

International Report



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NAIC PRESIDENT IUPPA CHAIRS INTERNATIONAL SYMPOSIUM

Focus on Latin America, China, India, Europe

Keynote: Federal Reserve Vice Chairman Roger Ferguson

NAIC President Alessandro Iuppa (ME) presided over the NAIC's International Symposium on February 23-24 in Washington, DC. The event is traditionally shaped by the current NAIC President – this year the theme was “State Insurance Regulators – Meeting Tomorrow’s Global Challenges Today”, consistent with increasing globalization of insurance markets and Superintendent Iuppa’s second year as chairman of the International Association of Insurance Supervisors (IAIS).

In his opening remarks, Superintendent Iuppa provided insights into “the NAIC’s development of an International Vision to ensure that the U.S. continues to play an active and leading role in the supervision of insurance worldwide.” He explored the NAIC’s role in international standard-setting and regulatory cooperation and the interplay with domestic regulatory priorities and consumer protection. One example cited was the debate over U.S. rules on collateral requirements for unauthorized reinsurers. With some European reinsurers – and regulators – calling for relief, U.S. regulators face a challenge of meeting international expectations while preserving the security of U.S. ceding companies and indirectly their policyholders. “The U.S. cannot afford to stay in the background when it comes to representing its members and protecting its consumers,” Iuppa said.

He also emphasized the important leadership roles the NAIC holds in the establishment of international standards affecting insurance supervision. While noting the NAIC’s commitment to an open and transparent process, he strongly encouraged the IAIS to commit to similar accountability and to develop a standard on administrative procedures.

Dr. Roger Ferguson, Vice Chairman of the Federal Reserve Board, provided the Keynote Address of the Symposium. Dr. Ferguson, who also chairs the Financial Stability Forum (FSF), announced earlier in the week his intention to resign from the Board in April. In his remarks, Dr. Ferguson noted the worldwide integration of economies and markets and the imperative for supervisors to achieve effective collaboration, enhance transparency and disclosure, and maintain early and continuous dialogues between regulators and regulated entities in an effort to avoid systemic failures in the financial sector. He cited as an example the Asian financial crisis in 1999 that led to the creation of the FSF. To address

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perceived “regulatory overload” in the financial sector, he urged regulators to weigh the cost and benefits of new regulations – and to do so in consultation with industry in order to minimize the regulatory burden, where feasible.

Commissioner Dorelisse Juarbe (PR) participated in the panel on regulatory and market challenges in Latin America chaired by Superintendent Eric Serna (NM). The NAIC is committed to pursuing further collaboration with Latin American supervisors through Puerto Rico’s continued active participation in the Association of Latin American Insurance Supervisors (ASSAL). David Snyder of the American Insurance Association discussed some of the conditions that are necessary for the growth of insurance markets, looking specifically at the reasons behind some of the successes in markets in Latin America.

Looking more broadly at the issues at hand, Symposium participants next heard from Craig Thorburn, Senior Financial Sector Analyst with the World Bank. Mr. Thorburn looked at the importance of capital market development in the context of assisting emerging markets. In addition to the need to focus on increasing the demand for private insurance, developing countries often are challenged further with the urgency of reforming their private pension systems.

Mr. Zhou Yanli, vice chairman of China’s Insurance Regulatory Commission (CIRC), delivered a keynote speech to kick off a panel discussion of the “Opportunities and Challenges in the Insurance Marketplace” in China. With dramatic increases in GDP growth and per capita income in recent years, China’s insurance regulators are endeavoring to help the population through creating a vibrant insurance market, aided by the creation of new investment opportunities. He noted the increasingly significant role insurers play in China as institutional investors, adding that the government’s focus includes the urgent need to address the rural populations “to emphasize stability and social harmony.”

Following Mr. Zhou’s remarks, Commissioner Diane Koken chaired a panel with Mr. Zhou and two members of the private sector who have years of experience establishing insurance businesses in China. Mr. Don Forest, former chair of the Beijing Insurance Forum and executive with CitiInsurance, and Steve Fuller, Vice President with Chubb

Corporation, both highlighted the dramatic changes in the openness of China’s market – and the challenges ahead to continue to open the market, while putting in place strong regulatory practices based on international best practices.

Commissioner Walter Bell, who himself has contributed greatly to India’s efforts to enhance regulatory techniques, presided over a discussion of India’s insurance market, beginning with remarks from Mr. C.S. Rao, chairman of India’s Insurance and Regulatory Development Authority. Chairman Rao’s overview of the market and regulatory challenges attendant to the privatization of state-owned insurers was followed by a perspective from a member of the private sector – and active participant in India’s market – Ray Sander, Vice President with New York Life International.

On Day 2 of the Symposium, attention turned to developments in Europe and the development of international standards, especially in the areas of accounting, solvency, and reinsurance. Peter Skinner, Member of the European Parliament, applauded U.S. efforts to achieve closer coordination among state insurance regulators, and the discussion to re-visit reinsurance collateral rules – urging the states to take a leadership role and recognize that “global change is upon us.” He also encouraged the NAIC to work closely with EU regulators in their development of a new solvency regime. In a twist on the session’s theme, he proposed “Clearly we’re not foes, we’re friends – but let’s just call ourselves ‘competitive friends’ and leave it at that.”

