



CF Introduction 22	We welcome the explicit reference to proportionality. We recognize that proportionality would be applied on every standard and guidance of the ComFrame in line with this provision and the size, complexity and business characteristics will be taken into account.
CF 5.2.a	We welcome the revisions made, deleting the explicit requirement of experience on international business of each member of the board. The revised CF5.2.a.1, however, still appears to require, if implicitly, Board members to each have not only knowledge but also “experience” on international business and processes, as a prerequisite to competence to fulfil their role. Given the criteria used in identifying IAIGs (i.e. the percentage of gross premiums written outside the home jurisdiction is at least 10% of the group’s total gross written premium), it is excessive, if not prohibitive, to disqualify an individual Board member simply for failing to have had the experience on international business and processes personally. A board can very well fulfill its role where its members are sufficiently experienced "collectively" and otherwise competent “individually.” A confirmation on our view would be deeply appreciated.
CF 7.2.a	Please clarify that this standard requires these 5 bullet points to be considered, but does not require explicit reporting of consideration process.
CF 7.2.b.1	As described in paragraph 21 of the ComFrame Introduction, that ComFrame guidance “does not represent any requirements”, the list of issues to be included in the strategy is provided as a guidance. Therefore, we suggest revising "should include" to “may include” or "may include, but not limited to".
CF 7.3.b.1	In a competitive environment, it is always possible that the same development could be positive for an entity but negative for another within the same group (for example, when both entities are engaged in a similar business in the same jurisdiction). However, such developments may not necessarily be negative for the group as a whole. Also, conflict of interest should be decided on a case by case basis. Even a case is included in the example, such case may not necessarily be a conflict of interest case depending on the situation. identical Example Therefore, we suggest deleting the sentence “For example...” in the second bullet point.
CF 7.3.b.2	How conflict of interest is dealt with in the respective corporate laws vary among jurisdictions. It would lack flexibility to limit reporting solely to the Board, where reporting includes conflict of interest transactions by individuals and legal entities other than the Board. Reporting other than to the Board (such as superiors, the relevant department, or the relevant committee, etc.) should be allowed, if it was not transacted by the Board member.
CF 8.1.a	We are concerned that the description on the group-wide risk management system could be interpreted to indicate that strict documentation is required with regard to the items listed in this standard. In particular, it is not practical to require documentation of "laws and regulations of the jurisdictions where the IAIG operates". It is more appropriate to require establishment of a system that "considers" rather than "covers" these items.
CF 8.1.c	We think there are various ways to promote a sound risk culture, taking into account the differences in the business environment surrounding the entities within the group, their business size, etc. Therefore, requiring a uniform procedure may inhibit diverse efforts. We suggest to either delete “procedures” or revising the standard for example as follows: "The group-wide supervisor requires the Head of the IAIG to <u>promote an sound risk culture.</u> "
CF 8.1.c.1	In line with our proposed revision on DF 8.1.c., we suggest revising "Processes and procedures for promoting an appropriate risk culture..." to "Policies for promoting a sound risk culture...". We think there are various ways to promote a sound risk culture, taking into account the differences in the business environment surrounding the entities within the group, their business size, etc. Therefore, " <u>in line with the nature, size and complexity</u> " should be added at the end of the sentence. Further, from the diversity perspective mentioned above, reference to risk management training, addressing the issue of independence, and creating appropriate incentives for staff should be referred to as an example. We suggest revising the guidance as for example follows: " Processes and procedures for promoting an appropriate risk culture <u>may include for example</u> risk management training, address the issue of independence, and create appropriate incentives for staff."
CF 8.1.d	The IAIG’s group-wide risk management system should be examined through ORSA and reviewed when necessary. Therefore, we suggest revising the

	first bullet point as follows: "review, <u>on a regular basis</u> , the group-wide risk management system ..."
