Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with respect to Global Insurance Regulatory or Supervisory Forums in 2018

September 2019

Steven T. Mnuchin
Secretary of the Treasury

Jerome H. Powell
Chairman,
Board of Governors of the Federal Reserve System
Report to the Congress

Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with respect to Global Insurance Regulatory or Supervisory Forums in 2018

September 2019

Steven T. Mnuchin
Secretary of the Treasury

Jerome H. Powell
Chairman,
Board of Governors of the Federal Reserve System
Contents

Introduction ............................................................................................................................... 1

International Insurance Issues, Positions, and Effects .......................................................... 3
  International Forums ................................................................................................................. 3
  IAIS Overview ......................................................................................................................... 4
  FSB and OECD Overview ........................................................................................................ 4
  IAIS Activities ......................................................................................................................... 7
  ICPs and ComFrame .................................................................................................................. 7
  ICS Development and Status ................................................................................................. 9
  Holistic Framework for Mitigation of Systemic Risk ............................................................... 10
  IAIS Strategic Plan and Financial Outlook Task Force ......................................................... 12
  Other IAIS Work .................................................................................................................... 12
  IAIS Cross-Border Resolution Planning Activities ............................................................ 14
  FSB Cross-Border Resolution Planning Activities ............................................................ 14

Transparency Efforts .............................................................................................................. 17

Conclusion ............................................................................................................................... 21
Introduction

On May 24, 2018, President Donald J. Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act, Pub. L. No. 115-174, 132 Stat. 1296 (the Act). This report is submitted pursuant to section 211(c)(1) of the Act, which directs the Chairman of the Board of Governors of the Federal Reserve System (Federal Reserve) and the Secretary of the U.S. Department of the Treasury (Treasury), or their designee, to submit an annual report to Congress on the efforts of Treasury and the Federal Reserve, in coordination with the National Association of Insurance Commissioners (NAIC), “with respect to global insurance regulatory or supervisory forums.” Specifically, the Act requires the report to include descriptions of:

1. “the insurance regulatory or supervisory standard-setting issues under discussion at international standard-setting bodies . . .”;

2. “the effects that proposals discussed at international insurance regulatory or supervisory forums of insurance could have on consumer and insurance markets in the United States”;

3. “any position taken by the Secretary of the Treasury, the [Federal Reserve], and the Director of the Federal Insurance Office [FIO] in international insurance discussions”; and

4. “the efforts by the Secretary of the Treasury, the [Federal Reserve], and the Director of [FIO] to increase transparency at the Financial Stability Board [FSB] with respect to insurance proposals and the International Association of Insurance Supervisors [IAIS], including efforts to provide additional public access to working groups and committees of the [IAIS].”

The report begins, in the section entitled “International Insurance Issues, Positions, and Effects,” by describing in general terms the efforts of the Federal Reserve and Treasury in global insurance regulatory and supervisory forums. This section continues with a short overview of the IAIS, the international insurance standard-setting body. It explains the IAIS’s structure, governance, and role in insurance supervision. This section also includes an overview of the FSB, which coordinates among the different standard-setting bodies, and the Organisation for Economic Co-Operation and Development (OECD), which has a limited role in international insurance discussions.1 The report then discusses key international insurance standard-setting initiatives, such as the development of the Insurance Core Principles (ICPs) and the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame); the Insurance Capital Standard (ICS); the Holistic Framework for Mitigation of Systemic Risk; and other international discussions.

The section entitled “Transparency Efforts” provides a summary of Treasury and Federal Reserve efforts to increase transparency at the FSB and at the IAIS as well as coordination with other members of “Team USA” in undertaking these efforts.2 This report thus supplements the November 2018 report issued by the Federal Reserve and the Treasury on increasing transparency at the IAIS.3

As highlighted throughout this report and emphasized in the conclusion, Treasury and the Federal Reserve will continue to advocate for insurance regulatory and supervisory standards that are appropriate for the United States and will continue to report

---

1 Other standard-setting bodies include the Basel Committee on Banking Supervision, which is the primary standard-setting body for the prudential regulation of banks, and the International Organization of Securities Commissions, which is the primary standard-setting body for the securities sector.

2 The U.S. members of the IAIS—Treasury/FIO, the Federal Reserve, the NAIC, and the state and territory insurance regulators who represent the individual sovereign jurisdictions within the United States—are informally known, collectively, as “Team USA.”

to Congress on their efforts. Team USA members’ leadership and involvement in the IAIS and other international forums discussed in this report ensure that the United States is able to influence international standards for insurance supervision and regulation that may affect the U.S. insurance industry and consumers. It is important to recognize, however, that international standard-setting bodies do not have the power to effect direct legal changes in the United States. Any standards developed in the IAIS or in any other standard-setting bodies are not binding on the United States or any other jurisdiction and are effective in a jurisdiction only to the extent that the jurisdiction has separately implemented the standards in accordance with domestic law. In the United States, then, no international standards would be operational unless implemented through the relevant state or federal legislative or administrative process, as appropriate.4

This report covers activities within the IAIS, the FSB, and the OECD, and generally addresses the period between May 24, 2018 (when the Act became law) and December 31, 2018. Future annual reports under the Act will cover relevant developments during the preceding calendar year.

This report discusses topics that are also discussed in the 2018 Transparency Report and in FIO’s 2018 Annual Report, which includes a detailed description of FIO’s international (and domestic) activities from 2017 to 2018.5 FIO intends to address international activities in its 2019 Annual Report, including those outside of global insurance regulatory and supervisory forums. FIO’s annual reports typically discuss not only IAIS, FSB, and OECD work, but also one-on-one regulatory dialogues (such as the U.S.–India Financial Regulatory Dialogue); bilateral and/or multilateral discussions and agreements (such as those which led to the covered agreement with the European Union and the covered agreement with the United Kingdom); and information exchanges that do not involve standard setting (such as the EU-U.S. Insurance Project).6 Future FIO annual reports also may include material based upon input from the Federal Advisory Committee on Insurance (FACI), which has provided advice and recommendations to assist FIO in carrying out its statutory authority since 2012. FACI members represent a cross-section of the insurance industry, including state regulators, insurers, reinsurers, brokers, and consumer advocates. FACI recently formed a subcommittee on international developments.7

The Federal Reserve also will report to Congress on the implementation of the Insurance Policy Advisory Committee (IPAC), as established by the Act.8 The IPAC will provide information, advice, and recommendations to the Federal Reserve on insurance topics.9 The Act provides that the IPAC may have up to 21 members, “represent[ing] a diverse set of expert perspectives from the various sectors of the United States insurance industry, including life insurance, property and casualty insurance and reinsurance, agents and brokers, academics, consumer advocates, or experts on issues facing underserved insurance communities and consumers.”10 To facilitate a transparent member selection process that would allow individuals from the public to apply to be part of the IPAC, the Federal Reserve established a records system and conducted a Privacy Impact Assessment of the IPAC systems.11 The Federal Reserve has solicited applications for membership on the IPAC.12

