BEST'S REVIEW
www.bestreview.com July 2014

Speaking With ONE Voice

A proposal for state and federal agency coordination and collaboration on international insurance policy.

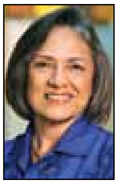
by Christina Urias

AUTHOR'S NOTE: This article's purpose is to offer a proposal for a formal U.S. state and federal interagency mechanism for coordination and collaboration of U.S. insurance policy on international insurance regulatory matters, which may arise from the Financial Stability Board, the International Association of Insurance Supervisors and other international standard-setting bodies.

In recognition of the rapid international insurance regulatory developments over the past year, particularly relating to the IAIS' impending development of a global capital standard for Global Systemically Important Insurers and Internationally Active Insurance Groups, and the relatively recent introduction of the Federal Insurance Office and the Board of Governors of the Federal Reserve into the international insurance regulatory arena, long held solely by state insurance regulators and the National Association of Insurance Commissioners, it is essential for the success of U.S. insurers in the global marketplace that these state and federal entities work collaboratively and collectively to develop and implement uniform U.S. policy on international insurance matters.

This article explores existing models at the Office of the United States Trade Representative and the Federal Financial Institutions Examination Council (for consideration to potentially establish an interagency commission with members from the NAIC/state insurance regulators, FIO and the Federal Reserve to create and establish binding agreement on U.S. policy, so as to speak with one voice on international regulatory-related insurance matters to best achieve the shared goals for the success of the U.S. insurance industry operating in the global community.

In addition to this coordination and dialogue, the process should include careful and formalized consultation with the Office of the United States Trade Representative to identify and respond to insurance-related international trade matters, leveraging the existing trade policy formulation process, which includes a robust mechanism to consult with state regulators through the Intergovernmental Policy Advisory Committee and other mechanisms.



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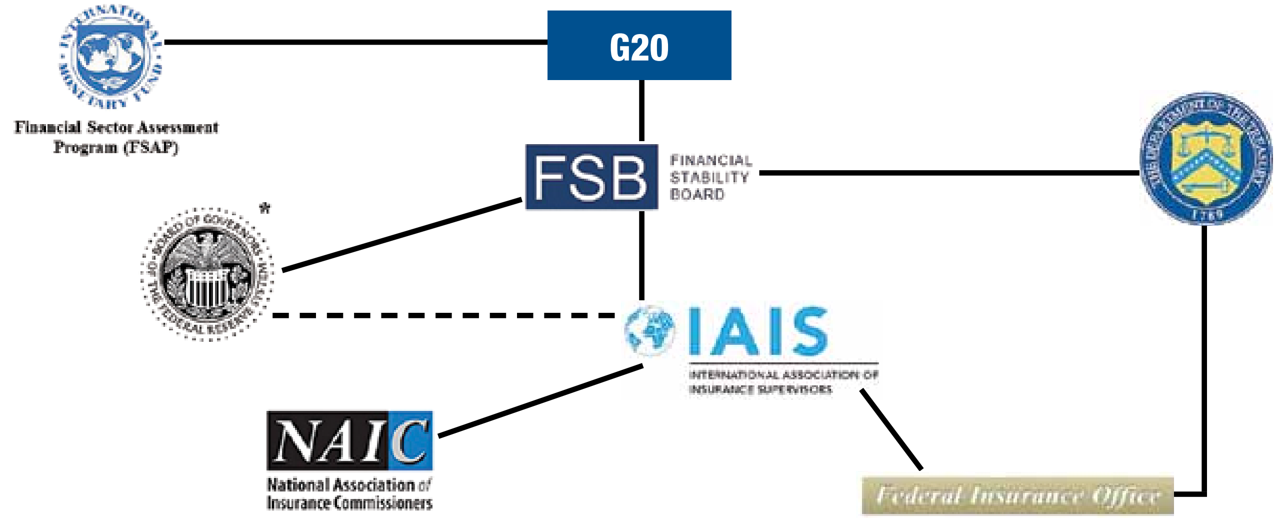
U.S. State-Based Insurance Regulation Is Key to the Solvency and Success of U.S. Insurers in the Global Insurance Marketplace

The basis and foundation for all insurance supervision in the United States is our national system of state-based insurance regulation, coordinated through the National Association of Insurance Commissioners. According to the NAIC and numerous private and governmental authorities, state regulators currently supervise the largest insurance market in the world. The support, database and infrastructure the NAIC provides for state-based insurance regulation in the United States are essential to the success of state-based insurance regulation and the solvency of U.S. insurers operating worldwide.

The National Association of Insurance Commissioners is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the United States. [*1*]

The history of U.S. state-based insurance regulation dates back nearly 150 years to the first NAIC meeting in 1871. Ongoing modernization of state-based insurance regulation has ensured the financial

Current U.S. Architecture Regarding International Insurance Regulatory Matters



* Approved as a provisional IAIS member in February 2014 pending election to full membership which is anticipated in October 2014 Annual Meeting.

solvency of the U.S. insurance market through every economic crisis in our history. The key modernization development of a risk-based capital solvency framework in the mid-1990s has proven to be a critical tool to the success of U.S. state-based regulation.[2] Most recently, the Solvency Modernization Initiative, beginning in 2008, includes a review of international developments regarding insurance supervision, banking supervision and international accounting standards and their potential use in U.S. insurance regulation.[3] Recently, the Solvency Modernization Initiative moved from its development phase to the implementation phase in the five critical areas of regulation studied under SMI: capital requirements, international accounting, insurance valuation, reinsurance and group supervision issues.[4]

New Players

Following the financial crisis in 2008 and the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010,[5] new players entered the well-established arena of state-based insurance supervision in the United States. The creation of the Federal Insurance Office[6] and the introduction of the Federal Reserve as a dual regulator of nonbank Significantly Important Financial Institutions,[7] as well as the consolidated supervisor for bank holding companies with insurance operations, makes the time ripe for consideration and development of a modernized architecture of federal and state interagency cooperation in U.S. insurance supervisory policy, to allow the United States to speak with one voice when the supervision of the insurance business in the United States extends beyond the states to matters affecting the solvency and regulation of nonbank SIFIs, and designations of Global Systemically Important Insurers and Internationally Active Insurance Groups. Recognition of the appropriate roles of all the players is essential to developing a modernized architecture for the benefit of U.S. insurers doing business across the globe.

