the created capital disappears in distressed situations. Standard M2E8d-2, where this is about 'own stress and scenario testing', should be integrated in the ORSA requirements.	
571	Europe Insurance Europe	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	- It is important that the strategic direction of the IAIS Technical Committee in relation to solvency/capital standards provides sufficient flexibility to allow for the recognition of national regimes. It should set out a way of understanding the financial condition of the group using the risk based local requirements applicable at the group level allowing appropriate recognition of local requirements applicable to the solo entities within the group to provide a consolidated view. This could form the basis for a range of acceptable existing and developing solvency regimes that the IAIS are considering. ComFrame should enable all risks to be captured on the balance sheet including relevant off balance sheet items and activities conducted by unregulated entities and recognise an economic assessment of assets and liabilities - The use of full and partial internal models should be accepted. - The assessment should be risk based In order to inform the development of supervisory oversight of group solvency/capital standards Insurance Europe believes it is important that work in this area builds off the ICPs and a good knowledge of the range of approaches currently in place or being developed; we are, therefore, very supportive of the mapping exercise being conducted by the Solvency Subcommittee. With respect to the detail included in this module Insurance Europe would like to make the following comments: - M2E8a-1 Insurance Europe strongly supports a total balance sheet and risk based approach. - M2E8a-1-1: Within the ERM framework, not all risks are quantifiable; this is the purpose of ORSA. In the ORSA, both quantifiable and non-quantifiable risks are to be identified in order to determine their materiality.	

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				- M2E8a-1-3 Insurance Europe is concerned by the reference to adjustments needing to be made to reflect restrictions on fungibility of capital and transferability of assets. In line with M2E6a-2-5 Insurance Europe believes issues impeding cross border asset transfers should be considered and scrutinised on a qualitative basis and therefore should not be included here. A group solvency calculation should treat the group as one unit and allow the use of excess capital of solo entities for the group-wide solvency calculation. - With particular regard to the calculation of the IAIG's group regulatory capital, we would like to raise the following: - o M2E8b-1-3-1 the reference to "traditional" and "non-traditional risks" should be deleted. Supervision should be risk based; the creation of such artificial categories has the potential to incentivise supervisors to supervise immaterial risks in a more intensive manner whilst not giving more material risks the attention they require thus undermining a risk based approach. - o M2E8b-2-4 the reference to the need to take into account risks arising from "diversification of risks across group entities" seems to imply that "diversification of risks" is a risk as opposed to a risk mitigation technique. It is important that a group's solvency capital requirement is adjusted to take into account diversification effects but this should not only be viewed as a "risk". We appreciate that the concern supervisors are trying to address here is the varying concentrations of risks within individual group entities, we therefore suggest the bullet point is redrafted as follows: diversification "varying concentrations of risk across group entities". - o M2E8b-2-5-1 reputational risk is a non-quantifiable risk which is dealt with under ORSA and, therefore, should not form part of a group's regulatory capital requirement. - o M2E8b-2-7 stress and scenario testing to address risks that are less readily quantifiable should take place within the ORSA not the Pillar 1 capital assessment. - M2E8b-3 Insurance Europe welcomes the recognition of the use of full or partial internal models for the calculation of the group regulatory capital requirement. - M2E8c-2 In line with comments above, Insurance Europe would like explicit reference to be included stating that where a regimes existing definition of capital meet the requirements IAIGs with their home supervisors in these jurisdictions will be treated as compliant. - M2E8c-3-1 Insurance Europe is concerned at the reference to banking tiers being considered in developing this approach. Whilst we welcome the recognition by the IAIS that "differences in approach" will be taken, we are unsure why there is a need to justify these differences and we also caution against inappropriate read across between the sectors - capital resources serve very different purposes in the banking and insurance sectors.	
572	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	M2E8b-1-1-2: We do not support the deletion of the specification. Parameter M2E8a-1-3: Also a combination of both is possible. "Under a group level focus either an IAIG's consolidated accounts and/or an aggregation method may be used." Standard M2E8b-2, Parameter M2E8b-2-4, Parameter M2E8b-2-7: It should be clarified that only reliable modeled and illustratable risks should be included in the assessment and other risks of this kind would be also taken into account. Specification M2E8b-2-5: The reputational risk is in our view not covered in the area of operational risk. This is different than explained. Please check the relationship. ("Due attention	

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				should also be paid to the reputational risk that may arise from operational failure in a particular entity of the IAIG, and from political or catastrophic events occurring in a particular related jurisdiction.") M2E8d: Please add that stress tests and scenario tests are also adequate to assess not modeled risks for groups. Standard M2E8b-3: Five different methods are presented to calculate the group regulatory capital. In fact, the methods "deterministic" and "stochastic" do not constitute independent methods. They just represent different forms of the "shock Techniques" method. This should be explained better. Specification M2E8b-3-2-1: Please use the "sometimes" instead of usually. Specification M2E8c-1-1-2: However, only possible when these off-balance sheet items fulfill the own funds criteria and when the items have at least been called up? Otherwise the amount of own funds could easily be inflated. To avoid this, it would be important that the supervisory authorities make prior assessment in regard to the enforceability/probability of payment and so forth. Compare the concept of ancillary own funds under Solvency II. Parameter M2E8c-3-1 Medium quality capital: There should not be a criterion of loss-absorbency during going-concern as required for highest quality capital. Or in other words: A suspension of repayments or a deferral of distributions or a lock-in of the capital in case of unmet capital requirements would be acceptable for medium quality capital, but not a classical loss-absorption feature as required for highest quality capital. Specification M2E8c-5-1-1: This approach is only possible in a consolidated calculation. In an aggregated view diversification effects will not be considered. Parameter M2E8d-1: Please explain the Prescribed Capital Requirement (PCR). The content is not clear. Also in relation to the "group regulatory capital" which is used in the other parts.	
573	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	M2E8a-1-3: ComFrame refers to restrictions of fungibility of capital and transferability of assets. We believe that those issues should be investigated on a qualitative basis with corresponding requirements. A group solvency calculation should treat the group as one unit and allow using excess capital of solo entities for the group-wide solvency calculation. This is important as ComFrame also requires a concept of capital allocation. If it is not possible to treat the group as one economic unit capital allocation could not follow the economic principles but regulatory requirements and excess capital would be rejected from developing markets. ComFrame wants to ensure well capitalised subsidiaries and entities but would jeopardize its own concept by enforcing headquarters (parent company) to withdraw excess capital. It remains unquestionable that local requirements and solo requirements have to be fulfilled. M2E8b-3/8c-2: Group capital requirements are defined and relevant risks are also identified. The approach to standardise capital requirements in general is supported. However, we do not believe that ComFrame should require a single methodology in determining capital requirements. Instead, the quantitative assessment should provide a way of understanding the financial condition of the group using the risk based local requirements applicable at the group level while allowing appropriate recognition of local requirements applicable to the solo entities	

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				within the group to provide a consolidated view. This should form the basis for a range of acceptable existing and developing solvency regimes that the IAIS are considering. Moreover, the following features should be taken account of: ? ComFrame should enable all risks to be captured on the balance sheet including relevant off balance sheet items and activities conducted by unregulated entities and be based on an economic assessment of assets and liabilities. ? The use of full and partial internal models should be accepted. ? The assessment should be risk based	
574	International European Commission	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	Tasks and powers of supervisors (e.g. supervisory resources, frequency of regulatory reporting?) cannot, per se, change the risks of the insurers they supervise. Of course supervisory action can have an impact on the risks borne by an insurer but this should not be ex ante factored into the capital requirements (M2E8b-1-1-2). The total balance sheet approach should clearly be followed, including in the assessment of the available capital resources (M2E8a-1). M2E8a-1: the sentence should be completed to clarify that the total balance sheet approach also applies to the assessment of the resources available to cover the risks (and not only to the risks): " The IAIG applies a total balance sheet approach to assess all the risks to which it is exposed and the resources to cover them." M2E8a-1-1; M2E8b-2-2-1 and M2E8c-1-1-2: it should be specified that "off balance sheet" stands for "off-balance in general purpose financial reports" (see M2E8a-1-2) M2E8a-1-3: the reference to "preconditions in a jurisdiction" and "legal environment" may be at odds with the convergence fostering objective of ComFrame M2E8b-1-1-2: second sentence should be redrafted in the following manner: "The group capital assessment will take into account the solvency regulations within the jurisdictions in which the group has its activities". It should be clear that tasks and powers of supervisors (e.g. supervisory resources, frequency of regulatory reporting?) cannot, per se, change the risks of the insurers they supervise. Of course supervisory action can have an impact on the risks borne by an insurer but this should not be ex ante factored into the capital requirements. The following references should therefore be deleted: - frequency and level of detail of regulatory reporting requirements for a legal entity or IAIG - frequency and level of detail of financial analysis and examinations of a legal entity or IAIG - nature and types of regulatory tools used in the supervision of the legal entity or IAIG - adequacy of supervisory resources and - nature and scope of supervisory powers. M2E8b-2 and M2E8b-2-1: non-insurance risks should also be taken into account, in particular for conglomerates. M2E8b-2-2: property risk and market risk concentrations should be mentioned in the list M2E8b-2-5-1: Catastrophe risk should form part of underwriting risk, rather as is suggested here operational risk.	

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				M2E8b-3, M2E8b-3-2 and M2E8b-3-4: there appears to be no substantial difference between a factor-based approach and formula based approaches. M2E8b-3-2-1: there is no reason for considering that a factor-based approach can only apply to "balance sheet positions". If the intention is to consider such an approach, then it should be named differently (e.g. "risk weighted balance sheet positions") M2E8b-3-7: there should be clear criteria for deciding where certain entities should be excluded or certain adjustments should be made. Without these criteria, there is too much supervisory discretion and not enough convergence fostering (which is the objective of ComFrame). One of these criteria should be that the adjustment or the exclusion enhance the assessment of the solvency position of the IAIG M2E8c-3-3: rather than imposing deduction on all intangibles, it should be possible to allow for capital requirements on the risk associated with these items where they have a clear market value. M2E8c-4: "Capital resources should be free from requirements or incentives to redeem the nominal sum" should be incorporated into the list of bullets that should be taken into account and could be rephrased as "whether capital resources are free from requirements or incentives to redeem the nominal sum". As drafted the standard is not consistent with M2E8c-4-2 which implies that the existence of "step up options" in capital elements which would be an incentive to redeem. M2E8c-4-1: The requirement for all capital elements to be fully paid is not consistent with ICP 17.10.11 which allows the recognition of contingent assets where the likelihood of payment is high. M2E8c-5-2: there is no clear rationale for considering that the intra-group creation of capital can only be treated through capital requirements (and not capital resources) when using a legal entity approach. M2E8d-2-2: other scenarios could be included such as "significant decline in property markets" or "significant increase in spread in bond markets" M2E8d-2-2-1: It is unclear whether the intention is to require internal models to be determined according to certain prescribed stresses or scenarios. If such is the intention, then it would be better placed and discussed under M2E8b, as a risk measurement criterion. However, it would seem more logical to first establish more general risk measurement criteria, applicable to both internal models and standard approaches.	
575	Japan Financial Services Agency	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	M2E8d-1-1-2 Module 3 is the right place to address any resolution-related issues and thus this Specification, if it needs to be retained, should be moved to M3 with necessary modifications. At least, M2E8d-1-1-2 should be deleted.	
576	Japan	IAIS	Specific	- While Appendix 2 (page 19) explains that 'recovery and resolution plans are only required for	

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	The General Insurance Association of Japan	Observer	comment to M2E8 (Capital Adequacy)	G-SIFIs', M2E8d-1-1-2 contains a different description, indicating large IAIGs are subject to RRP requirements. It should be made clear that RRP requirements apply only to G-SIFIs to address systemic risk. - For example, in Japan, pre-event catastrophe reserves, which are treated as liabilities (of a capital nature), have adequately absorbed losses from large-scale disasters including the Great East Japan Earthquake. In classifying capital resource items, sufficient consideration should be given to the actual situation and jurisdictional differences in accounting systems (M2E8c-3).	
577	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	-General: We agree with the direction presented in M2E8a and M2E8b, especially as both are based on ICP17. Paragraph 5 of the Introductory Comments, which states that "valuation based on IFRS (or reconciliation to IFRS) as a working assumption with filters and complements to be built where needed as IFRS develops", is a key element of the statement. It should be noted, however, that there might be cases where IFRS has not yet been adopted in a certain jurisdiction and it's not possible to use IFRS as a basis, or, even when IFRS is adopted, still it's not appropriate to use it as valuation method for regulatory purpose. We would appreciate it if the IAIS could make sure that these circumstances are fully taken into account in developing a valuation framework for IAIGs. In addition, where the IAIS uses IFRS as a prerequisite, we believe that the IAIS should express its position following in-depth discussion on valuation within the IAIS and through its influence on IASB standard setting and not merely rely on the process of the IASB. -M2E8b-3: We recognize that items associated with the calculation of group regulatory capital is currently under consideration. We expect that this consideration will be based on the statement that "ComFrame is designed to create more commonality and comparability of approaches without being rules-based" (See "1. Background and resulting drivers of ComFrame", "a) Background", the subcategory "Convergence fostering", Page 5). -M2E8c-2-1: It is stated that the SSC is currently undertaking a mapping exercise to assess capital resources. In our view, a standardised approach to determine available capital resources would not be appropriate as the treatment of capital resources varies based on the regulations of individual jurisdictions. Therefore, we propose that ComFrame requirements regarding the determination of capital resources should be principle based so that specific approaches are appropriately established to reflect individual jurisdictions' circumstances. -M2E8c-3-3: We believe that prudential filters should be provided as a principle-based requirement rather than as a rule-based requirement. It should be clarified that the deductible items listed in	

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				M2E8c-3-3 are not compulsory, but presented as illustrative examples. Local practice should also be allowed in setting prudential filters. -M2E8d-1-1-2: "Large IAIGs (particularly those designated as being G-SII)" are required to have a resolution and recovery plan in place. However, implementation of such a plan should be considered with regards to insurers designated as G-SII with systemic risks. Therefore, this plan should not be specified in ComFrame, which establishes requirements for IAIGs. Equally, the size of the group has no relationship as to whether or not it is included in the scope of IAIG. When considering these points, we believe that this paragraph should be deleted. -M2E8d-2: We agree that stress testing and scenario analysis are paramount when assessing an IAIG's ability. However, it is our view that ComFrame establishes comprehensive regulations on IAIGs to prevent international regulatory arbitrage and will not require IAIGs to hold additional capital.	
578	Joint initiative CRO Forum / CRO Council	Other	Specific comment to M2E8 (Capital Adequacy)	CROF and CROC agree that group solvency should be assessed based on the risk based approach prescribed by current and future group regimes to be recognized under ComFrame. Therefore ComFrame should not be prescriptive with regards to the requirements of economic capital models. It should be the group's decision whether to use an economic capital model, in accordance to the regulation in place; a wide range of approaches should be allowed, from fully integrated stochastic internal models to simple standard like models or scenario based approaches. Furthermore, the experience of the CROF and CROC members with implementation of new capital regimes is that the process requires substantial effort and time. By way of example, the areas of model scope, data validation and calibration present real challenges for the approval of internal models. These factors need to be reflected in the consideration by the IAIS of timing, resources, and purpose of group solvency assessment and its implementation. A solvency calculation for the group as a whole should treat the group as one economic unit and allow use of excess capital of solo entities for the group-wide solvency calculation if capital is truly fungible. Of course, capital would be held at levels sufficient for the legal entity to operate under locally applicable regulatory requirements.	
579	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	We appreciate the amount of work performed by the IAIS in terms of the Group Capital Adequacy Assessment since the last consultation in 2011. We hope for more progress in finding similar means of addressing risk and a narrow range of target criteria. Considering the large efforts of the IAIS to find similarities of solvency regimes already established in various jurisdictions, we encourage the IAIS to evaluate an approach for a capital assessment for IAIG which would not build upon existing regimes but which would rather be acceptable by members as an additional group capital adequacy assessment. This could consist of common grounds of how IAIG themselves consider capital needs or on a scenario based approach as it	

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				has been proposed by various IAIS members. Comment on ComFrame Standard M2E8b-2: We appreciate that the Group Capital Adequacy Assessment of ComFrame no longer contains liquidity risk, as such a risk should not be covered by capital but rather by liquidity requirements, if appropriate.	
580	UK Association of British Insurers	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	It is vital that a range of existing national regimes are recognized within any approach to group capital taken in ComFrame. The quantitative assessment should provide a way of understanding the financial condition of the group using local risk-based requirements applicable at the group level and allowing appropriate recognition of local requirements applicable to the solo entities within the group to provide a consolidated view. This should form the basis for a range of acceptable approaches from existing and developing solvency regimes that the IAIS are considering. The group assessment should : 1) Enable all risks to be captured on the balance sheet including relevant off balance sheet items and activities conducted by unregulated entities and recognize economic assessment of assets and liabilities. 2) Accept use of full and partial internal models. 3) Be risk based. M2E8c-3-1 : We are concerned by the reference to banking tiers being considered in the classification of financial instruments for insurance capital purposes. Capital serves a very different function for banks than for insurers and therefore banking tiers do not provide a good reference point for consideration of capital for insurance prudential purposes. Any classification of capital for insurers should take the insurance business model as the starting point and build from that rather than seeking read across from other sectors.	
581	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	Recognising that this module is still very much a work in progress, it is apparent that some clarification of certain points and re-organisation of thoughts/parameters is required. M2E8a-1-3 Should emphasise the need for an overall group view. Perhaps more emphasis on non-insurance members? Pre-conditions in a jurisdiction needs more explanation. M2E8b-1-3-1 Make reference to the IFS paper or some definition of traditional/non-traditional breakdown. M2E8b-2-5-1 Operational risk could be expanded to the effects of fraud or non-compliance with legal/regulatory requirements.	

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				M2E8b-3-1-1 The first paragraph appears to be a repetition of E2 but perhaps could be re-written to support the second paragraph more fully. M2E8b-3-2 and 8b-3-3 should really be specifications as they are explanation whilst the descriptions of the techniques in the specifications do not really add anything. Should these go into the glossary? The same applies for parameters 3-4, 3-5 and 3-6. (If concrete examples were to be given for each of these, this could be reconsidered) M2E8c-1-1-2 This needs expanding with examples, and needs safeguards. M2E8c-2-1-1 Such standards will need to describe how and where they are "standard". M2E8c-3-3 This seems to be in the wrong place - belongs to calculation of capital. M2E8c-4-1-1 This would appear to be more of a parameter. Going concern implications are missing. M2E8c-5-1 This seems to be in the wrong place (although important). M2E8d-1-1 The aspect of a PCR needs putting up front and explaining better as this is the only time it is mentioned. M2E8d-2-2 very prescriptive. M2E8d-2-2-1 Would these be generic tests imposed on the IAIG or prescribed in consultation with the IAIG?	
582	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	GNAIE opposes the requirement that an IAIG calculate its "group regulatory capital." We agree that it is appropriate for a group regulator to require a group capital assessment to be performed as part of the ORSA reports and other group supervisory review. ICP 17 (in paragraph 17.5) recognizes that "in the context of group-wide capital adequacy assessment, the regulatory capital requirements establish solvency control levels that are appropriate in the context of the approach to group-wide capital adequacy that is applied." It does not specify a group regulatory capital requirement for all jurisdictions. A single group capital number group requirement can be misleading and manipulated. It suggests a level of corporate capital support that may not be allowed by legal entity supervisors. Much work needs still needs to be developed regarding a group regulatory capital requirement, its purpose and use, and the mechanics of its application. We would suggest that more emphasis be placed on the complete solvency review process including supervisory review and disclosure than on calculating a regulatory group capital requirement.	

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583	United States of America American Academy of Actuaries	Other	Specific comment to M2E8 (Capital Adequacy)	p112,M2E8c-1-1,second bullet: "the determination of capital resources is? an assessment of the?quality and suitability of the financial instruments comprising the total amount of capital resources identified?" Does this means specific assets must be allocated and dedicated to capital?	
584	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	The goal of ComFrame with regard to group capital adequacy should be to facilitate supervisory understanding of the various capital standards that apply to an IAIG's member insurers, and to make sure that group-wide risks are identified and appropriately dealt with. While group-wide economic capital assessment is appropriate (and is facilitated by the ORSA process), we do not believe that imposition of an international Prescribed Capital Requirement is appropriate. Supervisors should begin by concentrating on understanding the information that is already reported and the capital standards that are applied to group members, and by making sure that group-wide risks are considered. Good regulatory systems differ as to how they deal with different risks, and capital is not always the most appropriate way to address a particular risk. ComFrame should promote understanding of these differences, and should not try to eliminate them. If there is to be a group-wide regulatory capital requirement, we strongly agree with the NAIC's comments that "ladders of intervention" serve a different purpose at a group level than at a legal entity level. They should "trigger a process for collaboration and coordination among home/host supervisors in order to address issues that potentially threaten the stability of the group", rather than require specific legal actions against an IAIG (Specification M2E8d-1-1-1). In addition, Specification M2E8b-1-2-1 should clarify that the group capital requirement is met if the insurance legal entities meet their minimum capital requirements and group level risks are dealt with. We reiterate that these additional risks are not necessarily best dealt with through requiring additional capital.	
585	USA American Council of Life Insurers	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	Please see answer #6	
586	USA CNA	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	Module 2 Element 8, Intro Comments - Reference is made to standard stresses being developed for IAIG's by The Macroprudential Surveillance Working Group. Since historically this Working Group's meetings have been closed to Observers we request that when common stresses are being discussed and developed Observers be allowed to participate in the meeting. Module 2 Element 8 - CNA opposes the development of a group capital assessment for the reasons outlined in our general comments. We also oppose IFRS plus prudential filters being	

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				used for valuation and capital assessment purposes.	
587	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	- M2E8: As per the (extensive) earlier comments in this letter the IIF strongly believes that ComFrame should not seek to develop common global standards for solvency. Rather, it is key that standards currently applicable in major jurisdictions and regions are mutually recognized and that ComFrame provides support and encouragement for mutual recognition of standards which, though different in detail, deliver comparable levels of safety and soundness. - M2E8a-1: The IIF supports a total balance sheet approach, economic /risk based balance sheet approach and the use of internal risk models. - M2E8a-1-3 ComFrame refers to restrictions of fungibility of capital and transferability of assets. The IIF recommends scrutinizing those issues on a qualitative basis (cf. M2E6a-2-5 - investigation of such impediments). A group solvency calculation should treat the group as one economic unit and allow using excess capital of solo entities for the group-wide solvency calculation. This is important as ComFrame also requires a concept of capital allocation. - M2E8b-2: Non-quantifiable risk such as reputational risks or emerging risks should be dealt under ORSA and not be part of the group regulatory capital requirements. - M2E8b-3: Group capital requirements are defined and relevant risks are also identified. It should be clarified that existing group regulatory regimes which are risk based and demonstrably have coverage of all risks are recognized as compliant to ComFrame. This should also include the described methods to determine group capital requirements. M2E8c-1: The IIF is concerned with the reference to banking tiers being considered in the development of capital classifications.	
588	USA Liberty Mutual Group	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	The goal of ComFrame with regard to group capital adequacy should be to facilitate supervisory understanding of the various capital standards that apply to legal entities within a global insurer and to make sure that group-wide risks are identified and appropriately dealt with. While group-wide economic capital assessment is appropriate (and is facilitated by the ORSA process), we do not believe that a requirement to develop a group-wide regulatory capital requirement makes sense. This Element also presumes the use of a single global accounting standard. For example, this Element assumes that the United States will abandon its Risk Based Capital system, although there is no reasonable basis for this assumption. Because of this flawed overall approach, this Element should be deleted. In any case, M2E8b-3 needs to be clarified in order to explain whether a global insurer will be permitted to decide which of the listed approaches it may use to calculate its regulatory capital. M2E8c-5 uses the term "multiple-gearing." This term must be defined. M2E8c-5-2 refers to the "intra-group creation of capital" having "been led by" a global insurer's	

