

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

International Insurance Relations (G) Committee Dec. 10, 2025, Minutes

International Insurance Relations (G) Committee Nov. 7, 2025, Minutes (Attachment One)

International Insurance Relations (G) Committee 2026 Proposed Charges (Attachment One-A)

International Insurance Relations (G) Committee Sept. 25, 2025, Minutes (Attachment Two)

NAIC Comments on the IAIS Public Consultation on the Draft Issues Paper on Operational Resilience Objectives and Toolkit (Attachment Two-A)

Aggregation Method Implementation (G) Working Group Nov. 19, 2025, Minutes (Attachment Three)

Update on the Technical Drafting Group (Attachment Three-A)

Update on the Draft Scalar Paper (Attachment Three-B)

Update on the Draft Other Tools Document (Attachment Three-C)

Aggregation Method Implementation (G) Working Group Oct. 9, 2025, Minutes (Attachment Four)

Draft Pending Adoption

Draft: 12/16/25

International Insurance Relations (G) Committee
Hollywood, Florida
December 10, 2025

The International Insurance Relations (G) Committee met in Hollywood, FL Dec. 10, 2025. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Co-Vice Chair (LA); Justin Zimmerman, Co-Vice Chair (NJ); Ricardo Lara (CA); Jared Kosky (CT); Scott Saiki (HI); Dean L. Cameron (ID); Ann Gillespie represented by Susan Berry (IL); Anita G. Fox (MI); Alice T. Kane (NM); Michael Humphreys represented by Jodi Frantz (PA); Nathan Houdek and Rebecca Easland (WI); and Jon Pike (UT).

1. Adopted its Nov. 7, Sept. 25, and Summer National Meeting Minutes

Director Dunning reported that the Committee met Nov. 7 and Sept. 25. During these meetings, the Committee took the following actions: 1) approved NAIC comments on the International Association of Insurance Supervisors (IAIS) public consultation on its draft application paper on operational resilience objectives and tool kit; and 2) adopted its 2026 proposed charges and those of the Aggregation Method Implementation (G) Working Group.

Commissioner Lara made a motion, seconded by Commissioner Temple, to adopt the Committee's Nov. 7 (Attachment One), Sept. 25 (Attachment Two) and Aug. 12 (*see NAIC Proceedings – Summer 2025, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

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

Easland said the Working Group met Dec. 9 and took the following action: 1) adopted its Summer National Meeting minutes; 2) adopted its Nov. 19 and Oct. 9 minutes, which included the following action: a) received presentations on papers produced by its technical drafting group and b) adopted its 2026 proposed charges; 3) discussed its current and planned activities; 4) received a report on the documents produced by the technical drafting group; and 5) discussed an outline of its upcoming review of U.S. group solvency regulation.

Commissioner Zimmerman made a motion, seconded by Commissioner Temple, to adopt the report of the Aggregation Method Implementation (G) Working Group, including its Nov. 19 (Attachment Three) and Oct. 9 (Attachment Four) minutes. The motion passed unanimously.

3. Heard a Presentation on Inclusive Insurance in the African Region

Elias Omondi (FSD Africa) provided an overview of inclusive insurance programs in the African region. Omondi presented on several key initiatives that FSD Africa's financial sector experts work on with governments, business leaders, insurance regulators, and policymakers across the continent that seek to improve financial markets and insurance access.

Omondi received questions from Committee members and further elaborated on key areas of his presentation. Committee members highlighted challenges that are shared and topics that are relevant to the U.S. insurance market.

4. Heard an Update on the Activities of the IAIS

Draft Pending Adoption

Commissioner Zimmerman provided an update on IAIS activities, starting with a review of insurance capital standard (ICS) implementation assessment. Concurrently, the IAIS is developing ICS reporting and disclosure requirements.

Next, Commissioner Zimmerman reported that the IAIS peer review expert team on Insurance Core Principle (ICP) 13 (Reinsurance and Other Forms of Risk Transfer) is now finalizing participating jurisdictions' individual reports and will complete the aggregate report in early 2026.

Commissioner Zimmerman noted the IAIS completed progress monitoring for phase one of the Targeted Jurisdictional Assessment (TJA) of the Holistic Framework, with results to be summarized in a members-only report and reported to the Financial Stability Board (FSB). The IAIS also completed the second phase of the TJA, approved the revised Global Monitoring Exercise (GME) assessment methodology, and the FSB endorsed its use for monitoring systemic risk in the insurance sector.

