

***National Association of Insurance Commissioners (NAIC)
International Insurance Relations (G) Committee:
Action Plans***

I. International Standard Setting

II. International Trade

III. Regulatory Cooperation

I. INTERNATIONAL STANDARD SETTING

IAIS (International Association of Insurance Supervisors)

The IAIS is the principal international organization of insurance supervisors, engaged in creating international standards of insurance supervision, and implementing the standards in the member jurisdictions (over 100 countries.)

IAIS Action Plan:

1. **Priorities:** The International Insurance Relations (G) Committee establishes internal referrals to the relevant NAIC committees; updates the IAIS priority list, and recommends policy guidance.
2. **Representation:** With input from the G Committee, the Officers appoint NAIC representatives to IAIS “priority” committees:
 - a. Executive – Cmsr. Walter Bell (AL) [vice chair]
 - b. Budget – Cmsr. Bell (AL)
 - c. Technical – Cmsr. Gross (VA) [chair], Cmsr. Bell (AL), Cmsr. Goldman (NJ)
 - d. Reinsurance – Cmsr. Goldman [chair]
 - e. Solvency – Joe Fritsch (NY)
 - f. Insurance Contracts (Accounting) – Rob Esson (NAIC) [chair], Ramon Calderon (CA)
 - g. Governance & Compliance Subcommittee – Dir. McRaith (IL)
 - h. Insurance Core Principles Review Task Force – Cmsr. Geeslin (TX)
 - i. Insurance Groups & Cross-Sectoral Issues Subcommittee – Cmsr. McCarty (FL)
 - j. Financial Stability Task Force – Cmsr. Bell (AL), Cmsr. Gross (VA)
 - k. Joint Working Group on Microinsurance – Cmsr. Oxendine (GA)
3. **Policies:**
 - a. Standard Setting: The NAIC will -
 - i. Promote U.S. regulatory principles, and critically review alternatives, in the development of international standards for insurance supervision;
 - ii. Volunteer to participate in training seminars with international insurance experts in MOU jurisdictions.
 - iii. Consult with U.S. industry and consumers in the development of policy positions.
 - b. Administration: The NAIC will -
 - i. Oversee the structure of annual dues consistent with NAIC interests.
 - ii. Urge further coordination with OECD and FSF on role in market surveys and analysis.
 - iii. Sponsor a “secondee” (state insurance department or NAIC staff) to the IAIS
 1. To improve the administration and transparency of the organization
 2. To ensure the proper representation of U.S. interests in IAIS actions.

1. **Internal referrals** of IAIS committees to related NAIC committees:
 - a. *Solvency* to International Solvency & Accounting (E) Working Group
 - b. *Insurance Contracts* to International Solvency & Accounting (E) Working Group
 - c. *Reinsurance* to Reinsurance (E) Task Force
 - d. *Insurance Fraud* to Anti-Fraud (D) Task Force
 - e. *Financial Conglomerates* to Financial Condition (E) Committee
 - f. *Executive, Technical* to International Insurance Relations (G) Committee
 - g. *Governance & Compliance* to Capital Adequacy Committee Corporate Governance Subgroup
 - h. *ICP Review Task Force* to International Insurance Relations (G) Committee
 - i. *Financial Stability Task Force* to International Insurance Relations (G) Committee
 - j. *Joint Working Group on Microinsurance* to International Regulatory Cooperation (G) Working Group

2. **NAIC representation:**
 - a. *Priority 1 committees* (Executive, Technical; Solvency, Insurance Contracts, Reinsurance; Governance & Compliance, Budget, Working Party Chairs, ICP Review Task Force, Financial Stability Task Force, Microinsurance) – Commissioner or senior department staff as principal representative
 - b. *Priority 2 committees* (Implementation; Fraud, Financial Conglomerates, Accounting, Reinsurance Transparency) – NAIC staff as principal representative
 - c. *Priority 3 committees* (Laws & Regulations, Pension Coordination, Regional Coordination) – NAIC staff to monitor.

OECD

The Insurance and Private Pensions Committee (IPPC) of the Organization for Economic Cooperation and Development (OECD) gathers 31 developed countries in semi-annual meetings to discuss a variety of issues at meetings held semi-annually. The U.S. delegation is headed by the U.S. Department of Commerce, with participation by the NAIC and representatives from the U.S. private sector.

OECD Action Plan:

At the **OECD IPPC meetings**, the NAIC should:

1. Report on regulatory and market developments of interest and relevance to IPPC members.
2. Influence the development of insurance sector studies and analyses to ensure a fair and accurate representation of the U.S. system.
3. Support private sector efforts to encourage OECD work in the creation of well-regulated, competitive insurance markets, and education on the benefits of insurance to economic development.
4. Oppose OECD initiatives which overlap with international standard setting undertaken at the IAIS or Joint Forum, or which are inconsistent with the U.S. regulatory system.

