

**NAIC | CENTER FOR INSURANCE POLICY AND RESEARCH**



**Commercial Real Estate:  
Assessing Insurers'  
Short-Term and Long-Term Exposure**

**NAIC**

**NAIC 2024 FALL NATIONAL MEETING**

**TUESDAY NOVEMBER 19TH | 11:00 AM – 1:00 PM (MST)**



## **Commercial Real Estate: Assessing Insurers' Short-Term and Long-Term Exposure**

November 19, 2024 | 11:00 am - 1:00 pm (MST)

### **Overview**

Real estate investments, including conventional mortgage loans and commercial mortgage-backed securities (CMBS), are a traditional asset class on insurers' balance sheets. These investments offer financial benefits, such as matching the duration of long-term mortgages with the long-term liabilities of life insurance companies. However, like any asset class, they come with risks and an evolving investment landscape. Recent challenges in the commercial real estate sector include the rise of hybrid and remote work and issues in some downtown areas. This event will explore the short- and long-term risks associated with insurer commercial real estate investments and how the industry and regulators are addressing these challenges. Additionally, we will discuss the significant role these investments play in community development and the broader economy.

### **Learning Objectives**

- Identify the breadth and depth of insurer real estate investments through direct and indirect investment holdings
- Discuss and assess both short- and long-term risks associated with insurer commercial real estate exposure
- Understand how the insurance industry and regulators are monitoring and evaluating insurers' commercial real estate risks
- Highlight the significant role insurer commercial real estate investments play in community development



## Plan For Event

1. Opening Remarks (*10 minutes*)  
**Commissioner Nathan Houdek**, Wisconsin Insurance Commissioner  
**Jeff Czajkowski**, Director, Center for Insurance Policy and Research

2. Journal of Insurance Regulation Research Presentation (*20 minutes*)  
[\*Climate Risks in the Commercial Mortgage Portfolios of Life Insurers: A Focus on Sea Level Rise and Flood Risks\*](#)  
**Xiao (Joyce) Lin**, Associate Professor in the Maurice R. Greenberg School of Risk Management, St. John's University  
**Kyeonghee Kim**, Assistant Professor of Risk Management and Insurance, Florida State University

3. Panel discussion (*60 minutes including audience Q&A*)

### PANELISTS

**Kyeonghee Kim**, Assistant Professor of Risk Management and Insurance, Florida State University

**Tim Nauheimer**, Manager, Macroprudential Supervision, NAIC Capital Markets Bureau

**Carmi Margalit**, Managing Director North America Financial Services Ratings, S&P Global Ratings

**Robert Kasinow**, Assistant Deputy Superintendent, New York Department of Financial Services

### MODERATED BY

**Jeff Czajkowski**, Director, Center for Insurance Policy and Research

4. Insight on the role insurer real estate investments play in community development (*15 minutes*)  
**Kelly Edmiston**, Policy Research Manager, Center for Insurance Policy and Research





## **COMMISSIONER NATHAN HOUDEK**

Wisconsin Commissioner of Insurance

Nathan Houdek has served as Commissioner of Insurance for the State of Wisconsin since his appointment by Governor Tony Evers in January 2022. He previously served as Deputy Commissioner of Insurance for three years under former Commissioner Mark Afable.

Commissioner Houdek serves as the state's chief regulator of insurance and oversees the operations of the Office of the Commissioner of Insurance. He is also vice chair of the state

Group Insurance Board and a member of the Wisconsin Insurance Security Fund (the state's guaranty fund) Board of Directors.

As a member of the National Association of Insurance Commissioners (NAIC), Commissioner Houdek currently serves as chair of the Financial Condition (E) Committee, the Accelerated Underwriting (A) Working Group, and the Health Innovations (B) Working Group, and as a member of the Life Insurance and Annuities (A) Committee and various task forces and working groups. He is also vice chair of the Governance Committee of the Interstate Insurance Compact Commission.

Having spent over 20 years working in state legislative and regulatory affairs, Commissioner Houdek has extensive experience finding solutions to complex public policy and regulatory challenges across all lines of insurance. He has held several senior-level roles in the public and private sectors, including serving as a principal at one of Wisconsin's largest public affairs and business consulting firms and as chief of staff to a former minority leader in the Wisconsin State Senate.

Commissioner Houdek grew up in northern Wisconsin and earned his BA and MBA degrees from the University of Wisconsin-Madison. He is actively involved with the Madison Public Library Foundation.