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				"internal structure." An explanation is needed of what is meant by these terms. M2E8d-2-2 requires stress testing of "change in regulation," among other factors. The draft must provide guidance as to how to conduct a stress test for this factor.	
589	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M2E8 (Capital Adequacy)	Please see comments in answer to Q.6 above.	
590	USA NAIC	IAIS Member	Specific comment to M2E8 (Capital Adequacy)	M2E8 - General: ComFrame should foster a mutual understanding of the different approaches to capital requirements among jurisdictions and ensure that relevant and material risks are captured and understood by the IAIG's supervisors. It is appropriate for ComFrame to include an assessment of group capital, but this is not a unilateral exercise; it requires the understanding of local jurisdictional capital requirements, the assessment of intra-group transactions, the accounting framework, nature and fungibility of capital, and the use of stress testing. Arriving at a single global capital standard is not an appropriate component of ComFrame. If IAIS Members believe that developing a global capital standard is necessary for insurance, it should be considered in a separate initiative. M2E8b-1-1-2: It is not clear what is meant by the first sentence: "The IAIG will react to solvency regulation within a jurisdiction." M2E8c-1: The standard states "The IAIG holds sufficient available capital resources." It is essentially the same as M2E8d-1 that states: "The IAIG needs to maintain available capital resources to meet the group regulatory capital." Eliminate M2E8c-1. M2E8c-1-1: This could be moved under M2E8c-2. M2E8d-1-1-1: With regard to developing ladders of intervention for group capital purposes, ladders of intervention (on a group level) serve a different purpose than they do for legal insurance entities. The use of ladders of intervention within ComFrame should not be for the purpose of taking specific legal actions against an insurance group, but to trigger a process for collaboration and coordination among host/home supervisors in order to address issues that potentially threaten the stability of the group.	
591	USA Northwestern Mutual	IAIS Observer	Specific comment to M2E8	Please see answer to #15. We strongly urge that the use of ERM to understand an IAIG is far more meaningful than any	

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			(Capital Adequacy)	required quantification of "group capital." We realize that in order to supervise a particular IAIG that the involved supervisors, informed by the ERM practices of the IAIG, may consider that certain capital metrics are more useful than others. Any conclusions would be based on their familiarity with the IAIG under review and its associated risks. However, we are opposed to a group capital requirement which to us implies extra capital mandated for an IAIG. This is because in our view it is not necessary from a regulatory standpoint for IAIGs to hold capital in excess of what is needed to ensure the payment of policy obligations in each respective jurisdiction in which the IAIG or its subsidiaries have written coverage. Approaching capital adequacy in this manner assures the satisfaction of policy obligations and the responsibility that the regulator has to insurance consumers. Also, Specification M2E8b-3-1-1 requires the IAIG to measure risks "based on risk measurement methods which are based on a documented rationale set out by the group-wide supervisor". We are not sure what this means and, in any event, suggest that the group-wide supervisor should not have authority to determine an IAIG's risk measurement methods. A better approach would be to call for the group-wide supervisor, in coordination with other involved supervisors, to have a dialogue with the IAIG to understand the IAIG's rationale for its risk measurement methods.	
Specific comment to M2E9 (Reporting and Disclosure)					
592	Belgium National Bank of Belgium	IAIS Member	Specific comment to M2E9 (Reporting and Disclosure)	-Parameter M2E9-3-1: The IAIG Annual Supervisory Reporting Package should also include a Group Risk report including a detailed overview of the group's main risk exposures, the conducted risk assessments, the risk management approaches and the ORSA. -It is stated on p.127, with respect to parameter M2E9-3-3, that financial statements prepared in accordance, or reconcilable to, IFRS are not required prior to the mandatory adoption dates of the future insurance contracts and financial instruments standards: Was this agreed by the TC?	
593	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	Group supervision does NOT require uniform financial reporting, accounting standards, and capital measurement across jurisdictional boundaries. Uniformity in these prudential requirements is a matter for separate consideration and may or may not emerge as a beneficial component of group supervision. Therefore we do not support the requirement to report in IFRS or reconcilable to IFRS.	
594	Canada Canadian Institute of Actuaries	Other	Specific comment to M2E9 (Reporting and Disclosure)	M2E9-3-5: Given that these differences are specified by the supervisors, a reconciliation should be sufficient. Ideally all the adjustments to IFRS financial statements for supervisory purposes would be made in the capital adequacy framework. M2E9-3-6: This is a useful requirement as long as the information is appropriately focused.	

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595	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	We would like to point out that publicly traded Canadian companies are already subject to detailed reporting and disclosure requirements in line with Canadian Securities Law. In addition, large publicly trade Canadian life and health insurers are generally cross-listed on foreign exchanges and are therefore subject to equally stringent requirements in other key jurisdictions. We therefore question the need for its inclusion in ComFrame but if it is to remaind, it should be in the form of high level guidance. E9-6 and E9-7: We contend that the ComFrame is not the right vehicle in which to address disclosures to "all stakeholders" and would respectfully suggest that this reference be dropped.	
596	Canada International Actuarial Association	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	M2E9-3-5: Given that these differences are specified by the supervisors, reconciliation should be sufficient. Ideally all the adjustments to IFRS financial statements for supervisory purposes would be made in the capital adequacy framework. M2E9-3-6: This is a useful requirement as long as the information is appropriately focused.	
597	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M2E9 (Reporting and Disclosure)	M2E9: Suggest specifying whether a disclosure is meant to be public or just to the Supervisor. M2E9-4: Suggest that a new parameter be added: The IAIG provides ad-hoc data and information to the group-wide supervisor on a timely basis.	
598	China China Insurance Regulatory Commission	IAIS Member	Specific comment to M2E9 (Reporting and Disclosure)	In regard to M2E9: First, we suggest further defining the method, time and content of the sharing of annual regulatory report and interim regulatory report between group-wide supervisors and involved supervisors. M2E9 normalizes the annual regulatory report and interim regulatory report that should be submitted to the group-wide supervisor, and points that IAIGs provides timely updates to the group-wide supervisor of any material changes to aspects addressed in the qualitative requirements in Module 2. The "Annual Regulatory Report" and "Interim Regulatory Report" should be convenient for sharing, but how to share, when to share and what to share are suggested to be regulated in principle in M2E9. Second, we suggest in reference for the time when IAIG submit the report to the group-wide supervisor determining the time when it submit the report to involved supervisors. M2E9-2-1 specifies IAIGs shall report information at the time as required by involved supervisors; "involved supervisors" here include both group-wide supervisor and supervisors of other jurisdictions, while the group-wide supervisor and involved supervisors may require different time. Therefore, we suggest it is subject to the time required by the involved supervisors. Third, we suggest adding one standard to clarify the IAIG using the internal model what information of the model it should disclose to the market participants, so as to enhance the understanding of the participants to the adopted internal model and strengthen the comparability of this	

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				information with other disclosed information of IAIGs.	
599	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M2E9 (Reporting and Disclosure)	Specification M2E9-1-1 provides examples with too short timeframes. It should be consistent with the timeframe for the submission of reporting information should be consistent with the timeframe set by law for the listed undertakings regarding the filling of their annual and interim financial reporting. Parameter M2E9-3-1: The IAIG Annual Supervisory Reporting Package should also include a detailed overview of the group's main risk exposures, the conducted risk assessments, the risk management approaches and the ORSA.	
600	Europe Insurance Europe	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	- Insurance Europe welcomes the statement that "the IAIS does not intend that supervisors develop common reporting templates for IAIGs". A reliance on existing reporting and disclosure processes is vitally important for achieving efficiencies in the supervisory process and limiting the burden on IAIGs. - M2E9-3-3-1 Insurance Europe strongly objects to any mandatory requirements relating to external auditing. We do not believe that mandatory auditing is necessary to complement the assurance already provided by the internal controls and governance of undertaking, and the supervisory review process. An IAIG's system of governance will ensure there is a sufficiently robust system behind the information reported for supervisory purposes, including provisions for an independent internal review. The information submitted by (re)insurance undertakings is subject to a supervisory review process and for certain items, such as ancillary own funds in the case of solvency II, subject to supervisory approval itself. Due consideration should be given to cost and timing implications of external auditing requirements. Instead, IAIGs should have the flexibility to determine for themselves the mandate and scope for an external audit/opinion where appropriate. M2E9-3-4 and M2E9-3-5 If the reference to "public" is intended to be a reference to public disclosure we would question the necessity of public disclosure needing to be done on an "interim basis" in addition to the systematic public disclosure which already takes place on an annual basis. Any more frequent public disclosure requirement is excessive. We therefore believe reference to interim public statements/reporting should be deleted from both these specifications. - M2E9-3-6 insurance Europe opposes the reference to internal models being subject to on-going approval, only changes to the internal model should subject to prior supervisory approval. As currently drafted, this requirement for on-going approval would result in a very burdensome process creating uncertainty for both supervisors and undertakings. - M2E9-10 Insurance Europe questions why "annual audited consolidated financial statements" are required as part of the (re)insurance reporting/disclosure package? Financial statements are required as part of the accounting framework, it is important to ensure the (re)insurance framework is considered in the right context.	
601	Germany Bundesanstalt fr	IAIS Member	Specific comment to	Parameter M2E9-5-1 The wording is premised on the disclosure being made "as required by involved supervisors".	

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	Finanzdienstleistungsaufsicht		M2E9 (Reporting and Disclosure)	Disclosure requirements motivated by supervisory law, which are not concerned with providing potential investors with information that is as up-to-date as possible but with promoting general transparency and market discipline, should be defined by statute and not on an ad hoc basis by the supervisory authority. If it is specifically intended for the supervisory authorities to be able to decide from case to case, no approval should be given here. [Under Solvency II, the supervisory authority may request an update of the SFCR, but that applies only in the case of "major developments affecting significantly the relevance of the information disclosed". Consequently, only information so important that it is not possible to wait for the next SFCR is concerned.] Parameter M2E9-6-2 Here there is an implication that disclosures must take place "on an ongoing basis". Although IOSCO Principles are referred to more frequently, these relate to a different subject matter, namely disclosure requirements for listed companies under securities legislation. These duties of course exist in parallel. For disclosures motivated by supervisory law, it suffices, as provided under Solvency II, to publish a report once a year and otherwise to make information known ad hoc only if the information is of particular importance. ComFrame Standard M2E9-7 The content of this standard overlaps with ComFrame Standard M2E9- 6. Only one of the two standards, or - probably better - one standard representing a mixture of both of them in terms of wording, should be used. Parameter M2E9-7-2 "Key macroeconomic risks" should actually be set out in the financial report and are not necessarily relevant for disclosure based on supervisory law requirements. Under Solvency II, the disclosures to be made are company-specific. A publication of the financial report is not required under supervisory law. ComFrame Standard M2E9-10 As part of the disclosure obligations motivated by supervisory law and as such not provided under Solvency II, the annual audited consolidated financial statements are to be published. It is not clear what is to be understood by "risk profile". In Solvency II, no definition is provided for this term, and no definition is found in the IAIS Glossary either. The publication of the assessment of capital adequacy - depending on how this is to be understood - might also be critical. Under Solvency II it is only required, for good reason, for disclosures to be made regarding the SCR (where applicable with disclosure of a capital add-on) and the MCR and own funds, but not on adherence in future. Also regarding the results of the ORSA, no information is required to be published. Hence, no information is required to be provided on how a company or a group assesses its internal capital requirements currently and in future. That would be too much transparency, and might create difficulties for companies if published.	
602	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M2E9 (Reporting	We fully support the ComFrame commentary to Element 9 as regards existing reporting schemes may deemed to be equivalent with ComFrame requirements.	

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			and Disclosure)		
603	Japan Financial Services Agency	IAIS Member	Specific comment to M2E9 (Reporting and Disclosure)	M2E9-5-1 For the clarification purpose, M2E9-5-1 should be modified as follows: otherwise, this might be read as involved supervisors (other than a group-wide supervisor) can require the IAIG additional disclosure. "The IAIG publicly discloses reporting information as required in involved supervisors' jurisdictions."	
604	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	- It is imperative that the Annual and Interim Supervisory Reporting Packages do not become just an excessive administrative burden for firms. For instance, supervisors should substitute local group reporting requirements with these packages to the maximum extent possible. It should follow a principle of "scrap and build". - M2E9-3-3 says that 'the IAIG Annual Supervisory Reporting Package includes the IAIG's annual public financial statements prepared in accordance with, or reconcilable to, IFRS'. However, it is very burdensome for IAIGs to reconcile financial statements based on each jurisdiction's accounting standards to IFRS. In fact, the IFRS adoption date is yet to be determined in Japan. Therefore, this parameter should clarify how to deal with jurisdictions where IFRS has not been implemented. - It is not possible for IAIGs alone to 'ensure comparability with relevant peers, including other IAIGs and other insurers' (M2E9-9-1). This is rather an issue better addressed by supervisors from the viewpoint of protection of investors and policyholders. We suggest moving this parameter to Module 3, changing the subject of the sentence from 'The IAIG' to 'Involved supervisors'. - While M2E9-3-5 requires IAIGs to provide detailed explanation of the differences between financial statements for supervisory purposes and those for public disclosure, excessively burdening IAIGs should be avoided.	
605	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	-M2E9-2-1-1: A reasonable timeframe to submit relevant and required information would depend on the substance of each standard. Therefore, an appropriate timeframe should be established after considering the increased workload (supplementary to reporting required by prudential regulation(s) in each jurisdiction) that each insurer will be responsible for. -M2E9-3-1: Interim reporting should be made simpler in comparison to annual reporting. Additionally, differences in accounting periods across jurisdictions should also be considered. -M2E9-3-3: We propose to delete the phrase "?prepared in accordance with, or reconcilable to, IFRS"	

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				from "?annual public financial statements prepared in accordance with, or reconcilable to, IFRS". Accounting standards applied when preparing annual public financial statements should not be considered or determined in ComFrame. Moreover, financial reporting required within this parameter appears to overlap with reporting required in M2E9-3-5, which says "?include detailed explanations of the differences between reporting for solvency purposes and its annual and interim public financial statements". In addition to the above, we believe, in principle, that the external audit should not be obligatory beyond requirements set by each jurisdiction, even though Specification of M2E9-3-3 mentions external audit. Even in the case where an external audit is required to cover extended areas, such an audit should be required only with a focus on additional elements brought about through the conduct of international activities. -M2E9-5-1-1: Disclosure legislation varies across jurisdictions. Therefore, disclosure obligations on IAIG Supervisory Reporting Package should be ultimately determined by each country's supervisor after taking into account the specificities of each jurisdiction and its insurance market. -M2E9-6-1: A discussion of disclosure by mutuals is provided in the final part of Module 2 Element 9 ComFrame Commentary. With reference to this section, we would like to confirm whether the phrase "?make disclosures that are similar in substance" still suggests that differences between disclosures by listed companies (to protect their stockholders) and by mutuals (to protect their policyholders) will be taken into consideration. -M2E9-7: We believe that the following three principles should be set out in the disclosure standards on IAIGs. We hope that appropriate disclosure standards will be established based on our suggestions, which include: 1. Public disclosure requirements should primarily put policyholders at the center of market participants who use disclosure information as we believe that the primary objective of insurance supervision is to protect policyholders; 2. Disclosure of information should be made to the extent that it enables insurers to prepare and verify information within reasonable cost and time frames. Although we agree with the fundamental concept of providing users with useful information, we also believe that it would be unreasonable to impose a significantly high cost burden on preparers that would outweigh the benefit for users. Therefore, we believe that due consideration should be taken with regards to the development of disclosure items; and, 3. Disclosure of information should ensure that insurers do not disclose confidential information nor are they put at a competitive disadvantage. Insurers hold confidential corporate information that is not appropriate for public disclosure. As a result, we believe that due consideration should be given with regards to the development of disclosure items.	

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606	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M2E9 (Reporting and Disclosure)	This element appears very prescriptive and to introduce new, specific forms of reporting i.e. an additional layer, which, in meetings, it had been stated that this was not the intention. Rather than give annual and interim reports a specific name M2E9-2, 9-3, 9-7, 9-8 and 9-10 should be combined: to cover scope, frequency and timing of reports (not sure that the reference to Module 2 adds anything and M2E9-3-1-1 would appear to belong better under the parameter. 9-4 could also be included here.). M2E3-9-8 "segment level" is a new concept here and requires better definition. The guidance under 9-3 should focus on what is not available to the general public - this is potentially a lot of information that is being requested (and will need analysing). M2E9-5, 9-6, 9-9 should also be combined as they all cover public disclosures but the why and wherefore is not clear (i.e. is this purely dependent on local jurisdictional requirements?). Also, what is really different here from the ICPs, or the listing rules (9-6)? It is not clear if M2E9-7 and 9-10 belong to supervisory reporting or public disclosures as the messages have jumped about. (M2E9-9 and 9-10 are also repetitive of previous sections.) 9-7 appears to be what is already required as part of the annual reporting requirements. In conclusion, this element should cover the need to have a (group wide) system for reporting, how the reporting operates and what is disclosed publicly.	
607	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	All references to IFRS in this Module should be deleted. (See our comment on Module 2 Element 7.)	
608	USA American Council of Life Insurers	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	ComFrame should allow the group-wide supervisor and the college of supervisors to determine the appropriate reporting standards for the IAIG, for example, based on the financial reporting requirements of the Head of the IAIG or the domicile of the largest insurance entity within the group. We support the NAIC's rationale and effort to challenge the IFRS working assumption.	
609	USA CNA	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	Parameter M2E9-3-3 In order for an audit to be conducted on the Group Statutory Statements a comprehensive basis of accounting needs to be used in the preparation of those statements. IFRS plus prudential filters individually identified by the Group Supervisor is not a comprehensive basis of accounting consistently applied by all IAIG's and cannot be audited. We suggest the IAIS develop a comprehensive basis of accounting to address this issue.	

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				Parameter M2E9-3-6 We need more information regarding what is in the Supervisory Reporting Package which is due on April 1st of each year. Any information regarding ERM/ORSA and the economic capital model should have a due date consistent with the jurisdictional legal entity ORSA requirement and ideally be consistent as to scope and content so that the two requirements may be met by a common reporting package. Parameter M2E9-5-1 If additional disclosure requirements need to be made public it needs to be consistently applied against all IAIG's as highlighted in general comments. Parameter M2E9-9-1 How is this accomplished if all IAIG's are not using consistent basis of accounting?	
610	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	- M2E9-3: Under ComFrame IAIGs have to produce annual and quarterly reporting packages. The IIF recommends that equivalent reports, as they exist in various jurisdictions, should be accepted as ComFrame reports. - M2E9-3-2 /3: Any requests, supplemental or otherwise, should come from the group supervisor and not the other involved supervisors. Likewise, there should be no supplemental requests to modify the IAIG's Annual Supervisory Reporting Package absent the Group Supervisor's concurrence. - M2E9-7: Reporting should be limited to annual disclosures. If supervisors insist on retaining "interim reporting" then such reporting should only occur with the concurrence of the group supervisor. M2E9-9-1: The reliance on the IAIGs to report on a consistent and comparable basis will be a difficult exercise and potentially expose groups to anti-trust sanctions in some jurisdictions.	
611	USA Liberty Mutual Group	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	This Element uses the terms "reporting information," "Annual Supervisory Reporting Package," and "Interim Supervisory Reporting Package". These terms must be defined. The Element also presumes convergence of accounting standards through adoption of IFRS in all jurisdictions, yet recent developments suggest that will not occur in the near term, if ever. References to IFRS should be removed or the provisions in which the reference is made deleted in their entirety. The requirement in M2E9-6 that global insurers disclose relevant, comprehensive and adequate information on a timely basis should exclude confidential data. Guidance as to what would be considered to be "timely" is needed, as well. Similar concerns apply to the requirement in M2E9-7 that global insurers must disclose on an interim and annual basis appropriately detailed qualitative and quantitative information. The requirement that these disclosures include "governance and controls" does not appear to address any regulatory or consumer need and should be deleted. M2E9-10 requires disclosure of a global insurer's capital management and assessment of	

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				capital adequacy and its corporate governance framework and management controls. This requirement is unduly burdensome and should be deleted.	
612	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	Standard M2E9 In addition to the IFRS issues described above, we would highlight the possibility that two different accounting standards may be used - one for public disclosure and one for regulatory reporting. For example, in the US, we use GAAP for our public (SEC) reporting and STAT for regulatory reporting. Even if IFRS is adopted for regulatory reporting to insurance supervisors, it may not be adopted for purposes of SEC reporting (either on the same timeframe or at all). Also, we currently do not prepare group-wide STAT financial statements; these are done at the legal entity level only. If IFRS becomes the standard, or even if STAT is retained for regulatory purposes, US laws would have to change to require consolidated reporting under the applicable regulatory accounting standards. Standard M2E9-2 This standard requires to IAIG to provide information to involved supervisors on an as needed basis. Information provided on an "as needed basis" must be coordinated and filtered through the group-wide supervisor and communicated by the group-wide supervisor to the identified IAIG contact relevant to the request to prevent multiple, burdensome requests directed throughout the IAIG. In addition, Specification M2E9-2-1 suggests timeframes as follows: 90 days after end financial year for annual information and 60 days after end of reporting period for interim info. We recommend that timing should be consistent with disclosure laws of group-wide supervisor jurisdiction. Specification M2E9-3-3-1 This specification allows the group-wide supervisor to request external audit or assurance of annually reported information. Is it intended that supervisors may request external audits or assurances on any aspect of the IAIG Annual Supervisory Reporting Package? What would be the standard for requiring an external audit/assurance? Presumably the audit/assurance target would vary over time and could require great compliance costs. Parameter M2E9-3-6: This parameter states that the IAIG Interim Reporting Package includes information on an exception basis on the use of the model and the model itself". It is not clear what is meant by	

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				"on an exception basis". We suggest that the grounds for exception be clarified. Standard M2E9-4: M2E9-5-1 suggests that public disclosure under existing securities laws will be sufficient for ComFrame purposes and that no additional reporting is required and that reporting intervals will be the same. As written, we only have a statement that where existing systems meet reporting required under M2E9-1-1 nothing further required. See M2E9 Commentary p. 127, 1st Bullet. Deference to existing regimes would avoid unnecessary duplication/ timing issues and going beyond what is required under existing public reporting / disclosure rules. Therefore, consistent with M2E9-5-1, we suggest that current public reporting/disclosure requirements be considered adequate for ComFrame purposes wherever applicable. For example, under the US securities laws, the SEC requires public reporting on Form 8-K whenever certain material changes occur - this is intended to provide investors with prompt notice of certain events. The triggering events for a Form 8-K are enumerated (e.g., entry into a material agreement, creation of a material obligation) - it is not any and all material developments. We recommend that where jurisdictions have no reporting and/or disclosure requirements involved supervisors may not go beyond what is required under securities laws/accounting standards or other disclosure rules in IAIG home jurisdiction Spec M2E9-4-1-1: For the avoidance of doubt, we would suggest the addition of "national" before "securities legislation." (In the U.S., insurance is regulated at the state level, but disclosure requirements applicable to publicly traded companies is governed by federal securities regulation.) Parameter M2E9-5-1: Consistent with our understanding of ComFrame's intent to streamline not duplicate existing review and reporting requirements, to avoid multiple public disclosures in the jurisdictions of "involved supervisors" we suggest the addition of a provision that public disclosure in the principal trading market for the IAIG's securities will suffice to satisfy the requirements of M2E9-5-1. Disclosure in the principal trading market will be rapidly picked up and disseminated. In addition, the disclosures required by involved supervisors should be harmonized in terms of content, and not vary from jurisdiction to jurisdiction. Parameter M2E9-9-1:	