Next, Commissioner Zimmerman reported on recent and upcoming IAIS publications, including: the 2025 Global Insurance Market Report (GIMAR) and separately a special topic GIMAR focused on potential financial stability implications of natural catastrophe insurance protection gaps; two revised application papers on recovery and resolution out for public consultation; and a Market Conduct Working Group (MCWG) issues paper on customers receiving value from insurance products.

5. Heard an Update on International Cooperation Activities

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

- Commissioner Andrew N. Mais (CT) delivered a keynote speech at the East Asia Pacific Insurance Forum 2025 in Taipei, Taiwan.
- Commissioner Jon Godfread (ND), Director Dunning, and Barbra Richardson (AZ) participated in panels at the Global Insurance Symposium in Frankfurt, Germany and the Association of Bermuda Insurers and Reinsurers' 18th Annual International Insurance Regulatory Dialogue in Brussels, Belgium.
- Director Dunning presented at a Bank of England Workshop for Heads of Insurance Supervision in London, England.
- Director Elizabeth Kelleher Dwyer (RI) presented at the 10th Jubilee Insurance Conference in Ljubljana, Slovenia.
- Commissioner Pike delivered a keynote address and participated in a regulatory panel discussion at the Bermuda International Long-Term Insurers and Reinsurers' 2025 Life & Annuity Conference in Hamilton, Bermuda.
- Commissioner Doug Ommen (IA) and Commissioner Zimmerman participated in panels at the Geneva Association's 2025 Programme on Regulation and Supervision seminar in Singapore.
- Director Fox participated in a panel at the Eurofi High Level Seminar in Copenhagen, Denmark.
- Director Angela L. Nelson (MO) and Commissioner Lara spoke on panels at the Association of Insurance Supervisors of Latin America Regional Training Seminar in San Salvador, El Salvador.
- Commissioner Scott A. White (VA) joined the 2nd IMF-IAIS Panel Discussion: Structural Shifts in Life Insurance and Implications for Financial Stability, in Washington, D.C.
- Commissioner John F. King (GA) participated in two panels at the 2025 Global Insurance Fraud Summit in Toronto, Canada.

On recent bilateral engagement activities, Commissioner Temple said during the IAIS event in Tirana, Albania, from Nov. 10–14 the NAIC held 17 bilateral meetings with other jurisdictions from around the globe.

Draft Pending Adoption

Next, Commissioner Temple noted that the Fall 2025 International Fellows Program concluded in November, capping off the 20th year of the program. The NAIC hosted 10 Fellows from Bermuda, the Cayman Islands, Georgia, Ghana, India, Panama, Saudi Arabia, and Thailand.

Commissioner Temple reported that the European Union (EU)-U.S. Insurance Dialogue Project (Project) held a public stakeholder session to review progress on its workstreams and outline priorities for 2026 and 2027 on Nov. 14 in Tirana, Albania.

Next, Commissioner Temple said that the Organisation for Economic Co-operation and Development's (OECD's) Working Party on Insurance and Pensions met in October. He noted that Director Dunning presented U.S. state insurance regulators' efforts in overseeing the implementation of AI use among insurers.

Finally, Commissioner Temple reported that the Sustainable Insurance Forum (SIF) met in Tirana, Albania on Nov. 10 to discuss its proposed strategic priorities for the coming years.

6. Discussed Other Matters

Director Dunning noted that the NAIC's International Insurance Forum will be held May 7-8 in Washington DC and registration will open around March.

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

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Draft: 11/07/25

International Insurance Relations (G) Committee
E-Vote
November 6, 2025

The International Insurance Relations (G) Committee conducted an e-vote that concluded Nov. 6, 2025. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Co-Vice Chair (LA); Justin Zimmerman, Co-Vice Chair (NJ); Ricardo Lara represented by Kathryn Taras (CA); Andrew N. Mais (CT); John F. King (GA); Scott Saiki (HI); Dean L. Cameron (ID); Ann Gillespie (IL); Anita G. Fox (MI); D.J. Bettencourt (NH); and Michael Humphreys (PA).

1. Adopted its 2026 Proposed Charges

The Committee conducted an e-vote to consider adoption of its 2026 proposed charges. The charges remain unmodified from its 2025 charges.

Commissioner Mais made a motion, seconded by Commissioner Humphreys, to adopt the Committee's 2026 proposed charges (Attachment One-A). The motion passed unanimously.

