

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

International Insurance Relations (G) Committee August 10, 2022 Minutes

International Insurance Relations (G) Committee 2023 Charges (Attachment One)

## Draft Pending Adoption

Draft: 12/22/22

International Insurance Relations (G) Committee  
Tampa, Florida  
December 13, 2022

The International Insurance Relations (G) Committee met in Tampa, FL, Dec. 13, 2022. The following Committee members participated: Gary D. Anderson, Chair (MA); Eric Dunning, Vice Chair (NE); Evan G. Daniels represented by David Lee (AZ); Andrew N. Mais (CT); David Altmaier represented by Virginia Christy (FL); Doug Ommen (IA); Dana Popish Severinghaus (IL); James J. Donelon (LA); Kathleen A. Birrane (MD); Anita G. Fox represented by Steve Mayhew (MI); Troy Downing (MT); Marlene Caride (NJ); Alexander S. Adams Vega (PR); and Michael Wise (SC).

### 1. Adopted its Summer National Meeting Minutes

Commissioner Caride made a motion, seconded by Commissioner Mais, to adopt the Committee's Aug. 10 minutes (see *NAIC Proceedings – Summer 2022, International Insurance Relations (G) Committee*). The motion passed unanimously.

### 2. Adopted its 2023 Proposed Charges

Commissioner Anderson introduced the Committee's 2023 proposed charges. Upon review, slight editorial revisions to the Committee's 2022 charges were proposed. Ryan Workman (NAIC) briefly explained the proposed changes.

Commissioner Ommen made a motion, seconded by Commissioner Caride, to adopt the Committee's 2023 proposed charges (Attachment One). The motion passed unanimously.

### 3. Heard an Update on International Activities Related to Financial Stability

Commissioner Anderson spotlighted the topic of international financial stability activities, and he mentioned the recent Financial Stability Board (FSB) announcement to discontinue global systemically important insurer (G-SII) designations. He noted that the NAIC welcomes this decision, having supported the development of the Holistic Framework for Systemic Risk in the Insurance Sector (Holistic Framework) as a better approach to address systemic risk in the insurance sector; and the NAIC actively contributed to the International Association of Insurance Supervisors' (IAIS's) work to inform the FSB decision. He also reiterated that the insurance industry was not the reason for the 2008 global financial crisis; however, monitoring and mitigating systemic risk in the insurance sector is important, especially as global insurance markets become more interconnected. He noted that state insurance regulators and the NAIC actively participate in the IAIS Global Monitoring Exercise (GME), and the Financial Stability (E) Task Force continues its work to enhance global financial stability.

Jonathan Dixon (IAIS) reviewed the IAIS's adoption in 2013 of an initial assessment methodology for the identification of G-SIIs and targeted policy measures. He noted that it became clear that an approach to systemic risk more tailored for the insurance sector was needed; i.e., one that included looking at activities, not simply certain entities. In 2019, the IAIS adopted a holistic framework with three components: 1) the GME; 2) enhanced macroprudential supervisory policy measures; and 3) a robust implementation assessment.

Dixon reviewed the multiple benefits of the Holistic Framework relative to an annual G-SII designation. He said going forward, the FSB will utilize assessments available through the Holistic Framework to inform its considerations of systemic risk in the insurance sector. He emphasized the importance of continued strong engagement from IAIS members, insurers, and other interested parties.

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Commissioner Anderson emphasized that both domestic and international activities to address financial stability are important for state insurance regulators and the larger insurance sector. He thanked those who have been part of implementing the Holistic Framework domestically and those who took part in the IAIS targeted jurisdictional assessment (TJA) for the U.S., including, Connecticut, New Jersey, and New York as the three involved states, and specifically Kathy Belfi (CT), David Wolf (NJ), and Bob Kasinow (NY), as well as other involved state insurance regulators, including Robert Wake (ME) and Justin Schrader (NE). He also thanked NAIC staff for their contributions to the TJA.

