

**Comments on IAIS Draft paper:
ICP 14 Valuation for Solvency Purposes**

Deadline for comments 30 April 2010

Comments from the Group of North American Insurance Enterprises

Name	Paragraph reference	Comment	Resolution (for use of the Secretariat only)
GNAIE	General	<p>Delay of the Standard We are very concerned that this important standard may be adopted by the IAIS without its accompanying Guidance Paper. It is normal IAIS procedure for the guidance papers on a topic to proceed or to accompany the related standard. We do not see a reason for making an exception in this case, and, in fact, we see many reasons for not doing so. Without the Guidance Paper it is almost impossible to understand important parts of the standard, meaning that the IAIS will be adopting a standard the impact of which cannot be fully anticipated. While there is a draft Guidance Paper discussing these questions, substantial work needs to be done before it can be completed. We do not think it would be possible to finish the Guidance Paper before 2011.</p> <p>In addition, the International Accounting Standards Board (IASB) will be releasing the Exposure Draft of its Insurance Contracts Standard in the next few months. It would be a mistake to rush through debate on these critical issues at the IAIS without considering the IASB's action at this stage.</p> <p>We propose that the IAIS defer any action on the Standard on Valuation for Solvency Purposes until the IASB Exposure Draft is released and the IAIS Guidance paper is completed in 2011, providing a fuller understanding of the issues. The best solution would be to delay the Valuation Standard.</p>	

GNAIE	14.2	The term “consistent” could have several meanings. This is an example of an area which needs to be clarified in the guidance paper.	
GNAIE	14.3	The term “transparent” could have several meanings. This is an example of an area which needs to be clarified in the guidance paper	
GNAIE	14.4	The term “economic valuation” could have several meanings. This is an example of an area which needs to be clarified in the guidance paper	
GNAIE	14.4	We recommend that the Standard also state that valuation should eliminate any gain at issue. This objective is part of current IAIS policy.	
GNAIE	14.7and following	<p>Separate Models</p> <p>Following the last IAIS Technical Committee meeting, we were asked to provide alternative language which might clarify some of the language of concern. We attempted to prepare suggested language for your consideration to help to reduce the ambiguity in the proposed standard; however, because there is an integral assumption in the standard that the same valuation method should be applied for life and non-life insurance, we have not been able to develop coherent changes without substantially re-writing the Standard .The issues related to valuation are very complex and we do not believe that the changes can be prepared without considerable deliberation. In addition, we believe that in the development of the proposed ICP 14 and Valuation Standard, there has been a focus on life insurance valuation to the detriment of a full consideration of non-life issues.</p>	