

March 15, 2011

Mario Draghi, Chairman
Financial Stability Board
c/o Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel, Switzerland

and

Peter Braumüller, Chairman
International Association of Insurance Supervisors
c/o Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel, Switzerland

Dear Sirs:

At the urgent request of the national and regional insurance and reinsurance associations signed below which collectively represent over 80% of global insurance business, we would respectfully ask the FSB to extend, by at least ninety days (until October 1, 2011), the timeline for the consideration and finalization of both the methodology and criteria for the determination of Globally Systemically Important Financial Institutions (G-SIFIs). We ask for this primarily out of concern that there has not been adequate and transparent debate at the national and international level whether potential systemic risk issues in insurance are best addressed by G-SIFI designations, nor has there been sufficient consideration of the potential negative consequences that G-SIFI designations will bring. To be useful for all concerned, the additional time period should be accompanied by additional consultations with the opportunity for all stakeholders to provide input.

We acknowledge the efforts of the IAIS to enhance its interaction with Observers in order to foster a better exchange of views. We note that the IAIS made strides to have a preliminary review as it relates to this FSB process. However, this process is as of yet incomplete and the current timeline will not be able to accommodate necessary further work and more comprehensive consultations. It is of particular concern that initiatives to deal with systemic risks on the national and international level are largely disconnected.

There is an overwhelming belief on the part of the global insurance and reinsurance industry that more detailed and transparent discussions are required in order to assess potential systemic risk issues in insurance and to decide on the best approach to address these. Even if the FSB and the IAIS already believe today that a G-SIFI designation process is required in insurance, we strongly believe that a more fulsome and thorough process for engaging the industry is necessary in order to properly quantify and understand the consequences of G-SIFI designations. We would also like to emphasize that the IAIS has already achieved many of the parallel FSB targets as to raising regulatory standards and further development of peer review

and reporting. As such, we hope that you will give serious consideration to our request for a deferral. We also believe that granting this deferral is not in any way inconsistent with the political intent of G20 leaders in their desire to balance the root causes of the financial crisis while not harming the recovery. No core insurance activities have caused a systemic financial crisis and, due to the business model, any unwinding of insurance companies occurs over a long period of time, so there is no need for undue haste in addressing what today is largely hypothetical.

We remain supportive of the mission of the IAIS as an international standard setter for insurance and of the mission of the FSB in coordinating and implementing global regulatory communication and cooperation commitments by the G20 leaders on financial stability issues. However, insurers and reinsurers are entities that are supervised and regulated at the national or sub-national level; and the rapid, complex and high level nature of the FSB deliberations on G-SIFIs or SIFIs has implications on sovereign authority and competitive equality that we feel demands a broader and more thorough review. We are additionally communicating this wish to our respective national executive and legislative stakeholders.

We appreciate your consideration of the requested additional time and consultations and would ask you to send your response to Ms. Janice Hilchie, who coordinates the Network of Insurance Associations at the Canadian Life and Health Insurance Association at jhilchie@clhia.ca.

Sincerely,

Association of Bermuda Insurers and Reinsurers (ABIR)
Association of British Insurers (ABI)
American Council of Life Insurers (ACLI)
American Insurance Association (AIA)
Association of Savings and Investment of South Africa (ASISA)
Canadian Life and Health Insurance Association (CLHIA)
DIMA (Dublin International Insurance & Management Association)
Dutch Association of Insurers
European Insurance and Reinsurance Federation (CEA)
Fédération française des sociétés d'assurances (FFSA)
Federación Interamericana de Empresas de Seguros (FIDES)
The Geneva Association
German Insurance Association (GDV)
Group of North American Insurance Enterprises (GNAIE)
Insurance Bureau of Canada (IBC)
Life Insurance Association of Japan (LIAJ)
Property Casualty Insurers Association of America (PCI)
Reinsurance Association of America (RAA)