CF 8.2.a	<p>The "ComFrame Introduction" stipulates "IAIGs have different models of governance (i.e. more centralised or more decentralised). ComFrame does not favour any particular governance model." Therefore, we understand that ComFrame acknowledges decentralised governance models.</p> <p>Against such premise, we think this part is too detailed to be a standard. Therefore, the items listed in this standard should be realigned and presented as guidance.</p> <p>Even if the list is dealt with in guidance, we are still concerned that this part could be interpreted to indicate that strict documentation is required with regard to the items listed. In particular, it is not practical to require documentation of "laws and regulations of the jurisdictions where the IAIG operates". It is also not clear which laws and regulations are subject to this requirement. Therefore, it is more appropriate to require establishment of a system that "considers" rather than "covers" these items.</p>
CF 8.2.b	<p>We have no objection with the requirement on the IAIGs to have an internal controls system in place. However, flexibility should be allowed with regard to coherence, completeness and effectiveness of such system, in line with the legal requirements of the jurisdiction.</p> <p>Periodic assessment carried out by objective parties should be carried out only with regard to the effectiveness assessment of Internal Controls over Financial Reporting taking the current state of local regulations into account. It should also be made clear that materiality principle applies.</p>
CF 8.3.c	<p>With regard to the reference on "are not combined", in order to make clear what is meant by this reference, we propose to add as a guidance the following sentences which was presented by the IAIS in March 2018 as part of the resolution of the consultation on ICP 8 conducted in November 2017: "The prohibition of combination should apply to the Key Person in Control Function as well as the staff supporting a control function. As regards the staff, relevant employees could work in the same unit, but one person should not be responsible for supporting two or more function, in order to avoid combination of those functions".</p>
CF 8.4.a	<p>The "ComFrame Introduction" stipulates "IAIGs have different models of governance (i.e. more centralised or more decentralised). ComFrame does not favour any particular governance model." Therefore, we understand that ComFrame acknowledges decentralised governance models.</p> <p>Against such premise, we think this part is too detailed to be a standard. Therefore, the items listed in this standard should be realigned and presented as guidance.</p> <p>As mentioned in our comment in the last consultation, it is overly burdensome for the Head of an IAIG to ensure that the IAIG makes "at least quarterly" risk management reports. IAIGs operate with a long-term view. An IAIG's underwriting and investment strategies which affect an IAIG's risk profile and portfolio are developed on a yearly basis. Both insurance liabilities and asset management apply time dispersion. Therefore, the affect of strategy change manifest slowly. It can be said that the risk management reports are provided in a sufficiently timely manner if they are provided annually. Therefore, "at least quarterly" in the last bullet point should be revised "at least <u>annually</u>".</p>
CF 8.5.a	<p>The last bullet point stipulates that the group-wide compliance function "provides at least quarterly written reports on its activities". As mentioned in our comment in the last consultation, more decentralised Control Functions should also be allowed. It is overly prescriptive to require the group-wide compliance function to provide "at least quarterly" written reports on its activities. Therefore, we suggest revising "at least quarterly" to "<u>regularly</u>", for example.</p>
CF 8.6.a	<p>We understand that the phrase "actuarial activities, functions and risk" indicate "actuarial activities, actuarial functions and actuarial risks".</p> <p>If we understand correctly, clarification is necessary that that the plural form "actuarial functions" is premised on decentralised Control Functions.</p>
	<p>The "ComFrame Introduction" stipulates "IAIGs have different models of governance (i.e. more centralised or more decentralised). ComFrame does not favour any particular governance model." Therefore, we understand that ComFrame acknowledges decentralised governance models.</p> <p>Against such premise, we think this part is too detailed to be a standard. Therefore, the items listed in this standard should be realigned and presented as</p>



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	<p>guidance.</p> <p>It is common in Japan that an insurer's actuarial function is fulfilled collectively by several divisions, and we recognise that such practices do not entail problems. Therefore, the ComFrame should clearly state that it acknowledges such practices.</p> <p>In particular, detailed requirements on the operations of an IAIG's actuarial function will increase the burden of the Head of the IAIG. Therefore, clarification is necessary that that, with regard to the IAIG's actuarial function, responses based on materiality and simplifications are allowed. We would also like to note that the application of the materiality principle should be clarified for other functions as well.</p>
