

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

International Insurance Relations (G) Committee December 1, 2023 Minutes

International Insurance Relations (G) Committee Sept. 14, 2023 Minutes (Attachment One)

NAIC comments on the draft revised ICP 14 and ICP 17 (Attachment One-A)

International Insurance Relations (G) Committee 2024 Adopted Charges (Attachment Two)

## Draft Pending Adoption

Draft: 12/14/23

International Insurance Relations (G) Committee  
Orlando, Florida  
December 1, 2023

The International Insurance Relations (G) Committee met in Orlando, FL, Dec. 1, 2023. The following Committee members participated: Gary D. Anderson, Chair (MA); Eric Dunning, Vice Chair (NE); Lori K. Wing-Heier (AK); Ricardo Lara represented by Lucy Wang (CA); Andrew N. Mais (CT); Gordon I. Ito (HI); Doug Ommen (IA); Dean L. Cameron represented by Jessie Adamson (ID); Dana Popish Severinghaus (IL); James J. Donelon (LA); Kathleen A. Birrane (MD); Anita G. Fox (MI); and Justin Zimmerman (NJ). Also participating were: Robert Wake (ME); and John Rehagen (MO).

### 1. Adopted its Sept. 14 and Summer National Meeting Minutes

The Committee met Sept. 14 and discussed NAIC comments on the International Association of Insurance Supervisors (IAIS) public consultation on the issues paper on the roles and functioning of policyholder protection schemes.

Director Wing-Heier made a motion, seconded by Commissioner Mais, to adopt the Committee's Sept. 14 (Attachment One) and Aug. 13 (*see NAIC Proceedings – Summer 2023, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

### 2. Adopted its 2024 Proposed Charges

Commissioner Anderson introduced the Committee's 2024 proposed charges. Ryan Workman (NAIC) briefly explained the proposed changes to the Committee's charges, which were editorial and better reflect the broader scope and nature of some of the Committee's work.

Director Dunning made a motion, seconded by Director Wing-Heier, to adopt the Committee's 2024 proposed charges (Attachment Two). The motion passed unanimously.

### 3. Heard an Update on the Evolution of Group Capital and Supervisory Recognition

Commissioner Anderson spotlighted the areas of group capital and supervisory recognition and how they have evolved over what is a relatively short period of time. He began with a review of the post-financial crisis period and how domestic and international regulators charted a way forward. Commissioner Anderson reviewed the previous work of the NAIC's former ComFrame Development and Analysis (G) Working Group, which provided ongoing review, as well as technical and strategic input on the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) and international group capital developments.

Wake provided a review of the work of the NAIC's Mutual Recognition of Jurisdictions (E) Working Group and the implementation of the certified reinsurer process to evaluate the regulatory system in the home jurisdictions of reinsurers. He explained that the Working Group conducts reviews of jurisdictions that want to be considered jurisdictions and identified seven: Bermuda, , France, Germany, Ireland, Japan, Switzerland, and the United Kingdom (UK). Wake noted that the European Union (EU) and the UK committed that they would not try to impose global European standards on American insurance groups as long as the U.S. has an acceptable group capital calculation (GCC).

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Next, Dan Schlep (NAIC) provided the Committee with a review of the covered agreements process and also spoke about the EU reinsurance reciprocal status. He outlined the achievements of the covered agreement, including: 1) requiring that states recognize EU reinsurers, while maintaining 100% solvency capital ratio, and in return U.S. reinsurers do business in the EU with zero collateral, and the elimination of a local presence requirement; 2) the GCC is recognized by the EU, which was an important factor; and 3) information sharing and regulatory cooperation between the EU and the U.S. The covered agreement went immediately into effect with the EU. However, it went into delayed effect for the states, as states were required to adopt reinsurance collateral revisions within five years of the agreement being made. Schlep reported that all 56 U.S. jurisdictions have adopted the reinsurance laws that brought them into compliance with the covered agreement. He spoke about the Joint Committee that recently met on Oct. 26 and reported that no issues were brought to the Federal Insurance Office (FIO) or the Office of the U.S. Trade Representative (USTR) on states not maintaining compliance.

Rehagen, chair of the Group Capital Calculation (E) Working Group, highlighted the history and current status of the GCC. He said that the basic concept of the GCC is that it aggregates existing minimum capital amounts on all insurers in the holding company and adds to that calculated capital figures using factors for non-regulated entities. Then it compares those to total available capital. Rehagen noted all groups with more than \$1 billion in premium are required to complete the GCC, but the commissioner can use discretion to require other groups under that size to also file to the extent that they have insurance operations in other countries, have a bank in the holding company structure, or have other potential risks with non-regulated entities. He provided a timeline of adoption throughout U.S. states and expectations for the future. Rehagen concluded by noting that a recommendation that the GCC become an accreditation requirement effective Jan. 1, 2026 would be up for approval as part of the Fall National Meeting Plenary session.

Matt Walker (Federal Reserve Board—FRB) spoke about the FRB's Building Block Approach (BBA), which is similar to the GCC in that it is an aggregated approach. Walker said the FRB is responsible for protecting Federal Deposit Insurance Corporation (FDIC)-reporting institutions and establishing a minimum capital standard for these companies. He said that partnership with state insurance regulators has been successful in avoiding duplication of efforts and that he is appreciative of the stakeholder input over the years as well. The BBA is helpful in considering the legal limits the FRB has under the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). He concluded by saying that although the creation of the BBA has ended, the implementation phase has recently begun, and most of the rule will begin to go into effect.

Commissioner Anderson thanked Walker and lauded the cooperation between the FRB and state insurance regulators on these topics. He also thanked the other speakers for their respective updates.

