

Draft Pending Adoption

Draft: 6/13/25

International Insurance Relations (G) Committee
Virtual Meeting
May 22, 2025

The International Insurance Relations (G) Committee met May 22, 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); 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). Also participating was: Barbara D. Richardson (AZ).

1. Adopted a Motion to Approve NAIC Comments on the IAIS Public Consultation on the Draft Issues Paper on Structural Shifts in the Life Insurance Sector

Commissioner Zimmerman explained that the International Association of Insurance Supervisors (IAIS) is conducting a public consultation on its draft issues paper on structural shifts in the life insurance sector. He explained that the objective of this paper is to provide a comprehensive analysis of structural shifts within the life insurance sector identified through the IAIS's Global Monitoring Exercise (GME). He said the paper explores emerging trends and provides a framework for understanding macroprudential and financial stability implications, while identifying potential areas for enhancement in the IAIS supervisory material.

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 Macroprudential (E) Working Group and the Financial Stability (E) Task Force. The initial draft comments were circulated in advance of the meeting, and no additional input was received for consideration.

Ryan Workman (NAIC) provided an overview of the NAIC's comments on the draft issues paper, noting that many were minor and editorial. He explained that some comments suggest clarifying the language used in the issues paper, particularly when describing NAIC examples. He noted a comment about reviewing the paragraphs of certain sections so that they further align with the existing IAIS language in the Holistic Framework (HF) and Insurance Core Principles (ICPs). Workman referenced a general comment to section six on the IAIS's customary approach to potential changes to its supervisory material and a suggestion that many of the enhancements listed in the issues paper would be better as content for IAIS supporting material with educational material on jurisdictional practices and updates.

Joe Engelhard (Alternative Investment Management Association—AIMA) highlighted four of eight concerns that AIMA will include in their comments to the IAIS on the public consultation. He said the paper's scope is overly broad and combines 14 disparate asset types under the umbrella term "alternative investments," and believes it does not adequately distinguish each of their unique risk characteristics. AIMA will be recommending that there not be a universal definition of alternative assets for supervisory purposes. He also said the paper should define private credit better, as asset liability management should be taken into account within the paper's three principles. Engelhard concluded by saying AIMA believes that before the IAIS recommends changes to any of its supervisory material, it should conduct a detailed, data-gathering analysis, referencing the NAIC draft comments.

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Vytas Aukstuolis (American Council of Life Insurers—ACLI) commented that the paper needs to better consider jurisdictional deference in how it defines and considers alternative assets. He commended the NAIC's involvement in drafting the issues paper and said the ACLI fully supports the NAIC's draft comments on the paper.

Patrick Reeder (Everlake Life Insurance Company) commented that the paper should focus more on consumer and market reasons for the utilization of investment assets, particularly in the U.S. He reviewed the historical reasons the U.S. life insurance industry understands the liabilities and risks of alternative asset usage. Reeder noted that the risk characteristics of the assets covered in the consultation document, such as asset backing long-term liability, private credit, proper asset liability matching, strong risk management and governance, and illiquid assets, are all part of the current system. He concluded by saying state insurance regulators should continue to press the international regulatory community to follow the U.S.'s example of consumer protection, as consumers around the globe embark on a path the U.S. has already been taking in this space.

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

2. Discussed Other Matters

Commissioner Zimmerman reminded the Committee of the upcoming NAIC International Insurance Forum taking place May 29–30 in Washington, DC.

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

SharePoint/NAIC Support Staff Hub/Committees/G CMTE/National Meetings/2025/Minneapolis - Summer National Meeting

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Draft: 4/7/25

International Insurance Relations (G) Committee
Indianapolis, Indiana
March 24, 2025

The International Insurance Relations (G) Committee met in Indianapolis, IN, March 24, 2025. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Co-Vice Chair, and Tom Travis (LA); Justin Zimmerman, Co-Vice Chair (NJ); Lori K. Wing-Heier (AK); Barbara D. Richardson (AZ); Ricardo Lara (CA); Andrew N. Mais (CT); Ann Gillespie (IL); Anita G. Fox (MI); D.J. Bettencourt (NH); Alice T. Kane (NM); Michael Humphreys (PA); and Nathan Houdek (WI). Also participating was: Philip Barlow (DC).

