

**DEPARTMENT OF THE TREASURY  
FEDERAL ADVISORY COMMITTEE ON INSURANCE (FACI)  
MINUTES – February 18, 2021**

The Federal Advisory Committee on Insurance (FACI) convened at 12:35 pm on 18 February 2021 via videoconference, with Dan Glaser, Chair, presiding.

In accordance with the Federal Advisory Committee Act, the meeting was open to the public.

**Committee Members Present**

DAN GLASER, Marsh McLennan (Chair)  
ERIC ANDERSON, Aon  
AMY BACH, United Policyholders  
BIRNY BIRNBAUM, Center for Economic Justice  
QUINCY BRANCH, Branch Benefits Consultants  
RAVEN COLLINS, Oregon Division of Financial Regulation (proxy for Andrew Stolfi)  
BETH DWYER, Rhode Island Insurance Division  
ROB FALZON, Prudential  
LUCY FATO, AIG  
STEPHANIE HAAS, Amerisure (proxy for Greg Crabb)  
DOUG HELLER, Consumer Federation of America  
GEORGE KEISER, North Dakota House of Representatives  
JAMES KELLEHER, Liberty Mutual  
PETER KOCHENBURGER, University of Connecticut School of Law  
TRACEY LAWS, Athene (proxy for Bill Wheeler)  
SEAN McGOVERN, AXA XL  
MANDY ROE, Kansas Insurance Department (proxy for Vicki Schmidt)  
MARK THRESHER, Nationwide  
BETSY WARD, MassMutual

**Department of Treasury Staff Present**

STEVEN SEITZ, Director, Federal Insurance Office (FIO)  
LINDSEY BALDWIN, Senior Insurance Regulatory Policy Analyst, FIO (Designated Federal Officer)

## **Welcome and Opening Remarks**

Chairman Glaser began the meeting by reviewing the progress made by FACI in 2020 on several key priorities, and thanked the membership for their support and dedication to the FACI. Chairman Glaser noted that despite the immense challenges brought by the pandemic, FACI held four meetings, each with full agenda and substantive debate on critical issues facing the industry. The FACI also created a new COVID-19 subcommittee with two workstreams (protection and preparedness). The COVID-19 subcommittee's "protection" workstream invited numerous speakers to brief FACI on the forward-looking pandemic risk programs being contemplated by the industry, which are intended to better prepare the U.S. economy against future pandemics. The COVID-19 subcommittee's "preparedness" workstream prepared draft recommendations to streamline certain industry processes and improve agility in a post-COVID society.

Chairman Glaser noted that the International subcommittee led substantive discussions about FIO's international work and presented draft recommendations designed to promote U.S. interests at the International Association of Insurance Supervisors (IAIS) and in foreign insurance markets. He added that the Availability subcommittee led essential conversations about key societal issues facing the insurance industry and the availability of insurance across a broad spectrum of products. Chairman Glaser concluded his summary by noting that FACI debated recommendations from three of the five subcommittees in 2020.

Chairman Glaser reviewed the meeting agenda:

- FIO update from Director Seitz.
- International subcommittee discussion on market access and FIO's request for information on the insurance capital standard (ICS).
- Updates from subcommittee chairs and committee discussion on 2021 topics for consideration.

## **Update on Federal Insurance Office Activities**

Director Seitz reported that FIO continues to consider many of the FACI recommendations, and added that FIO would be reaching out to FACI members and subcommittee chairs in the coming weeks to discuss how the FACI can best continue to contribute to FIO's mission. He added that FIO has been working with the new Presidential Administration on the transition and the FACI will remain an important resource to FIO. FIO will continue to communicate the areas where it believes the FACI can add significant value to FIO's work.

Director Seitz reported that FIO has continued to track developments related to the COVID-19 pandemic and its impact on the U.S. insurance industry. Building on its analysis in the 2020 FIO Annual Report, FIO has been monitoring developments in the life and annuity sector, including the sector's asset quality and underwriting results, and increased M&A activity. FIO is also monitoring COVID-19-related losses and developments in the property and casualty sector for commercial lines, personal lines (including auto insurance), and the reinsurance

market. Director Seitz added that FIO is continuing to evaluate the various proposals to create a public-private partnership for governmental mechanisms to address pandemic risk.