The G7[8] established the Financial Stability Forum in 1999 to coordinate national authorities and sector-specific international groups of financial regulators and supervisors to develop, implement and promote standards and best practices to ensure global financial stability. In light of the global financial crisis in 2008, G20 leaders[9] took action to stimulate their individual economies and worked on international relationships to restore global economic growth and security in the world's financial system. In so doing, the G20 enlarged the FSF and officially changed its name to the Financial Stability Board in April 2009. The U.S. Department of Treasury, U.S. Board of Governors of the Federal Reserve System and the U.S. Securities and Exchange Commission represent the United States on the FSB.[10] The International Monetary Fund is represented on the FSB as an international organization and the International Association of Insurance Supervisors is also represented on the FSB as the standard-setting body for insurance supervision across the globe. U.S. state insurance regulators are not represented on the FSB and currently do not have a direct voice in FSB decisions and activities affecting global insurance markets and supervision. Notably, state regulators and the insurance industry have expressed concerns over the past year that the FSB activities and processes have encroached upon the standard-setting authority of the IAIS, both in the G-SII designation process and in a "bank-centric" approach to capital standards for insurers.[*11*]

Title V of the Dodd Frank Act created the Federal Insurance Office as part of the U.S. Department of the Treasury generally, to "promote national coordination of the insurance sector," "monitor all aspects of the insurance industry" and "consult with the state regulators on insurance matters of national and international importance." In particular, FIO is to advise the Secretary of the Treasury on domestic and prudential aspects of international insurance matters of importance, while performing the following functions:

• Monitor all aspects of the insurance industry, including identifying issues or gaps in the regulation of insurers that could contribute to a systemic crisis in the insurance industry or the United States financial system.

• Monitor the extent to which traditionally underserved communities and consumers, minorities and low and moderate income persons, have access to affordable insurance products regarding all lines of insurance except health insurance.

• Recommend to Financial Stability Oversight Council that it designate an insurer, including the affiliate of such insurer, as an entity subject to regulation as nonbank financial company supervised by the Federal Reserve.

• Assist the secretary in administering the Terrorist Insurance Program established in the Department of Treasury under the Terrorism Risk Insurance Act.

• Coordinate federal efforts and develop federal policy on prudential aspects of international insurance matters, including representing the United States as appropriate in the International Association of Insurance Supervisors (or successor entity) and assisting the secretary in negotiating covered agreements.

• Determine whether state insurance measures are pre-empted by covered agreements.

• Consult with the states (including state insurance regulators) regarding insurance matters of national importance and prudential international insurance matters.

• Perform such other related duties and authorities as may be assigned to the Office of the Secretary.[*12*]

The FIO is also authorized to collect data and information on the business of insurance and assist the Secretary and the United States Trade Representative in negotiating covered agreements relating to insurance matters in the international context. While the FIO has the duty to collect, monitor, recommend, assist and consult, it does not have the authority to supervise or regulate the business of insurance. However, considering the scope of FIO's duties and responsibilities, it is essential that FIO work collaboratively with state insurance regulators to perform those required functions to help achieve optimal results for the economic growth and financial stability of the U.S. insurance industry nationally and across the globe.

The Dodd-Frank Act's Title I also established the Financial Stability Oversight Council and delegated FSOC with the responsibility of designating nonbank financial companies that represent potential threats to U.S. financial stability and the broader economy from the types of risks that gave rise to the 2008 financial crisis.[*13*] An FSOC designation subjects the nonbank financial companies to enhanced prudential standards and consolidated supervision by the Board of Governors of the Federal Reserve System.[*14*] Coincidentally perhaps, following the FSB's designation of American International Group and Prudential Financial as G-SIIs, FSOC also designated AIG and Prudential as SIFIs subject to consolidated supervision and enhanced prudential standards, with MetLife as another candidate for SIFI designation in the future.[*15*] While AIG will continue to be under the supervision of the Federal Reserve of New York, Prudential will be subject to supervision by the Federal Reserve of Boston.

A new player in the insurance regulatory process, the Federal Reserve Bank of Boston has been recruiting for at least a half-dozen top-level insurance supervisory positions plus support staff to prepare for regulating Prudential Financial as a SIFI;[*16*] AIG has been subject to New York Fed supervision as a savings and loan institution since August 2012. Despite their existing role in bank holding company supervision, the Federal Reserve's relatively recent entry into the international insurance supervisory arena has a long way to go in developing the regulatory experience and expertise that state regulators have held for more than a century. The Fed's recent move to add the expertise of the former Connecticut insurance commissioner as an insurance regulatory adviser is an important step in the right direction.

