

INTERNATIONAL REPORT

NAIC
National Association of
Insurance Commissioners

& The CENTER
for INSURANCE
POLICY
and RESEARCH

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NAIC AND STATE INSURANCE REGULATORS INVOLVED IN THE U.S. FSAP

The Financial Sector Assessment Program (FSAP), a joint International Monetary Fund (IMF) and World Bank program assessing the U.S. financial regulatory system, including insurance, is well under way. Supported by experts from a range of national agencies and standard-setting bodies, the FSAP has the following aims: (i) to identify the strengths and vulnerabilities of a country's financial system; (ii) to determine how key sources of risk are being managed; (iii) to ascertain the financial sector's developmental and technical assistance needs and (iv) to help prioritize policy responses.

As part of the FSAP process, the NAIC through its FSAP review group (consisting of a group of state regulators and NAIC technical and legal staff) completed a Self-Assessment this past August evaluating the extent to which US insurance regulatory practices are in observance with the 28 IAIS Insurance Core Principles. This Self-Assessment reflects a high level of observance by the US insurance regulatory system of each of these IAIS Insurance Core Principles.

In October of 2009 and then for another 2-3 weeks in January of 2010, the IMF will conduct field visits to the NAIC Washington DC and Kansas City offices as well as to several US state insurance departments to build on the results of the completed Self-Assessment. Meetings with the private sector (insurance companies) and trade associations will also be undertaken at this time. The FSAP forms the basis of Financial System Stability Assessments (FSSAs), in which IMF staff addresses issues of relevance to IMF surveillance, including risks to macroeconomic stability stemming from the financial sector and the capacity of the sector to absorb macroeconomic shocks. This FSSA is expected to be finalized and published in June/July 2010.

The NAIC FSAP review group will continue to oversee the NAIC's response to the FSAP and the various deliverables for the FSAP process going forward.

SUPERVISORY COLLEGES

U.S. state insurance regulators continue to participate in supervisory colleges for insurance-related entities around the world including for example ING, Zurich, Aegon and Swiss Re. Further, several US state regulators (with administrative and staff support by the NAIC) are also convening a supervisory college for one insurance-related entity with global insurance and reinsurance operations and identified by the Financial Stability Board (FSB) as an entity which could benefit from coordinated supervision. The first meeting of this supervisory college took place in April and its members included various U.S. states and foreign regulators. The meeting focused on procedural matters related to governance, process, timelines and information sharing agreements, in addition to the expectations and goals of the supervisory college. Another supervisory college meeting on more substantive issues is scheduled to take place in October so that involved supervisors can gain an enhanced understanding of the various entities involved including their inherent risks, financial positions and business activities. The intent is for this supervisory college to meet in person perhaps in conjunction with the NAIC 2010 Spring Meeting.

The NAIC will continue to evaluate the role of supervisory colleges and other methods of communication amongst cross-border and cross-sectoral supervisors with a Subgroup under the Group Solvency Issues Working Group of the Solvency Modernization Initiative (EX) Task Force charged with making recommendations for courses of actions relating to this issue.

US TREASURY EUROPEAN ATTACHÉ VISITS NAIC

Mr. Corrado Camera with the U.S. Mission to the European Union office in Brussels, Belgium visited with the NAIC international relations staff on September 16. The purpose of Mr. Camera's visit was to better familiarize himself with the key issues which the NAIC works on and to better understand the NAIC's needs in order to support the NAIC more effectively from Brussels on EU-related issues. Mr. Camera was also due to visit with a number of other regulatory agencies while in Washington.

Mr. Camera learned about the role and the work of the NAIC in the U.S. and received an overview on NAIC regulatory modernization efforts underway and the Solvency Modernization Initiative (SMI). Staff also discussed the NAIC's active participation internationally with the IAIS and OECD and the NAIC's relationship with the European Union insurance supervisors and policy makers.

Staff reinforced with Mr. Camera the NAIC's desire to continue to work closely with the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) as they develop implementing measures related to Solvency II, in particular with regards to equivalence. Staff agreed that the NAIC would hold regular calls with him and also with his colleague Mathew Haarsager who is also based in Brussels.

NAIC RESPONDS TO JAPANESE INDUSTRY REGARDING TRUSTEED SURPLUS

On September 4, in a letter to the General Insurance Association of Japan (GIAJ), Director Christina Urias, Arizona Department of Insurance, outlined the rationale and reasoning for U.S. *separate and distinct* trustee surplus requirements in response to GIAJ's letter from earlier this year following meetings regarding this issue in Tokyo, Japan in late 2008.

The letter detailed that regulating "without '*separate and distinct*' assets requirement would seriously compromise a State regulator's ability to monitor trustee surplus adequacy and protect consumers [and] the necessity of this concept is a prudential one and is non-discriminatory among all insurers." Director Urias also underscored the importance that the NAIC attaches to maintaining a continuing dialogue on these issues and offered to meet with the GIAJ the next time they are in Washington.

NAIC PARTICIPATES IN MEETINGS AT THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)

Commissioner Cline (WV) participated in the Insurance and Private Pensions Committee (IPPC) of the Organization for Economic Cooperation and Development (OECD) on July 9 and 10 in Paris. Participants from the 30 Member countries and private sector representatives engaged in discussions on a number of issues, including the financial crisis, catastrophic risks, corporate governance, and the accession of Chile and Israel to the IPPC.

