

## **INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE**

International Insurance Relations (G) Committee March 24, 2025, Minutes

International Insurance Relations (G) Committee Feb. 13, 2025, Minutes (Attachment One)

NAIC Comments on IAIS Public Consultation on the Draft Application Paper on the Supervision of AI  
(Attachment One-A)

Proposal for Creation of the Aggregation Method Implementation (G) Working Group and its Charges  
(Attachment One-B)

International Insurance Relations (G) Committee Jan. 30, 2025, Minutes (Attachment Two)

NAIC Comments on IAIS Public Consultation on Ancillary Risk Indicators in the GME (Attachment Two-A)

## Draft Pending Adoption

Draft: 4/7/25

International Insurance Relations (G) Committee  
Indianapolis, Indiana  
March 24, 2025

The International Insurance Relations (G) Committee met in Indianapolis, IN, March 24, 2025. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Co-Vice Chair, and Tom Travis (LA); Justin Zimmerman, Co-Vice Chair (NJ); Lori K. Wing-Heier (AK); Barbara D. Richardson (AZ); Ricardo Lara (CA); Andrew N. Mais (CT); Ann Gillespie (IL); Anita G. Fox (MI); D.J. Bettencourt (NH); Alice T. Kane (NM); Michael Humphreys (PA); and Nathan Houdek (WI). Also participating was: Philip Barlow (DC).

### 1. Adopted its Feb. 13, 2025; Jan. 30, 2025; and 2024 Fall National Meeting Minutes

The Committee met Feb. 13, 2025, and Jan. 30, 2025. During these meetings, the Committee discussed NAIC comments on the following International Association of Insurance Supervisors (IAIS) public consultations: 1) draft application paper on the supervision of artificial intelligence (AI); and 2) ancillary risk indicators in the Global Monitoring Exercise (GME).

Commissioner Lara made a motion, seconded by Director Fox, to adopt the Committee's Feb. 13, 2025 (Attachment One); Jan. 30, 2025 (Attachment Two), and Nov. 17, 2024, (*see NAIC Proceedings – Fall 2024, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

### 2. Discussed Committee Priorities, Processes, and Projects

Director Dunning discussed the Committee's priorities for this year, including two key areas: 1) monitoring the implementation of the insurance capital standard (ICS); and 2) monitoring the Financial Sector Assessment Program (FSAP). He noted the IAIS reached an important milestone at the end of 2024 by finalizing the ICS and the comparability assessment of the Aggregation Method (AM). He explained that the Committee created the Aggregation Method Implementation (G) Working Group to facilitate the domestic implementation of the ICS via the AM.

Director Dunning gave a brief overview of the FSAP and the NAIC's involvement in previous assessments. He then elaborated on the Committee's role in coordinating the NAIC's participation in the FSAP, including the referral of resulting recommendations for consideration by other NAIC committees, task forces, and/or working groups. As the FSAP covers all financial sectors, the Committee works alongside other relevant domestic authorities. He said the U.S. Department of the Treasury (Treasury Department) acts as a liaison with the International Monetary Fund (IMF) for the whole project.

Next, Director Dunning described other international projects and activities for 2025. He explained the four main core objectives of the IAIS's new strategic plan are to: 1) monitor and respond to key risks and trends in the global insurance sector; 2) set and maintain globally recognized standards for supervision; 3) support supervisory practices, understanding of supervisory issues and facilitating capacity building; and 4) assess implementation of global standards. He explained that the committee will be focused on contributing to various IAIS workstreams this year that fall under each of these objectives.

Next, Director Dunning previewed the upcoming work of the Organisation for Economic Co-operation and Development (OECD), including natural catastrophe risks, guidelines on insurer governance, and a global insurance market trends report. Additionally, this year, the OECD's Insurance and Private Pensions Committee

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(IPPC) will transition into a task force of a larger financial services committee, and its meetings will occur as part of a larger financial services week expected to be held every six months.

At the Sustainable Insurance Forum (SIF), Director Dunning said work will continue on climate-related risks in insurance regulatory capital frameworks, transition planning, and building a better understanding of biodiversity and nature-related risks in 2025. He also noted the European Union (EU)-U.S. Insurance Dialogue Project will follow two workstreams this year: 1) climate and resilience; and 2) innovation and technology.

