

IAIS Consultations

Print view of your comments on "i. ICPs 15 and 16 and ComFrame material integrated with ICPs 15 and 16 ii. Proposed definitions of ERM-related terms iii. Additional questions related to ICP 16 and ComFrame material integrated with ICP 16" - Date: 31.01.2018, Time: 22:03

| | |
|--|-------------------------------------|
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| Jurisdiction | International |
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| Treat my comments as confidential | No |

| | Question |
|---------------|---|
| | Q1 General comment on ICP 15 |
| Answer | <input type="text"/> |
| | Q2 General comment on ComFrame material in ICP 15 |
| Answer | <input type="text"/> |
| | Q3 Comment on Principle ICP 15 |
| Answer | <input type="text"/> |
| | Q4 Comment on Standard ICP 15.1 |
| Answer | <input type="text"/> |
| | Q5 Comment on Guidance ICP 15.1.1 |
| Answer | <input type="text"/> |
| | Q6 Comment on Guidance ICP 15.1.2 |
| Answer | <input type="text"/> |
| | Q7 Comment on Guidance ICP 15.1.3 |
| Answer | <input type="text"/> |
| | Q8 Comment on Guidance ICP 15.1.4 |
| Answer | <input type="text"/> |
| | Q9 Comment on Guidance ICP 15.1.5 |
| Answer | <input type="text"/> |
| | Q10 Comment on Guidance ICP 15.1.6 |

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|---------------|---|
| Answer | |
| | Q11 Comment on Guidance ICP 15.1.7 |
| Answer | |
| | Q12 Comment on Guidance ICP 15.1.8 |
| Answer | |
| | Q13 Comment on Guidance ICP 15.1.9 |
| Answer | |
| | Q14 Comment on Guidance ICP 15.1.10 |
| Answer | |
| | Q15 Comment on Guidance ICP 15.1.11 |
| Answer | |
| | Q16 Comment on Guidance ICP 15.1.12 |
| Answer | |
| | Q17 Comment on Guidance ICP 15.1.13 |
| Answer | |
| | Q18 Comment on Guidance ICP 15.1.14 |
| Answer | |
| | Q19 Comment on Standard ICP 15.2 |
| Answer | |
| | Q20 Comment on Guidance ICP 15.2.1 |
| Answer | |
| | Q21 Comment on Guidance ICP 15.2.2 |
| Answer | The terms "secure" and "security" can be confusing and might appear to be used to mean "value". It might be more appropriate to refer to the risk profile of the investments. |
| | Q22 Comment on Guidance ICP 15.2.3 |
| Answer | |
| | Q23 Comment on Guidance ICP 15.2.4 |
| Answer | Reference to the last sentence, we are not convinced having a credit rating per se improves an investment's security - it may give insight but in any case shouldn't be relied upon as the sole assessment of credit risk. Could a solution be to modify the end of the second sentence to read as "which may help improve the understanding of the security of investments " |

| | |
|---------------|---|
| | Q24 Comment on Guidance ICP 15.2.5 |
| Answer | |
| | Q25 Comment on Guidance ICP 15.2.6 |
| Answer | |
| | Q26 Comment on Guidance ICP 15.2.7 |
| Answer | One of the challenges of having an ICP on investments is that often for an insurer it is the net risk considering both assets and liabilities that is most important –the wording in 15.2.7 could be improved. We believe this is trying to say that one should look at the net risk taking into account both assets and liabilities. |
| | Q27 Comment on Guidance ICP 15.2.8 |
| Answer | |
| | Q28 Comment on Guidance ICP 15.2.9 |
| Answer | |
| | Q29 Comment on ComFrame Standard CF 15.2a |
| Answer | |
| | Q30 Comment on ComFrame Guidance CF 15.2a.1 |
| Answer | |
| | Q31 Comment on ComFrame Standard CF 15.2b |
| Answer | |
| | Q32 Comment on ComFrame Guidance CF 15.2b.1 |
| Answer | |
| | Q33 Comment on Guidance ICP 15.2.10 |
| Answer | |
| | Q34 Comment on Guidance ICP 15.2.11 |
| Answer | “Adverse events affecting the liquidity position of an insurer” could include massive dynamic lapses in case of adverse interest rate or other movements. |
| | Q35 Comment on Guidance ICP 15.2.12 |
| Answer | |
| | Q36 Comment on Guidance ICP 15.2.13 |
| Answer | |
| | Q37 Comment on Guidance ICP 15.2.14 |