## JEFFREY CZAJKOWSKI

CIPR Director

Dr. Jeffrey Czajkowski serves as the Director of the Center for Insurance Policy and Research (CIPR) for the National Association of Insurance Commissioners (NAIC). The CIPR provides research and education to drive discussion and advance thought leadership as well as action on current and emerging insurance issues amongst insurance regulators, policymakers, industry, and academics. This is accomplished through CIPR's events, research publications, newsletter and website, the Journal of Insurance Regulation, and its extensive NAIC research library holdings.

Prior to joining the CIPR, he served as the Managing Director for the Wharton Risk Management and Decision Processes Center at the University of Pennsylvania, conducting research on various economic and risk-related issues of natural disasters and resilience, as well as on issues of environmental economics. His work has been published in leading risk management, insurance, natural hazards, and environmental economics journals. A significant amount of his research involves working collaboratively in cross-disciplinary research teams and applying research findings through various interactions with top policymakers and senior executives in the insurance industry. This has included serving on two National Academy of Sciences committees, being an academic advisory board member for the World Economic Forum's Global Risk Report, a member of the Federal Alliance for Safe Homes (FLASH) Resilience Policy Council, and a fellow for the Willis Research Network.

He holds a B.S. from Carnegie Mellon University, an M.S. in environmental and urban systems from Florida International University, and a Ph.D. in economics from Florida International University.

Preceding graduate school, he worked in New York City as a research associate for Coopers & Lybrand Consulting and was a vice-president for JP Morgan. He has taught economic courses for over 15 years at a number of universities and was an adjunct assistant research professor at the International Hurricane Research Center (IHRC) at FIU.



**XIAO (JOYCE) LIN**

Associate Professor

St. John's University, Maurice R. Greenberg  
School of Risk Management

Xiao (Joyce) Lin is an Associate Professor in the Maurice R. Greenberg School of Risk Management at St. John's University. Her research focuses on catastrophe risk management, insurance economics, earthquake insurance, climate risk, and predictive modeling. Prior to joining St. John's, she was Assistant Professor at the University of Connecticut School of Business. She received her Ph.D. with a concentration in

Actuarial Science, Risk Management and Insurance from the University of Wisconsin-Madison, and a B.A. in Economics and Statistics from Peking University in Beijing, China.



**KYEONGHEE KIM**

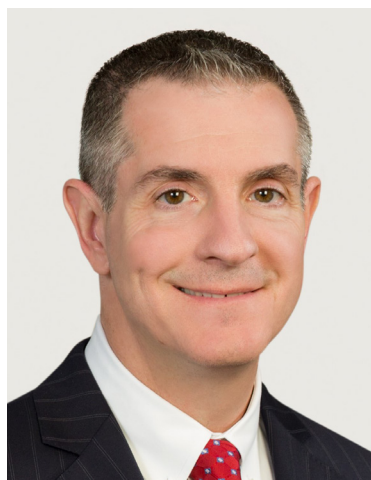
Assistant Professor

Floria State University College of Business

Kyeonghee is an assistant professor of risk management and insurance in the Department of Risk Management/ Insurance, Real Estate and Legal Studies at Florida State University's College of Business. Her primary research focus is the implications of market imperfections and regulation for financial institutions. She is especially interested in life and health insurance company operations. Kyeonghee's research

interest also extends to topics in population health, using nationally representative survey data on health (e.g., NHIS, NHANES, and MEPS).

Dr. Kim's Fellows research is on the underwriting of sea level rise risks.



## **TIM NAUHEIMER**

Manager, Macroprudential Supervision  
NAIC Capital Markets Bureau

Tim Nauheimer is a Manager in the Capital Markets Bureau of the NAIC. His primary responsibility is to lead the macroprudential initiatives domestically and internationally. Domestically, Tim provides staff support for the Financial Stability Task Force and Macroprudential Working Group. Internationally, Tim represents the U.S./NAIC on several IAIS working groups. Tim also provides Capital Markets Bureau support on capital markets risks that may impact the industry.

Tim joined the NAIC in March 2019. Prior to joining the NAIC, Tim was a Director with S&P Global Ratings, where he conducted ERM assessments of insurers as part of the overall credit rating process. Prior to that he was the Chief Risk Officer for AmTrust Financial Services, Inc. where he established and oversaw the ERM function. Prior to AmTrust, he was the Chief Risk Management Specialist for the New York State Department of Financial Services where he spent 11 years as a regulator primarily focused on ERM evaluations and investment risk analyses of insurance companies. His senior appointed position at the NYSDFS also included exposure to most aspects of insurance regulation and insurers operations.

Tim was an active member of various NAIC working groups while at DFS, most notably the Risk Assessment WG and the Group Solvency Issues WG where he was a key contributor to the risk-focused examination approach and the Risk Management and ORSA Model Act.