Director Dunning reported that the NAIC has a handful of bilateral meetings already planned this year with various jurisdictions, including the Association of Insurance Supervisors of Latin America (ASSAL), Morocco, the United Kingdom (UK), Japan, Switzerland, and Bermuda. He then previewed the NAIC's 2025 International Insurance Forum and the virtual spring 2025 session of the Internal Fellows Program.

Ryan Workman (NAIC) gave a review of team members of the NAIC International Division, noting their respective roles and projects as support staff for members. Director Dunning voiced appreciation for the time and effort of all NAIC representatives who contribute to the various work at the IAIS and other organizations.

Dave Snyder (American Property Casualty Insurance Association—APCIA) commended the NAIC on its international activity efforts, saying they made a difference during ICS and AM discussions last year. He emphasized the importance of cohesiveness and bringing people together on the international stage, to protect consumers and preserve solvent markets. Snyder asked the NAIC to share state approaches toward climate issues internationally. In the recent IAIS AI application paper, Snyder noted that his review found an imbalance between the advantages and the risks associated with the use of AI as outlined in the paper. He concluded by urging for continued advocacy at the IAIS for following NAIC standards on consumer and stakeholder participation at the global level.

### 3. Heard an Update on the Activities of the IAIS

Commissioner Zimmerman provided an update on IAIS activities, starting with a review of ICS implementation. Currently, the IAIS is developing high-level principles for the development of an implementation assessment framework. The goal is to have a full assessment methodology agreed upon in time for members to complete a self-assessment in 2026. A more intensive IAIS assessment of jurisdictions' ICS implementation will begin in 2027. He said concurrently, the IAIS is developing ComFrame reporting and disclosure requirements for the ICS. These will be subject to public consultation in the fourth quarter of 2025 and finalized in 2026. The U.S. implementation will be subject to the same timing and a consistent methodology, which will have to take AM specificities into account.

Next, Commissioner Zimmerman reported that the IAIS is preparing to launch its next peer review process, which will focus on Insurance Core Principle (ICP) 13 (Reinsurance) and other forms of risk transfer. He also explained that the IAIS' Operational Resilience Working Group is drafting a toolkit to accompany objectives for sound operational resilience in the insurance sector which were subject to public consultation last year. The toolkit is scheduled for public consultation this summer, with the final application paper published at the end of 2025.

Commissioner Zimmerman then explained that the IAIS' Market Conduct Working Group is finalizing its application paper on how to achieve fair treatment for diverse consumers. He reported that the public consultation on the IAIS AI paper at the IAIS FinTech Forum has concluded, and the group is reviewing public comments and will incorporate appropriate revisions therein. At the Financial Inclusion Forum (FIF), the group has begun updating an application paper on regulation and supervision supporting inclusive insurance markets.

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Currently, work is underway on a revised structure of the paper, and drafting will continue in the next few months before an eventual public consultation.

### 4. Heard an Update on International Cooperation Activities

Commissioner Temple summarized recent international activities. Last December, on the sidelines of the IAIS meetings in Cape Town, South Africa, the NAIC had bilateral meetings with 13 jurisdictions, including Australia, Canada, Canada–Quebec, European Insurance and Occupational Pensions Authority (EIOPA), Hong Kong, India, Japan, Morocco, Saudi Arabia, Singapore, South Africa (both the Reserve Bank and the Financial Sector Conduct Authority), Taiwan, and Vietnam.

Next, Commissioner Temple reported on NAIC participation in recent international events, including:

- The Asian Insurance Forum 2024 in Hong Kong on Dec. 10. Commissioner Mais delivered remarks as part of the panel “Supervisory Priorities from a Global Perspective,” covering key NAIC priorities.
- The 19<sup>th</sup> Asian Forum of Insurance Regulators (AFIR) Annual Meeting and Conference and the Seventh Asia-Pacific High-Level Meeting on Insurance Supervision in Kathmandu, Nepal, from Jan. 20-22. Director Dunning delivered remarks as part of the panel, “Regional Insurance Regulatory Reforms: Building a Future-Proof Risk-Based Solvency Approach.” On the sidelines of the AFIR event, the NAIC had bilateral conversations with the Asia Development Bank, the AFIR Secretariat, Cambodia, China, India, Macau, Nepal, and Thailand

Commissioner Temple reported that the EU-U.S. Insurance Dialogue Project’s workstream on climate risk and resilience has been exploring access to data and underwriting to promote climate resilience, as well as catastrophe risk modeling and how to improve knowledge and transparency. The workstream on innovation and technology has been discussing the NAIC’s *Model Bulletin on the Use of Algorithms, Predictive Models, and Artificial Intelligence Systems by Insurers*, the EU AI act, and other AI developments including AI use cases, cyber resilience initiatives, and other fintech trends impacting respective markets.