---


6 See, e.g., 2018 Annual Report.


8 See Act section 211(b) (establishing the Insurance Policy Advisory Committee).


10 Act section 211(b)(2).


This section of the report addresses efforts of Treasury, including FIO, and the Federal Reserve—in coordination with the NAIC and the U.S. states and territories—“with respect to global insurance regulatory or supervisory forums.” After providing brief overviews of the IAIS, as the international insurance standard-setting body, and then the FSB and OECD, this section describes the insurance issues under discussion in those forums.\textsuperscript{13}

The Act also requires a “description of any position taken” by the Secretary of the Treasury, the Federal Reserve, and the Director of FIO in international insurance discussions at global insurance regulatory or supervisory forums.\textsuperscript{14} In discussions at global insurance regulatory and supervisory forums, Treasury and the Federal Reserve promote robust engagement to ensure that U.S. insurance stakeholders and the federal government are well represented.\textsuperscript{15} The Federal Reserve and Treasury advocate for positions in international insurance discussions to help ensure that international standards reflect the U.S. insurance regulatory regime, and that U.S. insurance sector remains competitive internationally. In particular, FIO’s “mission at the IAIS [is] to, among other things, (1) advocate for the U.S. state-based insurance regulatory system, U.S. consumers, the U.S. insurance sector, and growth in the broader U.S. economy, (2) coordinate the views of Team U.S.A., and (3) promote greater transparency and stakeholder engagement in international standard-setting forums.”\textsuperscript{16} Treasury and the Federal Reserve are involved at all levels within these forums.

The Act also requests discussion of the possible effects that proposals at these forums could have on U.S. consumers and insurance markets.\textsuperscript{17} While many IAIS standards remain under development, depending on how they are finalized, they could in the future have effects on U.S. insurers operating in foreign markets, as well as effects on the U.S. insurance regulatory system. For example, Treasury is working to improve the design of the ICS so that it more appropriately reflects the business model of insurers. In particular, Treasury identified “the ICS’s market valuation approach and the negative effects it could have on the ability of insurance companies to provide long-term savings products, which are important to insurers and policyholders in the United States.”\textsuperscript{18} Treasury and the Federal Reserve acknowledge that they are required, in consultation with the NAIC, to “complete a study on, and submit to Congress a report on the results of the study, the impact on consumer and markets in the United States before supporting or consenting to the adoption of any final international insurance capital standard.”\textsuperscript{19} In all of their international engagement, Treasury and the Federal Reserve work to promote the interests of U.S. consumers and the well-being of U.S. insurance markets. To that end, Treasury and the Federal Reserve coordinate with each other and with the other members of Team USA.

\section*{International Forums}

This section of the report provides an overview of the IAIS, the FSB, and the OECD. The IAIS is the international standard-setting body for insurance. The FSB is an international forum that coordinates among international standard-setting bodies, including the IAIS, to promote international financial stability. The FSB makes recommendations pertaining to the global financial system, monitors financial sector vulnerabilities, and promotes adherence to inter-

\textsuperscript{13} See Act section 211(c)(1)(A)(i).
\textsuperscript{14} See Act section 211(c)(1)(A)(iii).
\textsuperscript{15} See, e.g., Treasury, \textit{Insurance EO Report}, 105.
\textsuperscript{17} See Act section 211(c)(1)(A)(ii).
\textsuperscript{19} Act section 211(c)(3).
national standards. Like the FSB, the OECD covers a broad range of financial services and other issues, including issues pertaining to insurance.

**IAIS Overview**

Established in 1994, the IAIS is the international standard-setting body responsible for developing, and assisting in the implementation of, principles, standards, and other supporting material for supervision of the insurance sector. The IAIS additionally serves as a forum for members to exchange ideas and share experiences about insurance supervision and insurance markets. IAIS members include insurance supervisors and regulators from more than 200 jurisdictions.

The IAIS itself emphasizes that it “is a stand[ard]-setter, not a legislature. Members do not pass laws; through agreement, they recommend principles and standards and provide supervisory guidance. It is the prerogative of the appropriate sovereign authorities to implement or not implement IAIS core principles, standards or policies.”

The IAIS operates through five key mechanisms: (1) the General Meeting, which ultimately oversees matters before the IAIS, has the authority “to adopt principles, standards, and guidance developed by the [IAIS] or other persons or entities not already adopted by the” Executive Committee; (2) the Executive Committee (ExCo), which serves as the principal decisionmaking body of the IAIS, is tasked with taking “all decisions necessary to achieve the mission of the [IAIS] in accordance with the directions given by the General Meeting”; (3) the Policy Development Committee, which is responsible for standard-setting activities; (4) the Macroprudential Committee, which oversees the work on issues related to financial stability; and (5) the Implementation and Assessment Committee, which is responsible for assessments and assistance in implementing IAIS principles, standards, and guidance.

Multiple working groups and task forces, focused on a range of prudential regulation and supervision topics, report to these committees. All of the committees and subcommittees (the collective term for IAIS working groups and task forces) are composed of IAIS members. Hosted by the Bank for International Settlements (BIS) in Basel, Switzerland, the IAIS operates with the support of a Secretariat under the direction of a Secretary General. Figure 1 illustrates the IAIS organizational structure.

In 2017, Treasury recommended that any future organizational changes to the IAIS’s existing structure should ensure appropriate and geographically balanced representation and committee leadership among the IAIS members. At the 2018 IAIS Annual General Meeting, the IAIS members approved important governance changes, which increased the ExCo’s size. As a result of these changes, FIO became a permanent ExCo member.

**FSB and OECD Overview**

**FSB**

The G-20 established the FSB in 2009 as its financial regulatory reform implementation organization, tasked with coordinating the work of national financial authorities and international standard-setting bodies, including the IAIS, “as they work toward developing strong regulatory, supervisory and other financial sector policies.” As a general matter, the FSB is not responsible for setting international standards on insurance regulation. Other forums, includ-

---

20 Treasury, Insurance EO Report, 58 (Figure 9: Selected International Bodies Comprising the International Financial Architecture).
22 2017 IAIS Annual Report, 8.
23 2017 IAIS Annual Report, 10.
29 Treasury, Insurance EO Report, 133.
ing the IAIS, are responsible for international standard setting. Further, the FSB also has no legal authority or jurisdiction over the United States. The FSB notes that “[t]he policies developed in pursuit of [the FSB’s] agenda are implemented by jurisdictions and national authorities,” and that “[t]he FSB’s decisions are not legally binding on its members – instead the [FSB] operates by moral suasion and peer pressure, in order to set internationally agreed policies and minimum standards that its members commit to implementing at a national level.”

