

July 17, 2023

Dr. Victoria Saporta  
Chair, Executive Committee  
Mr. Jonathan Dixon  
Secretary General  
International Association of Insurance Supervisors (IAIS)  
Bank for International Settlements  
CH-4002 Basel  
Switzerland



Re: IAIS Strategic Plan 2025-2029 Stakeholder Survey

Dear Dr. Saporta and Mr. Dixon

The Institute of International Finance (IIF) and its insurance members welcome the opportunity to comment on the IAIS Strategic Plan 2025-2029 (Strategic Plan). We appreciated the discussions of the Strategic Plan and the IAIS's key priorities during the recent IAIS Global Seminar, which have helped inform this response to the stakeholder survey. The survey outlines six existing priorities of the IAIS: climate-related risks, conduct and culture, digital innovation, diversity, equity and inclusion (DEI), financial inclusion and operational resilience/cyber risk.

Our response reflects the following overarching themes, which also relate to the separate IAIS consultation on stakeholder engagement, to which we will respond separately:

- IAIS priorities should reflect its core mandate, as well as the prudential and supervisory mandates of its members
- Given the substantial body of standard setting work that has been accomplished by the IAIS, the focus of the Strategic Plan should be on capacity-building, including the development of guidance, best practices, and toolkits (reflecting High-Level Goal 3)
- The development of guidance, best practices and toolkits should be informed by robust discussion among IAIS members, stakeholders and, where applicable, other competent authorities

In general, IAIS priorities and strategic themes should reflect and be consistent with the IAIS's mandate, and the prudential and supervisory mandates of its members. While IAIS members generally have a mandate for policyholder protection, fair, safe, and stable insurance markets, and financial stability, members may not have a clear mandate for certain social issues, or the link to their statutory or regulatory mandate may be tenuous. By focusing on those priorities that align well with the core mandates of IAIS members, the IAIS can devote its resources to developing guidance and best practices that can be implemented successfully by its members. Alignment of priorities to core insurance prudential and supervisory mandates would also reflect that there may be substantial differences in national or cultural approaches to certain issues and recognize the importance of acknowledging the diversity of views and practices.

For its next Strategic Plan, the IAIS should prioritize the development of guidance, best practices and toolkits based on the considerable amount of standard setting that has already been accomplished. Guidance, best practices, and toolkits should be developed in a manner that IAIS members can implement flexibly, reflecting the priorities, needs and cultural perspectives of their markets and jurisdictions. Unless where clear and material gaps have been identified in existing standards, the development of additional or revised standards should not be a priority in the Strategic Plan.

We encourage the IAIS to develop guidance, best practices and toolkits that are based on robust discussions among IAIS members and stakeholders and, where applicable, other competent authorities and international organizations. Stakeholder engagement is critical when addressing complex issues such as climate-related risk, digital innovation, operational resilience, and cyber risk, as industry representatives, industry and insurance consumer/end-user advocates and academics bring new and diverse experiences and perspectives to these discussions, which can then inform the development and refinement of guidance, best practices and toolkits, and enhance IAIS supervisory capacity building. On some topics, notably digital innovation and third-party risk management, the IAIS should engage with other competent authorities and international organizations (such as those responsible for data privacy and/or digital policies) in order to better understand the unique characteristics of the insurance sector and, importantly, how the actions they have taken or propose to take in response to their mandates might impact the insurance industry.

The treatment of climate-related risks is one area that would benefit from greater alignment through additional guidance, best practices, and toolkits. Having a multiplicity of jurisdictional approaches can lead to ineffective and inefficient regulatory fragmentation. In particular, a number of jurisdictions have adopted a variety of climate-related scenario analysis exercises for insurers. Large insurance groups operating in multiple jurisdictions often are subject to or are expected to participate in multiple exercises, diverting resources from the management of climate-related risks on a day-to-day basis. Discussions among IAIS members and stakeholders and other competent authorities should reflect on the lessons learned from these exercises to date and how jurisdictional exercises could be better coordinated and aligned, to the benefit of supervisors and the industry alike. Greater alignment would allow for better comparison of the results of exercises and allow supervisors to draw better conclusions about the impact of climate-related risks on insurers. The inclusion of other authorities and actors with competence in climate-related issues could help to inform those entities about climate-related impacts, both positive (opportunities) and negative (risks) on and from the insurance sector.

We appreciate the opportunity to comment on the Strategic Plan and look forward to further dialogue regarding the ongoing work of the IAIS.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeff Morse", with a long horizontal flourish extending to the right.