Commissioner Julie Bowler (MA) chaired the last panel of the program. Keeping with the topic of reinsurance regulation in the U.S., Reinsurance Association of America (RAA) President Frank Nutter gave a factual assessment of the U.S. insurance market that demonstrated significant reliance on the international reinsurance marketplace. He also used the opportunity to challenge U.S. regulators to look at establishing a passport system for reinsurers in the U.S. and to develop a roadmap for a system of mutual recognition, especially with regard to non-U.S. domiciles with regulation similar to the U.S. He also urged a fresh look at U.S. risk based capital rules and consideration of enterprise risk assessment, which he saw as a highlight of Europe’s Solvency II initiative.

Mr. Nutter was joined on the panel by Ben Carr from the European Commission Internal Markets Directorate General, and Henrik Bjerre-Nielsen, lead Danish insurance supervisor and chair of the managing board of the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS.) Mr. Carr summarized the Commission's work plan for the Solvency II initiative for creating new capital requirements for insurers. Mr. Bjerre-Nielsen delivered the supervisors' perspective on development of a "state of the art prudential framework for solvency supervision", emphasizing the significance of allowing the use of internal company models as a critical factor for risk management.

Ethiopia Tafara, Director of International Affairs for the Securities and Exchange Commission (SEC) described parallels to issues that are being tackled in the securities sector in talks between the U.S. and

Europe. He offered insights into the SEC's "roadmap" for resolving the EU's insistence that companies preparing financial reports using international standards (IFRS) not be required to reconcile their accounts with U.S. GAAP. He also noted the "unmitigated success" of the transatlantic Financial Markets Regulatory Dialogue between members of the U.S. Treasury, SEC, Office of the Comptroller of the Currency (OCC), the Federal Reserve, Office of Thrift Supervision (OTS) and the European counterparts. NAIC also participates in the Dialogue, as a supplement to the NAIC-EU Insurance Regulatory Dialogue, which is conducted two times per year.

In her summary of the program, Commissioner Koken drew together the consistent themes that ran through the program and reasserted NAIC's commitment to international activities.

PRESIDENT-ELECT WALTER BELL PARTICIPATES IN US-JAPAN INSURANCE TALKS

In late January, Commissioner Walter Bell (AL) and NAIC staff participated in U.S.-Japan Insurance Consultations in Tokyo. Conducted annually pursuant to the U.S.-Japan Insurance Agreements, the talks provide a forum for regulators and trade officials from the U.S. and Japan to discuss issues related to market opening and modernization efforts in the two markets.

Following the recent enactment of legislation in Japan, the government is now focusing on implementing the mandate to privatize "Kampo" - the Japan Post entity which has served as a major provider of financial services in Japan - including insurance - managing assets in excess of \$1 trillion.

During the talks, U.S. officials urged the creation of a level playing field as Japan unfolds the process for the proposed postal reform. This would include preventing the new postal service from expanding into new product lines until the completion of reforms that undo the market advantages enjoyed by the government-guaranteed entity. Commissioner Bell committed NAIC assistance with a key component of the reform - the transfer of existing policy obligations to the new successor corporation so as to ensure the full isolation of financial risks and satisfaction of reserve requirements with respect to the old Kampo policies. The NAIC will share the U.S. experience using "closed book" portfolios in the context of insurer demutualizations.

Discussions between the U.S. and Japan also addressed the regulation of regulated and unregulated "kyosai" - cooperatives providing insurance to members of occupational associations. Again, U.S. interests urge Japan to ensure that all these entities are brought under full supervision by Japan's Financial Services Agency and the application of the Insurance Business Law.

As part of the dialogue, Commissioner Bell gave an update on the NAIC's Regulatory Modernization efforts, including the evolving success of the Interstate Compact initiative. In separate meetings with the FSA, the NAIC discussed further issues of mutual supervisory concern, as well as the scope of the work plan of the IAIS.

NAIC HOSTS EU REGULATORS IN INSURANCE REGULATORY DIALOGUE

Meeting Addresses Solvency, Reinsurance, Supervision of Insurance Groups

On Friday, March 3, the NAIC hosted a delegation from Europe for the first NAIC-EU Regulatory Dialogue of 2006. Participants included supervisors from the U.K. and France, and representatives from the European Commission Internal Markets Directorate General, the Committee of European Insurance and Occupational Pension Supervisors (CEIOPS) and the EU Mission to the U.S. The NAIC was represented by Commissioners Iuppa, Bell, Koken, Gross, Sevigny, Bowler, and Wagner, Joe DeMauro from the New York Insurance Department, and NAIC staff. The US Mission to the European Union in Brussels was also represented.

