

## Draft Pending Adoption

Draft: 8/23/21

International Insurance Relations (G) Committee  
Columbus, Ohio  
August 16, 2021

The International Insurance Relations (G) Committee met in Columbus, OH, Aug. 16, 2021. The following Committee members participated: Gary D. Anderson, Chair (MA); Raymond G. Farmer, Vice Chair (SC); Evan G. Daniels (AZ); Andrew N. Mais (CT); Karima M. Woods (DC); David Altmaier (FL); Doug Ommen (IA); James J. Donelon (LA); Kathleen A. Birrane (MD); Anita G. Fox (MI); Chlora Lindley-Myers (MO); Eric Dunning (NE); Marlene Caride (NJ); Andrew R. Stolfi (OR); and Jessica K. Altman (PA).

### 1. Adopted its May 5 and Spring National Meeting Minutes

The Committee met May 5 and April 7 and took the following action: 1) approved submission of NAIC comments on the International Association of Insurance Supervisors' (IAIS's) draft *Application Paper on Macroprudential Supervision*; 2) heard a presentation on Scalar Methodologies from the American Academy of Actuaries (Academy); 3) heard an update on upcoming IAIS committee meetings and activities; and 4) heard an update on the Sustainable Insurance Forum (SIF), the Organisation for Economic Co-operation and Development (OECD), and other supervisory cooperation activities.

Commissioner Caride made a motion, seconded by Commissioner Mais, to adopt the Committee's May 5 (Attachment One) and April 7 (*see NAIC Proceedings – Spring 2021, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

### 2. Discussed NAIC Comments on the IAIS Draft *Issues Paper on Insurer Culture* and the Draft Revised *Application Paper on Supervisory Colleges*

Commissioner Anderson explained that the IAIS draft *Issues Paper on Insurer Culture* explores the concept of insurer culture as a point of intersection for prudential and conduct risks, with examples to illustrate the broader role of culture in managing these risks. He also explained that the IAIS draft revised *Application Paper on Supervisory Colleges* is a revision of the one published in October 2014, and it aims to foster an understanding of the work of supervisory colleges and explain the role and involvement insurers may have in supervisory colleges.

Ryan Workman (NAIC) gave an overview of the NAIC's comments on the application paper, noting that most were editorial or for clarification. He provided more detail on those comments that were more substantial.

David F. Snyder (American Property Casualty Insurance Association—APCIA) noted that the APCIA is coordinating comments on the application paper for industry organizations through the Global Federation of Insurance Associations (GFIA). The GFIA's comments will focus on the importance of ongoing dialogue with the insurer's senior management as part of groupwide supervision; the purpose of proportionality, which helps to support competitive markets; and the importance of confidentiality in protecting trade secret information.

Mr. Workman noted that there were no NAIC comments on the issues paper. Mr. Snyder discussed a comment submitted to the Committee (Attachment 4), noting that the subjectivity of the culture discussion should not become an additional layer of regulation beyond current regulations. He remarked on an example in the issues paper of the culture of a U.S.-based bank, which was a federally regulated financial institution and not state regulated. Commissioner Anderson said the introduction of the issues paper makes it clear that the topic of culture is a subjective matter, and the issues paper does not suggest that culture be treated as an additional layer, but rather another consideration as part of prudential and market conduct supervision.

Commissioner Altmaier made a motion, seconded by Director Farmer, to approve submission of the NAIC comments (Attachment 3). The motion passed unanimously.

### 3. Heard an Update on Key 2021 Projects and Priorities of the IAIS

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Commissioner Anderson reported on recent IAIS activities, starting with an update on the insurance capital standard (ICS) monitoring period, noting that work continues on developing criteria to assess whether the aggregation method (AM) provides comparable outcomes to the ICS. Development of the criteria will take place throughout 2021, with a consultation expected by year-end.

Commissioner Anderson said another important area of work underway is the targeted jurisdictional assessment (TJA), which is the second phase of the current implementation assessment of the Holistic Framework for Systemic Risk. He added that the U.S. is taking part in the TJA, which includes a series of in-depth written questionnaires followed by onsite meetings planned for early next year and builds off information provided in the first phase—the baseline assessment—which was completed last summer. He also noted that the global monitoring exercise (GME) is underway, and the IAIS has reviewed data received as part of the individual insurer monitoring and sector wide monitoring to determine the scope of collective discussions on potential systemic risks, which will take place towards the end of September.

Commissioner Anderson reported that the IAIS has launched its peer review process among members on insurance core principle (ICP) 9 (Supervisory Review and Reporting) and 10 (Preventative Measures, Corrective Measures and Sanctions), with an objective of a better understanding of the observance of, and implementation challenges related to, IAIS standards.

Commissioner Anderson noted that strategic planning initiatives at the IAIS for 2022 and 2023 were underway, saying that commitments on projects related to group capital and systemic risk will continue, while also focusing on and addressing emerging topics such as climate risk, diversity and inclusion, innovation and technology, and cyber.