In the interest of the strength, economic growth and financial stability of U.S. insurers operating here and abroad, it is essential that these current players—state insurance regulators and the NAIC, FIO and the separate offices of the Federal Reserve—establish an interagency coordinating mechanism for collaboration and cooperation in the development of U.S. supervisory policy and uniform positions on international insurance regulatory matters affecting U.S. insurers at home and abroad. Under our current system, no one player can unilaterally speak for, or command and control, the others in advocating, determining and implementing U.S. insurance supervision policy on international regulatory matters affecting U.S. insurers. Therefore, it is essential for these governmental entities to establish a mechanism to work together to speak with one voice on U.S. insurance regulatory policy to all standard-setting bodies, including the IAIS, and to all jurisdictions abroad.

Divergent Views, Developing Issues

The IAIS was originally established in 1994, largely through the efforts of the NAIC and U.S. state insurance regulators, to serve as "the international standard-setting body responsible for developing and assisting in the implementation of principles, standards and other supporting material for the supervision of the insurance sector" across the globe. State insurance regulators collaborate through the NAIC and develop U.S. state regulator policy and participate in and support IAIS activities and Insurance Core Principles development. The NAIC, together with FIO and soon-to-be IAIS members, the Federal Reserve, will collectively represent the interests of U.S. federal and state governments and the U.S. insurance industry at the IAIS.

"The mission of the IAIS 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."[*17*] The IAIS developed the Insurance Core Principles that provide a globally accepted framework for the regulation and supervision of the insurance sector.[*18*] "The Common Framework for the Supervision of Internationally Active Insurance Groups is a set of international supervisory requirements focusing on the effective groupwide supervision of Internationally Active Insurance Groups. Under development since 2010, ComFrame is built and expands upon the high-level requirements and guidance currently set out in the IAIS Insurance Core Principles, which generally apply on both a legal entity and groupwide level."[*19*] Scheduled for field-testing starting this year, the IAIS expects formal adoption of ComFrame in 2018.

ComFrame development has been the subject of much discussion in international insurance circles over the past few years, particularly regarding the speed of its development and the divergent views on including a group capital requirement vs. a group capital assessment in its framework. U.S. insurance regulators opposed a strict regulatory group capital requirement and have supported the development of ComFrame to the extent that it results in an outcomes-focused framework that enhances supervision of IAIGs.[*20*]

In July 2013, the Financial Stability Board issued a directive to the IAIS "to develop a comprehensive, group-wide supervisory and regulatory framework for Internationally Active Insurance Groups including a quantitative capital standard."[*21*] Despite U.S. state regulator opposition, in October 2013, the IAIS responded to the July 18, 2013 FSB directive and began development of a quantitative capital standard for IAIGs, generally described as a risk-based global Insurance Capital Standard as part of ComFrame, utilizing the development of Basic (formerly "Backstop") Capital Requirements as a basis for the formulation of Higher Loss Absorbency requirements and the eventual formulation of an Insurance Capital Standard. Illustrating the exceptional speed of these international regulatory developments, in December 2013 the IAIS published its BCR proposal for global systemically important insurers.[*22*] Public consultation for this proposal was completed Feb. 3, 2014.

Notably, the IAIS is an FSB member and the Department of the Treasury is one of the U.S. members of the FSB that directed the IAIS in July 2013 to implement a "quantitative capital standard" for IAIGs in ComFrame. FIO is a part of the Department of the Treasury, yet one month before the FSB issued this Global Capital Standard Directive for IAIGs, FIO issued its June 2013 Annual Report on the Insurance Industry and reported: "ComFrame does not intend to set or require an insurance group to meet a global capital standard."[*23*] The FIO director serves as the chair of the IAIS Technical Committee, the committee responsible for ComFrame development—the committee that now, contrary to the June 2013 FIO Annual Report, intends "to require an insurance group to meet a global capital standard" in ComFrame.

The NAIC/state regulators also serve on the IAIS Technical Committee and have an equal voice in committee decisions so that, when it comes to the eventual IAIS Technical Committee decisions on BCR, HLA and ICS group capital standards and requirements for G-SIIs and IAIGs, it is essential that FIO, state regulators/NAIC and the Federal Reserve speak with one consistent voice on these critical issues and all other related matters affecting U.S. insurers in this regard. With this rapid turnabout from the IAIS on group capital standards and requirements in ComFrame, inconsistent voices from state and federal governments can only work to the detriment of the United States and U.S. insurers in the global insurance marketplace.

FSB Aug. 27, 2013 Peer Report[*24*]

Pursuant to its charter, the FSB conducts peer reviews[*25*] of G20 member jurisdictions to assess the effectiveness of regulatory and supervisory processes, including compliance with the IMF's Financial Sector Assessment Program.[26] Interestingly, one of the main findings of the U.S. Peer Review Report described a "complex and fragmented U.S. regulatory and supervisory structure, characterized by multiple agencies at the state and federal levels with closely related (and sometimes overlapping) responsibilities"[27] and the report recommended a migration toward federal regulation of insurance to obtain "greater regulatory uniformity."[28]

The NAIC response to the Peer Review Report was quick and direct, pointing to the benefits and successes of the national state-based system of insurance regulation during the financial crisis—in contrast to the failure of other more centralized financial regulatory approaches in the United States and abroad—and stated that the report "fails to provide a factual basis for justifying a transfer of power from the states to the federal government, and beyond the vague notion of uniformity for uniformity's sake, does not identify a clear problem that such a transfer would solve."[29]

The debate over state versus federal insurance regulation is nothing new to the U.S. insurance industry and regulatory community, and the arguments pro and con will no doubt continue to one degree or another for some time. But that issue aside, state and federal governmental entities must now deal with the current architecture of the U.S. insurance regulatory system: State regulators direct and control regulation of the business of insurance in the United States, and FIO and the Federal Reserve have important, although ancillary obligations, authorities and responsibilities.

