



September 30, 2013

Financial Stability Board  
c/o Bank of International Settlements  
CH-4002 Basel  
Switzerland  
[fsb@bis.org](mailto:fsb@bis.org)

The American Council of Life Insurers (ACLI)<sup>1</sup> appreciates this opportunity to comment on the Financial Stability Board's *Principles for an Effective Risk Appetite Framework* dated July 17, 2013.

The ACLI strongly supports effective risk management for both its domestic and internationally active members. We, therefore, support the general goal of the FSB to develop principles for an effective risk appetite framework (RAF) and related risk appetite statements, risk limits and roles and responsibilities of boards of directors and senior management.

We do, however, we have a few concerns that we ask you to address before this Consultative Document is finalized:

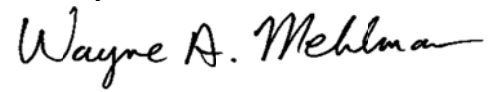
- (1) On pages 7 through 10 in the Roles and Responsibilities section, it outlines numerous, detailed duties that a board of directors, chief executive officer, chief risk officer, chief financial officer, business line leader, legal entity-level manager and internal auditor should perform. We respectfully believe that this approach is too prescriptive, and therefore recommend that a more outcomes-based approach be developed instead.
- (2) On pages 3 and 6, it is recommended that supervisors review sensitive company documents, including board minutes and strategy and planning documents. To the extent that such review is necessary for purposes relating to a RAF or risk appetite statement, we urge that this Consultative Document emphasize the importance of having appropriate confidentiality protections in place.
- (3) The principles would apply not only to systemically important financial institutions (SIFIs), but to "*financial institutions more generally, including insurers, security firms and other non-bank financial institutions*". While such principles would allow these institutions to develop an effective RAF "*that is firm-specific and reflects its business model and organization*", we suggest that the concept of proportionality be applied to fit the nature, scope and complexity of the firm.

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<sup>1</sup> The ACLI is the primary trade association of the life insurance industry in the United States, representing more than 300 legal reserve life insurer and fraternal benefit society member companies that account for over 90% of the assets and premiums of the U.S. life insurance and annuity industry.

Thank you again for the opportunity to comment on this Consultative Document. If you have any questions, please feel free to contact me at 00-1-202-624-2135.

Sincerely,

A handwritten signature in black ink that reads "Wayne A. Mehlman". The signature is written in a cursive style with a long horizontal flourish at the end.

Wayne Mehlman  
Senior Counsel, Insurance Regulation