Continuing on discussions held in past semi-annual Dialogues, the group engaged in important exchanges on a variety of topics, including progress in the EU's Solvency II project [currently being reviewed by the new NAIC International Solvency Initiatives (E) Working Group]. As CEIOPS continues its preparation of advice to the Commission in development of the Solvency II framework, European supervisors are grappling with many significant issues – some of which have direct parallels to challenges being addressed by U.S. regulators, including how to address differing levels of expertise among member jurisdictions in the creation of complex new rules on capital adequacy in Europe. Internal company governance, outsourcing, and home/host issues are also being actively considered.

Europe recently adopted a Financial Services Policy White Paper for 2005-2010, which stresses the need for consolidation of EU legislation and the importance of implementation of existing measures in member countries. In striving for “better regulation” the paper calls for impact assessments to be completed before new rules are imposed. In addition, the Commission highlighted the need for supervisory convergence and the importance of regulatory dialogues, especially in response to the trend toward globalization in the insurance sector.

Following a presentation on current U.S. regulatory issues, the NAIC agreed to share further information on the Interstate Compact in response to interest in some European circles in the creation of a pan-

European “26th regime” for insurance products. The NAIC also indicated a U.S. parallel to the call for increasing cooperation among regulators in different financial sectors, which among European supervisors is formalized in an MOU among the CEBS (banking), CESR (securities) and CEIOPS groups of supervisors.

Reinsurance was the subject of extensive discussions centering on the prospect for action in response to the NAIC white paper on reinsurance collateral. As the NAIC moves forward on this issue of particular interest in European reinsurance – and political – circles, EU regulators and supervisors committed to participate actively in the work of the NAIC to ensure a complete and accurate flow of information on European regulatory practices and market conditions. Superintendent Iuppa expressed the appreciation of the NAIC, acknowledging that, for the NAIC process to be successful, input from all affected parties is critical. He also encouraged the EU representatives to speak with individual NAIC members to clarify any misconceptions on EU matters, while assisting in holding down the rhetoric that has plagued the otherwise healthy dialogue on this important prudential regulatory matter.

In a related meeting in early February, the European Commissioner for Internal Market and Services Charlie McCreevy visited the NAIC where he met with Commissioner Roger Sevigny (NH). While he praised the efforts of U.S. regulators to fully explore the reinsurance collateral issue, EU Commissioner McCreevy urged prompt action in the spirit of cooperation between U.S. and EU financial services regulators in the regulatory dialogues and interaction in international fora.

The Insurance Regulatory Dialogue in Orlando also provided an opportunity for representatives of the world's largest insurance markets to discuss the challenges being faced by the International Association of Insurance Supervisors (IAIS). As the organization evolves, pressures are coming to bear on the resources available to achieve meaningful international regulatory standards while meeting the growing demand for education and training. The significance of the IAIS work also makes the deficiencies in procedural transparency even more glaring, and Superintendent Iuppa called for European support for his efforts to seek the IAIS adoption of rules on administrative procedures. The group agreed to schedule the next Dialogue in September 2006, likely to take place in Europe.

INTERNATIONAL TRADE UPDATE

World Trade Organization (WTO)/General Agreement on Trade in Services (GATS): Services is only one part of a package of trade issues being discussed as part of the Doha round of GATS negotiations. The next services “cluster” of meetings will take place in Geneva from March 27 - April 7, 2006. The focus will be plurilateral requests (groups of countries joining to request improvements in certain sectors, for example, financial services) and bilateral request-offer negotiations.

Free Trade Agreement (FTA) negotiations underway:

Andean nations: The U.S. concluded an FTA with Colombia on February 27, 2006, and concluded with Peru in late 2005. FTA negotiations continue with Ecuador.

Others: FTA negotiations continue with Thailand and progress is being made through various means in advance of arranging the next formal session. In addition, trade negotiations also continue with Panama and the United Arab Emirates.

On February 2, 2006, the U.S. announced that it was launching an FTA with Korea.

INTERNATIONAL REGULATORY COOPERATION ACTIVITIES

NAIC SIGNS MEMORANDA OF UNDERSTANDING

New Agreements with IRAQ, BRAZIL, RUSSIA

The NAIC has signed Memoranda of Understanding with Iraq, Brazil and most recently Russia. The NAIC’s MOU with the Iraqi Insurance Diwan will include exchange of market information, discussion on regulatory developments, critical issues, and training opportunities. The NAIC is currently looking at arranging sessions where Diwan staff and NAIC officials can learn more about each other’s markets and exchange ideas. The Diwan has good working relationships with insurance supervisory organizations in the Middle East region and discussions will take place later this year to put in place MOUs with selected organizations, also focusing on exchange of information and improvement in standards of supervision.

The NAIC and Brazil’s insurance regulator, Superintendencia de Seguros Privados (SUSEP), signed an MOU late in 2005 and NAIC President Alessandro Iuppa will participate in a formal ceremony commemorating the agreement in Brazil in May. SUSEP hopes to increase regulatory dialogue with the NAIC and is particularly interested in U.S. regulatory practices such as risk-based capital, anti-fraud systems, demutualization, reinsurance, corporate governance and market conduct.