1. Adopted its Feb. 13, 2025; Jan. 30, 2025; and 2024 Fall National Meeting Minutes

The Committee met Feb. 13, 2025, and Jan. 30, 2025. During these meetings, the Committee discussed NAIC comments on the following International Association of Insurance Supervisors (IAIS) public consultations: 1) draft application paper on the supervision of artificial intelligence (AI); and 2) ancillary risk indicators in the Global Monitoring Exercise (GME).

Commissioner Lara made a motion, seconded by Director Fox, to adopt the Committee's Feb. 13, 2025 (Attachment One); Jan. 30, 2025 (Attachment Two), and Nov. 17, 2024, (*see NAIC Proceedings – Fall 2024, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

2. Discussed Committee Priorities, Processes, and Projects

Director Dunning discussed the Committee's priorities for this year, including two key areas: 1) monitoring the implementation of the insurance capital standard (ICS); and 2) monitoring the Financial Sector Assessment Program (FSAP). He noted the IAIS reached an important milestone at the end of 2024 by finalizing the ICS and the comparability assessment of the Aggregation Method (AM). He explained that the Committee created the Aggregation Method Implementation (G) Working Group to facilitate the domestic implementation of the ICS via the AM.

Director Dunning gave a brief overview of the FSAP and the NAIC's involvement in previous assessments. He then elaborated on the Committee's role in coordinating the NAIC's participation in the FSAP, including the referral of resulting recommendations for consideration by other NAIC committees, task forces, and/or working groups. As the FSAP covers all financial sectors, the Committee works alongside other relevant domestic authorities. He said the U.S. Department of the Treasury (Treasury Department) acts as a liaison with the International Monetary Fund (IMF) for the whole project.

Next, Director Dunning described other international projects and activities for 2025. He explained the four main core objectives of the IAIS's new strategic plan are to: 1) monitor and respond to key risks and trends in the global insurance sector; 2) set and maintain globally recognized standards for supervision; 3) support supervisory practices, understanding of supervisory issues and facilitating capacity building; and 4) assess implementation of global standards. He explained that the committee will be focused on contributing to various IAIS workstreams this year that fall under each of these objectives.

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Next, Director Dunning previewed the upcoming work of the Organisation for Economic Co-operation and Development (OECD), including natural catastrophe risks, guidelines on insurer governance, and a global insurance market trends report. Additionally, this year, the OECD's Insurance and Private Pensions Committee (IPPC) will transition into a task force of a larger financial services committee, and its meetings will occur as part of a larger financial services week expected to be held every six months.

At the Sustainable Insurance Forum (SIF), Director Dunning said work will continue on climate-related risks in insurance regulatory capital frameworks, transition planning, and building a better understanding of biodiversity and nature-related risks in 2025. He also noted the European Union (EU)-U.S. Insurance Dialogue Project will follow two workstreams this year: 1) climate and resilience; and 2) innovation and technology.

Director Dunning reported that the NAIC has a handful of bilateral meetings already planned this year with various jurisdictions, including the Association of Insurance Supervisors of Latin America (ASSAL), Morocco, the United Kingdom (UK), Japan, Switzerland, and Bermuda. He then previewed the NAIC's 2025 International Insurance Forum and the virtual spring 2025 session of the Internal Fellows Program.

Ryan Workman (NAIC) gave a review of team members of the NAIC International Division, noting their respective roles and projects as support staff for members. Director Dunning voiced appreciation for the time and effort of all NAIC representatives who contribute to the various work at the IAIS and other organizations.

Dave Snyder (American Property Casualty Insurance Association—APCIA) commended the NAIC on its international activity efforts, saying they made a difference during ICS and AM discussions last year. He emphasized the importance of cohesiveness and bringing people together on the international stage, to protect consumers and preserve solvent markets. Snyder asked the NAIC to share state approaches toward climate issues internationally. In the recent IAIS AI application paper, Snyder noted that his review found an imbalance between the advantages and the risks associated with the use of AI as outlined in the paper. He concluded by urging for continued advocacy at the IAIS for following NAIC standards on consumer and stakeholder participation at the global level.

