

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

International Insurance Relations (G) Committee March 24, 2026, Minutes

International Insurance Relations (G) Committee Feb. 19, 2026, Minutes (Attachment One)

International Insurance Relations (G) Committee Feb. 3, 2026, Minutes (Attachment Two)

NAIC Comments on the IAIS Public Consultation on the ICS-Related ComFrame Standards
(Attachment Two-A)

NAIC Comments on the IAIS Public Consultation on the FSB Recovery and Resolution Planning
Requirements (Attachment Two-B)

Aggregation Method Implementation (G) Working Group March 23, 2026, Minutes (Attachment Three)

Draft Review of U.S. Group Solvency Regulation for Public Comment (Attachment Three-A)

Draft Pending Adoption

Draft: 4/6/26

International Insurance Relations (G) Committee
San Diego, CA
March 24, 2026

The International Insurance Relations (G) Committee met in San Diego, CA March 24, 2026. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Vice Chair (LA); Ricardo Lara (CA); Joshua Hershman (CT); John F. King (GA); Scott Saiki (HI); Dean L. Cameron (ID); Ann Gillespie (IL); Anita G. Fox (MI); Susan Ochs (NJ); Alice T. Kane (NM); Judith L. French (OH); Jon Pike (UT); and Nathan Houdek and Rebecca Easland (WI).

1. Adopted its Feb. 19, 2026; Feb. 3, 2026; and 2025 Fall National Meeting Minutes

Director Dunning reported that the Committee met Feb. 19 and Feb. 3. During these meetings, the Committee took the following action: 1) adopted motions to approve NAIC comments on the International Association of Insurance Supervisors (IAIS) public consultation on the draft revised application papers on recovery and resolution; 2) adopted a motion to approve NAIC comments on the IAIS public consultation on material related to the insurance capital standard (ICS) as part of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame); and 3) adopted a motion to approve NAIC comments on the Financial Stability Board's (FSB's) public consultation on its *Scope of Insurers Subject to the Recovery and Resolution Planning Requirements in the FSB Key Attributes* report.

Director Cameron made a motion, seconded by Director Fox, to adopt the Committee's Feb. 19, 2026 (Attachment One), Feb. 3, 2026 (Attachment Two), and Dec. 10, 2025 (*see NAIC Proceedings – Fall 2025, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

2. Adopted the Report of the Aggregation Method Implementation (G) Working Group

Easland reported the Working Group met March 23 and took the following action: 1) adopted its 2025 Fall National Meeting minutes; 2) discussed its activities, including the timeline of its review of U.S. group solvency regulation; and 3) approved to release for exposure its draft review of U.S. group solvency regulation for a public comment period ending May 11.

Director Gillespie made a motion, seconded by Commissioner Lara, to adopt the report of the Aggregation Method Implementation (G) Working Group (Attachment Three). The motion passed unanimously.

3. Held a Roundtable Discussion on the Priorities and Work Plans of the IAIS Committees

Director Dunning explained that one of the Committee's primary charges is to monitor and assess activities at international organizations, including the IAIS. He introduced a roundtable discussion for Committee members who serve on IAIS committees to provide an overview of their committees' roles, planned work for 2026, and how that work connects to the NAIC's domestic priorities and activities:

- Commissioner Lara reviewed the IAIS Implementation Assessment Committee (IAC), highlighting its restructuring at the end of 2025 resulting in more focus on assessment activities. He further elaborated on committee initiatives, including thematic peer reviews, targeted jurisdictional assessments for the holistic framework, and forthcoming implementation assessments of ComFrame.
- Commissioner Houdek reviewed the IAIS Monitoring and Risk Assessment Committee (MRC), explaining its role in: overseeing IAIS' activities on monitoring and assessing global insurance sector developments

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and risks; detecting the possible build-up of systemic risk; and analyzing issues related to financial stability, market trends, risk assessment and supervision. His remarks also included a review of the IAIS' annual Global Monitoring Exercise (GME) and publication of the Global Insurance Market Report (GIMAR).

- Director French reviewed the IAIS Standards and Supervisory Practices Committee (SSC), noting the group has taken on development of supporting material and supervisory capacity building activities, which were previously under the IAC. The SSC will focus on supporting IAIS members' efforts to implementing proportionate and globally recognized supervisory standards, including by sharing good supervisory practices, enhancing understanding of supervisory issues, and facilitating capacity building.
- Commissioner Arnold reviewed the IAIS Climate Risk Steering Group (CRSG), explaining its aim to promote globally consistent supervisory responses to climate risks and strengthen resilience in the face of increasing natural catastrophe-related losses and protection gaps.

During the roundtable discussion, other Committee members asked questions about the nature of the different committees' work and for additional details on certain projects.

4. Heard an Update on International Cooperation Activities

Commissioner Temple summarized NAIC participation in recent and upcoming international cooperation activities, including:

- Patrick Smock (RI) participated in the Asian Forum of Insurance Regulators (AFIR) 20th Annual Meeting and Conference and the eighth Asia-Pacific High-Level Meeting on Insurance Supervision, organized jointly by the AFIR, IAIS, and Bank of International Settlements' Financial Stability Institute (FSI) in Hyderabad, India. On the sidelines of the meeting, bilateral conversations were held with the Asian Development Bank (ADB), AFIR Secretariat, National Financial Regulatory Administration of China, Insurance Regulatory and Development Authority of India (IRDAI), and Office of Insurance Commission (OIC) Thailand.
- A virtual training session was held with representatives of OIC Thailand by NAIC staff in January on the U.S. risk-based capital (RBC) framework.
- Commissioner Lara will attend an Association of Insurance Supervisors of Latin America (ASSAL) event to present on NAIC priorities for 2026 and further discuss the NAIC joining as an associate member of ASSAL with its board.
- Next month, Director Wise and Director Dunning will present on NAIC priorities for 2026 at a meeting of the Canadian Council of Insurance Regulators (CCIR) in Montreal, Canada.

Commissioner Temple reported that the European Union (EU)-U.S. Insurance Dialogue Project will continue progress on two workstreams in 2026: 1) supervisory initiatives relative to natural catastrophe risk and natural catastrophe modeling; and 2) the growing impact of technological developments, such as artificial intelligence (AI), on the insurance sector.

Commissioner Temple noted that the Organisation for Economic Co-operation and Development's (OECD's) Working Party on Insurance and Pensions (WPIP) met earlier in March. Commissioner Lara participated in a panel as part of the launch of the new OECD *Financial Protection Against Catastrophic Risks: Floods, Fires and Other Major Risks* report.

Finally, Commissioner Temple reported that the Sustainable Insurance Forum (SIF) has agreed on three priorities for work over the next two years related to transition planning, nature-related risk, and catastrophe-related resilience and data.

Dave Snyder (American Property Casualty Insurance Association—APCIA) commented on the work of the OECD, noting that the paper on digitalization ignores two major benefits relating to data. He said that the Global

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Federation of Insurance Associations (GFIA) remains available as a resource to the Committee and stressed a desire to see greater stakeholder participation at international organizations.

5. Discussed Other Matters

Director Dunning noted that the NAIC's International Insurance Forum will take place May 7–8 in Washington, DC, and registration is currently open, with the event nearing capacity.