The rapid IAIS developments toward global capital standards, and the many more international insurance policy issues expected to arise over the next year or two, demonstrate the immediate critical need for the U.S. to establish an interagency mechanism for coordination and collaboration to develop uniform policy positions on these issues between NAIC/state regulators, FIO and the Federal Reserve for the continued economic success and financial stability of the U.S. insurance industry.

Indeed, the U.S. Peer Review Report acknowledged the existing "information sharing and coordination between state regulators and federal authorities," and "some efforts to coordinate positions at the international level."[30] Building upon those efforts is essential to establish the state and federal interagency mechanism necessary to ensure a strong, consistent voice on U.S. insurance policy positions at the international level.

The Next U.S. FSAP Is Fast Approaching

In addition to these globally significant developments, the next IMF Financial Sector Assessment Program evaluation of the U.S. regulatory system is fast approaching and coordination and collaboration among the players will be essential to a successful FSAP review for the United States, particularly regarding new ICP 23 Group Supervision requirements. In the last U.S. FSAP (2009), the program's team assessed state insurance regulatory system against 28 ICPs, and found that the United States observed or largely observed 25 of the 28 international standards in place at that time.[31]

The U.S. 2010 FSAP Report acknowledged the "world leading" role that the national state-based system of insurance regulation played in providing strength and stability during the 2007-2008 financial crisis, noting that "strong regulation contributed to the overall resilience of the insurance sector."[32]

Nonetheless, the 2010 U.S. FSAP Report[33] noted a weakness in the U.S. regulatory approach that focuses primarily on the financial soundness of individual insurance companies and recommended more supervisory focus at a group level, including assessment of the financial condition of the whole group of which a licensed insurance company is a member.

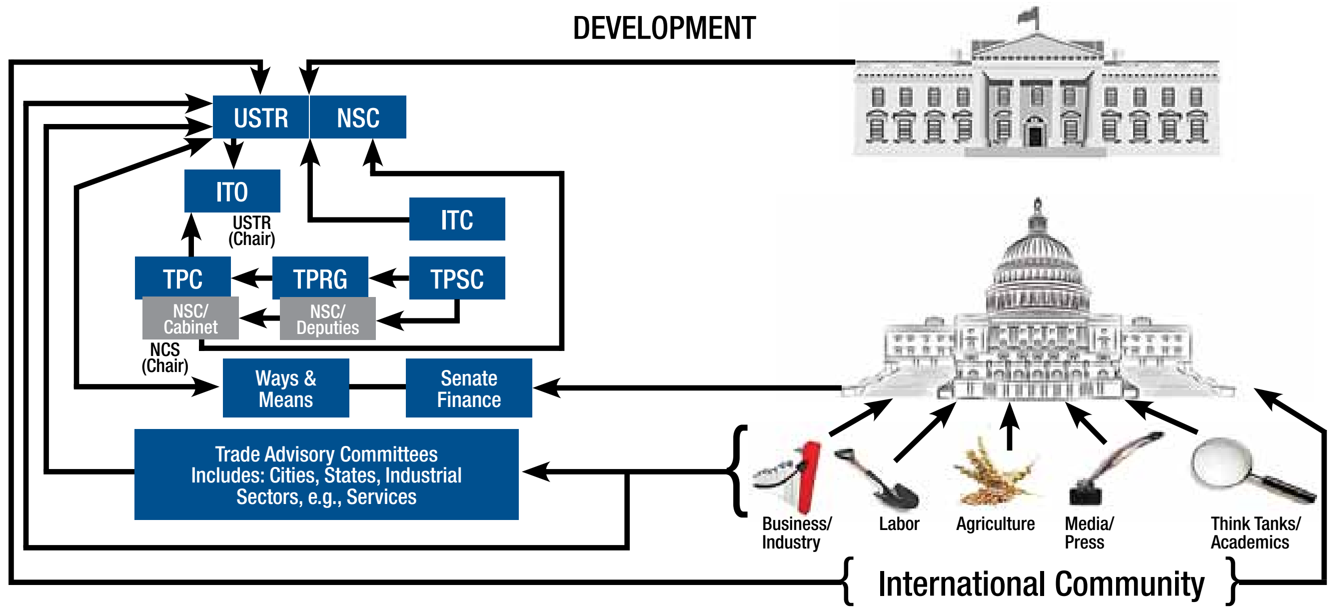
Under SMI, state regulators have made great strides in improving groupwide supervision and supervisory college development since the 2010 FSAP Report, including amending the Model Holding Company Act to expand groupwide supervision authority, enhancing risk-focused examination processes on group issues and increasing the frequency and improving best practices in conducting supervisory colleges for U.S.-based international groups.

The problem now is how best to integrate the well-established strengths of NAIC and state-based regulation authority with the interests and obligations of FIO and the Federal Reserve to create interagency consensus and agreement on insurance regulatory policy so as to present a unified vision and a single U.S. position in the international arena to achieve the best possible results for economic growth and financial stability in the U.S. insurance industry nationally and in the global community.

In addition to this coordination and dialogue, the process should include careful and formalized consultation with the U.S. Trade Representative to identify and respond to insurance-related international trade matters, leveraging the existing trade policy formulation process, which includes a robust mechanism to consult with state regulators through the Intergovernmental Policy Advisory Committee and other mechanisms.

The United States Trade Representative/National Security Council Model – The Interagency Trade Policy and Agreement Formulation Process

U.S. Trade Policy Development Under USTR-Led Interagency Process



One option is to consider the architecture established for the development, coordination and implementation of U.S. trade policy.

