

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

International Insurance Relations (G) Committee April 7, 2022 Minutes

International Insurance Relations (G) Committee Jan. 18, 2022 and Dec. 15, 2021 Minutes  
(Attachment One)

## Draft Pending Adoption

Draft: 4/15/22

International Insurance Relations (G) Committee  
Kansas City, Missouri  
April 7, 2022

The International Insurance Relations (G) Committee met in Kansas City, MO, April 7, 2022. The following Committee members participated: Gary D. Anderson, Chair (MA); Eric Dunning, Vice Chair (NE); Andrew N. Mais (CT); David Altmaier (FL); Colin M. Hayashida (HI); Doug Ommen (IA); Dana Popish Severinghaus (IL); James J. Donelon (LA); Kathleen A. Birrane (MD); Anita G. Fox (MI); Troy Downing (MT); Marlene Caride (NJ); Alexander S. Adams Vega (PR); and Raymond G. Farmer (SC).

### 1. Adopted its Jan. 18, 2022, and 2021 Fall National Meeting Minutes

Commissioner Caride made a motion, seconded by Director Dunning, to adopt the Committee's Jan. 18, 2022 (Attachment One) and Dec. 15, 2021 (*see NAIC Proceedings – Fall 2021, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

### 2. Discussed International Efforts on Sustainability and Climate

Commissioner Anderson explained that the purpose of this agenda item was to highlight the topic of sustainability and climate and hear about international efforts to bring insurance supervisors together to strengthen their understanding of and responses to sustainability issues facing the insurance sector. He noted that the Committee would first hear more about the work of the Sustainable Insurance Forum (SIF), as several individual states and the NAIC are members. He noted that after hearing about the SIF, the Committee would hear from an insurer on how it is addressing sustainability and climate issues.

William Harding (SIF) gave an overview of the composition and creation of the SIF and its intended near-future and long-term goals. He addressed work being done or planning to be done as it relates to sustainability and climate. He reviewed the highlights of the SIF's work over its first five years, including several key projects done in partnership with the International Association of Insurance Supervisors (IAIS). He noted that though the SIF has not met in person recently, there is strong engagement with its membership, and the SIF is looking forward to new members joining soon. Lastly, he said the SIF continues to dialogue with experts, both external and internal in relation to the membership, to share insights during active participation workshops.

Commissioner Anderson invited Committee members whose states are part of the SIF to offer their thoughts on how the SIF helps inform domestic efforts and activities related to sustainability and climate. Commissioner Birrane commented that the Solvency Workstream of the Climate and Resiliency (EX) Task Force is researching how to enhance tools to address climate-related financial risk more directly. The Task Force has reviewed international supervisory frameworks as part of this research and released a survey on where U.S. surveillance tools should be enhanced. That analysis led to requests for revisions to the *Financial Condition Examinations Handbook* (Handbook) and the *NAIC Own Risk and Solvency Assessment (ORSA) Guidance Manual* (ORSA Guidance Manual). Commissioner Birrane noted that the Task Force is waiting for comments and plans to hold a public session before deciding to adopt any changes to the Handbook or the ORSA Guidance Manual. She then noted that public panel discussions, a deeper dive into scenario analysis, and stress testing are all part of this discussion. She commended the SIF for its generous assistance to state department staff in providing resources, and she foresees utilizing the SIF's expertise again to help in future deeper scenario analysis and stress testing work. Lastly, she said being an SIF member provides an incredible opportunity for Maryland's insurance department staff to have sophisticated, global training on these issues.

## Draft Pending Adoption

Commissioner Mais highlighted the findings of the United Nations (UN) Intergovernmental Panel on Climate Change's (IPCC's) recent report on climate and its importance to the discussion of the Committee. He noted that Connecticut has the second highest number of uninsured coastal properties, and that was an agenda topic at Connecticut's inaugural conference on climate, which included participants from the Committee, the Federal Insurance Office (FIO), and the SIF. He said the Connecticut Insurance Department will be issuing a bulletin to insurers on managing climate risk that considers current and future risk, with a draft for comment to be released in a few days. He also highlighted an upcoming release of Connecticut's first legislative report that addresses climate risks. He noted that more innovative insurance products are needed, raising awareness for mitigation dollars and maintaining open dialogues with industry. He concluded his comments by noting that Connecticut's application to join the SIF has been approved.

