

**Member and Observer Comments on IAIS Draft paper  
Draft Principles on Group-Wide Supervision, 31 December 2007**

**Comments due by 15 February 2008**

Name	Section or paragraph reference	Comment <sup>1</sup>	Resolution (for use of the Secretariat only)
GNAIE	Section 1.2	We believe the definition of financial conglomerate may need further clarification since the term “predominate” is not precise.	
GNAIE	Section 2.1	GNAIE agrees that supervision of multi-national insurers should be regulated at the group level where there are legally enforceable arrangements between entities or jurisdictions. Group supervision is responsive to the reality of the market place for much of the insurance written today.	
GNAIE	Paragraph 6	We believe that capital requirements should recognize any risk concentration or diversification effects due to being part of a group. In addition, supervisors must recognize diversification and risk mitigation regardless of geographical domicile. We urge the IAIS to continue its work on diversification benefits as referenced in footnote 2 to paragraph 6.	
GNAIE	Paragraph 14	As the paper recognizes, there are numerous issues related to mutual recognition involved in effective international group supervision, especially jurisdictions such as the US which delegate authority to state authorities.	
GNAIE	Paragraphs 21	The IAIS recognizes that the organizational structure of large insurers can be very complex. It is possible that some subsidiaries may prefer to be better regulated as solo entities for tax and other reasons. GNAIE would oppose a requirement for the formation of a mandatory holding company. Perhaps companies would prefer the option to select the form of regulation they want to comply with under each jurisdiction.	

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<sup>1</sup> Please provide comments of a more critical nature on scope and content, together with alternate drafting suggestions. Comments of a purely editorial nature should be clearly indicated as such.

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		If that were the case, provisions would need to be implemented to ensure that companies within a conglomerate would be excluded from other provisions and benefits of group supervision. This is an area in which further criteria need to be developed.	
GNAIE	Paragraphs 41-45	A primary regulator should be relied upon to monitor a company's risk and capital management system. Without this primary regulator, it will be impossible for an insurer to use an enterprise-wide risk management approach based on internal models.	
GNAIE	Paragraph 46	We think that the college of supervisors approach could be useful and would refer to IAIS to the regional financial examination process used in the US	