GFIA response to the updated IAIS Draft Procedures on Meeting Participation and Development of Supervisory and Supporting Material and Draft Policy for Consultation of Stakeholders.

General comments and comments on Glossary of Terms

The Global Federation of Insurance Associations (GFIA), through its 38 member associations, represents the interests of insurers and reinsurers in 58 countries. These companies account for approximately 87% of total insurance premiums worldwide.

We very much appreciate the opportunity to comment on the IAIS *Draft Procedures on Meeting Participation and the Development of Supervisory and Supporting Material and Draft Policy for Consultation of Stakeholders* ("Draft Procedures").

We overall welcome the IAIS efforts in this new draft to identify channels of communication with stakeholders. However, given the decision to close all meetings by default and to exclude stakeholders from the IAIS annual conference, GFIA members remain concerned about the lack of face-to-face communication between the IAIS and stakeholders. We believe this will harm stakeholders' understanding of the IAIS' ongoing work and will also negatively impact the ability of stakeholders to provide valuable input as measures affecting the industry are developed. We are also sensitive that this change comes at a time when the IAIS will intensify the development of major global initiatives such as the global Insurance Capital Standards (ICS), the compressed timelines for which should heighten the need for timely and quality stakeholder input.

Against this background, we highlight below a number of improvements needed to better address industry's concerns over future interaction between the IAIS and stakeholders.

1) Clarify the "standard procedure" for stakeholder interaction

While we have had verbal assurances that there will be appropriate levels of interaction and opportunities for major stakeholders, such as the GFIA, to provide input into the IAIS work, the current draft remains vague over what will happen in practice going forward.

We believe the IAIS should issue a "standard development procedure" as guidance for its project groups and IAIS staff. We believe this "standard procedure" should make clear that stakeholder consultations should be undertaken i) at the beginning of a project (eg project description and planning), ii) during the development of initial policy proposals/options and iii) at the end of a project, when draft final proposals should be reviewed.

In addition to this three-stage development process, there should be stakeholder meetings/workshops during the development phase, and clear ongoing communications to ensure a transparent and informed process.

2) Give chairs the necessary scope for inviting guests to meetings

We request that the IAIS give its chairs the necessary scope for inviting guests to meetings. Under section I, "Principles for invited guests", the drafting could be interpreted in a very restrictive way, strongly discouraging chairs from inviting stakeholders. We believe that such meetings are a good opportunity for dialogue between the IAIS and stakeholders so we request the IAIS to encourage its

chairs to invite guests when they would add value to discussions, as long as they do so in a transparent manner.

We would also stress the need for meeting material to be available publically and on a timely basis to allow review prior to meetings, and for stakeholders to have access to agendas, presentations, detailed minutes, and advanced drafts of material. Having the ability to monitor ongoing discussions through a webcast would also aid this objective. Unless these sources are available on a timely basis, stakeholders will have impaired understanding of the work taking place.

3) Allow more time for consultation

Given the importance of public consultations under the draft process, we request that the IAIS consistently give longer consultation times, eg 90 days for supervisory materials and 60 days for supporting materials. This would ease the burden on those countries whose working language is not English, and allow time to give meaningful input to the consultation.

4) Optimise the use of stakeholder groups as a tool to streamline communication with stakeholders

We recognise the potentially beneficial role that stakeholder groups can play in enhancing stakeholder understanding and input. However, the details of how stakeholder groups will function are vague in the draft and we request elaboration on the IAIS vision for stakeholder groups. We provide more extensive input in section III.7.

Once implemented, the changes in IAIS procedures should, we believe, be evaluated by the IAIS in order to determine effectiveness and impact on transparency and stakeholder input. Stakeholders, as well as IAIS members, should be included in this assessment process.

Comments on Section I

We welcome the commitment of the chair to "Consider requests or offers to attend from stakeholders". For stakeholders to identify on which issues they would be able to provide meaningful perspectives, we encourage the IAIS to share agendas and draft background documents with stakeholders on a timely basis.

As noted in the general comments, we believe that the IAIS should give its chairs the necessary scope for inviting guests. Under "Principles for invited guests", the drafting could be interpreted in a very restrictive way, strongly discouraging chairs from inviting stakeholders, even when they believe stakeholders would add valuable perspective. We request that the IAIS encourage its chairs to invite guests when they believe they would add value, as long as they do so in a transparent manner.