The IPPC discussed at length the financial turmoil and its effect on the insurance industry. Commissioner Cline presented information on the role of the State insurance commissioners during the turmoil emphasizing the conservative accounting and investment strategies required by the States and underscoring the stability of the 71 AIG insurance companies under the supervision of U.S. State insurance regulators. She also corrected misunderstandings related to the State guaranty funds and the system in place to oversee the winding up of a company. The U.S. delegation led by the Commerce Department also made a brief presentation on the current U.S. Treasury comprehensive plan for regulatory reform.

The IPPC also discussed corporate governance issues, related to the recently completed IAIS-OECD Issues Paper on the governance of insurers and survey report. The IPPC will now turn its attention to updating the OECD *Guidelines on Insurers' Governance*. The OECD will continue to cooperate with the IAIS during this work; however since the IAIS is updating its own Insurance Core Principles and timelines on both papers are not entirely aligned (OECD update due by mid 2010 vs. IAIS completion scheduled for October 2011), it will be difficult to fully coordinate these efforts.

The IPPC also received a number of presentations from other jurisdictions on financial education as part of the work related to draft good practices on financial education and insurance intermediation. The next OECD IPPC meeting is scheduled for December 3rd & 4th in Paris.

NAIC WARNS THAT U.S. DEPARTMENT OF TRANSPORTATION PLAN COULD PLACE U.S. INSURANCE CONSUMERS AT RISK

The NAIC's North American Free Trade Agreement (NAFTA) Working Group recently reviewed a proposal to loosen the requirement on Canadian motor carriers and discovered that the changes could leave U.S. citizens financially exposed in the event of a traffic incident. The proposed rule by the Federal Motor Carrier Safety Administration (FMCSA) (part of the Department of Transportation) would allow Canadian trucks and buses entering the U.S. to present evidence of their Canadian insurance to show "financial responsibility," circumventing insurance regulations in the U.S.

In a comment letter submitted on the proposal, the NAIC asserted that the FMCSA plan lacks "any ongoing prudential supervision that is necessary to ensure the ability of these Canadian insurers to pay U.S. claims when they are due. Canadian insurers should meet the same standards that we require of U.S. insurers."

To protect U.S. consumers from any unnecessary financial obligations, the NAIC recommends:

- Insurers of Canadian motor carriers operating in the U.S. submit quarterly financial filings for review by state regulators.
- State regulators receive immediate notification if a Canadian insurer of a cross border motor carrier encounters financial difficulty.
- Canadian insurers designate an agent in the U.S. that claimants in the states can contact for service of legal process.

A full copy of the letter can be obtained on the NAIC NAFTA Working Group page:

http://www.naic.org/documents/committees_g_naic_response_fmcsa_nprm.pdf

NAIC PROVIDES TRAINING FOR BRAZILIAN INSURANCE REGULATORS

The Brazilian Regulatory Authority - SUSEP (Superintendence of Private Insurance) hosted US regulatory and NAIC staff in mid-August. Alan Seeley (New Mexico Department of Insurance) and Sherry Flippo of the NAIC gave a three-day presentation in August in Rio de Janeiro to the Brazilian insurance regulatory authorities (SUSEP and ANS) on how State regulators conduct insurance solvency regulation in the United States. RBC, risk-focused financial examinations, the role of actuaries, reinsurance modernization and the Solvency Modernization Initiative (SMI) were among the topics covered. The technical training helped to further strengthen the communication between Brazilian and U.S. regulators. At the conclusion of the seminar, the Brazilian health insurance regulatory authority (ANS) expressed its interest in entering into a Memorandum of Understanding (MOU) with the NAIC which the International (G) Committee will discuss at its upcoming meeting.

**NAIC INTERNATIONAL INTERN PROGRAM CONTINUES TO FLOURISH:
100th INTERN TO PARTICIPATE IN UPCOMING CLASS**

In late October, the NAIC will welcome 13 interns to its International Intern Program, including regulators from Azerbaijan (1), China (5), Egypt (2), Saudi Arabia (2), Thailand (2) and Zambia (1). The NAIC developed the program in 2004 to advance working relationships with foreign market regulators, emphasizing the exchange of regulatory techniques and technology.

Since the program’s inception, 91 interns from 19 countries have completed the training. Twenty-three jurisdictions have hosted international interns; they include: Alabama, Arkansas, California, Colorado, District of Columbia, Georgia, Hawaii, Illinois, Kentucky, Maryland, Massachusetts, Montana, Nebraska, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Puerto Rico, Texas, Washington, and West Virginia.

The seven-week program - which is conducted twice a year - includes a week in Kansas City for orientation and five weeks in a host state for more specialized training. Host jurisdictions for the fall 2009 program include Florida, Hawaii, Maryland, Michigan, New York, Oklahoma, Pennsylvania, Puerto Rico, South Carolina, Vermont and West Virginia. Florida, Michigan, South Carolina and Vermont are first time hosts.

To enhance the experience of the interns and to expose them to the broader spectrum of the NAIC, the interns will attend the NAIC Winter National Meeting and will attend a variety of insurance related meetings to share experiences with other non-US regulators hosted by other states. The program concludes in Washington, DC with a debriefing program, a seminar on industry – regulator relations by the U.S. insurance industry and a ceremonial graduation dinner to highlight the interns’ accomplishments. The NAIC internship program is conducted twice a year – spring and fall.