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

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Draft: 11/10/25

To be considered by the Executive (EX) Committee and Plenary, Dec. 11, 2025

Adopted by the International Insurance Relations (G) Committee, Nov. 7, 2025

2026 Proposed Charges

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

The mission of the International Insurance Relations (G) Committee is to: 1) coordinate NAIC participation in discussions on international activities and issues and the development of insurance regulatory and supervisory standards and other materials; 2) promote international cooperation; 3) coordinate on international insurance matters with the U.S. federal government, including the U.S. Department of the Treasury (Treasury Department), the Federal Reserve Board (FRB), the Office of the U.S. Trade Representative (USTR), the U.S. Department of Commerce (DOC), and other federal agencies; and 4) provide an open forum for NAIC communication with U.S. interested parties, stakeholders, and among its members on international insurance matters.

Ongoing Support of NAIC Programs, Products, or Services

1. The **International Insurance Relations (G) Committee** will:

- A. Monitor and assess activities at international organizations, such as the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), the Organisation for Economic Co-operation and Development (OECD), and the Sustainable Insurance Forum (SIF), that affect U.S. insurance regulation, U.S. insurance consumers, and the U.S. insurance industry.
- B. Support and facilitate the participation of state insurance regulators and the NAIC in relevant workstreams of international organizations.
- C. Develop NAIC policy on international activities and issues, coordinating, as necessary, with other NAIC committees, task forces, and working groups, and communicating key international developments to those NAIC groups.
- D. Coordinate and facilitate state efforts to participate in key bilateral and multilateral dialogues, projects, conferences, and training opportunities with international regulators and international organizations, both directly and in coordination with the federal government, as appropriate.
- E. Strengthen foreign regulatory systems and relationships by interacting with international regulators and sharing U.S. supervisory best practices, including conducting outreach, an International Fellows Program, and educational (technical assistance) seminars to provide an understanding of the U.S. state-based system of insurance regulation.
- F. Coordinate the NAIC's participation in the International Monetary Fund (IMF)/World Bank Financial Sector Assessment Program (FSAP).
- G. Coordinate state efforts to assist in achieving U.S. international trade objectives through reviewing relevant materials, developing input, and providing assistance and expertise on insurance matters to the USTR and/or other federal entities.

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

2. The **Aggregation Method Implementation (G) Working Group** will:
 - A. Review group capital regulation of U.S. groups and their potential for comparable implementation of the insurance capital standard (ICS), including:
 - i. Sensitivity to changes in interest rates and their impact on the solvency of the U.S. life groups.
 - ii. Supervisory intervention of U.S. groups on group capital grounds.
 - iii. Use of scalars and choice of regulatory intervention points.
 - iv. Reporting and disclosure requirements.
 - B. Coordinate the U.S. implementation of the ICS via the Aggregation Method (AM) by recommending:
 - i. Potential domestic refinement.
 - ii. The final AM.
 - C. Monitor any further development of ICS at the IAIS and what implications those may have for the implementation of the AM.
 - D. Report to, and coordinate with, the International Insurance Relations (G) Committee and any relevant groups under the Financial Condition (E) Committee.

NAIC Committee Support: Ryan Workman/Nikhail Nigam

Draft: 10/1/25

International Insurance Relations (G) Committee
Virtual Meeting
September 25, 2025

The International Insurance Relations (G) Committee met Sept. 25, 2025. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Co-Vice Chair (LA); Justin Zimmerman, Co-Vice Chair (NJ); Ricardo Lara represented by Mike Peterson (CA); Andrew N. Mais represented by William Arfanis (CT); Ann Gillespie represented by Susan Berry (IL); Anita G. Fox represented by Steve Mayhew (MI); D.J. Bettencourt (NH); and Nathan Houdek (WI).

1. Adopted a Motion to Approve NAIC Comments on the IAIS Public Consultation on the Draft Application Paper on Operational Resilience Objectives and Toolkit

The International Association of Insurance Supervisors (IAIS) is conducting a public consultation on its draft application paper on operational resilience objectives and the supporting practices and tools, referred to as 'the toolkit.' The two components work in tandem, with the objectives providing an outcomes-based approach for meeting various Insurance Core Principles (ICPs), while the toolkit provides supervisors with practical implementation approaches.

The IAIS consulted on the objectives in 2024 and the NAIC provided input during that stage, and the current consultation has been updated to address comments raised since then. The NAIC's initial draft comments are based on an internal review of the consultation documents by NAIC staff and members of the Cybersecurity (H) Working Group. The initial draft comments were circulated in advance of the meeting, and no additional input was received for consideration.

An overview of the NAIC's comments on the draft application paper and toolkit was given by NAIC staff, noting that many were minor and editorial. Other comments suggest clarifying the language used in the application paper, including when describing NAIC examples and the use of supervisory colleges.