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|---------------|---|
| Answer | |
| | Q38 Comment on Guidance ICP 15.2.15 |
| Answer | |
| | Q39 Comment on Guidance ICP 15.2.16 |
| Answer | |
| | Q40 Comment on ComFrame Standard CF 15.2c |
| Answer | |
| | Q41 Comment on ComFrame Guidance CF 15.2c.1 |
| Answer | |
| | Q42 Comment on ComFrame Standard CF 15.2d |
| Answer | |
| | Q43 Comment on Guidance ICP 15.2.17 |
| Answer | The adequacy of diversification should be linked to the insurer's risk appetite and take into account stressed conditions when correlations may be different. |
| | Q44 Comment on Guidance ICP 15.2.18 |
| Answer | |
| | Q45 Comment on Guidance ICP 15.2.19 |
| Answer | The adequacy of diversification should be linked to the insurer's risk appetite and take into account stressed conditions when correlations may be different. |
| | Q46 Comment on Guidance ICP 15.2.20 |
| Answer | |
| | Q47 Comment on Guidance ICP 15.2.21 |
| Answer | |
| | Q48 Comment on ComFrame Standard CF 15.2e |
| Answer | |
| | Q49 Comment on ComFrame Guidance CF 15.2e.1 |
| Answer | |
| | Q50 Comment on ComFrame Standard CF 15.2f |
| Answer | |
| | Q51 Comment on ComFrame Guidance CF 15.2f.1 |
| Answer | |

Q52 Comment on Standard ICP 15.3

Answer

Q53 Comment on Guidance ICP 15.3.1

Answer

Q54 Comment on Guidance ICP 15.3.2

Answer

Q55 Comment on Guidance ICP 15.3.3

Answer

Q56 Comment on Guidance ICP 15.3.4

Answer

Q57 Comment on Guidance ICP 15.3.5

Answer

Q58 Comment on Guidance ICP 15.3.6

Answer

Q59 Comment on Standard ICP 15.4

Answer

Q60 Comment on Guidance ICP 15.4.1

Answer

Q61 Comment on Guidance ICP 15.4.2

Answer

Q62 Comment on Guidance ICP 15.4.3

Answer

Q63 Comment on Guidance ICP 15.4.4

Answer

Q64 Comment on Guidance ICP 15.4.5

Answer

It is common for investment management to be outsourced – whilst this is mentioned in 15.4.5 in relation to skills, there ought to be more on need to consider for example governance and MI where investment management is outsourced, as well as the need to have sufficient in-house skills to be able to give appropriate oversight of the outsourcer.