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

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Draft: 3/17/26

International Insurance Relations (G) Committee
Virtual Meeting
February 19, 2026

The International Insurance Relations (G) Committee met Feb. 19, 2026. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Vice Chair (LA); Ricardo Lara represented by Kathryn Taras (CA); Joshua Hershman (CT); John F. King represented by Brendan Mathis (GA); Scott Saiki (HI); Ann Gillespie represented by Adam Flores (IL); Anita G. Fox (MI); Susan Ochs (NJ); Judith L. French (OH); Elizabeth Kelleher Dwyer represented by Patrick Smock (RI); and Nathan Houdek (WI).

1. Adopted Motions to Approve NAIC Comments on the IAIS Public Consultation on the Draft Revised Application Papers on Recovery and Resolution

The International Association of Insurance Supervisors (IAIS) is conducting a public consultation on draft revised application papers related to recovery and resolution planning.

Director Dunning explained the purpose of the public consultations, which are based on updates to the Insurance Core Principles (ICPs) and the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) by the IAIS that are relevant to recovery and resolution.

The NAIC's initial draft comments are based on an internal review by NAIC staff and members of the Receivership and Insolvency (E) Task Force. The initial draft comments were circulated in advance of the meeting, and additional input was received for consideration from the National Organization of Life and Health Insurance Guaranty Associations (NOLGHA) and the National Conference of Insurance Guaranty Funds (NCIGF).

Director Dunning asked Ryan Workman (NAIC) to give an overview of the NAIC's comments on both consultations. On the draft application paper on recovery planning, Workman noted comments that suggest rewording and reorganizing certain language and sections for better consistency.

Next, Workman provided an overview of the NAIC's comments on the draft application paper on resolution powers, preparation, and plans. He noted that most comments were editorial in nature and recommended that the Committee include new language based on the comments submitted by NOLGHA and NCIGF. This includes more robust descriptions of the U.S.' resolution framework in Annex 1 and Annex 2 of the application paper.

Commissioner Temple made a motion, seconded by Director Fox, to approve the submission of the NAIC's comments on the IAIS consultations, including suggested additions by NOLGHA and NCIGF to the resolution consultation. The motion passed unanimously.

2. Discussed Other Matters

Director Dunning noted that registration opens soon for the NAIC 2026 International Insurance Forum in Washington, DC, May 7–8, 2026.

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

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Draft: 2/26/26

International Insurance Relations (G) Committee
Virtual Meeting
February 3, 2026

The International Insurance Relations (G) Committee met Feb. 3, 2026. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Vice Chair, and Tom Travis (LA); Ricardo Lara represented by Kathryn Taras (CA); Joshua Hershman represented by Jared Kosky (CT); John F. King (GA); Scott Saiki (HI); Dean L. Cameron (ID); Ann Gillespie (IL); Anita G. Fox (MI); Susan Ochs represented by David Wolf (NJ); Judith L. French (OH); Elizabeth Kelleher Dwyer represented by Patrick Smock (RI); Jon Pike (UT); and Nathan Houdek (WI).

1. Adopted Motions to Approve NAIC Comments on Recent Public Consultations

The International Association of Insurance Supervisors (IAIS) is conducting a public consultation on material related to the insurance capital standard (ICS) as part of the common framework for the supervision of internationally active insurance groups (ComFrame). Following adoption of the ICS in 2024, the IAIS developed ICS-related supervisory reporting and public disclosure requirements that appear as new ComFrame material under the relevant Insurance Core Principles (ICPs): ICP 9 (Supervisory Review and Reporting) and ICP 20 (Public Disclosure).

The NAIC's initial draft comments are based on an internal review of the consultation documents by NAIC staff and members of the Group Solvency Issues (E) Working Group. The initial draft comments were circulated before the meeting, and no additional input was received for consideration.

Next, Director Dunning introduced the Financial Stability Board's (FSB's) public consultation on its *Scope of Insurers Subject to the Recovery and Resolution Planning Requirements in the FSB Key Attributes* report. The key attributes establish recovery and resolution planning requirements for financial institutions, and the draft guidance provides a structured approach for authorities to assess which insurers should be subject to these requirements to mitigate potential disruptions to the financial system and the real economy.

The NAIC's initial draft comments are based on an internal review of the consultation documents by NAIC staff and members of the Group Solvency Issues (E) Working Group and Receivership and Insolvency (E) Task Force.

Director Dunning asked Ryan Workman (NAIC) to give an overview of the NAIC's comments on both consultations.

On the draft ComFrame standards, Workman noted comments suggesting clarifying language, as well as a general comment that requirements for supervisor reporting and public disclosures need to be better distinguished, given that they serve different purposes.

Madison Ward (American Council of Life Insurers—ACLI) provided comments in support of the group capital calculation (GCC) as a supervisory tool. She stressed that the GCC should remain confidential and that ComFrame requirements should include jurisdictional flexibility. She suggested the Committee include an additional comment to address effective supervision while maintaining confidentiality.

Travis acknowledged the ACLI's perspective while questioning whether the consultation materials include explicit language that compromises confidentiality requirements.

Workman provided an overview of the NAIC's comments on the draft FSB report, noting that many were suggestions for clarification, including allowing sufficient jurisdictional deference, defining key terms, and avoiding language that would alter the intended scope or meaning of the guidance being presented.

Ward provided additional comments, noting that insurers are not banks and should be regulated differently. She noted the FSB should bolster its report with the inclusion of nuances around derivatives and a better understanding of reinsurance principles.

Commissioner Temple made a motion, seconded by Director Fox, to approve the submission of the NAIC's comments on the IAIS consultation with the addition of wording to highlight confidentiality considerations (Attachment Two-A). The motion passed unanimously.

Director Gillespie made a motion, seconded by Commissioner Pike, to approve the submission of the NAIC's comments on the FSB consultation (Attachment Two-B). The motion passed unanimously.

2. Discussed Other Matters

Director Dunning reported that the Aggregation Method Implementation (G) Working Group met Jan. 29 in regulator-to-regulator session. During this meeting, the Working Group discussed: 1) a timeline of activities; 2) an outline of the upcoming review of U.S. group solvency regulation; and 3) initial gaps identified during the drafting of such a review and potential recommendations. He thanked the Working Group's leadership and members in advance for their busy year of work ahead.