### 4. Heard an update on activities of the IAIS

Commissioner Anderson gave an update on IAIS activities and its key 2022 and 2023 projects and priorities. He began with a review of the IAIS committee meetings; Annual General Meeting; and Annual Conference in Santiago, Chile. He summarized some of the main accomplishments, including:

- Approving the 2023–24 Roadmap, which covers individual work plans supporting IAIS priorities and activities for the next two years.
- Publishing liquidity metrics as an ancillary indicator for the GME.
- Approving the launch of a public consultation in mid-December 2022 on potential updates to the Individual Insurance Monitoring (IIM) assessment methodology, which is part of the GME.
- Discussing the 2022 Global Insurance Market Report (GIMAR), which is expected to be published before year end.
- Approving an aggregate report on the TJAs and a comprehensive report on the overall implementation of the Holistic Framework that was sent to the FSB to inform its decision on G-SII designations.

On diversity, equity, and inclusion (DE&I), Commissioner Anderson said the IAIS published a statement, which was followed by a stock take report on DE&I in the insurance sector. This includes actions IAIS member supervisors, other international organizations, and the insurance industry are taking to advance DE&I in the insurance sector.

On the insurance capital standard (ICS), Commissioner Anderson noted that approval of the comparability criteria has been pushed to March 2023 to give additional time to consider scenarios and sensitivity analysis that will be workable for the assessment process. Work on this remains ongoing, and NAIC representatives at the IAIS remain engaged in the process.

Commissioner Anderson reported that during the IAIS Annual Conference, Director Lindley-Myers participated on a panel on DE&I for better consumer and prudential outcomes; Commissioner Lara participated on a panel on the journey to develop effective climate risk assessment; and Commissioner Altmaier participated on a panel on the ICS.

Commissioner Anderson concluded by mentioning that Eric Cioppa, former Superintendent of Maine, was recognized as an IAIS Distinguished Fellow, given his long record of dedication to, and leadership within, the IAIS.

### 5. Heard an Update on International Activities

#### a. International Activities

Director Dunning reported on recent bilateral discussions that were held on the sidelines of the IAIS Santiago meetings between NAIC representatives and international counterparts, which helped facilitate ongoing relationship building and discussions on common themes of importance. This included bilateral meetings with the following: the Association of Latin American Insurance Supervisors (ASSAL); Australia; Canada; the Conférence Interafricaine des Marchés d'Assurances (CIMA), the regional oversight body of insurance supervisors in

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francophone Central and West Africa; the European Insurance and Occupational Pensions Authority (EIOPA); Hong Kong; Japan; Singapore; South Africa; and Taiwan. Director Dunning thanked Commissioners Altmaier, Anderson, Birrane, Caride, Lara, Mais, and White and Directors Cameron, Lindley-Myers, and Wing-Heier, who, along with himself, participated in one or more of these bilateral meetings over the course of the week.

Director Dunning spotlighted the NAIC's International Fellows Program, which recently concluded its first in-person session since before the pandemic. He reported that eight fellows were welcomed to the U.S. from five jurisdictions: Bermuda, the CIMA/Gabon, Saudi Arabia, Taiwan, and Thailand. He thanked Connecticut; Louisiana; Maryland; Missouri; Nebraska; Ohio; and Washington, DC for hosting the fellows over five weeks and providing them the opportunity to immerse themselves in the state-based system of insurance regulation in the U.S.

Commissioner Birrane, Commissioner Mais, and Tom Travis (LA) provided comments on their experience hosting a fellow, including being impressed with the quality of their work and their willingness to learn. They mentioned that the experience was invaluable for them and their department of insurance (DOI) staff, as it presented an opportunity to share different work processes and ideas. An added benefit to the program was the ability to make personal connections and friendships with the fellows that will last into the future. Director Dunning echoed these sentiments and invited other states that are interested in hosting a fellow in 2023 to contact NAIC staff.

Director Dunning reported that the European Union (EU)-U.S. Insurance Dialogue Project has been working within three working groups this year: 1) climate risk financial oversight, including climate risk disclosures, supervisory reporting, and other financial surveillance; 2) climate risk and resilience, including innovative technology, pre-disaster mitigation, adaptation efforts, and modeling; and 3) innovation and technology, including big data, artificial intelligence (AI), and supervisory technology as a regulatory tool. These working groups have met throughout 2022, and summary reports on this work are expected to be published by mid-next year. Director Dunning announced that the next public event for the EU-U.S. Insurance Dialogue Project is scheduled for June 16, 2023, in Seattle, WA, following the conclusion of the IAIS 2023 Global Seminar.