With respect to mitigation and resilience, Director Seitz reported that FIO continues to engage with federal, state, and local government agencies and tribal authorities through the Mitigation Framework Leadership Group (MitFLG) chaired by FEMA. MitFLG also continues to implement its National Mitigation Investment Strategy. Director Seitz noted that FIO has also continued to provide technical assistance to FEMA in obtaining reinsurance coverage for the National Flood Insurance Program.

Director Seitz provided an update on the Terrorism Risk Insurance Program (TRIP). FIO is preparing for TRIP's 2021 data call, which will require commercial property and casualty insurers to submit data to Treasury relevant to their participation in TRIP. This data will serve as the basis for FIO's publication at the end of June of a report on small insurer participation in the TRIP. FIO also recently closed a public comment period requesting feedback on several topics concerning TRIP, including certification, the role of captive insurers in TRIP, and cyber risk as a component of the risk subject to TRIP. Director Seitz said this feedback will help inform the recommendations made by the Advisory Committee on Risk-Sharing Mechanisms (which suggested that FIO examine these topics in greater detail).

Director Seitz reported that the U.S.-UK Covered Agreement went into effect on December 31, 2020, at the conclusion of the Brexit transition period. Director Seitz said that the U.S.-UK Covered Agreement maintains continuity with the U.S.-EU Covered Agreement, and the timelines for the new Agreement will pick up where they were under the U.S.-EU Covered Agreement. Director Seitz added that FIO will schedule the initial meeting of the U.S.-UK Joint Committee in the near future. FIO is also aware of the commitments under the Covered Agreements to begin evaluating state credit for reinsurance measures for potential inconsistency with the Agreements, and will begin its analysis in the near future. Director Seitz encouraged all states to move forward on these matters.

Director Seitz reported that FIO is continuing its bilateral engagement in forums such as the U.S.-EU Insurance Dialogue Project, adding that the project steering committee is working to determine the project's areas of focus for 2021.

Director Seitz provided an update on work at the IAIS. The IAIS is assessing whether the ICS has performed in line with expectations during the first year of the monitoring period. Progress is also being made on the Aggregation Method comparability assessment as IAIS members seek to reconcile the comments received from the recent public consultation. The group then plans to finalize the definition of comparable outcomes and high-level principles. Director Seitz noted that the public comment period closed in January 2021 for FIO's *Federal Register* notice seeking public comment on the potential impact of the ICS on the U.S. insurance market. Director Seitz added that FIO is in the process of analyzing the received comments, and intends to incorporate stakeholders once this analysis is complete.

Director Seitz described continued work at the IAIS related to the COVID-19 pandemic. In December, the IAIS published its 2020 special edition global insurance market report which

discussed the impact of the COVID-19 pandemic on the global insurance industry for the first half of 2020.

Director Seitz reported that the public comment period closed last month for the joint IAIS and Sustainable Insurance Forum application paper regarding the supervision of climate-related risk in the insurance sector. He also noted that preparations are underway at the IAIS for the launch of the 2021 Global Monitoring Exercise, which will include individual insurer monitoring and sector-wide data collection. Director Seitz concluded by noting that the comment period closed earlier in February regarding the development of liquidity metrics, phase one.

Ms. Laws asked whether the IAIS's analysis on the first year of the ICS monitoring period would be made public or available to the industry. Director Seitz responded that he would provide her comment to the technical team and FIO would follow-up with her and other industry stakeholders. He added that the IAIS would be performing its yearly iterative process of assessment and data collection for the monitoring period, similar to past years, despite COVID-19.