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

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Questions for consultation on ICP CF 9.4 (supervisory reporting)

1	General comments on Introductory Guidance
2	Comment on guidance ICP CF 9.4.0.1 Editorial – as there is more than one IAIG, suggest: ...to evaluate the capital adequacy and risk profile of the <u>an</u> IAIG.
3	General comments on standard and guidance ICP CF 9.4.a (reporting of ICS results)
4	Comment on standard ICP CF 9.4.a
5	Comment on guidance ICP CF 9.4.a.1
6	Comment on guidance ICP CF 9.4.a.2
7	Comment on guidance ICP CF 9.4.a.3 and Annex F
8	Comment on guidance ICP CF 9.4.a.4 and Annex G
9	General comments on standard and guidance ICP CF 9.4.b (reporting of ICS ratio)
10	Comment on standard ICP CF 9.4.b
11	Comment on guidance ICP CF 9.4.b.1
12	Comment on guidance ICP CF 9.4.b.2
13	General comments on standard and guidance ICP CF 9.4.c (reporting of entities included and those excluded in ICS calculation)
14	Comment on standard ICP CF 9.4.c
15	Comment on guidance ICP CF 9.4.c.1
16	Comment on guidance ICP CF 9.4.c.2
17	General comments on standard and guidance ICP CF 9.4.d (reporting of ICS consolidated balance sheet)
18	Comment on standard ICP CF 9.4.d
19	Comment on guidance ICP CF 9.4.d.1
20	General comments on standard and guidance ICP CF 9.4.e (reporting of underlying valuation of ICS balance sheet items)
21	Comment on standard ICP CF 9.4.e
22	Comment on guidance ICP CF 9.4.e.1
23	Comment on guidance ICP CF 9.4.e.2
24	Comment on guidance ICP CF 9.4.e.3
25	Comment on guidance ICP CF 9.4.e.4
26	General comments on standard and guidance ICP CF 9.4.f (reporting of information on ICS capital resources)

27	Comment on standard ICP CF 9.4.f
28	Comment on guidance ICP CF 9.4.f.1
29	General comments on standard and guidance ICP CF 9.4.g (reporting of information on ICS capital requirement covered by standard method)
30	Comment on standard ICP CF 9.4.g
31	<p>Comment on guidance ICP CF 9.4.g.1</p> <p>The repetition of “risk categories” gets somewhat confusing. Suggest rewording for clarification:</p> <p>Specifically, certain risk categories may be structured in a manner that allows for the integration of <u>such</u> risks categories into broader risk categories.</p> <p>OR</p> <p>Specifically, certain risk categories may be structured in a manner that allows for their integration of risk categories into broader risk categories.</p>
32	General comments on standard and guidance ICP CF 9.4.h (reporting of information on ICS capital requirement according to internal model)
33	Comment on standard ICP CF 9.4.h
34	Comment on guidance ICP CF 9.4.h.1
35	Comment on guidance ICP CF 9.4.h.2
36	General comments on standard and guidance ICP CF 9.4.i (reporting of additional information)
37	Comment on standard ICP CF 9.4.i
38	Comment on guidance ICP CF 9.4.i.1
39	Do you have views about how the draft ICS-related standard CF 9.4 should be assessed in the context of the Final US Aggregation Method?

Questions for consultation on ICP CF 20.10 (public disclosure)

1	<p>General comments on Introductory Guidance</p> <p>In reviewing the draft ComFrame material under ICPs 9 and 20, we understand the intent to align supervisory reporting and public disclosure requirements as both refer to the same information. However, there is potentially more emphasis placed on having such alignment rather than ensuring what is reported and what is disclosed makes sense given their distinct purposes. Group-wide supervisors should have the necessary information to evaluate the capital adequacy and risk profile of the IAIG. This may warrant a greater amount of information or level of granularity. Public disclosures should enhance transparency and provide relevant information; however, too much information or too much detail could have the opposite effect. It may overwhelm stakeholders rather than inform them. Information without the proper context could be unhelpful, and potentially</p>
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	misleading. Accordingly, the disclosure related requirements should be reviewed and revised to ensure they are fit for purpose and support the outcome to be achieved.
2	Comment on guidance ICP CF 20.10.0.1 Editorial – as there is more than one IAIG, suggest: ...relevant information on the capital adequacy and risk profile of the <u>an</u> IAIG.
3	General comments on standard and guidance ICP CF 20.10.a (disclosure of ICS results)
4	Comment on standard ICP CF 20.10.a
5	Comment on guidance ICP CF 20.10.a.1
6	Comment on guidance ICP CF 20.10.a.2
7	Comment on guidance ICP CF 20.10.a.3 and Annex A
8	General comments on standard and guidance ICP CF 20.10.b (disclosure of ICS ratio)
9	Comment on standard ICP CF 20.10.b
10	Comment on guidance ICP CF 20.10.b.1
11	Comment on guidance ICP CF 20.10.b.2
12	General comments on standard and guidance ICP CF 20.10.c (disclosure of material entities)
13	Comment on standard ICP CF 20.10.c
14	Comment on guidance ICP CF 20.10.c.1
15	General comments on standard and guidance ICP CF 20.10.d (disclosure of consolidated balance sheet)
16	Comment on standard ICP CF 20.10.d
17	Comment on guidance ICP CF 20.10.d.1
18	General comments on standard and guidance ICP CF 20.10.e (disclosure of underlying valuation of ICS balance sheet items)
19	Comment on standard ICP CF 20.10.e Editorial – for consistency, the first letter in the bullets should be lowercase. Need a semicolon after (MOCE).
20	Comment on guidance ICP CF 20.10.e.1
21	Comment on guidance ICP CF 20.10.e.2
22	Comment on guidance ICP CF 20.10.e.3

23	General comments on standard and guidance ICP CF 20.10.f (disclosure of information on ICS capital resources)
24	Comment on standard ICP CF 20.10.f
25	General comments on standard and guidance ICP CF 20.10.g (disclosure of information on ICS capital requirement covered by standard method)
26	Comment on standard ICP CF 20.10.g
27	<p>Comment on guidance ICP CF 20.10.g.1</p> <p>The repetition of “risk categories” gets somewhat confusing. Suggest rewording for clarification:</p> <p>Specifically, certain risk categories may be structured in a manner that allows for the integration of such risks categories, into broader risk categories.</p> <p>OR</p> <p>Specifically, certain risk categories may be structured in a manner that allows for the integration of risk categories, into broader risk categories.</p>
28	Comment on guidance ICP CF 20.10.g.2
29	General comments on standard and guidance ICP CF 20.10.h (disclosure of information on ICS capital requirement according to internal model)
30	Comment on standard ICP CF 20.10.h
31	Comment on guidance ICP CF 20.10.h.1
32	Comment on guidance ICP CF 20.10.h.2
33	Do you have views about how the draft ICS-related standard CF 20.10 should be assessed in the context of the Final US Aggregation Method?

Question for consultation on paragraph 47 of the ComFrame Assessment Methodology

1	<p>General comments on the new paragraph 47 of the ComFrame Assessment Methodology</p> <p>Paragraph 47 is a helpful addition to the Assessment Methodology, providing explanation on how the ICS is to be assessed (by the IAIS or others), including making it clear that the specificities of the Aggregation Method as the US implementation of the ICS will be considered.</p>
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Scope of Insurers Subject to the Recovery and Resolution Planning Requirements in the FSB Key Attributes

Questions for consultation

In general
1. Are the Draft Guidance and comments on the Draft Guidance clear? Where would commenters seek further discussion?
Sections 3 and 3.1 appear to provide redundant information and therefore it may not be necessary to include both.
The abbreviations for FSB, RRP and Key Attributes should be spelled out in the body of the document, as they are only spelled out on page iii where the consultation questions reside.
Paragraph 3: Assessment criteria
2. How well-suited are the criteria in the Draft Guidance (nature, scale, complexity, substitutability, cross-border activities, interconnectedness) to determining which insurers should be subject to RRP requirements?
3. What other criteria, if any, should be in the Draft Guidance for determining which insurers should be subject to RRP requirements? Discuss why any additional criteria should be added and the advantages and disadvantages of doing so.
4. What other indicators could be provided as examples of ways that authorities could assess the criteria in the Draft Guidance?
5. How could the comments to the Draft Guidance better explain the difference between any of the six criteria?
For Section 3.3, recommend adding an explanation that the jurisdictions listed in the “Example” sections do not represent a full list of jurisdictions that utilize those criteria. For example, while the US is only listed for two criteria, all six criteria are included within related US state insurance regulatory guidance.
6. How could the comments on the Draft Guidance be made clearer to explain how the six criteria should be applied, while still allowing authorities the flexibility to consider the criteria in a manner that aligns with the specific characteristics of their jurisdictions?
Paragraph 4: Specific circumstances that should necessitate RRP requirements
7. Should RRP requirements apply in the two sets of circumstances identified in paragraph 4 of the Draft Guidance, notwithstanding any other facts or circumstances?
The US state insurance regulatory guidance already considers if insurers have a material impact on the financial system and economy in its criteria for determining if a recovery and resolution plans should be required. The language, “not withstanding any evaluation of the

criteria in paragraph 3...” implies that the insurer being critical or providing a critical function on the financial system or real economy is a criterion considered separately from all other criteria. Recommend more clearly stating that this separate criterion is also evaluated based on the determination of the regulatory authority of the jurisdiction.