Through a cooperative interagency structure, the Office of the U.S. Trade Representative, the Trade Policy Committee, Trade Policy Review Group, Trade Policy Staff Committee and the National Security Council, successfully coordinate U.S. trade policy, resolve disagreements and frame issues for presidential decision on U.S. trade matters.

The USTR conducts interagency consultations with the departments of State, Treasury and Commerce, and as necessary with Agriculture, Labor, Justice and Defense and state and local governments.

Informal interagency coordination occurs based upon the importance of the decisions at issue: the NSC convenes cabinet-level review (including USTR) for "big" decisions; NSC deputies convene review for non-routine matters and the Trade Policy Staff Committee handles "routine matters."[34]

Although best known for the creation of a power-sharing agreement between the president and Congress called "fast track authority" (or, "trade promotion authority"), the Trade Act of 1974 also created an advisory committee structure, with formal membership and terms of service for individual general policy advisory committees on various trade issues (industry, labor, agriculture, service, investment, defense and other interests, respectively, including small business interests).[35]

Operating through these advisory committee structures and USTR's well-established operating mechanisms, including public hearings and input from private sector entities, think tanks, trade associations and consumer groups, it maintains consistent consultations with Congress and secures consensus from stakeholders in the development of trade agreements for congressional "fast track" consideration and implementation. "Various interagency coordinating mechanisms have been used for bringing together conflicting views and interests and resolving them so that there can be consistent and balanced national trade policy."[36]

The U.S. International Trade Commission is the single most important source of data and advice on U.S. trade policy; however, private and public sector advisory committees established under the Trade Act of 1974 also provide ongoing advice.

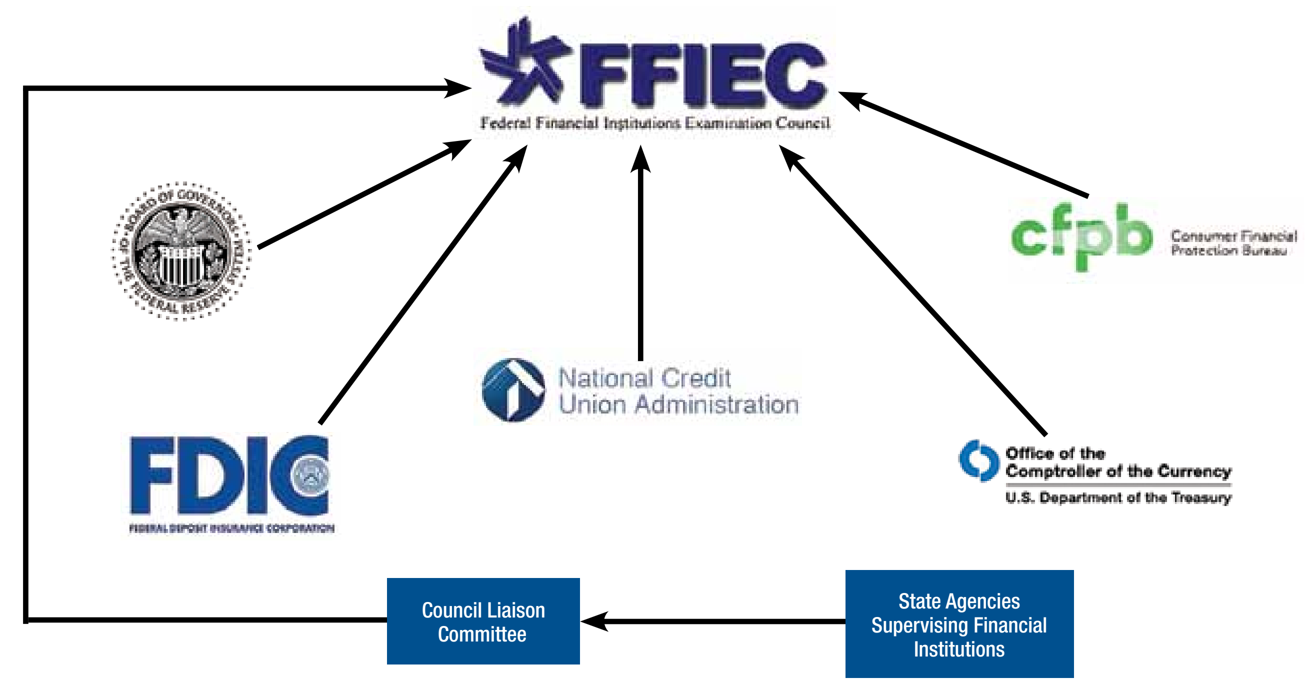
USTR manages the advisory committees under a three-tier process: A first-tier advisory group consists of presidential appointees who provide overall guidance in specific areas; second-tier policy advisory committees represent overall economic sectors advising on impact of trade policy on particular sectors; and a third tier of experts in various fields provide specific technical information to the process.[37]

The USTR uses this interagency trade organization process to create the principal interagency forum to assist the president and Congress on international trade policy in the United States.

This interagency process can provide a coordination and collaboration model between the NAIC/state insurance regulators, FIO and the Federal Reserve to create a similar interagency committee structure, with input coming from the industry as well as consumers, to develop consensus and implement uniform U.S. insurance supervisory policy on international insurance matters.

The Federal Financial Institutions Examination Council Model

Development of Uniform Principles, Standards, and Reporting for the Federal Examination of Financial Institutions Under the Federal Financial Institutions Examination Council (FFIEC) Process



The Federal Financial Institutions Examination Council is another established model for a possible insurance interagency mechanism to promote uniformity and consistency in U.S. insurance supervisory policy on international insurance matters.