CF 8.6.b	<p>We suggest revising "insurance activities" in the first bullet point to "actuarial activities" to make it consistent with CF 8.6.a, which describes that the group-wide actuarial function provides an overview of the group-wide actuarial activities.</p>
CF 8.7.a	<p>It would be excessive for the group-wide internal audit function to provide items listed in this standard as a minimum requirement. Clarification is necessary that these items are merely an example. For example, accounting audit are not necessarily conducted by the internal audit function but rather by the external auditing firm from an independent perspective. Auditing firm may also provide assessments and guarantees.</p> <p>Also, themes and issues that require audit may be different among entities from a risk-based perspective. Therefore, as mentioned in the beginning, it is excessive to require the internal audit function as the minimum requirement to conduct audit on the items listed in this standard.</p>
CF 8.8.d	<p>While we welcome the deletion of "all", we are still concerned of the requirement "to carry out a periodic review of the cumulative risks of all outsourced activities and functions", which would be an excessive requirement. Therefore, "material" should be added before "outsourced activities".</p>
CF 9.2.a.5	<p>Anonymizing is not enough to prevent leakage of information that is important with regard to competition. Therefore, we suggest adding the following sentence in line with CF 9.2.a.7: "Important corporate information that could affect competition with the IAIG's peers should be subject to confidentiality requirements (see ICP 3 – Information Exchange and Confidentiality Requirements)."</p>
CF 9.2.b	<p>It is important that risk a group-wide assessment of an IAIG take into account their size, complexity, characteristics, and financial soundness. Therefore, "at least" should be replaced by "as necessary" since a uniform requirement regarding assessment items is not necessary.</p> <p>Also, since "the capital adequacy and the availability of capital to meet...the regulatory capital requirements for each insurance legal entity within the IAIG" is assessed by supervisors in each jurisdiction, further assessment by the group-wide supervisor would be a duplication. Group-wide supervisor should only be required to assess capital adequacy at the group level. Therefore, we propose to revise this item as follows to be in line with CF 9.2.b.3: "the capital adequacy and the availability of capital to meet group-wide capital requirements;" (delete "as well as the regulatory capital requirements for each insurance legal entity within the IAIG")</p>
CF 9.2.b.2	<p>Alternatively, this item can be revised as follows to eliminate misunderstanding that the group-wide supervisor assesses the regulatory capital requirements for each insurance legal entity within the IAIG: "to meet group-wide capital requirements, <u>taking into account</u> the regulatory capital requirements for each insurance legal entity within the IAIG."</p> <p>It is far from appropriate to require a recovery and resolution plans for all IAIGs in a uniform manner. Given the principle of proportionality, the requirements on recovery and resolution plans for an IAIG should be decided in proportion to its ICS Ratio, difficulties as may be identified in the ORSA process, etc.</p> <p>Where a resolution plan is developed for those IAIGs which demonstrate sound financial conditions and no sign or imminent risk of deterioration, to prepare for the crisis in a gone concern situation, a relatively simple plan should suffice as opposed to those IAIGs which come short of the qualities mentioned above.</p>
CF 9.2.b.8	<p>As insurers do not have settlement functions, their systemic risk is small compared to that of banks. Therefore, it would be an excessive requirement to</p>



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	require macro-prudential analysis for all IAIGs, including those that have not been designated as SIFIs. Such requirement should only be considered under a specified condition when concerns on their financial soundness arise, for example, when an IAIG's ICS ratio falls below a certain level, difficulties identified in the ORSA process, etc..
CF 9.6.b	Each supervisor conducts supervision within their jurisdiction based on their respective authorities. Supervisors also conduct group supervision through supervisory colleges in a coordinated manner. Under such premise, if a joint on-site inspection is conducted, it should be conducted very carefully so that involved supervisors will not take supervisory actions beyond their authorities in other jurisdictions.
CF 9.6b.1	We understood from the resolution of the previous consultation that this guidance will be deleted. We would like to learn the reason that this guidance still remains.
CF 10.2.a	The phrase “likely to” can be interpreted to mean that the group-wide supervisor takes measures in an arbitrary manner. To eliminate such concerns, we propose to revise the preceding sentence as follows: “The group-wide supervisor, <u>subject to accountability requirements</u> , requires the Head of the IAIG to take preventive measures if”.