8. What other circumstances should call for the application of RRP requirements to an insurer, notwithstanding any other facts or circumstances?

9. What are possible quantitative or qualitative thresholds concerning the six criteria or some combination of the six criteria that should necessitate RRP requirements, notwithstanding any other facts or circumstances? For example, should the Draft Guidance call for RRP requirements whenever the cross-border activities of an insurer exceed a certain threshold?

Jurisdictions should have the flexibility to determine if any thresholds should be set since there are differences not only between each jurisdiction’s insurance industry, financial system and economy, but also between each insurance group.

Proposed revision to FSB guidance on critical functions

10. What are the advantages and disadvantages of revising the FSB’s guidance on the definition of a critical function for insurers by changing the phrase “the sudden failure to provide the function would be likely to have a material impact on the financial system and the real economy” to “the sudden failure to provide the function would be likely to have a material impact on the financial system or the real economy”?

Recommend retaining “and” in this sentence as changing the conjunction to “or” would materially broaden the scope of what can be designated as a critical function for policyholder and real-economy protection resulting in non-trivial costs in terms of focus, proportionality, and cross-sector consistency. FSB work is focused on identifying risks to the global financial system. Mid-sized insurers that are critical for a particular class in one jurisdiction, but not systemically important, could broaden the scope, increasing resolution-planning burdens and potentially stretching supervisory resources. Instead of changing the conjunction, perhaps there could be a clarification in the text that a material impact on the financial system may arise through severe disruption to the real economy or to essential insurance services.

Recommend the terms “financial system” and “real economy” be defined in this document. To the extent definitions are available in the Key Attributes or the IAIS Insurance Core Principles or Glossary, those could be carried over to this section. Also, since the financial system is a part of the real economy, it would be helpful if the document gave examples of macro-economic risks that fall into this category or referenced examples that exist in other guidance.

Additionally, sections 2.0, 3.4 and 4.0 inconsistently refer to “material impact” vs. “impact” for insurers that are critical or provide a critical function. Recommend consistently referring to “material impacts.” “Impacts” could be viewed as too broad.

Draft: 3/30/25

Aggregation Method Implementation (G) Working Group
San Diego, California
March 23, 2026

The Aggregation Method Implementation (G) Working Group of the International Insurance Relations (G) Committee met in San Diego, CA, March 23, 2026. The following Working Group members participated: Rebecca Easland, Chair (WI); John F. Rehagen, Vice Chair (MO); William Arfanis (CT); Kevin Clark (IA); Susan Berry (IL); Christopher Joyce (MA); Anthony Quandt (NE); David Wolf (NJ); Bob Kasinow (NY); Liz Ammerman (RI); and Dan Bumpus (VA).

1. Adopted its 2025 Fall National Meeting Minutes

Rehagen made a motion, seconded by Arfanis, to adopt the Working Group's Nov. 19, 2025, minutes (*see NAIC Proceedings – Fall 2025, International Insurance Relations (G) Committee, Attachment Three*). The motion passed unanimously.

2. Discussed its Upcoming Activities

Ned Tyrrell (NAIC) presented an update on the Working Group's upcoming deliverables. He discussed a potential timeline of the Working Group's review of U.S. group solvency regulation, including an exposure period and meetings to discuss comments received. The Working Group expects to consider adoption of the updated review and its recommendations in June and then refer it to the International Insurance Relations (G) Committee for approval. Once approved, the recommendations will be referred to the Financial Condition (E) Committee for implementation.

3. Exposed its Draft Review of U.S. Group Solvency Regulation for Public Comment

Easland introduced a draft review of U.S. group solvency regulation. Tyrrell described the paper's sections, noting that they address issues highlighted by the International Association of Insurance Supervisors (IAIS) comparability assessment. The review provides recommendations for implementing the insurance capital standard (ICS) in the U.S. using the aggregation method (AM). Kasinow asked about the paper's section on reporting and disclosure requirements, noting difficulties in obtaining additional data from the groups. Easland responded that no further data collection will be needed, as all the insurer data on the AM and ICS were collected for the comparability assessment, but the Working Group will need to discuss further when the IAIS finalizes the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) reporting and disclosure requirements.

Rehagen made a motion, seconded by Joyce, to expose the draft review for a comment period ending May 11 (Attachment A). The motion passed unanimously.

Having no further business, the Aggregation Method Implementation (G) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/G CMTE/National Meetings/AMIWG/2026 Spring NM/Final Minutes AMIWG_San Diego 20261209.docx

US Group Solvency Regulation Review:

**Implementation of the
Insurance Capital Standard via
the Aggregation Method**

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1 Introduction

1.1 Background

1. In November 2024, the International Association of Insurance Supervisors (IAIS) released a "Report on the Aggregation Method Comparability Assessment".¹ The assessment was conducted using the Candidate Insurance Capital Standard (ICS) as a prescribed capital requirement (PCR) and the Provisional Aggregation Method (Provisional AM)² based on data collected from US Internationally Active Insurance Groups (IAIGs). The comparability assessment took a forward-looking approach and considered recent or planned changes to local solvency regimes, including:
 - the introduction of Principles Based Reserving (PBR) for US life insurance liabilities,
 - the implementation of an economic value-based solvency ratio (ESR) framework in Japan, and
 - the potential for moving to a new scaling approach in the final version of the Aggregation Method (Final AM).
2. In finalizing the comparability assessment, the IAIS concluded that a US AM provides a basis for implementation of the ICS to produce comparable outcomes. The IAIS highlighted two areas where work as part of the finalization of the AM will help ensure convergence of outcomes with the ICS:
 - treatment of interest rate risk, and
 - timing of supervisory intervention.

The IAIS recognized that the decision on the changes to be implemented is for US supervisors to consider within the context of the US supervisory system. The US committed to addressing those areas in appropriate ways and the IAIS will review during its ICS implementation assessment process.

3. In early 2025, the NAIC created the Aggregation Method Implementation (G) Working Group (AMIWG) to facilitate domestic implementation of the ICS via the AM. AMIWG's charges include a review of the group solvency regulation of US groups and their potential for comparable implementation of the ICS.³ This review includes recommendations for the Final AM and potential improvements to the US group solvency system including:
 - Sensitivity to changes in interest rates and their impact on the solvency of the US life groups.
 - Supervisory intervention of US groups on group capital grounds.