Timeline for Fall 2009 program

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>NAIC Headquarters, Kansas City, Missouri Training: Dates: October 26– 30</p> |
| <p>Host State—State Insurance Department Week 1: November 2 – 6 Week 2: November 9 –13 Week 3: November 16 – 20 Week 4: November 23 –27 Week 5: November 30 – December 4</p> |
| <p>NAIC National Meeting – San Francisco, CA Dates: December 5 – 8</p> |
| <p>Closing Activities - Washington, DC Dates: December 9 – 11</p> |

*If your state is interested in hosting an International Intern in 2010,
please contact Ekrem Sarper (esarper@naic.org)*

BRAZIL TO HOST IAIS ANNUAL CONFERENCE 2009



The 16th IAIS Annual Conference will be hosted by the SUSEP, the Brazilian Superintendence of Private Insurance in Rio de Janeiro, Brazil October 21-24. The conference provides an excellent opportunity for representatives of the insurance profession to exchange views on new developments. The theme will be "Insurance as a Means of Socio-Economic Development" and will cover the following issues:

- Insurance as a Means of Socio-Economic Development
- Lessons from the crisis - for supervisors and the insurance industry
- A new international supervisory architecture
- Promoting sound insurance markets
- Financial literacy and consumer protection
- Global developments in solvency regulation and supervision
- Corporate Governance and risk management
- Co-operation among supervisors

For additional information, please see <http://www.iais2009.org/>.

A small delegation from the NAIC will participate in IAIS Committee meetings preceding the Conference. Among them, Commissioner Gross and McCarty and NAIC CEO Terri Vaughan will take part in conference presentations.

NAIC MEET WITH JAPANESE SERVICES NEGOTIATOR

On September 11, NAIC Staff met with Mr. Tokuro Furuya, Director for Services Trade in the Ministry of Foreign Affairs, his staff Ms. Yuko Akita, Mr. Keiichi Higuchi from the Embassy of Japan, Daniel Lee, Director for Japan Affairs, Office of the U.S. Trade Representative (USTR) and Eric Holloway, Director for APEC Affairs, USTR.

The delegation from Japan visited the NAIC to learn more about the U.S. insurance regulatory system more generally and to learn about efforts to harmonize regulations across the States. This was the second visit by the Japanese Ministry of Foreign Affairs who found their previous visit with the NAIC to be very useful. NAIC staff participating included Ethan Sonnichsen, Tom Montgomery, George Brady & Sara Dubsky with the IIPRC.

NAIC MEETS WITH CHINA INSURANCE REGULATORY COMMISSION ON MULTIPLE OCCASIONS SINCE JUNE

Since June, the NAIC has met with the China Insurance Regulatory Commission (CIRC) on three separate occasions. In late June an NAIC delegation led by Commissioner McCarty (FL) and Gross (VA) and NAIC staff George Brady and Ekrem Sarper held a formal dialogue with the Chairman of the CIRC Mr. Wu Dingfu and a number of his colleagues.

On September 8th, Commissioner Tyler (MD) and NAIC International Relations staff met with a Vice Chairman of the CIRC Mr. Yang Mingsheng and 5 other deputies to discuss issues of mutual interest.

On September 9th, NAIC President Elect Commissioner Cline led a delegation including Commissioners Praeger (KS) and Ario (PA) and NAIC staff Ekrem Sarper in meeting with the first Vice Chairman of the CIRC Mr. Li Kemu. The meeting in Dalian, China was on the sidelines of the U.S. China Insurance Dialogue (see report below).

At each of these meetings topics discussed included:

- Coordination between the state insurance regulators and the other financial regulatory agencies.
- Consolidation of banking/securities/insurance into one regulatory body in light of the financial crisis.
- Will the regulatory reform proposed by Treasury Secretary Tim Geithner change the system of insurance regulation in the U.S.?
- What actions will insurance regulators take against companies in crisis?
- How are insurance regulators cracking down on insurance fraud? What level of cooperation is there between the regulator and the judicial system?
- Extension of the MOU between the CIRC & NAIC.
- Executive level leadership seminar for senior CIRC officials.

The next meeting with the CIRC is scheduled to be held during the upcoming IAIS Annual Meeting.

NAIC PARTICIPATES IN US-CHINA INSURANCE REGULATORY DIALOGUE

Chair of the International Committee, Commissioner Sandy Praeger (KS), President Elect Commissioner Cline (WV) and Commissioner Ario (PA) traveled to Dalian, China to participate in the US-China Insurance Dialogue on September 10. The meeting was led by the US government and provided an opportunity for the US insurance industry, the NAIC and the US government to highlight and have pointed discussions on issues of common concern with the CIRC.

Commissioner Cline delivered opening remarks at the start of the event. Commissioner Praeger gave a presentation on new insurance developments in United States, which focused on the evolution of the U.S. solvency system, the Solvency Modernization Initiative, Regulatory Modernization including

Reinsurance Regulatory Modernization Act. Commissioner Ario presented on Regulatory Reform during a Global Financial Crisis and the Consideration of Systemic Risk and Group Supervision.

TAIWAN FINANCIAL SUPERVISORY COMMISSION AND NAIC MEET IN CHINESE TAIPEI TO DISCUSS REGULATORY COOPERATION AND MOU

While attending the IAIS Triannual Meeting in Chinese Taipei in June, an NAIC delegation led by Commissioner McCarty (FL) and Gross (VA) and NAIC staff George Brady and Ekrem Sarper met with the Taiwan Financial Supervisory Commission (FSC). The FSC was represented by Director General George Shiu, Deputy Director-General Wu Chung-Chuan, District Chief Ya-Yuang Liao, Assistant Director General James Chang.