CF 12.3.a	It is far from appropriate to require a resolution plan for all IAIGs in a uniform manner. Given the principle of proportionality, the requirements on a resolution plan for an IAIG should be decided in proportion to its ICS Ratio, difficulties as may be identified in the ORSA process, etc.  Where a resolution plan is developed for those IAIGs which demonstrate sound financial conditions and no sign or imminent risk of deterioration, to prepare for the crisis in a gone concern situation, a relatively simple plan should suffice as opposed to those IAIGs which come short of the qualities mentioned above.
CF 12.3.a.1	Necessity to develop resolution plans should not be decided based on the number of jurisdictions in which an IAIG operates. Rather it should be decided based on purely based on the impact of its trouble. As mentioned in the fourth bullet point, “the potential impact of failure of the IAIG on the financial system and the real economy” is an important point.
CF 12.3.c	It is far from appropriate to require a resolution plan for all IAIGs in a uniform manner. Given the principle of proportionality, the requirements on a resolution plan for an IAIG should be decided in proportion to its ICS Ratio, difficulties as may be identified in the ORSA process, etc.  Where a resolution plan is developed for those IAIGs which demonstrate sound financial conditions and no sign or imminent risk of deterioration, to prepare for the crisis in a gone concern situation, a relatively simple plan should suffice as opposed to those IAIGs which come short of the qualities mentioned above. For example, it is reasonable when an insurer is in a sound condition required developing only an outline and when the insurer is considered financial damaged condition required a detailed plan.  We agree that the IAIGs should have in place a management information system. Operation of such system should be conducted in a proportional manner. For example, with regard to the frequency of the information collection, it should depend on the IAIG's systemic importance and the level of urgency of its recovery. It is generally difficult to produce insurance underwriting data on a daily basis. Rather, such data is produced quarterly or annually. The frequency and timing of the data collection should reflect the characteristics of the business and decided by each IAIG.
CF 12.3.c.2	With regard to the “producing information on a timely basis”, as we commented on CF12.3.c., the frequency of the information collection should depend on the IAIG's systemic importance and the level of urgency of its recovery. It is generally difficult to produce insurance underwriting data on a daily basis. Rather, such data is produced quarterly or annually. The frequency and timing of the data collection should reflect the characteristics of the



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	business.
CF 12.7.a	The allocation of authorities and responsibilities among different parties with regard to resolution of an insurer could be different among jurisdictions and it is our understanding that this is actually the case. We would like to be confirmed that this draft does not deny the ability and the discretion of each jurisdiction how it allocates the different functions related to resolution among different authorities such as supervisors, court, etc.
CF 15.2.b.1	With regard to the documentation of the specific restrictions that apply to the transfer of capital assets between jurisdictions, and additional restrictions that apply in the case of the resolution of a legal entity, taking possible legal constraints into account, means other than documentation could be considered. Therefore, the phrase “when material and as necessary” should be added as follows: “The Head of the IAIG should document when material and as necessary...”.
CF 16.1.b	CF16.1.b.1 states that each risk category does not have to be managed separately. However, the phrase “cover at least” in this standard seem to contradict with the flexibility provided by the guidance. Therefore “cover at least” should be removed as follows: “The group-wide supervisor requires the group-wide ERM framework to take into account <del>cover at least</del> the following risks and the management of these risks in a cross-border context”.
CF 16.1.c.2	Fungibility of capital is also discussed in the ICS version 2.0 consultation document. The implementation of this item should be flexible until discussion on the fungibility of capital under the ICS moves forward.
CF 16.6.a	Considering the IAIS resolution on the results of the public consultation in November 2017, we understand this standard does not intend to require IAIGs to create uniform, IAIG-wide criteria on the quality of asset investment or to provide a uniform approach to low-quality investments. However, we are concerned that this standard could be misinterpreted to provide a specific uniform approach by referring specifically to “establish and maintain a group-wide investment policy”. Therefore, we suggest adding the following sentence at the end of this standard: "However, alternative approaches other than a uniform group-wide investment policy should be allowed according to factors such as the nature of businesses, the characteristics of liabilities, asset management systems, and the financial strength of individual entities within the IAIG". Additionally, investment and other policies should vary significantly depending on the business composition of each entity. Therefore, we suggest revising these standards to allow for entity-specific policies on issues other than investment such as risk management.