Finally, Commissioner Temple noted that on Dec. 4-5, the NAIC participated in the OECD’s Insurance and Private Pensions Committee (IPPC) meeting in Paris, providing an update and insights into the insurance industry’s current state. He also said that the SIF’s Capital and Supervisory Frameworks Working Group is expected to publish papers exploring the extent to which climate-related risks are being considered in insurance regulatory frameworks.

### 5. Discussed the NAIC International Fellows Program

Director Dunning said the NAIC’s International Fellows Program celebrates its 20<sup>th</sup> anniversary this year. He noted that the success is in large part due to states serving as volunteers and mentors to the fellows. To highlight this important element, mentors were asked to provide some remarks on their experience with the fellows program.

Barlow and Travis spoke about their experiences as longtime mentors for the program. Barlow said the District of Columbia has had 33 fellows from 15 countries, noting their eagerness to learn about the state-based system of insurance regulation and readiness to take advantage of the unique learning opportunity. Travis reported Louisiana has had 31 fellows from 10 different countries and highlighted an instance of a fellow being a chief insurance regulator in their respective jurisdiction and the lasting impact the program has had.

### 6. Discussed Other Matters

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Director Dunning reminded the Committee and stakeholders that registration is open for the NAIC's 2025 International Insurance Forum in Washington, DC, May 29–30.

Commissioner Lara highlighted the importance of the NAIC's provisional acceptance to the United Nations Conference of the Parties (COP). He emphasized that insurance can no longer be an afterthought in the global climate conversation and that having U.S. insurance regulators part of the global conversation on climate risk is critical.

Having no further business, the International Insurance Relations (G) Committee adjourned.

SharePoint/Member Meetings/G CMTE/National Meetings/2025/Indianapolis – Spring National Meeting/Minutes

Draft: 3/10/25

International Insurance Relations (G) Committee  
Virtual Meeting  
February 13, 2025

The International Insurance Relations (G) Committee met Feb. 13, 2025. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Co-Vice Chair (LA); Justin Zimmerman, Co-Vice Chair (NJ); Lori K. Wing-Heier (AK); Barbara D. Richardson (AZ); Ricardo Lara (CA); Andrew N. Mais represented by William Arfanis (CT); Ann Gillespie (IL); Anita G. Fox (MI); Michael Humphreys (PA); and Nathan Houdek (WI).

1. Adopted a Motion to Approve NAIC Comments on the IAIS Public Consultation on the Draft Application Paper on the Supervision of AI

Commissioner Zimmerman explained that the International Association of Insurance Supervisors (IAIS) is conducting a public consultation on its draft application paper on the supervision of artificial intelligence (AI). He explained the objective of this paper is to support supervisors when applying the current Insurance Core Principles (ICPs) to promote appropriate and globally consistent oversight of the use of AI within the insurance sector.

Commissioner Zimmerman said the NAIC's initial draft comments are based on an internal review of the consultation documents by NAIC staff and members of the Big Data and Artificial Intelligence (H) Working Group and the Third-Party Data and Models (H) Task Force. The initial draft comments were circulated in advance of the meeting, and no additional input was received for consideration.

Nikhail Nigam (NAIC) provided an overview of the NAIC's comments on the draft application paper, noting that many were minor and editorial. He explained that a general comment was to include references to previous work of the Innovation and Technology (EX) Task Force as well as the ongoing work of the Innovation, Cybersecurity, and Technology (H) Committee. He noted a comment to a section on fairness in AI usage that sought to untangle a wordy reference to discrimination. Finally, Nigam referenced comments on areas of the paper that would benefit from further clarifications and the removal of repetitive wording and sections.