Q65 Comment on Guidance ICP 15.4.6

Answer

Q66 Comment on ComFrame Standard CF 15.4a

Answer

Q67 Comment on ComFrame Guidance CF 15.4a.1

Answer

Q68 Comment on Standard ICP 15.5

Answer

Q69 Comment on Guidance ICP 15.5.1

Answer

Q70 Comment on Guidance ICP 15.5.2

Answer

Q71 Comment on Guidance ICP 15.5.3

Answer

Q72 Comment on Guidance ICP 15.5.4

Answer

Q73 Comment on Guidance ICP 15.5.5

Answer

Q74 Comment on Guidance ICP 15.5.6

Answer

Q75 Comment on Guidance ICP 15.5.7

Answer

Q76 Comment on Guidance ICP 15.5.8

Answer

Q77 Comment on Guidance ICP 15.5.9

Answer

Q78 Comment on Guidance ICP 15.5.10

Answer

Q79 Comment on Guidance ICP 15.5.11

Answer

Q80 Comment on Guidance ICP 15.5.12

Answer

Q81 General comment on ICP 16

Answer -The changes to ICP 16 are progressive. The addition of ComFrame elements are good. However, ICP 16 is overly lengthy and we wonder if some content can be more limited without loss of meaning. -The ICP's are intended to provide standards and guidance for insurers and insurance groups of all sizes including IAIG's (via the ComFrame elements). In some instances, the focus appears to be more on IAIG's. For example, the ComFrame elements in CF 16.1b, 16.2c, 16.7a, 16.7c, 16.7e and 16.12a. are not unique to IAIG's but should also apply to any size group. - Sections of ICP 16 reflect the life perspective but are ignorant of the non-life perspective. For example, in several places it says that liquidity is always a material risk. That is not always true for non-life. - The use of the adverbs "adequately" and "sufficiently" in the ICPs could be made clearer by explaining what these relate to. In some contexts they may relate to the firm's own Risk Appetite but elsewhere for example they may relate to the supervisor's view and could relate to prudence of technical provisions or capital requirements. - Nothing is mentioned with regard to taxes and deferred taxes. These can have a material impact both from a valuation and risk management perspective and are quite complex at group level given local regulations - ICP 16 should be appropriately aligned with ICP 8: ICP 8 deals with risk management and internal controls. As such, the general requirements, 'the bigger picture', on the risk management system including the ERM framework should be part of ICP 8. This relates to the more general requirements on the ERM framework, risk identification, quantitative techniques, risk appetite and policies as these are part of the risk management system and are also briefly described in ICP8. ICP16 should additionally contain requirements on the alignment of capital and risk management where it is preferred to align both as much as possible as is also explicitly mentioned in the existing ICP16. - Inconsistencies in terminology used in ICP16 and ICP8 should be resolved. Examples are the use of the wordings ERM framework versus risk management system, inconsistency with the risk management process steps as used in ICP 8 and ICP 16 and the use of risk terms (e.g. market risk and investment risk, insurance and underwriting risk). - In the ComFrame addition, requirements are recorded for the actuarial function which are also performed as part of a good risk management function. The two functions and the actuarial policy should be better aligned to avoid duplication and improve efficiency. It should be possible to combine both as is also acknowledged in ICP 8.3.10. Moreover, as the control functions are described in ICP8 it would be better to deal with this issue only in ICP8 and not ICP16.

Q82 General comment on ComFrame material in ICP 16

Answer

Q83 Comment on Principle ICP 16

Answer

Q84 Comment on Introductory Guidance ICP 16.0.1

Answer

Q85 Comment on Introductory Guidance ICP 16.0.2

Answer

Q86 Comment on Introductory Guidance ICP 16.0.3

Answer

Q87 Comment on Introductory Guidance ICP 16.0.4

Answer

Q88 Comment on Introductory Guidance ICP 16.0.5

Answer

Q89 Comment on Introductory Guidance ICP 16.0.6

| | |
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| Answer | |
| | Q90 Comment on Introductory Guidance ICP 16.0.7 |
| Answer | |
| | Q91 Comment on Introductory Guidance ICP 16.0.8 |
| Answer | |
| | Q92 Comment on Standard ICP 16.1 |
| Answer | |
| | Q93 Comment on Guidance ICP 16.1.1 |
| Answer | |
| | Q94 Comment on Guidance ICP 16.1.2 |
| Answer | We would prefer the wording "what gives rise to the risk exposures" than "cause of different risks". |
| | Q95 Comment on Guidance ICP 16.1.3 |
| Answer | |
| | Q96 Comment on Guidance ICP 16.1.4 |
| Answer | |
| | Q97 Comment on Guidance ICP 16.1.5 |
| Answer | |
| | Q98 Comment on Guidance ICP 16.1.6 |
| Answer | |
| | Q99 Comment on Guidance ICP 16.1.7 |
| Answer | |
| | Q100 Comment on Guidance ICP 16.1.8 |
| Answer | |
| | Q101 Comment on ComFrame Standard CF 16.1a |
| Answer | |
| | Q102 Comment on ComFrame Standard CF 16.1b |
| Answer | |
| | Q103 Comment on ComFrame Standard CF 16.1c |
| Answer | |
| | Q104 Comment on ComFrame Guidance CF 16.1c.1 |