The FSB’s membership consists of 68 institutions from 25 jurisdictions and ten international organizations and standard-setting bodies, including the IAIS, Treasury, the Federal Reserve, and the U.S. Securities and Exchange Commission are the FSB’s U.S. members. Treasury’s Office of International Affairs represents Treasury at the FSB. The current FSB Chair—as of December 2018—is the Federal Reserve Governor and Vice Chair for Supervision, Randal K. Quarles.

The FSB has created a compendium of standards that have been developed in other forums. The compendium includes standards considered by the FSB to be “key for sound financial systems and deserving of priority implementation depending on country circumstances.” The compendium includes standards that pertain to insurance, including the Insurance Core Principles, Standards, Guidance, and Assessment Methodology (discussed later in “ICPs and ComFrame”), the Key Attributes of Effective

Resolution Regimes for Financial Institutions (discussed later in “IAIS Cross-Border Resolution Planning Activities”), and the G20/OECD Principles of Corporate Governance.38

OECD

The OECD in its present form was created in 1961 to promote policies that improve the economic and social well-being of people around the world. The OECD provides a forum in which its 36 member countries work together to share experiences and seek solutions to common problems.39 The OECD collects and publishes statistical data and analyses on economics, trade, employment, education, health, social issues, migration, the environment, and many other fields, and it aspires to serve as a source of advice on various policymaking and implementation matters. By working with governments to understand the drivers of economic, social, and environmental changes, the OECD attempts to measure productivity and global flows of trade and investment.

The OECD operates through more than 200 committees and working groups, composed of national experts and supported by a secretariat. Within this structure, insurance matters are the purview of the OECD Insurance and Private Pensions Committee (IPPC). In addition, the Working Party on Private Pensions (WPPP) engages on certain issues closely related to insurance. The U.S. delegation to the OECD varies by committee. Representatives from the U.S. Departments of Commerce, Labor, and the Treasury, along with state insurance regulators, represent the views of the United States at the IPPC and WPPP.

The OECD develops legal instruments to express policies that its membership have developed. Over its history, the OECD has developed approximately 450 instruments—decisions, recommendations, declarations, international agreements, and others—covering a wide array of financial, economic, social, scientific, and other matters. Since 1961, the IPPC has helped develop 22 of these legal instruments, 10 of which—all recommendations—remain in force (see table 1).40 There were no new insurance-related recommendations or other standards under discussion in the IPPC or WPPP in 2018.

Recent work at the IPPC and WPPP has included developing guidance on the institutional structure of insurance regulation;41 studying long-term care and health insurance;42 and collecting data on insurance

---


| Table 1. OECD in-force insurance-related recommendations from IPPC |
|---------------------------------|-----------------|
| **Recommendations**             | **Date adopted** |
| Disaster Risk Financing Strategies | Feb. 23, 2017    |
| Core Principles of Private Pension Regulation | Sep. 27, 2016 |
| Policy Framework for Effective and Efficient Financial Regulation | Nov. 26, 2009 |
| Good Practices on Financial Education and Awareness Relating to Credit | May 25, 2009 |
| Guidelines on Insurer Governance | Apr. 28, 2005 |
| Establishment of a Check-List of Criteria to define Terrorism for the Purpose of Compensation | Dec. 9, 2004 |
| Good Practices for Insurance Claim Management | Nov. 24, 2004 |
| Common Classification of the Classes of Insurance Recognised by the Supervisory Authorities of the Member Countries | May 30, 1984 |

statistics. U.S. representatives participated in this work as well as in preparing a 2018 report prepared by the IPCC, *The Contribution of Reinsurance Markets to Managing Catastrophe Risk*.44

**IAIS Activities**

This section of the report describes the following “insurance regulatory or supervisory standard-setting issues under discussion” predominantly at the IAIS: (1) the ICPs and ComFrame; (2) the ICS; (3) the holistic framework for the mitigation of systemic risk; (4) the development of the IAIS strategic plan and financial outlook for 2020–24; (5) other IAIS work such as assessments and development of guidance and other written materials; and (6) cross-border resolution planning. Much of the work described below is ongoing and is expected to continue through 2019 and beyond.

**ICPs and ComFrame**

Team USA has worked within the IAIS to advocate for international standards for insurance supervision that are appropriate for the U.S. insurance sector, both within the United States and globally. The international insurance standards of broadest potential applicability are the ICPs developed through the IAIS.

The IAIS’s mission is to “promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe[,] and stable insurance markets for the benefit and protection of policyholders, and to contribute to global financial stability.” To support that mission, the IAIS has developed a three-tier approach to insurance supervision: (1) a first tier of ICPs applicable to all insurers within a jurisdiction; (2) a second tier, under which certain insurers are subject to additional supervisory standards known as ComFrame;46 and (3) a third tier of policy measures for a smaller group of Global Systemically Important Insurers (G-SIIs), as discussed further in the section entitled “Holistic Framework for Mitigation of Systemic Risk.” The IAIS explains:

This three-tier approach reflects the proportionate response of the IAIS; that is, that supervisors should have the flexibility to tailor certain supervisory requirements and actions in accordance with the nature, scale[,] and complexity of individual insurers and exercise “supervisory common sense” – that is, to fit solutions to the risk in a flexible and evolving way that achieves IAIS objectives but does not impede stable business development.47

The ICPs, which are at the foundation of this three-tier system, are a set of standards and supporting guidance intended as a supervisory framework for insurers. The ICPs “seek to encourage the maintenance of consistently high supervisory standards in IAIS member jurisdictions.”48

ComFrame applies to internationally active insurance groups (IAIGs)—those with a certain form and degree of international activity that meet criteria set out by the IAIS—and consists of an enhanced set of supervisory standards, encompassing both entity-level and group-wide supervisory standards. As stated by the IAIS, “ComFrame seeks to assist supervisors in addressing group-wide activities and risks; identifying and avoiding supervisory gaps; [and] coordinating supervisory activities efficiently and effectively between the group-wide and other involved supervisors.” Since 2016, the IAIS has been directly integrating ComFrame material along-