Peter Kochenburger (Southern University Law Center—SULC) asked for further clarification on a comment suggesting rephrasing instead of using the term 'non-discrimination.' Nigam noted that the comment aims to enhance the readability of the section on fairness, not to change the discussion on unfair discrimination in the paper.

Dave Snyder (American Property Casualty Insurance Association—APCIA) commented on the draft application paper, opining that it needs a more balanced discussion of the use and supervision of AI in the insurance sector, and was supportive of the NAIC's clarification comments on discriminatory practices. He highlighted and commended the NAIC's involvement in drafting the application paper. Snyder concluded by saying that the Global Federation of Insurance Associations (GFIA) will submit full comments to the IAIS.

Director Wing-Heier made a motion, seconded by Commissioner Temple, to approve the submission of the NAIC's comments (Attachment One-A). The motion passed unanimously.

2. Approved the Appointment of the Aggregation Method Implementation (G) Working Group and its Charges

Director Dunning proposed the creation of a new working group under the committee, the Aggregation Method Implementation (G) Working Group, and the adoption of its charges. He explained that at the end of 2024, the IAIS concluded that the aggregation method (AM) provides a basis for the implementation of the global insurance capital standard (ICS). The IAIS comparability assessment highlighted two areas where work will help ensure convergence: treatment of interest rate risk and appropriate timing of supervisory intervention.

Director Dunning said the Working Group will be chaired by Commissioner Mais and vice-chaired by Rebecca Easland (WI). The Working Group will have 12 members familiar with both international policy and technical domestic aspects so that relevant issues and perspectives can be identified, discussed, and addressed simultaneously.

Commissioner Lara supported the creation of the Aggregation Method Implementation (G) Working Group, saying that implementation of the ICS via the AM is important for the NAIC and its members.

Commissioner Lara made a motion, seconded by Director Wing-Heier, to approve the appointment of the Working Group and its charges (Attachment One-B). The motion passed unanimously.

### 3. Discussed the NAIC International Fellows Program

Director Dunning highlighted the NAIC's International Fellows Program, noting that it celebrates its twentieth anniversary this year. After a brief overview of its creation and a review of its twice-yearly format of meeting virtually in the spring and in person in the fall, he said the International Fellows Program has hosted over 300 participants in person and another 400 virtually from over 50 countries.

Director Dunning noted that the NAIC will celebrate the program's anniversary throughout 2025 at upcoming meetings and events. He concluded with a reminder for states to express interest to NAIC staff if they would like to host an international fellow during the upcoming fall 2025 session.

### 4. Discussed Other Matters

Director Dunning said the Committee plans to meet at the Spring National Meeting in Indianapolis.

Ryan Workman (NAIC) noted an upcoming IAIS public background call on work to develop ComFrame material.

Having no further business, the International Insurance Relations (G) Committee adjourned.

SharePoint/NAIC Support Staff Hub/Committees/G CMTE/National Meetings/2025/Indianapolis - Spring National Meeting

# Questions for public consultation on draft Application Paper on the supervision of artificial intelligence

Thank you for your interest in the public consultation on draft Application Paper on the supervision of artificial intelligence. The Consultation Tool is available on the IAIS website.

**Please do not submit this document to the IAIS. All responses to the Consultation Document must be made via the [Consultation Tool](#) to enable those responses to be considered.**



