

## Consultation on draft revised ICP 17

### Survey response 1

#### Information

Please provide your information:
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Do you agree with your responses being made public on the IAIS website?
Yes

#### General comments on Insurance Core Principle 17

General comments on the ICP17
The IAA agrees that ICP 17 generally is fit for purpose but thinks that the risks that are now emerging mean that there are some areas in which the ICP could be developed.

#### Standard 17.1

General comments on Standard ICP 17.1
General comments on Guidance ICP 17.0.1
General comments on Guidance ICP 17.1.1
General comments on Guidance ICP 17.1.2
General comments on Guidance ICP 17.1.3
General comments on Guidance ICP 17.1.4
General comments on Guidance ICP 17.1.5
General comments on Guidance ICP 17.1.6
General comments on Guidance ICP 17.1.7
General comments on Guidance ICP 17.1.8

General comments on Guidance ICP 17.1.9

General comments on Guidance ICP 17.1.10

General comments on Guidance ICP 17.1.11

General comments on Guidance ICP 17.1.12

General comments on Guidance ICP 17.1.13

## Standard 17.2

General comments on Standard ICP 17.2

General comments on Guidance ICP 17.2.1

General comments on Guidance ICP 17.2.2

General comments on Guidance ICP 17.2.3
In the IAA's experience more emphasis is put by supervisors on the adequacy of required capital and less on the cost of capital and its impact on insurance affordability. With more consideration being given by the IAIS to the "Protection Gap", this may be an area which could be given more emphasis.

General comments on Guidance ICP 17.2.4

General comments on Guidance ICP 17.2.5

General comments on Guidance ICP 17.2.6

General comments on Guidance ICP 17.2.7

General comments on Guidance ICP 17.2.8

General comments on Guidance ICP 17.2.9

General comments on Guidance ICP 17.2.10

General comments on Guidance ICP 17.2.11

General comments on Guidance ICP 17.2.12

General comments on Guidance ICP 17.2.13

## Standard 17.3

General comments on Standard ICP 17.3
General comments on Guidance ICP 17.3.1
General comments on Guidance ICP 17.3.2
General comments on Guidance ICP 17.3.3
General comments on Guidance ICP 17.3.4
General comments on Guidance ICP 17.3.5
General comments on Guidance ICP 17.3.6
General comments on Guidance ICP 17.3.7
Although the adequacy of risk management and governance frameworks is mentioned here, the IAA considers that this could be expanded to allow for the fact that with emerging risks such as climate change and cyber both quantitative and qualitative assessment is needed, as well as how this interacts with government policy at a macro level.
General comments on Guidance ICP 17.3.8
General comments on Guidance ICP 17.3.9
General comments on Guidance ICP 17.3.10

## Standard 17.4

General comments on Standard ICP 17.4
General comments on Guidance ICP 17.4.1
General comments on Guidance ICP 17.4.2
For the sentence "This does not preclude the supervisor from requiring action for other reasons, such as weaknesses in the risk management or governance of the insurer." the IAA understands there are cases where action is necessary, but such action should be focused first to the reason the action is taken (risk management, governance etc.), not to the raise of the regulatory capital ratio. The sentence seems to make the meaning of the PCR somewhat ambiguous. We recommend changing the word "action" to "other action, which may influence the regulatory capital ratio," in the sentence
General comments on Guidance ICP 17.4.3
General comments on Guidance ICP 17.4.4

General comments on Guidance ICP 17.4.5

General comments on Guidance ICP 17.4.6

General comments on Guidance ICP 17.4.7

General comments on Guidance ICP 17.4.8

General comments on Guidance ICP 17.4.9

General comments on Guidance ICP 17.4.10

General comments on Guidance ICP 17.4.11

## Standard 17.5

General comments on Standard ICP 17.5

General comments on Guidance ICP 17.5.1

General comments on Guidance ICP 17.5.2

General comments on Guidance ICP 17.5.3

General comments on Guidance ICP 17.5.4

General comments on Guidance ICP 17.5.5

General comments on Guidance ICP 17.5.6

## Standard 17.6

General comments on Standard ICP 17.6

General comments on Guidance ICP 17.6.1

General comments on Guidance ICP 17.6.2

General comments on Guidance ICP 17.6.3

General comments on Guidance ICP 17.6.4

General comments on Guidance ICP 17.6.5

General comments on Guidance ICP 17.6.6

## Standard 17.7

General comments on Standard ICP 17.7

General comments on Guidance ICP 17.7.1
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The IAA agrees that the potential for increased correlation of risks in stressed conditions is an important consideration but would also extend this to the potential for increased correlation across geographies. In addition, due to the impact of changes in the environment, e.g. due to climate change and technological developments, the potential impact and frequency of extreme events may be greater than has been seen historically.