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

Commissioner Anderson gave an update on IAIS activities, beginning with a review of the IAIS committee meetings, Annual General Meeting, and Annual Conference that took place in Tokyo, Japan, in November. He highlighted various panel discussions that NAIC Members participated in as part of the conference.

Commissioner Anderson reported that due to time constraints, the update on recent IAIS activities would be circulated via email to the Committee. This update covered several topics, such as recent publications, including: 1) a report published on the role of insurance supervisors in addressing natural catastrophe protection gaps; 2) releasing for public consultations draft application papers on climate risk market conduct issues and scenario analysis in the insurance sector; 3) finalizing the soon-to-be-published 2023 Global Insurance Market Report (GIMAR) that provides results this year's Global Monitoring Exercise (GME); and 4) approving an updated stakeholder engagement and consultation policy, which was updated to better facilitate transparency and to reflect actual process and diversity and inclusion considerations.

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Regarding the Insurance Capital Standard (ICS), in September, the IAIS received responses to a public consultation on a candidate version of the ICS that is being considered for adoption as a prescribed capital requirement for internationally active insurance groups (IAIGs). This consultation also solicited input from stakeholders to support an economic impact assessment of the ICS.

Regarding the Aggregation Method (AM), in October, the IAIS began its assessment of whether the AM provides comparable outcomes to the ICS. To help provide more detailed information on, and better understanding of, the AM beyond what is already available, a document describing the provisional AM for use in the comparability assessment was released in September and is available on the NAIC website. The final decision on comparability will be made in the fourth quarter of 2024.

The IAIS has undertaken a progress monitoring exercise this year as a follow-up to last year's Financial Stability Board (FSB) endorsement of the holistic framework for systemic risk in the insurance sector. The IAIS will be embarking on a second targeted jurisdiction assessment (TJA) round involving new jurisdictions to gain a broader understanding of implementation of the holistic framework. The outcome from this second TJA will feed into further reporting to the FSB in 2025.

The peer review of Insurance Core Principle (ICP) 16, Enterprise Risk Management for Solvency Purposes, is underway. This voluntary assessment, part of the IAIS peer review process (PRP), is open to all IAIS members and gives jurisdictions an opportunity to see how they are observing particular standards. As with prior PRPs, a handful of states are participating to provide a sample of U.S. observance.

The IAIS held an assessors boot camp in Basel, Switzerland, in October to train interested members on how to serve on an assessment team for various IAIS assessment activities. Over three days, 30 IAIS members—including three state insurance regulators from Nebraska, New York, and Virginia—learned about all phases of IAIS assessments and how to apply their supervisory skills to draft assessment questionnaires, conduct off-site and on-site reviews, and draft assessment reports.

The IAIS is continuing its work in various forums. The FinTech Forum met in September and received updates from its subgroups. The artificial intelligence (AI) and machine learning (ML) subgroup reported on its thematic review of AI and ML in the insurance sector and potential areas for future work. The FinTech Forum also discussed jurisdictional updates on recent FinTech developments affecting the insurance sector and insurance supervisors, including supervisory responses to the use of ChatGPT and different approaches adopted to monitor and address FinTech developments in member jurisdictions. Additionally, the Financial Inclusion Forum (FIF) met in September and is updating a 2012 IAIS application paper on regulation and supervision supporting inclusive insurance markets, including the addition of up-to-date case studies.

On diversity, equity, and inclusion (DE&I), the IAIS is working on two application papers on the topic within its Governance Working Group and Market Conduct Working Group. Both papers are expected to be released for public consultation in the first quarter of 2024. Also, the IAIS will be holding a member-only webinar on DE&I in the insurance sector on Dec. 13. Supervisors, including from California and Rhode Island, will be sharing recent practices and developments in their jurisdictions regarding activities to promote DE&I in the insurance sector.

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

##### A. International Activities

Director Dunning reported on recent bilateral discussions that were held on the sidelines of the IAIS Tokyo meetings between NAIC representatives and international counterparts, which helped facilitate ongoing relationship building and discussions on common themes of importance. This included bilateral meetings with the

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following: the Association of Latin American Insurance Supervisors (ASSAL); Australia; Canada; Hong Kong; India; Japan; Singapore; South Africa; South Korea; Taiwan; Thailand; and Vietnam.

Director Dunning spotlighted the NAIC's International Fellows Program, which recently concluded its Fall 2023 session. He reported that eight fellows were welcomed to the U.S. from five jurisdictions: Brazil, Poland, Saudi Arabia, Taiwan, and Thailand. He thanked Connecticut, Iowa, Louisiana, Maryland, Ohio, Virginia, and Washington, DC, for hosting the fellows over five weeks and providing them the opportunity to immerse themselves in the state-based system of insurance regulation in the U.S.

Next, Director Dunning reported on NAIC participation in recent international events, including:

- The 8th Conference on Global Insurance Supervision, sponsored by the European Insurance and Occupational Pensions Authority (EIOPA), the International Center for Insurance Regulation (ICIR), and the Leibniz Research Institute in Frankfurt, Germany, on Sept. 6. Director Dunning, Director Chlora Lindley-Myers (MO), and Rachel M. Davison (Massachusetts) provided the U.S. perspective on risk-based capital (RBC) regimes and innovation.
- The Association of Bermuda Insurers and Reinsurers' (ABIR) 16th Annual International Insurance Regulatory Dialogue in Brussels on Sept. 8–9. Director Dunning, Director Lindley-Myers, and Davison took part in panel discussions highlighting recent regulatory updates in the U.S., including changes to the GCC and supervisors' efforts on the NAIC's Climate and Resiliency (EX) Task Force, the NAIC's ongoing work on cross-border reinsurance, and DE&I. Following the ABIR dialogue, NAIC representatives met with counterparts from the Bermuda Monetary Authority (BMA) to provide updates on topics, including on climate risk and resiliency, the use of technology by insurance supervisors, and private equity (PE) ownership. The BMA representatives also provided an overview of proposed changes to the Bermuda regulatory regime.
- The Eurofi Financial Forum in Santiago de Compostela, Spain on Sept. 15. Director Cameron discussed the NAIC's ongoing work on climate risk and resiliency, particularly its efforts to close existing protection gaps.
- The Taiwan Insurance Institute and Taiwan Insurance Guaranty Fund Enterprise Risk Management (ERM) Forum on Oct. 3. Director Lindley-Myers virtually provided keynote remarks highlighting state supervisors' work on closing protection gaps.