## Consultation questions

1	<p>General comments draft Application Paper on the supervision of artificial intelligence</p> <ul style="list-style-type: none"> <li>• Page 32 - for the US example we would like to provide a link and make the following edits: “To this extent the bulletin provides guidelines that align with the NAIC <del>p</del>Principles on AI <del>for assessing the risks of AI systems</del>. <a href="#">Materials - Innovation and Technology (EX) Task Force</a>”</li> <li>• Page 38 - edit last sentence of US example as follows: “Specifically concerning AI systems outsourced from third parties, the <del>AI system</del> bulletin sets forth the following expectations....”</li> </ul>
2	<p>General comments on Executive Summary</p> <ul style="list-style-type: none"> <li>• Para 2 – 1st sentence ends with a “)” without a corresponding “(“therefore suggest the following edit: <del>as well</del>).</li> <li>• Para 4 - suggest second sentence replace the word “manager” with “management”</li> </ul>
3	<p>General comments on Section 2</p> <p>Para 7 second sentence – needs an “s” after AI system.</p>
4	<p>Comments on Section 2.1 Context and objective</p>
5	<p>Comments on Section 2.2 AI system definition</p> <ul style="list-style-type: none"> <li>• Figure 1, arrows – the arrows are visually misaligned to the subsets. Recommend the arrows extend into the Venn diagram so they touch the circles they are related to.</li> </ul>
6	<p>Comments on Section 2.3 Scope and structure</p>
7	<p>Comments on Section 2.4 Proportionality and risk-based supervision</p> <ul style="list-style-type: none"> <li>• Table 3 - suggest considering adding a third point under the “Implementation” section that discusses how consumers are treated when the data necessary for making a prediction within a machine learning model is unavailable from a third party or “missing”?</li> <li>• Paragraph 28, third sentence - suggest rewriting this sentence to provide clarity: It is also the second use of “furthermore” to start a sentence in the same paragraph:</li> </ul> <p>Original – “Furthermore, certain AI use cases such as those used in less material internal processes may count with lower levels of explainability compared with AI use cases implemented in the area of pricing and underwriting, where it is</p>

	<p>important to ensure that consumers are provided with sufficient information so they can make informed decisions.”</p> <p>Proposed – “Moreover, insurers may accept lower levels of explainability in certain AI use cases such as those used in less material internal processes compared with AI use cases implemented in the area of pricing and underwriting, where it is important to ensure that consumers are provided with sufficient information so they can make informed decisions.”</p>
8	<p>Comments on Section 2.5 The role of supervisors and supervisory tools</p> <ul style="list-style-type: none"> <li>• Para 31, bullet 5 – “Use of supervisory question banks”. The NAIC released a white paper called “Regulatory Review of Predictive Models White Paper.” There are also related appendices regarding specific machine learning model types. These could be considered examples of “Supervisory question banks” and included as a footnote or in the Appendix. For example, here are questions for tree-based models such as Gradient Boosting Machines: <a href="https://content.naic.org/sites/default/files/inline-files/CASTF%20Tree-based%20Model%20Appendix%20%28B-Trees%29.pdf">https://content.naic.org/sites/default/files/inline-files/CASTF%20Tree-based%20Model%20Appendix%20%28B-Trees%29.pdf</a></li> </ul>
9	General comments on Section 3
10	Comments on Section 3.1 Introduction
11	Comments on Section 3.2 Risk management systems
12	Comments on Section 3.3 Corporate culture
13	<p>Comments on Section 3.4 Human oversight and allocation of management responsibilities</p> <ul style="list-style-type: none"> <li>• Paragraph 41, first sentence – suggest making the statement less limiting:  Original – “However, there are a number of inherent characteristics of AI systems that necessitate particular attention; these are.”  Proposed – “However, there are a number of inherent characteristics of AI systems that necessitate particular attention which include but are not limited to:”</li> <li>• Additionally, design and development should be added to the series discussing the defining of responsibility for the AI System.</li> </ul>
14	Comments on Section 3.5 Use of third-party AI systems and data
15	Comments on Section 3.6 Traceability and record keeping
16	General comments on Section 4
17	<p>Comments on Section 4.1 Introduction</p> <ul style="list-style-type: none"> <li>• Para 50, fourth sentence - as only some AI applications can continuously update their understanding and predictions not all AI models propose the following edits:</li> </ul>