45. IAIS, 2017 IAIS Annual Report, 10.
47. IAIS, 2017 IAIS Annual Report, 12.
49. “ComFrame identifies an IAIG as being an insurance group that has total assets of at least USD 50 billion or gross written premiums of at least USD 10 billion (on a rolling three year average basis). In addition, its premiums are written in three or more jurisdictions and at least 10 percent of the group’s total gross written premium is written outside the home jurisdiction.” See IAIS, *Common Framework for the Supervision of Internationally Active Insurance Groups: Revised Draft*, (Basel: IAIS, September 2014), 2, https://www.iaisweb.org/page/supervisory-material/common-framework/file/58726/revised-comframe-draft-2014.
50. IAIS, Draft Overall ComFrame, 9 (paragraph 19).
side the relevant ICPs to clarify the presentation of the two complementary sets of standards. From March 2017 through October 2018, the IAIS engaged in a series of public consultations covering revisions to the ICPs and ComFrame, including the integration of ComFrame material within the relevant ICPs. Over the course of the consultations, proposed revisions in both the ICPs and ComFrame reflected developments since the publication of the 2014 versions. Additionally, many previously undeveloped elements of ComFrame (in the 2014 version) were addressed as part of the 2017–18 revision process. Table 2 lists the public consultations in 2017 and 2018 related to the ICPs and ComFrame revisions, including the consultation for overall ComFrame.

As a result of the proposed revisions and consultations, some changes to the ICPs are already in effect. The IAIS plans to adopt and publish all ICPs together with ComFrame, reflecting all revisions, by the close of 2019. Team USA has engaged in the IAIS process of revising the ICPs and ComFrame to advocate for stan-

Table 2. Public consultations related to ICP and ComFrame revisions, 2017-18

<table>
<thead>
<tr>
<th>ICP Description</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction and Assessment Methodology</td>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td>ICP 1 (Objectives, Powers, and Responsibilities of the Supervisor)</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>ICP 2 (Supervisor)</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>ICP 3 (Information Sharing and Confidentiality Requirements)</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>ICP 4 (Licensing)</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>ICP 5 (Suitability of Persons)</td>
<td>2017, 2018</td>
<td></td>
</tr>
<tr>
<td>ICP 6 (Changes in Control and Portfolio Transfers)</td>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>ICP 7 (Corporate Governance)</td>
<td>2017</td>
<td>2017, 2018</td>
</tr>
<tr>
<td>ICP 8 (Risk Management and Internal Controls)</td>
<td>2018</td>
<td>2017, 2018</td>
</tr>
<tr>
<td>ICP 9 (Supervisory Review and Reporting)</td>
<td>2017</td>
<td>2017, 2018</td>
</tr>
<tr>
<td>ICP 10 (Preventative and Corrective Measures)</td>
<td>2017</td>
<td>2017, 2018</td>
</tr>
<tr>
<td>ICP 11 (Enforcement) (incorporated into ICP 10)</td>
<td>2017</td>
<td>2017, 2018</td>
</tr>
<tr>
<td>ICP 12 (Exit from the Market and Resolution)</td>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td>ICP 13 (Reinsurance and Other Forms of Risk Transfer)</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>ICP 14 (Valuation)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICP 15 (Investments)</td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td>ICP 16 (Enterprise Risk Management for Solvency Purposes)</td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td>ICP 17 (Capital Adequacy)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICP 18 (Intermediaries)</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>ICP 19 (Conduct of Business)</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>ICP 20 (Public Disclosures)</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>ICP 21 (Countering Fraud in Insurance)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICP 22 (Anti-Money Laundering and Combating the Financing of Terrorism)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICP 23 (Group-wide Supervision)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICP 24 (Macroprudential Surveillance and Insurance Supervision)</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>ICP 25 (Supervisory Cooperation and Coordination)</td>
<td>2017</td>
<td>2017, 2018</td>
</tr>
<tr>
<td>ICP 26 (Cross-Border Cooperation and Coordination on Crisis Management) (eliminated and incorporated into other ICPs)</td>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td>Proposed definitions of Enterprise Risk Management-related terms</td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td>Overall ComFrame</td>
<td></td>
<td>2018</td>
</tr>
</tbody>
</table>

Source: Federal Insurance Office.
standards that are appropriate for the United States. Team USA members have conferred and collaborated regularly in efforts to advocate for appropriate standards in the ICPs and ComFrame, resulting in improvements to these standards. Provisions reflected in the draft ICPs and ComFrame, expected to go into effect in 2019, are generally consistent with the current U.S. insurance supervisory system.

ICS Development and Status

The ICS—which aims to be the first groupwide, risk-based capital standard broadly applicable to IAIGs—is part of ComFrame under development at the IAIS. The ICS should recognize the diverse approaches to solvency regulation taken by various jurisdictions around the globe. A core goal should be to ensure that the ICS initiative accommodates the U.S. insurance business model and the existing state-based [insurance] regulatory system. Such standards should also be developed in a manner that recognizes the variety of supervisory approaches to valuation and accounting requirements, and definitions of what constitutes capital.

Team USA members are participating in the ICS Task Force, the mandate of which is to provide strategic steering on the development and practical implementation of ICS Version 2.0. Team USA members also participate on the Policy Development Committee, which is responsible for standard-setting activities, as well as subcommittees involved in ICS development, monitoring, and field testing.

To date, there have been two significant milestones of the ICS project. The first milestone was in July 2017 when the IAIS adopted ICS Version 1.0 for extended field testing. ICS Version 1.0 identified two valuation approaches for the ICS: (1) market-adjusted valuation (MAV); and (2) Generally Accepted Accounting Principles with adjustments (GAAP Plus). ICS Version 1.0 also established a standard method for calculating the ICS capital requirement and indicated that other methods would be considered in the calculation of the ICS capital requirement, including the use of internal models, external models, and variations of the standard method.

Furthermore, the IAIS decided to assist with the data collection and analysis of an “aggregation method,” an alternative approach for determining capital resources and capital requirements for a consolidated capital assessment that leverages the group capital calculation work that is being conducted by U.S. state regulators and the Building Block Approach being developed by the Federal Reserve. Treasury and the Federal Reserve continue to advocate that the aggregation method, as with the ICS, would provide a consolidated capital standard for an insurance group.

The second milestone was in November 2017, when the IAIS decided that the next steps for the ICS project would have two phases: (1) a five-year monitoring phase beginning in 2020, followed by (2) an implementation phase. During the first phase, the monitoring period, the ICS would not be used as a prescribed capital requirement, i.e., the ICS results would not be used as a basis for triggering supervisory action. Rather, the five-year monitoring period would be used for confidential reporting to group-wide supervisors and discussion in supervisory colleges. The IAIS stated that confidential reporting would be mandatory for all IAIGs during this period, and would involve the reporting of a reference ICS based on MAV with a single discounting approach, the standard method for calculating capital requirements, and converged criteria for qualifying capital resources. A reference ICS solvency ratio would provide a basis for comparison across IAIGs and with GAAP Plus and internal model generated results. The monitoring period would allow group-wide supervisors and host supervisors to discuss and assess the ICS as well as to compare ICS results against existing group capital standards and IAIS member commitments, and not the U.S. insurance regulatory regime.