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				This parameter would require an IAIG to consider "what is required to ensure comparability with relevant peers, including other IAIGs and other insurers in the IAIG's home market." In practice, this would be extremely hard to achieve, since insurers' disclosures frequently go beyond the minimum disclosures required by law and accounting standards to include information that is relevant for the particular insurer in light of, e.g., its structure, complexity, business model, products offered, geographic markets served, distribution channels, investment portfolio and risk management practices. Consistent with our comment on Standard M2E9-4, we would suggest that public disclosure standards be those prescribed by existing national disclosure rules and accounting standards applicable to the IAIG. Ensuring comparability is the job of regulators and standard setters, not individual companies. Requiring insurers to ensure comparability of their disclosures with those provided by other insurers who may have different disclosure priorities may result either in the reporting of information that is not relevant to a particular IAIG, or in a reduction in the amount of information disclosed, as insurers gravitate to a "least common denominator" based on the minimum prescribed by law and accounting standards.	
613	USA NAIC	IAIS Member	Specific comment to M2E9 (Reporting and Disclosure)	M2E9: If the ultimate direction allows SAP or similar for IAIGs, most reporting and disclosure elements would already be met at the legal entity level for US based IAIGs. M2E9-5-1: For publicly traded entities, additional public disclosure required by the group supervisor would affect SEC filings. There may also be an issue of equitable treatment: if a group supervisor requires public disclosure x of group A, but the group supervisor of group B does not require x to be publicly disclosed, this may generate problems. It would be eliminated if such additional disclosures were not public.	
614	USA Northwestern Mutual	IAIS Observer	Specific comment to M2E9 (Reporting and Disclosure)	Please see answers to #15 and #21.	
5. Comment on Module 3					
General comment to Module 3 (The Supervisors)					
615	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	General comment to Module 3 (The	Consistent with the phased-in process, the IAIS should focus attention on incorporating principles that will aid supervisors in understanding: (i) the identity and roles/responsibilities of the group-wide supervisor within a supervisory college, (ii) the "involved" supervisors' duties of cooperation and communication in a supervisory college, (iii) the structure for ensuring	

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			Supervisors)	coordination, cooperation, and communication in times of crisis, and (iv) the mechanism for resolving issues among different supervisors. To the extent that the current document - particularly Element 1 of Module 3 - seems to add more layers of supervision, those provisions should be deleted.	
616	Canada Canadian Institute of Actuaries	Other	General comment to Module 3 (The Supervisors)	The key challenge will be managing the flow of communication and coordinating supervisory actions within the supervisory college, particularly in event of a crisis. Maintaining confidentiality is critical. We have the following specific suggestions.	
617	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	General comment to Module 3 (The Supervisors)	We would like to take this opportunity to reiterate our concern about the assignment of extensive new regulatory authority to "involved supervisors." Consistent with our recommended phased-in process, the IAIS should focus attention on incorporating principles that will aid supervisors in understanding: (i) the identity and roles/responsibilities of the group-wide supervisor within a supervisory college; (ii) the "involved" supervisors' duties of cooperation and communication in a supervisory college; (iii) the structure for ensuring coordination, cooperation, and communication in times of crisis; and (iv) the mechanism for resolving issues among different supervisors. To the extent that the current document - particularly Module 3, Element 1 - seems to add more layers of supervision, those provisions should be deleted. We would also like to draw attention to the potential for there being an overemphasis on the need for consistency in terms of the application of the group-wide supervisory process. It is important to recognize that there needs to be a balance between the goals of consistency and customization. In terms of the "decision making" process within a supervisory college we strongly advocate for an environment that engenders a productive dialogue between all involved parties.	
618	Canada International Actuarial Association	IAIS Observer	General comment to Module 3 (The Supervisors)	Regulatory intervention in IAIGs may be most practically accomplished if limited to possible restrictions of internationally active activities. While a group's involvement in internationally active activities can pose an additional risk, any possible action taken under ComFrame to address such risk will be easier to get regulatory cooperation if its focus is on international activities of the IAIG. In case of regulatory intervention, this would mean actions to restrict international activities as an IAIG, such as separation of an overseas subsidiary from the group. For instance, we expect it may well be unrealistic if intervention under ComFrame is expected to be able to prohibit issuing new policies in a home country. The key challenge will be managing the flow of communication and coordinating supervisory	

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				actions within the supervisory college, particularly in event of a crisis. Maintaining confidentiality is critical. We have the following specific suggestions.	
619	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	General comment to Module 3 (The Supervisors)	As this module is quite new further work is needed. The role of group-wide supervisor and involved supervisors should be clarified and all standards, parameters and specifications should be amended. The influence and the power of the group-wide supervisor should be resolved.	
620	Europe Insurance Europe	IAIS Observer	General comment to Module 3 (The Supervisors)	It is very important that supervisors' roles and responsibilities in the supervisory process are clearly allocated to ensure duplications and inconsistencies do not occur and provide a firm foundation on which the supervisory process can be based. We, therefore, appreciate the attempt in Element 3 to provide a clear allocation of tasks between involved supervisors and the group wide supervisor. In this regard, we believe Element 3 should be moved to the beginning of Module 3. It is unfortunate however, that the roles and responsibilities attributed to involved vs. the group supervisor later in this chapter are not consistent with the division of tasks allocated in Element 3. The supervisory college should facilitate the concept of cooperative group supervision and be the primary forum within which supervisors interact when carrying out the group wide supervisory process. We, therefore, suggest that Element 4 on supervisory colleges be the second element in Module 3 (following the clear allocation of supervisors' roles and responsibilities). Membership of the supervisory college should also be aligned with supervisors involved in the group-wide supervisory process. We strongly support the requirement for involved supervisors to request information from the group-wide supervisor (and not directly from the IAIG). However, involved supervisors should only be granted access to information when they have a clear supervisory need for the information and appropriate confidentiality arrangements in place. Module 3 makes frequent reference to the involvement of "involved supervisors" in the supervisory process, Insurance Europe is concerned that i) the definition of involved supervisors as provided in M1E4-1-2-3 is too wide and ii) the powers given to involved supervisors are too extensive. It could result in supervisors with only limited exposure to a group getting involved in supervising and gaining access to information on entities outside of their own jurisdiction for which they have little supervisory need. Careful consideration should be given as to whether it would be more appropriate for reference to be made to the more narrowly defined term "host supervisors", as per the definition in M1E4-1-2-3, in a particular instant as opposed to involved supervisors. Insurance Europe strongly believes participation in the supervisory college should be limited to just the group supervisor, host supervisors; other involved supervisors should only be invited to take part on an ad hoc basis for information sharing purposes. In addition, Insurance Europe suggests that supervisors should have a proportionate influence in the college of supervisors taking into account both the significance	

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				of the group's operations in their market and the significance to the group of their respective market. As noted above, not only is the definition of "involved supervisors" too wide, their involvement in the group supervisory process is too high. Instead more emphasis should be placed in the group supervisor carrying out an assessment based on the information provided by involved/host supervisors and other supervisors should be encouraged to rely on it. Group supervision should only be exercised at the ultimate parent level and should not be duplicated at different sub-levels of the group. In line with this there should only be one supervisory college and subgroup supervisory colleges should not be established. With regard to crisis management and resolution, existing processes and tools in the insurance sector at local level have to be recognised as the primary basis for intervention. Cross-border coordination of these measures is key to facilitate supervisors in working together to deal with a cross border crisis situation and foster reliance and recognition of each other's ability to deal with crisis situations effectively either individually or jointly, therefore, we believe this should be the focus of this element.	
621	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	General comment to Module 3 (The Supervisors)	We believe that improved collaboration and cooperation between supervisors is key to achieve a better understanding of an IAIGs overall risk profile and contribute to a more advanced and efficient supervisory process. Therefore, we explicitly welcome the efforts of the IAIS to establish a sophisticated supervisory review process for IAIGs. Though we think that major parts of the requirements set out in Module 3 constitute a significant progress compared to the current situation there are still some important elements that need to be reconsidered. It is essential that roles and responsibilities are clearly allocated in the supervisory review process in order to prevent duplications and inconsistencies. Such an allocation is inevitable to create an environment of confidence and mutual trust where the group supervisor has the ultimate decision power concerning the supervision of the IAIG while encouraging and facilitating an open discussion with host supervisors responsible for the solo supervision of entities within the group and designated for the supervisory college. However, ComFrame still provides for subgroup supervision which constitutes a clear contradiction to the concept of cooperative group supervision. Moreover, ComFrame repeatedly refers to the vague term "involved supervisors" giving rise to the concern that too many supervisors are entitled to take part in the college which is likely to complicate things rather than to make processes more efficient. In addition, the powers granted to involved supervisors seem to be too wide. In general, they should not be allowed to approach the IAIG in order get information. This should be monitored by the group supervisory only upon request of host supervisors and by taking into account their influence on the college in terms of whether material operations of the IAIG are conducted in their jurisdiction. Furthermore, given the access to sensible information strict confidentiality needs to be safeguarded during the entire review process. This should apply both to supervisors which regularly take part in the college and persons occasionally invited to the college.	

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622	International European Commission	IAIS Member	General comment to Module 3 (The Supervisors)	It should be clarified in Module 3 that the group-wide supervisor and not the "involved supervisors" should be ultimately responsible for the identification of the IAIG and for its supervision.	
623	Joint initiative CRO Forum / CRO Council	Other	General comment to Module 3 (The Supervisors)	CROF and CROC agree on the critical role of the group supervisor in interacting with the IAIGs and supervisors of solo entities within the group on group risk issues in order to improve cooperation/coordination and avoid duplication of requirements.	
624	UK Association of British Insurers	IAIS Observer	General comment to Module 3 (The Supervisors)	The roles of "host" and "involved" supervisors are not consistent, with differing remits given at various points. In places involved supervisors are ascribed powers and responsibilities that are appropriate only for host supervisors. The definition of "involved supervisor" is also extremely broad, and encompasses some supervisors that would be best described as "interested" rather than "involved". For example, a non-insurance sectoral supervisor of a small subsidiary in a non-home jurisdiction would by the current definition qualify as an "involved supervisor" - which, on the present drafting, would grant it significant powers and responsibilities with respect to identification of the group supervisor and with various elements of the supervision of the group as a whole. This would be inappropriate. The group assessment should be carried out by the group supervisor only, based on information provided by host and involved supervisors. The group assessment should also be source of information for any host and involved supervisors with queries relating to the group status (although the sharing of such information from the group assessment must be subject to appropriate conditions of confidentiality). The definition of "involved supervisor" should be substantially narrowed, and many of the activities and responsibilities ascribed to involved supervisors should be changed where appropriate to "group supervisor", "host supervisor" or "group and host supervisors".	
625	UK Lloyd's	IAIS Observer	General comment to Module 3 (The Supervisors)	Supervisory powers outlined in Module 3 are not clear and the split in responsibilities between different categories of supervisors is very vague. ComFrame refers to different sub-sets of supervisors in different places: "group-wide supervisors", "key involved supervisors", "involved supervisors" and "host supervisors". ComFrame defines some, but not all, of these phrases and the way the document is written suggests that those drafting different sections did not always have the same concepts in mind. For example, "involved supervisors" is defined by M1E4-1-2-3, but M1E2-1-1-1 says "involved supervisors are defined in M3E3" and M3E1-2-1 refers to "involved supervisors, as defined in M3E3-2-1", although neither referenced section contains a definition of involved supervisors.	

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				We suggest that ComFrame contains a single section of definitions, covering all the key words and phrases used and that those definitions apply throughout the document. Various references are made to involved and host supervisors across the document. M1E4-1-2-3 says that a "host supervisor" is a "supervisor from a jurisdiction where the IAIG undertakes significant and/or relevant activities other than the jurisdiction of the group-wide supervisor". The reference to "relevant activities" here introduces ambiguity and should be omitted. Module 3E1 gives involved supervisors significant powers and responsibilities in relation to an IAIG subject to ComFrame. It is not always clear how these fit in with the responsibilities of a group-wide supervisor set out in M3E3 or the functioning of a supervisory college set out in M3E4. For example, M3E1-5-3, M3E1-5-4 or M3E1-9-8 suggest that the powers of involved supervisors would extend to taking actions in relation to IAIG as a whole, not just to entities operating within their jurisdictions. Furthermore, whereas M3E4-2-1 suggests that supervisory college membership is based on "involved supervisors from jurisdictions where material activities are undertaken", M3E1 is framed as the powers and responsibilities of all involved supervisors, not explicitly limited to supervisory college members. It is unclear why significant powers are granted to involved supervisors if they are not to supervise the IAIG on an extensive basis or participate in the supervisory college. We consider that Module 3 should be redrafted to focus on the group-wide supervisor and the supervisory college. It should be concerned with the powers and activities of supervisors who are responsible for significant operations of the group and who are members of the supervisory college. It should not refer to the powers and responsibilities of involved supervisors other than as members of a college. Although we can understand the desire to retain some flexibility over the operations of supervisory colleges, Module 3 should make clear that a group-wide supervisor is primarily responsible for the supervision of an IAIG and that membership of the college will be limited to "host supervisors" (as defined). The powers and activities of college members other than group-wide supervisors should be limited to entities and operations located in the jurisdictions of those college members. As noted elsewhere, we consider that M1E4 should be moved to this section and properly integrated into it.	
626	United Kingdom Financial Supervisory Authority	IAIS Member	General comment to Module 3 (The Supervisors)	This module seems very repetitive. As this module comes after the qualitative and quantitative parts in module 2, it should cross reference to it, not repeat what it says. Moreover, here the parameters frequently repeat the standard with no depth as to how/when/why, whilst specifications are often very prescriptive. Some points seem to be mixed up or are non sequiturs.	

	Juris/Org	Status	Question	Comments	Resolution of comments
				A key point here would seem to be that all IAIGs should have an "appointed" group-wide supervisor (GWS), therefore the order of the elements appears to be misplaced currently. Insurance entities are already subject to a supervisory process and review (ICPs), this is to pull out what is peculiar about the process of supervising groups. Recommend that the order is more along the lines of: - E3 - that is, the role of involved and group-wide supervisor - E4 - which is done through a college - E2 - the crucial element of which is supervisory co-operation - E1 - which is carried out through a certain process - E5 - and intensifies in the management of a crisis.	
627	United States of America American Insurance Association	IAIS Observer	General comment to Module 3 (The Supervisors)	As indicated in our General Comments, we believe Module 3 should be pursued at this time so that any gaps in the global supervisory framework are closed and improved cooperation and coordination between supervisory authorities can be achieved. However, we continue to be concerned with Module 3's assignment to "involved supervisors" of extensive new regulatory authority that would inevitably create duplicative (and even conflicting) demands on the IAIGs. Furthermore, we find the selection process, assigned roles, and responsibilities of the group supervisor to be too unclear and confusing, setting up the possibility of multiple group supervisors and other forms of duplication. Consistent with our recommended 3-stage process, the IAIS should focus attention on incorporating principles that will aid supervisors in understanding: (i) the identity and roles/responsibilities of the group-wide supervisor within a supervisory college; (ii) the "involved" supervisors' duties of cooperation and communication in a supervisory college; (iii) the structure for ensuring coordination, cooperation, and communication in times of crisis; and (iv) the mechanism for resolving issues among different supervisors. To the extent that the current document - particularly Module 3, Element 1 - seems to add more layers of supervision, those provisions should be deleted. In addition, the term "involved supervisors" is currently far too broadly defined. We therefore suggest that wherever reference to "involved supervisors" is included in Module 3, careful consideration should be given as to whether reference should be made instead to supervisors of subsidiaries or significant branches ("host supervisors"). Another source of concern is the potential to overemphasize the application of the group-wide supervisory process consistently across IAIGs (Standard M3E1-6). While we agree with the goal of a level competitive playing field, this must be appropriately balanced by the need to customize supervision to the individual circumstances of each IAIG (as the IAIS guidance on supervisory colleges and Standard M3E4-2 recommend, supervision should be customized to the nature, scale and complexity of the IAIG). We respectfully suggest amending Standard M3E1-6 to require the group-wide supervisory process to be applied in a manner that strives to balance the goals of consistency and customization.	

	Juris/Org	Status	Question	Comments	Resolution of comments
				Standard M3E1-8 focuses on "decision making" within a supervisory college, but a supervisory college, as an entity, does not have independent or collective enforcement authority. Moreover, the Standard implies that involved supervisors should exercise responsibility for consultation and dialogue with groups on all decisions. It is neither realistic nor effective to expect this level of engagement by involved supervisors. Rather, the group supervisor should be responsible for taking decisions with host supervisors and the IAIG afforded an opportunity to challenge a decision. At minimum, Standard M3E1-8 and Module 3 should be clarified to more fully explain the role of involved supervisors and the group-wide supervisor and just what it means for such decisions to be implemented. Module 3 also perpetuates the fundamental misunderstanding of the role of a holding company's board of directors versus insurer management that was evident in Module 2. For example, the vast majority of communications specified as being directed to board members (e.g., Parameter M3E1-9-2) would be more appropriately communicated to an IAIG's management team. Furthermore, confidentiality protections are an essential precondition to information exchange, and a paramount concern to protect both the insurance group and confidence in the supervisory system. We support the direction in Standard M3E2-3 that involved supervisors take all necessary actions to protect confidential information; and, in Parameter M3E4-4-5, that confidential information be shared in a secure environment between the members of the supervisory college. As such, we strongly disagree with the language in Parameter M3E2-3-6, which provides that: "The inability to exchange information on a confidential basis is not to be a barrier to the ongoing efficient and effective supervision of IAIGs." Public exposure of proprietary information may result in significant harm to groups, from both a regulatory and economic perspective.	
628	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	General comment to Module 3 (The Supervisors)	Module 3 is the heart of an appropriate ComFrame, since we believe ComFrame should focus on improving the cooperation and coordination between supervisors of international insurance groups. There are significant problems with portions of Module 3, however, which could result in supervisors attempting to exercise control over group members over which they have no authority. In particular the roles of the group-wide and "involved" supervisors need to be more clearly defined. This would be clearer if Element 3, which defines them, is moved forward to become Element 1 of Module 3.	
629	USA American Council of Life Insurers	IAIS Observer	General comment to Module 3 (The Supervisors)	While we generally support the purpose of Module 3, we strongly emphasize that it must not impose an additional layer of regulation on IAIGs. The different approaches among national jurisdictions must be accommodated.	

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630	USA Institute of International Finance - IIF	IAIS Observer	General comment to Module 3 (The Supervisors)	- The leading role of the group-wide supervisor should be further recognized and clearly distinguished from other involved supervisors. Element 3 is an important step in this direction. There are, however, still some inconsistencies regarding responsibilities (e.g. M3E1-5-3: instead of "other supervisor", the group supervisor should be responsible for the governance and ERM framework of the group). - Again, the definition of "involved supervisors" needs to be further narrowed to only include supervisors with direct responsibilities over group or single entities. There should be only one group supervisor. Sub-group colleges should not be established.	
631	USA Liberty Mutual Group	IAIS Observer	General comment to Module 3 (The Supervisors)	Module 3 addresses a number of important issues regarding how supervisors should conduct cross-border supervision of globally active insurers in a way that fosters collaboration and coordination. Supervisors and insurers alike would benefit from having guidance on those issues. Developing meaningful, practical, and effective guidance on the subject of regulatory cooperation would represent an important achievement for the IAIS. The IAIS can achieve this objective within the ComFrame concept by simply centering the draft on improved elements of Module 3. The new ComFrame we envision would achieve the following: (i) Contain modalities for regulatory cooperation, coordination, and information sharing; (ii) Clearly define the roles of a insurer's group-wide supervisor and involved supervisors and explain the relationships among the supervisors and the global insurer, which will improve coordination among supervisors and with the global insurer; (iii) Identify effective outcomes that regulators should seek to achieve through supervisory colleges and other tools, and provide guidance for specific elements of future colleges; (iv) Structure a process for conducting ongoing monitoring and oversight of supervisory practices to identify needed improvements to global group supervision and develop guidance for implementation by each regulatory jurisdiction; and (v) Identify elements of the current Module 2 to be addressed through guidance and cooperative supervisory activities. This new ComFrame will accommodate political and cultural differences and regulatory needs. It will identify effective regulatory outcomes, improve standards for regulation, and promote their adoption without prescribing how supervisors from different parts of the world implement measures to achieve those outcomes. It will give true meaning to the term "Common Framework."	

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				Module 3 can also be improved by more clearly dividing responsibilities between the group-wide supervisor and the involved supervisors to eliminate redundancies in authority and responsibilities among the involved and group-wide supervisors.	
632	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	General comment to Module 3 (The Supervisors)	Please see comments in response to Q.15 above.	
633	USA NAIC	IAIS Member	General comment to Module 3 (The Supervisors)	General comment with regard to supervisory colleges: ComFrame does not reference a sort of "terms of reference" document for supervisory colleges which is referenced in the IAIS Guidance Paper on the Use of Supervisory Colleges in Group-Wide Supervision. This would, given the differing legal frameworks, backgrounds, outlooks and expectations of the members of a supervisory college, define the expectations of the purpose of the college for the members, which is vital to ensuring the success of the college and furthering mutual understanding for the members. This terms of reference document can include clarification on group membership (whether there will be tiered membership, regional colleges or subgroups) clarification on who is the lead supervisor and their respective role and responsibilities, scope of activities, agreement on frequency and location of meetings. While there is a mention of coordination arrangements in ComFrame to lay out the organizational structure and processes of a college including procedures for information exchange between involved supervisors on an ongoing basis, its not clear that these coordination arrangements would include clearly setting out the expectations for the supervisory college which will also depend on the nature, scale and complexity of the group and hence can vary significantly from college to college.	
634	USA Northwestern Mutual	IAIS Observer	General comment to Module 3 (The Supervisors)	Portions of Module 3 are not reflective of the balance struck within the US regulatory regime between company decision-making and supervisory responsibilities. At some point, an increased level of supervisory discretion diminishes the capacity of companies to compete on the strength of their management and operations. Moreover, an objective for supervisors broadly to protect against adverse developments suggests a level of supervisory responsibility that may place unrealistic demands on supervisory resources. Aspects of Module 3 (and also of Module 2) seem to invest the group-wide supervisor with some new power to "supervise the group", going beyond legal foundations, potentially interfering with the capacity of the local supervisor with statutory responsibility for supervising the regulated insurance entity to carry out those responsibilities and, in the process, creating unlevel playing field issues among companies. We believe that the group-wide supervisor's role should be essentially one of coordination of the involved supervisors in the collective	

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				efforts of the involved supervisors to supervise the IAIG at the group level. As such, it is neither necessary nor appropriate for the group-wide supervisor to hold substantive decision-making authority relative to the IAIG. There would be no basis for such a delegation by the involved supervisors of whatever statutory supervisory responsibilities they may have under their applicable local legal and regulatory regimes.	
635	USA Prudential Financial, Inc.	IAIS Observer	General comment to Module 3 (The Supervisors)	As stated in a response to Question 9. ComFrame Implementation: Ensuring effective implementation and application of ComFrame must be a top priority for the IAIS. The introduction to the current draft makes brief mention of a period of "impact assessments" that will occur once ComFrame is finalized, but does little to explain how these assessments will function or how long they will last. The three and a half year development/consultative phase of ComFrame is crucial to the creation of a comprehensive group-supervisory framework for IAIG's. The IAIS should likewise dedicate at least an equal amount of time and resources to moving ComFrame from the theoretical into the practical. The ultimate success of ComFrame will only be determined once it is fully operationalized not after the drafting is complete. ComFrame must be a living, evolving framework that adapts with time and most importantly, supervisory/industry developments, especially in its earliest, formative stages. Prudential therefore encourages the IAIS to take a more measured and comprehensive path in its final application of ComFrame to ensure that its elements are properly calibrated and tested in order to foster greater supervisory cooperation and coordination. We believe that a "field testing" phase should take the place of "impact assessments" and be integrated into the next working draft of ComFrame. During this stage the various aspects of the framework will be used as a guide for supervisors and IAIG's to assist in operationalizing ComFrame as a practice. This phase should be used to determine effectiveness of the various ComFrame components in everyday supervisory and business practice and permit for in process calibration and adaptations as necessary. Field testing is likely the most effective way to ensure that ComFrame is successful once implemented. Prior to the next consultation in July 2013 the IAIS should dedicate time and resources to developing a "field testing" component in ComFrame.	
636	Various International Network of Insurance Associations	Other	General comment to Module 3 (The Supervisors)	These comments are submitted on behalf of the undersigned members of the International Network of Insurance Associations (INIA). Signatories: American Council of Life Insurers (ACLI) American Insurance Association (AIA)	

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				Association of Bermuda Insurers and Reinsurers (ABIR) Canadian Life and Health Insurance Association (CLHIA) Federaci�n Interamericana de Empresas de Seguros (FIDES) Group of North American Insurance Enterprises (GNAIE) Insurance Bureau of Canada (IBC) Insurance Council of Australia (ICA) Insurance Europe Reinsurance Association of America (RAA) South African Insurance Association (SAIA) As indicated in our General Comments, we believe Module 3 should be pursued at this time so that any gaps in the global supervisory framework are closed and improved coordination and cooperation between supervisory authorities can be achieved. However, we continue to be concerned with Module 3's assignment to "involved supervisors" of extensive new regulatory authority that would inevitably create duplicative (and even conflicting) demands on the IAIGs. Furthermore, we find the selection process, assigned roles, and responsibilities of the group supervisor to be too unclear and confusing, setting up the possibility of multiple group supervisors and other forms of duplication. Consistent with our recommended phased-in process, the IAIS should focus attention on incorporating principles that will aid supervisors in understanding: (i) the identity and roles/responsibilities of the group-wide supervisor within a supervisory college; (ii) the "involved" supervisors' duties of cooperation and communication in a supervisory college; (iii) the structure for ensuring coordination, cooperation, and communication in times of crisis; and (iv) the mechanism for resolving issues among different supervisors. To the extent that the current document - particularly Module 3, Element 1 - seems to add more layers of supervision, those provisions should be deleted. In addition, the definition of the term "involved supervisors" is currently far too broad. Therefore, we suggest that wherever this term appears in Module 3, careful consideration should be given as to whether reference should be made instead simply to supervisors of subsidiaries or significant branches (i.e., "host supervisors"). Another source of concern is the potential to overemphasize the application of the group-wide supervisory process consistently across IAIGs (Standard M3E1-6). While we agree with the goal of a level competitive playing field, this must be appropriately balanced by the need to customize supervision to the individual circumstances of each IAIG (as the IAIS guidance on supervisory colleges and Standard M3E4-2 recommend, supervision should be customized to the nature, scale and complexity of the IAIG). We respectfully suggest amending Standard M3E1-6 to require the group-wide supervisory process to be applied in a manner that strives to balance the goals of consistency and customization. Standard M3E1-8 focuses on "decision making" within a supervisory college, but a supervisory college, as an entity, does not have independent or collective enforcement authority.	