3. Heard an Update on the Activities of the IAIS

Commissioner Zimmerman provided an update on IAIS activities, starting with a review of ICS implementation. Currently, the IAIS is developing high-level principles for the development of an implementation assessment framework. The goal is to have a full assessment methodology agreed upon in time for members to complete a self-assessment in 2026. A more intensive IAIS assessment of jurisdictions' ICS implementation will begin in 2027. He said concurrently, the IAIS is developing ComFrame reporting and disclosure requirements for the ICS. These will be subject to public consultation in the fourth quarter of 2025 and finalized in 2026. The U.S. implementation will be subject to the same timing and a consistent methodology, which will have to take AM specificities into account.

Next, Commissioner Zimmerman reported that the IAIS is preparing to launch its next peer review process, which will focus on Insurance Core Principle (ICP) 13 (Reinsurance) and other forms of risk transfer. He also explained that the IAIS' Operational Resilience Working Group is drafting a toolkit to accompany objectives for sound operational resilience in the insurance sector which were subject to public consultation last year. The toolkit is scheduled for public consultation this summer, with the final application paper published at the end of 2025.

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Commissioner Zimmerman then explained that the IAIS' Market Conduct Working Group is finalizing its application paper on how to achieve fair treatment for diverse consumers. He reported that the public consultation on the IAIS AI paper at the IAIS FinTech Forum has concluded, and the group is reviewing public comments and will incorporate appropriate revisions therein. At the Financial Inclusion Forum (FIF), the group has begun updating an application paper on regulation and supervision supporting inclusive insurance markets. Currently, work is underway on a revised structure of the paper, and drafting will continue in the next few months before an eventual public consultation.

4. Heard an Update on International Cooperation Activities

Commissioner Temple summarized recent international activities. Last December, on the sidelines of the IAIS meetings in Cape Town, South Africa, the NAIC had bilateral meetings with 13 jurisdictions, including Australia, Canada, Canada–Quebec, European Insurance and Occupational Pensions Authority (EIOPA), Hong Kong, India, Japan, Morocco, Saudi Arabia, Singapore, South Africa (both the Reserve Bank and the Financial Sector Conduct Authority), Taiwan, and Vietnam.

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

- The Asian Insurance Forum 2024 in Hong Kong on Dec. 10. Commissioner Mais delivered remarks as part of the panel "Supervisory Priorities from a Global Perspective," covering key NAIC priorities.
- The 19th Asian Forum of Insurance Regulators (AFIR) Annual Meeting and Conference and the Seventh Asia-Pacific High-Level Meeting on Insurance Supervision in Kathmandu, Nepal, from Jan. 20-22. Director Dunning delivered remarks as part of the panel, "Regional Insurance Regulatory Reforms: Building a Future-Proof Risk-Based Solvency Approach." On the sidelines of the AFIR event, the NAIC had bilateral conversations with the Asia Development Bank, the AFIR Secretariat, Cambodia, China, India, Macau, Nepal, and Thailand

Commissioner Temple reported that the EU-U.S. Insurance Dialogue Project's workstream on climate risk and resilience has been exploring access to data and underwriting to promote climate resilience, as well as catastrophe risk modeling and how to improve knowledge and transparency. The workstream on innovation and technology has been discussing the NAIC's *Model Bulletin on the Use of Algorithms, Predictive Models, and Artificial Intelligence Systems by Insurers*, the EU AI act, and other AI developments including AI use cases, cyber resilience initiatives, and other fintech trends impacting respective markets.

Finally, Commissioner Temple noted that on Dec. 4-5, the NAIC participated in the OECD's Insurance and Private Pensions Committee (IPPC) meeting in Paris, providing an update and insights into the insurance industry's current state. He also said that the SIF's Capital and Supervisory Frameworks Working Group is expected to publish papers exploring the extent to which climate-related risks are being considered in insurance regulatory frameworks.