Rakhi Kumar (Liberty Mutual) presented on sustainability and climate from Liberty Mutual's perspective. She highlighted how Liberty Mutual approaches sustainability and its importance to the company's business, and she shared insights around climate scenario work. She outlined the way sustainability and climate are embedded in the workings of Liberty Mutual, explaining its environmental, social, and governance criteria. She provided detailed insights on scenario analysis, including how it provides a better understanding of transition risks affecting companies, coordination—not just commonality in the way forward—and how energy dependency influences policy design.

### 3. Heard an Update on 2022 Activities of the IAIS

Commissioner Anderson reported that due to time constraints, the update on recent IAIS activities would be circulated via email to the Committee. This update covered the following:

- IAIS committee meetings were held virtually in the latter part of February, as well as in person at the beginning of March in Basel, Switzerland.
- Work continues on developing criteria to assess whether the aggregation method (AM) provides comparable outcomes to the insurance capital standard (ICS). The ICS and AM data collections templates for this year of the monitoring period are expected to be released later this spring.
- On the holistic framework, the on-site portion of the targeted jurisdictional assessments is wrapping up, and work will next move to writing the reports. The U.S. on-site assessment took place in mid-January, which included Connecticut, New Jersey, and New York as state volunteers.
- This year's global monitoring exercise (GME) kicked off earlier this month.
- The Climate Risk Steering Group delivered its recommendations on how the IAIS should: 1) address any gaps in its supervisory material; 2) support members on sharing best practices on climate scenario analysis; and 3) integrate climate-related data elements into the GME.
- On diversity, equity, and inclusion (DE&I), IAIS members are being surveyed as a stock-take on DE&I initiatives currently underway that will eventually lead to a public report expected in the fourth quarter of this year. The survey also intends to help identify possible areas for future work by the IAIS in this area.
- The IAIS has launched a new logo and website as part of its brand modernization process.

### 4. Heard an Update on International Activities

#### a. Regional Supervisory Cooperation

Director Dunning reviewed the three topics of focus in 2022 for the European Union (EU)-U.S. Insurance Dialogue Project: 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, and adaptation efforts, and modelling; and 3) innovation and technology, which will include topics such as big data, artificial intelligence (AI), and supervisory technology (SupTech) as a regulatory tool. He noted that the project's

## Draft Pending Adoption

working groups have met several times and will be producing a summary report of the discussions by the end of this year.

Director Dunning reported that upcoming bilateral discussions are planned with Bermuda, Japan, and Taiwan, among others, and the NAIC will utilize the in-person IAIS June committee meetings and Global Seminar as an opportunity to connect with several colleagues from around the globe. Next, he noted upcoming virtual speaking engagements: 1) Director Cameron will be speaking on supervision in the new normal at a high-level event hosted jointly by the Latin American Association of Insurance Supervisors (ASSAL), the Financial Stability Institute (FSI), and the IAIS; and 2) Commissioner Birrane will be presenting at the Taiwan Insurance Institute's (TII's) East Asia Pacific Insurance Forum in May on regulation and practices of insurtech and consumer protection in the U.S.

Director Dunning reported that the 2022 NAIC Spring International Fellows Virtual Program will take place May 16–20. He said to plan for the in-person Fall 2022 Fellows Program scheduled to begin Oct. 10, any state interested in hosting a Fellow should contact NAIC staff.

### b. OECD

Director Dunning reported that since the last meeting of the Organisation for Economic Co-operation and Development's (OECD's) Insurance and Private Pensions Committee (IPPC) in early December, work continues on a variety of projects. He said the NAIC recently contributed on three of the IPPC's initiatives in particular: 1) the Global Insurance Statistics framework; 2) a survey on improving health, wellbeing, and care through digital tools in insurance; and 3) a state insurance regulator survey on leveraging emerging technologies for risk management.