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				Moreover, the Standard implies that involved supervisors should exercise responsibility for consultation and dialogue with groups on all decisions. It is neither realistic nor effective to expect this level of engagement by involved supervisors. Rather, the group supervisor should be responsible for taking decisions with host supervisors, in consultation with the IAIG management, and the IAIG should be afforded an opportunity to challenge a decision. At minimum, Standard M3E1-8 and Module 3 should be clarified to more fully explain the role of involved supervisors and the group-wide supervisor and just what it means for such decisions to be implemented. Module 3 also perpetuates the fundamental misunderstanding of the role of a holding company's board of directors versus insurer management that was evident in Module 2. For example, the vast majority of communications specified as being directed to board members (e.g., Parameter M3E1-9-2) would be more appropriately communicated to an IAIG's management team. Furthermore, confidentiality protections are an essential precondition to information exchange, and a paramount concern to protect both the insurance group and confidence in the supervisory system. We support the direction in Standard M3E2-3 that involved supervisors take all necessary actions to protect confidential information; and in Parameter M3E4-4-5 that confidential information be shared in a secure environment between the members of the supervisory college. As such, we strongly disagree with the language in Parameter M3E2-3-6 which provides that: "The inability to exchange information on a confidential basis is not to be a barrier to the ongoing efficient and effective supervision of IAIGs." Public exposure of proprietary information may result in significant harm to groups, from both a regulatory and economic perspective.	
Specific comment to M3E1 (Supervisory Process)					
637	Belgium National Bank of Belgium	IAIS Member	Specific comment to M3E1 (Supervisory Process)	-Standard M3E1-4: Perhaps it is more appropriate to specify that the members of the supervisory college of the IAIG establish a long-term supervisory strategy and a yearly supervisory plan. -Parameter M3E1-5-4: It should be specified that the results of the individual risk assessments conducted by involved supervisors and the group supervisor are discussed in the supervisory college in order to determine appropriate supervisory action. -Specification M4E1-6-1-1: Periodic discussion of the supervisory actions between members of the supervisory college as well as peer reviews of the work of supervisory colleges should help to ensure a consistent approach for supervising different IAIGs. -Parameter M3E1-9-3: It should be specified that supervisory actions taken by involved supervisors or the group supervisor are discussed in the supervisory college facilitating coordinated decisions when appropriate.	
638	Bermuda	IAIS	Specific	See question # 25	

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	Association of Bermuda Insurers and Reinsurers	Observer	comment to M3E1 (Supervisory Process)		
639	Canada Canadian Institute of Actuaries	Other	Specific comment to M3E1 (Supervisory Process)	M3E1-5-5-2: We suggest adding recognition of aspects that impede the IAIG's ability to move capital and risks arising from intra-group guarantees.	
640	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	The role of the involved supervisors should in general be restricted to providing input to the group supervisor/supervisory college and to supervising its local entities. The use of the word "assessing" in reference to the role of involved supervisors could be interpreted as being an authoritative task(s).	
641	Canada International Actuarial Association	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	M3E1-1: "group-wide supervisory process" ComFrame contains an articulation of a significant amount of work, both for IAIG's and regulators that is not currently being done. Will there be resources available to accomplish this? M3E1-5-5-2: We suggest adding recognition of aspects that impede the IAIG's ability to move capital and risks arising from intra-group guarantees. M3E1-7: "horizontal review". Though defined in the introductory text, can its definition be replicated here?	
642	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M3E1 (Supervisory Process)	M3E1-3-1-3: Is there an expectation that if a group-wide supervisor requires additional information from another jurisdiction, it must do so through the local/host regulator? If a supervisory authority wanted information re: a foreign entity, it may go through the entity in its jurisdiction and ask them to get it from their affiliate in the other jurisdiction. This may require a change in practice and might add some time to the process (another party to work through and explain what it is that the supervisory authority wants, etc.). Also, in some cases, the group-wide supervisor may make information requests from the head of the IAIG, who in turn may request from an entity in another jurisdiction. If the process is efficient, it may work as intended, and repetitive requests from IAIGs may be avoided. However, if the process is too cumbersome or there are conflicts/delays due to confidentiality, powers, or other reasons, it may be difficult for the authority initiating the request to not proceed in a more direct manner. Especially if the information is required to deal with a pressing issue or risk. Thoughts should be given to these situations so that flexibility is provided in ComFrame. M3E1-5-7-2: Suggest that a group-wide supervisor should consult with or at least inform the	

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				relevant host supervisors prior to undertaking a local inspection/examination.	
643	Chinese Taipei Financial Supervisory Commission	IAIS Member	Specific comment to M3E1 (Supervisory Process)	M3E1 states that group-wide supervisors and involved supervisors undertake risk assessments, establish a risk classification system for the IAIGs, and the risk assessment has a commonly understood approach across jurisdictions. We suggest that examples of a risk classification system and a commonly understood approach be listed on Specification for easy understanding, e.g. the content of risk classification system such as traffic light, the introduction to certain commonly understood approaches and its table of terminology.	
644	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M3E1 (Supervisory Process)	Standard M3E1-4: Perhaps it is more appropriate to specify that the members of the supervisory college of the IAIG establish a long-term supervisory strategy and a yearly supervisory plan. Parameter M3E1-5-4: It should be specified that the results of the individual risk assessments conducted by involved supervisors and the group supervisor are discussed in the supervisory college in order to determine appropriate supervisory action. Parameter M3E1-9-3: It should be specified that supervisory actions taken by involved supervisors or the group-wide supervisor are discussed in the supervisory college facilitating coordinated decisions when appropriate. Standard M3E1-13 (right to challenge): what is missing in this regard is that supervisors will and have to follow due process, meaning that undertakings will be given the opportunity to present their views on proposed supervisory measures before such measures are being taken. The right to challenge is a kind of last resort right in this respect. M3E3 Element 3 seems to belong to Element 1 Group-wide supervisory Process and could be integrated in Element 1.	
645	Europe Insurance Europe	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	- M3E1-2 cross reference is made to M3E3-2-1 for definition of involved supervisors; cross reference should instead refer to M1E4-1-2-3. However, given the importance of the definitions of "involved", "host" and "group-wide" supervisor to this module they should also be included again here. - M3E1-5-3/M3E1-5-4 we appreciate that in Element 3 ComFrame clarifies that "involved supervisors" are responsible for supervising activities relating to their local insurance entities whereas the group supervisor is responsible for supervising activities relating the IAIG as a whole. However, this seems to be contradicted by references to involved supervisors being responsible for assessing the governance and the ERM framework of the IAIG. It is important that the supervisory activities relating to the group as a whole remain the responsibility of the group wide supervisor not involved supervisors. - M3E1-2-2 makes reference to involved supervisors needing to take into account "market-wide risks" throughout the group-wide supervisory process. Definition of market risk is provided	

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				but further clarity is still needed as to exactly the sort of information which should be considered or/and how the information will be gathered. It is important that clear parameters are included on the type of information that will be considered as otherwise a large amount of data could potentially be requested for which there is no clear supervisory purpose. - M3E1-2-4 group wide supervisor is allowed to request information "whenever needed". Certain parameters should be included as to when a group wide supervisor can request information; otherwise, the goal of ComFrame goal to improve efficiency in group supervision will not be achieved. Information should only be requested by the group supervisor outside of its standardised reporting when it has clear justification for doing so. - M3E1-2-5 we strongly support the clear statement that involved supervisors should request information from the group-wide supervisor (and not directly from the IAIG). However, involved supervisors should only be granted access to information when they have a clear supervisory need for the information and appropriate confidentiality arrangements are in place. - M3E1-3-3-3 this specification should be deleted. Assessing the financial resources of the IAIG and the ability to absorb losses should be the responsibility of the group supervisor not all the involved supervisors. Indeed this is recognised in M3E1-5-6. - M3E1-4-2-1 supervisors are required to establish a long-term supervisory strategy spanning a period of three to five years; we question the value of such a strategic plan being developed. Although, supervisors will need to take a forward looking perspective in order to allocate resource and plan their activities, it is important that their approach is reflective of an IAIG's actual position/current risks it is facing; this we believe cannot be accurately predicted 3-5 years in advance. We therefore, suggest the time period for long term strategy is changed from 3-5 years to 1-3 years. In addition, explicit reference should be included for the need for the group supervisor to discuss and share their strategy with the IAIG and also to consider and align their strategy for an IAIG with the IAIG's strategic plan. - M3E1-5 On-site activities and off-site monitoring are accepted and well established supervisory techniques. All supervisory monitoring and inspection processes as well as the involvement of host supervisors should be based as far as possible on an analysis and exchange of existing information by supervisors. Additional requirements to the IAIG should have a clear rationale (ME2-2-4) and on-site inspections should only be used when information gaps are found to exist or when there is a clear need for greater supervisory interaction with the IAIG. It should be the task of the supervisors to encourage each other to collect relevant information through their periodical reporting requirements. On-site inspections are resource intensive both for IAIGs and supervisors so should be used sparingly. - M3E1-5-6-1/M3E1-5-6-2/M3E1-5-6-2 In line with M3E1-5-6 reference in these specifications should be to the group-wide supervisor as opposed to involved supervisors. It should be the group supervisor's responsibility to assess the financial condition of the group with relevant input from host supervisors on legal entities located in their jurisdiction. - M2E1-5-7-2 Reference is made to the conduct of joint on-site inspections whenever other supervisors "are interested in the findings or whenever this involves duplication of work between group wide and other involved supervisors". Another supervisor merely being "interested" in the findings is not an appropriate cause for a "joint on-site inspection" to be	

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				conducted. Instead we believe this sentence should be re-drafted to make it clear that joint-inspections should only be planned "where supervisory authorities need to verify information' or whenever this avoids duplication of work. - M3E1-6 Requirement for supervisors to achieve consistency of outcomes is mentioned here. Insurance Europe is concerned that there needs to be flexibility for supervisors to apply judgement for each specific circumstance. Therefore Insurance Europe believes reference to consistency of outcomes should be deleted. - M3E1-7 With regard to horizontal reviews of IAIGs, we believe that confidential information relating to an IAIG should not be used for conducting a peer review. As the potential involvement of any peer supervisor could lead to the sharing of information across supervisory regimes even if the peer IAIG has no business in a jurisdiction. - M3E1-8 Decision making process is to be determined by the supervisory college. In the event that the supervisory college does not agree on a decision making process we believe that ComFrame should explicitly state that the group wide supervisor should take the final decision, however involved supervisors should have the right to challenge a decision. . - M3E1-8-2 Insurance Europe welcomes reference to decisions needing to be discussed with IAIG before finalisation. - M3E1-9 Needs to be clear that the group supervisor is expected to develop a supervisory ladder of intervention at group level recognising that enforcement will always take place at individual legal entity level. The enforcement regime included in ComFrame should adopt a more principles based approach as set out in ICP 17 and more clearly define the roles and responsibilities of the group supervisor and the involved (host) supervisors. For example, M3E1-9-5 makes reference to involved supervisors requiring the IAIG to implement a plan to address identified weaknesses; Involved supervisors should only be able to request a plan from entities located in their jurisdiction not the IAIG as a whole. Insurance Europe also believes this standard should refer to the group-wide supervisor and host supervisors not all involved supervisors. It makes little sense for the supervisor of an insignificant branch to be required to establish a supervisory ladder of intervention; especially given prudential supervision of the branch is the responsibility of the group's home supervisor. - M3E1-9-7-1/M3E1-9-8-1 Supervisory powers are still too wide and invasive. Supervisors (both group wide and involved supervisors) can still intervene in business decisions of the IAIG. For example, one of the means suggested to address management/governance problems is the ability for supervisors to replace significant owners; we believe this goes too far and question whether supervisors should have the authority to force a shareholder to divest shares. - M3E1-13 Insurance Europe welcomes the inclusion of an appeal process for IAIG's.	
646	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M3E1 (Supervisory Process)	The requirements are too specific. M3E1-4: Please add on the last sentence: "or coordinate their own supervisory planning in the college". M3E1-4 - Parameter M3E1-4-2: The possibility of a change request should be included in the specification, because there could always be reasons to adapt a supervisory program or a	

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				long-term supervisory strategy. Standard M3E1-5 - Parameter M3E1-5-4: Are the requirements in this parameter not covered by the parameter M3E1-5-2? The necessity is not seen to highlight only a specific area (ERM). This precise statement is in contrast to the other statements in this standard. Perhaps we should take this into consideration under the specification description in M3E1-5-2. M3E1-13: Please clarify if also fast track cases/measures are included, taking into account the possibility of a hearing of the companies if necessary. Time pressure/urgency needs might request a tightended or different approach than suggested.	
647	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	M3E1-5: On-site activities and off-site monitoring are accepted supervisory techniques. However, we again note that there are already established processes which should be primarily referred to. In many countries colleges are already in place and a group supervisor is already acting as a coordinator of all supervisory activities. All supervisory monitoring and inspection processes as well as the involvement of host supervisors or other interested supervisors should be based on a concept of analysis of existing information and exchange of existing information by supervisors. Additional requirements to the IAIG should have a clear rationale (ME2-2-4) and on-site inspections should be a defined exception in most jurisdictions. It should be the task of the supervisors to encourage each other to collect relevant information by the periodical reporting which is requested in the relevant jurisdiction. All supervisory activities should be based on a concept of confidentiality and mutual trust (therefore M3E2-3-2 is fully supported).	
648	International European Commission	IAIS Member	Specific comment to M3E1 (Supervisory Process)	M3E1-1: the group-wide supervisory process is a primary task of the group-wide supervisor, performed in collaboration with other involved supervisors, through the college M3E1-2-1: reference is to M3E3-2-1 for the relevant definitions but that element doesn't include definitions but rather tasks M3E1-2-2: it should be clear that IAIG supervision is not supervision of an individual legal entity but rather supervision at the level of the group M3E1-2-3: the specification seems more suited for M3E2 M3E1-3: it should be clear that the risk assessment of the IAIG is performed by the group-wide supervisor in cooperation and consultation with other involved supervisors. All the parameters and specifications should reflect this principle M3E1-3-7: this seems misplaced as it refers to the review process rather than strictly to the risk assessment. In addition, the purpose of the review shouldn't be to monitor the application of the preventive or corrective measures (which would mean that some measures were put in place by the supervisors after a review process had taken place) but rather to assess the compliance of the IAIG with the requirements. M3E1-5-5-2: what does "stresses" mean in this context? We would suggest using "risks".	

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				M3E1-8, 9 and 10: it should be clarified that the group-wide supervisor should be responsible for making any final decision and that he should apply the supervisory ladder of intervention. M3E1-9-6: preventive measures should be kept to a minimum as they are not in line with a risk-based regime. In this specific case, a preventive measure could be envisaged where there is an "imminent" breach and not if the breach is just "possible". In the case of a breach, the supervisory ladder of intervention would ensure that measures are taken in an appropriate and timely fashion.	
649	Japan Financial Services Agency	IAIS Member	Specific comment to M3E1 (Supervisory Process)	M3E1-1 1. From the perspective of a host supervisor, it is not clear how a host supervisor can implement this Standard. Apparently, the roles and responsibilities of host supervisors in a group-wide supervisory process are different from those of a group-wide supervisor. Also, even among host supervisors, what host supervisor in jurisdiction A, which supervises a large insurer within a group, should/can do might be different from what other host supervisors in jurisdiction B, which supervises a very small and negligible insurer within a group, should/can do. When compliance with this Standard is assessed, assessment should be done taking such differences into account. This means that the Standard makes it clear enough that the roles and responsibilities of involved supervisors vary. In this context, the current draft needs to be reconsidered. (This applies to several Standards and related Parameters/Specifications in Module 3 which start with "involved supervisor(s)".) 2. The definition of "group-wide supervisory process" is not clear. Also, it is not clear what is meant by "decision making," "implementing," and "adverse developments of the IAIG." 3. Moreover, the objectives of supervision of IAIGs would be broader than "proactively identifying and mitigating risks." Taking these into account, the Standard can be modified as follows. "A supervisory process for an IAIG on a group-wide basis (hereinafter referred to as "group-wide supervisory process") is established by a group-wide supervisor in cooperation with involved supervisors." "(New Parameter M3E1-1-1)Activities in a group-wide supervisory process includes: - gathering relevant information; - risk assessment; - planning for supervision; - on-site and off-site activities; - horizontal review; - taking supervisory actions; and, - enforcement where necessary and relevant." "(New Parameter M3E1-1-2) The roles of each involved supervisor in a group-wide supervisory process are discussed and agreed on at a supervisory college."	

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				M1E1-2-1 This needs to be reconsidered as it is not clear how a host supervisor can implement this or how its implementation can be assessed. (See our comment on M3E1-1 as well.) For example, it is not possible for a host supervisor to require an entity which is not under its supervision (e.g. an insurer in other jurisdiction) to submit information necessary to carry out the group-wide supervisory process for the entity. Also, information necessary to carry out the group-wide supervisory process varies from supervisor to a supervisor, especially for host supervisors, and also the level of information which each involved supervisor can obtain would vary. Taking these points into account, this can be modified as follows. "Involved supervisors gather information that is necessary to carry out the group-wide supervisory process as well as to supervise entities in the jurisdictions in which they are located." "(New Specification M3E1-2-1-X) Information of relevant legal entities, especially of those that are domiciled in jurisdictions outside a jurisdiction where an involved supervisor is located, is exchanged through the mechanism of a supervisory college." M3E1-2-3 Information necessary for group-wide supervision needs to be shared by all relevant involved supervisors to the extent that the information is relevant to the supervisors. It would be better for this Parameter to be modified as follows. "Involved supervisors ensure that material outcomes and decisions arising from the group-wide supervisory process and analysis are shared with relevant involved supervisors, including the group-wide supervisor." M1E1-2-3-1 1st sentence of this should be deleted as it is like a repetition of Parameter M3E1-2-3. M3E1-2-4 It is not clear what is intended by this Parameter. From whom does the group-wide supervisor request information? Does this parameter refer to (ad-hoc) supervisory reporting? If that is the case, "requesting information relevant to the quantitative and qualitative requirements in Module 2 whenever needed" would not be appropriate as requirements in M2 are those	

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				relating to (mandatory) supervisory reporting. Clarification is needed. M3E1-2-5 If this Parameter means that involved supervisors (except for a group-wide supervisor) have the right to request a group-wide supervisor to share relevant information with the involved supervisors, referring to the term "right" would not be appropriate in this context since supervisory cooperation even under ComFrame does not create any legally binding obligations. This Parameter can be modified as follows. "Information necessary for group-wide supervision needs to be shared by relevant involved supervisors. When necessary, the group-wide supervisor requests the IAIG to submit information on an ad-hoc basis." M3E1-3 Risks of the IAIG will also be (re)assessed through off-site monitoring as well as on-site activities, taking into account information gathered through regular/ad-hoc supervisory reporting. It would be difficult and also less meaningful to distinguish risk assessment and off-site monitoring/on-site activities (i.e. analysis which is referred to in M3E1-1), although such a distinction may be made conceptually. M3E1-3-3-2 and M3E1-3-3-3 are some of the examples: such assessment could be done through off-site monitoring and on-site activities. M3E1-3-7 is apparently one which needs to be done after preventive/corrective measures are taken, not in the risk assessment process. Therefore, the Parameter related to risk assessment and all relevant Specifications need to be combined with those related to on-site activities and off-site monitoring and then need to be refined. Module 3 could be organised and simplified as follows (as is done in ICP 9): (Reporting (M2)) => Planning => Off-site monitoring (including horizontal review) and on-site activities => Preventive/corrective measures. Reconsideration is necessary. M3E1-4 This is one of the Standards which is difficult to be implemented by host supervisors. A group-wide supervisor would have to establish a supervisory plan for an IAIG, but host supervisors, especially those who supervise small insurers within the IAIG, would not necessarily need to develop a plan for such entities. Therefore, the subject of this Standard should be group-wide supervisor. Also, the latter part of this should be amended as follows, taking into consideration our comment on M3E1-3.	