¹ <https://www.iais.org/uploads/2024/11/Report-on-Aggregation-Method-comparability-assessment.pdf>

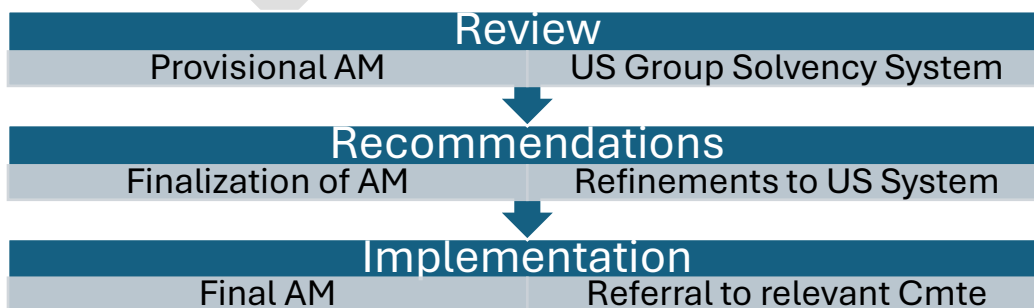
² <https://content.naic.org/sites/default/files/committee-related-provisional-am-comparability-assessment.pdf>

³ <https://content.naic.org/committees/g/aggregation-method-wg>

- Use of scalars and choice of regulatory intervention points and potential domestic refinement.
 - Reporting and disclosure requirements.
4. AMIWG reports to, and coordinate with, the International Insurance Relations (G) Committee and any relevant groups under the Financial Condition (E) Committee. Recommendations from this review distinguish between changes needed to finalize the AM and changes needed to other parts of the US regulatory system to enable the implementation of the ICS using the Final AM.
 5. In June 2025, AMIWG created a technical drafting group to produce reference papers for use in this review. These papers focused on sensitivity to interest rates and are discussed more in Section 4.

1.2 Purpose of the US Group Capital Regulation Review

6. This review identifies how each issue highlighted by the comparability assessment is addressed by the US group solvency regulatory system. Where gaps are identified, the review suggests potential recommendations that will promote comparable implementation of the ICS within the US.
7. Relevant recommendations will be incorporated in the documentation for the Final AM, which will replace the Provisional AM. In the US, the Final AM will be implemented through refinements to existing regulatory tools including, but not limited to, the Group Capital Calculation (GCC). The GCC follows the same overall construct and is similar to the AM calculation but includes additional reporting requirements and US specific guidance.
8. This review categorizes recommendations into two groups: (1) changes from the Provisional AM to the Final AM, and (2) changes to existing US regulatory tools. A recommendation to modify the Provisional AM does not necessarily require changes to the US regulatory framework, as some recommendations have already been adopted (for example, the recommended scaling methodology for the Final AM is already used in the GCC). Where noted, recommendations will apply only to IAIGs. Any recommendations that would require changes to the existing US regulatory framework will be referred to the appropriate committees (for example, recommended changes to the GCC would be referred to the NAIC's Financial Condition (E) Committee).



2 Connection to the IAIS Comparability Assessment

9. This review is structured around the “Assessment outcomes” as set out in Section 3 of the IAIS comparability assessment. The assessment examined the respective elements and levels of prudence in the Provisional AM and ICS, both collectively and in terms of whether their results move in a similar manner in response to changes in economic and financial market conditions. The comparability assessment also considered whether the AM and ICS are similarly transparent, in terms of facilitating understanding and comparability, within and across jurisdictions, of the group solvency position through supervisory reporting and public disclosure.
10. The sections of this review, along with relevant subsections of the comparability assessment outcomes, are as follows:
 - Section 3 reviews how the respective elements and levels of prudence are addressed through the application of scalars. This issue was summarized in subsection 3.3.1 of the comparability assessment.
 - Section 4 reviews the sensitivity of the valuation of US life insurance reserves to changing economic and financial market conditions under Principles Based Reserving (PBR) requirements and related regulatory tools. This issue was summarized in subsection 3.3.2 of the comparability assessment.
 - Section 5 reviews supervisory intervention in the US regulatory framework based on group capital adequacy grounds. This issue was summarized in subsection 3.3.3 of the comparability assessment.
 - Section 6 considers transparency. Standards on supervisory reporting and public disclosure under the Common Framework for the Supervision of IAIGs (ComFrame) had not yet been developed at the time of comparability assessment and remain under development at the time of this review. The US has committed to applying IAIG supervisory reporting and public disclosure requirements to US IAIGs once these standards are adopted. This issue was summarized in subsection 3.0 of the comparability assessment.

3 Use of Scalars and Choice of Regulatory Intervention Points

11. Development of the Provisional AM by the US was informed by an IAIS data collection. This data collection included analysis to identify, estimate and assess potential scaling methodologies. The objective was to identify a methodology that is “meaningful from a prudential point of view, relevant for the monitoring of financial soundness and that

provides for comparable outcomes to the ICS".⁴ At its August 2025 meeting, AMIWG discussed this analysis and adopted a recommendation to revise the AM scalar approach from an unscaled approach (as used in the Provisional AM) to the Excess Relative Ratio (ERR) approach, calibrated at 200% of the NAIC Risk Based Capital (RBC) Authorized Control Level.⁵

3.1 Review of the ERR in GCC and AM

12. A scalar adjusts for differences in the level of calibration between types of capital requirements and differences in valuation approaches among the entities. A scalar methodology refers to a process used to calculate adjustments (i.e. scalars) using data, statistical analysis and/or judgment. Under this approach, a separate scalar is calculated for each category of entity.
13. Entity categories used for the Provisional AM were developed at the beginning of the ICS Monitoring Period and remained unchanged to ensure consistency in reporting. The entity categories in the GCC were updated during this time.
 - **Gap Identified:** GCC entity categories used in the Provisional AM have been updated more recently.
 - **Recommendation for Final AM:** The list of entity categories in the Final AM should reflect all updates made to the GCC.

3.2 Consideration of the Comparability Assessment

14. The comparability assessment noted "offsetting prudence" between valuation and capital requirements in US legal entities relative to the ICS. That is, conservatism in the valuation is offset by a lower capital requirement (particularly for life IAIGs although the amount of offsetting varied under the different scenarios).
15. The ERR approach adjusts available and required capital to produce the same average solvency ratio in each jurisdiction, while keeping the excess capital (i.e. the amount by which available capital exceeds required capital) unchanged for each legal entity. This approach adjusts for differences in the level of reserve conservatism while preserving the underlying regimes' methods for measuring solvency; in effect, it adjusts for offsetting prudence across regimes.
16. After scaling, jurisdictions capital positions reflect a similar level of offsetting prudence, depending on which jurisdiction is chosen as the base for the calculation. For a US implementation, it is desirable for this level to be scaled to US entities. However, when considering results in the context of other jurisdictions, it may be more desirable to scale to a different jurisdictional level.