### B. OECD

Director Dunning reported that due to time constraints, the update on the Organisation for Economic Co-operation and Development (OECD) would be circulated via email to the Committee. This update covered the fact that the OECD has two upcoming events. First, the Insurance and Private Pensions Committee (IPPC) will meet Dec. 7–8 and in advance, on Dec. 6, there will be a roundtable on protection gaps, including a session on which Director Dunning will participate on creating an enabling environment to support the availability of affordable financial protection. Second, on Dec. 14–15, Commissioner Ito will be participating in a roundtable on leveraging technology for risk assessment and risk reduction in insurance.

### C. SIF

Director Dunning reported that due to time constraints, the update on the Sustainable Insurance Forum (SIF) would be circulated via email to the Committee. This update covered the fact that the SIF met in Tokyo alongside the IAIS meetings in November to discuss the work of its various working groups on: transition plans; capital and supervisory frameworks; and biodiversity and nature-related risks and further exploration thereof. The SIF's next meeting is expected to take place in the second quarter of 2024.

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Commissioner Anderson thanked Commissioner Donelon for his long tenure at the NAIC, particularly his work at the International Insurance Relations (G) Committee over the course of many years.

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

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Draft: 10/2/23

International Insurance Relations (G) Committee  
Virtual Meeting  
September 14, 2023

The International Insurance Relations (G) Committee met Sept. 14, 2023. The following Committee members participated: Gary D. Anderson, Chair (MA); Eric Dunning, Vice Chair (NE); Lori K. Wing-Heier (AK); Ricardo Lara represented by Ope Oyewole (CA); Andrew N. Mais represented by William Arfanis (CT); Gordon I. Ito (HI); Doug Ommen represented by Kim Cross (IA); Dana Popish Severinghaus (IL); Vicki Schmidt (KS); Anita G. Fox (MI); and Troy Downing (MT).

1. Discussed NAIC Comments on the IAIS Public Consultations on Draft Revised ICP 14 (Valuation) and ICP 17 (Capital Adequacy)

Commissioner Anderson explained that the International Association of Insurance Supervisors (IAIS) is conducting a public consultation on the revised Insurance Core Principle (ICP) 14 (Valuation) and ICP 17 (Capital Adequacy). He noted that the ICPs were revised by the IAIS's Capital, Solvency, and Field Testing Working Group and Accounting and Auditing Working Group. He also noted that ICP 14 covers supervisory requirements for the valuation of assets and liabilities for solvency purposes, while ICP 17 addresses regulatory capital resources and requirements. He explained that the two ICPs were not included in the larger ICP update and revision process that concluded in 2019, as work on the insurance capital standard was still ongoing at that time.

Commissioner Anderson said the NAIC's initial draft comments are based on an internal review of the revisions and a review completed by members of the NAIC's Statutory Accounting Principles (E) Working Group for ICP 14 and the Group Solvency Issues (E) Working Group for ICP 17. Those initial comments, as well as input that was received from an interested state insurance regulator, were circulated in advance of the call.

Ryan Workman (NAIC) provided an overview of the NAIC's comments on ICP 14 and ICP 17, noting that some were minor and editorial. More substantive comments addressed areas where clarification or consistency would be helpful.

Director Popish Severinghaus made a motion, seconded by Director Wing-Heier, to approve the submission of the NAIC comments on the draft revised ICP 14 and ICP 17 (Attachment One-A). The motion passed unanimously.

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

G Cmte Minutes 091423

# Questions for Consultation on ICP 14 (Valuation)

Thank you for your interest in the public consultation on the Issues Paper on roles and functioning of Policyholder Protection Schemes (PPSs). 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

1	<p>General comments on Introductory Guidance – Application</p> <p>Throughout the whole ICP, need to review for consistency using “regulatory capital requirements” and “regulatory capital resources” as in some cases, the “regulatory” is not included.</p>
2	Comment on guidance CP 14.0.1
3	Comment on guidance CP 14.0.2
4	Comment on guidance CP 14.0.3
5	<p>Comment on guidance CP 14.0.4</p> <p>Typo: should use “address” rather than “addresses”:</p> <p>Solvency requirements reflect a total balance sheet approach on an economic basis and addresses all reasonably foreseeable and relevant risks.</p>
6	Comment on guidance CP 14.0.5
7	Comment on guidance CP 14.0.6
8	Comment on guidance CP 14.0.7
9	General comments on Introductory Guidance - Solvency purposes
10	Comment on guidance CP 14.0.8
11	Comment on guidance CP 14.0.9
12	Comment on guidance CP 14.0.10
13	Comment on guidance CP 14.0.11
14	General Comments on standards and guidance
15	Comment on standard 14.1
16	Comment on guidance CP 14.1.1
17	Comment on guidance CP 14.1.2
18	Comment on guidance CP 14.1.3
19	Comment on guidance CP 14.1.4
20	Comment on guidance CP 14.1.5
21	Comment on standard 14.2

