

DRAFT PENDING ADOPTION

Draft: 3/10/25

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Discussed the NAIC International Fellows Program

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

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

4. Discussed Other Matters

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

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

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

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

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Draft: 2/19/25

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

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

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

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

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

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

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

2. Discussed the NAIC International Fellows Program

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

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

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

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Draft: 11/23/24

International Insurance Relations (G) Committee
Denver, Colorado
November 17, 2024

The International Insurance Relations (G) Committee met in Denver, CO, Nov. 17, 2024. The following Committee members participated: Eric Dunning, Chair (NE); Dean L. Cameron, Co-Vice Chair (ID); Justin Zimmerman, Co-Vice Chair (NJ); Lori K. Wing-Heier (AK); Ricardo Lara (CA); Andrew N. Mais (CT); Michael Yaworsky (FL); John F. King (GA); Vicki Schmidt represented by Kyle Strathman (KS); Michael T. Caljouw (MA); Anita G. Fox (MI); Chlora Lindley-Myers (MO); Glen Mulready (OK); and Carter Lawrence (TN). Also participating was Scott A. White (VA).

1. Adopted its Oct. 22, Oct. 8, Sept. 24, and Summer National Meeting Minutes

The Committee met Oct. 22, Oct. 8, and Sept. 24. During these meetings, the Committee discussed NAIC comments on the following International Association of Insurance Supervisors (IAIS) public consultations: 1) a draft application paper on operational resilience objectives; 2) proposed changes to reflect climate risk in selected Insurance Core Principle (ICP) guidance and supporting material; and 3) a draft application paper on how to achieve fair treatment for diverse consumers.

Director Dunning also noted that Committee members met Nov. 1 in regulator-to-regulator, pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings, to give members an update on the IAIS comparability assessment process

Director Fox made a motion, seconded by Commissioner Zimmerman, to adopt the Committee's Oct. 22 (Attachment One), Oct. 8 (Attachment Two), Sept. 24 (Attachment Three), and Aug. 13 (*see NAIC Proceedings – Summer 2024, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

2. Adopted its 2025 Proposed Charges

Director Dunning introduced the Committee's 2025 proposed charges, noting they remain the same as the 2024 Committee charges.

Commissioner Lara made a motion, seconded by Director Wing-Heier, to adopt the Committee's 2025 proposed charges (Attachment Four). The motion passed unanimously.

3. Heard an Update on the Conclusions of the IAIS Comparability Assessment

Commissioner White provided a summary of the conclusion of the comparability assessment of the aggregation method (AM) to the IAIS insurance capital standard (ICS). He began with a brief review of the timeline over the past few months leading up to the comparability conclusion and said the final ICS is to be adopted at the upcoming IAIS Annual General Meeting on Dec. 5 in Cape Town, South Africa. He referenced the NAIC's position statement on the conclusion of the comparability assessment (Attachment Five), reiterating that being able to reach a decision on comparability and finalizing the ICS at the same time was a key priority for the NAIC.

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Commissioner White explained the assessment process and highlighted some areas where work as part of the implementation of the final AM will help ensure convergence. In its own press release, the IAIS said the conceptual frameworks of the provisional AM and ICS are different and needed to be evaluated with the acceptance of these differences in mind. Commissioner White said the number of areas where the provisional AM provided comparable outcomes clearly outweighed those needing work in order for the IAIS to find the AM as providing a basis for the implementation of the ICS to produce comparable outcomes.

Commissioner White concluded with an overview of the upcoming implementation process. He said the NAIC will work on its approach to the AM as the U.S. implementation of the ICS through the group capital calculation (GCC). He noted other jurisdictions will be in the process of implementing the ICS into their supervisory regimes and that the IAIS will be working on developing an implementation assessment framework for the ICS.

Mariana Gomez-Vock (American Council of Life Insurers—ACLI) congratulated state insurance regulators and the NAIC on the comparability achievement. She said the ACLI appreciates regulators' commitment to a group capital assessment that preserves the U.S. state-based system. Gomez-Vock also said the ACLI is willing to help and engage in implementing the AM. She concluded by inviting committee members to the Global Federation of Insurance Associations (GFIA) reception in Cape Town, South Africa, during the IAIS Annual Conference next month.

4. Heard an Update on the Activities of the IAIS

Director Dunning gave an update on IAIS activities, beginning with a review of recent committee meetings hosted by the NAIC in Washington, DC, in September. He said the Macroprudential Committee of the IAIS conducted its annual collective discussion, which included presentations from relevant group-wide supervisors on two sector-wide themes: 1) managing interest rate, liquidity, and credit risks in a challenging macroeconomic environment and 2) structural shifts in the life insurance sector, which includes increased allocation of capital to alternative assets and asset-intensive reinsurance. The executive committee of the IAIS continued the collective discussion, as well as provided feedback on its draft Roadmap 2025-2026, which lays out workplans and activities for the IAIS over the next two years. The executive committee also held its annual strategic discussion, which included internal governance and stakeholder engagement considerations related to implementing the 2025-2029 strategic plan and financial outlook.