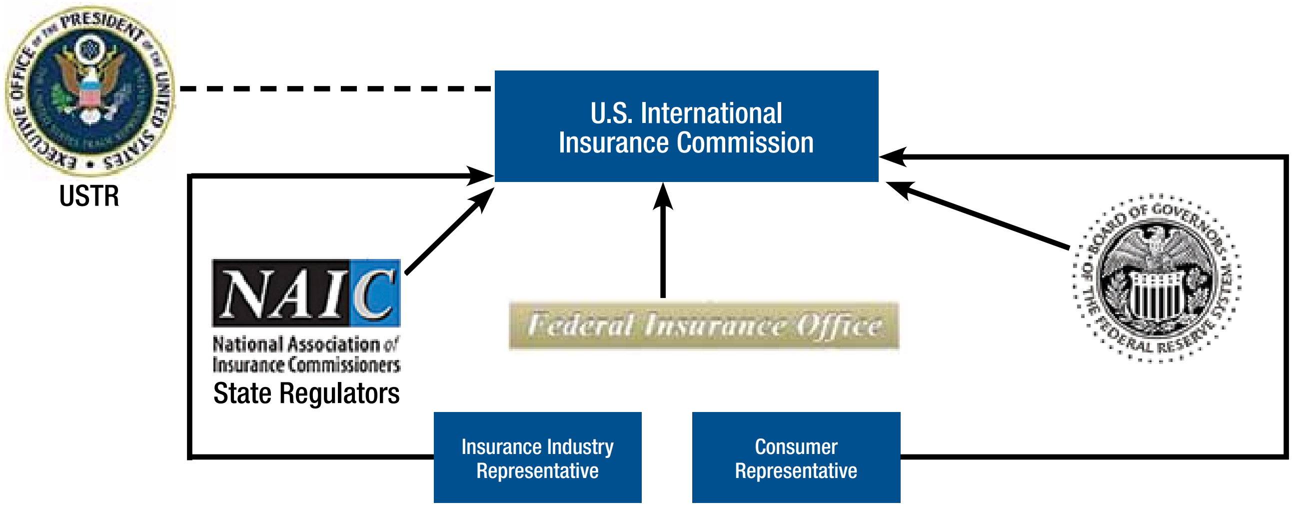
"The council is a formal interagency body empowered to prescribe uniform principles, standards, and reporting for the federal examination of financial institutions by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corp., the National Credit Union Administration, the Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau, and to make recommendations to promote uniformity in the supervision of financial institutions."[*38*]

Established in 1979, the council prescribes uniform principles, standards and reporting requirements for state and federal regulatory supervision of financial institutions, their holding companies and their nonfinancial subsidiaries. The chairmanship of the council rotates every two years among council members, and members can delegate council duties to their respective agency employees. Council member agencies share the costs and expenses of the council through annual assessments.

To ensure broad consistency in examination principles, a council liaison committee composed of state agencies that supervise financial institutions meets regularly with the council. Most importantly, the council makes recommendations for uniformity in supervisory matters, identifying financial institution risks and evaluating the adequacy of supervisory tools for determining the impact of holding company operations on the financial institutions within the holding company system.[*39*]

In short, the Federal Financial Institutions Examination Council has an architectural interagency model for creating uniformity and regulatory cooperation between federal and state agencies with differing responsibilities and supervisory authority over financial institutions that may be followed in the insurance context.

Proposal Modeled on USTR-led Interagency Process and FFIEC Framework



Thus, a well-established precedent under the USTR and Federal Financial Institutions Examination Council models suggests an appropriate avenue for NAIC/state regulators, FIO and the Federal Reserve to formulate consistent and uniform U.S. international insurance policy relating to international standard setting bodies to ensure the economic growth and financial stability of the U.S. insurance industry. Whether by congressional action or binding interagency agreement, these state and federal agencies should establish a formal architecture for the formation of U.S. insurance supervisory policy affecting U.S. insurers in international insurance matters. Once established, it should be the responsibility of each state and federal agency to then communicate, promulgate and implement such U.S. policy or position to international bodies, to the extent applicable.

It is reasonable that the proposed architecture should consist of a commission with members from the NAIC/state insurance regulators, FIO and the Federal Reserve, each member serving for an equal set term of years, with a rotating chairperson from each of these three agencies serving as chairperson for a set number of years. Membership could be weighted in light of the respective roles that each agency plays in the regulation of insurance.

There should be regular input and liaison with an industry and consumer representative, and formal consultation with USTR as may be necessary to leverage existing trade policy formulation on insurance-related international trade matters, in order for the commission to establish uniform U.S. insurance policy on international insurance matters and requirements, particularly emanating from the FSB and the IAIS. The NAIC/state regulators, FIO and the Federal Reserve share the important goals of economic growth and financial stability for the U.S. insurance industry. Financial stability is essential to protect consumers, here and abroad. A binding interagency agreement on how these state and federal agencies can best achieve these shared goals is not only good policy, it is a formula for success—consistency and stability for U.S. insurers operating in global insurance markets.

Critical groupwide capital and related financial requirements for G-SIIs and IAIGs currently under consideration at the IAIS and FSB underscore the need to create a mechanism for collaboration and cooperation as quickly as possible. The importance of U.S. governmental agencies speaking with one voice on the necessity, calibration and application of group capital requirements cannot be understated. State regulators already speak with one voice internationally, through the NAIC, and although FIO and the Federal Reserve may speak for the federal government in different respects, neither has the broad regulatory authority the state regulators command over the business of insurance in the United States.