⁴ Paragraph 41. <https://content.naic.org/sites/default/files/committee-related-provisional-am-comparability-assessment.pdf>

⁵ https://content.naic.org/sites/default/files/national_meeting/Materials%20-%20AMIWG%20Summer%20National%20Meeting%20081125.pdf

- **Gap identified:** Without scaling, differences in reserve conservatism between US and other regimes lead to inconsistencies in aggregated capital.
- **Recommendation for GCC:** In addition to unscaled results, GCC template should be updated with functionality to scale to other regimes. This would be an automatic calculation using the same inputs as the current GCC; no further data would be needed.

4 Sensitivity to Changes in Interest Rates

17. While the comparability assessment considered the transition to a PBR approach for US life insurance liabilities, the data used in that analysis included legacy reserves. For the purpose of this review, the term PBR refers to the three valuation manuals that will apply to all insurance liabilities written by US life insurance entities: (i) VM-20 covering life insurance products; (ii) VM-21 covering variable and registered index-linked annuities; and (iii) VM-22 covering fixed, deferred and payout annuities.
18. In June 2025, AMIWG created a drafting group to provide technical input on this issue. The drafting group's work was divided into four areas:
 - **Statistics:** what regulatory reporting is available to identify reserves that are subject to PBR.
 - **Valuation:** how US life insurance liabilities calculated under PBR respond to changes in interest rates.
 - **Scalars:** how the move to the ERR approach impacts the AM's sensitivity to changes in interest rates.
 - **Other Tools:** how other regulatory tools ensure that groups adequately manage interest rate risk.
19. The drafting group was unable to identify a comprehensive data source on the stage of transition of the US life insurance liabilities to PBR. Relevant data were identified in the VM-20 Supplement and Exhibit 5 of the Annual Statement; however, the insurer portfolio information needed to aggregate this data was not available.
 - **Gap identified:** The move to PBR will increase sensitivity but data on how quickly this transition is happening is not readily available to state insurance regulators.
 - **Recommendation for GCC:** IAIGs should provide a summary of reserves by valuation manual in their GCC template. This would be a high-level summary of the reporting in Exhibit 5 in the Annual Statements of US legal entities owned by the IAIG. The summary reserves are aggregated into PBR, Legacy and Other categories.

4.1 Sensitivity of PBR to Changes in Interest Rates

20. The drafting group produced a paper, *"Interest Rate Sensitivity in US Statutory Reserving,"*⁶ which reviews how statutory reserving requirements respond to changes in interest rates. The paper discusses principles-based reserving methods and assumptions, asset adequacy testing, interest rate risk under RBC, and the role of asset-liability matching across these aspects.
21. The paper also provides quantitative analysis of how insurance portfolios under VM-20 and VM-22 respond to interest rate shocks. The paper identifies that interest rate sensitivity in VM-21 is "captured through impacts on contract guarantees on withdrawals, annuitizations, and death benefits, as well as yields on general account assets and contract crediting rates."⁷ Calculating the impact of these shocks is complex and depends on the characteristics of the relevant products and investment portfolios.
22. The analysis concluded that PBR reflects interest rate risk and responds to changes in interest rates. This occurs through regular updates in economic scenarios, the corresponding impact on discount rates, and consideration of policyholder behavior that may change in response to interest rate movements.
23. An addendum to the paper compares the treatment of liabilities under PBR with the "current estimates" used in the ICS.⁸ The analysis found that the two approaches are similar in that both rely on current assumptions and move in a similar direction in response to changes in interest rates. However, the addendum notes that the larger guardrails/margins embedded in the PBR reserves result in a higher level of conservatism and a more muted impact on interest rate changes.

4.2 Impact of Scalars on Interest Rate Sensitivity

24. The drafting group produced a paper, *"Impact of Scalars on the Sensitivity of the Aggregation Method to Changes in Interest Rates."*⁹ The paper finds that the inputs to the ERR calculation - legal entity available and required capital - are both sensitive to changes in interest rates. The magnitude of this impact depends on the legal entities to which the scalars are applied.
25. The comparability assessment was based on point-in-time analysis of unscaled AM results and did not consider how scalars might change over time. In the current GCC implementation, there is no formal process in place for updating scalars. In addition, there are inconsistencies in the classification of types of business across jurisdictions. Some jurisdictions distinguish between life, property and casualty (non-life), and,

⁶ Attachment F. https://content.naic.org/sites/default/files/national_meeting/Fall%20NM%20Materials%20-%20Aggregation%20Method%20Implementation%20%28G%29%20Working%20Group%2020251209.pdf

⁷ Page 4.

⁸ Attachment G. https://content.naic.org/sites/default/files/national_meeting/Fall%20NM%20Materials%20-%20Aggregation%20Method%20Implementation%20%28G%29%20Working%20Group%2020251209.pdf

⁹ Attachment H. https://content.naic.org/sites/default/files/national_meeting/Fall%20NM%20Materials%20-%20Aggregation%20Method%20Implementation%20%28G%29%20Working%20Group%2020251209.pdf

where material, health business. In contrast, other jurisdictions group all business within a single entity category.

- **Gap Identified:** Even when scaled, levels of reserve conservatism can vary with interest rate levels and by type of business.
- **Recommendation for Final AM and GCC:** There should be a formal process for updating scalars for all material jurisdictions. Scalars should be updated separately for entity categories that cover, at a minimum, life versus property/casualty (non-life).

4.3 Other Tools

26. Comparability involves more than the final capital ratio. In addition to capital and reserving requirements, US IAIGs are subject to a range of regulatory tools at both the group and legal entity level. The results of these tools must also be considered in totality to inform supervisors of the financial solvency of the group under the US group solvency regulation approach. These tools consider the full range of risks facing IAIGs.
27. As part of this work area, a document was prepared summarizing these tools with a focus on how they may apply to interest rate risk. Of particular relevance is the Prospective Solvency Assessment in Section 3 of the NAIC Own Risk and Solvency Assessment (ORSA) guidance manual as well as an annex setting out Additional Expectations for Internationally Active Insurance Groups.¹⁰ Under these provisions are where US groups conduct scenario testing, including of interest rates, that is most relevant to the ICS framework.¹¹
28. However, the drafting group encountered challenges in preparing a paper that directly linked these requirements to the issue highlighted in the comparability assessment. First, the scenario testing requirements do not refer explicitly to the GCC, as the GCC was introduced after ORSA was adopted. Second, ORSA assessments are inherently tailored to each insurers' own view of its risk profile. As a result, the connection between ORSA processes and the GCC can be difficult to describe in anything other than high-level terms.

4.3.1 Scenario Testing of US Groups

29. The Prospective Solvency Assessment includes projections of both economic and regulatory capital under both "normal and stressed environments." For IAIGs, this includes economic capital calculated using a model similar to those used in the ICS, as well as regulatory capital at the head of the IAIG level. Stress testing is one form of scenario analysis and examines the impact of alternative projected assumptions - similar to the analysis described in the drafting group's paper "*Interest Rate Sensitivity in US Statutory Reserving*."

¹⁰ <https://content.naic.org/sites/default/files/publication-orsa-guidance-manual.pdf>

¹¹ Liquidity Stress Testing requirements were not considered, as liquidity risk is excluded from the ICS.