	<p>“Furthermore, <u>some AI applications</u> <del>they</del> can continuously update their understanding and predictions with new data and can adapt to changing circumstances.”</p>
18	<p>Comments on Section 4.2 AI system robustness</p> <ul style="list-style-type: none"> <li>Para 53, bullet 6 - given that the use of synthetic data requires a lot of caution suggest eliminating this sentence without more discussion: “Where historical data may not be complete, consider use of synthetic data.”</li> </ul>
19	Comments on Section 4.3 AI system safety and security
20	General comments on Section 5
21	<p>Comments on Section 5.1 Introduction</p> <ul style="list-style-type: none"> <li>Para 62, first sentence suggested edit: Transparency and explainability are key to building trust and ensuring accountability by understanding the unique risks to consumers, such as the potential for unfair discrimination.</li> </ul>
22	Comments on Section 5.2 Explaining AI system outcomes
23	Comments on Section 5.3 Explanations adapted to the recipient stakeholders
24	General comments on Section 6
25	Comments on Section 6.1 Introduction
26	<p>Comments on Section 6.2 Fairness by design</p> <ul style="list-style-type: none"> <li>Para 79, first sentence - as stated earlier in the paper, there is “lawful risk differentiation and risk-based pricing...” so perhaps a term other than “non-discrimination” should be used. Suggest following edit:</li> </ul> <p>“AI systems that are harmful or abusive, treat consumers unfairly or do not respect fundamental rights, including the right to <u>not be unfairly discriminated against non-discrimination</u>, should not be brought to the market.”</p>
27	Comments on Section 6.3 Data management in the context of fairness
28	<p>Comments on Section 6.4 Inferred causal relations in an AI system</p> <ul style="list-style-type: none"> <li>Para 84, first sentence states “as part of appropriate policies and processes to ensure against unfair use of data (19.12.7), it is important that insurers establish a process to regularly extract and document the implied AI system inferences (and hence implied causal relationships) in a clear and transparent manner.”</li> </ul> <p>An example of this is in the NAIC CASTF white paper: (<a href="https://content.naic.org/sites/default/files/committee_related_documents/9-15%2520CASTF%2520-%2520Predictive%2520Model%2520White%2520Paper%252009-2020_1.pdf">https://content.naic.org/sites/default/files/committee_related_documents/9-15%2520CASTF%2520-%2520Predictive%2520Model%2520White%2520Paper%252009-2020_1.pdf</a>)</p> <p>The white paper suggests that insurers provide “rational explanations” for rating variables. Rational explanations are defined as “a plausible narrative</p>

	<p>connecting the variable and/or treatment in question with real-world circumstances or behaviours that contribute to the risk of insurance loss in a manner that is readily understandable to a consumer or other educated layperson. A ‘rational explanation’ does not require strict proof of causality but should establish a sufficient degree of confidence that the variable and/or treatment selected are not obscure, irrelevant, or arbitrary.” Suggest this example could be included as a footnote to this paragraph or in Appendix.</p>
29	Comments on Section 6.5 Monitoring the outcomes of AI systems
30	<p>Comments on Section 6.6 Adequate redress mechanisms for claims and complaints</p> <ul style="list-style-type: none"> <li>• Para 92, first and second sentence - we have seen instances where a consumer is not able to challenge the AI model because they cannot reproduce the type of data used by the model. Specifically, there are neural network models that score roof condition based on aerial imagery. These models require using aerial imagery taken from a certain height with sufficient granularity. In such cases the consumer cannot contest the information because they can’t reproduce this imagery themselves. However, they might be able to provide an alternative, such as a report from a human roof inspector. Perhaps this can be reworded such that alternative types of data can be provided by the consumer. Suggest following edit to Para 92 first and second sentence:</li> </ul> <p>“Part of this redress mechanism should include the ability for a consumer to update, supplement or correct information and data from sources that are used in the AI systems <u>or provide a reasonable alternative</u>. This will allow consumers to challenge and update information from third-party data sources as well as information generated by the insurer.”</p>
31	Comments on Section 6.7 Societal impacts of granular risk pricing
32	What further work could the IAIS undertake on artificial intelligence?
33	Are there risks not effectively captured by the IAIS' work on artificial intelligence?



### Proposal for Aggregation Method Implementation (G) Working Group (AMIWG)

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**Proposal:** Create a new working group under the International Insurance Relations (G) Committee, the “Aggregation Method Implementation (G) Working Group” (AMIWG). The project’s international policy and technical domestic considerations have potential implications for both the G Committee and the Financial Condition (E) Committee. While the new group will be under the G Committee, members of the AMIWG will be drawn from both so that relevant issues and perspectives can be identified, discussed and addressed simultaneously. To help ensure an effective working group, membership will be limited to twelve states with the relevant regulatory interests and technical expertise.

**Background:** At the end of 2024, the International Association of Insurance Supervisors (IAIS) concluded that the AM provides a basis of implementation of the ICS for Internationally Active Insurance Groups (IAIGs). Public statements affirmed our commitment to use the AM as the US implementation of the ICS and that, when developed, reporting/disclosure requirements in ComFrame will also apply to the AM. The IAIS comparability assessment highlighted two areas where work will help ensure convergence: treatment of interest rate risk and appropriate timing of supervisory intervention.