Next, Director Dunning said the IAIS published an aggregate report for its peer review assessment of ICP 16 (Enterprise Risk Management for Solvency Purposes). Director Dunning said the report is available on the IAIS website and thanked Susan Berry (IL) for her work serving on the expert team. On operational resiliency, the IAIS is preparing a toolkit to accompany objectives for sound operational resilience in the insurance sector, which were recently subject to public consultation. Once completed, the toolkit and objectives will be combined to form an application paper to assist IAIS members and insurers in improving their operational resilience frameworks. At the IAIS Fintech Forum, Director Dunning noted an application paper on artificial intelligence (AI)/machine learning (ML) has been drafted and should be released for public consultation shortly.

5. Heard an Update on International Activities

Director Cameron summarized recent international activities. In September, the NAIC and the United Kingdom's (UK's) Prudential Regulatory Authority (PRA) and Financial Conduct Authority (FCA) held their annual bilateral meeting in London, England, to discuss strategic priorities on issues of mutual interest. Additionally, the NAIC will

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be concluding the year with several bilateral discussions on the sidelines of the IAIS meetings in Cape Town, South Africa, in December.

Director Cameron spotlighted the NAIC's International Fellows Program, which recently concluded its fall 2024 session. He reported that eight fellows were welcomed to the U.S. from five jurisdictions: Bahamas, Bermuda, Saudi Arabia, Taiwan, and Thailand. He thanked Connecticut, Missouri, Nebraska, Ohio, Rhode Island, and Washington, DC, for hosting the fellows over five weeks and providing them with the opportunity to immerse themselves in the state-based system of insurance regulation in the U.S.

Regarding the European Union (EU)-U.S. Insurance Dialogue Project, the workstream on climate risk and resilience is exploring access to data and underwriting to promote climate resilience as well as catastrophe risk modeling and how to improve knowledge and transparency. Director Cameron noted that though it is outside of the scope of the project but derived from its discussions, the Center for Insurance Policy and Research (CIPR) staff contributed to a European Insurance and Occupational Pensions Authority (EIOPA) training for EU supervisors on catastrophe models in October.

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

- The Taiwan Insurance Institute's East Asia Pacific Insurance Forum 2024 Forum on Aug. 20. Director Fox participated on a panel that addressed a variety of topics, including the Affordable Care Act (ACA) marketplaces, cyber security, and long-term care insurance (LTCI). Ahead of the forum, on Aug. 19, Director Fox met with representatives from Taiwan's Financial Supervisory Commission to exchange views on the future of health insurance, including the development of "digital insurers."
- The Association of Bermuda Insurers and Reinsurers (ABIR) 17th Annual International Insurance Regulatory Dialogue from Sept. 5-6 in Hamilton, Bermuda. On a series of panel discussions, Commissioner Mais provided insights on the U.S. reinsurance market. Director Dwyer discussed the impact of women leaders in the insurance industry, and Director Cameron highlighted ongoing regulatory developments and their potential effects on reinsurance.
- The Bank of England's Centre for Central Banking Studies Workshop for Heads of Insurance Supervision in London, England, from Sept. 10-11. Patrick Smock (RI) delivered a presentation on the NAIC and U.S. state insurance supervisors' efforts in expanding public-private partnerships to close insurance protection gaps.
- The International Monetary Fund (IMF) Annual Meeting in Washington, DC, on Oct. 26. Commissioner Mais participated in the high-level panel "Climate Change Protection Gaps and the Insurance Sector," noting that coverage gaps are global and affect all levels of society. He cited a number of causes for the gaps and discussed the efforts of the NAIC and state insurance regulators in using data to identify protection gaps in their respective jurisdictions and educating consumers on enhancing resilience.

6. Heard an Update on International Climate-Related Activities

Director Wing-Heier reported that the NAIC continues to participate in workstreams on transition plans and on capital and supervisory frameworks at the Sustainable Insurance Forum (SIF). She summarized the SIF transition plans working group's recently released report, "Supervisory Thinking on Insurance-Related Climate Transition Plans," which offers insights into the current supervisory landscape regarding transition plans. The next in-person SIF meeting will be in Cape Town, South Africa, on Dec. 1.

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Next, Director Wing-Heier reviewed a panel discussion she participated in, “Priorities for Developing Transition Finance,” at the Eurofi Financial Forum 2024 in Budapest, Hungary, on Sept. 11. The main discussion items were around defining transition finance, discussing existing tools and strategies, necessary developments for transition finance, and how better coordination and standardization of transition finance instruments can be achieved globally. Director Wing-Heier noted she spoke about the NAIC’s National Climate Resilience Strategy, as well as the actions being taken to ensure regulatory convergence where appropriate across borders.

Commissioner Lara gave a review of the inaugural Global Asia Insurance Partnership (GAIP) Summit on Oct. 15-16 in Singapore, where he participated in a panel discussion on addressing protection gaps. In his remarks, he highlighted the NAIC’s National Climate Resilience Strategy and noted many supervisors and regulators took an interest in the resiliency programs led by state regulators. The summit focused on growing interest in new strategies to close protection gaps, including new types of products, like parametric insurance, inclusive insurance, and microinsurance. Commissioner Lara said reducing risks and funding resilience are two areas where state regulators can prove to be invaluable resources at the international level and where further international credibility in U.S. leadership can be reinforced.

7. Discussed Other Matters

Commissioner King reviewed a recent speaking engagement at the Global Insurance Fraud Summit in Singapore on Nov. 11. He participated on a panel that discussed fighting fraud domestically and internationally, and he provided an overview of the regulatory environment in the U.S. and its ability to collaborate with the global antifraud industry.

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

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