55 IAIS, ICS Version 1.0 Extended Field Testing.
56 See IAIS, ICS Version 2.0 Consultation, 17 (section 2.5, paragraph 34).
57 IAIS, ICS Version 2.0 Consultation, 16 (section 2.5).
58 See IAIS, Implementation of ICS Version 2.0, 1 (November 2, 2017), https://www.iaisweb.org/file/69796/implementation-of-ics-version-20. Again, it is important to note that IAIS standards are not self-executing in the United States. The IAIS’s use of the term “mandatory” applies only within the context of IAIS member commitments, and not the U.S. insurance regulatory regime.
calculations, or those under development. Finally, additional reporting of the ICS based on GAAP Plus valuation and internal model-based capital requirement calculations would be permitted at the option of the groupwide supervisor. The second phase of implementation envisions the use of the ICS as a groupwide prescribed capital requirement.

Throughout the development of the ICS, the IAIS has been undertaking a multiyear quantitative field-testing process with volunteer insurance groups. Four ICS field-testing exercises have been conducted between 2015 and 2018. The fifth and final field testing exercise before the second phase of implementation was launched on April 30, 2019. Each quantitative ICS field testing exercise has built upon the previous year’s analysis of submitted data and feedback received from volunteer groups. In 2018, approximately 50 volunteer groups, including U.S. firms, participated in the ICS field-testing exercise. The annual data submitted by volunteer firms have helped the members of Team USA to advocate for development of the ICS in ways that make it more suitable for the United States.

In addition to voluntary field testing exercises, the IAIS has conducted three public ICS consultations, including one released on July 31, 2018, which solicited feedback on ICS Version 2.0. The Federal Reserve and Treasury encourage the IAIS to continue seeking public feedback on the development of the ICS. The comments received in the public consultations have been helpful for Team USA’s efforts at the IAIS to develop positions that support an ICS that is more appropriate for the United States.

The IAIS’s ultimate goal is a single ICS that includes a common methodology through which one ICS achieves comparable, or substantially the same, outcomes across jurisdictions. ICS Version 2.0 is intended to attain an improved level of comparability relative to ICS Version 1.0.

Aspects of the ICS that remain under development include the current construct and calibration of certain risks to be reflected in the ICS. In addition, IAIS members continue to negotiate the process and timing to assess whether the various approaches under consideration (including the use of internal models, GAAP Plus, and the aggregation method) produce outcomes equivalent to the ICS reference method. The IAIS intends to make decisions concerning comparability and outcome equivalence by the end of the monitoring period.

As a first step towards developing criteria for assessing comparability, the IAIS issued a survey to its members in late 2018, asking for their views on what constituted appropriate criteria for evaluating the various proposed approaches against the ICS reference method. However, significant work still remains ahead at the IAIS to address issues regarding comparability. Prior to the planned adoption of the ICS 2.0 for the monitoring period in November 2019, IAIS members will continue working on (1) defining the meaning of “outcomes-equivalent”; (2) establishing the criteria and processes to evaluate comparability; (3) determining the expectations and use of the ICS by supervisors during the monitoring period; and (4) resolving significant technical design issues regarding the reference ICS.

As set out in the Act, before “supporting or consenting to the adoption of any final” ICS, Treasury and the Federal Reserve—in consultation with the NAIC—are required to complete a study, and provide a report to Congress, on the impact on consumers and U.S. markets. In the interim, the Federal Reserve and Treasury continue to advocate for an ICS that would be appropriate for the U.S. insurance sector and for the IAIS to continue its efforts to develop the criteria and processes such that an aggregation method can be deemed comparable to the ICS. Treasury and Federal Reserve consider that, in order for any form of an ICS to be implementable globally, it must be suitable for the U.S. insurance market.

Holistic Framework for Mitigation of Systemic Risk

In November 2018, the IAIS released for public consultation the Holistic Framework for Systemic Risk in the Insurance Sector. Previous approaches for assessing systemic risk centered on identifying individual firms as potentially global systemically impor-
tant insurers (the G-SIIs). The proposed holistic framework would shift the IAIS approach away from entity-specific identification. The holistic framework focuses more on the collective activities and exposures of insurers, while also recognizing that systemic risk in the insurance sector may arise from the failure or distress of a single insurer. The proposed holistic framework takes into account both relevant sources of systemic risk, addresses cross-sectoral aspects of systemic risk, and proportionately applies enhanced policy measures to the relevant portions of the insurance sector. The proposed framework’s key elements are (1) an enhanced set of macroprudential supervisory policy measures; (2) a global monitoring exercise by the IAIS; (3) supervisory powers of intervention; (4) mechanisms that help ensure the global consistent application of the framework; and (5) assessment of implementation. The proposed holistic framework draws together three activities from the IAIS’s Systemic Risk Assessment and Policy Workplan:

1. Developing of an “Activities-Based Approach (ABA) to mitigate systemic risk in insurance through the identification, and (further) development, as needed, of relevant macroprudential policy measures”;

2. “Addressing cross-sectoral aspects in systemic risk assessment”; and

3. “Revising the Entity-Based Approach (EBA), namely the 2016 Updated G-SII Assessment Methodology.”

As described by the IAIS, the ABA seeks to mitigate systemic risk in insurance through the “assessment across firms of the risk transmission of activities that either in themselves or as a result of common behaviors of firms cause significant disruption to the wider financial system and economic activity.” The framework builds upon the IAIS’s interim consultation paper on the ABA, which was published in December 2017 and was open for public comment until February 15, 2018. That paper set forth a four-step conceptual approach for developing ABA policy measures: (1) identify insurer activities that could potentially threaten global financial stability; (2) evaluate existing IAIS policy measures (such as ICs, the draft ComFrame including ICS Version 1.0, and the G-SII policy framework) that may help mitigate the potential systemic risk stemming from the identified activities; (3) perform a gap analysis to identify risks that are not sufficiently mitigated by an existing policy measure; and (4) develop new policy measures, or enhance existing ones, to address any residual systemic risk. To receive stakeholder input, the IAIS also held two stakeholder meetings on the ABA approach to systemic risk—the first in Nashville, Tennessee, on January 13, 2018, and the second in London, U.K., on February 1, 2018.

The proposed holistic framework could eliminate the need to distinguish the ABA from the EBA. The IAIS is of the view that the framework implementation also “should remove the need for an annual G-SII identification by the FSB and national authorities.” The FSB has similarly encouraged the IAIS’s work to develop an ABA to systemic risk in the insurance sector and announced that it would not identify G-SIIs in 2018.