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| Answer | <input type="text"/> |
| | Q105 Comment on ComFrame Guidance CF 16.1c.2 |
| Answer | <input type="text"/> |
| | Q106 Comment on ComFrame Guidance CF 16.1c.3 |
| Answer | <input type="text"/> |
| | Q107 Comment on ComFrame Guidance CF 16.1c.4 |
| Answer | <input type="text"/> |
| | Q108 Comment on Standard ICP 16.2 |
| Answer | <input type="text"/> |
| | Q109 Comment on Guidance ICP 16.2.1 |
| Answer | <input type="text"/> |
| | Q110 Comment on Guidance ICP 16.2.2 |
| Answer | <input type="text"/> |
| | Q111 Comment on Guidance ICP 16.2.3 |
| Answer | <input type="text"/> |
| | Q112 Comment on Guidance ICP 16.2.4 |
| Answer | <input type="text"/> |
| | Q113 Comment on Guidance ICP 16.2.5 |
| Answer | <input type="text"/> |
| Answer | Q114 Comment on Guidance ICP 16.2.6 There ought to be a requirement for insurers to ensure they understand the weaknesses and limitations of external and internal models. |
| | Q115 Comment on Guidance ICP 16.2.7 |
| Answer | <input type="text"/> |
| | Q116 Comment on Guidance ICP 16.2.8 |
| Answer | <input type="text"/> |
| | Q117 Comment on Guidance ICP 16.2.9 |
| Answer | <input type="text"/> |
| | Q118 Comment on Guidance ICP 16.2.10 |
| Answer | <input type="text"/> |

Q119 Comment on Guidance ICP 16.2.11

Answer

Q120 Comment on Guidance ICP 16.2.12

Answer

Q121 Comment on Guidance ICP 16.2.13

Answer

Q122 Comment on Guidance ICP 16.2.14

Answer

Q123 Comment on Guidance ICP 16.2.15

Answer

Q124 Comment on Guidance ICP 16.2.16

Answer

Q125 Comment on Guidance ICP 16.2.17

Answer

Q126 Comment on ComFrame Standard CF 16.2a

Answer

CF 16.2.a and 16.2.b break new ground for IAIG's in requiring EC models and that they be subject to independent review. While this is a good move, some jurisdictions may use such models routinely while others may not. This may be a big change for some IAIG's and some jurisdictions.

Q127 Comment on ComFrame Guidance CF 16.2a.1

Answer

There should be some more cautionary wording around the need to take into account the uncertainties in the underlying data/calibrations and limitations of such models when using them e.g. to "drive or validate major management decisions".

Q128 Comment on ComFrame Guidance CF 16.2a.2

Answer

Q129 Comment on ComFrame Guidance CF 16.2a.3

Answer

Q130 Comment on ComFrame Standard CF 16.2b

Answer

Q131 Comment on ComFrame Guidance CF 16.2b.1

Answer

Q132 Comment on Guidance ICP 16.2.18

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| Answer | Stress testing is an important topic so we believe there ought to be some additional consideration of the relevance of historical scenarios in 16.2.18 and either there needs to be further development to take into account that the future may be different to the past. |
| | Q133 Comment on Guidance ICP 16.2.19 |
| Answer | |
| | Q134 Comment on Guidance ICP 16.2.20 |
| Answer | |
| | Q135 Comment on Guidance ICP 16.2.21 |
| Answer | |
| | Q136 Comment on ComFrame Standard CF 16.2c |
| Answer | |
| | Q137 Comment on ComFrame Guidance CF 16.2c.1 |
| Answer | |
| | Q138 Comment on Standard ICP 16.3 |
| Answer | |
| | Q139 Comment on Guidance ICP 16.3.1 |
| Answer | |
| | Q140 Comment on Guidance ICP 16.3.2 |
| Answer | |
| | Q141 Comment on Guidance ICP 16.3.3 |
| Answer | |
| | Q142 Comment on Guidance ICP 16.3.4 |
| Answer | |
| | Q143 Comment on Guidance ICP 16.3.5 |
| Answer | |
| | Q144 Comment on Guidance ICP 16.3.6 |
| Answer | |
| | Q145 Comment on Standard ICP 16.4 |
| Answer | |
| | Q146 Comment on Guidance ICP 16.4.1 |
| Answer | |