22	Comment on guidance CP 14.2.1
23	Comment on guidance CP 14.2.2
24	Comment on guidance CP 14.2.3
25	Comment on guidance CP 14.2.4
26	Comment on guidance CP 14.2.5
27	Comment on standard 14.3
28	Comment on guidance CP 14.3.1
29	Comment on guidance CP 14.3.2
30	Comment on guidance CP 14.3.3
31	Comment on guidance CP 14.3.4
32	Comment on guidance CP 14.3.5
33	Comment on guidance CP 14.3.6
34	Comment on guidance CP 14.3.7
35	Comment on guidance CP 14.3.8
36	Comment on guidance CP 14.3.9
37	Comment on guidance CP 14.3.10
38	Comment on guidance CP 14.3.11
39	Comment on guidance CP 14.3.12
40	Comment on standard 14.4
41	Comment on guidance CP 14.4.1
42	Comment on guidance CP 14.4.2
43	Comment on guidance CP 14.4.3
44	Comment on guidance CP 14.4.4
45	Comment on guidance CP 14.4.5
46	Comment on guidance CP 14.4.6 <a href="#">Typo – delete the “5” at the end of the last sentence:</a>

	Where a range of assessments and approaches is evident from a market, a market-consistent valuation is one that falls within this range. <sup>5</sup>
47	Comment on guidance CP 14.4.7
48	Comment on guidance CP 14.4.8
49	Comment on guidance CP 14.4.9
50	Comment on guidance CP 14.4.10
51	Comment on guidance CP 14.4.11
52	<p>Comment on guidance CP 14.4.12</p> <p>Typo – delete the comma after “may”:</p> <p>Separate components may be identifiable for insurance contracts which have an investment or deposit component and an insurance risk component.</p>
53	Comment on guidance CP 14.4.13
54	Comment on guidance CP 14.4.14
55	Comment on guidance CP 14.4.15
56	Comment on guidance CP 14.4.16
57	Comment on guidance CP 14.4.17
58	Comment on standard 14.5
59	Comment on guidance CP 14.5.1
60	<p>Comment on guidance CP 14.5.2</p> <p>Editorial: delete “the” before “regulatory capital requirements”:</p> <p>The risk of reinsurer default could be covered either by adjustments made to the value of assets in determining capital resources or the regulatory capital requirements (see ICP 17 Capital Adequacy).</p>
61	Comment on guidance CP 14.5.3
62	Comment on standard 14.6
63	Comment on guidance CP 14.6.1
64	Comment on guidance CP 14.6.2
65	Comment on guidance CP 14.6.3
66	Comment on guidance CP 14.6.4

67	Comment on guidance CP 14.6.5
68	<p>Comment on guidance CP 14.6.6</p> <p>Typo: delete the comma after “guarantees”:</p> <p>For insurance contracts with variable premiums, the cash-flows may include voluntary contributions above the minimum required to the extent that there are guarantees, under the current contract.</p>
69	<p>Comment on guidance CP 14.6.7</p> <p>For consistency, delete the comma after “eg”:</p> <p>(eg, by re-underwriting)</p> <p>For clarification, suggest adding “jurisdiction’s” before “solvency regime”:</p> <p>Although there may be a high expectation that they would be renewed, the insurer is not bound to do so, and accordingly only cash flows arising with respect to the currently in-force or in run-off contracts, are included for valuation purposes, whereas the impact of new business may be considered in capital requirements or capital resources by the <u>jurisdiction’s</u> solvency regime.</p>
70	<p>Comment on guidance CP 14.6.8</p> <p>For clarification, suggest adding “jurisdiction’s” before “solvency regime”:</p> <p>The impact of new business may be considered in capital requirements or capital resources by the <u>jurisdiction’s</u> solvency regime.</p>
71	Comment on guidance CP 14.6.9
72	Comment on guidance CP 14.6.10
73	Comment on guidance CP 14.6.11
74	Comment on guidance CP 14.6.12
75	Comment on guidance CP 14.6.13
76	Comment on guidance CP 14.6.14
77	Comment on guidance CP 14.6.15
78	Comment on guidance CP 14.6.16
79	Comment on guidance CP 14.6.17
80	Comment on guidance CP 14.6.18
81	Comment on guidance CP 14.6.19

82	Comment on standard 14.7
83	Comment on guidance CP 14.7.1
84	Comment on guidance CP 14.7.2
85	Comment on guidance CP 14.7.3
86	Comment on guidance CP 14.7.4
87	Comment on guidance CP 14.7.5
88	Comment on guidance CP 14.7.6
89	Comment on guidance CP 14.7.7
90	Comment on standard 14.8
91	Comment on guidance CP 14.8.1
92	Comment on guidance CP 14.8.2
93	Comment on guidance CP 14.8.3
94	Comment on guidance CP 14.8.4
95	Comment on guidance CP 14.8.5
96	Comment on guidance CP 14.8.6
97	Comment on guidance CP 14.8.7
98	Comment on guidance CP 14.8.8
99	Comment on guidance CP 14.8.9
100	Comment on guidance CP 14.8.10
101	Comment on standard 14.9
102	Comment on guidance CP 14.9.1
103	<p>Comment on guidance CP 14.9.2</p> <p>To improve readability, rather than repeat “appropriate discount rates” twice, suggest replacing the second usage with “such rates”:</p> <p>The criteria for determining appropriate discount rates to be used in the discounting of technical provisions should recognise that <del>the appropriate discount</del> such rates may not be directly observable and apply adjustments based on observable economic and market data of a general nature.</p>