**Proposed Working Group Charges:**

- (1) Review group capital regulation of US groups and their potential for comparable implementation of the ICS including:
  - a. Sensitivity to changes in interest rates and their impact on the solvency of the US life groups
  - b. Supervisory intervention of US groups on group capital grounds
  - c. Use of scalars and choice of regulatory intervention points
  - d. Reporting and disclosure requirements
- (2) Coordinate the US implementation of the ICS via the AM by recommending:
  - a. potential domestic refinements
  - b. the final AM
- (3) Monitor any further development of ICS at the IAIS and what implications those may have for implementation of the AM
- (4) Report to, and coordinate with, the International Insurance Relations (G) Committee and any relevant groups under the Financial Condition (E) Committee

Draft: 2/19/25

International Insurance Relations (G) Committee  
Virtual Meeting  
January 30, 2025

The International Insurance Relations (G) Committee met Jan. 30, 2025. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Co-Vice Chair, represented by Tom Travis (LA); Justin Zimmerman, Co-Vice Chair (NJ); Lori K. Wing-Heier (AK); Ricardo Lara (CA); Andrew N. Mais (CT); John F. King represented by Martin Sullivan (GA); Ann Gillespie represented by Susan Berry (IL); Anita G. Fox (MI); Michael Humphreys (PA); and Nathan Houdek (WI).

1. Adopted a Motion to Approve NAIC Comments on the IAIS Public Consultation on Ancillary Risk Indicators in the GME

Commissioner Zimmerman explained that the International Association of Insurance Supervisors (IAIS) is conducting a public consultation on ancillary risk indicators for inclusion in the Global Monitoring Exercise (GME). He said this consultation sought feedback on a set of proposed ancillary indicators concerning credit risk, derivatives, reinsurance, mark-to-model assets, and revisions to the liquidity metrics. The input received through this consultation will be considered in the context of the upcoming regular review of the GME assessment methodology planned to take place in 2025.

Commissioner Zimmerman said the NAIC's initial draft comments are based on an internal review of the consultation documents by NAIC staff and members of the Macroprudential (E) Working Group and Financial Stability (E) Task Force. The initial draft comments were circulated in advance of the meeting, and one Committee member received some input for consideration.

Ryan Workman (NAIC) provided an overview of the NAIC's comments on the draft application paper, noting that most were minor and editorial in nature. He noted that upon further review and based on input from a Committee member, it was recommended that a comment on data reporting for mortgages be removed, as it was no longer relevant upon further review of the question.

Commissioner Lara made a motion, seconded by Commissioner Mais, to approve the submission of the NAIC's comments with the removal of the comment on data reporting for mortgages (Attachment Two-A). The motion passed unanimously.

2. Discussed the NAIC International Fellows Program

Commissioner Zimmerman noted this agenda item would be postponed until the Committee's Feb. 13 meeting.

Having no further business, the International Insurance Relations (G) Committee adjourned.

SharePoint/NAIC Support Staff Hub/Committees/G CMTE/National Meetings/2025/Indianapolis - Spring National Meeting

# Questions for public consultation on ancillary risk indicators in the Global Monitoring Exercise

Thank you for your interest in the public consultation on ancillary risk indicators in the Global Monitoring Exercise. The Consultation Tool is available on the IAIS website.

**Please do not submit this document to the IAIS. All responses to the Consultation Document must be made via the [Consultation Tool](#) to enable those responses to be considered.**