With the signing of an agreement at the NAIC Spring National Meeting in Orlando, the NAIC becomes the first organization to sign an MOU with Russia’s Federal Service of Insurance Supervision (FSIS). Introduced in 2004, the new system of Russian insurance supervision has undertaken a large-scale program designed to improve the performance of domestic insurance operations. The NAIC looks forward to working with the FSIS to increase the flow of information between the two regulatory bodies and to assist the FSIS in developing a well-regulated insurance market. The NAIC recognizes the challenges Russia faces in regulating one of the fastest growing markets. The Head of the FSIS, Mr. Ilya Lomakin-Rumyantsev, hopes to engage the NAIC on a number of U.S. regulatory practices and, in particular, on how to enable foreign companies to operate effectively and competitively in Russia.

Pursuant to the 2003 Memorandum of Understanding between the NAIC and the Vietnam Ministry of Finance (MOF), Insurance Supervisions Division, the NAIC is currently working with the MOF to develop an annual work program to focus on specific regulatory issues of mutual interest. Information exchange, training, technical assistance programs, and other related activities are some of the areas included in the draft work program.

To date, the NAIC has signed MOUs with China, Vietnam, Brazil, Iraq, and Russia.

2006 NAIC International Internship Program

The NAIC will host the third class of interns this spring 2006. So far, there are several countries interested in participating in the program, which includes a four-day training session at NAIC Headquarters in Kansas City, 5-6 weeks in a host state, attendance at a NAIC National Meeting and participation in a closing ceremony in Washington, D.C. Last fall, there were five interns from China, two from Vietnam, two from Brazil and one from Korea.

The NAIC is currently looking for host states to volunteer for the Spring and Fall programs.

Please contact Lauren Scott (lscott@naic.org) if your state is interested in hosting an intern.

HOT TOPICS

IAIS Survey on Microinsurance Leads to Issues Paper

NAIC participates in IAIS-CGAP-ILO Working Group

At the 2005 IAIS Annual Meeting in Vienna, Austria, the IAIS Implementation Committee agreed to collaborate with the Consultative Group on Assisting the Poor (CGAP) and the International Labor Organization (ILO) to develop an Issues Paper on Microinsurance. Members from emerging market jurisdictions in particular supported this initiative and expressed their interest in creating a working group. NAIC staff participated in the first IAIS-ILO-CGAP Working Group meeting in Basel, Switzerland on February 18, 2006. In preparation for the meeting in Basel, a survey was circulated to help analyze IAIS member concerns on the development of microinsurance within a sound regulatory framework. The IAIS Secretariat analyzed the responses and highlighted key insights on how each jurisdiction uses microinsurance.

The term “microinsurance” is not well known in the U.S. regulatory system. Microinsurance can be defined as “the protection of low-income people against specific perils in exchange for regular premium payments appropriate to the likelihood and cost of the risk involved.” The definition is essentially the same as one might use for regular insurance, except for the clearly prescribed target market low-income people. However, those three words make a big difference, since this market tends to have limited education, irregular incomes and informal or self-employment. Microinsurance can be delivered through a variety of different institutional channels, including investor-owned insurance companies, community-based schemes, microfinance institutions and non-governmental organizations. Microinsurance regulation in developing countries is an emerging field. However, in most countries, specific regulations for microinsurance do not exist, and the existing regulatory framework is not accurate. It is recognized that regulation can either promote or restrict insurance provision for lower income groups.

A well-designed regulatory framework is a major factor for the effective and efficient provision of microinsurance services. In promoting more professional and expansive microinsurance services, regulation can play an important role by encouraging microinsurers’ decision to become regulated, and by facilitating this process. Regulations define the requirements of an insurer, provide consumer protection through supervision of insurers to safeguard their solvency and thus shield the customer from buying insurance from an unsuitable company. As a result,

regulation, or the non-existence of regulation, can affect the provision of microinsurance in many ways. These regulations can unintentionally restrict the provision of insurance to low-income markets. This is especially true for regulations on capital requirements, the requirements for agents, the role of the insurer, policy details, the semi-formal schemes, reinsurance and the varying requirements and definitions.

Today, many microinsurance providers are operating in legal loopholes, outside insurance laws. The risks and problems associated with this situation are considerable. Some considerable concerns are 1) neither the interests nor the funds of consumers receive adequate protection; and 2) institutional risks are high. While this situation has the capacity to facilitate innovation and service provision, it is not sustainable for the provision of microinsurance on a massive scale.

Through the development of an IAIS Issues Paper on Microinsurance, the goal is to assist insurance supervisors to draw up an integrated framework for the development of microinsurance through favorable policies, legal and regulatory adaptations and sector-wide institutional capacity building. This will include a comprehensive sector review, which will enable policy makers, practitioners, and customers to understand how microinsurance is implemented globally. The NAIC has offered to provide feedback on the draft paper and will continue to monitor the progress of this working group.

