



insurance SUMMIT

International Standards for Insurance Regulation

Ryan Workman
NAIC



Attention APIR, PIR, or SPIR Designees...

This presentation is pre-qualified for NAIC Designation Renewal Credits (DRCs). If you currently hold an NAIC APIR, PIR, or SPIR designation and are pursuing continuing education credit to maintain it, you may be awarded credits for your participation. To receive credit, you must be in attendance for the duration of the presentation.

Learning Objectives

At the end of this presentation, you will be able to:

- describe the three main levels of international insurance standard setting material and their relevance domestically;
- understand the balance between local flexibility versus global convergence, and policyholder protection versus financial stability; and
- describe other international activities and relationship building efforts of the U.S. state insurance regulators and the NAIC.



© 2016 National Association of Insurance Commissioners

International Standards for Insurance Regulation

- International Association of Insurance Supervisors
- Insurance Core Principles
- IMF Financial Sector Assessment Program
- ComFrame
- Global Capital Standards
- Financial Stability Board & Systemic Risk Designations
- U.S./EU Dialogue



© 2016 National Association of Insurance Commissioners

International Association of Insurance Supervisors (IAIS)

- 1994: Formed as forum for international discussion
- 2016: Members from 200 jurisdictions in 140 countries
- Secretariat: housed at the BIS in Basel, Switzerland
- Committee Structure: Executive, Financial Stability & Technical, and Implementation



© 2016 National Association of Insurance Commissioners

IAIS Insurance Core Principles

- First ICPs adopted in 2003
- Principles, Standards and Guidance
- Revised ICPs adopted in 2011
- Application and Implementation
- Assessment
 - Self-Assessment and Peer Review
 - FSAP



© 2016 National Association of Insurance Commissioners

Financial Sector Assessment Program

- Conducted by the International Monetary Fund
- U.S. FSAP in 2015 – process, findings & recommendations
- Article IV Process – annual progress report



© 2016 National Association of Insurance Commissioners

IAIS ComFrame

Common Framework for the Supervision of Internationally Active Insurance Groups (IAIGs)

- Purpose & Scope
- Development Phase
- Field Testing
- Supervisory Colleges
- Next Steps



© 2016 National Association of Insurance Commissioners

Global Capital Standards

- Basic Capital Requirements (BCR)
 - Applicable to G-SIIs; developed in 2014
- Higher Loss Absorbency (HLA)
 - Applicable to G-SIIs; developed in 2015
- Insurance Capital Standard (ICS)
 - Applicable to IAIG
 - Version 1.0 due in 2017; 2.0 due in 2019
 - Ultimate goal



© 2016 National Association of Insurance Commissioners

Financial crisis & Financial Stability Board

- Financial Crisis
- FSB Mandate from G-20
- U.S. Reforms: Dodd-Frank Act
 - Federal Insurance Office
 - Role of Federal Reserve



© 2016 National Association of Insurance Commissioners

Systemic Risk Designations

- IAIS Methodology
 - Role of non-traditional / non-insurance
- FSB Determinations
 - 9 Groups Designated as GSIs
- Financial Stability Oversight Council (FSOC)



© 2016 National Association of Insurance Commissioners

Other International Activities

- Solvency II & covered agreement
- OECD Insurance Committee
- USTR – International Trade Agreements
- Bilateral & Regional Meetings
- IAIS MMoU on Exchange of Information
- NAIC International Fellows Program



© 2016 National Association of Insurance Commissioners

Key Questions & Next Steps

- How do state regulators interact and collaborate with the Federal Reserve and Treasury, and with international regulators?
- Do state insurance departments have sufficient resources and expertise to respond to the rapidly evolving regulatory landscape?
- How can state regulators participate more directly in standard setting and implementation activities?



© 2016 National Association of Insurance Commissioners

Questions?



© 2016 National Association of Insurance Commissioners