



## Draft Stakeholder Engagement Plan Request for Feedback Comment Template

Name of Jurisdiction or Entity: INTERNATIONAL ACTUARIAL ASSOCIATION (IAA)

Comment Number	Paragraph Reference Number*	Comment
1.	Pg 2, para E	The term “key partners” is introduced. Who is a key partner and what qualities must they exhibit? Other terms used in the document with which the IAA might identify include “professional organization” and “global body”. It is unclear which of these terms apply to the IAA and the import of these terms on the nature of IAIS engagement with the IAA. Our core membership includes both “stakeholder” and “supervisor” individuals who work to provide objective solutions independent of the impact to any individual member.
2.	Pg 2, para G	This paragraph makes reference to “how best to interact with divergent groups of stakeholders”. The IAA is of the view that this is the fundamental issue for the SETF. Despite many good suggestions in the document, the IAA has found it difficult to understand what the document will mean for the IAA and its desire to better contribute to the IAIS on projects which involve core IAA expertise.
3.	Pg 3, para K	This paragraph makes reference to “holding numerous and more extensive consultations and stakeholder engagement meetings”. While laudable, will this initiative by itself require a substantive and perhaps excessive use of IAIS resources? The IAA notes that the document contains little reference to the need to focus stakeholder engagement (e.g., by project, by prioritization, etc.).  The IAA suggests it would be preferable to adopt a different IAIS approach that incorporates a stakeholder engagement plan tailored to each IAIS project. In this way, the stakeholders needed for each project can be identified in advance and consulted on the best means of achieving project success. As a result, the IAIS project plan (project by project) can include a customized engagement

	<p>plan from the outset.</p> <p>The IAA suggests that the IAIS stakeholder engagement plan explicitly recognize the need for different levels of engagement from specific stakeholders (and other outside parties like the IAA) based on the specifics of each IAIS project. Using a medical analogy, when operating on a patient, the medical team requires specialists appropriate to the surgery being performed. All other interested medical staff are welcome to observe the operation from a separate room.</p> <p>The IAA suggests that while there may be many IAIS projects for which IAA engagement should properly be at a “low level” there are other projects for which a “higher level” is needed for overall project success. Examples of such “higher level” engagement projects for the IAA include the valuation of technical provisions, solvency assessment, capital standards, actuarial function, risk management, resolution etc.</p> <p>Some IAIS projects may require no “higher level” stakeholder engagement. However, others (e.g., ICS) may require one or more stakeholders to participate at a “higher level”.</p> <p>“Higher level” stakeholder engagement may be very important to a project as it affords IAIS decision makers close access to all the relevant expertise needed for project success. Such engagement would be very important for any technically challenging, large and or mission critical (to the IAIS) projects.</p> <p>An IAIS invitation to a stakeholder to participate at a higher level should require quid pro quo obligations on the stakeholder (e.g., appropriate secondment (through dedicated but still part time IAA volunteers), confidentiality and/or other conditions as needed for the duration of the assignment) to avoid “favouring” one stakeholder over others.</p> <p>If the IAIS were to consider such “focused” stakeholder engagement (FSE), the IAA suggests the following for practical implementation:</p> <ul style="list-style-type: none"> <li>- Begin with a few large projects before expanding to others</li> <li>- Once a project has been selected for possible FSE, ask all stakeholders for their interest and proposals for their “added value” to the project if selected for FSE.</li> <li>- At its discretion, the IAIS may wish/need to proactively invite certain stakeholders to FSE due to obvious or pressing need. This would be in addition to the general invite</li> </ul>
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		<p>described in the previous point.</p> <ul style="list-style-type: none"> <li>- IAIS project team would make the final determination of the need for FSE and which stakeholders would be invited to participate and in which aspects of the project.</li> <li>- IAIS project team and selected FSE participants would agree on appropriate quid pro quo conditions on VSE participation.</li> <li>- All stakeholders would receive regular IAIS updates.</li> </ul> <p>The IAA believes there the concept of FSE would enable the IAIS to make speedier and more effective use of the varied contributions of its stakeholders especially for IAIS mission critical projects. The IAA suggests that the approach we have outlined permits the IAIS project team to identify/recognize the need and abilities of possible FSE stakeholders at project initiation. Such an approach also protects against the possibility of “too many cooks in the kitchen” and from inappropriate breaches of confidentiality.</p> <p>The IAA notes previous precedent for a somewhat similar approach used during the development of Solvency II by CEIOPS.</p>
4.	Pg 8, a1	<p>This paragraph states that the IAIS wants to “broaden participation by, and increase access for, consumer representatives.” Is this to educate them or be informed by them? If the former, the IAA believes there is a need (in some cases) to fill that role of education outside of meeting venues and more directly to project teams.</p>
5.	Pg 8, a2	<p>The heading for this section refers to initiatives of greater relevance to emerging insurance markets yet the list of items in the following text fails to make note of “financial inclusion”.</p>
6.	Pg 11-13	<p>This portion of the document is focused on academics, professionals and professional organizations (of which the IAA is a professional organization) yet the IAA finds it difficult to understand how its relationship with the IAIS would change. Given the mission critical projects being addressed currently by the IAIS (e.g. ICS, the ICP’s and Comframe) the IAA hopes that the practical approach proposed in our 3<sup>rd</sup> comment (above) will be of immediate assistance.</p> <p>These pages in the document seem to indicate that enhanced engagement should come at an individual level from the proposed increases in engagement with researchers and academics. However, the section that supposedly deals with this</p>