30. Although ORSA requires stress testing that is relevant to the implementation of the ICS, the requirements were drafted before the introduction of the GCC. This issue was noted at AMIWG's November 2025 meeting, and the Working Group submitted a response to an NAIC survey on potential clarifications to the ORSA manual. This response suggested a clarification that the reference to "regulatory capital at the head of the IAIG level" may include reference to the GCC to make it clearer how this requirement could apply in practice. Such a clarification would be a change to a figure that is shown in addition to the economic capital that is assessed in the three main sections of ORSA. It would also facilitate a clearer discussion of how these regulatory tools apply to US life IAIGs. Once the ORSA manual is updated, AMIWG could revisit this issue and produce material providing examples of how stress testing could be applied to GCC results.

- **Gap identified:** The ORSA manual section on "Additional Expectations for Internationally Active Insurance Groups" does not mention the GCC. The current manual says that the ORSA should show both the economic capital and the "regulatory capital at the head of the IAIG level". The "economic capital" is the risk capital that is assessed in the main 3 sections of the ORSA. RBC is the regulatory capital at the legal entity level. The GCC is an aggregation of entity-based requirements that produces regulatory capital at the head of the IAIG level.
- **(i) Recommendation for ORSA:** Clarify treatment of GCC in the "Additional Expectations for Internationally Active Insurance Groups" at the end of the ORSA guidance manual to say that GCC is an appropriate choice for reporting the "regulatory capital at the head of the IAIG level".
- **(ii) Recommendation for additional guidance:** AMIWG could produce material with examples of how scenario testing (particularly of interest rates) may be done on GCC results. This would not itself be a requirement. Rather it would explain how the existing principle-based requirements may work in practice and illustrate how such analysis may be performed, including examples of approaches already used by groups.

4.3.2 Connection to GCC

31. The assumptions and choice of scenarios within the ORSA are specific to each IAIG. Decisions on the level of further details to include depends on the risk characteristics of the IAIG. However, the high-level outputs - economic and regulatory capital at the head of the group - are prescribed. This level of reporting corresponds to the information presented in the Summary tab of the GCC template. Two numbers are reported for each sensitivity test: available and required capital. These are reported at the group level. If the results of a scenario that has already been calculated for ORSA were included in the GCC template, this would help regulators understand the sensitivity of IAIG results to changes in interest rates. The GCC template, in turn, can assist regulators in assessing how the group's own view of risk compares with the legal entity requirements.

- **Gap identified:** Impact of changes in interest rates on US life IAIG results can be opaque to regulators.
- **Recommendation for GCC:** Template should include a 'sensitivity test' for life IAIGs to provide a description of an interest rate scenario and the corresponding impact on their GCC ratio.

5 Supervisory Intervention of US Groups on Group Capital Grounds

32. The ICS is intended for use as a PCR, which represents the point when supervisory intervention on capital grounds begins. The IAIS Insurance Core Principles (ICPs) describe such interventions as covering an informal range of potential measures (e.g. increased supervisory reporting or extending scope of examinations).¹² Thus it is important to keep in mind this concept of supervisory intervention is broader than the definition reflected in the four prescribed action levels of the US RBC framework.¹³
33. Further, under the "indirect approach" described in the ICPs, supervisory powers may be applied to insurance legal entities in order to address the group-wide risks posed by other legal entities within the group. Accordingly, this review considers supervisory intervention as a range of possible measures and at both the group and legal entity level.

5.1 Review of Existing Tools

34. US state insurance regulators have both qualitative and quantitative authorities at the group and legal entity level that enable them to take action when the supervisor determines that an insurer may be in a hazardous financial condition. The objective of such intervention is to remedy the hazardous condition and limit potential adverse implications for policyholders and creditors. If a hazardous financial condition progresses to rehabilitation, or ultimately insolvency where rehabilitation is not possible, policyholders remain protected through the state guaranty system, which provides many of the benefits that would otherwise have been provided by the insurer.
35. At the legal entity level, the Hazardous Financial Condition Model Regulation, adopted in each state pursuant to the NAIC Accreditation Program, provides state insurance regulators with authority to intervene on capital grounds even in the absence of a breach of minimum capital requirements. Legal entities report financial information under Statutory Accounting Principles (SAP) on a quarterly and annual basis, with more frequent reporting at the discretion of the Commissioner based on the insurer's financial condition and potential risks to policyholders. This reporting includes RBC

¹² Further examples are listed in the guidance of Insurance Core Principle 17.4.9. <https://www.iais.org/icp-online-tool/>

¹³ <https://content.naic.org/insurance-topics/risk-based-capital>

and the Financial Analysis and Solvency Tools (FAST) scoring system. FAST functions as an early warning regulatory tool, enabling supervisory intervention prior to a breach of RBC thresholds. FAST includes other regulatory tools such as, Insurance Regulatory Information System (IRIS) ratios and the Insurer Profile Summary.

36. For insurance groups, including IAIGs, additional regulatory standards apply under the Insurance Holding Company System Regulatory Act, which has also been adopted by all states as part of the NAIC Accreditation Program. These requirements extend beyond legal entity supervision and include reporting on the group capital structure, consolidated financials, and transactions between insurers and their affiliated entities.
37. Additional group level reporting requirements include the GCC, ORSA report, Enterprise Risk Reporting, Change in Control reporting and Holding Company Disclosures. Statutory requirements also govern intra-group transactions and impose limitations on dividend payments.
38. Life IAIGs are also subject to the Liquidity Stress Test (LST) which is conducted at both the material legal entity level and at the holding company level. Introduced in 2020, the LST has been adopted by 35 states, including all states serving as group-wide supervisors of an IAIG. The LST provides state insurance regulators with an additional perspective beyond capital calculations by assessing the adequacy of a group's assets under stressed liquidity scenarios. The test evaluates liquidity impacts across a range of stress scenarios and timeframes to identify potential liquidity gaps requiring supervisory attention.

5.2 Consideration of Comparability Assessment

39. The comparability assessment considered whether the AM would trigger supervisory action on group capital adequacy grounds under similar conditions over the business cycle as compared to the ICS. Scenario data were collected using the Provisional AM and the ICS as calculated using the standard method.
40. The primary trigger considered was the point at which an IAIGs solvency ratio falls below 100%, although the role of other supervisory tools was also considered. The analysis found that the Provisional AM produced similar triggers for US non-life IAIGs, but there were inconsistencies for US life IAIGs, including scenarios where a breach of the ICS was not accompanied by a breach of the Provisional AM.
41. The analysis further observed that, in extreme scenarios (i.e. where a solvency ratio approaches 100%), Provisional AM and ICS ratios tended to converge, partly due to the additional impact of the AM's limit on the recognition of financial instruments. Nevertheless, some scenarios remained in which a breach of the ICS would not have resulted in supervisory intervention under the Provisional AM.
42. The AM is constructed as an aggregation of local requirements with an adjustment at the group level for financial instruments. As a result, an AM ratio for an IAIG's insurance operations cannot fall below 100% unless at least one legal entity within the group has

a ratio below 100%.¹⁴ Therefore, a breach in the AM ratio would typically be accompanied by supervisory intervention in at least one legal entity, and under the indirect approach to supervision, this constitutes intervention on group capital grounds.