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				"A group-wide supervisor establishes a supervisory plan taking into account all information available." M3E1-4-2 It is not clear what the difference among supervisory plan, long-term supervisory strategy and supervisory program is. (It would not be worthwhile defining each of them in ComFrame.) Supervisors need to supervise the IAIG from both long-term and short-term perspectives and therefore this Parameter would need to be modified as follows. In addition, the 1st sentence needs to be deleted as it is just a repetition of the Standard. "A supervisory plan takes into account both long-term and short-term perspectives." M3E1-5-1 It is not sure what is "irregular" off-site monitoring. (If there is no "irregular" off-site monitoring that needs to be spelled out, the term "regular" should be deleted.) The objective of off-site monitoring, which is provided by M3E1-5-1, seems to be narrower than it should be and thus the 2nd sentence (as well as the 1st sentence) should be deleted. M3E1-5-3 to M3E1-5-6 These should be addressed in Specifications as they are examples of items to be reviewed through on-site activities as well as off-site monitoring. M3E1-5-7-2 First of all, the definition of "joint on-site inspection" in this context is not clear. Does it mean that both the group-wide supervisor and the host supervisor conduct an on-site inspection of an entity in the jurisdiction of the host supervisor? Or does it mean that the group-wide supervisor and the host supervisor conduct on-site inspection of an entity in the jurisdiction of the group-wide supervisor and that in the jurisdiction of the host supervisor, respectively, in a coordinated manner? If the former is the case, joint-inspection can be performed only when both the group-wide supervisor and the host supervisor agree to do so. Therefore, the 2nd sentence needs to be modified as follows and then the 4th sentence is no longer necessary. "Involved supervisors inform the group-wide supervisor when on-site activities are to be performed and communicate the main findings of such actions and/or inspections. The group-wide supervisor may organise on-site inspections of an insurer in a jurisdiction of a host	

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				supervisor jointly with a host supervisor when both the group-wide supervisor and the host supervisor agree to do so. Whenever a joint activity is organised, the group-wide supervisor ensures a clear communication among all involved supervisors. The group-wide supervisor regularly informs the supervisory college that it will perform specific supervisory action and communicate its main findings to all supervisory college members." M3E1-5-9 This is not necessary as this is already in ICPs and also there is no IAIG-specific issue involved in this. It needs to be deleted. M3E1-5-10 It is not clear what is expected by "appropriate monitoring tools" and thus it is necessary for it to be elaborated if this Parameter needs to be retained. Otherwise, this should be deleted. M3E1-5-11 Duplication with M3E1-5-2. It needs to be deleted. M3E1-6 It is not clear what is meant by "consistently applied across IAIGs" and how this can be implemented and the implementation can be assessed. This and related Parameters/Specifications should be deleted unless otherwise further clarified. M3E1-7 It is not clear how horizontal reviews can be performed, for example, in the following cases. (a) in a case where there is only one IAIG in a jurisdiction of the group-wide supervisor: how does the group-wide supervisor perform horizontal reviews and who should the peers be? (b) in a case where there is only one subsidiary of one IAIG in a jurisdiction of the host supervisor: how does the host supervisor perform horizontal reviews and who should the peers be? You may argue that an insurance subsidiary of a foreign insurer which is not an IAIG can be a peer, but if that is the case, what is the objective of the horizontal review in terms of group-wide supervision of IAIGs? (c) in a case where there is a subsidiary of IAIG X and a subsidiary of IAIG Y in a jurisdiction of	

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				the host supervisor and X's subsidiary is much larger than Y's subsidiary, which is very small: how can horizontal reviews be performed by the host supervisor and should the small insurance subsidiary be a peer of the large one? Taking these points into consideration, this Standard and related Parameters/Specifications need to be considered further, especially from the perspective of implementation in practice. M3E1-8 It is not clear what is meant by "decisions" in this context and thus it is necessary to be clarified. M3E1-9 This Standard should be "involved supervisors take preventive and corrective actions where necessary in a timely manner," rather than stipulating that an intervention ladder is established. This is because establishing a concept of a ladder is one of the tools enabling supervisors to take timely actions. If the Standard is changed in that way, Parameters under this Standard (such as M3E1-9-2 and M3E1-9-3) would be better fitted to the Standard. Also, it is not clear what is meant by "decisions" in this context. "Involved supervisors take preventive and corrective actions where necessary in a timely manner." (In addition, it is not clear what is meant by "concept of a supervisory intervention ladder" as it is not explained, although it could be considered an intervention ladder which provides intervention levels (in many cases levels are provided as a solvency margin (ratio)) and supervisory actions corresponding to each intervention level. Even in a case where the definition of the concept of a supervisory intervention ladder is like that, however, it is not clear what the objective of this Standard is. For example, host supervisors intervene in an insurer which they supervise based on the level of solvency of the insurer, while a group-wide supervisor might have to intervene in a group based on the level of solvency of the group. What the ComFrame should capture is not the former, but the latter. Therefore, if you would like to retain this Standard, the subject of the Standard should be "a group-wide supervisor.") M3E1-9-4 This should be moved under Standard M3E1-10 as this is more relevant to "follow up" which is stipulated in M3E1-10.	

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650	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	-M3E1-2-5-1: It should be explicitly stated that, in principle, only the group-wide supervisor, should request information from an IAIG in order to not only avoid the duplication of tasks, but also any unnecessary burden or hardship on the IAIG, and preserve the confidentiality of information provided. -M3E1-9: While individual jurisdiction's insurance regulations vary, additional regulations required by ComFrame supervision should not generate an unnecessarily inconsistent and unbalanced playing field between the IAIG and other entities within each jurisdiction. However, since additional risks can arise from internationally active operations, supervisors can focus on such risks as part of their supervision within the ComFrame. In case of supervisor intervention, specific requirements should focus solely on restricting the international activities as an IAIG, such as spinning off the operations of a foreign subsidiary/subsidiaries from the parent company. For instance, any ultimate supervisory intervention, such as prohibiting insurers from issuing new policies, should not be restrictively imposed on some insurers (IAIG) within jurisdictions under ComFrame, and should be implemented fairly in each jurisdiction according to individual national legislation and rules. It should be explicitly stated that when supervisors take preventive and corrective measures on an IAIG, they should ensure that consultation with group-wide supervisors regarding those measures is undertaken in advance, particularly if such measures might affect another jurisdiction(s) outside the supervisors' own jurisdiction. -M3E1-9-8-1: It is stated that 'Involved supervisors consider actions such as the following' where the IAIG or any of its legal entities may be in imminent danger of failure. Furthermore, it is also stated that supervisors may take strong measures, such as 'prohibiting an IAIG or insurer within an IAIG issuing new policies' in such cases. However, we think that the supervision of insurers should be undertaken primarily by a supervisor(s) in a country where an insurer operates. We are also concerned that delegating such power, even temporarily, to a supervisor(s) in another country may compromise the insurance supervision in the country where the insurer operates. Accordingly, we believe that M3E1-9-8-1 should be amended to read ' THE SUPERVISOR IN A COUNTRY WHERE AN INSURER OPERATES must consider actions such as the following based on consultation with other involved supervisors'.	
651	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	Specific comment to M3E1 (Supervisory Process)	M3E1-3-1-2 (S. 131): risk indicators are one source and not "the basis" for the supervisory work	
652	UK	IAIS	Specific	Multiple references are made to the role of involved supervisors with respect to various	

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	Association of British Insurers	Observer	comment to M3E1 (Supervisory Process)	operations and functions of the group. These should be removed or amended to ensure that it is the group supervisor that is responsible for these aspects. The role of involved supervisors is correctly set out at various points as being relation to the "supervision of the IAIG entity in their respective jurisdiction". This terminology should be adopted consistently throughout the module to ensure that the role of involved supervisors is clear (e.g. at M3E1-9-5). M3E1-9-7-1 : It is unclear whether these particulars are intended to be merely illustrative or something more, but in any case the power to replace significant owners would be properly viewed as a resolution measure rather than a means to address management or governance issues. As such we suggest that this measure is removed from the list. In addition the actions and powers set out here and in M3E1-9-8-1 are extreme, particularly those listed under "other directions". At the least the specifications should include some qualification that supervisors should only take any such actions where there is a reasonable possibility that doing so may prevent the failure of the IAIG or its significant entities.	
653	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M3E1 (Supervisory Process)	Delete first part of M3E1-2-1 and add M3E1-2-4 to it, delete specification M3E1-2-1-1 and M3E1-2-4-1. Add something about potential need for entity level information. Specification M3E1-2-1-2 achieves nothing - is not the point that the college should decide/agree what information is required (i.e. to make up for gaps/discrepancies in local public disclosures? M3E1-2-3 Is the point to share with all involved (specification) or pass up to GWS only (parameter)? Delete current parameter and use first sentence of specification instead. M3E1-3 Use of risk assessment here could be confusing as some jurisdictions use that phrase to mean risk inspections. Suggest: "Involved supervisors undertake an assessment of risks posed by the IAIG to determine?." And re-word M3E1-3-2 accordingly to make things clearer. Delete M3E1-3-1-1. M3E1-3-1-2 Delete the word indicators as "risk indicators" is only mentioned in this paragraph in the whole Document. M3E1-3-3-2 should be split into two as it covers two separate points. M3E1-3-4 Does "operating entities" really fit in here? Suggest deleting or if retained, should be a separate point and needs expanding and distinguishing to explain the consequences. M3E1-3-4-1 "at a minimum" is not a specification but a parameter - perhaps the parameter and specification should be swapped. M3E1-3-5 basically repeats what said in previous parameters under 1-3. In particular, the	

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				specification here introduces concepts not mentioned anywhere else in the document: that is, 'classification' and 'traffic lights'. If it is considered that this concept is important, it should be re-worded and placed elsewhere as it has little to do with resource allocation. Moreover, when it says 'for the group' does it mean at group level, or will the solo supervisory plans be influenced by this as well? This could be more of an issue for smaller groups where the concept of proportionality would have to come into play. M3E1-3-6 This does not belong here but under element 2 - fostering convergence. Same 'terminology' could be difficult. May be better off saying 'principles, concepts' etc. ME1-3-7 Are we talking about the assessment of risk or measures to be applied? If latter, as it appears, then it needs moving. If the former, then needs rewording. M3E1-4-1 and M3E1-4-2 are in the wrong order, with M3E1-4-1-1 being a specification under the current M3E1-4-2. M3E1-4-1 needs rewording to clarify that the plan should allow for any emerging risks identified to be incorporated into the supervisory plan. M3E1-4-2-2 Unnecessary. M3E1-5-2 This sounds too onerous - how can they verify every piece of information? The important thing is that supervisors should have the right to be able to undertake an 'on-site verification' of information, not that they should be required to do it for all information. M3E1-5-3 Delete as too prescriptive. Other aspects of supervision are not covered in the same way. M3E1-5-4 More to assessing the ERM framework than reviewing the ORSA. M3E1-5-5 Second sentence unnecessary. Second part of specification is repetitive and unnecessary. M3E1-5-5-2 Why is this different from what is in the ERM section? Delete. M3E1-5-6 Reports provided by who? To the local supervisors or involved supervisors? Is this the only information the GWS would be allowed to use? Needs explaining better and should be more flexible. Delete second part of M3E1-5-6-1. M3E1-5-7 With whom? They should not need to coordinate all on-site activities (e.g. a meeting with the COO). Should only need to coordinate when appropriate. The key point is communication so that other involved supervisors know what is going and can react accordingly. M3E1-5-7-2 Too prescriptive - use 'may' instead of 'has the discretion to' and 'is allowed to'. Last sentence does not make sense. M3E1-5-8 Delete. M3E1-5-10-1 (written as 1-5-11-1) this just repeats the parameter, which should have far more explanation of what could constitute a 'monitoring tool'. M3E1-5-11 Is it verify or 'assess whether'. Moreover, does this belong here? Surely better as a parameter under M3E1-1, where emphasising the fact the supervisors need to assess whether all aspects of M2 are captured by their supervisory process.	

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				M3E1-6 What is the purpose of this standard? That the process should be applied consistently across all jurisdictions? Or that it should be applied consistently within a jurisdiction (for IAIGs)? Needs to be clearer and, if latter, then some practical guidance on how this will be achieved. M3E1-6-1 Similar or consistent (consistent is used in specification)? Very muddled explanations. M3E1-7 Wording/arrangements here seem muddled and standard itself could be better worded. M3E1-7-2 is repetitive. Move M3E1-7-2-1 to be the parameter with M3E1-7-3-1 to be the specification to it. M3E1-7-3 Should be 'use' since have already set out in 7-1 that prepare horizontal reviews M3E1-7-3-2 and 1-7-3-3 are really parameters, explaining the various reasons as to why horizontal/peer reviews are carried out (re-word). M3E1-8 Decisions for what? M3E1-8-2 Which decisions? Even with specification, the element sounds like 'all decisions' Also should be 'of the group' so as to distinguish from other supervisors, within supervisory authorities etc. M3E1-9 "implement measures' rather than decisions. A supervisory ladder is already a decision tree. M3E1-9-1-1 Enforcement seems to have been added here as an after thought. Would have thought that the escalation of preventive measures, which can lead to enforcement, are important enough to have a separate parameter. M3E1-9-5 What has the IAIG's implementation plan got to do with the supervisory ladder? Or are we talking about (quasi) recovery and resolution plans to address identified financial weaknesses? In which, specification is very thin - should be more along the lines of "Requiring the IAIG to produce a financial plan to enhance/rectify their solvency position'. M3E1-9-6 This is usual practice - what has it do with an IAIG? Is the point that the GWS/college may ask a particular jurisdiction to take preventive measures at a legal entity if it is perceived that it is posing an unacceptable risk to the group? M3E1-9-8 a step is missing here - immediate contact the GWS/college, and agree a plan - to take the strongest measures, both at an identified entity level and, potentially, on a group-wide basis. M3E1-9-8-1 Suspending or revoking a licence should only be included with extensive caveats and deserves a separate paragraph. M3E1-10 Are not corrective actions taken as a result of remedial measures, etc being imposed? Re-word and delete the parameter. M3E1-12 This should be a parameter under M3E1-1.	

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				M3E1-13 The point is valid but the standard needs re-wording - in fact the parameter should be the standard here, the specification the parameter and the standard the specification. -	
654	United States of America American Academy of Actuaries	Other	Specific comment to M3E1 (Supervisory Process)	p130,M3E1-1: "group-wide supervisory process" ComFrame contains an articulation of a significant amount of work, both for IAIGs and regulators, that is not currently being done. p134,M3E1-4-2-1: "the supervisory plan establishes the frequency?of activities." Can ComFrame encourage more frequent, on-site visits? p135, M3E1-5-1-1: "Off-site monitoring occurs in a timely and comprehensive manner." Should "timely" be defined? Feedback should also occur in a timely manner. p139,M3E1-7: "horizontal review". Though defined in the introductory text, can its definition be replicated here?	
655	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	In Parameter M3E1-2-3, won't the group-wide supervisor coordinate "material outcomes and decisions arising from the group-wide supervisory process and analysis"? Why would "involved supervisors" need to make sure these are shared with the group-wide supervisor? In Parameter M3E1-3-5, the group-wide supervisor should coordinate the determination of the supervisory intensity, allocation of supervisory resources, etc. This is also true of almost all other processes in Element 1. With respect to the discussion of off-site and on-site activities in Standard M3E1-5, it should be clear that where jurisdictions can perform specific functions off-site with greater efficiency and less cost to the IAIG under supervision they are free to do so. We appreciate the language in Parameter M3E1-5-8 that "ComFrame allows for practices to be tailor-made for different IAIG structures." We also agree that the group-wide supervisor must coordinate the on-site activities of the involved supervisors. This is critical to efficient and effective on-site work. Special care needs to be taken in Standard M3E1-7 to protect confidentiality of proprietary information and to prevent the disclosure of trade secrets to other IAIGs through their	

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				supervisors. For example, if one IAIG has a proprietary risk management method that its supervisors believe is particularly effective, that information should not be shared by those supervisors with another IAIG under their supervision. Involved supervisors can "take other actions on the parts of the IAIG that are failing to meet prudential or other requirements" only when they have the legal authority to do so and only with respect to the entities that are under their supervision (Parameter M3E1-9-9).	
656	USA American Council of Life Insurers	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	Standard M3E1-2 The last sentence blurs the line between the roles of management and regulator. How to manage risk is a decision made by the management of the group, not the involved supervisors. Specification M3E1-3-2-1 should state that the group-wide supervisor is to coordinate the involved supervisor assessment. Parameter M3E1-4-2 should state clearly that the supervisory plan should be established with concurrence of the group-wide supervisor. Specifications M3E1-5-5-2 and M3E1-9-8-1 are too prescriptive and should be redrafted as illustrative. Standard M3E1-7 The overall project of horizontal review should be directed by the group supervisor thus "Group" should be substituted for "Involved" in the Standard and Parameters. Standard M3E1-13: The Standard should be clear that action should be coordinated and not taken independently by involved supervisors.	
657	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	- M3E1-4: There is surprisingly little emphasis on remediation of problems. The current draft tends to go from diagnosis of problems, data sharing etc straight to implementation and enforcement. ComFrame needs to be about identifying shortcomings, especially in management and controls and taking steps (with supervisors acting on a concerted basis) to ensure that these are fixed in a timely way. The mechanisms for achieving this will often be more flexible than is implied by simple concepts of escalation and implementation. - M3E1-4-2: The supervisory plan should not be the exclusive purview of the involved supervisors. Before submittal to the IAIG, the group supervisor must have approved the plan. - M3E1-5: Existing processes should be considered and relied on. In many countries colleges are already in place and a group supervisor is already acting as a coordinator of all supervisory activities. All supervisory monitoring and inspection processes as well as the involvement of host supervisors or other supervisors should be based on a concept of analysis of existing information and exchange of existing information by supervisors. Additional requirements to the IAIG should have a clear rationale and on-site inspections should be a defined exemption in most jurisdictions. - M3E1-7: Horizontal reviews of IAIGs should be directed by the group supervisors and coordinated through the supervisory colleges. - M3E1-9-7-1: Supervisors should question and challenge business decisions of IAIGs. However they should not seek to fundamentally influence business models, strategy and governance only in exceptional circumstances (e.g. ability of supervisors to replace significant	

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				owner as a means to address governance issues) and should never act as shadow directors. - M3E1-9-8: The IIF recommends to remove this parameter as it is not in fact obvious that the strongest measure should not necessarily be limited to an institution which is about to fail. M3E1-13: The appeal process should include both administrative and judicial review possibilities.	
658	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	Standard M3E1-1: As indicated in our General Comments on 2012 ComFrame above, the group-wide supervisor should be the point of reference for requests for information from "involved supervisors" to the IAIG. As written, Standard M3E1-1 could be read to mean that involved supervisors are all entitled to request and see all of the information at will from whomever they wish. It should be clarified that each involved supervisor gathers information for the entities they are responsible for under and in accordance with local law, and may feed this information if requested to the group-wide supervisor. However, Standard M3E1-1 should not entitle each involved supervisor to gather all of the information from the IAIG (which would be duplicative and burdensome), and should stipulate that it is the responsibility of the group-wide supervisor to share information with involved supervisors as deemed necessary and in accordance with criteria on sharing of information under information sharing arrangements in place among supervisory college members (see Parameter M3E4-4-5). Furthermore the last sentence of this Standard, which reads "The involved supervisors carry out the group-wide supervisory process with the objective of proactively identifying and mitigating risks in order to reduce the likelihood of adverse developments of the IAIG" gives rise to a concern voiced in our comment on Module 2 Element 4 (IAIG's Strategy from an ERM perspective) that while the supervisory college has a right to be advised of and review and assess measures taken by company management to mitigate risk actual identification and mitigation of risk and setting of risk appetite/ tolerance is not a regulatory but a business function which should not be subject to undue or overbearing supervisory restraint provided risk management measures are deemed sufficient. Standard M3E1-2 Parameter M3E1-2-3: We would suggest that the use of "group-wide" to describe information provided by involved supervisors is incorrect. The intent of this parameter appears to be that involved supervisors should send the group-wide supervisor the outcomes and decisions arising from their LOCAL	

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				supervisory process. By definition, the group-wide supervisor would already have outcomes and decisions from the group-wide supervisory process and would not need it from involved supervisors. Cf. Spec M3E1-2-3-1 where the word "group-wide" does not appear in the second line. Parameter M3E1-2-5: As stated in our General Comments on 2012 ComFrame, all requests for information should be subject to criteria defining need for information and reasonable bases for requests for information set out in information sharing arrangements in place between the group-wide supervisor and involved supervisors (CF: Parameter M3E4-4-5). In Parameter M3E1-2-5, we would suggest that the involved supervisors' right to "request" information from the group-wide supervisor does not therefore mean the right to "obtain" it which would be subject to information sharing arrangements and in some instances group-wide supervisor discretion. Standard M3E1-3, Specification M3E1-3-3-3, Standard M3E1-8 These provisions envision involved supervisors evaluating risks and resources and taking actions. These provisions provide broad authority for involved supervisors to act in enterprise supervision. Given that ComFrame is focused on group level supervision, we reiterate our recommendation that supervision of the IAIG, including evaluation of risks and resources, and consideration of other actions should be coordinated through the group-wide supervisor. Spec M3E1-5-5-2: While we would reiterate our response to General Question A.3 and Element Specific Question D4 that ComFrame should make clear that detail listed in specifications is illustrative of what may be expected as opposed to required (unless otherwise stated) and that all Modules should be scrutinized and adjusted to this norm, we would suggest that if we are to illustrate risk arising from a global group structure it might be important to include foreign currency exchange risk or duration mismatch risk in Spec M3E1-5-5-2. Parameter M3E1-5-6: We would suggest inclusion of forward-looking aspects such as, for example, stress tests. What is more, the first paragraph of Specification M3E1-5-6-1 does not appear to be complete. While we assume the likelihood to be determined is the likelihood of a risk affecting the financial condition of the IAIG, which is referenced immediately before this phrase, it may be useful to clarify that point. Parameter M3E1-5-9:	

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				We recognize that the IAIS is working on confidentiality issues as set out elsewhere in Module 3 (see eg Parameter M3E4-4-5) and would point out here that if a supervisor appoints experts, the confidentiality concerns that are discussed in connection with the provision of information supervisor-to-supervisor are also present. Ideally there should be laws in each jurisdiction that protect information provided to a supervisor to its agent from disclosure (i.e., the privilege attaching to the information is not lost just because the supervisor provides it to an agent or directs the IAIG to provide it to the agent). And there should be a requirement that any such agent is obligated to accord strict confidentiality to any information it receives. Spec M3E1-8-1-1 We would suggest that ComFrame make it clear that whatever decisions are made have to be made solely in consideration of the circumstances of the relevant IAIG. This could be achieved through determination of an established decision-making process within ComFrame itself. Parameter M3E1-9-3 This provision addresses how action will be taken at the group and enterprise level but does not address how coordination will occur to prevent possible inconsistent mandates and non-compliance with local law. Please also see our comment at Q. 7 above.	
659	USA NAIC	IAIS Member	Specific comment to M3E1 (Supervisory Process)	Parameter M3E1-9-7 and M3E1-9-9: These parameters and the related specifications seem to extend into legal entity supervision, contradicting standard M3E3-1 and later sections. Is it saying that "if the legal entity supervisor has not taken the appropriate regulatory actions or steps, then the group-wide supervisor can force some action at the group level?" Clarification is requested.	
660	USA Northwestern Mutual	IAIS Observer	Specific comment to M3E1 (Supervisory Process)	Please see answer to #25. Standard M3E1-1 speaks of supervisors carrying on a group-wide supervisory process "with the objective of proactively identifying and mitigating risks in order to reduce the likelihood of adverse developments of the IAIG". What would the involved regulators consider to be adverse developments, and how would they seek to mitigate risks? Parameters under M3E1-5 speak of supervisors determining whether there are any weaknesses in the governance structure or ERM framework of the IAIG, but against what standards? Parameter M3E1-9-7 and Specification M3E1-9-7-1 suggest intervention in the corporate governance of an IAIG in the case of "management and governance problems", but do not explain the circumstances warranting such an intervention. The drafters should take care not	

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				to blur the line between the responsibilities of management and supervisors under the relevant local legal regimes. Similarly, with respect to Parameter M3E1-9-8, it will be important for what constitutes an "imminent danger of failure" to be made clear so that it is well understood the circumstances under which management responsibilities for the IAIG may be overtaken by supervisory authorities.	
Specific comment to M3E2 (Cooperation and Coordination)					
661	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	See question # 25	
662	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	E2-1-3: We would like to emphasize the importance of involved supervisors cooperating in their assessments of acquisitions and disposals by IAIGs. Actual execution of these business strategies should not be hindered by lack of agreement from all involved supervisors, especially those supervisors outside of the territory of the transaction.	
663	Europe Insurance Europe	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	- Insurance Europe strongly supports the inclusion of this element. Reliance and recognition of supervision carried out by other involved supervisors is essential for achievement of efficiencies in supervisory effort. All supervisory activities should be based on a concept of confidentiality and trust (therefore M3E2-3-2 is fully supported). - M3E2-3-6 We strongly object to language in parameter M3E2-3-6 which states that the "inability to exchange information on a confidential basis is not to be a barrier to ongoing efficient and effective supervision of IAIGs". Exposure of confidential information may result in significant harm to groups both from a regulatory and economic perspective. As noted elsewhere in this response, the establishment of appropriate confidential agreements is an essential pre-requisite for information sharing between supervisors.	
664	Germany Bundesanstalt für Finanzdienstleistungsaufsicht	IAIS Member	Specific comment to M3E2 (Cooperation and Coordination)	M3E2-2-2-1: Change "including in response to" to "on". Otherwise the scope is too far. M3E2-3-4: The 1st sentence is too unspecific. We should either say very clear what information should be shared with whom and under which conditions or we delete this parameter. We think it is not appropriate (and often not allowed to the supervisor) to share confidential information with foreign government bodies. M3E2-3-5: Start 2nd sentence with. "Where possible and foreseeable..". It might become difficult to keep assessments on confidentiality requirements on stock. Specification M3E2-3-1-1: Add: In addition, a precondition for exchanging confidential information is that the supervisors have the same level of confidentiality rules.	