5. Discussed the NAIC International Fellows Program

Director Dunning said the NAIC's International Fellows Program celebrates its 20th anniversary this year. He noted that the success is in large part due to states serving as volunteers and mentors to the fellows. To highlight this important element, mentors were asked to provide some remarks on their experience with the fellows program.

Barlow and Travis spoke about their experiences as longtime mentors for the program. Barlow said the District of Columbia has had 33 fellows from 15 countries, noting their eagerness to learn about the state-based system of

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insurance regulation and readiness to take advantage of the unique learning opportunity. Travis reported Louisiana has had 31 fellows from 10 different countries and highlighted an instance of a fellow being a chief insurance regulator in their respective jurisdiction and the lasting impact the program has had.

6. Discussed Other Matters

Director Dunning reminded the Committee and stakeholders that registration is open for the NAIC's 2025 International Insurance Forum in Washington, DC, May 29–30.

Commissioner Lara highlighted the importance of the NAIC's provisional acceptance to the United Nations Conference of the Parties (COP). He emphasized that insurance can no longer be an afterthought in the global climate conversation and that having U.S. insurance regulators part of the global conversation on climate risk is critical.

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

SharePoint/Member Meetings/G CMTE/National Meetings/2025/Indianapolis – Spring National Meeting/Minutes

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Draft: 7/31/25

Aggregation Method Implementation (G) Working Group
Virtual Meeting
June 9, 2025

The Aggregation Method Implementation (G) Working Group of the International Insurance Relations (G) Committee met June 9, 2025. The following Working Group members participated: Andrew N. Mais, Chair (CT); Rebecca Easland, Vice Chair (WI); Kevin Clark (IA); Jennifer Niles (IL); Christopher Joyce (MA); John Rehagen (MO); Anthony Quandt (NE); David Wolf (NJ); Bob Kasinow (NY); Diana Sherman (PA); Elizabeth Kelleher Dwyer and Patrick Smock (RI); and Scott A. White and Dan Bumpus (VA).

1. Adopted its Spring National Meeting Minutes

Kasinow made a motion, seconded by Easland, to adopt the Working Group's March 25 minutes. The motion passed unanimously.

2. Received a Presentation on its Ongoing Activities

Ned Tyrrell (NAIC) gave an update on the Working Group's ongoing work (Attachment 1). His presentation included updates on scalars, aggregation method (AM) review, technical input, and the Working Group's work plan (Attachment 2).

Regarding scalars, Tyrrell presented on the background of different methodologies considered during the development of the AM, scalar research by the Federal Reserve Board (FRB) Insurance Policy Advisory Committee, and analysis during the comparability assessment. Tyrrell said the main focus of future scalar work would be on the excess relative ratio approach with a calibration level of 200% of the authorized control level (ACL). This is the same scaling method used in the group capital calculation (GCC). A formal recommendation for the methodology to be used in the final AM will be made at the Summer National Meeting.

Tyrrell also provided an update on the Working Group's review of existing documentation, processes, and procedures. It raised the possibility of a technical group that could provide input on this review, particularly regarding the sensitivity of U.S. life insurers to changes in interest rates. Commissioner Mais added that the Working Group has always been intended to be a collaborative process and suggested creating a technical group.

Commissioner Mais asked Tyrrell to hold a series of open calls for any stakeholders interested in providing technical input. He encouraged interested parties to contact Tyrrell for information on these meetings.

Christopher Bailey (Markel) asked whether the technical group would address the impact of non-proportional catastrophe insurance on scalars. Tyrrell responded that the technical group would predominantly focus on life insurance issues. He added that scalars already address how reinsurance is treated in the underlying solvency regimes.

Tyrrell gave an overview of the Working Group's work plan. He noted this is a more detailed version of the timeline provided at the Working Group's previous meeting and that its next meeting will be during the Summer National Meeting.

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3. Heard Comments from Interested Parties

Commissioner Mais thanked attendees for their support over the past decade of work on the AM and comparability. He opened the floor to further questions.

