

**NCOIL Comments to International Association of Insurance Supervisors (IAIS)
on Proposal re: IAIS Meeting Participation & Consultation with Stakeholders**

(submitted on September 2, 2014)

The National Conference of Insurance Legislators (NCOIL)—an organization of state legislators who chair and are guiding forces in the committees responsible for introducing, debating, and endorsing insurance laws in each U.S. statehouse—appreciates 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*. While we recognize the increasing role that the IAIS is playing in international discussions and understand IAIS interest in promoting efficiency, we would like to stress certain practices that need to be observed regarding the approach that IAIS may take.

NCOIL believes that openness and transparency are a requirement in any and all international dialogues that would impact the successful U.S. regulatory system and continue to encourage such methods of due process, most recently in resolutions adopted on July 13 relating to capital standards and to guiding principles for insurance regulatory discussions. We called for a meaningful mechanism for state insurance legislators to weigh in and highlighted the importance of coordination and cooperation among legislators, regulators, and interested parties.

Though the draft IAIS procedures express support for a more open and transparent process, NCOIL is unclear as to how closing IAIS meetings would advance that goal. In the U.S., discussions regarding proposed legislation and other matters must, with very limited exceptions, be open to all who may be interested—to help ensure that policymakers are held accountable for their decisions and that the product of those deliberations are given credence. We respect the integrity and dedication of regulators active in the IAIS, and so we caution that closing meetings could call IAIS decision-making into question.

The growing importance of IAIS initiatives, particularly regarding capital standards and corporate governance, demands a more, not less open approach. That means, we believe, that a range of interested parties should continue to have a say throughout development of IAIS work products. Limiting stakeholder input will actually endanger the efficiency that IAIS is seeking, as it would be difficult for state legislators in the U.S. to support a proposal affecting U.S. insurance oversight without a full understanding of its impacts and without a belief that the proposal reflects open and balanced discussion. Global standards, though well-intentioned, will fail to meet their objectives without approval at home.

While choosing a small group of interested parties to offer comments in closed IAIS meetings may be thought of as a way to encourage efficiency while retaining transparency, NCOIL urges you to reconsider, as this approach could create an unlevel playing field and the appearance of favoritism. It also could lead to work products that pose inadvertent harm to certain segments of the industry, such as small and medium-sized companies that lack significant resources to participate in international discussions.

NCOIL again thanks you for the opportunity to comment. In addition to our submission, we strongly encourage you to consider carefully the comments submitted by the National Association of Insurance Commissioners (NAIC) on behalf of state insurance regulation and in support of an IAIS process that is transparent and accountable.