104	Comment on guidance CP 14.9.3
105	Comment on guidance CP 14.9.4
106	Comment on guidance CP 14.9.5
107	Comment on guidance CP 14.9.6
108	Comment on standard 14.10
109	Comment on guidance CP 14.10.1
110	Comment on guidance CP 14.10.2
111	Comment on guidance CP 14.10.3
112	General comments on Glossary terms related to ICP 14
113	Comment on definition of current estimate
114	Comment on definition of margin over current estimate (MOCE)
115	Comment on definition of market-consistent valuation
116	Comment on definition of technical provisions

# Questions for Consultation on ICP 17 and related terms

Thank you for your interest in the public consultation on ICP 17 and related terms. 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

1	<p>General comments on the ICP17</p> <p>For consistency, need to review throughout the ICP where:</p> <ul style="list-style-type: none"> <li>• liquidation and resolution are referred to. In some place it is “liquidation/resolution”, in some “liquidation or resolution” and in some just one of these terms.</li> <li>• the different approaches to group supervision are referred to – in most places “legal entity focus” and “group level focus” are used as described in Figure 17.1; however, in some places other wording is used, such as “approaches” rather than “focus” (for example, see 17.11.24).</li> </ul>
2	General comments on Standard ICP 17.1
3	General comments on Guidance ICP 17.0.1
4	General comments on Guidance ICP 17.1.1
5	<p>General comments on Guidance ICP 17.1.2</p> <p>Last sentence, for consistency, suggest using “the supervisor” rather than “a supervisor”.</p>
6	General comments on Guidance ICP 17.1.3
7	General comments on Guidance ICP 17.1.4
8	General comments on Guidance ICP 17.1.5
9	General comments on Guidance ICP 17.1.6
10	General comments on Guidance ICP 17.1.7
11	General comments on Guidance ICP 17.1.8
12	General comments on Guidance ICP 17.1.9
13	General comments on Guidance ICP 17.1.10
14	<p>General comments on Guidance ICP 17.1.11</p> <p>Should spell out the acronym “IGTs” in the first instance that it is used.</p>
15	General comments on Guidance ICP 17.1.12
16	General comments on Guidance ICP 17.1.13
17	General comments on Standard ICP 17.2
18	General comments on Guidance ICP 17.2.1
19	<p>General comments on Guidance ICP 17.2.2</p> <p>First sentence, should use a comma rather than a semicolon.</p>
20	General comments on Guidance ICP 17.2.3
21	General comments on Guidance ICP 17.2.4
22	General comments on Guidance ICP 17.2.5
23	General comments on Guidance ICP 17.2.6



	<p>The guidance uses subordinated debt as an example and notes it “may be viewed largely as only protecting policyholders in insolvency”. However, subordinated debt, subject to the proper conditions, achieves the same going-concern purposes as equity share capital. It is the <i>proceeds</i> of the subordinated debt that are treated as an asset, and their purpose is to use them to fund the insurer’s going-concern operations.</p> <p>The paragraph ignores the more fundamental difference between going-concern and liquidation/resolution value, which is that going-concern value recognizes vaporous assets that cannot be used to pay claims and more generally cannot be monetized at all unless the owner cashes out and can find a willing buyer who places the same value on those vapors. It also implies that these, unlike the proceeds of subordinated debt, deserve to be recognized as “core regulatory capital resources.” 17.11.38 suggests that <i>all</i> assets, even the lowest quality assets, provide loss absorbency in liquidation or resolution, which is not correct unless the implication is that assets like goodwill should simply never be recognized as assets at all, which likely is not the intent (if it was, it should say so explicitly).</p> <p>Although 17.10.12 says the opposite, and discusses “intangible assets: their realisable value may be uncertain even during normal business conditions and may have no significant marketable value in a solvent run-off or liquidation (goodwill is a common example),” this is not a clarification of 17.2.6 and 17.11.38, but an internal contradiction that needs to be resolved.</p>
24	General comments on Guidance ICP 17.2.7
25	General comments on Guidance ICP 17.2.8
26	General comments on Guidance ICP 17.2.9
27	General comments on Guidance ICP 17.2.10
28	General comments on Guidance ICP 17.2.11
29	<p>General comments on Guidance ICP 17.2.12</p> <p>Third sentence, the comma after “including” can be deleted.</p> <p>Fifth sentence, should add a comma after “the insurance group”.</p>
30	General comments on Guidance ICP 17.2.13
31	General comments on Standard ICP 17.3
32	General comments on Guidance ICP 17.3.1
33	General comments on Guidance ICP 17.3.2
34	General comments on Guidance ICP 17.3.3
35	General comments on Guidance ICP 17.3.4
36	General comments on Guidance ICP 17.3.5
37	General comments on Guidance ICP 17.3.6
38	General comments on Guidance ICP 17.3.7
39	General comments on Guidance ICP 17.3.8