This proposal for a shared authority under a joint commission of responsibility would create a certainty in U.S. position and policy that does not currently exist under the vague ad hoc communications on international insurance matters that periodically occur between the NAIC/state regulators, FIO and the Federal Reserve.

For all the foregoing reasons, and for the benefit of the U.S. insurance industry, these state and federal agencies should consider this proposal for the creation of an interagency mechanism for coordination and collaboration on U.S. insurance supervisory policy in international insurance matters. BR

Footnotes

[*1*] *http://www.naic.org/index_about.htm* About the NAIC.
[*2*] *http://www.naic.org/documents/about_faq.pdf* NAIC Frequently Asked Questions.
[*3*] *http://www.naic.org/documents/committees_e_isftf_related_white_paper_state-based_financial_reg_smi_130825.pdf* NAIC White Paper: The U.S. National State-Based System of Insurance Financial Regulation and the Solvency Modernization Initiative; formally adopted by NAIC Executive Committee and Plenary, Dec. 18, 2013.
[*4*] *http://www.naic.org/index_smi.htm* Solvency Modernization Initiative.
[*5*] P.L. 111-203, 12 U.S.C. 5301 et seq.
[*6*] Subpart A of the Federal Insurance Office Act of 2010 ((31 U.S.C.§ 313, et seq.); Title V, Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203, 12 U.S.C. 5301 et seq. (July 21, 2010).
[*7*] Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203, 12 U.S.C. 5301 et seq. (July 21, 2010); see also International Association of Insurance Supervisors (IAIS) designations of Global Systemically Important Insurers (G-SIIs). http://www.iaisweb.org/Supervisory-Material/Financial-Stability-Macroprudential-Policy-Surveillance-988
[*8*] *http://www.g8.co.uk/* Formed in 1975, the G7 is a forum of the finance ministers of the seven wealthiest nations in the world—United States, France, Germany, Italy, Japan, UK and Canada—to discuss global economic issues. The G7 was formerly the G8; Russia was voted out of membership earlier this year.
[*9*] *http://www.g20.org/* The G20 is a forum established in 1999 that meets annually for member countries to work together to improve and enhance job creation and global economic growth.
[*10*] *http://www.financialstabilityboard.org/* Financial Stability Board.
[*11*] *http://www.naic.org/Releases/2014_docs/naic_urges_input_fsb_process.htm* NAIC Urges U.S. Insurance Regulatory Input into FSB Process. *http://www.naic.org/Releases/2013_docs/fsb_systemic_designations.htm* NAIC Weighs In on FSB Systemic Designations.
[*12*] Title V, Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203, 12 U.S.C. 5301 et seq. (July 21, 2010). FIO's statutorily mandated Report to Congress on How to Modernize and Improve the System of Insurance Regulation in the United States, published in December 2013, sets forth an analysis on possible areas for federal involvement in certain aspects of insurance regulation. It remains to be seen if and to what extent the recommendations from the FIO report will be implemented, as state regulators remain in charge of regulating the business of insurance in the United States. Nonetheless, FIO is an important new player with a significant role to play in international developments, particularly at the IAIS. *http://www.treasury.gov/initiatives/fio/reports-andnotices/Documents/How%20to%20Modernize%20and%20Improve%20the%20System%20of%20Insurance%20Regulation%20in%20the%20United%20States.pdf*
[*13*]*http://www.treasury.gov/initiatives/fsoc/Documents/FSOC%202013%20Annual%20Report.pdf* The Dodd-Frank Act charged FSOC with three primary purposes: 1) To identify risks to the financial stability of the United States that could arise from the material financial distress, failure or ongoing activities of large, interconnected bank holding companies or nonbank financial companies, or that could arise outside the financial services marketplace; 2) To promote market discipline by eliminating expectations on the part of shareholders, creditors and counterparties of such companies that the U.S. government will shield them from losses in the event of failure; 3) To respond to emerging threats to the stability of the U.S. financial system.
[*14*] Title I, Dodd-Frank Wall Street Reform and Consumer Protection Act, P.L. 111-203, 12 U.S.C. 5301 et seq. (July 21, 2010).
[*15*] *http://www.treasury.gov/press-center/press-releases/Pages/jl2169.aspx; http://www.treasury.gov/press-center/press-releases/Pages/jl2004.aspx; MetLife reaches stage three of SIFI designation process: https://www.metlife.com/about/press-room/index.html?compID=104320* These designations were not without controversy. Roy Woodall, the one insurance expert with a vote on FSOC, and Edward DeMarco, director of the Federal Housing Finance Agency, dissented on these SIFI designations, and nonvoting member, Director John Huff, representing the NAIC, also filed a dissent on the designations.
[*16*] *http://www.bostonfed.org/about/employment/apply.htm* Apply for a Job.
[*17*] *http://www.iaisweb.org/About-the-IAIS-28* About the IAIS.
[*18*] *http://www.iaisweb.org/Supervisory-Material/Insurance-Core-Principles-795* The IAIS originally issued the first set of ICPs in 1997 as the fundamental elements of insurance supervision.
[*19*] *http://www.iaisweb.org/Supervisory-Material/Common-Framework-765* ComFrame has three main objectives: 1) developing methods of operating groupwide supervision of Internationally Active Insurance Groups; 2) establishing a comprehensive framework for supervisors to address groupwide activities and risks and also sets rounds for better supervisory cooperation; and 3) fostering global convergence.
[*20*] *http://www.naic.org/documents/committees_g_comframe_position_statements.pdf* U.S. Insurance Regulators' Views: IAIS Common Framework for the Supervision of Internationally Active Insurance Groups; August 2013. This URL takes you to a December 2013 document..
[*21*] *http://www.financialstabilityboard.org/publications/r_130718.htm* Global Systemically Important Insurers and the Policy Measures that will apply to them (para. 8).