64 IAIS, Holistic Framework Consultation Document (paragraph 2).
66 IAIS, Holistic Framework Consultation Document, (paragraph 8).
Treasury and the Federal Reserve support the continued development of the holistic framework. Treasury and the Federal Reserve have advocated for the IAIS to develop a more appropriate framework for assessing potential systemic risk in the insurance sector. Entity-based systemic risk evaluations of insurance companies generally are not the best approach for mitigating risks arising from the insurance industry. Insurance regulators should focus on potential risks arising from insurance products and activities, and on implementing regulations that strengthen the insurance industry as a whole.73

While the proposed holistic framework remains a work in progress, it represents a meaningful evolution from the approach focused on G-SII identification. The goals of the holistic framework are also generally consistent with the Macro-Prudential Initiative undertaken by the NAIC.74

IAIS Strategic Plan and Financial Outlook Task Force

Treasury and the Federal Reserve continue to advocate for robust engagement and strong U.S. representation at the IAIS. Continued engagement by Treasury and the Federal Reserve is critical and will remain so in the future. To that end, FIO participates in the IAIS Strategic Plan and Financial Outlook Task Force (SPFOTF).

The SPFOTF’s mandate is to develop a draft strategic plan and financial outlook for the IAIS. This plan aims to include (1) a proposal whether to add or remove IAIS subcommittees; (2) the most effective governance framework for strategic plan implementation, including appropriate representation of different types of insurance markets and different geographic areas in the ExCo, and membership and leadership of IAIS committees and subcommittees; and (3) a proposal for IAIS funding arrangements.75

The SPFOTF convened on a regular basis during 2018, discussing IAIS priorities and stakeholder input. As noted earlier in the section entitled “IAIS Overview,” FIO gained permanent membership status on the ExCo as a result of these changes.

The proposed strategic plan for 2020–24 recognizes that the IAIS will be moving toward different priorities in the next five years as it largely completes its package of post-financial crisis reforms. As the IAIS recently noted, “There is a clear sense that IAIS core functions are not in need of an overhaul. Rather, what is being discussed is a shift in the focus or emphasis of these activities to take into account the fast-changing global context in which the IAIS operates.”76 The draft strategic plan therefore shifts the IAIS focus toward higher-level work; implementation and monitoring; and addressing current and evolving issues. Specifically, three key IAIS messages in the strategic plan will be to

1. Finalize the post-crisis reforms, including the ICS, ComFrame, and the holistic framework for mitigating systemic risk;
2. Pivot towards implementation of IAIS standards and effective supervisory practices; and
3. Meet the challenges, risks, and opportunities around emerging trends such as fintech, cyber risk, climate risk, and sustainable finance.77

The strategic plan for 2020–24 is scheduled to be finalized and approved in 2019.

Other IAIS Work

Implementation and Assessment Committee

With substantial policy development milestones planned for 2019, the IAIS anticipates pivoting from the development of standards to supporting the implementation and assessment of standards.78 Team USA continues to advocate for practices at the

---

78 Jose Lopez Hoyo, “IAIS Major Projects Update – Implementation and Assessment Committee” (presented at the IAIS Annual Conference, Luxembourg, November 8–9, 2018), https
IAIS, including assessment activities that are appropriate for U.S. interests and the U.S. insurance supervisory system.

The IAIS’s Implementation and Assessment Committee (IAC) is tasked with facilitating the conformance of IAIS members with IAIS supervisory material through assessments of, and assistance with, the implementation of IAIS standards. To achieve its mandate, the IAC may liaise on standards implementation and assessment matters with external bodies, such as the International Monetary Fund, World Bank, FSB and its Standing Committee on Standards Implementation, BIS, BCBS, and the International Organization of Securities Commissions. It also may support supervisory discussion and sharing of best practices, addressing implementation challenges, and discussing emerging issues.

In 2017, the IAIS approved a revised approach to its assessment activities. Building upon the existing self-assessment peer review (SAPR) process, the new approach will expand the SAPR process into (1) the Peer Review Process (PRP); (2) the Self-Assessment Process (SAP); and (3) the Member Assessment Process (MAP), which incorporates an on-site review of the member jurisdiction. The primary difference between the SAPR and PRP processes for members is “the inclusion of recommendations on how to strengthen observance and increased disclosure of assessment results.” A new IAC subcommittee, the Standards Assessment Working Group (SAWG), will oversee the assessment of the implementation of the IAIS’s supervisory material.

The SAWG met for the first time in 2018 and initiated a PRP on supervisors and supervisory powers (ICPs 1 and 2).

[IAIS Work Product]

Treasury and the Federal Reserve participate in many of the committees and subcommittees that develop and draft IAIS written materials. In preparing these materials, Treasury and the Federal Reserve advocate for inclusion of information and guidance reflective of U.S. experience or otherwise relevant to U.S. consumers and insurance markets.

As part of its macroprudential policy and surveillance framework, the IAIS publishes annually the Global Insurance Market Report (GIMAR), a report that reflects insurer and reinsurer performance and supervisory developments as well as key risks in the global insurance market. Together with the GIMAR, the IAIS undertakes the Key Insurance Risks and Trends (KIRT) survey of IAIS members in different jurisdictions throughout the world based on 22 broad risk indicators.

The IAIS also regularly produces “supporting materials”—Issues Papers and Application Papers—as well as other materials, such as correspondence and proposals. Issues Papers provide background on particular topics; describe current practices, examples, or case studies on a topic; or identify related regulatory and supervisory issues and challenges. They are “not meant to create expectations on how supervisors should implement supervisory material” but may form part of the preparatory work for developing future standards or recommend future work by the IAIS. Application Papers are intended to “help with the practical application of supervisory material” through “advice, illustrations, recommendations or examples of good practice to supervisors on how supervisory material [ICPs, ComFrame, and/or G-SII policy measures] may be implemented.” As with supervisory materials, supporting material undergoes a public consultation process. IAIS materials published between May 24, 2018, and December 31, 2018, include

---

81 IAIS, “Peer Review Process Questionnaire: ICPs 4, 5, 7, and 8,” https://www.iaisweb.org/page/supervisory-material/implementation-and-capacity-building/assessments/file/80791/questionnaire-for-prp-on-icps-4-5-7-8-final. Members may opt out of disclosing assessment results to other IAIS members.
83 See also IAIS, 2017 IAIS Annual Report, 14.
85 IAIS, 2017 IAIS Annual Report, 12.
86 IAIS, 2017 IAIS Annual Report, 12.
Issues Papers

- IAIS, "Issues Paper on Index-based Insurances Particularly in Inclusive Insurance Markets" (June 2018).
- IAIS and Sustainable Insurance Forum, "Issues Paper on Climate Change Risks to the Insurance Sector" (July 2018).

