



**The Insurance Policy Advisory Committee (IPAC)**  
**Record of Meeting**  
November 21, 2024  
Washington, District of Columbia

**1. Opening Statement**

The IPAC Chair opened the meeting, welcomed all members to the last in-person meeting of 2024, and thanked members for their support on the Insurance Capital Standard (ICS) work. Vice Chair for Supervision Michael Barr thanked IPAC members for attending.

**2. Roundtable Discussion on Insurance Market Conditions**

The IPAC Chair facilitated a roundtable discussion among IPAC members on insurance market conditions.

Members discussed the effects of interest rates on the life insurance industry, retirement markets competition, and annuity carriers' increasing use of offshore reinsurance and complex assets. Additionally, members considered the potential importance of the National Association of Insurance Commissioners (NAIC) regulatory initiatives related to these trends.

For the property and casualty (P&C) industry, members commented on auto insurance premiums increasing due to bodily injury severity and high repair costs from factors that include the increased use of technology in vehicles. Members were also concerned with higher catastrophe losses. Multiple members stressed the importance of P&C reinsurance markets to spread the risk and commented on potential government responses to insurance gaps.

**3. NAIC Regulatory Initiatives**

The IPAC Vice Chair facilitated a discussion on certain regulatory initiatives related to asset-intensive reinsurance and changes in insurers' investments. Discussion centered on potential changes to address investment concentrations and correlations, and the NAIC's work on these issues and on nationally recognized statistical rating organizations' ratings.

**4. Corporate Credit Condition and Federal Home Loan Bank (FHLB) Insurer Surveys**

IPAC members discussed a potential survey on corporate credit conditions. Some members raised concerns with the time commitment involved. Board staff welcomed any feedback on a potential survey.

Members agreed to pause any further work on an FHLB survey.

**5. Climate Working Group**

The Climate Working Group discussed the homeowners insurance market and regulatory dynamics in key catastrophe-exposed states.

**6. Insurers Strategic Response to Recent Storms**

The IPAC Chair facilitated a discussion on the impact of recent storms on insurance markets. Members did not expect the events to have significant impacts. Several members noted that the P&C markets generally have been stabilizing. Members remarked that catastrophe losses for 2024 were less than 2023, and that rate increases have been decelerating, with rate decreases being observed in some areas. Members stated that the catastrophe bond market also seemed unaffected.

## **7. IPAC Insurance Capital Standard (ICS) Working Group and Update on the ICS**

Board staff thanked the ICS Working Group for all the work done on the ICS and Aggregation Method (AM). Board staff discussed the International Association of Insurance Supervisors (IAIS) agreement on comparability and its planned implementation in the United States. Members discussed the differences between the group capital calculation (GCC) and the AM. Generally, members were supportive of the recent compromise on the ICS and noted that the further steps necessary for the implementation assessment process. Members generally thought it was important for the United States and the Board to continue to be involved in these discussions, but they noted that other topics (e.g., the structural shifts in the life insurance sector) were a higher priority.

## **8. Future IPAC Workstreams**

The IPAC Chair facilitated a working group discussion for 2025. The IPAC Vice Chair led a discussion on considering life insurance systemic risk as a new working group. The objective of the new working group would be to examine life insurance sector structural changes and potential risks.

The Climate Working Group chair also proposed further work, including examining whether there would be any financial stability impacts from an extreme catastrophe scenario, such as a large coastal hurricane.

IPAC members approved both working groups for 2025.

The IPAC Chair then closed the meeting and thanked IPAC members for their engagement.