Tim holds his MBA in Finance from Fordham University and a BS in Accounting from New York Institute of Technology.





**CARMI MARGALIT, CFA**

Managing Director, North America  
Financial Services Ratings  
S&P Global Ratings

Carmi Margalit is a Managing Director and the Life Insurance Sector Lead for the North American Financial Services Ratings group. Carmi leads the group's research, commentary and analytical outreach efforts on life insurance. He serves as the subject matter expert on life and annuities in North America and is one of the primary voices of S&P Global's interactions with the market in the sector. He directly covers a portfolio of high profile life insurers and follows the entire sector very closely.

Prior to his current role, Carmi was the analytical manager of the life and health insurance team; he was an analyst on the life team and in the structured finance group before that.

Carmi is a Chartered Financial Analyst, holds an M.B.A. from Columbia Business School and a B.A. in industrial engineering from the Tel Aviv University.



## **ROBERT KASINOW**

Assistant Deputy Superintendent  
New York Department of Financial Services

Bob Kasinow is Assistant Deputy Superintendent at the New York Department of Financial Services (DFS). DFS supervises and regulates the activities of insurance companies, banks and other financial institutions in New York State. The insurance division regulates the financial condition, corporate conduct, and administration of insurance companies. This includes property and casualty insurers, life insurers, health insurers, and managed care organizations.

At DFS Bob has an important role in financial supervision of a broad range of insurance entities. His expertise extends to group supervision of large multinational insurers, reinsurance issues including cross border reinsurance, statutory accounting and assessing potential risks to insurers and supervisory responses. He is chair of the NAIC Macroeprudential Working Group (MWG) directing efforts to monitor and address systemic risk in the insurance sector. Among key MWG initiatives, the group identified and continues to monitor 13 key considerations for the supervision of insurers, aimed to address various risk and complexities within the insurance industry.

Prior to returning to the regulatory sector, Bob spent several years with consulting firms specializing in insurance matters. He also has 20 plus years of additional regulatory experience with the New Jersey and New Hampshire Insurance Departments.

Bob had his introduction to insurance in financial accounting at a large life insurer followed by a multi-national reinsurer.

He holds the Certified Financial Examiner (CFE), Associate in Reinsurance (ARe) and Market Conduct Management (MCM) designations. Bob is a graduate of the University of South Carolina with a B.S. in Accounting.



## **KELLY D. EDMISTON**

CIPR Policy Research Manager

Kelly Edmiston is the Policy Research Manager in the Center for Insurance Policy & Research (CIPR) at the National Association of Insurance Commissioners (NAIC). His primary research areas are health, healthcare, and health insurance; socioeconomic disparities in health and insurance; investment finance; and macroprudential risk assessment.

Kelly's recent and ongoing CIPR projects involve social impact investing by insurance companies, health provider network adequacy, telehealth, alternative payment models and valuebased payments, racial and ethnic disparities in health and insurance; and macroprudential risk assessment.

In addition to his duties at the CIPR/NAIC, Kelly is an adjunct instructor in the Department of Economics at the University of Missouri (Columbia), where he teaches Health Economics and State and Local Public Finance.

Previously, Kelly worked at Georgia State University and the Federal Reserve and has consulted extensively with the World Bank. He holds a B.A. *summa cum laude* and a Ph.D. in economics from the University of Tennessee.



## Related References

### **NAIC Center for Insurance Policy and Research**

[Climate Risks in the Commercial Mortgage Portfolios of Life Insurers: A Focus on Sea Level Rise and Flood Risks](#)

[Gauging the Potential for Insurance Industry Investments in Social Infrastructure and Community Development Initiatives: an Industry and Regulatory Initial Dialogue](#)

[Insurance Company Baseline Exposure to Social Impact Investments](#)

[Interest Rates & Insurance](#)

[Journal of Insurance Regulation](#)

[Mortgage-Backed Securities](#)

[Social Impact Investing](#)

[Social Infrastructure Investments: Bridging to Capital for the Most at Need and Most at Risk: Part II of an Industry and Regulator Dialogue](#)

### **NAIC Capital Markets Bureau and Financial Condition (E) Committee**

[CRE Market Update - NAIC Summer National Meeting, Materials - Financial Condition \(E\) Committee](#)

[U.S. Insurance Industry's Commercial Real Estate Investments Near \\$1 Trillion as of Year-End 2023, Led by Mortgage Loans](#)

[U.S. Insurer Investments in Private-Label Commercial Mortgage-Backed Securities Decline at Year-End 2023](#)

[U.S. Insurers' Exposure to Residential Mortgage-Backed Securities Increases Double-Digits in 2023](#)



The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

For more information, visit [www.naic.org](http://www.naic.org).