Q147 Comment on Guidance ICP 16.4.2

Answer

Q148 Comment on Guidance ICP 16.4.3

Answer

Q149 Comment on Guidance ICP 16.4.4

Answer

Q150 Comment on Guidance ICP 16.4.5

Answer

Q151 Comment on Guidance ICP 16.4.6

Answer

Q152 Comment on Guidance ICP 16.4.7

Answer

Q153 Comment on Guidance ICP 16.4.8

Answer

Q154 Comment on ComFrame Standard CF 16.4a

Answer

Q155 Comment on Standard ICP 16.5

Answer

Q156 Comment on Guidance ICP 16.5.1

Answer

Q157 Comment on Guidance ICP 16.5.2

Answer

Q158 Comment on Guidance ICP 16.5.3

Answer

Q159 Comment on Guidance ICP 16.5.4

Answer

Q160 Comment on Guidance ICP 16.5.5

Answer

Q161 Comment on Guidance ICP 16.5.6

Answer

Q162 Comment on Guidance ICP 16.5.7

| | |
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| Answer | |
| | Q163 Comment on Standard ICP 16.6 |
| Answer | |
| | Q164 Comment on Guidance ICP 16.6.1 |
| Answer | |
| | Q165 Comment on Guidance ICP 16.6.2 |
| Answer | |
| | Q166 Comment on Guidance ICP 16.6.3 |
| Answer | |
| | Q167 Comment on Guidance ICP 16.6.4 |
| Answer | |
| | Q168 Comment on Guidance ICP 16.6.5 |
| Answer | |
| | Q169 Comment on Guidance ICP 16.6.6 |
| Answer | |
| | Q170 Comment on Guidance ICP 16.6.7 |
| Answer | |
| | Q171 Comment on Guidance ICP 16.6.8 |
| Answer | |
| | Q172 Comment on Guidance ICP 16.6.9 |
| Answer | |
| | Q173 Comment on Standard ICP 16.7 |
| Answer | |
| | Q174 Comment on Guidance ICP 16.7.1 |
| Answer | The requirement that “the underwriting policy should cover the underwriting process, pricing, claims settlement (both in terms of timing and amount) and expense control” ignores the reality that claim settlement practices may be dictated by statute and must be reflected by the underwriting policy, not set by the underwriting policy. |
| | Q175 Comment on Guidance ICP 16.7.2 |
| Answer | |
| | Q176 Comment on Guidance ICP 16.7.3 |

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| Answer | |
| | Q177 Comment on Guidance ICP 16.7.4 |
| Answer | |
| | Q178 Comment on Guidance ICP 16.7.5 |
| Answer | |
| | Q179 Comment on Guidance ICP 16.7.6 |
| Answer | |
| | Q180 Comment on ComFrame Standard CF 16.7a |
| Answer | |
| | Q181 Comment on ComFrame Guidance CF 16.7a.1 |
| Answer | |
| | Q182 Comment on ComFrame Standard CF 16.7b |
| Answer | ICP 16 seems to want a global claim management policy (with apparently global claim procedures). In our view this is unwise if not contrary to local law for property/casualty. Products vary by jurisdiction, cultural expectations differ by jurisdiction, and statutes pertaining to lawful claim handling vary by jurisdiction. Hence while global claim management principles make sense, having everything set by a global unit is probably not sensible. |
| | Q183 Comment on ComFrame Guidance CF 16.7b.1 |
| Answer | |
| | Q184 Comment on ComFrame Standard CF 16.7c |
| Answer | |
| | Q185 Comment on ComFrame Standard CF 16.7d |
| Answer | The actuarial policy here mainly focuses on technical provisions. We believe there could be more on the need to get consistency between the base assumptions and those under stressed conditions to get coherence with any risk-based capital requirements/economic capital, as well as the forward-looking view in the ORSA. |
| | Q186 Comment on ComFrame Guidance CF 16.7d.1 |
| Answer | |
| | Q187 Comment on ComFrame Guidance CF 16.7d.2 |
| Answer | |
| | Q188 Comment on ComFrame Guidance CF 16.7d.3 |
| Answer | |
| | Q189 Comment on ComFrame Standard CF 16.7e |

Answer

Q190 Comment on ComFrame Guidance CF 16.7e.1

Answer

The Actuarial Function as stated is too broad and prescriptive as to a centralization approach. ICP 16 defines the actuarial function as including analysis of investment risk, claims management, modeling, forecasting future solvency, etc. For a non-life company, the investment analysis is usually performed by the investment area or ERM area, not the actuarial function (which is focused on reserving or pricing). The actuarial function for large firms is usually split between reserving and pricing. There is also usually a catastrophe risk area that is separate from the reserving and pricing areas. Hence the ICP should allow for more flexibility on where a risk is reviewed/controlled rather than requiring a very centralized approach. It must be noted that the scope of the Actuarial Function as described here is broader than what is foreseen under the Solvency II framework.