(Source: microfinance.lu)

IN BRIEF

Regulator from Netherlands Takes Over As Chair of Joint Forum

The Joint Forum's parent organizations, the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO), and the International Association of Insurance Supervisors (IAIS), announced the appointment of Dirk Witteveen as chair of the Joint Forum for a two-year term beginning January 2006. Mr. Witteveen, who succeeds Ian Johnston of the Hong Kong Securities and Futures Commission in this role, is an Executive Director of De Nederlandsche Bank and has been involved in the work of the Joint Forum for several years.

Florida's Insurance Commissioner Participates in Joint Forum Meeting

Commissioner Kevin McCarty (FL) participated in the Joint Forum meeting in Hong Kong from February 20-21, 2006. Topics of discussion included adoption of the final paper on Regulatory and Market Differences, work on Funding Liquidity Risk Management and the on-going work streams.

Financial Stability Forum Meeting in Australia

As Chair of the IAIS Executive Committee, Superintendent Alessandro Iuppa will participate in meetings of the Financial Stability Forum on March 17th in Sydney, Australia.

Amendments Made to India's Insurance Act

The Finance Ministry intends to introduce amendments to the Insurance Act, following a review by India's Insurance Regulatory Development Authority (IRDA) of the Narasimhan Report. On the issue of the foreign direct investment (FDI) cap in insurance, the Narasimhan Report echoes the long-standing request of many foreign insurers to delete the specified cap (currently 26%) and allow the Cabinet to determine the equity cap, as the Cabinet does for nearly every other sector of the economy.

President-Elect Walter Bell Addresses NAIC Financial Summit

President-Elect Walter Bell addressed regulators on various international insurance issues at the NAIC Financial Summit. Commissioner Bell discussed the leadership efforts of the NAIC in the International Association of

Insurance Supervisors (IAIS), through the NAIC-EU Insurance Regulatory Dialogues, and in technical assistance to open insurance markets around the world, which includes the International Internship Program.

NAIC Participates in Meeting with Chinese Regulators hosted by ACLI

NAIC staff participated in a meeting with American Council of Life Insurers (ACLI) to host a group of visiting Chinese insurance regulators, academics and industry officials on February 14th to give an overview on the U.S. insurance market. The group is under the aegis of the Insurance Institute of China and is traveling around the U.S. meeting with regulators, academics and industry. The discussions focused on the current status and future development trends of U.S. insurance markets, U.S. insurance professional associations and future collaboration opportunities with the U.S. insurance sector.

New Chairs for NAIC's International Committee and Working Group

Commissioner Diane Koken (PA) was appointed Chair of the NAIC International Insurance Relations (G) Committee. Superintendent Howard Mills (NY) has agreed to serve as Chair of the International Regulatory Cooperation (G) Working Group (IRC WG).

UPDATE: IAIS Committees and Subcommittees

IAIS Committee Update

February 13-18, 2006

Basel, Switzerland

The IAIS triennial committee meetings were held February 13-18 in Basel, Switzerland. Superintendents Alessandro Iuppa and Howard Mills, NY DOI Staff - Joe Fritsch and Joe DeMauro, NAIC staff - Rob Esson, Bryan Fuller, George Brady and Lauren Scott represented the NAIC. The next IAIS Committee meetings will take place in Ottawa, Canada on May 29-June 1, 2006. The IAIS Annual Conference will be held in Beijing, China on October 18-21, 2007.

The following is a summary of highlights from the Committee meetings held February 13-18, 2006:

IAIS Meetings held in February 2006

Executive Committee (Chair, Alessandro Iuppa)

- Discussed reports from the Budget, Technical and Implementation Committees, a review of the 2005 Annual Conference, a report on the preparation of the 2006 Annual Conference, an update from the Pension Coordination Group, an update from the Selection Subgroup on premises for 2008 and 2009 triannual meetings and 2010 Annual Conference.
- Secretariat provided updates on contracts and selection of members of the Secretariat.
- Draft 2007 budget was approved, procedures on minutes, amendments to glossary, and the process for performance reviews of the Secretary General and Deputy Secretary General.

Budget Committee (NAIC representative Alessandro Iuppa)

- Approved the 2007 draft budget and fees, adopt revised policies on secondments and reserve policy, approved support for administration of the Core Curriculum project, and made a decision on an IAIS investment policy.
- Received reports on 2005 financials, the 2005 Annual Conference financials, on preparation for the 2006 Annual Conference, and the work of the Financial Outlook Task Force.

Financial Outlook Task Force (NAIC representative Alessandro Iuppa; Brady Kelley)

- Discussed initial work plans prepared in view of elaboration of the 2008-2012 financial outlook: draft work plan for standard setting, issues paper on IAIS training, responsibilities of the Secretariat and cooperation with other organizations.

Implementation Committee (NAIC staff)

- Discussed overall training strategy, reported on the Core Curriculum Project, regional coordination, insurance law databases, and various technical assistance activities by external organisations.

Regional Coordination Subcommittee (NAIC representative Alessandro Iuppa)

- Discussed the roles and selection of Regional Coordinators, educational initiatives, and a status report on the budget requests for seminars in 2006.
- Revised survey of training needs was received.
- Adopted revised Guidelines for the Organisation of IAIS Regional Seminars and Proposal Form.