Application Papers

- IAIS, "Application Paper on the Composition and the Role of the Board" (November 2018).

Other Materials

- Response to Monitoring Group Consultation on Strengthening the Governance and Oversight of the International Audit-Related Standards-Setting Boards in the Public Interest (January 2018).

IAIS Cross-Border Resolution Planning Activities

As with other topics, Treasury and the Federal Reserve maintain that cross-border resolution planning must take into account existing U.S. supervisory practices. At the IAIS, such planning occurs through the Resolution Working Group (ReWG).

The IAIS formed the ReWG in late 2013 to develop and maintain supervisory guidance on the resolution of insurers, including G-SIIs, and to contribute to the resolution-related content of ComFrame and related ICPs. FIO currently chairs the ReWG. The ReWG also represents the IAIS at relevant FSB bodies, such as the Resolution Steering Group (ReSG) and its subcommittee, the Cross-Border Crisis Management Group for Insurers (iCBCM).

In furtherance of its supervisory guidance mission, in 2017 the ReWG proposed and developed significant revisions to ICP 12 (Exit from the Market and Resolution). Also in 2017, the ExCo endorsed ICP 12 as revised, which will likely be adopted (along with the rest of the revised ICPs) in November 2019. Additionally, newly drafted ComFrame material related to resolution will be incorporated into ICP 12; this material (along with other ComFrame material) was the subject of public consultation in late 2018. The IAIS also released for public consultation new sections in ICP 16 (Enterprise Risk Management for Solvency Purposes) to provide guidance on recovery planning. Since recovery planning was a completely new topic, and to reflect comments received in its public consultation, the ReWG drafted an Application Paper on Recovery Planning and released it for public consultation in November 2018.

FSB Cross-Border Resolution Planning Activities

The FSB oversees some insurance resolution planning work through the iCBCM. In 2014, the FSB released its Key Attributes for Effective Resolution Regimes for Financial Institutions, which covers financial institutions overall and is not specific to insurers. The FSB’s iCBCM assists and supports regulatory authorities in the development and implementation of resolution-related policy measures for insurance. Specifically, the iCBCM collaborates with the ReWG in developing guidance for resolution planning.

---

90 IAIS, Holistic Framework Consultation Document, 58.
92 IAIS, Draft Overall ComFrame, 43.
powers and tools regarding insurers as well as addressing issues relating to their application. In addition, the IAIS also works on the development of resolution-related policy standards for a broad range of insurance firms as noted above.

In March 2018, the FSB completed a consultation on the Key Attributes Assessment Methodology for the Insurance Sector, which is a proposed approach for assessing implementation of the Key Attributes of Effective Resolution Regimes for Financial Institutions in the insurance sector. In November 2018, the FSB issued its seventh report on the implementation of resolution reforms, which noted that the iCBCM intends to continue to serve as a forum for authorities to share views, exchange experiences, and discuss challenges in relation to orderly resolution of insurers.


98 FSB, FSB 2018 Resolution Report, 10.
Transparency Efforts

In November 2018, Treasury and the Federal Reserve issued a report on *Efforts to Increase Transparency at Meetings of the International Association of Insurance Supervisors.* Some stakeholders have commented that the standard-setting process at the IAIS is not sufficiently transparent, as stakeholders generally are not able to participate until late in the policy development process. Although the IAIS has taken initial steps to improve transparency, Treasury and the Federal Reserve support the objective of further increasing transparency and stakeholder input into IAIS’s policy development process. As detailed in the report, Treasury and the Federal Reserve are committed to transparency in the international insurance standard-setting process at the IAIS.

The governing documents of the IAIS include guiding principles for stakeholder engagement and transparency. In particular, the IAIS by-laws state that the IAIS “will operate in an open and transparent manner[,] setting an appropriate example of transparency, administrative due process[,] and governance, while maintaining the ability for supervisors to exchange information in confidence.” The IAIS has recognized effective stakeholder engagement as an institutional priority. Its Stakeholder Engagement Plan, adopted in March 2017, recognizes past engagement efforts and recommends additional engagement commitments, policies, and strategies.

There are several means by which the IAIS fosters transparency through engagement with stakeholders. Since 2016, the IAIS’s annual conference has been open to stakeholders and the general public. The IAIS routinely publishes newsletters summarizing committee and subcommittee activity, and listing upcoming meetings. The IAIS has expanded steps to make its newsletter more user-friendly for stakeholders by highlighting stakeholder engagement opportunities and providing more hyperlinks to referenced materials. Before finalizing and issuing any revised ICPs or ComFrame material (i.e., standards), issue papers, or application papers (i.e., guidance), the IAIS publishes draft versions for public comment, allows a reasonable period for submission of feedback, and then presents a record of how such input from stakeholders has been addressed or resolved by the relevant IAIS committees or subcommittees. All current and closed consultations, from 2012 through 2018, are available through the IAIS website.

To enhance public consultation on major policy documents (e.g., ICS Version 2.0 and overall ComFrame revisions), the IAIS holds dedicated public background sessions. Finally, the IAIS organizes other stakeholder events for projects, such as the ICS and public consultations through which Team USA has additional opportunities to solicit stakeholder comments and feedback.

---


100 “IAIS By-Laws,” Art. 2(3).


community and subcommittee activity, and listing upcoming meetings. The IAIS has expanded steps to make its newsletter more user-friendly for stakeholders by highlighting stakeholder engagement opportunities and providing more hyperlinks to referenced materials. Before finalizing and issuing any revised ICPs or ComFrame material (i.e., standards), issue papers, or application papers (i.e., guidance), the IAIS publishes draft versions for public comment, allows a reasonable period for submission of feedback, and then presents a record of how such input from stakeholders has been addressed or resolved by the relevant IAIS committees or subcommittees. All current and closed consultations, from 2012 through 2018, are available through the IAIS website. To enhance public consultation on major policy documents (e.g., ICS Version 2.0 and overall ComFrame revisions), the IAIS holds dedicated public background sessions. Finally, the IAIS organizes other stakeholder events for projects, such as the ICS and public consultations through which Team USA has additional opportunities to solicit stakeholder comments and feedback.

---


104 IAIS, “Consultations,” https://www.iaisweb.org/page/consultations. See also FIO, 2018 Annual Report (providing table listing, by ICP, all public consultations related to ICP and ComFrame revisions in 2017 and 2018, as of July 31, 2018; an updated version of the table is reproduced in this report as table 2).