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

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

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Questions for public consultation on draft Application Paper on operational resilience objectives and toolkit

Thank you for your interest in the public consultation on the draft Application Paper on operational resilience objectives and toolkit. 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 on the Application Paper</p> <p>Several paragraphs have bulleted lists under them. Some of these lists end in “.” But others end in “;”. Suggest being consistent in how the bulleted lists are structured.</p> <p>IAIS usually uses “supervisor” rather than “authority” or “supervisory authority” – this should be made consistent in paragraphs 34, 49, 50, 58, 59</p>
2	<p>General comments on the Executive Summary</p> <p>Pg. 4, para 1: Editorial suggestion.</p> <p>The concept and all definitions of operational resilience take as a premise the assumption that operational disruptions will occur and thus that insurers should consider their tolerance for such disruptions and take this tolerance into account when devising their approach to operational resilience.</p> <p>Pg. 4, para 3: Suggest a slight rephrasing.</p> <p>The Insurance Core Principles (ICPs) establish the importance of insurers having effective risk <u>management</u> and governance processes to manage all risks. This paper supports supervisors and insurers in understanding how to assess and address operational resilience in light of the ICP risk management and other relevant <u>ICP</u> requirements. To this end, it considers how operational resilience can be embedded into existing risk management and governance frameworks.</p> <p>Pg. 4, para 4: Suggest a slight rephrasing and breaking up a rather complex sentence.</p> <p>This se Application Paper consists of the operational resilience objectives (the objectives) and the supporting practices and tools (the toolkit).</p> <p>These two components work in tandem: the objectives provide the basis for a high-level framework for meeting the ICPs, while the toolkit provides supervisors with practical implementation approaches. <u>Such approaches</u> that will naturally evolve as risk management practices mature (in general and for a given insurer) and new risks emerge.</p> <p>Pg. 4, para 5: As written, it seems like the ORWG did not also draft the toolkit. Suggest rephrasing.</p> <p>The development of this Application Paper took both a top-down and a bottom-up approach. While t The objectives were drafted by the Operational Resilience Working Group (ORWG) <u>first, and then it developed the toolkit was prepared</u> on the basis of a survey conducted with several IAIS Members from multiple jurisdictions (see the Annex for a list of the participating jurisdictions).</p>

	<p>Pg. 6, para 17, first bullet: Suggest rephrasing so this makes more sense – “other topics” seems to imply topics that are not the focus of this paper.</p> <p><i>Legal or supervisory requirements:</i> These are generally principles-based and are often included in requirements on other <u>general and specific</u> topics, eg corporate governance, operational risk management, technology/cyber risk management and outsourcing/third-party risk management.</p>
3	General comments on Section 1
4	Comments on Section 1.1 (Background and purpose)
5	Comments on Section 1.2 (How ICPs support operational resilience)
6	Comments on Section 1.3 (Objectives and toolkit for insurance sector operational resilience)
7	General comments on Section 2
8	General comments on Section 3
9	<p>Comments on Objective 1.1 and toolkit material</p> <p>Pg. 7, para 18: Editorial suggestion.</p> <p>...and responsibilities cover such matters <u>such</u> as establishing and implementing systems, processes and policies at a high level</p> <p>Pg. 7, at the bottom of the page: Suggest the heading “Board Members” be moved down to the next page. Also, add a paragraph number to the first paragraph under “Board Members.”</p> <p>Pg. 8, top of the page, first bullet: it is not the role of the supervisor itself to establish a risk culture, risk appetite, etc. for an insurer. This puts the supervisor in the role of insurer’s Board, which is not appropriate. This should be deleted or reworded if a different point was intended.</p> <p>Pg. 10, Box 1: it is not clear in the Qatar example whether the requirements have been issued but have a 1 October effective date or whether they will be issued on that date. Assuming it is the former, suggest:</p> <p>The Qatar Financial Centre Regulatory Authority (QFCRA) has issued requirements (commencing <u>effective</u> 1 October 2025) setting out...</p> <p>Pg.10, Box1, add the following example:</p> <p>The National Association of Insurance Commissioners’ (NAIC) Market regulation handbook, Financial Condition Examiner’s Handbook, and Financial Analysis Handbook provide comprehensive guidelines and <u>tools for assessing the efficacy of corporate governance. Required filings such as Form F (Enterprise Risk Report),</u></p>