When inviting guests, Committee/Subcommittee chairs should have regard to the breadth of representation achieved, eg in terms of geographical and business model representation.

We welcome the attention given to transparent processes when it comes to inviting stakeholders and anticipate that the IAIS will work to ensure the identified processes function in a transparent manner. For example, the use of an "open invitation" for engaging stakeholders in meetings might be indicative of transparency, but will require open procedures and careful implementation to operate transparently.

To increase transparency and stakeholder understanding, we request that stakeholders have access to a webcast of the Committee/Subcommittee meetings.

We note that attendance at IAIS meetings often requires attendees to incur significant time and costs. We therefore propose that the IAIS hold stakeholders' events (eg dialogue meetings) back-to-back with the IAIS meetings, to optimise cost effectiveness for stakeholders. Without such coordination, there is a risk that some stakeholders would find it difficult to justify attending because of cost reasons. This could result in attendance only by regional stakeholders, which could undermine the IAIS' commitment to engage with a broad range and geographically diverse group of stakeholders.

Comments on Section II

We welcome the specification that "Once adopted, all supervisory and supporting material shall be made public unless a compelling reason exists for it to remain accessible to Members only (eg the material contains confidential information)". To further enhance transparency, we request that the IAIS specify the precise reasons under which material would be withheld.

Comments on Section II.A.1

(no comment)

Comments on Section II.A.2

(no comment)

Comments on Section II.A.3

(no comment)

Comments on Section II.B

We strongly believe there is a compelling need to keep stakeholders informed during the process of development and approval of supervisory material and we welcome the steps taken in this new draft to identify channels of communication between the IAIS and stakeholders,.

We appreciate the move towards asking for stakeholder input at the outset of a project when the public background note is published.

We also appreciate under point iii) the addition of "While developing the material, the responsible Subcommittee(s) should inform stakeholders as appropriate." This is certainly a step in the right direction, though we would suggest that it specify that it is appropriate that stakeholders are involved at various points in the development of draft material, well in advance of the final public consultation.

When stakeholders' involvement is very limited prior to a public consultation, the challenges inherent to providing high quality input are exacerbated. Given the importance of public consultations under the new process, we request that the IAIS consistently give longer consultation times, for example at least 90 days for supervisory materials and 60 days for supporting materials. This would ease the burden on those countries whose working language is not English, and allow all stakeholders time to give meaningful input to the consultation.

We welcome that a public background session would be convened when commencing a new project. In order to be most helpful for members and stakeholders, it should be clarified that these public background sessions are scheduled at the very beginning of a consultation process. Moreover, we believe that the most efficient way to provide and obtain feedback from public background sessions is to conduct them as face-to-face meetings. Therefore, conference calls should not be envisaged as the default mode and only be considered under exceptional circumstances.

For most supervisory material, the GFIA believes that more than one consultation would be appropriate. We elaborate on this concern in the IAIS' specific question below.

Comments on Section III

(no comment)

Comments on Section III.1

We appreciate that the IAIS aims to "Ensure that stakeholders are properly consulted in the IAIS' development of policy". We would interpret this as both providing input into the development process at an early stage, discussing issues under development with supervisors and the IAIS secretariat, as well as a final - review at the end of a workstream. We hope that the IAIS has a similar understanding of the draft consultation process, and will not rely on the single public consultation that is laid out to in the Draft Procedures.

Comments on Section III.2

(no comment)

Comments on Section III.3

(no comment)

Comments on Section III.4

We welcome the intention to set Executive Committee sessions at least annually. However, to further enhance stakeholder understanding of ongoing IAIS work and to give a platform for dialogue regarding strategic decisions, we would suggest that the IAIS Executive Committee hold two public sessions annually.

We welcome the clarification that additional sessions may be requested by stakeholders and we would request an explicit reference to the fact that due consideration will be given by the IAIS to such requests

Comments on Section III.5

As we mentioned in our comments above, many observers' concerns originate from a reduction of face-to-face contact with the IAIS. Public dialogues are a strong tool to alleviate some of these concerns and offer a valuable avenue of communication. We very much welcome the commitment to holding public hearings and hope the IAIS will make frequent use of them. We equally hope that these will be a platform for genuine, two-way dialogue between stakeholders and the IAIS.

The use of webcast technology at such hearings would further leverage hearings as a communications tool.