The group discussed various topics including the financial crisis, its impact on companies in Chinese Taipei & U.S., the importance of regular dialogue between regulators and the assistance that the NAIC can provide the FSC. Preliminary discussions were also held with regards to an MOU and information was exchanged on the potential for future cooperation. Discussions with the FSC continue with the next meeting taking place at the upcoming IAIS Annual Meeting in Brazil in late October.

IAIS COMMITTEES AND SUBCOMMITTEES: UPDATE

Established in 1994, the IAIS represents insurance regulators and supervisors of some 180 jurisdictions in more than 130 countries, constituting 97% of the world's insurance premiums. With the growth and importance of insurance and standard setting, the IAIS now has more than 100 observers from the private sector, academia, and international organizations.

The IAIS Triannual Conference was held June 24-25 2009 in Taipei and NAIC participants included Commissioners McCarty (FL) and Praeger (KS); and NAIC staff. The IAIS Annual Meeting will be held in Rio de Janeiro, Brazil in October.

Executive Committee [Commissioners Praeger (KS), Cline (WV), McCarty (FL); Gross (VA)]

- Discussed plans for the 2009 Annual Conference program in Brazil.
- Approved a recommendation for research into the design and practicality of a Common Assessment Framework for insurance group supervision under a new working group. On the basis of the outcome of this exercise, the Executive Committee will assess the merits of further advancing the process of developing a common assessment framework for insurance group supervision.
- Agreed that strategic planning discussions should encompass standard setting, financial stability, standard implementation, and external relations and key stakeholder expectations, and that any work with regard to reassessment of resources would follow.
- With regard to financial stability concerns, the Financial Stability Task Force will develop proposals on macroprudential tools for use in specific jurisdictions as well as ideas regarding a possible role for the IAIS in macroprudential surveillance.
- Considered several changes to the IAIS by-laws for adoption at the 2009 Annual General Meeting. One proposed change would clarify the position of the NAIC on the Executive Committee, allowing a seat to be held by NAIC.

- Requested that the Implementation Committee prepare a proposal for further work on the operational aspects of crisis management and supervisory resolution of cross-border entities in trouble.
- Agreed to hold further discussions on ways to enhance Observer participation in IAIS activities.

Budget Committee

- Received a report on the 2008 financial statements which were audited by Deloitte.
- Reviewed a request from the Implementation Committee for additional funding for activities, and requested additional information from that Committee before deciding whether to change the allotment.
- Agreed to changes designed to enhance the budget process with regard to the Annual Conference.

Technical Committee [Commissioner Gross (VA), Chair]

- Continued its discussion of the financial crisis and key risks and trends in light of events and reactions in various jurisdictions.
- Approved the draft Issues Paper on Corporate Governance as amended during the meeting, and pending additional comments from the OECD Insurance Committee.
- Endorsed a draft note to the Financial Stability Board (FSB) on the experience of the insurance sector with the use of supervisory colleges. Also approved for broad comment release of a draft Guidance Paper on Supervisory Colleges.
- Discussed several issues brought forward with regard to the work of the Insurance Core Principles Coordination Group. Specifically, the Committee reinforced the mandate that the process not reopen previously agreed issues in standards.
- Agreed to receive for approval after the meeting by written procedure the Accounting Subcommittee Issues Paper on the Roles of and Relationship between the Actuary and the External Auditor.
- Agreed that the Insurance Groups Subcommittee should develop a short-term approach to crisis management, focusing on the draft FSB principles.
- Did not object to the Insurance Groups Subcommittee proceeding with the development of the Group-Wide Supervision Framework guidance paper.
- Reaffirmed the need for the Solvency and Insurance Contracts Subcommittees to coordinate their work on valuation issues through the Joint Working Group.

Financial Stability Task Force [Commissioner Gross (VA)]

- Discussed issues related to an IAIS response to reports from G20 Working Group 1 (enhancing sound regulation and strengthening transparency) and Working Group 2 (reinforcing international cooperation and promoting integrity in financial markets) with the goal of conveying several major points:
 - i. Clarifying IAIS role with regard to addressing macroprudential concerns.
 - ii. Addressing appropriate regulation of internationally active insurance groups.
 - iii. Identifying and addressing regulatory gaps.
 - iv. Supervisory cooperation through MMoUs and the use of supervisory colleges.
 - v. Technical assistance.
- Developed recommendations on further work by the IAIS in response to work on capital requirements for the banking sector; FSB principles on remuneration; and macroprudential issues

Accounting Subcommittee

- Met on September 4, 2009 in Toronto, Canada.
- As the ICSC over-ran, it only discussed modifications to ICP 26 on disclosure and the consolidation and revision to the current three standards on disclosure.

Insurance Contracts Subcommittee [Rob Esson - NAIC – Chair]

- Met on July 13-15, 2009 in Edinburgh, Scotland. Discussed changes to the Financial Instruments standards and the content of a presentation by Rob Esson to the joint IASB/FASB boards in July. Held joint discussions with Solvency on IAIS valuation summary of requirements and guidance, resulting in a more palatable summary of requirements from a US point of view.
- Met by conference call on August 6 & 26, 2009 to draft and finalize letters to the IASB on an expected loss model for impairment, and own credit standing in liability measurement.
- Met September 2-4, 2009 in Toronto, Canada. Entire time spent drafting a response to the IASB on Financial Instruments classification and measurement. The response was inclusive of banking regulators views but presented the particular views of the insurance sector.