	<p>ORSA (Own Risk Solvency Assessment), and Corporate Governance Annual Disclosure (CGAD), also support objective 1.1 by emphasizing effective corporate governance, robust risk management frameworks and strong internal controls.</p> <p>Pg. 11, Box 2: For the Netherlands example, is there a link that could be provided to the expectations they have developed? If not, suggest removing as it is a less helpful example and the box already has a number of them.</p>
10	<p>Comments on Objective 1.2 and toolkit material</p> <p>Pg 13, para 22, last bullet: it is not clear how the supervisor itself would integrate operational resilience into an insurer's ICT risk framework. This puts the supervisor in the role of running the insurer, which is not appropriate. This should be deleted or reworded if a different point was intended.</p>
11	General comments on Section 4
12	Comments on Objective 2.1 and toolkit material
13	<p>Comments on Objective 2.2 and toolkit material</p> <p>Pg. 19, Box 7: Add link to OSFI guidance.</p>
14	<p>Comments on Objective 2.3 and toolkit material</p> <p>Pg. 20, Box 8: move the box heading down to the next page.</p> <p>Pg. 22, Box 9: add link to DORA reference.</p>
15	<p>Comments on Objective 2.4 and toolkit material</p> <p>Pg. 23, para 41: Justify the first word in the paragraph.</p>
16	<p>Comments on Objective 2.5 and toolkit material</p> <p>Pg. 25, Box 11: Add link to Quebec reference.</p>
17	Comments on Objective 2.6 and toolkit material
18	<p>Comments on Objective 2.7 and toolkit material</p> <p>Pg 28, Objective 2.7: suggest spelling out BCP and DRP.</p> <p>Pg. 29, para 52: should the paragraph following 52 be numbered?</p>
19	Comments on Objective 2.8 and toolkit material

	<p>Pg. 30, para 53: for consistency use “Supervisory practices” rather than “Regulatory practices”.</p> <p>Pg. 31, para 58: as this may not necessarily be a systemic risk, suggest softening:</p> <p>To have a better understanding of, and to mitigate for, this <u>potential</u> systemic risk, jurisdictions may consider granting <u>the supervisor</u> supervisory authorities powers to directly oversee the provision of services to financial institutions by critical third-party providers.</p>
20	General comments on Section 5
21	<p>Comments on Objective 3.1 and toolkit material</p> <p>Pg. 32, para 61, last sentence: This paragraph and section is on internal coordination and operations of the supervisor, so it seems rather odd for the last sentence to suggest external stakeholder be involved. Suggest deleting or otherwise rewording if a different point was intended. Alternatively, this may be a point better suited under Objective 3.3.</p> <p>Pg. 33, Box 16: Consider whether links for these examples should be included as their helpfulness is rather limited.</p> <p>Pg. 33, Box 16: Consider referencing the NAIC’s use of “Supervisory Colleges” to support international group-level communication.</p>
22	<p>Comments on Objective 3.2 and toolkit material</p> <p>Pg. 34, para 66: Was more established stakeholder communication channels in more developed markets something demonstrated in the survey results? If so, this should be noted, otherwise this seems like a generalization that may or may not be accurate and therefore there paragraph should be deleted.</p> <p>Pg. 34, Box 17: For the USA example, provide the following links: Financial Condition (E) Committee: https://content.naic.org/committees/e/financial-condition-cmte Innovation, Cybersecurity, and Technology (H) Committee: https://content.naic.org/committees/h/innovation-cybersecurity-technology-cmte</p>
23	<p>Comments on Objective 3.3 and toolkit material</p> <p>Pg. 35-37, Boxes 18, 19, and 20: Consider whether links (if available) for these examples should be included.</p>
24	Comments on Objective 3.4 and toolkit material

Draft: 12/3/25

Aggregation Method Implementation (G) Working Group
Virtual Meeting
November 19, 2025

The Aggregation Method Implementation (G) Working Group of the International Insurance Relations (G) Committee met on Nov. 19, 2025. The following Working Group members participated: Andrew N. Mais, Chair (CT); Rebecca Easland, Vice Chair (WI); Kevin Clark (IA); Christopher Joyce (MA); John Rehagen (MO); Anthony Quandt (NE); Puran Bheamsain (NY); Diana Sherman (PA); Elizabeth Kelleher Dwyer and Patrick Smock (RI); and Scott A. White and Dan Bumpus (VA).

1. Received an Update on the Technical Drafting Group

Ned Tyrrell (NAIC) gave an update on the Working Group's ongoing work (Attachment Three-A). His presentation included updates on the creation and purpose of the group and the timeline of upcoming deliverables.

2. Heard an Update on the Draft Scalar Paper

Quandt gave a summary of a paper discussing the impact of changes in interest rates on excess relative ratio (ERR) scalars (Attachment Three-B).

