

INTERNATIONAL INSURANCE RELATIONS (G) COMMITTEE

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

Draft Pending Adoption

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

Draft Pending Adoption

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

Draft Pending Adoption

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](#)

Draft: 11/23/21

Adopted by the Executive (EX) Committee and Plenary, Dec. 16, 2021

Adopted by the International Insurance Relations (G) Committee, Dec. 15, 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](#)