CF 16.6.b	IAIGs should be allowed to establish their investment policies not only on a group-wide basis, but also on an entity-by-entity basis. Investment portfolio liquidity of entities within an insurance group should be examined on an individual-basis taking into account factors such as their reinsurance policies and insurance contract portfolios, or major hazards and governmental involvement in jurisdictions where they operate. It is not always necessary to create uniform, IAIG-wide criteria. Therefore, we suggest adding the following sentence at the end of this standard: "However, alternative approaches other than a uniform group-wide investment policy should be allowed according to factors such as the nature of businesses, the characteristics of liabilities, asset management systems, and the financial strength of individual entities within the IAIG". Additionally, investment and other policies should vary significantly depending on the business composition of each entity. Therefore, we suggest revising these standards to allow for entity-specific policies on issues other than investment such as risk management.
CF 16.6.b.1	IAIGs should be allowed to establish their investment policy not only on a group-wide basis, but also on an entity-by-entity basis. Investment portfolio liquidity of entities within an insurance group should be examined on an individual basis taking into account factors such as their reinsurance policies and insurance contract portfolios, or major hazards and governmental involvement in jurisdictions where they operate. It is not always necessary to create uniform, IAIG-wide criteria.
CF 16.6.c	This standard requires an IAIG to set limits to mitigate asset concentration in its group-wide investment policy. However, IAIGs should be allowed to

	<p>establish their investment policies not only on a group-wide basis, but also on an entity-by-entity basis. IAIGs could set such limits on an entity basis, depending on factors such as the nature of businesses, the characteristics of liabilities, asset management systems, and the financial strength of their individual group entities.</p> <p>Therefore, we suggest adding the following sentence at the end of this standard: "However, alternative approaches other than a uniform group-wide investment policy should be allowed according to factors such as the nature of businesses, the characteristics of liabilities, asset management systems, and the financial strength of individual entities within the IAIG".</p> <p>Additionally, investment and other policies should vary significantly depending on the business composition of each entity. Therefore, we suggest revising these standards to allow for entity-specific policies on issues other than investment such as risk management.</p>
CF 16.6.c.1	<p>With regard to the reference on “financial market”, we assume that this criteria was added to capture concentrations on segments which is difficult to capture through items such as “type of assets” or “geographic area”. We would be appreciative if we could learn whether there is any particular market envisaged such as stock exchange.</p>
CF 16.6.d	<p>This standard requires an IAIG to establish criteria on intra-group investments in its group-wide investment policy. However, IAIGs should be allowed to establish their investment policies not only on a group-wide basis, but also on an entity-by-entity basis. IAIGs could establish such criteria, depending on factors such as the nature of businesses, the characteristics of liabilities, asset management systems, and the financial strength of their individual group entities.</p> <p>Therefore, we suggest adding the following sentence at the end of this standard: "However, alternative approaches other than a uniform group-wide investment policy should be allowed according to factors such as the nature of businesses, the characteristics of liabilities, asset management systems, and the financial strength of individual entities within the IAIG".</p> <p>Additionally, investment and other policies should vary significantly depending on the business composition of each entity. Therefore, we suggest revising these standards to allow for entity-specific policies on issues other than investment such as risk management.</p>
CF 16.6.e.1	<p>When the group-wide investment exposure exceeds the limits, it is also relevant to report the information to the relevant committees set up under the Board. Therefore, the guidance should be revised as follows: “Group-wide investment exposures that exceed limits, or any other non-compliance, should be reported to the IAIG Board <u>or one of its committees</u>, and Senior Management, upon identification. Reports to the IAIG Board <u>or one of its committees</u> and Senior Management should include material exposures that, even if within limits, could create financial difficulties within the IAIG if the value or liquidity of the investments decreases.”</p>
