

## Response to IAIS consultation on Stakeholder Engagement and Consultation Policy (SECP)

### 1. Do you have comments about the stakeholder engagement principles set out in section 2 of the draft policy?

GFIA appreciates and values that the IAIS aims to have strong engagement with stakeholders and it recognises that the IAIS has taken positive steps to adapt its engagement with stakeholders to reflect the pace of change in current issues that merit global regulatory policy attention.

In general, GFIA supports the proposed principles and seeks the following additions (noting that the principles are set out in section 3 (and not section 2) of the draft policy):

a) *Recognising the weight and value of input from associations representing a wide range of stakeholders*

While it is right that the IAIS seeks “to engage with all relevant and interested stakeholders”, it is important that, in considering how to take on board input from stakeholders that also ensures specific regional perspectives, it gives appropriate consideration to input from associations representing a large number of stakeholders, in which many competing and diverse perspectives have been discussed and often reconciled into more definitive and inclusive positions.

There have been some cases, when discussing stakeholder feedback, in which the IAIS has referred to the number of responses with a particular point of view. This can imply that it is giving equal weight to input from one individual or one company compared to a national or international association representing hundreds or even thousands of companies. While GFIA agrees that regional views are important and should be taken into account, GFIA’s understanding is that the IAIS appreciates getting aggregated agreed input from representative associations rather than receiving many individual inputs from their members.

GFIA therefore asks that the IAIS considers adding an additional principle or includes text in one of the existing principles stating that, while it seeks the widest input, it takes account of the representativeness of the organisation that provided the input in terms of geographic scope, lines of business, market diversity and global activity.

b) *Recognising the importance of physical meetings*

GFIA supports the fact that, under the equal access principle, the IAIS will generally ensure that its stakeholder engagement offers at least a virtual option. It is also anticipated that opportunities for face-to-face meetings may become less frequent in the future to reduce carbon footprints.

However, it is also important to ensure that a wide range of stakeholders have the opportunity to participate in face-to-face meetings. Therefore, GFIA asks that the IAIS also includes text saying that it recognises the value and importance of physical meetings and will also ensure regular opportunities to meet physically, with virtual attendance options. GFIA sees a risk that without such commitment as part of the principles, virtual stakeholder interaction becomes predominant with not enough physical meeting options.

GFIA commends the IAIS for its efforts to have senior IAIS representation in global insurance events and to participate where feasible in stakeholder meetings. Members are also keen for the IAIS to restore the practice of holding an in-person annual Global Seminar, while recognising resource constraints and environmental impacts. In addition to a formal programme, the Seminar and the Annual Conference provide an efficient opportunity for rich informal exchanges and side meetings among stakeholders and between stakeholders and regulators. These interactions are critical for the reconciliation of diverse views, clarification of perspectives and interpersonal conversations that underpin meaningful, constructive policy direction in the IAIS's work. GFIA also believes that the value to members of the "ExCo dialogues" at these meetings would be greatly enhanced if more time were allotted to addressing questions from the audience that are not pre-rehearsed. As currently conducted, there is minimal/no time for such questions.

c) *Transparency of external IAIS engagement*

GFIA fully supports the IAIS's engagement with other policymakers and urges the IAIS to use these interactions to introduce, explain and advocate insurance perspectives, especially with regard to non-insurance counterparties that misunderstand or fail to recognise the value or role of the sector. At the same time, recognising that the IAIS participates in meetings of other organisations as members or associates, GFIA urges the IAIS to be transparent in disclosing those interactions, the IAIS objective and/or position, and any outcomes.

d) *Recognising the importance of consulting with business end-users of insurance, including businesses in developing markets, when considering how to address protection gaps*

GFIA welcomes the IAIS's aim to engage more with consumers in developing markets as part of its commitment to diversity, equity, and inclusion. GFIA suggests that the IAIS should seek to gather the views of consumers and business end-users in developing markets (in addition to developed markets) when considering policy principles that might help address protection gaps. While developing markets are among the countries most vulnerable to climate change and natural catastrophes<sup>1</sup>, they are also among the least protected by (re)insurance, in part because of public policy barriers that prevent the provision of global (re)insurance to those markets. GFIA would encourage the IAIS, whenever considering issues around global protection gaps, to seek the views of business end-users in developing markets on how they could secure better insurance protection and the policy steps that they

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<sup>1</sup> Emerging Economies Climate Report (CDC Group, 2021). Available at <https://assets.bii.co.uk/wp-content/uploads/2021/10/07084947/CDC-Emerging-Economies-Climate-Report-2021.pdf>

think might help close protection gaps in their societies. Likewise, GFIA would encourage the IAIS to continue to draw the attention of its member jurisdictions to its longstanding principles of best practice regulation which highlight the risks of depriving businesses and consumers of access to global reinsurance markets. Insurance Core Principle 13, with its advice to regulators to avoid imposing limitations on the ability of primary insurers to access global reinsurance markets, is especially important in this regard.

