

Kwan Jung  
Secretariat  
International Association of Insurance Supervisors  
c/o Bank for International Settlements  
CH-4002 Basel, Switzerland

January 5, 2012

**Re: Survey on Supervision of Cross-Border Operations through Branches**

Dear Mr. Jung:

On behalf of the undersigned insurance associations, members of the International Network of Insurance Associations (INIA), we thank you for the opportunity to comment on the above questionnaire and look forward to your response to the questions raised in this letter. Given the initially established short timeframe to review the survey, we want to especially thank you for the extension of time to file a response until January 5<sup>th</sup>, 2012. The branching issue is of great importance to our member companies with whom we have consulted quickly over the holidays although this has been difficult.

While a number of our members will be responding to the questionnaire individually, we would like to note our shared concerns particularly as they relate to the survey process, the specific information being requested, and the need for a better understanding of the context behind this survey. As such, we would like to request that additional time and consideration be provided before the "Observer" section of the questionnaire is finalized.

We note that not all IAIS Observers initially received the survey; only those who attended the meeting of the IAIS Insurance Groups and Cross-Sectoral Issues Subcommittee in Sydney in early December were fully aware of its existence. In addition, much of the information requested is considered to be proprietary and without greater understanding by industry of the need for and use of this information, we believe you would receive few responses. Lastly, it is our view that the reasons for establishing a branch, instead of a subsidiary, are complex and varied and in many instances determined by opportunities in a local market for takeover/merger or historical reasons rather than regulatory considerations. We are therefore concerned that responses to the questions will be misinterpreted and may lead to an inaccurate representation of the use of branches/subsidiaries or an inaccurate picture of local market variations in branch versus subsidiary treatment.

We understand that this questionnaire was prepared for the purpose of a fact-finding exercise and to be used solely as the basis for the development of an Issues Paper on Supervision of Cross-

Border Operations through Branches. However, in order for us to make a meaningful response, it is important for us to understand the context of this survey. More specifically, we would like to know: (i) how would this questionnaire play into the overall work stream on branches; (ii) what are the specific objectives of the survey and work stream; and, (iii) what are the underlying concerns related to insurance entities conducting their business through branches. Answering these questions will provide observers with a greater comfort level and allow them to be more helpful in their responses.

We want to be helpful and constructive in our engagement on this issue and suggest that the best way forward is to first proceed immediately with the regulator-only section and then schedule an in-person dialogue with industry observers on the questionnaire at the next IAIS Insurance Groups and Cross-Sectoral Issues Subcommittee meeting in Basel (January 26-27, 2011). The regulator-only responses will determine gaps in information that observers may be able to fill, if any. We believe this is justified given the questions for Observers now included in the survey. There is a broad feeling among Observers that there are legitimate concerns that responses would require the release of proprietary information and thereby raise competitive and confidentiality issues.

In order to address process concerns that we have identified above, we suggest that the IAIS consider developing and implementing a standardized and fully transparent process by which subcommittees and other working groups of the IAIS prepare and issue questionnaires/surveys. Again, we thank you for the opportunity to provide feedback and we are committed to working with you to improve the process.

We look forward to hearing from you.

Sincerely,

American Council of Life Insurers (ACLI)  
American Insurance Association (AIA)  
Association of Bermuda Insurers and Reinsurers (ABIR)  
Canadian Life and Health Insurance Association (CLHIA)  
European Insurance and Reinsurance Federation (CEA)  
Insurance Bureau of Canada (IBC)  
Insurance Council of Australia (ICA)  
Inter-American Federation of Insurance Companies (FIDES)  
Group of North American Insurance Enterprises (GNAIE)  
Property Casualty Insurers Association of America (PCI)  
Reinsurance Association of America (RAA)

cc: Lance Leatherbarrow, IAIS Secretariat  
Shinya Kobayashi, Japanese Financial Services Authority