



Robert Neill
Senior Counsel

DELIVERED VIA E-MAIL

March 16, 2012

Secretariat of the Joint Forum
Bank for International Settlements
CH-4002 Basel , Switzerland

Re: The Joint Forum's Consultative Report on Principles for the Supervision of Financial
Conglomerates

Dear Members of the Joint Forum:

The American Council of Life Insurers thanks you for the opportunity to provide our views on the Joint Forum's Consultative Report (the "Report") on Principles for the Supervision of Financial Conglomerates (the "Principles"). Recognizing the importance of the Joint Forum's work in support of the G-20's financial reform agenda, which includes strengthening the global financial system through more effective oversight and supervision, we consider the recommendations contained in the Report very important. We offer our general comments for your consideration. The ACLI represents more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies represent over 90% of the assets and premiums of the U.S. life insurance and annuity industry. ACLI represents all U.S. headquartered life insurance and reinsurance companies with operations around the globe.

While we support many of the objectives identified in the current draft Report, we are mindful of the range of views within the Joint Forum, and are adamant that as this work stream proceeds, any proposals recognize the need for an outcomes-based approach that is consistent with the U.S. regulatory framework and philosophy, and our form of Constitutional Democracy.

In particular, we support the objectives of the Joint Forum to close regulatory gaps and ensure effective supervision of risks from unregulated financial activities and entities. Additionally, we agree that national authorities and supervisors would benefit from a set of internationally agreed principles that support consistent and effective supervision of financial conglomerates. We would note though that U.S. State insurance prudential supervisors are representatives of State executive branches of government and cannot prejudice the prerogatives of State legislatures. In the same vein, U.S. Federal banking and securities supervisors are representatives of the executive branch of the Federal government, and cannot prejudice the prerogatives of the U.S. Congress.

We also support the Report's continued emphasis on the centrality of supervisory communication and cooperation to promote effective supervision of international financial conglomerates. We urge the Joint Forum to redouble its emphasis on promoting the establishment of effective communication channels among a financial conglomerate's sectoral regulators and on facilitating a coordinating role for the primary sectoral regulators. In our view, the Report should be crystal clear that the pre-condition for effective supervision of financial conglomerates is effective coordination with other supervisors, both within and across sectors. Such coordination must also be present in requests for data, such as a request from a college of supervisors, so that wherever possible the conglomerate gets one request for data for the college rather than numerous disparate requests. Demonstrated confidentiality protections for the data are also a paramount concern to protect the financial conglomerate itself and to protect confidence in the supervisory system.

We recommend that the Report state at the outset that the Principles do not provide guidance regarding who should provide supervisory oversight of financial conglomerates in a given jurisdiction, how supervisory powers should be derived, or which regulator, supervisor, or authority should be responsible for implementation or for monitoring compliance. This will vary among jurisdictions and financial conglomerates and is a matter for national discretion. We urge the Joint Forum to recognize that local legislative and rulemaking regimes enact laws and promulgate rules pursuant to social norms and political processes unique to each jurisdiction. It is important that the Report recognize that there is not a single template for an effective group-level system of supervision.

Finally, we urge continued attention to how these principles are implemented such that neither U.S. companies nor other insurers are disadvantaged commercially.

We appreciate the opportunity to provide input and would welcome the opportunity to work with you on these important issues.

Sincerely,



Robert H. Neill, Jr.

cc: Yoshihiro Kawai, IAIS Secretary General
Petra Faber-Graw, Chair, IAIS Insurance Groups and Cross-Sectoral Issues Subcommittee
Lance Leatherbarrow, IAIS Principal Administrator