## 5. Discussed Other Matters

Commissioner Anderson reminded attendees about the NAIC's 2022 International Insurance Forum to be held in Washington, DC, May 12–13.

Commissioner Ommen commented on the importance of state insurance department staff involvement in international discussions and activities, as it helps ensure informed NAIC decision making on and influence over IAIS and other international work. Commissioner Anderson followed up on this by noting that building up a "U.S. bench" is consistent with that approach, and NAIC staff will further explore how to get state department staff more involved.

Commissioner Anderson ended the meeting by congratulating Director Farmer on his retirement and thanking him for his dedicated service to the NAIC and its international work.

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

SharePoint/NAIC Support Staff Hub/Member Meetings/Spring National Meeting/Minutes- Final PDF

Draft: 1/26/22

International Insurance Relations (G)  
Committee Virtual Meeting  
January 18, 2022

The International Insurance Relations (G) Committee met Jan. 18, 2022. The following Committee members participated: Gary D. Anderson, Chair (MA); Raymond G. Farmer, Vice Chair (SC); Evan G. Daniels represented by Scott Persten (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 represented by Steve Mayhew (MI); Chlora Lindley-Myers (MO); Eric Dunning represented by Jill Gleason (NE); Marlene Caride (NJ); Andrew R. Stolfi represented by TK Keen (OR); and Jessica K. Altman (PA).

1. Discussed NAIC Comments on the IAIS Public Consultation on the Development of Liquidity Metrics: Phase 2

Commissioner Anderson explained that the International Association of Insurance Supervisors (IAIS) Public Consultation on the Development of Liquidity Metrics: Phase 2 will serve as a tool to facilitate the IAIS's monitoring of the global insurance industry's liquidity risk. He noted that it will allow the IAIS to assess insurers' liquidity exposure, which may be critical, as insurers have been exposed to liquidity shortfalls in previous crises.

Tim Nauheimer (NAIC) gave an overview of the NAIC's comments on the public consultation, noting that since the NAIC was part of the initial drafting group within the IAIS, the comments address a few questions rather than respond to the full list. He explained that the NAIC's comments serve as a general statement of support for this phase of the work. On the topic of additional metrics to be considered, he said while exploring the option of additional liquidity metrics is important for the IAIS to consider, a separate publication on this is too premature at this stage. In terms of a preference for a single or a set of metrics for liquidity risk monitoring purposes, he noted that the NAIC prefers the company projection approach (CPA), but it is not opposed to other types of metrics that fit with other jurisdictions' systems.

Steve Broadie (American Property Casualty Insurance Association—APCIA) spoke about the APCIA's general comments on the consultation document, and he said the comments are still being finalized. He highlighted that property/casualty (P/C) insurers generally pose limited, if any, liquidity risk, and to the extent that there is some risk, it is not of systemic importance. Thus, the APCIA's comments will urge the IAIS to use this for the purposes of macroprudential surveillance only, and jurisdictions should not use these metrics for the supervision of groups or companies at this point. Mr. Broadie noted that an aggregate basis of results released on an anonymized basis should be the approach taken by the IAIS. Mr. Nauheimer said the NAIC generally agrees with these points and that any data published by the IAIS would be anonymized.

Robert Neill (American Council of Life Insurers—ACLI) said the ACLI is also finalizing its comments on the public consultation for submission to the IAIS. He noted that the ACLI will encourage the IAIS to establish an approach that leverages the results of jurisdictional level analysis, such as the NAIC's liquidity stress test (LST) framework, rather than make additional data requests on the industry. He requested insight into further field-testing expectations, and he asked: 1) whether it would require additional information from U.S. firms beyond what is being provided for the NAIC's LST work; and 2) whether it would be driven by the IAIS or jurisdictional supervisors. Mr. Nauheimer noted that the IAIS would conduct the field testing, but the NAIC would leverage the data for domestic purposes for LST purposes to limit the burden on domestic reporting companies. In terms of timing, he

said the calendar is not set but would most likely begin in mid-2022 after the IAIS global monitoring exercise data collection.

