



January 25, 2024

The Honorable Janet Yellen  
Secretary of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

**Re: OCCIP's Risk Model**

Dear Secretary Yellen,

On behalf of the National Association of Insurance Commissioners' (NAIC<sup>1</sup>) members – the chief insurance regulators in the 50 states, the District of Columbia, and the United States territories – and as a member of the Financial Banking Information Infrastructure Committee (FBIIC), we write to provide the requested feedback on the draft list of financial sector critical entities that you have compiled as part of the work on the U.S. Department of the Treasury's Office of Cybersecurity and Critical Infrastructure Protection (OCCIP's) Risk Model.

We appreciate your efforts in identifying the most critical entities that comprise important segments of the financial services sector that will serve as the foundation for building out a financial services risk register, the next phase of the Risk Model development. However, we would like to provide feedback that the list is missing the insurance sector.

Including the insurance sector in the Risk Model would harmonize it with other federal definitions of critical financial functions. For example, the provision of insurance is part of the National Critical Functions (NCFs), which are functions of government and the private sector so vital to the United States that their disruption, corruption, or dysfunction would have a debilitating effect on security, national economic security, national public health or safety, or any combination thereof.<sup>2</sup> Insurance companies are also part of the Financial Services Sector-Specific Plan, which details how the National Infrastructure Protection Plan risk management framework is implemented

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<sup>1</sup> Founded in 1871, the NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and the five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S.

<sup>2</sup> <https://www.cisa.gov/national-critical-functions-set>



within the context of the unique characteristics and risk landscapes of that sector.<sup>3</sup> The insurance sector is a critical component of the financial services sector and should be included in the list of Core Financial Services and critical entities.

It is our understanding that Treasury Staff are aware of this gap and actively looking to remedy it. With that in mind, we would like to provide the following Definition and Scope of the Insurance Sector as well as some Critical Entities for inclusion in the Risk Model.

*First*, “Insurance” should be included in the list of 11 Core Financial Services Covered by OCCIP’s risk model for the reasons discussed above. As defined by the Risk Model:

The Core Financial Services are the critical segments of the financial services sector and divide the sector into logical functions to provide a framework for evaluating financial operational sector risk. OCCIP has defined the Core Financial Services as activities that financial institutions perform for third parties vital to national economic security in accordance with the definition of critical infrastructure.<sup>1</sup> Third parties include both other financial institutions and non-financial entities, such as businesses and consumers. The 11 Core Financial Services covered by OCCIP’s risk model are:

- Fixed Income Trading and Operations
- High Value Payments
- Custody and Collateral Management
- Derivatives Trading and Operations
- Equities Trading and Operations
- Low Value / Retail Payments
- Consumer and Commercial Lending
- Cross-Border Payments
- Consumer / Retail Deposits
- Cash
- Mortgage Securitization

<sup>1</sup> Systems and assets, whether physical or virtual, so vital to the United States that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters. (EO 13636 [2013], 42 USC 5195c, PPD-21).

*Second*, the National Association of Insurance Commissioners (NAIC) should be referenced as a source of knowledge used to select the Critical Entities for each Core Financial Service in the “Defining Critical Entities” section of the Risk Model.

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<sup>3</sup> <https://www.cisa.gov/topics/critical-infrastructure-security-and-resilience/critical-infrastructure-sectors/financial-services-sector>



*Third*, we propose the following definition of Insurance be included in the Risk Model:

## **Insurance**

### **Definition and Scope**

Insurance is an economic device transferring risk from an individual to a company and reducing the uncertainty of risk via pooling. This includes a wide range of services such as actuarial analysis, underwriting, policy placement, policy issuance, claims management, claims arbitration and litigation, reinsurance, and risk assessment. The six major lines of insurance are life, accident and health or sickness, property, casualty, variable life and variable annuity, and personal lines.<sup>4</sup> The core limited lines of insurance are car rental insurance, credit insurance, crop insurance, and travel insurance.<sup>5</sup> Insurance is regulated by the 50 States, the District of Columbia and the U.S. Territories.

*Fourth*, and finally, we propose the following Critical Entities be included in the Risk Model:

### **Critical Entities**

- The 50 State, District of Columbia, and U.S. Territorial Departments of Insurance
- The National Association of Insurance Commissioners (NAIC)
- The Federal Crop Insurance Corporation
- Centers for Medicare & Medicaid Services (CMS)
- Department of Defense TRICARE and TRICARE for Life programs (DOD TRICARE)
- The Veterans Health Administration (VHA)
- Indian Health Services (IHS)
- Terrorism Risk Insurance Program (TRIP)
- National Flood Insurance Program (NFIP)
- Financial Stability Oversight Council (FSOC)
- Insurance Companies
- Reinsurance Companies
- Insurance Technology Companies
- Insurance Agents and Brokers
- Third-Party Administrators
- Cybersecurity Systems
- Data Centers and Cloud Service Providers
- Artificial Intelligence Systems

At this time, the NAIC does not have any comment on Appendix A: Financial Services Sector Risk Model and Appendix B: Financial Services Sector Ranked Critical Entities List, except to

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<sup>4</sup> <https://content.naic.org/sites/default/files/inline-files/Chapter%209.pdf>

<sup>5</sup> *Id.*



reiterate that Insurance should be included in all aspects of the OCCIP's Risk Model document in order to increase conformity with other Federal Agency definitions and accurately portray the critical entities that comprise critical segments of the financial services sector.

In closing, we would like to express our sincere gratitude for your attention to the above suggestions and for your diligent work on the OCCIP Risk Model. Your commitment to these initiatives significantly contributes to the advancement of our sector. We look forward to our continued collaboration in fostering a resilient and secure insurance industry. Thank you once again for your invaluable efforts.

Best regards,

*Andrew N. Mais (He/Him/His)*  
*NAIC President*  
Commissioner  
Connecticut Insurance Department

*Jon Godfread*  
*NAIC President-Elect*  
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*NAIC Secretary-Treasurer*  
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