Q191 Comment on ComFrame Guidance CF 16.7e.2

Answer

Q192 Comment on Standard ICP 16.8

Answer

Q193 Comment on Guidance ICP 16.8.1

Answer

Q194 Comment on Guidance ICP 16.8.2

Answer

Q195 Comment on Standard ICP 16.9

Answer

Q196 Comment on Guidance ICP 16.9.1

Answer

Q197 Comment on Standard ICP 16.10

Answer

Q198 Comment on Guidance ICP 16.10.1

Answer

Q199 Comment on Guidance ICP 16.10.2

Answer

Q200 Comment on Guidance ICP 16.10.3

Answer

Q201 Comment on Guidance ICP 16.10.4

Answer

Q202 Comment on Guidance ICP 16.10.5

| | |
|---------------|---|
| Answer | |
| | Q203 Comment on Guidance ICP 16.10.6 |
| Answer | |
| | Q204 Comment on Guidance ICP 16.10.7 |
| Answer | |
| | Q205 Comment on ComFrame Standard CF 16.10a |
| Answer | |
| | Q206 Comment on ComFrame Guidance CF 16.10a.1 |
| Answer | |
| | Q207 Comment on Standard ICP 16.11 |
| Answer | |
| | Q208 Comment on Guidance ICP 16.11.1 |
| Answer | |
| | Q209 Comment on Guidance ICP 16.11.2 |
| Answer | |
| | Q210 Comment on Guidance ICP 16.11.3 |
| Answer | |
| | Q211 Comment on Guidance ICP 16.11.4 |
| Answer | |
| | Q212 Comment on Guidance ICP 16.11.5 |
| Answer | |
| | Q213 Comment on Guidance ICP 16.11.6 |
| Answer | |
| | Q214 Comment on Guidance ICP 16.11.7 |
| Answer | |
| | Q215 Comment on Guidance ICP 16.11.8 |
| Answer | |
| | Q216 Comment on Standard ICP 16.12 |
| Answer | |
| | Q217 Comment on Guidance ICP 16.12.1 |
| Answer | |

Q218 Comment on Guidance ICP 16.12.2

Answer

Q219 Comment on Guidance ICP 16.12.3

Answer

Q220 Comment on Guidance ICP 16.12.4

Answer

Q221 Comment on Guidance ICP 16.12.5

Answer

Q222 Comment on Guidance ICP 16.12.6

Answer

Q223 Comment on Guidance ICP 16.12.7

Answer

Q224 Comment on Guidance ICP 16.12.8

Answer

The ORSA section itself is reasonably comprehensive, but there could usefully be a need to report on the key judgements and uncertainties in the analysis, for example in the potential uncertainty in key elements of the correlations in the tail of the distribution. This latter point is certainly relevant to the commentary regarding reducing capital retirements through writing different types of business.

Q225 Comment on Guidance ICP 16.12.9

Answer

Q226 Comment on Guidance ICP 16.12.10

Answer

Q227 Comment on Guidance ICP 16.12.11

Answer

Q228 Comment on Guidance ICP 16.12.12

Answer

Q229 Comment on Guidance ICP 16.12.13

Answer

Q230 Comment on Guidance ICP 16.12.14

Answer

The brief mention of reverse stress testing in 16.12.14 is different to the normal usage of this – reverse stress testing does not normally consider scenarios that are “likely to cause business failure” but those that could.

Q231 Comment on ComFrame Standard CF 16.12a

Answer

In some jurisdictions (E.g. in the UK), another risk considered for proprietary groups in addition to those in CF16.12a is the risk posed by the desire to maintain its published dividend policy, particularly if it is “progressive”.

Q232 Comment on ComFrame Guidance CF 16.12a.1

Answer

Q233 Comment on Standard ICP 16.13

Answer

Q234 Comment on Guidance ICP 16.13.1

Answer

Q235 Comment on Guidance ICP 16.13.2

Answer

Q236 Comment on Guidance ICP 16.13.3

Answer

There could be more mention in the ICP of the need to consider the enterprise’s Risk Appetite. We suggest to add to the list in 16.13.3 - “the supervisor expects the Board to run a company within its stated Risk Appetite and take actions should there be a breach.”