[22] *http://www.iaisweb.org/News/Consultations/Basic-Capital-Requirements-1141* Basic Capital Requirements For Globally Systemically Important Insurers: Proposal; Dec. 16, 2013. Comments due by Feb. 3, 2014.
[23] *http://www.treasury.gov/initiatives/fio/reports-and notices/Documents/FIO%20Annual%20Report%202013.pdf* Annual Report on the Insurance Industry, Federal Insurance Office, U.S. Department of the Treasury, Completed pursuant to Title V of the Dodd-Frank Wall Street Reform and Consumer Protections Act, June 2013, Section IV.D.2(p. 46). The FIO Annual Report further states that the IAIS July 2012 objectives were to develop a "system leading to comparability and consistency of application across IAIGs for solvency analysis of those IAIGs."
[24] *http://www.financialstabilityboard.org/publications/r_130827.htm* Peer Review of the United States, Review Report, Aug. 27, 2013.
[25] Id at p. 6. FSB conducts peer reviews in three areas: systemic risk oversight arrangements; supervision and oversight of financial market infrastructures; and insurance supervision.
[26] *http://www.imf.org/external/index.htm; http://www.imf.org/external/np/fsap/fssa.aspx* The IMF established the FSAP in 1999 as a comprehensive and in-depth assessment of a country's financial sector, including the insurance sector. Supported by experts from a range of national agencies and standard-setting bodies, the FSAP aims to: identify the strengths and vulnerabilities of a country's financial system in order to reduce crises; evaluate key sources of risk management; ascertain the financial sector's developmental and technical assistance needs; and help prioritize policy responses. *http://www.naic.org/cipr_topics/topic_fsap.htm* The IMF conducts FSAPs on major jurisdictions every five years and uses the ICPs as the benchmark for evaluation of insurance supervisory regimes across the globe.
[27] *http://www.financialstabilityboard.org/publications/r_130827.htm* Peer Review of the United States, Aug. 27, 2013; Main Findings (p. 6, asserting the complexity and fragmentation of multiple state and federal agencies in all three areas of review, including insurance).
[28] Id. Insurance Supervision, (p. 9-10).
[29] *http://www.naic.org/documents/naic_response_fsb_peer_review.pdf* NAIC letter to Andreas Dombret, FSB Peer Review, June 27, 2013; see also, NAIC Comments, Aug. 29, 2013 http://www.naic.org/fsb_statement_leonardi_130829.htm
[30] *http://www.financialstabilityboard.org/publications/r_130827.htm* Peer Review of the United States, Aug. 27, 2013 (p. 33).
[31] *http://www.iaisweb.org/Supervisory-Material/Insurance-Core-Principles-795* The IAIS has continuously revised, consolidated and amended the ICPs, instituting significant revisions in October, 2011 (and approving additional changes most recently in October, 2013) and reducing the number of ICPs from 28 to 26. Currently, ICP 23 Group-wide Supervision is under consideration for modification in light of recent global developments, particularly relating to G-SIIs and IAIGs. However, the basics remain the same: ICPs consist of Principle Statements supported by standards and underlying guidance for each principle. The IMF FSAP process is a thorough on-site and off-site evaluation of a jurisdiction's compliance with the ICPs. The FSAP team rates the jurisdiction's insurance supervisory authority as to its level of observance of each ICP as follows: Observed—whenever all the standards are considered to be observed or when all the standards are observed except for a number that are considered not applicable. Not Applicable—when the ICP is considered to be not applicable. Largely Observed—where only minor shortcomings exist, which do not raise any concerns about the authorities' ability to achieve full observance. Partly Observed—where, despite progress, the shortcomings are sufficient to raise doubts about the authorities' ability to achieve observance. Not Observed—where no substantive progress toward observance has been achieved. *http://www.imf.org/external/np/exr/facts/fsap.htm*
[32] *http://www.naic.org/cipr_topics/topic_fsap.htm* The Financial Sector Assessment Program, last updated Dec. 6, 2013. The IMF 2010 U.S. FSAP assessment report specifically acknowledged areas where the NAIC and state insurance regulators are "world leading," including national data collection and analysis capabilities.
[33] *http://www.imf.org/external/pubs/ft/scr/2010/cr10126.pdf* Financial Sector Assessment Program, United States of America; IAIS Insurance Core Principles Detailed Assessment of Observance, May, 2010.
[34] *http://www.U.S.tr.gov/about-U.S./history* History of the United States Trade Representative. See also 19 U.S.C. § 1801 (Sec. 242), The Trade Expansion Act, October 1962.
[35] 19 U.S.C. §2155 (Sec. 131-135), The Trade Act of 1974; see also, The Federal Advisory Committee Act (FACA) 5 U.S.C. app.; PL 92-463 (1972)). Although the last TPA grant in 2002 has expired, a proposal to renew TPA authority and related trade agreement and negotiation policy is currently under consideration in Congress. See the Bipartisan Congressional Trade Priorities Act of 2014.
[36] 111th Congress, 2nd Session Committee on Ways and Means, U.S. House of Representatives, WMCP 111-6, Overview and Compilation of U.S. Trade Statutes, (December 2010 Edition) p. 386.
[37] *http://www.U.S.tr.gov/about-U.S./mission* Mission of the USTR.
[38] *http://www.ffiec.gov* Federal Financial Institutions Examination Council.
[39] Title X, Financial Institutions Regulatory and Interest Rate Control Act of 1978, Public Law 95-630, 12 U.S.C 3301-3308.