Governance and Compliance Subcommittee [Director McRaith (IL)]

- Met in Bahrain on July 13-14 to review the ICPs allocated to it (6, 7, 9, 10, 18, 19) using the outline drafts created by the individual subgroups as a basis for the work.
- The subcommittee discussed the suggested topics and wording under each of the work streams.
- Each subgroup took the feedback from the Bahrain meeting and incorporated it into their next drafts of material, which were reviewed at the next subcommittee meeting in Montreal, Canada September 8 – 9.
- At the Montreal meeting, the group received a presentation from the Canadian Life & Health Insurance Association regarding corporate governance. The group then continued its review of the 6 ICPs assigned to it.

Insurance Groups & Cross-Sectoral Issues Subcommittee [Commissioner McCarty (FL)]

- Met in Madrid on September 9-11.
- Received updates from members on developments in group-wide supervision in their jurisdictions.
- Discussed the Guidance paper on the Role of a Supervisory College, including the review of IAIS interested member and party comments. Minor revisions were made to the paper and then the Subcommittee agreed to seek the approval of the Executive and Technical Committees to submit the guidance paper for adoption by the October 2009 Annual Meeting. This paper will be reviewed by the NAIC's Group Solvency Issues (EX) Working Group for appropriateness and exposed for NAIC interested regulator or party comments.
- Discussed the Guidance paper on the treatment of non-regulated entities, the Guidance paper on crisis management and supervisory resolution of cross-border entities and the Guidance paper on supervisory recognition (formally known as equivalence assessment). Revisions were made to all of the draft papers. Additionally, the Subcommittee provided direction to the drafting groups for further additions and revisions. Ray Spudeck (FL) and David Vacca (NAIC) are participating in the drafting groups for non-regulated entities and supervisory recognition.
- Addressed the ICP (Insurance Core Principles) Review and Coordination Process, including an update on the meeting of the IAIS ICP Coordination Group and the resulting additional standard

setting revisions that followed, as well as specific discussions on ICPs 5 (Supervisory cooperation and information sharing) and 17 (Group-wide supervision).

- Discussed further development of Group Supervision Framework (GSF) and provided direction to the drafting group.
- Received an update that the Basel Committee on Banking Supervision has published a consultative document on the *Report and recommendations of the Cross-border Bank Resolution Group*.
- Discussed 2010-2011 roadmap, as well as the next Subcommittee meeting in Basel, Switzerland on November 3-5, 2009. Additionally, NAIC is considering sponsoring a 2010 Subcommittee meeting during the week of September 6th, 2010 in Washington, DC.

Insurance Fraud Subcommittee [Commissioner Kim Holland (OK)]

- Met in Basel, Switzerland on July 21 and discussed revised roadmap and work plan for 2010.
- Began revising ICPs 27 (Fraud) and 28 (AML/CFT) and introduction of related Standards
- Continued review and revision of relevant supervisory papers as part of ICP review (e.g. Guidance papers on Anti-money laundering and combating the finance of terrorism, Combating the misuse of insurers for illicit purposes, Preventing, detecting and remedying fraud in insurance) – to be completed in 2010.

Market Conduct Subcommittee [Commissioner Kim Holland (OK)]

- Met on July 22 in Basel, Switzerland and discussed a revision of ICPs 24 and 25.
- The group discussed outlines for the Standards and Guidance Papers on Intermediaries, Pre-sale process.
- The group met again in Montreal, Canada on September 10 – 11 where the group discussed updated versions of the outlines and discussed the first draft of the guidance paper on intermediaries.
- The next meeting is scheduled for 14-15 December in Cairo, Egypt.

Reinsurance and Other Forms of Risk Transfer Subcommittee and Reinsurance Mutual Recognition Subgroup [Bob Kasinow (NJ)]

- Met on June 22-23 in Taipei, Chinese Taipei. The U.S. made a presentation on the Reinsurance Regulatory Modernization Framework Proposal and related legislative efforts, which was met with interest from the other countries present.
- *Mutual Recognition.* There were continued discussions on the current supervisory recognition issues and the next steps towards appropriate supervisory recognition. A theme discussed was that the current financial and economic crisis could pose concerns for increased barriers to supervisory cooperation and recognition.
- *Survey on Market Access Requirements for Reinsurers Worldwide.* Members of the IAIS Secretariat reported on the answers received so far from the survey on market access requirements for reinsurance companies. The results of the survey will be summarized into two categories, responses from supervisors and from other interested parties. A preliminary summary of the results will be collected and compiled by the Secretariat in time to be discussed at the September RSC meeting.
- The Subcommittee is currently working on revisions to the related ICP, Standards and Guidance papers on reinsurance and other forms of risk transfer. Participants reviewed the draft Guidance paper, which encapsulates both the guidance and standard material. Revisions of this draft will be circulated prior to the next meeting.

- *Global Reinsurance Market Report (GRMR) Mid-Year Edition*. The Subcommittee is currently working on a paper on insurance securitization, for both life and non-life products. It was decided to split the paper along two elements—one of a current and topical nature that would be used for the mid-year GRMR report, and the other in the nature of a guidance paper to be used as other supervisory papers produced by the Subcommittee.

