



American Insurance Association



Property Casualty Insurers
Association of America

Shaping the Future of American Insurance



August 31, 2010

Peter Braumüller
Chairman
Executive Committee
International Association of Insurance Supervisors

Dear Chairman Braumüller:

On behalf of the five IAIS observers listed below, we would like to reply to the July 2nd IAIS request for comments on the draft Strategic Plan and IAIS bylaw changes. While we believe the intent of the drafts circulated is primarily to generate comments on the strategic plan and financial outlook, which is a very comprehensive document, we want to highlight several fundamental issues in the July 2nd draft bylaw changes which we believe cut across the “Strategic Plan” in its entirety and which should not be considered in any particular silo.

Our concerns fall into several general categories:

1. In Article 2, (1)(a), we object to the deletion of “efficient” insurance markets as one of the objectives of the IAIS. We feel strongly that supervisors in every market should work to promote efficient market mechanisms along with fair, safe and stable markets. More generally, , wherever the term “promote sound markets” occurs in the strategic plan, we would add the word “efficient” so it would read “promoting sound and efficient” markets.
2. The amendment to Article 15 (6)(e) adding to the duties of the Executive Committee the ability to adopt principles, standards, guidance and other papers, and (in Article 12(1)(c)) removing this authority from general meetings of members, is a fundamental change to the structure of the IAIS

which requires much greater exposure and discussion before it is voted upon. We would thus request that Article 22 (3) regarding entry into force be changed to 2011 (from 2010) and that the subject should be discussed at an information session at the October 2010 Tri-Annual meeting and at the upcoming round of regional seminars.

3. Article 13 (8) proposes to change the voting threshold from a simple to a two thirds majority for Executive Committee votes on adoption of principles, standards, guidance and other papers. If this change is made, we think an absolute majority of two-thirds should be required for adoption commensurate with the importance of the decision on principles, standards and guidance papers.
4. Further, we believe that, if this authority is given to the Executive Committee, this section should include a strong requirement that Executive Committee meetings, deliberations and/or votes on principles, guidance, and standards be open to participation by the general membership and observers. Transparency and due process protections should include due notice of the meetings/calls, the circulation of an agenda in advance and minutes following, and a meaningful opportunity to participate in the discussion. While we recognize that there may be times when the Executive Committee will need to meet in closed session, these should be limited to when they are necessary for confidentiality or other publicly disclosed reasons, and then only for that portion of the agenda.
5. We note that in the Strategic Plan Proposal 1(21), which lays out options for the adoption of supervisory papers, it is noted that the bylaws were changed in 2009 to allow for the use of an Extraordinary General Meeting for more timely paper adoption. We feel that this provides an adequate mechanism for emergency situations until more educational outreach with members and observers can be conducted, and that until the transparency and process concerns we raise above have been addressed no fundamental changes should be undertaken at this time.
6. In order to fund proposed activities, the IAIS (page 25) projects that fees (albeit, after 2011, the maximum that can be charged) for the next 5 years will grow by 10% in the first year and then 7% for the next four years. We urge the IAIS to continue with its efforts to contain costs so the maximum proposed increases will not be needed.

Thank you sincerely for your consideration.

American Council of Life Insurers
American Insurance Association
Group of North American Insurance Enterprises, Inc

Property Casualty Insurers Association of America
Reinsurance Association of America

cc: Yoshihiro Kawai, Secretary General, IAIS