General comments on Guidance ICP 17.7.2

General comments on Guidance ICP 17.7.3

General comments on Guidance ICP 17.7.4
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Given the importance of climate change risk and cyber risk, the IAA believes there is merit in mentioning those as specific emerging risks which are hard to quantify. It is also worth mentioning that while it may be hard to come up with a single point estimate of such risks, the quantitative estimate of them should take the form of a range of possible states considered stochastically. Only such an approach can bring about cohesive narratives around the magnitude of the risk faced, thereby prompting commensurate responses of mitigation and adaptation.

General comments on Guidance ICP 17.7.5
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Similarly, the IAA considers it important that climate change is considered in the ORSA given the different time horizons over which transition and physical risk are likely to emerge.

## Standard 17.8

General comments on Standard ICP 17.8

General comments on Guidance ICP 17.8.1

General comments on Guidance ICP 17.8.2

General comments on Guidance ICP 17.8.3

General comments on Guidance ICP 17.8.4

**General comments on Guidance ICP 17.8.5**

Sometimes it will be preferable, in the decision or amendment of the standard model, to make clear what risk is considered as temporary or permanent. For example, the factor for the long-term single-payment (category 2) morbidity/disability risk in Japan has increased from 8% to 15% in the proposed ICS. This may reflect the increase in claims as a result of the COVID-19 pandemic. It may include claims on deemed hospitalizations, staying in places other than hospitals (for example their homes or hotels reserved by local governments) by the temporary change of the government policy. To know whether it includes these claims or not much helps risk managements of insurers.

**General comments on Guidance ICP 17.8.6****General comments on Guidance ICP 17.8.7**

Some shocks like pandemics increase the liability. It is better to add the phrase showing the picture is an example.

**General comments on Guidance ICP 17.8.8****General comments on Guidance ICP 17.8.9****General comments on Guidance ICP 17.8.10****General comments on Guidance ICP 17.8.11****General comments on Guidance ICP 17.8.12****General comments on Guidance ICP 17.8.13****General comments on Guidance ICP 17.8.14****General comments on Guidance ICP 17.8.15****General comments on Guidance ICP 17.8.16****General comments on Guidance ICP 17.8.17****General comments on Guidance ICP 17.8.18****General comments on Guidance ICP 17.8.19****General comments on Guidance ICP 17.8.20****General comments on Guidance ICP 17.8.21****General comments on Guidance ICP 17.8.22****General comments on Guidance ICP 17.8.23****General comments on Guidance ICP 17.8.24**

General comments on Guidance ICP 17.8.25

General comments on Guidance ICP 17.8.26

General comments on Guidance ICP 17.8.27

General comments on Guidance ICP 17.8.28

General comments on Guidance ICP 17.8.29

## Standard 17.9

General comments on Standard ICP 17.9

General comments on Guidance ICP 17.9.1

General comments on Guidance ICP 17.9.2

General comments on Guidance ICP 17.9.3

General comments on Guidance ICP 17.9.4

General comments on Guidance ICP 17.9.5

## Standard 17.10

General comments on Standard ICP 17.10

General comments on Guidance ICP 17.10.1

General comments on Guidance ICP 17.10.2

General comments on Guidance ICP 17.10.3

General comments on Guidance ICP 17.10.4

General comments on Guidance ICP 17.10.5

General comments on Guidance ICP 17.10.6

General comments on Guidance ICP 17.10.7

General comments on Guidance ICP 17.10.8

General comments on Guidance ICP 17.10.9

General comments on Guidance ICP 17.10.10

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General comments on Guidance ICP 17.10.16