## 2. Do you have any comments about the measures set out in section 6 to implement the policy?

GFIA asks for the following to be considered for incorporation into section 6:

a) *Including a consultation on the annual roadmap before it is finalised*

GFIA asks the IAIS to include a consultation on its roadmap before it is finalised. This would allow stakeholders to help the IAIS decide if a project is needed and/or justified given the resource costs/benefits for the stakeholder and, where justified, to provide input on the draft scope, objectives and timeline. This might be more efficient and meaningful if conducted as separate consultations of specific working parties, which would allow more in-depth input on the subject of the proposed work and the nature of an IAIS response to a given area across analysis as a key risk and trend, standard setting, or implementation.

b) *Showing clearly the changes when revising existing standards*

GFIA understands the scope of public consultations to include revisions to existing supervisory standards and supporting material. Providing a document comparing the existing and proposed texts with the consultation draft would facilitate the process.

c) *Documentation to explain/justify proposed calibrations*

The IAIS should commit to providing background information, such as the data/methodologies used to explain or justify proposed calibrations for the ICS, so that stakeholders can properly assess proposals in a consultation package. Although the ICS is intended to be a globally applicable capital standard for IAIGs, the IAIS has, to date, not provided explanations of the determination of the various risk charges.

d) *Facilitating participation of stakeholders across global time-zones*

GFIA would ask the IAIS to consider improving online public background sessions and public discussion sessions to facilitate participation from different time zones (eg, holding two sessions on the same topic at different times).

e) *Scheduling public consultations to avoid excessive burden*

When setting the schedule for public consultations, the timing of annual monitoring (eg, ICS monitoring, IIM) should be taken into account so as not to impose an excessive burden on stakeholders. This will enable the smooth exchange of information for both supervisors and supervised parties.

### **3. Do you have any comments about how to increase the diversity of IAIS' stakeholder engagement?**

GFIA supports the IAIS's principle to engage a diverse range of stakeholders and supports its proposals to include virtual attendance options and, where justified, to provide financial support for attendance to help achieve this. GFIA also urges the IAIS to leverage the diversity of members that participate in many of the associations representing insurance market participants and stakeholders, many of which have experience in a range of market sizes and conditions and share strategic priorities with the IAIS, such as closing protection gaps, financial inclusion and DEI initiatives.

### **4. What further steps could the IAIS take to increase transparency?**

Many of the points GFIA has made to earlier questions would also increase transparency.

GFIA would also ask the IAIS to publish on its website its committee and working group memberships to provide transparency into who is making policy decisions.

### **5. Are there other examples of best practice that the IAIS should consider?**

IOSCO's Affiliate Members Consultative Committee (AMCC):

The IAIS could establish a mechanism similar to IOSCO's Affiliate Members Consultative Committee (AMCC) to allow the insurance industry to contribute to IAIS policymaking and other initiatives.

The AMCC includes 73 members from 32 jurisdictions, these are mainly self-regulatory organisations, firms (eg, stock exchanges, CCPs, etc.), and trade associations. The AMCC is chaired by a national trade association. The AMCC's responsibilities include:

- Providing input into IOSCO policy and standard-setting work
- Setting its own workstreams, including the Regulatory Affairs Group, the Emerging Risks Group and the Regulatory Staff Training Working Group.
- Establishing task forces to investigate topics with specific relevance to AMCC members and/or the broader IOSCO community.

GFIA understands that IOSCO members consider the biggest benefit of this to be the range of opportunities it provides for affiliate members to participate and share their expertise with the broader IOSCO membership (regulators) in various priority areas. In recent years, they have enhanced and increased the coordination with IOSCO policy committees (formed by the regulators) as well as improved the substance and increased the number of contributions to IOSCO workstreams.

Examples:

- 2018's Annual Report mentions that IOSCO's Cyber Task Force reached out to the AMCC and requested information on cybersecurity practices from industry practitioners.
- AMCC contributed to IOSCO's annual Risk Outlook by providing input on emerging regulatory issues.
- AMCC members were required to implement new resilience reforms and provide feedback to IOSCO.



GFIA understands that the AMCC's chair is also allowed to attend some IOSCO regulator committee meetings, without being able to vote.

**6. Do you have any other general comments about the policy?**

No

#### Contacts

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#### About GFIA

The Global Federation of Insurance Associations (GFIA), established in October 2012, represents through its 40 member associations and 1 observer association the interests of insurers and reinsurers in 68 countries. These companies account for 89% of total insurance premiums worldwide, amounting to more than US\$4 trillion. GFIA is incorporated in Switzerland and its secretariat is based in Brussels.