Mariana Gomez-Vock (American Council of Life Insurers—ACLI) said that the ACLI strongly supports the excess relative ratio approach to scaling and thanked the Working Group for providing the timeline of deliverables.

Tom Finnell (AHIP) asked for more clarity on the difference between the AM, GCC, and insurance capital standard (ICS) and whether they must be reported separately. Tyrrell stated that the GCC will be an implementation of the AM, which is in turn the U.S. implementation of the ICS. He said that only the GCC will need to be reported.

Having no further business, the Aggregation Method Implementation (G) Working Group adjourned.

Sharepoint/Teams/GovernmentAffairsInternationalPolicy/InternationalDocuments/(G) Committee/AM Implementation (G)
WG/Meetings/06092025 Call/Minutes

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Draft: 3/28/25

Aggregation Method Implementation (G) Working Group
Indianapolis, Indiana
March 25, 2025

The Aggregation Method Implementation (G) Working Group of the International Insurance Relations (G) Committee met in Indianapolis, IN, March 25, 2025. The following Working Group members participated: Andrew N. Mais, Chair (CT); Rebecca Easland, Vice Chair (WI); Kevin Clark (IA); Jennifer Niles (IL); Christopher Joyce (MA); John Rehagen (MO); Anthony Quandt (NE); David Wolf (NJ); Bob Kasinow (NY); Diana Sherman (PA); Elizabeth Kelleher Dwyer and Patrick Smock (RI); and Scott A. White and Dan Bumpus (VA).

1. Heard a Presentation on the Background and Proposed Work Plan for the Working Group

Commissioner Mais welcomed members to the new Working Group. He gave an overview of the steps leading to the agreement at the International Association of Insurance Supervisors (IAIS) that the Aggregation Method (AM) could be a basis for providing comparable outcomes to the insurance capital standard (ICS). He said this Working Group's role is to implement the AM. He introduced a presentation by Ned Tyrrell (NAIC) and Easland on the initial work to be performed by the group.

Commissioner Mais invited interested regulators and parties to comment on the presentation. Mariana Gomez-Vock (American Council of Life Insurers—ACLI) said the ACLI is supportive of the proposed work plan and would be happy to provide help (such as technical support) to the Working Group in the future.

2. Discussed Other Matters

Commissioner Mais thanked attendees for their support over the past decade of work on the AM and comparability. He said this would be a collaborative process moving forward and welcomed cooperation.

Having no further business, the Aggregation Method Implementation (G) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/G CMTE/National Meetings/AMIWG/2025 Spring NM/Final Minutes
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Questions for public consultation on the review of the Global Monitoring Exercise – Individual Insurer Monitoring assessment methodology

Thank you for your interest in the public consultation on the review of the Global Monitoring Exercise – Individual Insurer Monitoring assessment methodology. The Consultation Tool is available on the IAIS website.

Please do not submit this document to the IAIS. All responses to the Consultation Document must be made via the [Consultation Tool](#) to enable those responses to be considered.