Reinsurance Transparency Group [Bob Kasinow (NJ)]

- In addition to the mid-year Global Reinsurance Market Report (GRMR) report on current developments in insurance securitizations, the Subgroup will also be publishing a year-end report in its traditional format. The IAIS has identified the GRMR as work that relates to FSB and G20 reports, which includes recommendations that international bodies be more proactive on macroprudential issues and market analysis.

Solvency and Actuarial Issues Subcommittee (SSC) [Anne Kelly (NY)]

- SSC met in Madrid, Spain during September 7-9.
- IAIS Secretariat presented a draft revised structure of the Insurance Core Principles (ICP), in particular ICPs 14, 15, and 16 which need to be addressed by the SSC. The SSC will develop a proposal to address the revised ICPs and supporting standards.
- Further discussion was held regarding the Valuation of Assets/Liabilities project. The SSC chair will present to Technical Committee a proposal to seek a deferral on this project until 2011 since little progress has been made by the Joint Valuation group due to staffing/resources.
- The Standard and Guidance papers on Capital Resources were adopted by way of written procedure. Despite this recent adoption, the Standard on Capital Resources will be merged with the Standard on Capital Requirements into one "Capital Adequacy" Standard, but the Guidance papers on these two items will remain separate.
- Discussion was held regarding the expansion of the various solvency papers (which are largely on a "solo", legal entity, perspective) into "group" papers. Unresolved issues regarding process, definition of "group supervision", drafting approach, jurisdictional authority, among others, remain outstanding.
- Canada reported that revised Standard and Guidance papers on Investments have eliminated a discussion of Asset/Liability Matching (ALM); ALM has been incorporated into the Enterprise Risk Management papers.
- The U.S. submitted further revisions to its draft paper on Supervisory Monitoring by separating it into two documents: 1) Supervisory Reporting, and 2) Supervisory Review.

Implementation Committee

- Met in Taipei, Chinese Taipei June 24 & 26 and discussed the proposed self assessment and peer review process and referred it to the Executive Committee for further discussion.
- The Charter of the Access to Insurance Initiative was discussed and recommended to be sent to the Executive & Budget committee for approval to sign.
- The group discussed the proposed medium & long term education strategy which includes new/enhanced delivery channels including an interactive version of the Core Curriculum.

- An update was provided on upcoming regional seminars and also on the Insurance Laws Database (ILD). The group was informed that the ILD tool needed to be updated to attract greater use and The IAIS has approximately CHF 100,000 available budget for the redevelopment of the ILD.
- The Chair of Multilateral Memorandum of Understanding (MMOU) Interim Signatories Working Group, presented the current status of the IAIS MMOU.
- The Chair tabled a first draft of the Roadmap for Standard Implementation Activities 2010-2011.
- The next meeting will be in Rio de Janeiro, Brazil in October.

Implementation Activities Approval Subcommittee

- Met in Taipei, Chinese Taipei June 24 and received a report on budget requests for training seminars.
- The group also received a report on the Development of the interactive (CD/DVD) version of the Core Curriculum, translation of various IAIS papers, proposed self assessment and peer review process and the medium and long term education strategy.
- The next meeting will be in October during the Triannual Meetings in Rio de Janeiro, Brazil.

Task Force on Information Gathering and Analysis (TFIG)

- Met by conference call on May 29 and approved postponing the completion of the Application Paper on Information Gathering to October 2010.
- Discussed the allocation of tasks to the TFIG members & Workplan for 2009-2010.

Regional Coordination Subcommittee

- Met in Taipei, Chinese Taipei June 24 and received Report on regional cooperation and training needs in the regions.
- Discussed closer cooperation with the insurance laws subcommittee with regards the insurance laws databases and other activities of the insurance laws subcommittee.
- Report on the insurance laws databases and other activities of the insurance laws subcommittee.
- Discussion on the various educational initiatives, received an update on the enhanced translation initiative, the use of teaching notes and the development of case studies.

IAIS-MIN Joint Working Group on Microinsurance [Commissioner Oxendine (GA)]

- Meeting took place in Taiyuan, China on July 16-17.
- The Charter of the Access to Insurance Initiative is expected to be signed by all the sponsors shortly.
- The first draft of the Issues paper on the Role of Mutuals, Cooperatives, and Community based institutions in Microinsurance is under preparation and it shall be discussed during the next meeting in Dakar, Senegal in November 2009. The paper is due to be presented to IAIS Technical Committee in February 2010 before circulation for wider comments.
- The work related to drafting Standards on regulation and supervision of microinsurance is awaiting inputs from the IAIS work on revision of ICPs, and the paper is now slated for adoption in October 2011 - first draft to be ready by October 2010.

- At the upcoming IAIS Annual Meeting in Rio de Janeiro, the Subgroup on Microinsurance, comprising of IAIS members shall have an information session on October 21, 2009.
- The next meeting of the Joint Working group will take place in Senegal on November 3-5 back to back with the 5th International Microinsurance Conference jointly organized by the Micro Insurance Network and Munich Re Foundation.
- The tentative meeting locations for 2010 shall be: February (Hyderabad, India); May (Rio); September (Africa -TBD) and November (Indonesia (TBC)

Insurance Laws, Regulations, Practices & Standards Subcommittee

- Met by conference call on May 11 and discussed expanding the access of the Insurance Laws Database to non IAIS Members.
- Discussed improving the existing Insurance Laws Database
- The next meeting will be held in December in Paris, France.