Individual IAIS committees or subcommittees also may conduct stakeholder outreach. For example, the IAIS ReWG, which FIO currently chairs, typically holds one stakeholder session each year to discuss recovery and resolution matters (see Table 3). Because much of the ICP and ComFrame material on recovery planning and resolution developed over the past few years is new, ReWG has sought stakeholder engagement in the development process, finding such input to be a valuable piece of the overall process for developing new supervisory standards and guidance. ReWG conducts these sessions as an open forum for the mutual exchange of ideas, suggestions, insights, and concerns; stakeholder sessions are open to all interested parties. Similarly, the Accounting and Auditing Working Group has engaged with interested stakeholders. These sessions have received positive feedback from stakeholders.

Treasury and the Federal Reserve strongly support transparency and stakeholder engagement in the policy development process at the IAIS. To that end, Team USA routinely hosts meetings and active working sessions with U.S. insurance industry stakeholders for open dialogue regarding policy matters currently before the IAIS. In addition, FIO provides updates on its IAIS work at open meetings of the FACI. FIO also details IAIS developments in its Annual Reports to Congress, which are publicly available on Treasury’s website. The Federal Reserve meets with interested parties and will engage with its IPAC to maintain a robust appreciation for stakeholder views regarding matters before the IAIS and other international insurance issues.

Treasury and the Federal Reserve continue to believe that the IAIS, its members, and stakeholders can benefit from increased transparency in the international standard-setting process. Treasury and the Federal Reserve, along with state insurance commissioners and the NAIC, therefore will continue to provide formal and informal opportunities for U.S. stakeholders to engage with Team USA members on issues arising before the IAIS. These include the types of activities and opportunities described above as well as other opportunities that Team USA or stakeholders may propose. Further, Treasury and the Federal Reserve will continue to advocate for greater

---

Table 3. IAIS stakeholder meetings in 2018

<table>
<thead>
<tr>
<th>Meeting date</th>
<th>Session topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 13, 2018</td>
<td>ICS ABA Stakeholder Meeting in Nashville</td>
</tr>
<tr>
<td>Feb. 1, 2018</td>
<td>ABA Stakeholder Meeting in London</td>
</tr>
<tr>
<td>Mar. 2, 2018</td>
<td>Public Background Session on Draft Application Paper on the Use of Digital Technology in Inclusive Insurance</td>
</tr>
<tr>
<td>Mar. 27, 2018</td>
<td>Public Discussion Session on ComFrame Material (ICP 10.3 and ComFrame Material Integrated with ICPs 5, 7, 8, 9, 10, 12 and 25)</td>
</tr>
<tr>
<td>Apr. 10, 2018</td>
<td>Public Background Session on the Draft Issues Paper on Climate Change Risks to the Insurance Sector</td>
</tr>
<tr>
<td>Jul. 16, 2018</td>
<td>Public Background Session on Supervisory and Supporting Material Published for Consultation on 29 June 2018; draft Application Paper on the Composition and the Role of the Board; draft Application Paper on Supervision of Insurer Cybersecurity; draft revised ICPs 6, 20</td>
</tr>
<tr>
<td>Jul. 31, 2018</td>
<td>Session on Climate Change Risks to the Insurance Sector Issues Paper</td>
</tr>
<tr>
<td>Aug. 1, 2018</td>
<td>Public Background Session on Draft Issues Paper on the Increasing Use of Digital Technology in Insurance</td>
</tr>
<tr>
<td>Aug. 2, 2018</td>
<td>Session on Index-Based Insurances Issues Paper</td>
</tr>
<tr>
<td>Aug. 29, 2018</td>
<td>Public Background Session on Draft Overall ComFrame and ICS Version 2.0 Consultation Document; Public Discussion on ComFrame in ICPs 8, 15, and 16</td>
</tr>
<tr>
<td>Sep. 12, 2018</td>
<td>Basel Stakeholder Event on Recovery Planning and Resolution; Revised ICP 16; ComFrame Material integrated with ICPs 12 and 16; draft Application Paper on Recovery Planning</td>
</tr>
<tr>
<td>Nov. 15, 2018</td>
<td>Public Background Session and Public Discussion Session on IAS Supporting Material; draft Application Paper on Proactive Supervision of Corporate Governance; Application Paper on the Use of Digital Technology in Inclusive Insurance</td>
</tr>
<tr>
<td>Nov. 21, 2018</td>
<td>Public Discussion and Public Background Session on IAS Supervisory and Supporting Material: Revised ICPs 5, 6, 8, 15, 16, and 20; Application Paper on the Composition of the Board; Application Paper on Supervision of Insurer Cybersecurity; Issues Paper on Increasing Digitalisation in Insurance and its Potential Impact on Consumer Outcomes</td>
</tr>
<tr>
<td>Nov. 29, 2018</td>
<td>Public Background Session on the Holistic Framework for Systemic Risk in the Insurance Sector</td>
</tr>
<tr>
<td>Dec. 5, 2018</td>
<td>Accounting and Auditing Working Group</td>
</tr>
</tbody>
</table>


---

transparency and stakeholder engagement at the IAIS.

Insurance sector stakeholder engagement at the FSB has been shaped by the FSB’s limited direct involvement in insurance matters. To date, the FSB’s involvement in the insurance sector has been largely limited to the publishing an annual G-SII list (until 2016) and recovery planning and resolution matters. In the recovery planning and resolution area, the iCBCM has held several stakeholder sessions. These sessions focus on invited stakeholders, seeking their input to the iCBCM on specific topics. Future insurance stakeholder engagement will need to be evaluated in the context of evolving forms of involvement in insurance matters.

Treasury and the Federal Reserve also support transparency and appropriate stakeholder engagement at the FSB. The FSB Plenary agreed in October 2017 to a review of the FSB’s processes, procedural guidelines, and transparency to ensure effective operation as it becomes more focused on the implementation and effects of the G-20 financial regulatory reforms. The FSB completed its review in November 2018. This review encouraged the FSB to enhance both internal and external transparency, reinforce the member-driven character of FSB initiatives, and streamline FSB processes.

---

Conclusion

In 2018, Treasury and the Federal Reserve—in coordination with other Team USA members—advocated for the continued development of international insurance standards that are appropriate for the United States. Treasury and the Federal Reserve will continue to strengthen their engagement in the work of the IAIS, FSB, and OECD. While many of the IAIS standards are not yet final, they could in the future have effects on U.S. insurance companies operating in foreign markets as well as effects on the U.S. insurance regulatory system.

Going forward, Treasury and the Federal Reserve will continue to advocate for insurance regulatory and supervisory standards that are appropriate for the United States, and continue to report to Congress on their efforts. In addition, Treasury and the Federal Reserve will continue their efforts to increase transparency at the IAIS and the other relevant standard-setting bodies.