Director Farmer made a motion, seconded by Commissioner Caride, to approve submission of the NAIC comments on the draft Application Paper on Macroprudential Supervision (Attachment A).

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

[G Cmte Minutes 011822](#)

Draft: 12/20/21

International Insurance Relations (G) Committee  
San Diego, California  
December 15, 2021

The International Insurance Relations (G) Committee met in San Diego, CA, Dec. 15, 2021. The following Committee members participated: Gary D. Anderson, Chair (MA); Raymond G. Farmer, Vice Chair (SC); Andrew N. Mais (CT); Karima M. Woods (DC); David Altmaier (FL); Doug Ommen (IA); James J. Donelon represented by Tom Travis (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 Summer National Meeting Minutes

Director Lindley-Myers made a motion, seconded by Director Fox, to adopt the Committee's August 16 (*see NAIC Proceedings – Summer 2021, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

2. Adopted its 2022 Proposed Charges

Commissioner Anderson introduced the Committee's 2022 proposed charges, noting they are the same as those for 2021.

Commissioner Mais made a motion, seconded by Mr. Travis, to adopt the Committee's 2022 proposed charges (Attachment One). The motion passed unanimously.

3. Discussed International Efforts on Insurer Culture

Commissioner Anderson spotlighted the topic of insurer culture, noting that it is a topic just as important to the Committee as any other. He reported that last month, the International Association of Insurance Supervisors (IAIS) released its *Issues Paper on Insurer Culture* (Issues Paper), and it is a theme that will continue to be part of global regulatory discussions. He explained that the purpose of this agenda item was to hear more about work going on at the international level on insurer culture and to hear from an insurer on how it approaches culture.

Julien Reid (Autorité des Marchés Financiers (AMF)) gave a review of the Issues Paper, as lead of the drafting team. He noted the Issues Paper 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. Mr. Reid addressed work being done or planning to be done as it relates to culture in Quebec and in Canada more broadly. He explained that conduct of business and customer issues are under the exclusive purview of the provinces in Canada. He also noted that the AMF worked within the topic of culture by issuing first governance guidelines in 2009 and conduct of business guidelines in 2006, which enhanced their supervision work related to culture as well. Lastly, he said that the AMF passed an insurers act that now requires a board member must embed corporate culture throughout their organization, and it provides regulatory action powers if companies do not comply accordingly.

Commissioner Anderson noted that like other jurisdictions, state insurance supervisors recognize the importance of an insurer's culture within their internal workings. Commissioner Anderson highlighted various insurer culture considerations found in the *NAIC Financial Analysis Handbook* and the *Financial Condition Examiners Handbook*.

Jon Richter (MetLife) and Cindy Pace (MetLife) presented on culture from MetLife's perspective. They highlighted how MetLife approaches culture, its importance to MetLife's workings, how to build and support high-functioning culture, and how the commitment to diversity, equity and inclusion (DE&I) fosters open dialogue and ensures high-functioning culture. Mr. Richter outlined the way culture is embedded in the workings of the organization's Risk, Audit, Governance, and Corporate Responsibility committees. Ms. Pace focused her remarks on why DE&I is pivotal to driving culture. She noted that MetLife has challenged itself to make a bold commitment to their employees and customers at Met Life as a positive step towards shaping their corporate culture.

Director Farmer commented that issues of insurer culture are not a philosophical discussion, but goes to how regulators, insurers, and the industry at large treat customers and their employees. Director Fox asked about sustaining cultural discussions in the new hybrid work reality. Dr. Pace said values, vision, and a purpose are essential to accountability, regardless of whether an employee is present in an office or not. She mentioned that equity is a core tenant of an employee's decision of where they want to work, and that must be factored into corporate culture.

With respect to future international work on culture, Jonathon Dixon (IAIS) noted this as a key theme of the IAIS, and he highlighted a recently released statement on the importance of DE&I for the workings and mission of the IAIS. He noted that advancing this topic is not only important for a business imperative, but also it supports sound prudential and consumer outcomes and sustainability objectives.