CF 16.7.a	<p>Data should be collected taking into account of the objective of its use. It is not necessary to establish unified procedures within an IAIG that covers all data being used. Also, monitoring practices for the use of data within the group-wide ERM framework will create duplication of work. Therefore, “as necessary” should be added as follows: “The group-wide supervisor requires the Head of the IAIG to ensure that the IAIG implements its group-wide ERM framework by establishing procedures and monitoring practices, <u>as necessary</u>, for the use of sufficient, reliable and relevant data for its underwriting, pricing, reserving and reinsurance processes”.</p>
CF 16.7.b	<p>We welcome that CF16.7.b.2 allows delegation of authority for claims settlement including the establishment of claims settlement policy to each entity. Even when an IAIG establishes its group-wide claims settlement policy, insurance entities need to establish their unique policies because claims settlement management varies significantly depending on the laws and practices in different jurisdictions and on different business lines. Standards on claims estimation and settlement need to be consistent with legal systems and the characteristics of the underlying products. It is relevant and more effective to establish entity-specific policy reflecting their situations. Therefore, items listed in this standard should be moved to the CF16.7.b.1 as a guidance.</p>
CF 16.7.c	<p>The “ComFrame Introduction” stipulates “IAIGs have different models of governance (i.e. more centralised or more decentralised). ComFrame does not</p>



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	<p>favour any particular governance model.” Therefore, we understand that ComFrame acknowledges decentralised governance models. Allowance of decentralised governance models should be made more clear including stipulating such allowance in this standard.</p> <p>For IAIGs which employ decentralised governance models, requirements stipulated in this standard will inhibit the efficient business operations of different entities within the group. Even when an IAIG establishes its group-wide reinsurance and risk transfer strategy, items listed in this standard should be provided as a guidance for the reasons mentioned above.</p>
CF 16.7.d	<p>The “ComFrame Introduction” stipulates “IAIGs have different models of governance (i.e. more centralised or more decentralised). ComFrame does not favour any particular governance model.” Therefore, we understand that ComFrame acknowledges decentralised governance models. Allowance of decentralised governance models should be made more clear including stipulating such allowance in this standard.</p> <p>Risk models are not necessarily based on actuarial science as mentioned in the IAIS resolution to the previous consultation, “The group-wide actuarial policy is not limited to pure actuarial processes but can include other processes as described in the guidance”. It is therefore difficult to distinguish between risk management and actuarial policies. While it is also not efficient to allow overlap of different policies, we would like to have confirmation that the IAIGs are allowed at least to include items covered by the actuarial function in the policy established by the risk function.</p> <p>If the above-mentioned treatment is not allowed, then risk models should be addressed within the overall ERM framework rather than within the actuarial policy. Therefore, the bullet point below should be moved to ICP 17.</p> <p>“• model risk management of internal models that generate actuarial and financial projections for solvency purposes.”</p>
CF 16.7.d.1	<p>Materiality thresholds to trigger management action should be established in accordance with jurisdictional laws and regulations as well as the size of each group entity. It is difficult to formalise materiality thresholds (set fixed figures) at the group-wide level. Therefore, the standard should be revised to allow more flexible approach.</p> <p>It is common in Japan that an insurer's actuarial function is fulfilled collectively by several divisions, and we recognise that such practices do not entail problems. Therefore, the ComFrame should clearly state that it acknowledges such practices.</p> <p>We would like to have confirmation that the IAIGs are allowed to include items covered by the actuarial function in the policy established by the risk function. If the above-mentioned treatment is not allowed, then risk models should be addressed within the overall ERM framework rather than within the actuarial policy. Therefore, the bullet point below should be moved to ICP 17.</p> <p>“• articulate model validation and maintenance procedure to ensure that model usage and model modifications align with its risk appetite and risk limits structure.”</p>
CF 16.7.d.2	In line with the second bullet point of CF 8.6.b, a reference to “or one of its committees” should be added.
CF 16.7.d.4	We would like to know the purpose of this guidance.