### 3. Heard an Update on International Activities

#### a. Regional Supervisory Cooperation

Director Farmer reported that the Latin American Association of Insurance Supervisors (ASSAL), the Financial Stability Institute (FSI), and the IAIS jointly held a webinar to exchange views on the main insurance risks that currently concern supervisors in the Latin American region. Nina Chen (NY) from the New York Department of Financial Services (DFS) participated on a panel on the insurance supervisor's role in climate change. The next ASSAL meeting is scheduled for later this fall, which may be held in person in Costa Rica.

Director Farmer said the NAIC met virtually in April with the Bermuda Monetary Authority (BMA) to discuss issues of mutual importance, including climate risk and resilience, COVID-19, the NAIC reciprocal jurisdiction framework, and ICS comparability. The NAIC met with the Financial Services Agency (FSA) of Japan for a biannual bilateral dialogue on June 3. The NAIC and the FSA discussed various topics and developments, including climate risk and resilience, liquidity stress testing, results of the recent Financial Sector Assessment Program (FSAP) of the U.S., and market developments in response to COVID-19.

Director Farmer said the work of the European Union (EU)-U.S. Insurance Dialogue Project (Project) continues with the working groups and the Project's Steering Committee meeting in the last few months to wrap up the work of the workstreams on cybersecurity, cyberinsurance, and big data/artificial intelligence (AI). He reported that the Project will host a public virtual webinar on Oct. 19 on its continued progress and future priorities, with representatives of the NAIC, including Commissioner Birrane and Commissioner Ommen; the Federal Insurance Office (FIO) of the U.S. Department of the Treasury (Treasury Department); and the European Insurance and Occupational Pensions Authority (EIOPA) leading the webinar.

Director Farmer highlighted other upcoming activities, including remarks to be given by Commissioner Altmaier as part of the Asian Forum of Insurance Regulators (AFIR) annual meeting, and the creation of recurring bilateral discussions with the United Kingdom (UK) on areas of mutual interest.

Director Farmer reported that the Fall 2021 NAIC International Fellows Program will be held in a virtual format Oct. 22–28. Applications are due Oct. 1, and a diverse group of participants from most major regions are expected to participate, including from Western and Eastern Europe, Latin America, the Caribbean, Asia, Africa, and the Middle East. He noted that following the success of the last few virtual Fellows Programs, it has been decided to take a hybrid approach to the program going forward, with all Spring sessions being held virtually and the Fall sessions to continue to be offered in person.

#### b. OECD

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Director Farmer reported that the OECD's Insurance and Private Pensions Committee (IPPC) met virtually in June and covered updates on various initiatives underway at the IPPC, which included: 1) International Financial Reporting Standard (IFRS) 17 implementation challenges and benefits; 2) a draft of "Insurance Market in Figures 2021" and a review of the OECD Global Insurance Statistics exercise; 3) an online survey on risk management for health and long-term care insurance (LTCI); 4) issues related to risks that are difficult to insure, including pandemics and catastrophes; and 5) leveraging digitalization for risk prevention and mitigation in the insurance sector in Asia. He noted that Commissioner Mais participated virtually in the OECD-Asian Development Bank (ADB) Institute Roundtable on Insurance and Retirement Savings in Asia on June 29, sharing the U.S. state insurance regulatory experience regarding AI and concerns around inappropriate uses of big data, including those that may disadvantage people of color and/or historically underrepresented groups.

c. SIF

Director Farmer said the NAIC, alongside individual state SIF members—California, New York, and Washington—will participate in the next virtual call in October. The group will discuss progress relative to the three workstreams agreed to in its workplan: 1) impacts of climate-related risks on insurability of assets; 2) broader sustainability issues beyond climate change; and 3) climate risks in the actuarial processes.

4. Discussed Other Matters

Commissioner Anderson reminded attendees about the EU-U.S. Project webinar on Oct. 19. He noted that registration for the event will open in mid-September, and additional details will follow.

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

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*Adopted by the Executive (EX) Committee and Plenary, Dec. \_\_, 2021*

*Adopted by the International Insurance Relations (G) Committee, Dec. \_\_, 2021*

## **2022 Proposed 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, the Office of the U.S. Trade Representative (USTR), the U.S. Department of Commerce, and other federal agencies; and 4) provide an open forum for NAIC communication with U.S. interested parties and stakeholders on international insurance matters.

#### **Ongoing Support of NAIC Programs, Products or Services**

1. The **International Insurance Relations (G) Committee** will:
  - A. Monitor and assess international activities at forums like the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), and the Organisation for Economic Co-operation and Development (OECD), among others, 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 IAIS, FSB, OECD, and similar workstreams.
  - C. Develop NAIC policy on international activities, 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 international 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

[2022 G Charges.docx](#)