General comments on Guidance ICP 17.10.17

General comments on Guidance ICP 17.10.18

## Standard 17.11

General comments on Standard ICP 17.11

General comments on Guidance ICP 17.11.1

General comments on Guidance ICP 17.11.2

General comments on Guidance ICP 17.11.3

General comments on Guidance ICP 17.11.4

General comments on Guidance ICP 17.11.5

General comments on Guidance ICP 17.11.6

General comments on Guidance ICP 17.11.7



General comments on Guidance ICP 17.11.8
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General comments on Guidance ICP 17.11.14
General comments on Guidance ICP 17.11.15
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General comments on Guidance ICP 17.11.17
General comments on Guidance ICP 17.11.18
General comments on Guidance ICP 17.11.19
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General comments on Guidance ICP 17.11.50

## Standard 17.12

General comments on Standard ICP 17.12

General comments on Guidance ICP 17.12.1

General comments on Guidance ICP 17.12.2

General comments on Guidance ICP 17.12.3

General comments on Guidance ICP 17.12.4

General comments on Guidance ICP 17.12.5

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General comments on Guidance ICP 17.12.7

General comments on Guidance ICP 17.12.8

General comments on Guidance ICP 17.12.9

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General comments on Guidance ICP 17.12.11

General comments on Guidance ICP 17.12.12

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General comments on Guidance ICP 17.12.14

General comments on Guidance ICP 17.12.15

General comments on Guidance ICP 17.12.16

General comments on Guidance ICP 17.12.17

General comments on Guidance ICP 17.12.18

General comments on Guidance ICP 17.12.19

General comments on Guidance ICP 17.12.20

## Standard 17.13

General comments on Standard ICP 17.13

General comments on Guidance ICP 17.13.1

General comments on Guidance ICP 17.13.2

General comments on Guidance ICP 17.13.3

General comments on Guidance ICP 17.13.4

General comments on Guidance ICP 17.13.5

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General comments on Guidance ICP 17.13.23

## Standard 17.14

General comments on Standard ICP 17.14
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The IAA's view is that in reality it is often not possible to prove underlying data is complete and accurate, particularly when considering emerging risks such as climate change and cyber risk. The IAA suggests adding "as far as possible".
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General comments on Guidance ICP 17.14.1

General comments on Guidance ICP 17.14.2

General comments on Guidance ICP 17.14.3

General comments on Guidance ICP 17.14.4

General comments on Guidance ICP 17.14.5

General comments on Guidance ICP 17.14.6

General comments on Guidance ICP 17.14.7

General comments on Guidance ICP 17.14.8

General comments on Guidance ICP 17.14.9

## Standard 17.15

General comments on Standard ICP 17.15

General comments on Guidance ICP 17.15.1

General comments on Guidance ICP 17.15.2

## Standard 17.16

General comments on Standard ICP 17.16

General comments on Guidance ICP 17.16.1

General comments on Guidance ICP 17.16.2

General comments on Guidance ICP 17.16.3

General comments on Guidance ICP 17.16.4

General comments on Guidance ICP 17.16.5

General comments on Guidance ICP 17.16.6

General comments on Guidance ICP 17.16.7

General comments on Guidance ICP 17.16.8

## Standard 17.17

General comments on Standard ICP 17.17

General comments on Guidance ICP 17.17.1

General comments on Guidance ICP 17.17.2

General comments on Guidance ICP 17.17.3

General comments on Guidance ICP 17.17.4

General comments on Guidance ICP 17.17.5

General comments on Guidance ICP 17.17.6

General comments on Guidance ICP 17.17.7

General comments on Guidance ICP 17.17.8

At the end of the paragraph, the phrase “adverse financial conditions” exists. The IAA considers there is no reason to limit the case for only financial conditions.

## Standard 17.18

General comments on Standard ICP 17.18

General comments on Guidance ICP 17.18.1

General comments on Guidance ICP 17.18.2

General comments on Guidance ICP 17.18.3

General comments on Guidance ICP 17.18.4

General comments on Guidance ICP 17.18.5

## Glossary

General comments on definition of calibration test

General comments on definition of capital

General comments on definition of capital requirement add-on

General comments on definition of capital adequacy

General comments on definition of capital resources

General comments on definition of tiering approach

General comments on definition of continuum-based approach

General comments on definition of control level

General comments on definition of double gearing

General comments on definition of going concern capital

General comments on definition of regulatory capital requirements

General comments on definition of regulatory capital resources

General comments on definition of statistical quality test

General comments on definition of total balance sheet approach

General comments on definition of use test

General comments on definition of run-off