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				Parameter M3E2-5-1: Amend the 1st sentence: "? the receiver will - where legally possible - notify". Add at the end: "The provider is allowed to refuse the request of the potential receiver, if the receiver is forced by law to pass on the confidential information received." In certain cases especially in the case of anti-money laundering supervisors will legally not be able to notify the receiver.	
665	International European Commission	IAIS Member	Specific comment to M3E2 (Cooperation and Coordination)	M3E2-1: it is the role of the group supervisor to coordinate the supervision of the IAIG M3E3-2: it is unclear whether the group-wide supervisor should have a specific role in collecting and disseminating the relevant information from/to other supervisors involved. As the group-wide supervisor plays a central role in the coordination of the supervisors who are members of the college, the group wide supervisor could also take up the role of coordinating the regular exchange of information. M3E2-4-3: unclear how this interacts with M3E2-2	
666	Japan Financial Services Agency	IAIS Member	Specific comment to M3E2 (Cooperation and Coordination)	M3E2-1-2 It is not clear what is meant by "cross-border implementation" and thus clarification is needed. M3E2-3, M3E2-4, M3E2-5 and related Parameters/Specifications It is acknowledged that these are essential, but it seems that these are already fully covered by the ICPs and thus no repetition is necessary. Even if you believe that they should be retained in ComFrame, consistency in language between ComFrame and the ICPs needs to be reviewed and ensured.	
667	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	M3E2-3-6 places more emphasis on the ongoing efficiency and effectiveness of IAIG supervision than confidentiality. However, this seems to contradict Standard M3E2-3. If it is difficult to specify 'workable solutions' in this parameter, it should be removed in order not to cause misunderstanding.	
668	Japan The Life Insurance Association of Japan	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	-M3E2-3-3-1: We think that it is appropriate to clarify the methodology for validating equivalence if the condition for demonstrating the supervisors' ability is equivalent to the requirements of the IAIS MMoU, but not by 'being [a] signatory [of the] IAIS MMoU'.	

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			Coordination)		
669	UK Association of British Insurers	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	M3E2-3-6 : This parameter is self-contradictory. If "inability to exchange information on a confidential basis" is not a barrier then no "solution" is required. The parameter should either be deleted, or reworded in manner that properly expresses the intention, for example "Where inability to exchange information on a confidential basis impedes efficient and effective supervision of an IAIG's, workable solutions for the confidential exchange of information must be sought".	
670	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M3E2 (Cooperation and Coordination)	M3E2-1-2 Pre-empt' is not very clear. The key point here is that involved supervisors should not be able to overrule other national responsibilities, and that they must notify other involved supervisors before taking measures. M3E2-3-6 This may belong better as a parameter under M3E2-5.	
671	United States of America American Academy of Actuaries	Other	Specific comment to M3E2 (Cooperation and Coordination)	p147,M3E2-3: There is much discussion of sharing of information. Care needs to be taken with confidentiality issues, assuring that proprietary IAIG information is protected across all these various jurisdictions. Are the terms of confidentiality in the IAIS Multilateral Memorandum Of Understanding sufficient?	
672	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	In Standard M3E2-1, reference should be made to the group-wide supervisor's responsibility to coordinate the supervision of the IAIG. With regard to Parameter M3E2-3-6, while mere assertion of the need to protect confidential information should not restrict information sharing between supervisors, protection of confidential information from unauthorized disclosure remains imperative.	
673	USA American Council of Life Insurers	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	Parameter M3E2-1-3 and the underlying specifications are in conflict. Parameter refers to past acquisitions and disposals whereas specification refers to potential future acquisition or disposal. Supervisors can review what management has done, but acquisitions and disposals are management decisions. Standard M3E2-2 - should substitute "material information" for "information." M3E2-3 - We support the concept in Standard M3E2-3 that involved supervisors take all necessary actions to protect confidential information and we strongly suggest that demonstrated confidentiality protections must be evident in any data exchange. This is a paramount concern to protect the group and confidence in the supervisory system. As such, we disagree with the (italicized) language used in Parameter M3E2-3-6 "The inability to exchange information on a confidential basis is not to be a barrier to the on going efficient and effective supervision of IAIGs." Significant regulatory (SEC) and economic (competitive and	

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				trial bar) harm to U.S. IAIG's may result when proprietary information is leaked or made public. Confidentiality protections are an essential precondition to information exchange, which cannot be bypassed.	
674	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	M3E2-3: The IIF welcomes the intention to further elaborate on the information exchange and data confidentiality. The draft also acknowledges that the treatment of confidential information must meet the standards as set out in the IAIS Multilateral Memorandum of Understanding. However, confidentiality agreements shouldn't hinder the effective working of colleges and means should be found to address legitimate confidentiality concerns.	
675	USA Liberty Mutual Group	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	ComFrame must be sensitive to the fact that budgetary constraints are likely to limit the ability of supervisors to hire the appropriate staff and obtain the resources necessary to discharge the duties set forth in this Element and in the overall framework. The exchanges of information among supervisors that are contemplated in this Element present concerns regarding the ability of supervisors to protect the confidentiality of information and whether it is appropriate to obtain the consent of the global insurer in some cases before information is shared.	
676	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	Spec M3E2-1-1-1: We suggest adding at the end of the first sentence "or destabilize the IAIG." We intend here to address the situation where an action might, for example, create significant and unwarranted concerns among investors, thereby impeding the IAIG's ability to borrow or raise capital at a time when it might most need access to external sources of liquidity or funding. (A similar comment applies to Spec M3E5-1-4-4.) With respect to the requirement that supervisors refrain from action "which would weaken the position of all policyholders," we note that this may require changes to local law where the supervisor's duty when an entity encounters distress is to protect policyholders of that entity even if policyholders of affiliates entities are harmed (e.g. the supervisor may have a duty to prevent the regulated entity from distributing capital to its parent). (Again, the same comment applies to Spec M3E5-1-4-4.) At the end of this spec, we suggest it be made clear that consultation with other supervisors should be well in advance of the proposed action and should involve not merely notification but a dialogue. Parameter M3E2-1-3: We would suggest inserting "Relevant" at the beginning - only those involved supervisors who are affected by M&A activity should be involved in the assessment. Similarly, in Spec M3E2-1-	

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				3-1, fourth line, insert "relevant" before "involved supervisors." Parameter M3E2-2-1: We suggest it be specified that a "reasonable" request for information from a supervisor must be determined by reference to whether it relates to entities supervised by that supervisor. The language in SpecM3E2-2-1-2 ("necessary for the effective supervision of the IAIG") is not tight enough as it could be interpreted to refer to the entire IAIG and not solely the entities supervised by the requesting supervisor. M3E2-3 This Standard provides that "Involved supervisors take all necessary actions to protect confidential information." Given that information provided to the group wide supervisor and shared with involved supervisors could contain confidential, proprietary or other sensitive (competitive) information, protection of information is of the utmost importance and we fully endorse this Standard. However, we are concerned that relatively few IAIS members have signed the Multilateral Memorandum of Understanding (MMoU) and recommend that information sharing arrangements (M3E4-4-5) reflect MMoU standards to afford the same level and common standards of protection. See also our comments at Parameters M3E1-5-9, M3E2-5-1, and M3E4-4-5. Parameter M3E2-5-1: This is another instance where we strongly recommend the IAIG should have an opportunity to be heard and to intervene in any legal proceedings where its confidential information is at risk of being disclosed. The parameter and accompanying Spec allow the "provider" (a supervisor) to do these things but does not extend the same rights to the IAIG.	
677	USA Northwestern Mutual	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	Specification M3E2-1-1-1 states: "Involved supervisors do not take decisions in isolation which would weaken the position of policyholders of all legal entities with the IAIG. Involved supervisors consult with other involved supervisors when actions being considered by a supervisor in one jurisdiction may adversely affect the operations of the IAIG in the jurisdiction of another supervisor." While we support the goal of coordination, we wonder whether this language creates a potential for conflict with the local supervisor's responsibility to protect the policyholders of its regulated entity. Similarly, the language in Parameter M3E2-1-2 that "No supervisor pre-empts the actions of others and national responsibilities are not to be overruled" should be clarified so that there is no question of conflict with a supervisor's statutory responsibilities to protect the policyholders of the legal entity it regulates. With regard to Parameter M3E2-3-6, the establishment of satisfactory confidentiality protections is an essential prerequisite to information exchange, which cannot be bypassed.	

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678	USA Prudential Financial, Inc.	IAIS Observer	Specific comment to M3E2 (Cooperation and Coordination)	As stated in a response to Question 9. Confidentiality: Prudential Financial agrees with the IAIS in its assertion that confidentiality should not be a barrier to the implementation of ComFrame. With that said, issues related to confidentiality if left unaddressed in ComFrame itself or through the implementation phase, hold the potential of lessening the framework's effectiveness. ComFrame and related supervisory colleges will necessitate the sharing of confidential and proprietary IAIG information across jurisdictions and supervisory agencies. Therefore, IAIS should develop a set of protocols addressing confidentiality issues based on existing IAIS work (e.g. IAIS Multilateral Memorandum of Understanding (MMoU) on Cooperation and Information Exchange) recognizing that certain standards and confidentiality agreements will require specific situational "add-ons" to reflect the supervisory college environment and jurisdictional nuances. IAIS should engage its members and observers over the last year of ComFrame consultations to establish the protocols and a secure mechanism to permit the collection, transfer and sharing of confidential information with involved supervisors. The group-wide supervisor should be charged with arranging for the required agreements in consultation with the IAIG and other involved supervisors.	
Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)					
679	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	See question # 25	
680	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	E3-1-1: We would like to emphasize the ability of the group supervisor's decision making responsibility. It should be clear that the group supervisor has authority (an outcomes perspective) for decision making, not merely the group supervisor is responsible (a process perspective) for decision making.	
681	Europe Insurance Europe	IAIS Observer	Specific comment to M3E3 (Roles	- Clear allocation of roles and responsibilities between the group-wide supervisor and involved supervisors provide the foundations for efficient and effective group supervision and are essential to ensure duplications and contradictions in supervisory requests/processes do not	

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			of group-wide supervisor and involved supervisors)	occur. In this respect, we believe Element 3 should come right at the beginning of Module 3. We believe the current definition of "involved supervisors" (M1E4-1-2-3) is far too wide. The ComFrame draft usefully differentiates between involved supervisors and host supervisors therefore we would welcome references to "involved" supervisors to be substituted for "host supervisors" where more appropriate. - If the role and responsibilities allocated to involved and group wide supervisor in this module instead were allocated to "host supervisors" and the group wide supervisor, we would be broadly supportive of the allocation of tasks. However, as mentioned in our earlier comments this list is inconsistent with the roles and responsibilities attributed in module 1 with respect to the group wide supervisory process.	
682	International European Commission	IAIS Member	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	The content of this element should be more clearly reflected in other modules. M3E3-1-1-1: "conduct and leadership of group-wide supervisory activities" should rather be leadership, planning and coordination of?." M3E3-2: the sentence should reflect the principle that ComFrame will not affect the responsibilities of supervisors towards the individual legal entities in their jurisdiction. Hence the wording of the first sentence should be "involved supervisors remain responsible for?".	
683	Japan Financial Services Agency	IAIS Member	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	M3E3-1 A group-wide supervisor is already defined in M1E4-1-1 and thus this Standard is not necessary. (In addition, it is not clear what is meant by "responsible for supervisory activities relating to the IAIG as a whole," which is slightly different from the description in M1E4-1-1.) An important thing in regard to the roles of the group-wide supervisor and host supervisors is that their respective roles need to be agreed on and clearly set out at the supervisory college. Therefore, this Standard needs to be modified as follows. "The roles of the group-wide supervisor and host supervisors are agreed on and clearly set out at a supervisory college." M3E3-1-1 This is no longer necessary and thus should be deleted. M3E3-1-1-1 This Specification provides examples as agreed at the Subcommittee level. It should be noted that the roles of a group-wide supervisor as well as those of host supervisors could vary from group to a group since, for example, the risk profile and/or group structure could also vary	

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				group by group. Therefore, this should be modified as follows. "The group-wide supervisor has responsibilities, for example, to..." M3E3-1-2 This is already addressed by M1E3-2 and thus is no longer necessary and should be deleted. M3E3-1-3 It seems that this is more relevant to M1E3-2. If this Parameter needs to be retained, this should be moved to M1. M3E3-2 According to the definition of involved supervisors, the group-wide supervisor is also regarded as an involved supervisor. This Parameter says that "involved supervisors cooperate with the group-wide supervisor," but the description would not be accurate based on the definition of involved supervisors. Therefore, this should be modified as follows. "Involved supervisors are responsible for supervision of an entity which is subject to their supervision and for cooperating with other involved supervisors, including the group-wide supervisors, of the IAIG." M3E3-2-1 This should be moved to Specification from the perspective of consistency with current M3E3-1-1-1 and then changed as follows. "Involved supervisors have responsibilities, for example, to..."	
684	Joint initiative CRO Forum / CRO Council	Other	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	Regarding the supervisory process, the role of the lead group supervisor is critical and should be emphasized. The term "involved supervisors" should be clarified and narrowed to make sure that only supervisors directly involved in the supervision of an IAIG (being its parent company, subsidiaries and/or branches) are involved in the supervisory decision making process. In case there is already a group-wide supervisor in existence in the country or State where the group is based and where that supervisor has the statutory responsibility to supervise the head of the group should be first considered to take the role of the group-wide supervisor under ComFrame. However other factors can be considered when determining whether the group supervisor could be from a different jurisdiction (e.g. main business activities, location of main risks underwritten and/or largest balance sheet total). In any event,	

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				there should not be more than one group supervisor. Additional group supervisors will represent excessive and un-necessary burden on IAIGs, ultimately jeopardizing the benefits of ComFrame. We recommend that sub-group supervision should not be considered nor introduced as ComFrame should address and resolve the need for such supervision.	
685	UK Association of British Insurers	IAIS Observer	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	M3-E3-1-1-1 : These elements of the role of the group supervisor are essential to the effective formation and functioning of supervisory colleges in ComFrame, and should be part of the parameters rather than the specifications. We also note that the nature of many of the duties of the group supervisor set out in these requirements reinforces the need for there to be a only one group supervisor - for example decision making on group-wide issues and chairing of the supervisory college.	
686	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	M3E3-1-1-1 List is prescriptive but, if at a minimum, then belongs under the parameter. List should be carefully examined and split accordingly. M3E3-2-1 Why caps for Analysis and Decision Making and Implementation and Enforcement - have they got special definitions elsewhere?	
687	United States of America American Academy of Actuaries	Other	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	p 151, M3E3-1: Does ComFrame preempt the statutory responsibilities of the local supervisor?	
688	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	We agree that there should only be one group-wide supervisor except in exceptional circumstances. The list of duties of the group-wide supervisor in M3E5-1-1 is quite expansive, and it should be clarified that the powers are subject to applicable law and do not create a new layer of supervision. We strongly agree, however, with the statement that "clear allocation of roles is key".	
689	USA American Council of Life Insurers	IAIS Observer	Specific comment to M3E3 (Roles of group-wide supervisor)	The role of the group-wide supervisor will depend on the nature, scale, and complexity of the group. We encourage continued work towards developing clear and consistent parameters for determining a group-wide supervisor. We also support efforts to enhance coordination and communication in risk-focused examinations through a clear lead state process and efforts to improve upon supervisory colleges to allow for sufficient planning and a manageable number	

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			and involved supervisors)	of colleges. This will result in increasing the probability that resources of regulators and groups are utilized effectively and efficiently. Parameter M3E3-2 should reference sharing all "material" information with the group-wide supervisor (all "relevant" information is too broad).	
690	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	- The IIF appreciates the clear differentiation between responsibilities of group and other supervisors. Consistency with this element needs to be ensured throughout the document. - M3E3-1: The Institute believes that the powers of a group wide supervisor should be further discussed here (i.e. beyond those they already have as national supervisors). M3E3-3: IIF members encourage the IAIS to be more explicit about the joint working as well as the mutual reliance on another supervisor within a college.	
691	USA Liberty Mutual Group	IAIS Observer	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	We agree that there should only be one group-wide supervisor, other than in the case of exceptional circumstances. The list of duties of the group-wide supervisor in M3E5-1-1 is quite expansive, and this Element should clarify that the supervisor's powers are subject to applicable law and do not create a new layer of supervision. We strongly agree, however, with the statement that "clear allocation of roles is key". Lack of clarity in the definition of roles will be harmful to host supervisors, as the potential could exist for the group-wide supervisor to infringe on the legal authority of the host supervisor. We strongly agree with M3E3-3's emphasis on the responsibility of all supervisors to rely upon each others' work. Increasing supervisory trust and reliance on each others' work is essential to increasing the effectiveness and efficiency of group supervision.	
692	USA NAIC	IAIS Member	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	Specification M3E3-1-1-1: The role of the group wide supervisor is something the group should agree to at the outset of the college and will depend on the legal authorities of the involved supervisors and the nature, scale and complexity of the group and hence should not be something prescribed from the outset. Suggest rephrasing the sentence "the group wide supervisor is responsible for, at a minimum:" to "the group wide supervisor is responsible where collectively agreed to the following:"	
693	USA Northwestern Mutual	IAIS Observer	Specific comment to M3E3 (Roles of group-wide supervisor and involved supervisors)	Please see answer to #25. Allocations of responsibility between the group-wide supervisor and involved supervisors should be flexibly determined by the supervisory college based upon the particular circumstances of the IAIG and the relevant legal regimes of the involved supervisors. We believe that the following language from M3E3 suggests excessive deference to the group-wide supervisor and should be clarified to preserve the interests of each involved supervisor:	

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				- Standard M3E3: "The group-wide supervisor is responsible for supervisory activities relating to the IAIG as a whole." - Specification M3E3-1-1-1: "The group-wide supervisor is responsible for, at a minimum: ? decision making on group-wide issues in consultation with involved supervisors ? and oversight of group capital management."	
Specific comment to M3E4 (Use of Supervisory Colleges)					
694	Belgium National Bank of Belgium	IAIS Member	Specific comment to M3E4 (Use of Supervisory Colleges)	-Parameter M3E4-5-3: Instead of an agreed upon agenda members of the supervisory college should establish a long-term supervisory strategy and a yearly supervisory plan.	
695	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M3E4 (Use of Supervisory Colleges)	ABIR considers the establishment of supervisory colleges to be the foremost tool for supervision of IAIGs; and the group supervisor with its college will create a priority action list for initial and subsequent college meetings. Regulatory colleges are the fundamental tool of group supervision which is by definition a cooperative process whereby individual regulators empowered and constrained by local law share information and coordinate regulatory actions. Regulatory colleges are intended to: a. improve information flow; b. establish cooperation among legal entity supervisors; c. mediate disputes amongst regulators; d. identify regulatory gaps; and e. establish trust amongst the regulators which furthers the goals of regulatory cooperation.	
696	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M3E4 (Use of Supervisory Colleges)	Element 4-3-1: "Subgroups": We would like to emphasize that subgroups should only be created under extenuating circumstances. The IAIS should consider creating some sort of umbrella group to monitor the activities of supervisory colleges to monitor consistency of practices at a high level.	
697	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M3E4 (Use of Supervisory Colleges)	Specification M3E4-1-1-2: The specification could be moved to a drafting proposal for a coordination arrangement template. Specification M3E4-2-1-3: If an involved supervisor does not directly meet the criteria but in its opinion its participation is relevant, the group-wide supervisor may decide to include this supervisor in consultation with the college. Parameter M3E4-5-3: The agenda of the meeting should reflect the long-term supervisory strategy and a yearly supervisory plan.	
698	Europe	IAIS	Specific	- Insurance Europe strongly supports the establishment of supervisory colleges for IAIGs.	

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	Insurance Europe	Observer	comment to M3E4 (Use of Supervisory Colleges)	- Effective two way dialogue between the supervisors in the college and the group concerned is an essential pre-requisite to the efficient and effective functioning of a supervisory college. Currently Element 4 is silent on the need for the supervisory college to interact with the IAIG. In line with the strategic direction given by the IAIS Technical Committee (24/02/2012) Insurance Europe believes that the involvement of the IAIG Board and Senior Management in Supervisory College activities must be considered. At the very least, Insurance Europe believes it is vitally important that the IAIG is kept fully informed of: the membership of the supervisory college, the allocation of these tasks between supervisors if certain roles and responsibilities have been delegated between the supervisors involved and key outcomes from supervisory college meetings. In addition, we believe that it would be beneficial if the IAIG is invited, at least annually, to take part in supervisory college meetings. - Coordination arrangements between supervisors are already dealt with in a number of places in Module 3 (e.g. M3E2-4) and therefore it is important that the coordination arrangements laid down in M3E4-1-1-2 are in line with requirements contained elsewhere in the module. - Element 4 does not define a mediation process in case of disagreement between supervisors in the college. Insurance Europe believes that supervisory colleges should define a mediation process. We note that supervisors are required to establish protocols for mediation of disputes with respect to a crisis situation (M3E5-1-4) however we believe such a protocol should also apply/be developed outside of a crisis situation. - M3E4-2-1 Membership of the supervisory college should be limited to the group wide supervisor and host supervisors (as identified in M1E4-1-2-3) other involved supervisors should only be allowed to participate on an exceptional basis and their participation should be strictly limited to facilitating the efficient exchange of information. The definition of "involved supervisors" is too wide and will result in far too many supervisors taking part. If a significant number of involved supervisors take part in a supervisory college it will make the regulatory processes ineffective and inefficient. - M3E4-2-1-3 In line with the comments above we suggest "for information purposes" should be added to the text, therefore, the last paragraph should read as follows: "the supervisory college may for information sharing purposes only decide to include this supervisor". - M3E4-3-1 Insurance Europe opposes sub-group colleges. The intention of ComFrame should be to help convergence to only one international supervisory college for an IAIG. This should build off of the existing college arrangements to avoid the need for subgroup colleges to be established in the future. Otherwise, additional complexity is introduced with the need to establish an organisational structure to the colleges (hierarchy, reporting, process, etc.) and the risk of duplicative or contradictory requests being made of an IAIG are likely to materially increase. - M3E4-4-5 We strongly support inclusion of this parameter requiring that appropriate information sharing agreements are in place - this is an essential pre-requisite for information sharing taking place in a supervisory college.	
699	Germany Bundesanstalt fr	IAIS Member	Specific comment to	Specification M3E4-1-1-2, second paragraph: "Supervisory college members coordinate information requests sent to the parent company and local entities of the IAIG. The group-wide	

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	Finanzdienstleistungsaufsicht		M3E4 (Use of Supervisory Colleges)	supervisor is responsible for communication with the parent company as it relates to the IAIG. The relevant host supervisors are responsible for communication with local entities." ?This specification should be deleted. It could be moved to a drafting proposal for a coordination arrangement template. Specification M3E4-2-1-1, second bullet point: After "where" and previous to "applicable" the word "material" should be introduced. As the second criterion for defining "significance" of a branch in Specification M3E4-2-1-2 refers to the materiality in the host member state and not in terms of risk to the group. This determines, if any, information needs, but not the need to be a member of the college. - where applicable, other competent involved supervisors for significant branches, related legal entities and other financial sectors. Specification M3E4-2-1-3: If an involved supervisor does not directly meet the criteria but in its opinion its participation is relevant, the supervisory college group-wide supervisor may decide to include this supervisor.	
700	International European Commission	IAIS Member	Specific comment to M3E4 (Use of Supervisory Colleges)	M3E4-1-1-1: the primary purpose of a college is to facilitate the supervision of the IAIG. The supervision of legal entities in the group may benefit from that but this should not be the aim of setting up a college. M3E4-1-1-2: coordination arrangements may set out the rules for the functioning of the college, the decision-making procedures, the work plan, etc. Hence, only "as a minimum" they lay down the processes. M3E4-2-1: the membership of the college should be set out based on minimum harmonised criteria and not be left to the complete discretion of the group-wide supervisor. M3E4-2-1-1: unclear what "the involved supervisors of legal entities situated in jurisdictions" means. This could mean that the supervisors of any legal entity (regardless of their materiality or importance) in the group are members of the college, which could easily mean a lot of supervisors and hence a college which cannot work properly and efficiently. We would suggest restricting the membership to supervisors of insurance subsidiaries and to the other supervisors referred to in the second bullet point. M3E4-2-1-2: the meaning of "overall market of the host jurisdiction" in the second bullet point should be clarified. M3E4-3 and 4: it should be clear that there should be only one college in relation to each IAIG. In addition to this, specialised teams can be set up or a different allocation of tasks can be agreed in order to reflect the specific structure of the IAIG and to make supervision more efficient. M3E4-5-4-3: the process looks a bit circular: the group-wide supervisor initiates the college meeting which, in turn, should designate the group-wide supervisor. It could be clarified that the first meeting of the college should confirm the designation of the group-wide supervisor. M3E4-5-4: unclear what "significant concerns" means. We would suggest clarifying if this	

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				refers to the solvency and financial condition of the IAIG or to other situations. In addition, it would be useful to clarify the meaning of "material deviation from the supervisory plan".	
701	Japan Financial Services Agency	IAIS Member	Specific comment to M3E4 (Use of Supervisory Colleges)	M3E4-2, M3E4-3 and M3E4-5 In order for ComFrame to be streamlined further, these three (including related Parameters/Specifications) would need to be combined like as follows. Also, M3E4-4 would need to be one of the Parameters under this combined new Standard. "Membership, structure, functions of a supervisory college are commensurate with the nature, scale and complexity of the IAIG." M3E4-2-1-1 and M3E4-2-1-2 ComFrame should not provide for a criterion for membership of a supervisory college as the nature, scale and complexity of an IAIG would vary from group to a group. Therefore, these two Specifications need to be modified as follows. Also, M3E4-2-1-3 should be deleted. "In determining membership of a supervisory college, the following factors may be taken into account: - relative importance of an entity of the IAIG within a group; and, - relative importance of an entity of the IAIG within a specific jurisdiction. Supervisors of branches of an entity within the IAIG may be candidates for a supervisory college of the IAIG." M3E4-4-1-2 It is not clear how this relates to and fits M3E4-4. M3E4-4-4 This is already captured by M3E3-1, for which text amendment is suggested by the FSA Japan. Thus, this needs to be deleted. M3E4-4-5-1 Text suggestion for the 3rd bullet: Specification M3E4-4-5-1 (3rd bullet) - other MMoU or something equivalent thereto that facilitates information exchange may exist.	