NAIC International Calendar
(**Bold** denotes active NAIC participation)

| 2009 | | | |
|-----------------|-----------------------------------------------------------------------------------------|---------------------|-----------|
| June 19 | CEA Int'l Insurance Conference | Brussels, Belgium | CEA |
| June 22-23 | IAIS Reinsurance Subcommittee & Mutual Recognition Sub Group | Chinese Taipei | IAIS, FSC |
| June 23 | IAIS Global Seminar | Chinese Taipei | IAIS, FSC |
| June 23-24 | Joint Forum | Berlin, Germany | BaFin |
| June 24-26 | IAIS Triannual Meetings | Chinese Taipei | IAIS |
| June 27-28 | IASB Insurance Working Group | London, UK | IASB |
| June 30-July 1 | CEIOPS Member Meeting | Poland | CEIOPS |
| July 8-10 | G-8 Leaders Summit | L'Aquila, Italy | |
| July 9-10 | OECD– Insurance and Private Pensions Committee (IPPC) | Paris, France | OECD |
| July 10 | IASB Financial Crisis Advisory Group | New York | IASB |
| July 13-14 | IAIS Governance & Compliance Subcommittee | Manama, Bahrain | IAIS |
| July 13-15 | IAIS Insurance Contracts Subcommittee | Edinburgh, Scotland | IAIS |
| July 13-16 | IAIS Solvency & Actuarial Issues Subcommittee | Edinburgh, Scotland | IAIS |
| July 20-24 | IASB Meeting | London, UK | IASB |
| July 20-21 | IAIS Insurance Fraud Working Group | Basel, Switzerland | IAIS |
| July 22 | IAIS Market Conduct Subcommittee | Basel, Switzerland | IAIS |
| July 27 | IASB Financial Institutions Advisory Group | London, UK | IASB |
| July 27-28 | US – China Strategic and Economic Dialogue | Washington, DC | |
| August 11-12 | IRES Seminar | Baltimore, MD | IRES |
| August 28-29 | IAIS Working Party Chairs & ICP Coord. | Basel, Switzerland | IAIS |
| August 28-29 | Financial Stability Board Steering Committee | Basel, Switzerland | FSB |
| September 1-4 | IAIS Accounting and Insurance Contracts Subcommittee | Toronto, Canada | IAIS |
| September 3 | Financial Stability Task Force | Basel, Switzerland | FSB |
| September 4-5 | G-20 Ministerial | London, UK | |
| September 9 | US-China Insurance Dialogue | China | USTR |
| September 7-9 | IAIS Solvency & Actuarial Issues Subcommittee | Madrid, Spain | IAIS |
| September 8-9 | IAIS Governance & Compliance Subcommittee | Montreal, Canada | IAIS |
| September 8-9 | IAIS Ad Hoc Working Group for the review of IAIS standard implementation and assessment | Basel, Switzerland | IAIS |
| September 9-12 | IAIS Insurance Groups & Cross-Sectoral Issues Subcommittee | Madrid, Spain | IAIS |
| September 10-11 | IAIS Market Conduct Subcommittee | Montreal, Canada | IAIS |

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| September 14-18 | IASB Meeting | London, UK | IASB |
| September 15-18 | IAIS Regional Seminar for Supervisors from Central and Eastern Europe | Moscow, Russia | FSIS Russia, IAIS, OSFI |
| September 21-24 | IAIS Taking Action When Things Go Wrong | Bridgetown, Barbados | OSI Barbados, IAIS, OGIS |
| September 21-24 | NAIC Fall National Meeting | Washington, DC | NAIC |
| September 22-23 | IAIS Insurance Laws, Regulations, Practices and Standards Subcommittee | Basel, Switzerland | IAIS |
| September 22-25 | IAIS Regional Seminar on Risk Based Solvency and Supervision | Santiago de Chile, Chile | SVS Chile, IAIS, FSI, ASSAL |
| September 23-24 | IAIS Reinsurance Subcommittee and Mutual Recognition Subgroup | Washington, DC | IAIS |
| September 24-25 | G-20 Summit | Pittsburgh, PA | |
| September 24-26 | OECD Conference on Financial Management of Large-Scale Catastrophes | Bangkok, Thailand | OECD |
| September 25-29 | IAIS Regional Seminar on Supervisory Issues for Senior Officers of Insurance Supervisors | Kathmandú, Nepal | IB Nepal, IAIS |
| September 29-30 | CEIOPS Consultative Panel Meeting | Frankfurt, Germany | CEIOPS |
| October 3 | G-7 Ministerial | Turkey | |
| October 5-8 | IAIS Regional Seminar on Effective Insurance Supervision | Accra, Ghana | NIC Ghana, IAIS, FSI |
| October 6-7 | IMF/World Bank annual Meetings | Turkey | |
| October 19-24 | IAIS Triannual Meetings/Annual Conference | Rio de Janeiro, Brazil | SUSEP/IAIS |
| October (during Triannual Mtg) | IAIS Reinsurance Subcommittee and Mutual Recognition Subgroup | Rio de Janeiro, Brazil | SUSEP/IAIS |
| October 27-29 | India Financial and Economic Forum | India | |
| October 29-30 | CEIOPS Member Meeting | Germany | CEIOPS |
| | | | |
| November 3-5 | IAIS Insurance Groups and Cross-Sectoral Issues Subcommittee | Basel, Switzerland | IAIS |
| November 4-5 | IAIS Insurance Contracts Subcommittee | London, UK, UK | IAIS |
| November 7-8 | G-20 Ministerial | Scotland | |
| November 9-10 | Joint Forum | San Francisco, CA | |
| November 17-18 | CEIOPS Conference | Frankfurt, Germany | CEIOPS |
| November 23-26 | IAIS-ASSAL Training Seminar | Lima, Peru | SBS, IAIS, ASSAL, FIDES |
| December – 1 st wk | IAIS Reinsurance Subcommittee | Hyderabad, India | IAIS |
| December 1-3 | IAIS Accounting and Insurance Contracts Subcommittees | Tokyo, Japan | IAIS |
| December 3-5 | OECD – Insurance and Private Pensions Committee (IPPC) | Paris, France | OECD |
| December 5-8 | NAIC Winter National Meeting | San Francisco, CA | NAIC |
| December | IAIS Solvency & Actuarial Issues Subcommittee | San Francisco, CA | IAIS |
| December 15-17 | IAIS Market Conduct Subcommittee | Cairo, Egypt | IAIS |