3. Heard an Update on the Draft Valuation Paper

Bruce Friedland (Friedland Actuarial) gave a summary of a paper discussing the impact of changes in interest rates on statutory reserves calculated under principle-based reserving. He discussed how a decrease in interest rates would impact a sample portfolio of policies valued under VM-20, VM-21 and VM-22. Commissioner Mais asked how the paper discussed would compare to the sensitivity of the insurance capital standard (ICS). Friedland said that the focus had been on principle-based reserving. Commissioner Mais suggested that the paper be modified to include this topic. Friedland and Tyrrell agreed to discuss further and update the paper for the Fall National Meeting.

4. Heard an Update on the Draft Other Tools Document

Commissioner Mais asked Tyrrell to give an update on the work in the "Other Tools" area. Tyrrell said that while Prudential and Tom Finnell provided useful summaries, the work area was not at the same level as the valuation or scalar work areas. He noted that there may be a lack of clarity regarding the role of tools, such as Own Risk and Solvency Assessment (ORSA), as they were developed prior to the adoption of the group capital calculation (GCC). He said there was a survey on the *ORSA Guidance Manual* that the Working Group can respond to. Commissioner Mais said that he should respond to the survey on behalf of the Working Group with a request for more clarity on this subject.

Commissioner Mais then asked Ian Adamczyk (Prudential) and Caitlin Zaroni (Prudential) to give an overview of the document that they had provided (Attachment Three-C). Prudential provided a summary of group regulatory tools with a focus on ORSA. The document included examples of market shocks that insurers may assess including interest rate shifts, credit spread widening/tightening, and changes in foreign exchange rates. Commissioner Mais encouraged others to provide information that would help produce a paper in this area.

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

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Aggregation Method Implementation (G) Working Group

November 19, 2025

AMIWG Technical Group

- On June 9, AMIWG discussed and recommended creation of a group for stakeholders to provide technical input
- Three work areas -- valuation, scalars, and other tools
 - Drafting papers that will be used as reference by regulators as they review/finalize AM and recommend potential refinements for comparable implementation of the Insurance Capital Standard (ICS)
- Focus of the group will be on sensitivity to changes interest rates
 - Looking at the US system as a whole (not individual insurers) and on a forward-looking basis

Upcoming Dates

- November 19 (2pm ET): AMIWG open call - work areas papers presented
- December 2: Final papers to be posted for NAIC National Meeting
- December 9 (2:15pm ET): AMIWG Session at NAIC National Meeting

Questions / Comments / Suggestions?

Impact of Scalars on the Sensitivity of the Aggregation Method to Changes in Interest Rates

In August 2025, the Aggregation Method Implementation Working Group (AMIWG) recommended using the Excess Relative Ratio (ERR) approach for purposes of planning the Final AM.¹ This proposal noted that scalars could address issues highlighted including sensitivity due to changes in interest rates. The purpose of this paper is to examine how the ERR scalars impact the AM's sensitivity to interest rates.

Excess Relative Ratio Approach

The ERR scalar approach was developed to address concerns with volatility and cross-jurisdictional comparability. The method adjusts both available and required capital, with three main advantages: it is designed to adapt to changes in solvency regimes without introducing uneconomic volatility; it recognizes cross-jurisdictional differences in required reserves; and it produces results that are directionally consistent with the conversion of overseas capital into RBC terms.

The AM considers the Available Capital (AC) and Calculated Capital (CC) of each entity in an insurance group to determine the aggregated capital score. AC represents the entity's Capital & Surplus, or jurisdictional equivalent (Total Adjusted Capital (TAC) for U.S. insurers). Calculated Capital, also known as Required Capital in the US, represents the jurisdictional capital requirements (200% of the Authorized Control Level (ACL) for U.S. insurers). The ERR approach adjusts the CC for International insurers to align with RBC, then also adjusts AC to account for differences in reserve conservatism, recognizing that some jurisdictions have a regulatory approach that emphasizes reserves while others require greater capital. Because both AC and CC are sensitive to financial market conditions, particularly interest rates, the ERR scalar approach inherits sensitivity to changes in rate environments and constitutes a viable standard metric by which the U.S. will implement the ICS.