Task Force on Core Curriculum Project (NAIC staff)

- Provided a progress report on the Core Curriculum Project; a total of 35 papers have been prepared so far, and the Task Force plans to be disbanded in two meetings, at the end of its three-year project term.
- Discussed the nomination and approval of authors and reviewers, the performance audit for DGF, and discussions on the overall training strategy.

Technical Committee (NAIC representative Alessandro Iuppa)

- Approved the Roadmap for a Common Structure and Common Standards for the Assessment of Insurer Solvency, and discussed the following: comments received on the Roadmap that are of wider relevance than solvency, cooperation with Implementation Committee, contribution to the Financial Outlook Task Force, draft issues paper on captives, update on Takaful paper, and results from the key risks and trends survey, working party reports, and international organizations' updates.

Accounting Subcommittee (NAIC representative Rob Esson)

- Discussed a draft report on the impact upon supervisors of the implementation by insurers of IFRS, in particular IFRS 4, following a survey, which the subcommittee had conducted upon IAIS members. The subcommittee also discussed potential comments to the International Actuarial Association on its third set of Preliminary Exposure Drafts for Practice Guidance in respect of IFRS.

Enhanced Disclosure Subcommittee (NAIC staff)

- Outline of the *Standard on disclosures concerning technical performance and risks for life insurers* was presented. (The objective of the presentation was to share the Subcommittee's initial thoughts on the disclosure requirements with the Members present and elicit their views.)
- First draft of the new Standard will be prepared by the end of March, for discussion at the next meeting in April in Guernsey.

Insurance Contracts Subcommittee (Chair, Rob Esson)

- Discussed the second IAIS comment paper to the IASB on accounting for insurance liabilities as input into its Phase II project, including draft papers on Risk Margins and on Renewal Rights and Long Term Premium Flows.
- Presentation by Life Insurance Association of Japan on Issues on Discretionary Participation Features.

Financial Conglomerates Subcommittee (NAIC staff)

- Presented a progress report on the proposed multilateral Memorandum of Understanding (MMoU) on information exchange.
- A separate group, which is examining the non-MMoU issues to promote cooperation and information exchange, also briefed the members about the progress made. The subcommittee also discussed development of principles and standards on group supervision.

Insurance Fraud Subcommittee (NAIC staff)

- Reviewed its work plans, its progress on the drafting of the *Guidance paper on fraud on insurers* and updated members on relations with other international organizations.
- Drafting group will meet in Guernsey from February 28 to March 1, in early June and concurrently with the IAIFA Annual Conference in Amman from 19-20 June. The draft guidance paper should be sent for consultation at the end of March.

Insurance Laws, Regulations, Practices & Standards Subcommittee

- Presentation on the insurance laws and reinsurers databases was made to the participating Members and Observers.
- Questions and answer session on the usage of database, discussions on the database enhancement, and an introduction to the application process for obtaining passwords to access the databases followed the presentation.

Pension Coordination Group

- Revised the draft working arrangement with IOPS provided by the latter, noted the high interest shown by the feedback from the first survey organized amongst IAIS members, discussed a second draft survey, and decided to organize presentations by Group members on the links between insurance and pension supervision in their jurisdictions in a case study approach.

Reinsurance and Other Forms of Risk Transfer Subcommittee & Reinsurance Mutual Recognition Subgroup (Chair, Commissioner Julie Bowler; NAIC representative Bryan Fuller)

- Discussed about their work plans and re-launched projects that had been put aside last year – survey on mutual recognition, revision of the Guidance paper on finite risk reinsurance (life section), analysis of the results of the survey on the supervision of reinsurance, and the revision of the two issues papers on securitization and the standard on the evaluation of the reinsurance cover.

Reinsurance Transparency Group

- Planned work on the 2006 edition of its annual *Global Reinsurance Market Report*.
- Discussed a report *Reinsurance and International Financial Markets*, which had recently been published by the Group of Thirty (G30)

Solvency and Actuarial Issues Subcommittee (NAIC Representatives Commissioner Al Gross, Rob Esson)

- Discussed: i) a revised draft *Supervisory Standard on Asset Liability Management (ALM)* and an issues paper designed to provide educational background on ALM; and ii) a first working draft on *The Common Structure for the Assessment of Insurer Solvency*. An update was provided by the Chair of the Insurance Contracts Subcommittee and there was discussion on the risk margins paper currently under development in that subcommittee.

Task Force on Assessment & Implementation of Insurance Core Principles (Chair, Alessandro Iuppa)

- Presented Final Report of the Insurance Core Principles Self-Assessment Exercise 2004.
- Task Force disbanded.