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| December 16-17 | IAIS Insurance Fraud Working Group | Cairo, Egypt | IAIS |
| 2010 | | | |
| January | IAIS Reinsurance Subcommittee | Hyderabad, India | IAIS |
| January 2 | IAIS Governance & Compliance Subcommittee | Basel, Switzerland | IAIS |
| February 24-26 | IAIS Triannual Meetings | Basel, Switzerland | IAIS |
| March 27-30 | NAIC Spring National Meeting | Denver, CO | NAIC |
| April | IAIS Reinsurance Subcommittee | Hamilton, Bermuda | IAIS |
| April 19-22 | ASSAL XXI Annual Assembly | Santiago, Chile | ASSAL |
| June 3-4 | OECD - Insurance and Private Pensions Committee (IPPC) | TBD | OECD |
| June 21-22 | IAIS Global Seminar | TBD | IAIS, Financial Supervisory Commission |
| June 23-25 | IAIS Triannual Meetings | TBD | IAIS |
| August 14-17 | NAIC Summer National Meeting | Seattle, WA | NAIC |
| September | IAIS Reinsurance Subcommittee | London, UK | IAIS |
| October 24-29 | IAIS Triannual Meetings/Annual Conference | Dubai, UAE | IAIS |
| October | IAIS Reinsurance Subcommittee | Dubai, UAE | IAIS |
| TBD | NAIC Fall National Meeting | Washington, DC | NAIC |
| 2011 | | | |
| October | IAIS Triannual Mtgs / Annual Conference | Seoul, Korea | IAIS |

List of Abbreviations

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| <i>AFIRC</i> | Arab Forum of Insurance Regulatory Commissions |
| <i>AITRI</i> | ASEAN Insurance Training & Research Institute |
| <i>ASSAL</i> | Association of Latin American Insurance Supervisors |
| <i>BIS</i> | Bank for International Settlements |
| <i>CEIOPS</i> | Committee of European Insurance and Occupational Pensions Supervisors |
| <i>CIRC</i> | China Insurance Regulatory Commission |
| <i>EU</i> | European Union |
| <i>FSF</i> | Financial Stability Forum |
| <i>FSI</i> | Financial Stability Institute |
| <i>FSWG</i> | Financial Sector Working Group |
| <i>GATS</i> | General Agreement on Trade in Services |
| <i>IAIS</i> | International Association of Insurance Supervisors |
| <i>IASB</i> | International Accounting Standards Board |
| <i>IAA</i> | International Actuarial Association |
| <i>IIF</i> | Institute for International Finance |
| <i>IFC</i> | International Finance Corporation |
| <i>IOPS</i> | International Organization of Pension Supervisors |
| <i>IOSCO</i> | International Organization of Securities Commissions |
| <i>MENA</i> | "Middle East and North Africa" |

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|---------------------|-------------------------------------------------------|
| <i>NAFTA</i> | North American Free Trade Agreement |
| <i>NCOIL</i> | National Conference of Insurance Legislators |
| <i>OCC</i> | Office of the Comptroller of the Currency |
| <i>OECD</i> | Organization for Economic Cooperation and Development |
| <i>OGIS</i> | Offshore Group of Insurance Supervisors |
| <i>WTO</i> | World Trade Organization |

National Supervisory Authorities:

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|-------------------------|-------------------------------------------------------------|
| <i>Belgium</i> | Commission Bancaire, Financiere et des Assurances (CBFA) |
| <i>India</i> | India Insurance Regulatory and Development Authority (IRDA) |
| <i>Italy</i> | (ISVAP) |
| <i>Korea</i> | Financial Supervisory Service (FSS) |
| <i>Japan</i> | Financial Services Agency (FSA) |
| <i>UK</i> | Financial Supervisory Authority (FSA) |
| <i>France</i> | French Supervisory Authority (ACAM) |
| <i>Brazil</i> | Supervisory Authority of Brazil (SUSEP) |
| <i>Australia</i> | Australian Prudential Regulatory Authority (APRA) |
| <i>Hungary</i> | Hungarian Financial Supervisory Authority (HFSA) |

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