Comments on Section III.6

We appreciate the newly added section in the Draft on creating an "interested stakeholders" email list and encourage the frequent use of such an email list. It is our understanding that these mailing lists are separate from the "Stakeholder groups" referred to in III.7, and would welcome if the IAIS could confirm this understanding.

In comments above we have asserted that stakeholders have a legitimate need to input into the work of the IAIS. If a thorough understanding of IAIS work is not achieved, it will be difficult for stakeholders to provide the same quality of effective input as Observers have provided so far.

Stakeholders should have access to as many meeting documents as possible (including agenda, background notes, presentation slides and detailed minutes), as well as preliminary drafts of work in progress. This material should be available in a timely manner on the website. To leverage transparency to wider audiences, we request that the IAIS make use of webcast technology.

For transparency, the financial contribution from each Member to the IAIS should be generally disclosed to ensure a transparent process and prevent creating any political pressures in the future under the new funding scheme.

Comments on Section III.7

We welcome the possibility of the creation of stakeholder groups and believe that this can be an efficient tool to streamline communication with stakeholders.

We propose that a stakeholder group should be formed for every significant workstream. When organising stakeholder groups, Committee/Subcommittee chairs should have regard to the breadth of representation achieved, eg in terms of geographical and business model representation.

Details in the current consultation are sparse. We request that the IAIS elaborate on its vision for stakeholder groups to allow a better understanding of their application. Such clarifications include:

- Which stakeholder groups does the IAIS envisage? Will stakeholder groups reflect the distinction between the position of a firm and the position of an entire market (ie associations or federations)? Or will they subdivide stakeholders by business type (industry in general/insurance groups/reinsurance)?
- How would the members of such a stakeholder group be selected?
- What role can these stakeholder groups play?
- How will the IAIS cooperate with the stakeholder groups? Will it be possible for stakeholder groups to be able to input more frequently than other stakeholders?

The draft section on the development of supervisory and supporting material (Section II.B) sets out multiple steps. Please comment on whether you believe each of the steps are necessary or if additional steps might be required during the development of supervisory and supporting material.

Generally closing the meetings to stakeholders means that they will no longer have insight into the development of draft material before it is released for public consultation. This will likely impact the quality of stakeholder input. The IAIS should use any means at its disposal to keep stakeholders informed of the drafting process, to minimise the negative consequences of this.

As mentioned above, we appreciate under point iii) the addition of "While developing the material, the responsible Subcommittee(s) should inform stakeholders as appropriate." This is certainly a step in the right direction, though we would suggest that it specify that it is appropriate that stakeholders are involved at various points in the development of draft material, well in advance of the final public consultation.

When stakeholders' involvement is very limited prior to a public consultation, the challenges inherent to providing high-quality input are exacerbated. Given the importance of public consultations under the new process, we would strongly urge the IAIS to consider consistently giving longer consultation times, eg 90 days for supervisory materials and 60 days for supporting materials. This would ease the burden on those countries whose working language is not English, and allow time to give meaningful input to the consultation.

The draft section on the development of supervisory and supporting material (Section II.B.vi) states that supervisory and supporting material must be subject to "at least one" public consultation.

How many consultations should be required? Should different rules apply for supervisory versus supporting material?

For most supervisory material, the GFIA believes that more than one consultation would be appropriate. This gives the opportunity for the draft material to be substantially improved over the course of several rounds of input. Stakeholder input is most valuable when it can be offered at a time when the draft is still in an early stage as it can identify problems early on. A single consultation at the end of a workstream often does not allow enough scope for significant change.

As the need for public consultation may vary per workstream, the GFIA would support that the IAIS set a minimum number of consultations, but expect that most workstreams will exceed this number, especially for supervisory material.

What type of documents should be made available publicly before a meeting (eg agendas) and what should be included in it?

We would ask the IAIS to make available agendas, background documents, and the slides of any presentations in advance of meetings. We also urge the IAIS to disclose draft supervisory/supporting materials at the drafting phase. This information will greatly help stakeholders remain informed of work in progress.

Additionally, having access to a webcast of meetings would greatly leverage stakeholders' understanding of the meeting material.

What type of public record of proceedings should be made available after a meeting and what should be included in it?

To enhance understanding of discussions, and to give insight into the decisions made in the development of IAIS material, the GFIA recommends that minutes –naming speakers – are made available for each meeting.

If the slides or background notes of speakers are not available before a meeting, it would still be very valuable for stakeholders to receive these as soon as they become available after the meeting.