Joint Forum

The Joint Forum is comprised of banking, securities and insurance regulators from the Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO) and the IAIS. The Joint Forum is focused on the analysis of regulatory issues that apply across the financial sectors.

Joint Forum Action Plan:

1. The International Committee should:
 - a. Provide input to the Officers on selection of a Commissioner to attend all meetings of the **Joint Forum** as representative of the IAIS, and
 - b. Influence the research and development of papers on cross-sectoral financial regulatory issues.
2. The NAIC participation, and comments on draft projects, should be coordinated by the International Insurance Relations (G) Committee, with input from other NAIC committees.

Financial Stability Forum

The Financial Stability Forum (FSF) convenes financial sector regulators and policymakers from highly developed countries¹, and representatives of international bodies² including the Basel Committee, IOSCO, and the IAIS. The United States is represented by the Federal Reserve Board, the U.S. Department of Treasury and the Securities and Exchange Commission (SEC).

The NAIC has participated in FSF meetings as chair of the IAIS, representing the insurance sector. Whenever the NAIC does not chair the IAIS Executive Committee, the NAIC should seek to participate as a member of the U.S. delegation to the FSF.

FSF Action Plan:

The NAIC should:

- Continue to cooperate with U.S. regulatory agencies on the **Financial Stability Forum** delegation,
- Participate actively in the IAIS Financial Stability Task Force, and
- Seek inclusion of the NAIC in the U.S. delegation to the FSF meetings.

II. INTERNATIONAL TRADE

NAIC interacts regularly with the Office of the U.S. Trade Representative (USTR) to advise the trade negotiators of U.S. insurance regulatory practices in the context of multilateral (General Agreement on Trade in Services (GATS)), regional, and bi-lateral trade agreements.

In connection with U.S. trade negotiations, the NAIC should work closely with the U.S. industry and federal trade officials to fully understand:

- U.S. industry's business objectives in other countries;
- The regulatory structure in place; and,
- The U.S. government's overall trade policies.

¹ United States, Canada, Japan, Australia, United Kingdom, Germany, France, Italy, Singapore, Hong Kong.

² International Financial Institutions (World Bank, International Monetary Fund (IMF), Organization for Economic Cooperation and Development (OECD)), International Regulatory and Supervisory Groupings (IAIS, IOSCO, BCBS, Financial Action Task Force (FATF), Joint Forum, International Federation of Accountants (IFAC)) Committee on the Global Financial System, European Central Bank.

Trade Action Plan:

The NAIC should assist in the efforts of U.S. industry and the U.S. government to:

- Open and maintain competitive, transparent, well-regulated markets;
- Enhance the stability of regulatory practices in those countries
- Eliminate unnecessary “reservations” to U.S. trade commitments, and
- Enhance consumer protections.

NAFTA

The NAFTA Subgroup coordinates the NAIC’s participation in the NAFTA Trilateral Insurance Working Group and the Financial Services Committee in the context of NAFTA and the Security and Prosperity Partnership.

NAFTA Action Plan: The NAIC should continue to participate in the **NAFTA Trilateral Insurance Working Group** to address cross-border insurance issues with Mexico and Canada.

Policy: With regard to discussions involving regulation of cross-border insurance:

- The NAIC should preserve the rights of states to supervise insurance in U.S., while exploring opportunities for “mutual recognition” with Canada and Mexico.
- The NAIC should work toward eliminating unnecessary barriers to cross-border insurance in North America.

III. REGULATORY COOPERATION

The NAIC engages in regulator-to-regulator dialogues with non-US regulators as a way of addressing issues of mutual concern. The principal objectives of these discussions are to facilitate information needs regarding cross-border insurance services; to coordinate policy and standard setting activities; and to address current regulatory issues and debates.

Regulatory Cooperation Action Plan:

1. **Europe:** The NAIC should maintain regular (minimum twice per year) regulator-to-regulator dialogues with EU insurance supervisors to address issues of mutual concern and to:
 - a. Educate each other about our regulatory systems, and discuss domestic regulatory issues.
 - b. Determine if there are opportunities for “mutual recognition”.
 - c. Coordinate EU and NAIC involvement in international fora, such as IAIS, OECD, Joint Forum, and FSF.
 - d. Explore ways of achieving convergence of insurance supervision.
 - e. Facilitate exchange of information among regulators to enhance domestic regulation.
2. **Other Countries:** The NAIC should meet often with regulators from other countries, according to a priority list and as issues arise.
 - a. Priority countries include: Japan, Switzerland, Hong Kong, India, Egypt, Vietnam, South Korea, Brazil, China, Russia, ASSAL (Latin American region), and Thailand.
3. **Other Dialogues:** The NAIC should participate in forums on international financial and regulatory policy together with other U.S. financial regulators.
 - a. Where financial regulatory “principals” participate, the NAIC should be represented by a Commissioner or senior department staff.
 - b. Where financial regulators are represented by staff, NAIC should be represented by NAIC International Relations staff.