40	General comments on Guidance ICP 17.3.9
41	General comments on Guidance ICP 17.3.10
42	General comments on Standard ICP 17.4
43	General comments on Guidance ICP 17.4.1
44	General comments on Guidance ICP 17.4.2
45	General comments on Guidance ICP 17.4.3
46	General comments on Guidance ICP 17.4.4
47	General comments on Guidance ICP 17.4.5
48	<p>General comments on Guidance ICP 17.4.6</p> <p>The sentence beginning "However, this may not be true in all cases..." seems out of place with the previous sentence. Suggest the following edits:  <del>However, this may not be true in all cases, since</del> <u>For example</u>, some capital elements may lose some or all of their value in the event of a solvent run-off, resolution or liquidation, <del>because of a forced sale, or because they reflect the anticipated value of writing (eg because of a forced sale or because they reflect the anticipated value of writing future business).</del> <u>Similarly Likewise</u>, some liabilities...</p>
49	General comments on Guidance ICP 17.4.7
50	General comments on Guidance ICP 17.4.8
51	General comments on Guidance ICP 17.4.9
52	General comments on Guidance ICP 17.4.10
53	General comments on Guidance ICP 17.4.11
54	<p>General comments on Standard ICP 17.5</p> <p>For clarity, it may be helpful to note whose approval is required by adding "its":          In determining regulatory capital requirements, the supervisor establishes standardised approaches and may allow, subject to <u>its</u> approval, the use of more tailored approaches including (partial or full) internal models.</p>
55	General comments on Guidance ICP 17.5.1
56	General comments on Guidance ICP 17.5.2
57	General comments on Guidance ICP 17.5.3
58	General comments on Guidance ICP 17.5.4
59	General comments on Guidance ICP 17.5.5
60	General comments on Guidance ICP 17.5.6
61	General comments on Standard ICP 17.6
62	General comments on Guidance ICP 17.6.1
63	General comments on Guidance ICP 17.6.2
64	General comments on Guidance ICP 17.6.3
65	General comments on Guidance ICP 17.6.4
66	General comments on Guidance ICP 17.6.5

67	General comments on Guidance ICP 17.6.6
68	General comments on Standard ICP 17.7
69	General comments on Guidance ICP 17.7.1
70	General comments on Guidance ICP 17.7.2
71	General comments on Guidance ICP 17.7.3
72	General comments on Guidance ICP 17.7.4
73	General comments on Guidance ICP 17.7.5
74	General comments on Standard ICP 17.8
75	General comments on Guidance ICP 17.8.1
76	General comments on Guidance ICP 17.8.2
77	General comments on Guidance ICP 17.8.3
78	General comments on Guidance ICP 17.8.4
79	General comments on Guidance ICP 17.8.5
80	General comments on Guidance ICP 17.8.6
81	General comments on Guidance ICP 17.8.7
82	General comments on Guidance ICP 17.8.8
83	General comments on Guidance ICP 17.8.9
84	General comments on Guidance ICP 17.8.10
85	General comments on Guidance ICP 17.8.11
86	General comments on Guidance ICP 17.8.12
87	General comments on Guidance ICP 17.8.13 <a href="#">First sentence, it seems in this context "The supervisors..." should be singular, "The supervisor..."</a>
88	General comments on Guidance ICP 17.8.14
89	General comments on Guidance ICP 17.8.15
90	General comments on Guidance ICP 17.8.16
91	General comments on Guidance ICP 17.8.17
92	General comments on Guidance ICP 17.8.18
93	General comments on Guidance ICP 17.8.19
94	General comments on Guidance ICP 17.8.20
95	General comments on Guidance ICP 17.8.21
96	General comments on Guidance ICP 17.8.22
97	General comments on Guidance ICP 17.8.23
98	General comments on Guidance ICP 17.8.24
99	General comments on Guidance ICP 17.8.25
100	General comments on Guidance ICP 17.8.26
101	General comments on Guidance ICP 17.8.27

102	General comments on Guidance ICP 17.8.28
103	General comments on Guidance ICP 17.8.29
104	General comments on Standard ICP 17.9
105	General comments on Guidance ICP 17.9.1 Last sentence, suggest deleting the comma after "group level" and moving the comma after "higher risk activities" to after the parenthetical.
106	General comments on Guidance ICP 17.9.2
107	General comments on Guidance ICP 17.9.3
108	General comments on Guidance ICP 17.9.4 Suggest adding a comma after "For example".
109	General comments on Guidance ICP 17.9.5
110	General comments on Standard ICP 17.10
111	General comments on Guidance ICP 17.10.1
112	General comments on Guidance ICP 17.10.2
113	General comments on Guidance ICP 17.10.3
114	General comments on Guidance ICP 17.10.4 Last sentence, suggest deleting the comma after "defined period".
115	General comments on Guidance ICP 17.10.5
116	General comments on Guidance ICP 17.10.6
117	General comments on Guidance ICP 17.10.7 Missing a period at the end of the sentence.
118	General comments on Guidance ICP 17.10.8
119	General comments on Guidance ICP 17.10.9
120	General comments on Guidance ICP 17.10.10 Suggest deleting the comma after "accounting standards".
121	General comments on Guidance ICP 17.10.11
122	General comments on Guidance ICP 17.10.12
123	General comments on Guidance ICP 17.10.13
124	General comments on Guidance ICP 17.10.14
125	General comments on Guidance ICP 17.10.15
126	General comments on Guidance ICP 17.10.16 The penultimate bullet should end with "and" or "or".
127	General comments on Guidance ICP 17.10.17
128	General comments on Guidance ICP 17.10.18
129	General comments on Standard ICP 17.11
130	General comments on Guidance ICP 17.11.1
131	General comments on Guidance ICP 17.11.2
132	General comments on Guidance ICP 17.11.3

