

Comment #2 – 12/19/16 – 11:14 a.m.

Comments – Capital Adequacy Assessments for Insurers Exposure Draft

Background. The second paragraph talks about how ORSA was the inspiring event for the creation of this ED. I read it looking for issues that could relate to emerging capital standards developments by the Federal Reserve Board, the NAIC and the IAIS. Overall it seems appropriate given where those initiatives are. I think this standard should be reviewed once these initiatives crystalize.

Section 2, Definitions. Consider defining scenarios and stress tests.

Section 3.2, Relying on others. I think it would be worthy to say that after due diligence, the actuary shouldn't feel uncomfortable utilizing capital adequacy reports from professionals at non-insurance affiliates (thinking ahead to group capital)

Section 3.4 b, capital objectives. RBC ratio is missing as an example.

Section 3.9b2. What is the impact of shares listed on multiple exchanges? I can't recall and am unaware of actuaries performing this step.

One last comment. I noticed the words "tiering" and "capital resources" were omitted from this paper. Maybe that's a concept that needs IAIS ICS finalization before being addressed.

Tom Herget 19 Dec 2016