CF 16.7.e	<p>The “ComFrame Introduction” stipulates “IAIGs have different models of governance (i.e. more centralised or more decentralised). ComFrame does not favour any particular governance model.” Therefore, we understand that ComFrame acknowledges decentralised governance models. Allowance of decentralised governance models should be made more clear including stipulating such allowance in this standard.</p> <p>Terms "sufficiency" and "adequacy" implicate certainty and therefore are excessive. On many occasions, actuary is expected to make reasonable assumptions. Therefore “sufficiency” and “adequacy” should be replaced by “reasonability”.</p>

	In line with the second bullet point of CF 8.6.b, a reference to “or one of its committees” should be added.
CF 16.7.e	The benefit of the requirement to report annually to the Board about “non-insurance legal entities” and “non-regulated legal entities” is vague. CF 16.7.e.2 provides as a guidance that “the extent of reliance on values provided by non-insurance legal entities guidance” could be addressed in the entities’ annual reporting to the IAIG Board. Requirement to report about “non-insurance legal entities” and “non-regulated legal entities” should be provided as a guidance and removed from this standard.
CF 16.7.e.1	The “ComFrame Introduction” stipulates “IAIGs have different models of governance (i.e. more centralised or more decentralised). ComFrame does not favour any particular governance model.” Therefore, we understand that ComFrame acknowledges decentralised governance models.  This standard is premised on cases where an independent division assumes an actuarial function and is required to directly report to the IAIG Board. However, it is common in Japan that an insurer’s actuarial function is fulfilled collectively by several divisions, and we recognise that such practices do not entail problems. Therefore, this guidance should clearly state that it acknowledges such practices.
CF 16.7.e.2	Terms “sufficiency” and “adequacy” implicate certainty and therefore are excessive. On many occasions, actuary is expected to make reasonable assumptions. Therefore “sufficiency” and “adequacy” should be replaced by “reasonability”.
CF 16.10.a.1	In conducting its group-wide ORSA, there are risks other than political and reputational risks that the IAIG should consider. Therefore, we suggest revising the first sentence as follows: “In conducting its group-wide ORSA, the IAIG should consider all material risks, <u>including political and reputational risks</u> , arising from its legal entities including non-regulated ones. <del>In particular, political and reputational risks should be considered</del> ”.
CF 16.13.a	It is far from appropriate to require a recovery plan for all IAIGs in a uniform manner. Given the principle of proportionality, the requirements on a recovery plan for an IAIG should be decided in proportion to its ICS Ratio, difficulties as may be identified in the ORSA process, etc. Where a recovery plan is required for those IAIGs which demonstrate sound financial conditions and no sign or imminent risk of deterioration, a relatively simple plan should suffice as opposed to those IAIGs which come short of the qualities mentioned above. For example, it is reasonable when an insurer is in a sound condition required developing only an outline and when the insurer is considered financial damaged condition required a detailed plan.
CF 16.13.a.1	It is far from appropriate to require a recovery plan for all IAIGs in a uniform manner. Given the principle of proportionality, the requirements on a recovery plan for an IAIG should be decided in proportion to its ICS Ratio, difficulties as may be identified in the ORSA process, etc. Where a recovery plan is required for those IAIGs which demonstrate sound financial conditions and no sign or imminent risk of deterioration, a relatively simple plan should suffice as opposed to those IAIGs which come short of the qualities mentioned above. For example, it is reasonable when an insurer is in a sound condition required developing only an outline and when the insurer is considered financial damaged condition required a detailed plan.
CF 16.13.a.2	It is far from appropriate to require a recovery plan for all IAIGs in a uniform manner. Given the principle of proportionality, the requirements on a recovery plan for an IAIG should be decided in proportion to its ICS Ratio, difficulties as may be identified in the ORSA process, etc. Where a recovery plan is required for those IAIGs which demonstrate sound financial conditions and no sign or imminent risk of deterioration, a relatively simple plan should suffice as opposed to those IAIGs which come short of the qualities mentioned above. For example, it is reasonable when an insurer is in a sound condition required developing only an outline and when the insurer is considered financial damaged condition required a detailed plan.