		<p>has material omissions in items B 2, 3, 4 (mainly on page 13) where professionals or professional bodies are mentioned only once, and even then, rather briefly. These pages could be interpreted as stating a preference for professionals as individuals over engagement with professional organizations (such as the IAA). The IAA (which represents the global actuarial profession) believes that this was not likely the intent of the IAIS in drafting this part of the document and that suitable changes to highlight the role of professional organizations, such as the IAA, would be helpful.</p> <p>The unique combination within the actuarial profession of technical and regulatory understanding of and fore industry application is a key value-add, yet this is not mentioned in these pages or elsewhere in the document whether for professional actuarial bodies or individual actuaries as professionals.</p>
7.	Pg 11, (3)	<p>This paragraph states “Both the IAIS and academics and professionals can benefit from ..... understanding of the issues facing the international financial system; and improved technical knowledge in key areas such as financial stability, reinsurance, and accounting”. The IAA supports this statement except for the listing of key areas which we suggest to be modified to refer (instead) to, “financial stability, financial condition, financial position, valuation, risk management etc.”</p>
8.	Overall	<p>In summary, the IAA fully supports this initiative of the IAIS to further develop a plan for stakeholder engagement as it will contribute to the success of the IAIS in fulfilling its mission. While there may be several IAIS projects/topics on which the IAA may have limited input (e.g., perhaps supervisory authority, conduct etc.), engagement between the IAA and IAIS has been strongest (and should be) on financial condition, financial position, valuation, risk management, resolution etc. related topics (e.g., ORSA, ICP 14 on valuation, ICS etc.).</p> <p>On these topics, the actuarial profession is extremely well skilled and has much to contribute. In the IAA's view, these topics demand a close feedback loop between the supervisors (IAIS), insurers (via QIS's, direct dialogue, Q&amp;A etc.) and the actuarial profession (e.g., IAA and Full Member Associations). Actuaries are present in each of these 3 groups but each group offers its own unique perspective. Undoubtedly, the 3 groups will agree on many things but on certain key aspects the view of the actuarial profession will be needed if disparate voices are present at the industry or even supervisory</p>

		<p>level.</p> <p>The IAA believes the engagement document is missing a practical plan to engage stakeholders. Our comment #3 outlines a practical suggestion for such a plan.</p> <p>The IAA believes there is a need for the IAIS to identify for each of their key projects who their key stakeholders are. While all stakeholders need to be kept in the loop, certain stakeholders may be deserving of special attention for a given project. On ICS for example, insurers are of necessity front and centre through their QIS participation (for example). The IAA believes it is adding considerable value currently in regard to solvency matters and that we can be of even greater value to the IAIS in helping it to achieve its mission critical goals through an enhanced level of stakeholder engagement (as described in more depth for all stakeholders in comment #3).</p> <p>The IAA looks forward to being of assistance to the IAIS as SETF further develops its stakeholder engagement plan.</p>
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\*Include the applicable page number, paragraph number or letter, and any sub-paragraph or further sub-numbering or lettering, as necessary to identify that part of the document to which the comment applies.

**NOTE: The deadline for providing feedback has been extended from 31 December 2016 to 20 January 2017. All feedback must be submitted in writing to the IAIS Secretariat at [IAISConsultation@bis.org](mailto:IAISConsultation@bis.org), using this Comment Template. Please include “Draft SEP/Request for Feedback” in the email “Subject” field.**