Consultation questions

Questions for stakeholders

Question 1– Page 8	What are your views on the proposed revisions to the level 3 assets indicator with respect to the accuracy and consistency of the methodology?
Question 2– Page 8	Are there any potential challenges, limitations or unintended consequences associated with the new proposed definition of the level 3 assets indicator?
Question 3– Page 8	<p>Do you have any further feedback with regards to the proposed change to the level 3 asset indicator?</p> <p>Support the attempts to measure the potential scale of fires sales of illiquid assets by an insurer in distressed financial market conditions. The appropriate amount of emphasis should be put on liquidity indicators such as Level 3 assets indicator. While the indicator may show the magnitude or amount of change in Level 3 assets, it does not represent actual jurisdictional liquidity of those assets. The full perspective of other liquid assets an insurer holds and could assist in distressed market conditions, or its business model that may necessitate a particular amount of assets, is valuable when assessing potential systemic risk impacts.</p>
Question 4– Page 8	<p>Do you have any views or suggestions on the potential introduction of a complexity category or indicator?</p> <p>Support undertaking discovery work to assist in IAIS considerations of incorporating a measure to capture complexity, especially following the work of the IAIS Macprudential Supervision Working Group on alternative assets.</p> <p>If through that work or other analyses it is determined that an alternative asset may have additional supervisory issues not typically found in other non-alternative assets and based on the principles of illiquidity, uncertainty, and complexity, then the IAIS may wish to align monitoring of those assets with those principles. In that case, the IAIS may want to consider complexity as its own category so as not to confuse liquidity and complexity concerns. The IAIS should also keep in mind that each jurisdiction has different levels of supervisory concern for assets classified globally as “illiquid, uncertain, or complex” and therefore incorporate necessary and appropriate qualitative discretion and judgement when attempting to quantify globally such nuanced concepts.</p> <p>The IAIS should consider availability of any data to accurately represent complexity as a potential systemic risk indicator, level of incremental increased value to GME monitoring of systemic risk with any data measuring complexity, and the level of burden to insurers when reporting any such additional data. The IAIS should also consider the difficulties in using Level 3 assets as a liquidity indicator of potential global systemic risk, and if similar difficulties will be present in any complexity data.</p>
Question 5– Page 9	Do you have any comments on the potential introduction of an adjustment to the asset liquidation indicators’ scores based on a measure of the insurance group’s aggregate liquidity risk? If so, do you have any views on the use of the ILR as the measure of liquidity risk?
Question 6– Page 9	Do you have views on the appropriate level of the Liquidity Ratio Threshold?
Question 7– Page 9	Do you have views on the appropriate magnitude of the haircut(s) and multiplier(s) that could be applied?
Question 8– Page 13	Do you have views on the proposed simplification of derivatives data collection?

Question 9– Page 13	Do you have views on the proposed simplification of deductions from total borrowing?
Question 10– Page 13	Do you have views on the proposal for the updated IFA indicator?
Question 11– Page 13	Do you have views on the proposal for the updated IFL indicator?
Question 12– Page 13	Do you have views on further changes due to the proposed amendments to IFA/IFL, including updating the short-term funding indicator and changing the ILR calculation?
Question 13– Page 13	Do you have further suggestions on potential simplifications of the ILR calculation with the aim to reduce the data reporting burden?
Question 14– Page 15	Do you have views on the proposed adjustments to the indicators' weighting? Support adjusting the indicators' weighting to accurately reflect systemic important in recognition of evolving macroeconomic factors.
Question 15– Page 15	Do you have other views on the indicators' weighting? It is worth noting that as the IAIS is currently considering other related methodology changes, MMWG is not yet able to determine specific numerical changes. However, the final adjustments will likely not deviate significantly from the current weights.
Question 16– Page 15	Do you have any views on updating the denominators of the IIM absolute assessment methodology?
Question 17– Page 15	Do you have any other views on the denominators of the IIM methodology?
Question 18– Page 17	Do you have any views on the proposal of increasing asset thresholds to account for inflation? Paragraph 38 Support the proposed increase to asset thresholds to account for inflation, as aligned with the IMF World Economic Outlook inflation rate. Please note that over the 2019 to 2024 period, some areas of the world with significant global or developing insurance sectors, like the U.S., experienced higher inflation rates that justifies increasing these asset thresholds to about \$75 and \$250 billion respectively, based on the U.S. CPI for all urban consumers less food and energy. NAIC recommends adding a qualifier to allow review of asset thresholds sooner than the next triennial review cycle when high inflation rates occur (e.g. the 2022 IMF inflation rate of 7.3%). Suggest adjusting the final sentence in the first bullet of Section 5.2 to read, "These thresholds may be reviewed again in the next triennial review cycle, <u>or sooner when an annual inflation rate experiences a large increase.</u>" If the definition of "premiums from outside the home jurisdiction" is aligned with the IIM technical specification definition to capture premiums assumed through reinsurance, then the language in paragraph 38 should be clarified to incorporate or reference the IIM Technical Specifications.
Question 19– Page 17	Do you have any views on the proposed amendments to enhance regional balance and diversity (including the total assets USD 55 billion reference) in the Insurer Pool? Paragraph 40 Support the proposed enhancement of regional balance and diversity in paragraph 40. To clarify which threshold should be used (as total assets approaches 55 billion USD) when supervisors apply their discretion to include insurers in the IIM insurer pool for purposes outlined in paragraph 40, suggest adjusting the final proposed sentence in paragraph 40 to: "This applies in particular for insurance groups approaching the criteria <u>threshold</u> above, with at least USD 55 billion of total assets and ratio of premiums from jurisdictions outside the home jurisdiction to total premiums of 5% or more."