## Consultation questions

### Questions for stakeholders

<b>Question 1</b>	Do you have any views on the proposed definitions of the metrics on investments by credit rating (CRE.1.a and CRE.1.b)? If you would recommend changes, please provide revised definitions and technical specifications.
<b>Question 2</b>	Do you have any views on the proposed definitions of the metrics on credit risk scenario analysis (CRE.2.a, CRE.2.b and CRE.2.c)? If you would recommend changes, please provide revised definitions and technical specifications.
<b>Question 3</b>	Do you have any views on the proposed default and recovery rates in the credit risk scenario analysis (Table 3)? If you would recommend changes, please provide the data sources.
<b>Question 4</b>	<p>Is the current level of granularity of collected data in the IIM template (asset class, credit rating) adequate to monitor an insurers' credit risk exposure, taking into account the reporting burden of any potential increased granularity?</p> <p><b>No additional granularity is needed. Recommend a review to reduce granularity and reporting burden, e.g., removing data by asset class. Individual insurer credit risk is an insurer responsibility with prudential supervisory oversight, that should not be duplicated in detail via annual IAIS global monitoring.</b></p>
<b>Question 5</b>	<p>Do you have any other comments on the proposed ancillary indicator on credit risk?</p> <p><b>Table 2, pages 7 and 8:</b> <b>For accuracy, in the NAIC column, add a "1" in Rows 1 and 2 and update Row 7 to read, "5/6" instead of "5."</b></p>
<b>Question 6</b>	Do you have any views on the proposed definitions of the metrics on relative usage of derivatives (DER.1.a, DER.1.b, DER.1.c, DER.1.d and DER.1.e)? If you would recommend changes, please provide revised definitions and technical specifications.
<b>Question 7</b>	Do you have any views on the proposed definition of the metric on PFE of derivatives (DER.2.a)? If you would recommend changes, please provide a revised definition and technical specifications.
<b>Question 8</b>	Do you have any views on the proposed definition of the metric on materiality of OTC derivatives (DER.3.a)? If you would recommend changes, please provide a revised definition and technical specifications.
<b>Question 9</b>	Do you have any views on the proposed definitions of the metrics on margin and collateral calls (DER.4.a, DER.4.b and DER.4.c)? If you would recommend changes, please provide revised definitions and technical specifications.
<b>Question 10</b>	Do you have any views on the proposed definition of the metric on central clearing (DER.5.a)? If you would recommend changes, please provide a revised definition and technical specifications.
<b>Question 11</b>	Do you have any views on the proposed definition of the metric on hedging (DER.6.a)? If you would recommend changes, please provide a revised definition and technical specifications.
<b>Question 12</b>	Do you have any other comments on the proposed ancillary indicator on derivatives?



<b>Question 13</b>	Do you have any views on the proposed definitions of the metrics on reliance on reinsurance (RE.1.a and RE.1.b)? If you would recommend changes, please provide revised definitions and technical specifications.
<b>Question 14</b>	Do you have any views on the proposed definition of the metric on cross-border life reinsurance (RE.2.a)? If you would recommend changes, please provide a revised definition and technical specifications.
<b>Question 15</b>	Do you have any views on the proposed definition of the metrics on (re)insurers' market share (RE.3.a and RE.3.b)? If you would recommend changes, please provide revised definitions and technical specifications.
<b>Question 16</b>	Do you have any additional suggestions for metrics to capture the potential build-up of any systemic risk in the reinsurance sector?  <b>No additional suggestions for metrics capturing potential buildup of systemic risk in reinsurance.</b>
<b>Question 17</b>	Do you have any other comments on the ancillary indicator on reinsurance?
<b>Question 18</b>	Do you have any views on the proposed definitions of the metrics on mark-to-model assets (MTM.1.a, MTM.1.b and MTM.1.c)? If you would recommend changes, please provide revised definitions and technical specifications.
<b>Question 19</b>	Would it be feasible to report data on the new proposed item on mortgages that are not included in Level 3 assets held at fair value or in assets which would be classified as Level 3 if they were held at fair value (eg mortgages held as Level 2 assets)? If not, please describe any challenges and how to potentially overcome these.
<b>Question 20</b>	Do you have any other comments on the proposed ancillary indicator on mark-to-model assets?
<b>Question 21</b>	Do you have any views on the proposed methodology for the correlation adjustment for the ILR? If you propose any changes, please provide the revised methodology and technical specifications.
<b>Question 22</b>	Do you have any views on amending the correlation factor for ILR liquidity needs between life stress and P&C stress? Please provide evidence to support your proposals.
<b>Question 23</b>	Do you have any views on amending any other correlation factors for ILR liquidity needs? If so, which correlation factor(s) do you suggest changing, and why? Please provide evidence to support your proposals.
<b>Question 24</b>	Do you have any other comments on the correlation adjustment for the ILR?
<b>Question 25</b>	Do you have any other feedback on the development of ancillary risk indicators in the GME?