Director Dunning reviewed other recent international events and speaking engagements, which included:

- Remarks by Commissioner Mais on the panel, "Sustainability Risks and Challenges in the Insurance Sector" at the Eurofi Financial Forum in Prague. The event provided the opportunity to meet with EIOPA, Switzerland, and the U.S. Department of the Treasury (Treasury Department).
- Participation on panel discussions by Commissioners Altmaier, Anderson, and Mais at the Association of Bermuda Insurers and Reinsurers' (ABIR's) annual International Insurance Regulatory Dialogue, addressing capital availability in the climate gap, public-private partnerships (PPPs), and climate stress testing. The event provided the chance to meet with the European Commission's Insurance Unit.
- Virtual participation by Commissioner Mulready on two panels as part of an ASSAL regional training seminar: 1) "Risk-Based Capital: Main Challenges in its Development and Implementation"; and 2) "Closing the Protection Gap: Risks Derived from the Pandemic."
- Recorded remarks by Director Cameron at the Thailand InsurTech Fair 2022, providing an overview of U.S. efforts to address ongoing advances in technology and issues of big data and AI, e-commerce, cybersecurity, innovation, and privacy protections.
- Participation by Director Popish Severinghaus and NAIC staff at the first IAIS Financial Inclusion Forum (FIF) held jointly with the ASSAL and the Access to Insurance Initiative (A2ii), which discussed catastrophic climate-related events, including the impact on vulnerable populations and the role insurance can play in increasing resilience.
- Participation on a panel by Superintendent Dwyer, titled "Boosting Financial Inclusion Through Digital Financial Literacy," at the Insurance Forum 2022, which was organized as part of Indonesia hosting the G20 Presidency. The panel highlighted how the insurance industry can contribute to key challenges facing G20 leaders.

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- The NAIC signed a memorandum of understanding with the Taiwan Insurance Institute (TII), which will facilitate further cooperation and an exchange of information. This was followed by recorded remarks by Director Cameron at the TII's Insurance and Economic Development Forum 2023.
- The NAIC hosting a delegation from the North Macedonian Insurance Supervision Agency (ISA) to discuss topics such as education, market conduct, and consumer protection as part of a broader study tour by the ISA of the U.S. insurance regulatory system.

### b. OECD

Director Dunning noted that Director Cameron participated in a joint session of the Organisation for Economic Co-operation and Development (OECD) Insurance and Private Pensions Committee (IPPC) and the Working Party on Private Pensions on the impact of inflation, and it presented a snapshot of the current state of the major lines of U.S. insurance and highlighted the work of state insurance supervisors to ensure that insurers remain solvent during periods of high inflation and market volatility.

### c. SIF

Director Dunning reported that the Sustainable Insurance Forum (SIF) met in Santiago on the sidelines of the IAIS meetings in November to discuss two of its current workstreams: 1) net zero and identifying the potential role of insurance supervisors; and 2) access and affordability, including leveraging existing practices from around the globe to help jurisdictions address coverage gaps within their own jurisdictions.

## 6. Discussed Other Matters

Commissioner Anderson noted two upcoming events: 1) the NAIC's International Insurance Forum scheduled for May 18–19, 2023, in Washington, DC; and 2) the IAIS 2023 Global Seminar scheduled for June 15–16, 2023, in Seattle, WA, which will be hosted by the NAIC.

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

SharePoint/NAIC Support Staff Hub/Member Meetings/G CMTE/National Meetings/2022/Tampa – Fall National Meeting 2022

Draft: 11/9/22

*Adopted by the Executive (EX) Committee and Plenary, Dec. 16, 2022*

*Adopted by the International Insurance Relations (G) Committee, Dec. 13, 2022*

## **2023 Adopted Charges**

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

The mission of the International Insurance Relations (G) Committee is to: 1) coordinate NAIC participation in international discussions on and the development of insurance regulatory and supervisory standards; 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), and the Organisation for Economic Co-operation and Development (OECD), 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 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.

NAIC Support Staff: Ryan Workman/Nikhail Nigam

SharePoint/NAIC Support Staff Hub/Committee Charges