Technical Assistance

The NAIC should engage in meaningful technical assistance activities, preferably in collaboration with (and funded by) other organizations (e.g., World Bank). Opportunities arise throughout the year to participate in training programs abroad.

The NAIC also conducts an International Internship Program which, since 2002, has placed insurance regulators from other countries in state insurance departments for on-the-job training. Initially instituted pursuant to an MOU with the China Insurance Regulatory Commission, the program has placed participants from China, Brazil, Korea, Egypt, Vietnam, India, Lebanon, Jordan, British Virgin Islands, Thailand, Albania, Bulgaria, Saudi Arabia, Serbia and Russia. Host states have included Alabama, Arkansas, California, Colorado, DC, Georgia, Hawaii, Illinois, Kentucky, Massachusetts, Montana, Nebraska, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Texas and Washington.

Technical Assistance Action Plan:

1. The NAIC should continue to offer an **International Internship Program** for non-US regulators twice per year.
 - a. Participants cover their own costs;
 - b. NAIC provides a scholarship program for up to 50% of interns' costs (four scholarships per semester per year)
 - c. NAIC covers the costs (lodging, U.S. transportation) of five interns from China Insurance Regulatory Commission (CIRC) through 2009; and,
 - d. NAIC contributes in kind in the form of an orientation program in Kansas City, and overall program management;
2. NAIC should participate in **training programs** abroad:
 - a. When they coincide with Member participation in local meetings (eg., IAIS training seminars held in conjunction with triennial meetings); or,
 - b. When they involve MOU countries.
3. **Representatives:**
 - a. NAIC should be represented at **technical assistance meetings** by Commissioners and Senior Department Staff, according to:
 - i. Prior participation in meetings with the jurisdiction's regulators;
 - ii. Special language or other relation to the jurisdiction.
 - b. NAIC Staff should provide to the Officers three candidates to choose from.
 - c. Prior to agreeing to participate, NAIC Staff should determine whether costs are covered by the host, or whether another source of funding from a government or non-profit entity is available.
4. NAIC should develop an **International Training Curriculum** for delivery to non-US regulators and encourage the participation of non-U.S. regulators in existing NAIC training programs.

NAIC 2008 International Calendar

Date	Meeting	Venue
January 15	IAIS (International Association of Insurance Supervisors) Conference: Strengthening Supervision in Emerging Markets	Beijing, China
January 28-29	IAIS Executive Committee Retreat	Brussels, Belgium
February 21-22	Joint Forum	Madrid, Spain
March 4	Swiss-NAIC Insurance Regulatory Dialogue	Basel, Switzerland
March 5-7	IAIS Triannual Meetings	Basel, Switzerland
March 14	NAFTA: Trilateral Insurance Working Group	Mexico City, Mexico
March 10-15	Association of Latin American Insurance Supervisors (ASSAL)	Buenos Aires, Argentina
March 18	US-Japan Financial Sector Working Group	Washington, DC
April 3-4	Geneva Association: "Towards a Global Architecture for Insurance Regulations and Supervision"	Geneva, Switzerland
April 8	US-China Financial Sector Working Group	Washington, DC
May 7-8	Organization for Economic Cooperation and Development (OECD)/US Treasury International Conference on Financial Education	Washington, DC
May 12-13	IAIS-CGAP Joint Working Group on Microinsurance	Hyderabad, India
May 14-16	US-China Insurance Regulatory Dialogue	Shanghai, China
May 19-23	ASSAL Annual Conference/Training Seminar	Madrid, Spain
June 5	EU: Financial Markets Regulatory Dialogue	Washington, DC
June 10	US-India Financial and Economic Forum	Washington, DC
June 16-18	IAIS Triannual Meetings	Seoul, Korea
June 18-20	IAIS Global Seminar	Seoul, Korea
June 19-20	Joint Forum	Washington, DC
June 25-27	OECD Insurance Committee	Paris, France
August 25-29	NAIC-Brazil Training on InsureU	Rio de Janeiro, Brazil
September [tent.]	NAIC-Thailand Working Group	Bangkok, Thailand
September 16-18	IAIS Conference on Integrating Microinsurance into the Financial System – Regulatory and Supervisor Issues	Basel, Switzerland
October 12-17	IAIS Triannual Meetings/Annual Conference	Budapest, Hungary
October 18	IAIS Executive Retreat	Budapest, Hungary
November 3-8	IAIS-CGAP Joint Working Group on Microinsurance	Cartagena, Columbia
November 6-7	Joint Forum	Sydney, Australia
November 11-14	IAIS-ASSAL-NAIC Training Seminar	San Salvador, El Salvador
December 4-5	OECD Insurance Committee	Paris, France