133	General comments on Guidance ICP 17.11.4 <a href="#">Last sentence, suggest deleting the comma after "level is breached".</a>
134	General comments on Guidance ICP 17.11.5
135	General comments on Guidance ICP 17.11.6
136	General comments on Guidance ICP 17.11.7
137	General comments on Guidance ICP 17.11.8
138	General comments on Guidance ICP 17.11.9
139	General comments on Guidance ICP 17.11.10
140	General comments on Guidance ICP 17.11.11
141	General comments on Guidance ICP 17.11.12
142	General comments on Guidance ICP 17.11.13
143	General comments on Guidance ICP 17.11.14
144	General comments on Guidance ICP 17.11.15 <a href="#">This is verbatim the last two sentences of 17.11.12 – either delete this paragraph or the text in 17.11.12 to remove duplication.</a>
145	General comments on Guidance ICP 17.11.16
146	General comments on Guidance ICP 17.11.17
147	General comments on Guidance ICP 17.11.18
148	General comments on Guidance ICP 17.11.19
149	General comments on Guidance ICP 17.11.20
150	General comments on Guidance ICP 17.11.21
151	General comments on Guidance ICP 17.11.22
152	General comments on Guidance ICP 17.11.23
153	General comments on Guidance ICP 17.11.24
154	General comments on Guidance ICP 17.11.25 <a href="#">First sentence, based on the context, suggest this should start "The supervisor" rather than "Supervisors".</a>
155	General comments on Guidance ICP 17.11.26
156	General comments on Guidance ICP 17.11.27
157	General comments on Guidance ICP 17.11.28 <a href="#">Last sentence, suggest deleting the comma after "after issue".</a>
158	General comments on Guidance ICP 17.11.29
159	General comments on Guidance ICP 17.11.30
160	General comments on Guidance ICP 17.11.31
161	General comments on Guidance ICP 17.11.32.
162	General comments on Guidance ICP 17.11.33
163	General comments on Guidance ICP 17.11.34
164	General comments on Guidance ICP 17.11.35

	First sentence, in this context "perspective" does not seem necessary.
165	General comments on Guidance ICP 17.11.36 First sentence, in this context, suggest this should read "the supervisor" rather than "supervisors".
166	General comments on Guidance ICP 17.11.37
167	General comments on Guidance ICP 17.11.38
168	General comments on Guidance ICP 17.11.39 Penultimate sentence, need to move the period after the close parenthesis.
169	General comments on Guidance ICP 17.11.40 First sentence, suggest deleting the comma after "insurance business".
170	General comments on Guidance ICP 17.11.41
171	General comments on Guidance ICP 17.11.42
172	General comments on Guidance ICP 17.11.43
173	General comments on Guidance ICP 17.11.44
174	General comments on Guidance ICP 17.11.45
175	General comments on Guidance ICP 17.11.46
176	General comments on Guidance ICP 17.11.47 First sentence, in this context, suggest it should read "the supervisor" rather than "a supervisor" and replace the second "the supervisor" with "it": As an illustration, in setting regulatory capital requirements a <del>the</del> supervisor can consider the maximum probability over a specified time period with which <del>it the supervisor</del> is willing to let unexpected losses cause the insolvency of an insurer.
177	General comments on Guidance ICP 17.11.48
178	General comments on Guidance ICP 17.11.49
179	General comments on Guidance ICP 17.11.50
180	General comments on Standard ICP 17.12
181	General comments on Guidance ICP 17.12.1
182	General comments on Guidance ICP 17.12.2
183	General comments on Guidance ICP 17.12.3
184	General comments on Guidance ICP 17.12.4
185	General comments on Guidance ICP 17.12.5
186	General comments on Guidance ICP 17.12.6 Last sentence, for consistency, suggest adding "the" before "PCR".
187	General comments on Guidance ICP 17.12.7
188	General comments on Guidance ICP 17.12.8
189	General comments on Guidance ICP 17.12.9
190	General comments on Guidance ICP 17.12.10
191	General comments on Guidance ICP 17.12.11

192	General comments on Guidance ICP 17.12.12 Last sentence, it would be helpful to add an example or two of what could be appropriate measures the supervisor should take (for example, see the end of 17.12.13).
193	General comments on Guidance ICP 17.12.13
194	General comments on Guidance ICP 17.12.14
195	General comments on Guidance ICP 17.12.15
196	General comments on Guidance ICP 17.12.16
197	General comments on Guidance ICP 17.12.17
198	General comments on Guidance ICP 17.12.18
199	General comments on Guidance ICP 17.12.19
200	General comments on Guidance ICP 17.12.20
201	General comments on Standard ICP 17.13
202	General comments on Guidance ICP 17.13.1
203	General comments on Guidance ICP 17.13.2
204	General comments on Guidance ICP 17.13.3
205	General comments on Guidance ICP 17.13.4
206	General comments on Guidance ICP 17.13.5
207	General comments on Guidance ICP 17.13.6 Third sentence, is "include" the correct word in this context? Would "the supervisor could allow the use" be more appropriate here?
208	General comments on Guidance ICP 17.13.7 First sentence, suggest deleting both commas after "model" and use "condition of" rather than "condition on". The last sentence is rather unclear. Who would be introducing these powers and when? Having appropriate supervisory powers in place can require a number of processes; if such powers are needed they should be in place well before the supervisor would be in the position to allow internal models. Suggest clarifying this sentence.
209	General comments on Guidance ICP 17.13.8
210	General comments on Guidance ICP 17.13.9
211	General comments on Guidance ICP 17.13.10
212	General comments on Guidance ICP 17.13.11
213	General comments on Guidance ICP 17.13.12
214	General comments on Guidance ICP 17.13.13
215	General comments on Guidance ICP 17.13.14 First sentence, suggest adding a comma after "one jurisdiction".
216	General comments on Guidance ICP 17.13.15