NAIC International Calendar

(Bold denotes active NAIC participation)

2006

Date	Meeting	Venue	Organizer
January 9-10	IASB Financial Instruments Working Group	London, England	IASB
January 12-13	IASB Insurance Working Group	London, England	IASB
January 16-18	IAIS Insurance Contracts Subcommittee	Brussels, Belgium	IAIS
January 19-20	IAIS Enhanced Disclosure Subcommittee	Paris, France	IAIS
January 26	IASB Meeting	London, England	IASB
January 26	IAIS Insurance Laws/ Regulations Subcommittee	Vienna, Austria	IAIS
January 26	US-EU Financial Markets Regulatory Dialogue	Washington, DC	EU Commission, SEC, US Treasury, Federal Reserve
January 30	US-Japan Insurance Consultation	Tokyo, Japan	USTR
February 2-3	Geneva Association's Amsterdam Circle of Chief Economists	Amsterdam, Netherlands	Geneva Association
February 6-8	NAIC Commissioners Conference	Naples, Florida	NAIC
February 13-18	IAIS Committee Meetings	Basel, Switzerland	IAIS
February 13-15	NAIC Financial Summit	Orlando, FL	NAIC
February 13-17	FATF Plenary and Working Groups	Cape Town, South Africa	FTAF
February 18	Microinsurance Working Group	Basel, Switzerland	IAIS
February 20-23	IASB Meeting	London, England	IASB
February 20-21	Joint Forum	Hong Kong	Joint Forum
February 20-22	IAIS Solvency Subcommittee	Basel, Switzerland	IAIS
February 22	CEIOPS Meeting	Frankfurt, Germany	CEIOPS
February 23-24	NAIC International Symposium - "Meeting Tomorrow's Global Challenges Today"	Washington, DC	NAIC
March 3	EU-US Insurance Regulatory Dialogue	Orlando, FL	NAIC, CEIOPS, EU Commission
March 4-7	NAIC Spring National Meeting	Orlando, FL	NAIC
March 15-17	IAIS Insurance Contracts Subcommittee	Paris, France	IAIS
March 17	Financial Stability Forum	Sydney, Australia	FSF
March 27-31	IASB Meeting	London, England	IASB
March 27-29	Regional Seminar on IAIS Core Principles Assessment Financial Analysis, Remedial Action	Bahrain	Bahrain Monetary Agency, IAIS, FSI, BIBF
March 30-31	Geneva Association Progres Seminar	Geneva, Switzerland	Geneva Association
April 6-7	NAFTA Trilateral Insurance Working Group	Sante Fe, New Mexico	NAIC
April 10	IAIS Financial Outlook Task Force	London, England	IAIS
April 11-12	IAIS Enhanced Disclosure Subcommittee	Guernsey	IAIS
April 19-21	IAIS Insurance Contracts Subcommittee	Madrid, Spain	IAIS
April 19-21	AITRI Regional Forum on Consumer Protection and Education for ASEAN Insurance Supervisors	Hochimin City, Vietnam	AITRI, IAIS
April 24-28	FSI Seminar and Advanced Risk Management Practices in the Insurance Industry	Hergiswil, Switzerland	FSI
April 24-28	IASB Meeting	London, England	IASB
April 24-28	ASSAL Annual Meeting/ IAIS-ASSAL Training Seminar on Insurance Regulation and	Lisbon, Portugal	ASSAL, Institutos de Seguros de Portugal,

	Supervision in Latin America		OECD, IAIS
April 27-29	IAIS Insurance Laws Subcommittee	Berlin, Germany	IAIS
May 1-5	OGIS Annual Meeting and Training Seminar	St. Lucia	IAIS
May 3-5	IAIS Solvency Subcommittee	Rio de Janeiro, Brazil	IAIS
May 17-20	General Assembly of the Geneva Association	Munich, Germany	Geneva Association
May 29-June 1	IAIS Working Party Meetings	Ottawa, Canada	IAIS
May 31-June 2	Joint IAIS –OSFI Training Seminar	Ottawa, Canada	IAIS, OGIS
June 10-13	NAIC Summer National Meeting	Washington, DC	NAIC
June 10-14	Regional Seminar on Capital and Basel II	Vienna, Austria	FSI JVI
June 15	Joint Forum	Brussels, Belgium	Joint Forum
June 25-July 1	International Leadership Program	Toronto, Canada	Toronto Center
June 27-28	IAIS Insurance Laws Subcommittee	Malta	IAIS
June 29	CEIOPS Meeting	Frankfurt, Germany	CEIOPS
July 3-7	Joint Vienna Institute	Vienna, Austria	FSI, JVI
July 5-7	OECD Insurance Committee and Working Party of Governmental Experts on Insurance	Bern, Switzerland	OECD
July 13-16	NCOIL Summer Meeting	Boston, MA	NCOIL
August 7-11	FSI International Insurance Supervision Seminar	Beatenberg, Switzerland	FSI
August 21-25	AITRI Workshop on ICP Self-Assessment	Manila, Philippines	AITRI
August 29-30	IAIS Insurance Laws Subcommittee	Vienna, Austria	IAIS
August 30-31	IAIS Enhanced Disclosure Subcommittee	[Venue TBD]	IAIS
August 30-September 1	IAIS Solvency Subcommittee	Quebec City, Canada	IAIS
September 5-7	FSI Seminar on Reinsurance	Basel, Switzerland	FSI
September 6-7	IAIS Enhanced Disclosure Subcommittee	Tokyo, Japan	IAIS
September 9-12	NAIC Fall National Meetings	St. Louis, USA	NAIC
September 11-15	ASEL Annual Conference/ Training Seminar	Brazil	ASEL, Word Bank, IAIS
September 18-20	Seminar of the European Group of Insurance Economists	Barcelona, Spain	Geneva Association
September 18-21	Regional Seminar on Prudential Regulation and Supervision	Almaty, Kazakhstan	FSI, IAIS
September 19-20	2006 Annual Meetings of the International Monetary Fund and the World Bank Group	Singapore	WTO
October 16-21	IAIS Working Party Meetings and Annual Conference	Beijing, China	IAIS
October 25	CEIOPS Meeting	Frankfurt, Germany	CEIOPS
November 13-16	FSI, IAIS Seminar on Insurance Supervision for members of the Association of African Insurance Supervisory Authorities	Johannesburg, South Africa	IAIS FSI
November 16-19	NCOIL Annual Meeting	New Orleans, LA	NCOIL
November 23-24	IAIS Insurance Laws Subcommittee	Bratislava, Slovakia	IAIS
November 29-December 1	OECD Working Party of Governmental Experts on Insurance	Paris, France	OECD
November (To be determined)	IAIS Solvency Subcommittee	Paris, France	IAIS
November (To be	ASSAL Training Seminar	Lima, Peru	ASSAL, IAIS (to be