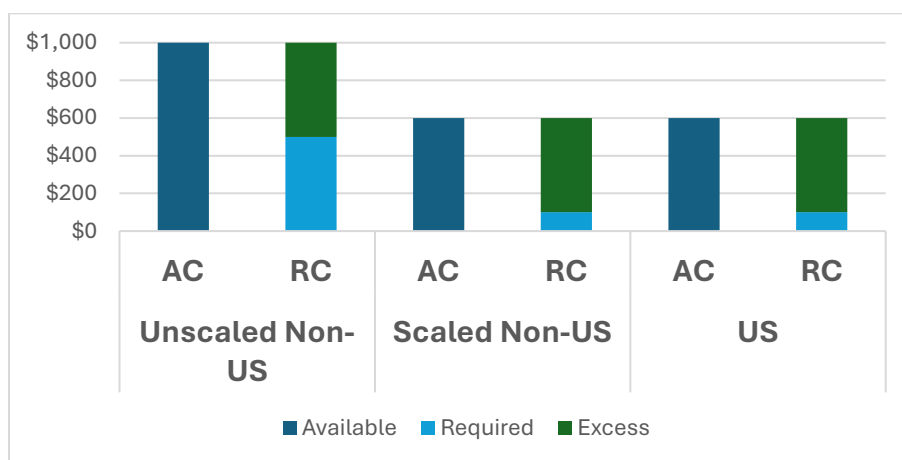
Sample Calculation

What follows is an example of how scaling impacts a group that has one US entity and one non-US entity in a "Regime A" that is typical of the non-US regimes that are material to the AM. Note that this is a hypothetical example but the underlying following stylized facts are

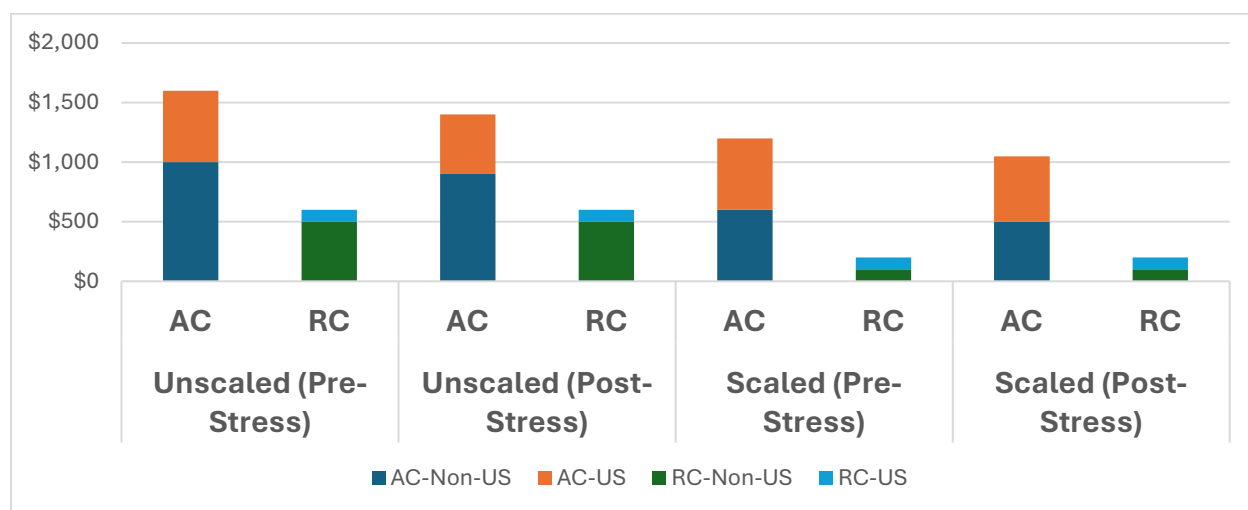
¹ https://content.naic.org/sites/default/files/national_meeting/Materials%20-%20AMIWG%20Summer%20National%20Meeting%20081125.pdf

based on empirical results from regimes where a less conservative approach to reserves (along with a correspondingly large capital requirement).

Assume that the two entities have the same excess capital of \$500 but the starting capital ratio is 200% for the non-US entity, 600% for the US entity and, for simplicity, that these are the same as the industry averages for the two regimes. The relatively large available and required capital in the non-US entity are brought down to the same level as in the US entity using a scalar of 0.20 ($= [200\% - 100\%] / [600\% - 100\%]$) and an adjustment to the available capital to keep the excess unchanged.



Further, by scaling the available and required capital to similar levels, the ERR makes the sensitivity of group results to changes in individual entities more equal. For instance, assume there is an interest rate stress that results in a decrease in available capital of 100 for the non-US entity and 50 for the US entity. Before scaling, this would lead to a smaller percentage point decrease in the capital ratio for the non-US entity than for the US entity which may seem counterintuitive when analyzing group results. But after scaling this would lead to decreases that are proportional to the change in excess capital (i.e. from 600% to 500% for the non-US entity and from 600% to 550% for the US entity).