	<p>First sentence, for clarification and consistency, suggest adding at the end, “if internal models are allowed”:  In the case of an insurance group that wishes to use its group-wide internal model in more than one jurisdiction to calculate insurance legal entity regulatory capital requirements, the supervisor of each of those jurisdictions should consider approval of the specific application of the group-wide internal model in its jurisdiction, <u>if internal models are allowed</u>.</p>
217	General comments on Guidance ICP 17.13.16
218	General comments on Guidance ICP 17.13.17
219	General comments on Guidance ICP 17.13.18
220	General comments on Guidance ICP 17.13.19
221	<p>General comments on Guidance ICP 17.13.20  Last sentence, for clarification, suggest saying “within its own jurisdiction” rather than “for its own purposes”:  The home supervisor, however, does not need to have the approval of the host supervisors in order to approve the use of the insurance legal entity’s internal model <u>within its own jurisdiction</u> <del>for its own purposes</del>.</p>
222	General comments on Guidance ICP 17.13.21
223	General comments on Guidance ICP 17.13.22
224	General comments on Guidance ICP 17.13.23
225	General comments on Standard ICP 17.14
226	<p>General comments on Guidance ICP 17.14.1  This paragraph is rather dense – suggest splitting into two paragraphs to improve readability starting with “There are several different risk quantification techniques...”</p>
227	<p>General comments on Guidance ICP 17.14.2  This paragraph is rather dense – suggest splitting into two paragraphs to improve readability starting with “Where the internal model is used...”</p>
228	General comments on Guidance ICP 17.14.3
229	General comments on Guidance ICP 17.14.4
230	General comments on Guidance ICP 17.14.5
231	General comments on Guidance ICP 17.14.6
232	General comments on Guidance ICP 17.14.7
233	General comments on Guidance ICP 17.14.8
234	General comments on Guidance ICP 17.14.9
235	General comments on Standard ICP 17.15
236	General comments on Guidance ICP 17.15.1
237	<p>General comments on Guidance ICP 17.15.2  In the last sentence, if the insurer is required to demonstrate that it satisfies the specified modelling criteria per 17.15, is it correct to say that the insurer “may need to</p>



	recalibrate” if their model uses different criteria? In this context, should “may” be “should”?
238	General comments on Standard ICP 17.16 Need to replace the periods at the end of the first bullet with a semicolon, the end of the sub-bullets of the second bullet with “; and” rather than a period, and the last bullet with a period rather than a semicolon.
239	General comments on Guidance ICP 17.16.1
240	General comments on Guidance ICP 17.16.2
241	General comments on Guidance ICP 17.16.3
242	General comments on Guidance ICP 17.16.4
243	General comments on Guidance ICP 17.16.5
244	General comments on Guidance ICP 17.16.6
245	General comments on Guidance ICP 17.16.7
246	General comments on Guidance ICP 17.16.8
247	General comments on Standard ICP 17.17
248	General comments on Guidance ICP 17.17.1
249	General comments on Guidance ICP 17.17.2
250	General comments on Guidance ICP 17.17.3
251	General comments on Guidance ICP 17.17.4
252	General comments on Guidance ICP 17.17.5 First bullet should use a lower case “a” rather than “A”.
253	General comments on Guidance ICP 17.17.6
254	General comments on Guidance ICP 17.17.7
255	General comments on Guidance ICP 17.17.8
256	General comments on Standard ICP 17.18
257	General comments on Guidance ICP 17.18.1 The second sentence states that the supervisor should reassess on a regular basis but then the next sentence says in general the supervisor should reassess only when there is a material change. Which is it – on a regular basis or only when there’s a material change? Additionally, the second sentence ends with “where appropriate” but it’s not clear what this is referring to – the regular basis or the means of calculating regulatory capital requirements. Suggest clarifying the expectation here.
258	General comments on Guidance ICP 17.18.2
259	General comments on Guidance ICP 17.18.3
260	General comments on Guidance ICP 17.18.4
261	General comments on Guidance ICP 17.18.5
262	General comments on definition of calibration test
263	General comments on definition of capital

264	General comments on definition of capital requirement add-on
265	General comments on definition of capital adequacy
266	General comments on definition of capital resources
267	General comments on definition of tiering approach
268	General comments on definition of continuum-based approach
269	General comments on definition of control level
270	General comments on definition of double gearing
271	<p>General comments on definition of going concern capital</p> <p>It is not clear why reference is made to “reducing the loss to policyholders in the event of liquidation or resolution” if the definition is with regard to going concern capital. Given this is going concern capital shouldn’t there be reference to the ability to support writing new business instead?</p>
272	General comments on definition of regulatory capital requirements
273	General comments on definition of regulatory capital resources
274	General comments on definition of statistical quality test
275	General comments on definition of total balance sheet approach
276	General comments on definition of use test
277	General comments on definition of run-off

*Adopted by the Executive (EX) Committee and Plenary, Dec. 4, 2023*

*Adopted by the International Insurance Relations (G) Committee, Dec. 2, 2023*

## **2024 Charges**

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

The mission of the International Insurance Relations (G) Committee is to: 1) coordinate NAIC participation in discussions on international activities and issues and the development of insurance regulatory and supervisory standards and other materials; 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 (FRB), the Office of the U.S. Trade Representative (USTR), the U.S. Department of Commerce (DOC), and other federal agencies; and 4) provide an open forum for NAIC communication with U.S. interested parties, stakeholders, and among its members on international insurance matters.

#### **Ongoing Support of NAIC Programs, Products or Services**

1. The **International Insurance Relations (G) Committee** will:
  - A. Monitor and assess activities at international organizations, such as the International Association of Insurance Supervisors (IAIS), the Financial Stability Board (FSB), the Organisation for Economic Co-operation and Development (OECD), and the Sustainable Insurance Forum (SIF), 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 workstreams of international organizations.
  - C. Develop NAIC policy on international activities and issues, 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 foreign regulatory systems and relationships by interacting with international regulators and sharing U.S. supervisory best practices, including conducting outreach, 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.

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