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	The guidance should be revised as follows: “Recovery planning is the responsibility of the IAIG. The IAIG should be able to take actions for recovery, in particular when any pre-defined criteria, <u>especially those relating to the financial soundness of the IAIG</u> , are met that trigger the implementation of the recovery plan”.
CF 16.13.a.7	As described in paragraph 21 of the ComFrame Introduction, that ComFrame guidance “does not represent any requirements”, the list of issues to be included in the Recovery Plans is provided as a guidance. Therefore, we suggest revising "should include" to "may include".  It should be more clearly stated in the standard that Recovery Plans should be developed taking into account of the proportionality principle to reflect the difference in capital structure, risk profile, scale, complexity, etc. of each IAIG. With regard to the quantitative trigger points, clear reference should be made on the consistency with the ICS as a PCR. Therefore, the third bullet point should be revised as follows: “pre-defined criteria with quantitative and qualitative trigger points ( <u>such as considering the ICS ratio as a PCR</u> ), governance, escalation mechanisms and supporting processes to ensure timely implementation of recovery actions”.
CF 16.13.a.8	We support the refence to the qualitative and quantitative criteria. Flexibility should be allowed with regard to the decision to trigger actions for recovery since there may be cases where breach is only temporal.  The intention of referring to the PCR is not clear. “PCR” should be referred in a way that is consistent with the development of the ICS. Therefore, the guidance should be revised as follows: “Pre-defined criteria should be well-defined and aligned with contingency plans. They should include qualitative and quantitative criteria, such as a potential breach of a prescribed capital requirement (PCR), <u>which the ICS is trying to identify</u> . Criteria may also include triggers based on: liquidity, market conditions, macro-economic conditions, and the insurer's operational conditions”.
CF 16.13.a.9	It should be more clearly stated in the standard that Recovery Plans should be developed taking into account of the proportionality principle to reflect the difference in capital structure, risk profile, scale, complexity, etc. of each IAIG.
CF 16.13.b	We agree that the IAIGs should have in place a management information system. Operation of such system should be conducted in a proportional manner. For example, with regard to the frequency of the information collection, it should depend on the IAIG's systemic importance and the level of urgency of its recovery.
CF 23.0.a	We understand that there is a discussion within the IAIS regarding the possible identification of the IAIGs by the IAIS itself. In line with such discussion, the criteria used in identifying IAIGs can be revised as follows: “The group-wide supervisor, in cooperation with other involved supervisors, <u>considers whether an insurance group or an insurance legal entity operating through branches, is an IAIG if it meets both the following criteria</u> ”.
CF 23.0.a.2	We would like to have confirmation that “group assets related to the insurance business of the group” does not have to be aggregate by asset class basis but by entity basis.
CF 23.0.c	The decision on the identification/non-identification of the IAIG should be made in a document
CF 25.6.a.4	CF16.1.c.2 provides that fungibility of capital should be considered in the risk assessment of its IGT. Fungibility of capital is also discussed in the ICS version 2.0 consultation document. Discussions within the Supervisory Colleges regarding a insurance group and fungibility should also be flexible until discussion on the fungibility of capital under the ICS moves forward.
CF 25.7.a.3	Even when a supervisory college substitutes a CMG, with regard to financially sound IAIGs, it is not necessary to discuss Recovery and Resolution Plans as a priority. Facilitation of preparedness for recovery and resolution should be discussed under a specified condition when concerns on the financial soundness of an IAIG arise, for example, when an IAIG's ICS Ratio falls below a certain level, or difficulties identified in the ORSA process, etc.
CF 25.7.a.4	With regard to recovery plan which the IAIS CMG are required to review, it is far from appropriate to require a recovery plan for all IAIGs in a uniform



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manner. Given the principle of proportionality, the requirements on a recovery plan for an IAIG should be decided in proportion to its ICS Ratio, difficulties as may be identified in the ORSA process, etc.

Where a recovery plan is required for those IAIGs which demonstrate sound financial conditions and no sign or imminent risk of deterioration, a relatively simple plan should suffice as opposed to those IAIGs which come short of the qualities mentioned above.

For example, it is reasonable when an insurer is in a sound condition required developing only an outline and when the insurer is considered financial damaged condition required a detailed plan.