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				M3E4-4-5-2 It is not clear who is referred to by "other supervisors" in this context. Clarification would be appreciated. M3E4-5-3-1 The agenda of the supervisory college needs to be set in a way which is commensurate with the nature, scale and complexity of the IAIG as well as membership, structure and functions of the supervisory college. Therefore, this Specification should provide just examples which can be referred to when the college intends to develop the agenda and thus needs to be modified as follows. "The agenda of the initial supervisory college meeting could includes:? The agenda of subsequent supervisory college meetings could allow for... In addition the agenda could allow for?" M3E4-5-3-2 Roles and functions of the supervisory college could vary; sharing and delegating some of the tasks are not necessarily applicable to all of the supervisory colleges, while they may certainly be applicable to some of them. Therefore, this Specification needs to be modified as follows. "The framework of the sharing and delegation of tasks is could be included?"	
702	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M3E4 (Use of Supervisory Colleges)	The current draft indicates that supervisory colleges have at least the following roles. Their roles and responsibilities should be explained in an integrated manner in M3E4, including but not limited to: 1. Identification of IAIGs 2. Determination of the scope of group-wide supervision 3. Development of an agenda described in M3E4-5-3 4. Information exchange between supervisors	
703	UK Association of British Insurers	IAIS Observer	Specific comment to M3E4 (Use of Supervisory Colleges)	M3E4-2-1 : The supervisory college should consist of the group supervisor and host supervisors only. In general, it should be assumed that group and host supervisors may consult or seek views from involved supervisors, but that in the majority of circumstances "involved supervisors' will not participate directly in task of group supervision. M3E4-2-1-3 : The college should certainly consult with involved supervisors as necessary, but they should not form part of the IAIG supervisory college, as this will ultimately prove	

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				burdensome to the operation of the college. M3E4-3-1 : Subgroup colleges would impede rather than improve the effective co-ordination of group supervision by providing opportunities for duplication, omission and dispute. The object of ComFrame should be to enable a single view of a group and to remove such potential.	
704	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M3E4 (Use of Supervisory Colleges)	M3E4-1-1 Quite a bit of repetition in these specifications, which could be rationalised. M3E4-1-1-2 Is the second paragraph referring to information requests in addition to local regulatory reporting or is the implication that they will dictate those? M3E4-1-1-3 Purpose/definition of college seems unnecessary here. M3E4-1-2 "amongst involved supervisors"? M3E4-2-1-1 Delete first paragraph, repetition. The third paragraph, defining a branch, would appear out of place here. Into module 1? M3E4-3-1-1 delete "must" if to remain a specification. M3E4-3-1-2 Repetition, delete. M3E4-3-1-3 Unnecessary, delete. M3E4-4-1 repetition of M2, rationalise. M3E4-4-1-2. But the involved supervisors are not supervising the IAIG per se, only individual entities thereof. The GWS and the college, as a whole, supervise the group functions/risks of the IAIG. Needs more careful wording. M3E4-4-2-1 Delete everything after the first sentence; unnecessary duplication. M3E4-4-2-3 Seems very sweeping. M3E4-4-2-5 Unnecessarily prescriptive and basic. M3E4-4-3 does this not belong with M3E2-1-2? M3E4-4-4 and 4-4-5 Would fit better under M3E4-1. M3E4-5-1 Is repetitive. Perhaps these parameters should be merged into 4-4. M3E4-5-3-1 too prescriptive. M3E4-5-4 It is convened on a regular basis too!	
705	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M3E4 (Use of Supervisory Colleges)	The frequency of supervisory college meetings should not be prescribed by ComFrame (Parameter M3E4-5-1). The college and the IAIG should be free to determine the appropriate frequency of meetings.	
706	USA	IAIS	Specific	We encourage efforts to enhance coordination and communication	

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	American Council of Life Insurers	Observer	comment to M3E4 (Use of Supervisory Colleges)	through a clear lead group-wide supervisor and support related efforts to improve upon supervisory colleges to allow for sufficient planning and a manageable number of colleges. This will result in increasing the probability that resources of regulators and groups are utilized effectively and efficiently. Colleges should be assessed for their effectiveness.	
707	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M3E4 (Use of Supervisory Colleges)	- As noted in the general comments, the IIF agrees with the important role of supervisory colleges. - M3E4-2-1: As mentioned above, the definition of "other supervisor" should be narrowed. Only the group supervisor and host supervisors should be member of a supervisory college. - M3E4-3-1: The IIF does not support sub-group colleges. - M3E4-5-3-1: To prescribe what the actual college agenda should include is going a step too far in the view of IIF members. This is another example showing the rather high prescription of the current draft.	
708	USA Liberty Mutual Group	IAIS Observer	Specific comment to M3E4 (Use of Supervisory Colleges)	The timing for calling a supervisory college should be subject to the discretion of the global insurer's group-wide supervisor, in consultation with the involved supervisors and the global insurer, itself. It should not be prescribed by ComFrame.	
709	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M3E4 (Use of Supervisory Colleges)	Spec M3E4-2-1-2: Second bullet refers to 5% of the "overall market". As there are different ways of determining the "market" (For example, is the market "life insurance," "term life insurance," "term life insurance sold through banks," etc.?) additional guidance on how the "market" is to be determined is desirable to achieve a consistent determination. Parameter M3E4-3-1: We recommend further clarification on who determines whether there is a need for a subgroup college and its membership. The relevant Specification suggests that perhaps the supervisory college does this, but is not entirely clear: the college "establishes" specialized teams but the group-wide supervisor is responsible for coordinating the work of the teams. Who has the final say if the college members can't agree? Spec M3E4-4-1-2 We would suggest that this Spec stipulate that the supervisory college perform the macroprudential assessment as opposed to the "involved supervisors" which could be read to exclude the group-wide supervisor who would be a key contributor to this effort. Parameter M3E4-4-5	

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				While we acknowledge that this issue is addressed to some extent in Module 4, we would make the recommendation here where the Parameter and its related specs talk about "mechanisms" for protecting confidentiality, that it should also be a requirement that the laws of the relevant jurisdictions protect the confidentiality of information not only provided to another supervisor, but also received from another supervisor.	
710	USA NAIC	IAIS Member	Specific comment to M3E4 (Use of Supervisory Colleges)	Specification M3E4-1-1-4: Consider suggesting a timeframe for these regular assessments of the effectiveness of colleges. For instance, should this be done every two years? This would arguably benefit all participants and the assessments could take into account emerging best practices and trends for improving supervisory colleges. Parameter M3E4-5-3: Rephrase the sentence "The agenda for the initial supervisory college meeting includes" to "the agenda for the initial supervisory college meeting could include where relevant the following". Although guidance with regard to what should be included in an initial agenda is welcome, the current list seems to be too specific. If a list needs to be included, consider including the following more general points for an agenda for the first meeting: "the agenda for the initial supervisory college meeting could include where relevant the following: - A discussion on membership- the need for regional colleges/subgroups/tiered membership - Role of the group wide supervisor - Scope of activities - Agreement of location and frequency of meetings - Discussion of methods for sharing of confidential information	
711	USA Northwestern Mutual	IAIS Observer	Specific comment to M3E4 (Use of Supervisory Colleges)	Please see answer to #25.	
Specific comment to M3E5 (Crisis management among supervisors)					
712	Belgium National Bank of Belgium	IAIS Member	Specific comment to M3E5 (Crisis management among supervisors)	-Specification M3E5-1-4-4: The statement should be broadened as the same requirement should apply for the group supervisors. -Parameter M3E5-2-4: In a crisis situation supervisors should consider the appropriateness of public disclosure and the related risks of any disclosure. -Parameter M3E5-1-6: As part of the emergency planning programme the college of supervisors should delineate the main steps on the ladder of supervisory intervention the group supervisor in cooperation with the other supervisors should take in a crisis situation.	

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713	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M3E5 (Crisis management among supervisors)	We note specification M3E5-2-4 refers to the public communication in a crisis situation at each stage of a crisis and we would caution that greater consideration needs to be given as to the parameters of confidentiality and the relevant legal requirements of each jurisdiction involved.	
714	Canada Canadian Institute of Actuaries	Other	Specific comment to M3E5 (Crisis management among supervisors)	M3E5-1-1-3: The involved supervisors should identify both mediation requirements and the anticipated processes for mediation. M3E5-1-4-3: We suggest replacing "lead" with "facilitate by engaging suitable experts".	
715	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M3E5 (Crisis management among supervisors)	E5-1: As the specifics of any particular "crisis" are often dynamic in nature, it should be made clear that the "emergency plans and tools" must be at a high level. The value of effective coordination and cooperation between supervisors will be key in times of crisis. The emergency plans and tools should help to reinforce the work of the supervisors in managing a crisis situation.	
716	Canada International Actuarial Association	IAIS Observer	Specific comment to M3E5 (Crisis management among supervisors)	M3E5-1-1-3: The involved supervisors should identify both mediation requirements and the anticipated processes for mediation. M3E5-1-4-3: We suggest replacing "lead" with "facilitate by engaging suitable experts"	
717	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M3E5 (Crisis management among supervisors)	M3E5-1-1-1: Suggest including the objectives of the emergency plan and how it should be used. M3E5-1-3: Suggest identifying a lead supervisor who is responsible for developing and maintaining the communication programme. Also suggest that ongoing contact in good times would help facilitate communication during a crisis. M3E5-1-4-3: Leading the mediation suggests that the group-wide supervisor is an entity with sufficient authority to make such decisions. This is doubtful. M3E5-3: Suggest modifying the Standard as follows: Involved Supervisors ARE ENCOURAGED TO cooperate to find internationally coordinated, timely and effective solutions.	

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718	China China Insurance Regulatory Commission	IAIS Member	Specific comment to M3E5 (Crisis management among supervisors)	With regard to M3E5: First, it might be considered to give a more thorough list of the events that might trigger the emergency plan of the Group. Second, with respect to related events, in addition to factors in the Group, we may also need to pay attention to factors outside the Group, for example, events causing large numbers of insurance cancellation and or compensation, although such events may not bring about negative influence on solvency. Third, it might be considered to add cooperation obligation to involved supervisors on top of being aware of relevant policyholder protection schemes so that the policy holders will be better protected by all parties.	
719	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M3E5 (Crisis management among supervisors)	Specification M3E5-1-4-3: The specification should be further analysed. Current draft may create a conflict of interests, when a group supervisor is a part of a dispute and at the same time leads the mediation. Parameter M3E5-2-4: In a crisis situation supervisors should consider the appropriateness of public disclosure and the related risks of any disclosure. Parameter M3E5-1-6: As part of the emergency planning programme the college of supervisors should delineate the main steps on the ladder of supervisory intervention the group supervisor in cooperation with the other supervisors should take in a crisis situation.	
720	Europe Insurance Europe	IAIS Observer	Specific comment to M3E5 (Crisis management among supervisors)	- Insurance Europe appreciates the need for supervisors to discuss in advance measures that might need to be taken in a crisis situation. However, given the necessity for any action to be carefully tailored to the event in question (which is unlikely to be able to be predicted in advance) - and given the nature of the insurance business model - Insurance Europe questions the value of detailed "emergency plans" being drawn up and maintained in advance. For example, the requirement for the emergency plan to define the role and responsibilities of the authorities during a crisis in advance seems excessive (and would like need to be changed to reflect the particularities of the crisis triggering event). We, therefore, believe the detail relating to what an emergency plan should contain (M3E5-1-1-1) be deleted or redrafted so it is made more apparent that it is only intended as illustrative guidance. - M3E5-2 References in element 5 to "involved supervisors" should be changed to group-wide supervisor and "host supervisors" as defined in M1E4-1-2-3. The definition of involved supervisors is far too broad for purposes of Element 5.	
721	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M3E5 (Crisis management among supervisors)	Possible specific resolution or recovery options under stressed conditions generally depend on the type of stress. There is a myriad of possible causes for stressed conditions, and practical and adequate responses to each of such situations differ. We therefore question the value of requiring detailed emergency plans.	
722	International	IAIS	Specific	It should be clarified in all the parameters that crisis management of the IAIG is a primary task	

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	European Commission	Member	comment to M3E5 (Crisis management among supervisors)	for the group-wide supervisor, in cooperation with other involved supervisors. On M3E5-1-7 and 8 and on whether resolution plans should be developed by the IAIG or the group-wide supervisor, we understand that a certain level of flexibility is needed and that it is not possible to envisage what the best approach will be in all circumstances. There could also be different national legislations applicable other than insurance legislation. Moreover, it is our understanding that specific tools should be in place for systemically relevant financial institutions and not for any financial group. M3E5-2: crisis management coordination could be specified in a coordination arrangement	
723	Japan Financial Services Agency	IAIS Member	Specific comment to M3E5 (Crisis management among supervisors)	M3E5 General M3E5-2, for example, appears to be slightly different from ICP 26.3, but it is not clear whether the difference comes from specificities of IAIGs or not. This applies to M3E5-3, for example, which is almost a copy of ICP 26.10, but there appears to be a slight difference between them. Considering that ICP 26 has already been addressing cross-border aspects in crisis management, it would be necessary for us to review both ICP 26 and M3E5 and to determine whether any differences in text between them, if any, can be justified or not. M3E5-1 It is not clear what the difference between a crisis management plan, which is referred to in the ICPs, and an emergency plan in ComFrame is. If the two should differ from each other, it should be explained why such a difference is necessary. Also, it is not clear what is meant by the term "resolutions." For the clarification purpose, this needs to be modified as follows: otherwise, the term needs to be defined. (The term "emergency plan" would need to be changed to "crisis management plan." See our comment on M3E5-1.) "The group-wide supervisor together with the supervisory college develops and maintains emergency plans and tools for dealing with any crisis within the IAIG and involved supervisors seek to remove any practical barriers to efficient and effective cooperation at the time of crisis." M3E5-1-1-1 Regarding the last bullet point, it is not clear what is meant by "cross-border implementation" and thus it needs to be clarified.	

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				M3E5-1-1-3, M3E5-1-2, M3E5-1-3, M3E5-1-2-1, M3E5-1-3-1 and M3E5-1-3-2 These can be simplified as follows. If details are necessary, they could be addressed in Specifications. "M3E5-1-2 Involved supervisors, led by the group-wide supervisor, test [emergency plans] they established." M3E5-1-4 It would not necessarily be possible to identify and agree upon any likely disputes that may require mediation before it happens. What supervisors can do in advance would be to identify possible obstacles in crisis situations. Also, it might be intended that a supervisory college works as a mechanism for the mediation of disputes, while it might not be for other matters at present. Moreover, supervisors may not have authority to enter into legally binding protocols for the mediation of any disputes by themselves. Considering all of these points, this Parameter should not be Parameter (i.e. minimum requirement for all involved supervisors), although it could be presented in Specification as a best practice or an example. Furthermore, Specifications M3E5-1-4-3 and M3E5-1-4-4 need to be modified as follows. "M3E5-1-4-X Prior to a crisis situation, involved supervisors may identify and agree upon likely disputes that may require mediation. Involved supervisors may establish protocols for mediation of these disputes. Disputes subject to mediation may be regularly reviewed for the ongoing relevance and allow for developing trends. M3E5-1-4-3 In a case where any mediation arrangement is in place, the group-wide supervisor? M3E5-1-4-4 In a case where any mediation arrangement is in place, involved supervisors?" M3E5-1-4-1 Regarding the 2nd sentence, "movement of capital within or between jurisdictions" is in general not a cause of dispute, although it might be a cause of dispute in very specific cases. The text needs to be rewritten to describe an intention in a more accurate and more balanced manner. M3E5-1-6	

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				This should be in Specification as an example. M3E5-1-9 It seems that this is not in line with the definition of "crisis" provided by M3E5-1-1-3. The definition needs to be reconsidered for it to fit this Parameter. M3E5-1-9-1 This is already covered by M3E2-2 and therefore needs to be deleted. M3E5-4 This should be modified as follows. "Involved supervisors are aware of functions and roles of the policyholder protection schemes which are relevant to insurers under their supervision." M3E5-4-1 This needs to be deleted as this is just a repetition of the Standard.	
724	Joint initiative CRO Forum / CRO Council	Other	Specific comment to M3E5 (Crisis management among supervisors)	CROF and CROC consider that ComFrame will have to recognize the Crisis management measures introduced in the regime (already envisaged or implemented under many regimes). ComFrame should facilitate the understanding and cooperation between supervisors in times of crisis. Recovery and resolution plans (RRPs) should not form part of ComFrame. There needs to be a clear distinction made between crisis management, regulatory requirements which might be appropriate in case of a non-compliance with the solvency requirements and ERM steps and process developed to enable effective responses in stressed conditions.	
725	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M3E5 (Crisis management among supervisors)	This element seemed to have difficulty in splitting out contingency planning, crisis management, stress & scenario testing and recovery & resolution planning. M3E5-1 "Any' crisis seems very sweeping - suggest delete. Standard, or first parameter, could read along the lines of : "The supervisory college develops a crisis management plan that can be activated immediately upon any sign of financial stress within an IAIG. Parameter can then say something like:	

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				"This plan establishes what constitutes a crisis, the lines of communication and those responsible for action, the decision making process'. M3E5-1-2 Both the parameter and specification appear to belong under element 1 M3E5-1-3 Belongs under 5-2. M3E4 Again the parameter and specification appear to have got muddled. Are we talking about dispute resolution generally within the college, or the ability to resolve a group? M3E5-1-4-3 What makes the GWS an expert in mediation? Should not any involved supervisory (authority) be represented, on the college, at all times, by 'officials' with the necessary decision-making powers? M3E5-1-4-4 Needs re-wording for clarity. Specifications to M3E5-1-5 are unnecessary and repetitive - add 'at least annually' to parameter. M3E5-1-6 Repeats 5-1-1. M3E5-1-9 Needs adding to 5-1-1. M3E5-2-1 Repetitive - delete parameter and specification. M3E5-3 Effective solutions to what? M3E5-4 Whole section needs expanding further to explain the purpose. Does it belong better under element 6?	
726	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M3E5 (Crisis management among supervisors)	ComFrame should be wary of developing rigid procedures for crisis management. Communication issues should certainly be considered, but failure scenarios rarely accurately predict how failure happens.	
727	USA American Council of Life Insurers	IAIS Observer	Specific comment to M3E5 (Crisis management among supervisors)	(2) In the Crisis Management and Resolution section of Module 3, Element 6, Parameter M3E6-1-2 should read "legislation provides for the regulatory authority to determine the point at which it is no longer permissible for an insurer to continue its business." The second sentence in Specification M3E6-1-1-1 should read that "The resolution and insolvency regimes of the jurisdictions in which the IAIG operates in is also respected."	
728	USA Institute of International	IAIS Observer	Specific comment to	- Detailed Recovery and Resolution Plans (RRPs) are not necessary in the insurance sector. The intrinsic characteristics of banks' balance sheets (maturity mismatches, illiquid assets and	

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	Finance - IIF		M3E5 (Crisis management among supervisors)	leverage) that can result in precipitate failure with systemic consequences are largely absent with traditional insurance activities. Due to the generally long term nature of insurance and the prolonged time period in which situations, develop, a focus on detailed or prescriptive plans for recovery or resolution is unlikely to be an appropriate measure. - The IIF therefore welcomes the IAIS suggestion to not requiring specific resolution plans for IAIGs but to rather focus on the analysis of scenarios and stress tests on group level as part of ongoing supervisory activities, coordinated by colleges under the lead of the group supervisor. - The IIF also supports the development of best practices for crisis management as a part of sound risk management. However, the group-wide supervisor should consider and recognize existing (and currently developed) national and regional rules. - Further, the establishment of crisis management groups (CMGs) should only apply for systemically important institutions where appropriate (as defined by the FSB) and not to IAIGs in general. The IAIS should clarify what the supervisors' "awareness" regarding existing resolution and insolvency regimes of a specific jurisdiction means.	
729	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M3E5 (Crisis management among supervisors)	Parameter M3E5-1-1 and related Spec: We recommend inclusion of recovery planning performed by the IAIG itself as a key component of supervisory crisis management. As regards resolution, elements in the insurance business model itself which allow for orderly resolution should be taken into account. Parameter M3E5-1-2 This provision envisions involved supervisors conducting simulation or stress scenario analysis. This activity should be coordinated by the group-wide supervisor to prevent overburdening the IAIG with multiple requests. Therefore, it should be clarified that the supervisors engage collectively through the group-wide supervisor and not individually, otherwise the result will be duplicative, burdensome and possibly inconsistent stress testing exercises. Same comment applies to Spec M3E5-1-1-3 and Spec M3E5-1-2-1.	
730	USA Northwestern Mutual	IAIS Observer	Specific comment to M3E5 (Crisis management among supervisors)	Please see answer to #25. We observe that for the group-wide supervisor to have capacity to "require strengthening of the IAIG's financial crisis management" as suggested in Specification M3E5-1-2-1 risks confusion as to the respective responsibilities of management and supervisors, and may go beyond whatever authority the group-wide supervisor may possess under the applicable legal regime. Parameter M3E5-1-4 and Specification M3E5-1-4-1 call for mediation of disputes among involved supervisors, noting that the "most likely dispute among supervisors involves the movement of capital within or between jurisdictions". While mediation can be an effective	