Q237 Comment on Guidance ICP 16.13.4

Answer

Q238 Comment on Guidance ICP 16.13.5

Answer

Q239 Comment on Guidance ICP 16.13.6

Answer

Q240 Comment on Guidance ICP 16.13.7

Answer

Q241 Comment on Guidance ICP 16.13.8

Answer

Q242 Comment on Guidance ICP 16.13.9

Answer

Q243 Comment on Guidance ICP 16.13.10

Answer

Q244 Comment on Guidance ICP 16.13.11

Answer

| | |
|---------------|--|
| | Q245 Comment on Guidance ICP 16.13.12 |
| Answer | |
| | Q246 Comment on Guidance ICP 16.13.13 |
| Answer | |
| | Q247 Comment on Guidance ICP 16.13.14 |
| Answer | |
| | Q248 Comment on Guidance ICP 16.13.15 |
| Answer | |
| | Q249 Comment on Guidance ICP 16.13.16 |
| Answer | |
| | Q250 Comment on Guidance ICP 16.13.17 |
| Answer | |
| | Q251 Comment on Guidance ICP 16.13.18 |
| Answer | |
| | Q252 Comment on Guidance ICP 16.13.19 |
| Answer | |
| | Q253 General comment on proposed definition of ERM-related terms to be added to the IAIS Glossary |
| Answer | |
| | Q254 Comment on proposed definition of "ERM for Solvency Purposes" |
| Answer | |
| | Q255 Comment on proposed definition of "ERM framework" |
| Answer | "ERM Framework" is given a specific definition related to solvency. While the need for ICP 16 to draw in an insurer/group's ERM framework is understood, we do not believe the IAIS can uniquely claim this term to itself. The COSO also has a definition of the same term. We would prefer that ERM framework be referred to more generally. |
| | Q256 Comment on proposed definition of "Risk Capacity" |
| Answer | |
| | Q257 Comment on proposed definition of "Risk Limit" |
| Answer | |
| | Q258 Comment on proposed definition of "Risk Limits Structure" |
| Answer | |

Q259 Comment on proposed definition of "Risk Profile"

Answer

Q260 Actuarial policy – In addition to existing ICP material, should ICP material on actuarial policy for the purpose of ERM for solvency purposes be developed?

Answer

Q261 ORSA – Should the interaction between ICS and ORSA be made clearer in ComFrame? If yes, what are the areas that are currently lacking in clarity?

Answer

Q262 ORSA – Should the interaction between ICS and ORSA be made clearer by clarifying the assessment of the less readily quantifiable risks such as strategic risk and reputational risk?

Answer

Q263 ORSA – Fungibility of capital: To what extent should the ORSA play a role as part of a holistic approach to the fungibility of capital within the ICS? In addition to the consideration of criteria within the capital resources framework of the ICS, would it be useful for ComFrame to provide some specificity on how supervisors should assess fungibility of capital and take that into account in assessing the overall capital adequacy of the IAIG?

Answer

Q264 ORSA – Would it be useful for ComFrame to provide explanation on how supervisors should review the output of an IAIG's economic capital model against regulatory requirements, including the determination of follow-up regulatory actions?

Answer

Q265 Stress testing – Should the complementarity between ICS and stress testing be made clearer in ComFrame? If yes, what are the areas that are currently lacking in clarity?

Answer

Q266 Stress testing – Should this ComFrame material be further developed to complement supervisor's assessment of an IAIG's capital adequacy?

Answer

Q267 Economic capital model – Should the interaction between the requirement to maintain a comprehensive economic capital model and any future possible use of internal models be clarified? If yes, what are the aspects that need to be clarified?

Answer

Q268 Actuarial governance and reporting – Given what is already provided in Standards 8.3 and 8.6 and the accompanying guidance on the control function and the actuarial function, should ComFrame further elaborate on governance arrangements and controls relating specifically to group-wide actuarial policy and reporting? If yes, please specify the aspects that should be further described.

Answer

Q269 Others – The ICS allows for the assessment of materiality by IAIGs. For example, a specific factor or rule in the valuation calculation could be simplified if the IAIG deems that the impact of simplification would be immaterial. Should the ComFrame provide clarification on materiality criteria or should this be supervisors' discretion?

Answer

Q270 Others – Should the ComFrame provide clarification on differences (if any) between the model governance for internal models used to meet regulatory requirements (ICP 17 (Capital Adequacy)) and economic capital models used for strategic planning purposes/ORSA (ICP 16)?

Answer

Q271 Others – With regard to ERM for Solvency Purposes/ORSA, are there other items that should be taken into account or further clarified in ComFrame given the ongoing development of the ICS? Please elaborate.

Answer