determined)			confirmed)
December 4-6	Annual Seminar on Regulatory Issues for Senior Offices of Insurance Regulatory Agencies	Mumbai, India	Institute of Insurance and Risk Management, IAIS, FSI
December 9-12	NAIC Winter National Meetings	San Antonio, TX	NAIC
December 11-15	OECD Insurance Committee and its Working Parties	Paris, France	OECD
2007			
February 12-15	IAIS Working Party Meetings	Dubai, UAE	IAIS
March (To be decided)	OGIS Level 1 Training Seminar	Venue to be decided	OGIS
March 10-13	NAIC Spring National Meeting	New York, NY	NAIC
May 14-18	OGIS Annual Working Meeting Level 3 Training Seminar	Venue to be decided	OGIS
May 28-31	IAIS Working Party Meetings	Basel, Switzerland	IAIS
June 2-9	NAIC Summer National Meeting	San Francisco, CA	NAIC
June 7-8	Conference of European Insurance Supervisory Services	Sofia, Bulgaria	Bulgarian Financial Supervision Commission
Oct. 5-12	IAIS Annual Meeting and Conference	Miami, FL	NAIC
December 1-4	NAIC Winter National Meetings	Miami, FL	NAIC
2008			
February 12-15	IAIS Triannual meetings	Basel, Switzerland	NAIC
May 31-June 3	NAIC Summer National Meetings	San Francisco, CA	NAIC
June 17-20	IAIS Triannual Meetings	Venue to be decided	IAIS
October 19-24	IAIS Triannual Meetings/Annual Conference	Budapest, Hungary	IAIS
2009			
February 17-20	IAIS Triannual Meetings	Basel, Switzerland	IAIS
June 16-19	IAIS Triannual Meetings	Venue to be decided	IAIS
October 18-23	IAIS Triannual Meetings/Annual Conference	Rio de Janeiro	IAIS
2010			
February 9-12	IAIS Triannual Meetings	Basel, Switzerland	IAIS
June 15-18	IAIS Triannual Meetings	Venue to be decided	IAIS
October 17-22	IAIS Triannual Meetings/Annual Conference	Venue to be decided	IAIS

List of Abbreviations

APEC	Asia Pacific Economic Cooperation
ASEAN	Association of South East Asian Nations
ASSAL	Association of Latin American Insurance Supervisors
BCBS	Basel Committee on Banking Supervision
BIS	Bank for International Settlements

CEIOPS	Committee of European Insurance and Occupational Pensions Supervisors
CIRC	China Insurance Regulatory Commission
EU	European Union
FATF	Financial Action Task Force
FSF	Financial Stability Forum
FSI	Financial Stability Institute
GATS	General Agreement on Trade in Services
IAIS	International Association of Insurance Supervisors
IASB	International Accounting Standards Board
IOSCO	International Organization of Securities Commissions
IRDA	India Insurance Regulatory and Development Authority
NAFTA	North American Free Trade Agreement
NCOIL	National Conference of Insurance Legislators
OECD	Organization for Economic Cooperation and Development
OGIS	Offshore Group of Insurance Supervisors
UNCTAD	United Nations Commission on Trade and Development
WTO	World Trade Organization

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National Association of Insurance Commissioners (NAIC)
Office of Government Relations
Suite 701 - Hall of States
444 N. Capitol Street, N.W.
Washington, DC 20001
Tel: (202) 624 7790
Fax: (202) 624 8579

CONTACTS:

George Brady (gbrady@naic.org) – 1-202-624-8816
Sr. International Policy & Legislative Analyst
and
Lauren Scott (lscott@naic.org) – 1-202-624-7798
International Policy & Legislative Analyst

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