Conclusion

A scalar adjusts for differences in the level of calibration between different types of capital requirements and differences in valuation between the entities. 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 exceeds required capital) unchanged for each individual entity. The inputs to this calculation are sensitive to changes in interest rates and the resulting scalar helps adjust for any resulting differences.

In addition to insight gained through the Aggregation Method, state regulators employ a range of additional tools to obtain insight into risks the insurance groups they supervise are exposed to and ensure that reasonable and effective mitigation measures are in place. Most notable among these is Own Risk and Solvency Assessment (ORSA), which is the insurance group's internal assessment of the sufficiency of capital resources to support relevant risks. The ORSA is required to be completed no less than annually, with more frequent updates if there are significant changes to the risk profile of the insurance group.

While the content of the ORSA is unique to each insurance group, the NAIC maintains an ORSA Guidance Manual that establishes minimum requirements for what must be included. Section 3 of the ORSA requires insurance groups to provide an assessment of group capital (current year with a comparison to the prior year) and prospective assessment of solvency under normal and stressed environments that demonstrates the group has the financial resources necessary to execute its multi-year business plan in accordance with its stated risk appetite. Stress testing scenarios are intended to be coherent and comprehensive, assessing all the underlying insurance companies' and group's key risk exposures. Stress scenarios will be informed by the risks that are relevant to the insurance group and cover a range of severities (e.g., cyclical, worst in history, acute vs prolonged shocks, etc.). For global life insurers market risk – and interest rate risk in particular – is key among the exposures assessed and discussed with their groupwide supervisor. Examples of potential shocks include:

- Interest rates decreasing or increasing with the severity being informed by the currency of the exposure and varying by tenor (e.g., impact at 10-year point vs 30-year) and target severity (e.g., cyclical, worst in history, etc.).
- Credit spread widening or tightening
- Equity market declines
- Currency appreciation or depreciation

While a statutory lens is foundational, others may also be relevant to the insurance group for executing its multi-year business plan (e.g., result through an internal economic model lens, U.S. GAAP lens, liquidity lens, etc.) and shared with state regulators as part of their oversight of the insurance group to ensure they have a fulsome understanding of risk exposures and how the insurer is managing them.

More broadly, state regulators have the authority to examine any insurer and its affiliates to ascertain the financial condition of the insurer, including the enterprise risk to the insurer

by the ultimate controlling party, or by any entity or combination of entities within the insurance holding company system, or by the insurance holding company system on a consolidated basis in order to determine its financial condition and if supervisory action or intervention is warranted. State regulators employ this authority proactively and meet on a regular basis with group management to receive updates on a range of topics that enable them to maintain a robust understanding of the financial strength of the insurance group and entities within it. Areas of regular focus and discussion include:

- Enterprise risk management – e.g., updates on risk exposures and risk appetite; how exposures are emerging and managed
- Capital and liquidity management – e.g., updates capital and liquidity position; impacts of market developments; forecasted results; rating agency views and developments; capital markets activities
- Investment portfolio management – e.g., update on investment holdings (asset classes, credit quality, etc.), performance, and strategy
- Financial reporting – e.g., updates on financial performance; discussions with internal and external auditors regarding their work

In addition to the examples noted above, state regulators also request and receive information on an adhoc basis when market conditions or developments warrant. Examples of situations include receiving updates on implications of volatility in financial markets on capital and liquidity (e.g., a spike in interest rates), investment portfolio developments (e.g., exposure to sectors / counterparties experiencing stress), etc.

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Aggregation Method Implementation (G) Working Group
E-Vote
October 9, 2025

The Aggregation Method Implementation (G) Working Group of the International Insurance Relations (G) Committee conducted an e-vote that concluded Oct. 9, 2025. The following Working Group members participated: Andrew N. Mais, Chair (CT); Rebecca Easland, Vice Chair (WI); Kevin Clark (IA); Susan Berry (IL); Anthony Quandt (NE); Bob Kasinow (NY); Elizabeth Kelleher Dwyer (RI); and Scott A. White and Dan Bumpus (VA).

1. Adopted its 2026 Proposed Charges

The Working Group conducted an e-vote to consider adoption of its 2026 proposed charges. The charges remain unmodified from its 2025 charges.

Clark made a motion, seconded by Easland, to adopt the Working Group's 2026 proposed charges. The motion passed unanimously.

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

SharePoint/NAIC Support Staff Hub/Committees/G Committee/National Meetings/AMIWG/E-vote Minutes_AMIWG Oct 9 2025.docx