43. The concern, therefore, arises in circumstances where each legal entity within the AM maintains a ratio above 100%, meaning no entity level intervention occurs, while the ICS ratio falls below 100%. This situation can be reduced to two (possibly overlapping) possibilities.
44. One possibility is insufficient prudence in the legal entity level capital requirements such that the intervention threshold for at least one legal entity is less conservative than that implied by the ICS. This concern was most prominent when comparing the AM with the ICS standard method used in the comparability assessment. The ICS standard method represents a single methodology applied across multiple types of insurance products.
45. However, legal entity level scalar calibration analysis conducted during the IAIS AM data collection indicated that the calibration selected for the AM (and now implemented in the GCC) corresponds to the methodology that was set at the average calibration of the ICS.¹⁵ Moreover, the ICS framework for use as a PCR allows the use of "Other Methods," such as regulator approved internal models, to determine capital requirements. The ICS Economic Impact Assessment concluded that the adoption of such models may contribute to a more precise risk measurement and reduce procyclicality relative to the standard method used in the comparability assessment.¹⁶ While these approaches follow different processes, legal entity level capital requirements ultimately reflect a regulator approved and more tailored view of risk.
46. A second possibility arises in extreme stress scenarios, where both the AM and ICS available capital decrease significantly, yet the AM ratio is above 100% while the ICS ratio falls below 100%. This was one of the principal examples of divergence identified in the scenarios analyzed during the comparability assessment.
47. In such situations, the decline in AM available capital may also reduce the limit on the recognition of financial instruments within the AM calculations. Following implementation, supervisory responses to such changes in the AM ratio would be covered by Procedure 5 of the GCC Lead State Procedures, which directs regulators to consider the "need for company discussions for reduction in risk" when there is a

¹⁴ The AM includes an aggregation of non-insurance entities, which are not regulated in the same manner as insurance entities, and recognizes capital instruments that are subject to certain limitations and typically held at the holding company level. The ICS uses a similar aggregation-based approach for non-insurance entities. The comparability assessment found that the AM limitations on the recognition of capital instruments were more conservative in stressed scenarios. As a result, no potential gap was identified.

¹⁵ This is the "Reverse Engineered ICS" method.

https://content.naic.org/sites/default/files/national_meeting/Materials%20-%20AMIWG%20Summer%20National%20Meeting%20081125.pdf

¹⁶ Paragraph 54. <https://www.iais.org/uploads/2024/12/ICS-economic-impact-assessment-report.pdf>

meaningful decrease in the GCC ratio. This type of supervisory engagement aligns with the forms of intervention described in the ICPs. Providing greater clarity in these standards and guidance could help further convergence of outcomes.

- **Gap Identified:** The NAIC Financial Analysis Handbook procedures call for regulators to “consider the need for company discussions for reduction in risk” when there are “meaningful decreases in GCC ratio”. More clarity is needed on potential content of these discussions and the ratio(s) at which they would apply.
- **Recommendation for GCC:** Update “Procedure Step 5” of the GCC Lead State Procedures with examples and principles that describe how GCC ratios could inform discussions of group capital adequacy of IAIGs.

6 Reporting and Disclosure Requirements

48. The comparability assessment noted evidence of the US commitment to meet ComFrame public disclosure and supervisory reporting requirements. In the AM documentation, the US provided assurance that:

- Results of the implemented capital standard - including, but not limited to, the reporting template, available capital and required capital - would be reported to the group-wide supervisor.
- Documentation of the capital standard - including specifications, reporting template, scalars, and related materials - would be publicly disclosed and updated as required under ComFrame.
- Once introduced in ComFrame, IAIG capital reporting to group-wide supervisors and public disclosure requirements, including requirements relating to content, granularity, and reporting frequency, would also apply to the final version of the AM.

49. Results of the implemented capital standard - specifically the GCC - are already reported to supervisors. In addition, documentation of this standard, including specifications, reporting template, and scalars is publicly available on the NAIC website.¹⁷

50. The IAIS is continuing to develop ComFrame reporting requirements. A review of recent developments in this area, and consideration of how existing US tools may be applied to meet these requirements, is provided below.

¹⁷ The GCC Instructions (i.e. specifications) and template are updated annually in the “Documents” section of the site. Scalars are included in the GCC template. <https://content.naic.org/committees/e/group-capital-calculation-wg>

6.1 Developments Subsequent to Comparability Assessment

51. In November 2025, the IAIS released a public consultation on ComFrame related supervisory reporting and public disclosure standards.¹⁸ The proposed draft standards specify content and granularity that are specific to a consolidated implementation of the ICS. As a result, they include elements – such as a consolidated balance sheet – that would not be possible using an aggregation-based framework.
52. The consultation also recognizes that the AM and the consolidated standard described in the ICS Level 1 document is different than an implementation in the US via the AM. The treatment of the AM is addressed through a proposed addition to the ComFrame Assessment Methodology. This proposed text would precede the standards themselves and be included in paragraph 47 of the ICPs. This will apply not just to the assessment of reporting but to all parts of an implementation assessment of the AM.
- “Additionally, the Insurance Capital Standard (ICS) is subject to a specific implementation assessment methodology, taking into account the quantitative nature of the ICS. The ICS implementation assessment methodology also covers the ICS-related ComFrame standards in ICPs 9 and 20 related to supervisory reporting and public disclosure. ***The ICS implementation assessment methodology also sets out how the specificities of the Final US Aggregation Method as the US implementation of the ICS should be considered in the ICS implementation assessment.***” [emphasis added]

6.2 Review of Existing Tools

53. US insurers are subject to supervisory reporting and disclosure requirements at both the group and legal entity level. At the group level, the GCC, ORSA report, Enterprise Risk Reporting, Change in Control reporting, and Holding Company Disclosures are reported to the group-wide supervisor.
54. There is more granular reporting and disclosure at the legal entity level. The NAIC Annual Statement is a public report containing comprehensive financial information, including a statutory balance sheet and detailed schedules (e.g. investments, loss exposures, and other financial data). This statement serves as the primary source of data for solvency monitoring tools, including the RBC. The results of the RBC calculation are included in the NAIC Annual Statement, while more detailed information on the RBC calculation is provided to supervisors on an annual basis.
- **Possible Gap:** ComFrame reporting and disclosure requirements will be finalized in Q4 of 2026 following consideration and potential revisions based on public consultation comments. Implementation would need to consider what is possible in an aggregation-based construct (compared to the

¹⁸ <https://www.iais.org/2025/11/public-consultation-on-ics-related-comframe-standards/>

consolidated balance sheet construct of the ICS) as well as appropriate for the US regulatory approach.

- **Recommendation [for AMIWG]:** After the finalization of the relevant ComFrame requirements, AMIWG should develop options for how ComFrame public reporting requirements could be implemented. Consideration should be given to factors such as the outcome to be achieved, reliance on existing legal entity level reporting and information needed to aggregate legal entity results across the IAIG.

7 Summary

55. This review finds that the US group capital solvency framework overall provides a robust and credible foundation for an aggregation-based implementation of the ICS. The existing framework captures the relevant risks and supports effective supervision at both the group and legal entity level. Targeted adjustments and refinements will help ensure convergence of outcomes with the ICS.
56. The areas for work identified in the comparability assessment can be addressed through refinements to scalars, improved transparency regarding sensitivity to interest rate changes, and clearer articulation of how existing supervisory tools are applied on group capital adequacy grounds.
57. The resulting recommendations will be incorporated into a document supporting the Final AM as the US implementation of the ICS. Recommendations relating to the GCC and ORSA will be referred to NAIC's Financial Condition (E) Committee.