#### 4. Heard an Update on Key 2021 and 2022 Activities of the IAIS

Commissioner Anderson reported on recent IAIS activities, starting with an update on the development of criteria to assess whether the aggregation method (AM) provides comparable outcomes to the insurance capital standard (ICS). He noted the planned public consultation on draft comparability criteria will be launched in the first half of 2022.

Commissioner Anderson said another important area of work underway is the Global Monitoring Exercise (GME), which is an important component of the holistic framework for systemic risk. He added that the IAIS recently published its GME public report, which draws on data from approximately 60 of the largest international insurance groups and close to 40 insurance supervisors, covering more than 90% of global gross written premiums. The full GME has been completed for the first time as last year's focused on the impact of COVID-19.

Commissioner Anderson concluded the IAIS update with a review of three recently published papers, which were discussed during previous Committee meetings: 1) an *Issues Paper on Insurer Culture*; 2) a *Revised Application Paper on Supervisory Colleges*; and 3) a *Revised Application Paper on Combating Money Laundering and Terrorist Financing*.

#### 5. Heard an Update on International Activities

##### a. Regional Supervisory Cooperation

Director Farmer reported that Director Dean L. Cameron (ID) participated virtually in the Taiwan Insurance Institute's Insurance and Economic Development Forum on Dec. 2, giving remarks on the "New Blue Ocean of the Insurance Industry After the Epidemic." Next, he noted Commissioner Altmaier and Director Cameron met with Bermuda Monetary Authority (BMA) senior staff while in Hamilton, Bermuda, to participate in the Association of Bermuda Insurers and Reinsurers (ABIR) roundtable webinar "Leveraging International Reinsurance to Address the Climate risk Protection Gap" and to meet with ABIR board members. The NAIC met with the Financial Services Agency (FSA) of Japan for a biannual bilateral dialogue on Nov. 30. The NAIC and the FSA discussed various topics and developments, including climate risk and resilience, liquidity stress testing (LST), innovation and technology, long-term care insurance (LTCI), and DE&I.

Director Farmer said the European Union (EU)-U.S. Insurance Dialogue Project (Project) held 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). Summary reports of the work conducted by the Project's three working groups on cybersecurity, cyber insurance, and big data/artificial intelligence (AI) during 2020–2021 were published and are available on the NAIC website. He reported that going forward, the project will focus on three topics: 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 and adaptation efforts, and modelling; and 3) innovation and technology, which will include topics such as big data, AI, and supervisory technology (Suptech) as a regulatory tool.

Director Farmer reported that the 2021 NAIC Fall International Fellows Program was held virtually Oct. 18–22, with more than 90 global regulators from more than 20 countries participating. He noted that beginning in 2022, the Fellows Program's spring sessions will be held virtually, while the Fall sessions will be held in person. He said that in an effort to plan ahead for

the Fall 2022 Fellows Program scheduled to begin Oct. 10, 2022, any state interested in hosting a Fellow next fall should contact NAIC staff.

b. OECD

Director Farmer reported that the Organisation for Economic Co-operation and Development's (OECD's) Insurance and Private Pensions Committee (IPPC) met virtually Dec. 9–10 and covered updates on various workstreams underway at the IPPC. This included a roundtable on the role of the insurance sector in responding to climate change and featured speakers from international organizations including the Sustainable Insurance Forum (SIF), IAIS, and Net-Zero Insurance Alliance (NZIA). He noted that during the meeting, the NAIC provided a brief snapshot of the state of the insurance industry post-pandemic, potential challenges to those market sectors moving forward, and an update on the cyber insurance market.

c. SIF

Director Farmer said the NAIC, alongside individual state SIF members—California, New York, Vermont, and Washington—participated in a virtual meeting in October. The SIF discussed progress relative to the three workstreams agreed to in its work plan: 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. He reported that Maryland recently also became a SIF member.

6. Discussed Other Matters

Commissioner Anderson reminded attendees about the NAIC's 2022 International Insurance Forum to be held in Washington DC, May 12–13, 2022. He also introduced new staff members to the NAIC's international relations team and thanked Ekrem Sarper as a former staff member for his years of work and dedication to the NAIC's international efforts and activities.

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

[G Cmte Minutes](#)