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				method of dispute resolution, we caution against any implication within ComFrame that would encourage an involved supervisor to compromise on its statutory responsibility to ensure that required capital remains within the regulated entity.	
Specific comment to M3E6 (IAIGs and resolution)					
731	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M3E6 (IAIGs and resolution)	No comment	
732	Canada Canadian Institute of Actuaries	Other	Specific comment to M3E6 (IAIGs and resolution)	M3E6-1-3: It should be noted that insolvency law and practice vary by jurisdiction and apply at the legal entity level. Mediated agreements between supervisors may not be binding on liquidators.	
733	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M3E6 (IAIGs and resolution)	No comment at this time.	
734	Canada International Actuarial Association	IAIS Observer	Specific comment to M3E6 (IAIGs and resolution)	M3E6-1-3: It should be noted that insolvency law and practice vary by jurisdiction and apply at the legal entity level. Mediated agreements between supervisors may not be binding on liquidators	
735	Europe Insurance Europe	IAIS Observer	Specific comment to M3E6 (IAIGs and resolution)	- Insurance Europe strongly opposes the reference to the need for an IAIG to conduct restructuring and repositioning planning and establish crisis management groups (M3E6-1-1). These requirements originate from the systemic risk debate and discussions relating to systemically important banks. Considering the fundamental differences in the insurance business model and its prudential regulatory framework, we do not believe there is any need for an IAIG to develop such plans. Provided a suitable ladder of intervention is observed time is available should an insurer run into financial difficulty for recovery actions to be triggered with considerations relating to resolution only required as a final resort. We, therefore, strongly believe M3E6-1-1 and M3E6-1-1-1 are inappropriate and unnecessary, and should be deleted. - As part of its ORSA an IAIG is required to maintain "procedures for use in going and gone concern situations" (M2E3-5-3). As noted in our comments on Module 2 Insurance Europe strongly objects to requirements for IAIGs to maintain "procedures for use in a gone concern	

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				situation' these originate from the discussions on systemically important banks and are not appropriate or necessary for IAIGs. It is unclear how the requirement for a IAIGs to undertake "restructuring and repositioning planning" (M3E6-1) differs from this requirement.	
736	Germany Gesamtverband der Deutschen Versicherungswirtschaft	IAIS Observer	Specific comment to M3E6 (IAIGs and resolution)	We strongly oppose the reference for maintaining restructuring and repositioning planning. The requirements on resolution clearly originate from the systemic debate and the measures envisaged for G-SIBs. This issue should be dealt with in the relevant IAIS' workstream for G-SIBs by adequately taking into account the fundamental differences between banks and insurers.	
737	International European Commission	IAIS Member	Specific comment to M3E6 (IAIGs and resolution)	M3E6-1-1: the meaning of "repositioning planning" is unclear. We would suggest clarifying it. We wonder how element 6 interacts with element 5, where placeholders for resolution are set out. Explanations in a commentary accompanying the module would be helpful.	
738	Japan Financial Services Agency	IAIS Member	Specific comment to M3E6 (IAIGs and resolution)	M3E6-1 The 2nd sentence is not consistent with ICP 12.0.3 which says that "The legislation should establish the priority that policyholders receive in winding-up an insurer. However, it is also common in many jurisdictions that priority is given to other stakeholders, such as employees or the fiscal authorities. In some jurisdictions, a policyholder protection fund provides additional or alternative protection." So, the 2nd sentence should be deleted. M3E6-1-1 Establishment of CMGs, the definition of which is provided by the FSB Key Attributes, should not be a requirement for IAIGs which are not G-SIBs. Reference to CMGs should be deleted. "Involved supervisors assess the tools to facilitate resolution which include the requirement for the IAIG to have restructuring and repositioning."	
739	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M3E6 (IAIGs and resolution)	This element seems very unformed and needs expanding.	
740	USA American Council of Life Insurers	IAIS Observer	Specific comment to M3E6 (IAIGs and resolution)	Please see response to question #30	

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			resolution)		
741	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M3E6 (IAIGs and resolution)	See Q30	
742	USA Northwestern Mutual	IAIS Observer	Specific comment to M3E6 (IAIGs and resolution)	Please see answer to #25.	
6. Comment on Module 4					
Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)					
743	Bermuda Association of Bermuda Insurers and Reinsurers	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	We note the reference to "all" IAIS members meeting the prerequisites necessary to implement ComFrame but should it not be limited to those who have IAIGs? It seems that a huge expense and burden could be imposed to those jurisdictions that do not have IAIGs. Will the IAIS make the assessment that the jurisdictions have met the prerequisites? How will this be carried out? How often will the jurisdictions be approved?	
744	Canada Canadian Institute of Actuaries	Other	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	The key challenges for supervisors will be obtaining the necessary powers and developing/acquiring the resources and expertise to carry out their responsibilities under ComFrame. The primary insurance regulators in Canada have been actively recruiting well-qualified actuaries and other experts to meet these needs.	
745	Canada Canadian Life & Health Insurance Association Inc.	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	As the requirements for an IAIG can potentially create significant competitive disadvantages, we wish to emphasize the importance of not rushing to declare groups as IAIGs and subject them to the Comframe requirements until (i) all IAIS members have the adequate powers and responsibilities, (ii) there is sufficient comfort that IAIS members will apply Comframe reasonably consistently, and (iii) there is sufficient comfort that Comframe requirements will not unduly create unlevel competitive playing fields for IAIGs compared to groups not classified as IAIGs.	
746	Canada	IAIS	Specific	The key challenges for supervisors will be obtaining the necessary powers and	

	Juris/Org	Status	Question	Comments	Resolution of comments
	International Actuarial Association	Observer	comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	developing/acquiring the resources and expertise to carry out their responsibilities under ComFrame. We note that the primary insurance regulators in Canada have been actively recruiting well-qualified actuaries and other experts to meet these needs. M4E1-2-1: "Legislation should be ? sufficiently extended to allow involved supervisors to carry out their mandate?" This might be a challenging hurdle in certain jurisdictions. To assist supervisors in enlisting support in their jurisdictions for needed legislative changes, would a framing of recommended arguments would be useful here? Is the use of the FSAP through the IMF the only inducement that will exist? M4E1-3-4: "Group-wide supervisor prerequisites require supervisors to have appropriate and adequate resources to fulfill their leadership role? particularly in terms of personnel skilled to perform?" Can this be amended so that the supervisors have access to such skilled professionals? It is possible that the supervisor may not always have on staff experienced resources to deal with every emerging situation. The supervisors should be able to contract with parties with the expertise/services necessary when needed. The successful use of Supervisory Colleges and their interaction will be important aspects for a successful ComFrame process. The College will need to have the right amount and type of resources available.	
747	Canada Office of the Superintendent of Financial Institutions	IAIS Member	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	Module 4: Suggest that, for consistency with the ICPs, Module 4 should be the first module since it draws largely from ICP1 and ICP2. M4E1-3-1-1: Suggest that ComFrame provides more guidance with respect to how supervisors can demonstrate effectiveness of applying the indirect approach with respect to an IAIG. As mentioned in OSFI's general comments, ComFrame seems to imply that direct supervision is required for IAIGs and it is unclear whether the indirect approach would be sufficient for effective supervision of an IAIG. M4E1-3-1-2, M4E1-3-2, M4E1-3-3, M4E1-3-4 and Module 4 Element 1 ComFrame Commentary: See general comment on group-wide supervision.	
748	China China Insurance Regulatory Commission	IAIS Member	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	1. To push forward the global convergence step by step. At present, there is no unified pattern of insurance supervision around the globe; as the development status of each country is different, so is its regulatory system. We support IAIS's efforts to push forward the global convergence of insurance supervision system. However, it is very difficult to realize international convergence of solvency regulatory system in the short term. We suggest IAIS take the situation of the mature and emerging markets into equal consideration and advance the work step by step. 2. To set a specific transition period in regard to the solvency regulatory system. Currently, according to the Working Draft on ComFrame, a transition period of implementing the rules will be provided and we welcome it. As the standards in the Common Frame are probably very	

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				high, the emerging market may need more time to adapt to them. We suggest IAIS systemically consider the complexity of each country's regulatory system and the feasibility of the implementation methods. We suggest setting a sufficient transition period in the process of implementing the Common Frame, so as to avoid large pressure and shock to the emerging insurance markets. We believe this would be more beneficial for the effective implementation of the Common Frame throughout the world.	
749	EU European Insurance and Occupational Pensions Authority (EIOPA)	IAIS Member	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	Through the establishment of a peer review process strong emphasis should be put on the convergence of supervisory measures and approaches in the supervision of IAIGs in order to ensure a level playing field and also foster supervisory cooperation. Specification M4E1-2-2-2: The second sentence should be deleted as current experience shows that supervisors are choosing practical solutions for understanding each other. Specification M4E1-6-1-1: Periodic discussion of the supervisory actions between members of the supervisory college as well as peer reviews of the work of supervisory colleges should help to ensure a consistent approach for supervising different IAIGs.	
750	Europe Insurance Europe	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	It remains unclear how and when ComFrame will be implemented and enforced. Insurance Europe believes that ComFrame should become subject to an IMF FSAP assessment to ensure it is consistently enforced in all jurisdictions. In order to ensure that consistent implementation does occur it is important that ComFrame is based on principles rather than on prescriptive requirements which will impede transposition into national legislation. In implementing ComFrame into local jurisdictions laws and regulations it is vitally important that changes/additions are only made to local frameworks where it is clear that a risk is not appropriately covered. If a risk is already adequately covered, as stated in the resolution at the beginning of the Working Draft, no change is needed. In addition, if new requirements are required they should build on what is currently in place thus ensuring that a localised two tier regulatory/supervisory system does not result. As outlined in our general comments at the beginning ComFrame should be developed through a "phased" approach. This should facilitate early implementation, as development will not be held up by difficulties in reaching agreement in certain areas. ComFrame currently foresees a calibration/testing phase following the three year development phase; we strongly support its inclusion, however, believe that refinement should occur during each stage of a phased implementation of ComFrame rather than attempting to both implement and calibrate the full framework in one go. Only by testing the framework will it be possible to identify issues relating to its design and if done at each stage of ComFrame's implementation it will enable adjustments and refinements to the design to be incorporated in the elements to be implemented in later phases.	

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751	Japan Financial Services Agency	IAIS Member	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	Consistency with ICPs 1, 2 and 3 shall be checked. In principle, prerequisites for the supervision of IAIGs do not need to go beyond those for the supervision of insurers/insurance groups provided by the ICPs. Therefore, M4E1-2 and M4E1-3 may not be necessary.	
752	Japan The General Insurance Association of Japan	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	It is crucial to thoroughly protect confidential supervisory information to build confidence between IAIGs and their supervisors, which is essential for the effective supervision of IAIGs. In cases where supervisory functions are outsourced, M4E1-2-4-2 provides confidentiality rules for outside experts hired by involved supervisors. To enhance the effectiveness, it is preferable that the ComFrame Paper clarify the need to include detailed confidentiality provisions and penalties for wrongful disclosure in outsourcing contracts.	
753	Switzerland Swiss Financial Market Supervisory Authority (FINMA)	IAIS Member	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	M4E1-2 S. 171: At the time ComFrame comes into effect, all IAIS Members meet prerequisites necessary ? Should there not be transition period(s) for implementation?	
754	UK Association of British Insurers	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	Greater clarity is needed on the precise role of the standards, parameters and specifications in relation to implementation in local jurisdictions. At present the draft of ComFrame is highly prescriptive, and appears to be dominated by rules and requirements as opposed to principles. As such it is difficult to envisage how it could be implemented globally without wholesale legislative change in every jurisdiction. Not only would this be unhelpful, it is likely to generate significant resistance to the progress and ultimately to the recognition of the project as a whole. In the first instance, it must be set out clearly what parts of ComFrame must be reflected in local legislation and practice in order to satisfactorily demonstrate that it has been implemented. This should involve clearly setting out for each parameter and specification which aspects are sufficient to meet a particular standard (i.e. are illustrative), and which aspects are necessary to do so (i.e. are requirements). As we have noted, we believe that many of the aspects currently designated as "requirements" in the text (particularly in the specifications) should be amended to guidance in order to preserve the viability of the project. If and only if this can be achieved, we believe that ComFrame should then be subject to IMF FSAP assessment to ensure that it is consistently implemented and enforced in all	

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				jurisdictions.	
755	UK Lloyd's	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	The prerequisites are reasonable and we agree that supervisors should ensure that they possess necessary powers for their actions to be legally valid. As this Module continues to evolve, it is important to ensure that requirements and expectations contained therein do not contradict the current arrangements. If local legislation needs to be changed to comply with ComFrame, sufficient time should be allowed for the process to conclude. We therefore support Insurance Europe's suggestion that ComFrame is implemented in stages to ensure that the framework is applied consistently and any discussion deadlocks do not prevent timely application of uncontroversial measures.	
756	United Kingdom Financial Supervisory Authority	IAIS Member	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	This section is very repetitious and the specifications incorrectly use "must". M4E1-1 and 1-2 are not standards. M4E1-2-1-1 Delete second sentence as repeated below. M4E1-2-2-1 Delete second paragraph - repetitive - plus 1-2-2-2, 1-2-3-1 and 1-3-1-2. M4E1-2-4 Points repetitive and needs re-wording for clarity. Much of the commentary is repetitive and seems unnecessary.	
757	United States Group of North American Insurance Enterprises Inc	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	GNAIE is concerned about resources of both the companies and supervisors to implement all the ComFrame provisions for 50 companies at once and would urge thought be given to a phase-in implementation, enacting various elements of ComFrame over time. ComFrame should launch as a basic structure for cooperative group supervision and evolve over time as the process is informed through experience (from colleges and related discussions), data collection and analysis (including improved disclosures, especially outside the US), and converging standards and practices. This approach will be easier to implement from both a regulatory resources and political standpoint. There still needs to be much more discussion about what exactly it means to be an IAIG, what will be required that is not now required and how will these new requirements be adopted/enforced. Will all jurisdictions need to adopt regulation or legislation to track any new requirements for IAIGs? What if they do not? We also should have a clear understanding of what are the unique requirements for supervisors who are supervising an IAIG and the regulatory/legislative barriers to compliance for specific supervisors.	

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758	United States of America American Academy of Actuaries	Other	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	p171-172,M4E1-2-1: "Legislation should be ? sufficiently extended to allow involved supervisors to carry out their mandate?" This might be a challenging hurdle in certain jurisdictions.To assist supervisors in enlisting support in their jurisdictions for needed legislative changes, a framing of recommended arguments would be useful here? p178, M4E1-3-4: "Group-wide supervisor prerequisites require supervisors to have appropriate and adequate resources to fulfill their leadership role? particularly in terms of personnel skilled to perform?" Can this be amended so that the supervisors have access to such skilled professionals? It is possible that the supervisor may not always have on staff experienced resources to deal with every emerging situation. The supervisors should be able to contract with parties with the expertise/services necessary when needed. The use of Supervisory Colleges and their interaction will be important carrying out ComFrame. The College will need to have the right amount and type of resources available.	
759	United States of America American Insurance Association	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	[Please note that this comment is broadly applicable to Module 4, though the consultation tool does not seem to provide a dedicated area for comments of that nature.] While the Base Prerequisites or Group-Wide Supervisor Prerequisites capture some important attributes of supervisors, such as having a transparent supervisory system, inadequate detail is provided. For example, the OECD's Policy Framework for Effective and Efficient Financial Regulation sets forth a set of guidelines that includes publication of proposals, opportunity for comment, selection of the least costly policy option, and periodic reviews to assure continued relevance. This work should be referenced as an example of a transparent regulatory/supervisory system. We also believe that more specific guarantees should be provided regarding due process. Confidentiality protections are an essential precondition to information exchange, and a paramount concern to protect both the IAIG and confidence in the supervisory system. Accordingly, we appreciate that the Base Prerequisites contemplate all members maintaining "legislation requiring protection of the confidentiality of information in possession of the supervisor, including confidential information received from other supervisors."	
760	United States of America Property Casualty Insurers Association of America (PCI)	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	If ComFrame is redirected and implemented as we advocate, the necessary improvements in supervisory coordination and implementation of supervisory colleges will take a significant amount of time and effort for even the largest jurisdictional authorities that are group-wide supervisors. If ComFrame remains in its current format and becomes effective on a particular "as-of" date in the near future, this will put extreme stress on the supervisory systems of jurisdictions in which a large number of IAIGs are either headquartered or have significant operations. If this is the case, an extended transition period (at least 3-4 years) should be	

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				provided. Field testing with volunteer companies should begin as soon as it is practical.	
761	USA American Council of Life Insurers	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	We recognize the importance of maintaining forward momentum on ComFrame and believe the targets for both plan finalization (Year-end 2013) and implementation (January 1, 2017) are realistic and can be met. However, this support is contingent on how the intervening four years are used to appropriately implement the framework. ComFrame Standards = Insurance Core Principles (ICPs) The importance and relevance of ComFrame within the IAIS' hierarchy of standards has been a central question for industry, especially its relevance to the World Bank and IMF Financial Sector Assessment Program (FSAP). This brings to the forefront questions as to whether or not implications for regulatory and statutory changes will occur at the national level. While we do not believe that the apparent level of prescription in the current draft is intentional, the document nonetheless reads as though ComFrame will create a new or additional regulatory regime. In this light, it is critical for IAIS to more clearly articulate the distinct, individual roles, and basis of ComFrame standards, parameters and specifications and the important interrelations that exist between them. IAIS has explained that, in most cases, ComFrame standards are directly related to or derived from the ICPs, which set forth baseline requirements for supervisors and IAIGs. However, we also understand that ComFrame parameters and specifications exist largely to provide supervisors and IAIGs alike with examples or illustrations of how to achieve the desired goals of the ComFrame standards. The current ComFrame draft does not explicitly state the intended meanings of these three core components of ComFrame and leaves significant latitude for misinterpretation and misunderstanding. This should be viewed as a threshold issue as ComFrame standards, parameters and specifications are its core foundation and set the overall tone and expectations of the framework. Continued lack of clarity or specificity will undoubtedly result in continued concern over the real or perceived level of prescription in ComFrame itself. To this end, IAIS should significantly expand and reposition Section 3, "Characteristics of ComFrame" (pgs. 8-9) in the ComFrame draft. The enhanced section should be relocated to a more prominent area of the "Introductory Remarks" section to reflect specific definitions of the three categories - standards, parameters and specifications. The emphasized section should make clear that ComFrame standards are one and the same with existing IAIS Core Principles. In addition, it should declaratively state that in most cases, parameters and specifications are to be used as guidance or key examples/illustrations of various methods that could be employed to achieve the outcome intended in the ComFrame standards. Additionally, the definition should state that in large measure the parameters and specifications are not new or standardized requirements that IAIG's and supervisors must comply with.	

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				Implementation - Field Testing & Calibration We believe that ComFrame can only be successful to the degree that it is effectively and efficiently implemented and practiced. ComFrame must be more than static words on a page; it must be a living, evolving framework that adapts with time and most importantly, takes into consideration supervisory/industry developments. The implementation phase is therefore, as important as the development phase of ComFrame, and the IAIS should dedicate as much or more time to bringing ComFrame into practice as it has done in the drafting process. We strongly believe that IAIS should institute a substantial multi-year, non-binding "field testing" phase, once the ComFrame document is completed in late 2013. This should become a clearly defined component of ComFrame. During this stage, the various aspects of the framework will be used as a guide for supervisors and IAIG's to assist in operationalizing ComFrame as a practice. This phase should be used to determine how effective the various ComFrame components are in everyday supervisory and business practice and permit for in process calibration and course corrections, as necessary. We urge the IAIS to use the IAIS Supervisory Forum as a course modification and correction mechanism during the field testing phase, to integrate feedback from subject groups, home and host supervisors and other stakeholders. In addition, ComFrame is likely to impose real resource constraints as regulators build and redirect resources to staff jurisdictional representation at supervisory colleges. These staff will not arrive fully trained, but will have to learn as they build this new system. This will take time and we urge recognition of this learning curve, which would be accommodated by field testing before ComFrame is officially implemented. For the groups identified in the IAIG criteria, it is of great importance that ComFrame be able to be implemented in an orderly, consistent, and efficient manner. This should be done, while not causing market disruption or competitive harm to those companies, which may be identified as IAIGs.	
762	USA Institute of International Finance - IIF	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	- The Institute would appreciate further clarification regarding the scope of application. ComFrame aims at streamlining the supervisory process and, as such, it is particularly important that it does not introduce an additional layer of supervision. - Further, the draft document emphasizes the need for IAIS standards to be integrated into law by local regulators. Such statements create ambiguity about the nature of the process. It is of course recognized that IAIS standards need to be implemented and operated by national supervisors and that this will require amendments to national arrangements, legal or otherwise. However, the emphasis on translating ComFrame into national law implies that what is being developed is a highly prescriptive and legalistic framework - something that the industry would not support. - Further, it remains unclear, whether only supervisors in jurisdictions that are home to a designated IAIG have to apply ComFrame in their jurisdiction or whether also host countries	

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				with operating entities, subsidiaries or branches of an IAIG would also be subject to it. It would seem consistent with the spirit of ComFrame that host authorities in markets where IAIGs have significant operations may need to adjust their modus operandi to some extent - for example by taking part in colleges. The extent to which they will be expected to embrace other aspects of ComFrame remains unclear however. The IAIS should give further clarification on this. In light of remaining uncertainties about the scope and content of ComFrame, the lack of an assessment of project costs, costs sharing among parties, and required resources, the timeline of the ComFrame project might be overly ambitious. The IIF therefore recommends a phased approach with elements of ComFrame being individually implemented, according to their agreed priority.	
763	USA Metropolitan Life Insurance Company (MetLife)	IAIS Observer	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	Module 4 Introductory Comments Module 4 sets out the jurisdictional requirements to implement ComFrame. Element 1 sets out Base ComFrame Prerequisites for all supervisors since nearly all of them at least have to assume the role of involved supervisors. It also addresses Group-wide Supervisor Prerequisites applicable to those IAIS members carrying out the role of group-wide supervisor in relation to IAIGs. Who decides whether the prerequisites are met? How is compliance with the requirements demonstrated? Does industry have any input in this process? Parameter M4E1-2-1: It is not clear how "governmental" interference is meant to be distinguished from "political interference." See also Specification M4E1-2-1-4, and Parameter M4E1-3-1. In addition, consistent with our comments on Parameter M3E4-4-5 we recommend that "or provided to" be inserted after "received from" in the last bullet. Spec M4E1-2-1-7: We strongly recommend that this Specification be reworded as follows "Appeal processes available to entities of IAIGs must allow for the role of the involved supervisor in supervision of the IAIG as set out in Module 3 and require reasons for supervisory decisions to be based on the supervisor's reasonable consideration, in conjunction with other supervisors, of supervisory concerns relating to the group to which the local entity belongs." This would avoid extraneous factors from being advanced as the basis for supervisory decisions.	
764	USA NAIC	IAIS Member	Specific comment to M4E1 (Applicability)	Module 4 - General: With reference to our comment to General Question #8, we question whether this Module is necessary as part of ComFrame. Standard M4E1-1: Implementation, start dates, transition arrangements, etc. are all issues that	

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			of ComFrame to all IAIS jurisdictions)	will be discussed in the near future so it does not seem appropriate to include draft guesses as to the implementation process. Additionally, given other standards within ComFrame, it doesn't seem one on implementation fits anyways. This should be deleted.	
765	Various International Network of Insurance Associations	Other	Specific comment to M4E1 (Applicability of ComFrame to all IAIS jurisdictions)	[Please note that this comment is broadly applicable to Module 4, though the consultation tool does not seem to provide a dedicated area for comments of that nature.] While the Base Prerequisites or Group-Wide Supervisor Prerequisites capture some important attributes of supervisors, such as having a transparent supervisory system, inadequate detail is provided. For example, the OECD's Policy Framework for Effective and Efficient Financial Regulation sets forth a set of guidelines that includes publication of proposals, opportunity for comment, selection of the least costly policy option and periodic reviews to assure continued relevance. This work should be referenced as an example of a transparent regulatory/supervisory system. We also believe that more specific guarantees should be provided regarding minimal due process. Confidentiality protections are an essential precondition to information exchange, and a paramount concern to protect both the IAIG and confidence in the supervisory system. Accordingly, we appreciate that the Base Prerequisites contemplate all members maintaining "legislation requiring protection of the confidentiality of information in possession of the supervisor, including confidential information received from other supervisors."	