This broader language requires less updates in the future and allows each jurisdiction to use their discretion to determine what definition of “approaching” is proportionally appropriate.

While adding insurers for regional diversity or regional balance may be helpful such insurers should be added with specific purpose and caution. The purpose of the IIM is to monitor those firms of global systemic significance. The GME contains the SWM for a fuller balance and diverse perspective of the entire global insurance sector. Care should be taken that these two GME monitoring exercises do not converge or overlap over time, as their purposes are distinct.

Question 20– Page 17 Do you have any other comments on the Insurer Pool selection criteria?

Paragraph 39

Suggest editing to better reflect the actual IAIS process, in particular clarifying the GWS’s role in this process given their authority over, and knowledge of, the firm and having best judgement of appropriate timing for participation in annual IIM exercises.

Additionally, suggest using a term other than “exceptional circumstances” so that it is not interpreted to mean “never” or “almost never.” Using “limited circumstances” would underscore the robustness of the GME and IIM insurer pool processes while allowing recognition for use of GWS judgment where analytically supported.

Suggest updating language in paragraph 39 to read, as follows:

“39. In ~~exceptional~~ **limited** circumstances that are analytically supported, the ~~GWS and IAIS~~ **GWS** and relevant authorities may **use their judgement to recommend the IAIS not** ~~choose not to~~ collect data from an insurer that otherwise meets the criteria, or to collect data from an insurer that does not meet the criteria, to allow a more representative Insurer Pool for systemic risk analysis. ”

Question 21 – Page 17 Do you have any other feedback on the GME methodology for assessing systemic risk in the global insurance sector?

The IAIS Holistic Framework for Systemic Risk in the Insurance Sector includes the fourth step of the GME, the IAIS collective discussion. Specifically, Section 7.1 focuses on criteria related to the IIM. Outliers, materiality criterion, and expert judgement are outlined in paragraphs 88-90 in that section.

When IAIS members determine the scope of insurers from the IIM insurer pool to include in the collective discussion, there should be language in these paragraphs that allows for exclusion from the collective discussion as well as inclusion, especially for insurers who have been in the discussion the prior year or multiple years in the last several years. Having an insurer as part of the collective discussion when its circumstances and the views of its GWS are already known is not the best use of time, which could be spent instead on new or changing global systemic risk trends and/or issues.

Recommend that any insurer that meets quantitative criteria to be included in the collective discussion repeatedly (two years in a row or more than once in the past several years) can be excluded from the collective discussion via expert judgment unless all quantitative collective discussion criteria (level, trend – highest bar of year-over-year total score increase by more than 15%, and outlier) are also met by the insurer. If any of the collective criteria discussion is not met for a repeated inclusion of an insurer in the collective discussion, then the insurer would be excluded.

Addressing this aspect of the methodology should be completed in the second half of 2025, with language reflecting the final outcome being included in the IAIS Holistic Framework for Systemic Risk in the Insurance Sector when published later in the year. Such an approach

would help ensure productive collective discussions year to year without spending time on the things that are not new.

Question 22– Page 17 Do you have any feedback on the IAIS reporting of the outcome of the GME to the public (through the Global Insurance Market Report) and to participating insurers?

Support sharing outcomes of the GME in the GIMAR and with participating insurers as has been completed in the past. Suggest considering whether the mid-year GIMAR is useful or whether it could be done away with (or made much shorter) to focus efforts on one year-end report. The same level of confidentiality and anonymity should be maintained in the GME.