### **Discussion on Market Access and the Insurance Capital Standard Led by the Subcommittee on FIO's International Work**

Mr. Falzon referred to a draft recommendation on data localization and digital protectionism which had been presented at the December 2020 FOCI meeting and tabled due to concerns raised by Mr. Birnbaum. Mr. Falzon said that the subcommittee had further discussed the proposed recommendation and presented the following modified recommendation:

*FIO should advocate for Treasury and the Office of the U.S. Trade Representative to pursue actions to ensure financial services are not exempt from commitments in trade agreements that promote the free flow of data consistent with consumer data privacy and protection. Such trade agreements should prevent unwarranted data localization, recognizing that such commitments do not restrict a government's right to adopt or maintain measures to protect personal data, personal privacy and the confidentiality of individual records and accounts, provided that such measures are not used to circumvent the data flow and localization commitments.*

Mr. Falzon said that the subcommittee generally agreed on the wording of the proposed recommendation, but added that the discussion raised some disagreements on broader underlying issues related to data localization and digital protectionism (Mr. Falzon noted that Mr. Birnbaum would provide a summary of these concerns during the committee's discussion).

Mr. Falzon stated that the proposed recommendation would help ensure that U.S. trade agreements include language to prevent foreign governments from using privacy as a pretext or to put in place restrictions intended to champion domestic businesses to the disadvantage of foreign firms. He added that the drafted language was intended to strike a balance and emphasized that the language was not intended in any way to undermine privacy rights, stating that insurers should continue to follow privacy obligations in all jurisdictions. Mr. Falzon also noted that the subcommittee was not advocating for privacy protections to be an element of the trade agreements, as it found this to be beyond the scope of its work.

Mr. Falzon stated that the proposed language mirrors text that is within the United States-Mexico-Canada Agreement (USMCA), and would allow countries to restrict data flows and impose data localization requirements to address privacy concerns in their jurisdictions. Mr. Falzon suggested that dissent about the proposed recommendation was likely related to the white paper presented by the subcommittee in 2020, rather than opposition to the language in the recommendation itself. He noted that the subcommittee had received some specific feedback within the subcommittee to further edit the white paper, but the subcommittee declined to do so, on the consensus that the white paper had been vetted over multiple meetings during 2020, had the support of the broader committee, and had already been delivered to FACL.

Mr. Birnbaum summarized his concerns with the recommendation, and noted that he was less concerned with the language of the recommendation as compared to how the language would be interpreted. Mr. Birnbaum noted that the language in the proposed recommendation referred to preventing “*unwarranted data localization, recognizing that such commitments do not restrict a government’s right to adopt or maintain measures to protect personal data.*” Mr. Birnbaum added that the intent of the subcommittee’s white paper was to provide context for trade representatives to understand the proposed recommendations, and provided examples of unwarranted data protectionism laws, with specific identification of the EU’s General Data Protection regulation. Mr. Birnbaum expressed vehement disagreement in classifying such laws as unwarranted data protectionism or data localization, and characterized GDPR as providing fundamental consumer protection. Mr. Birnbaum said that additional examples in the white paper (e.g., Burkina Faso and Switzerland) incorrectly conflated reasonable consumer protections with onerous restrictions. Mr. Birnbaum stated that he had suggested revising the white paper as a way to move forward with the recommendation, but because the subcommittee declined to do so, he was unwilling to support the recommendation.

Mr. Birnbaum continued that variations in data protection across jurisdictions create a trade barrier, and commented that the U.S.-EU Privacy Shield was rejected by the EU because of a lack of protection for EU citizen data in the United States. Mr. Birnbaum said that the Center for Economic Justice believes that removing trade barriers involves creating a system of consumer data protection that applies across jurisdictions. As an example, he said there would not be an issue with moving data across jurisdictions if the United States had data protection for citizens of other countries for data located in the United States. He concluded that one way to address trade barriers was to promote more consistent and vibrant consumer data protection in the United States, as opposed to removing data protections in other parts of the world. Mr. Birnbaum reiterated that he would support the recommendation upon modification of the white paper, but in the absence of white paper modification, he would continue to oppose the recommendation.

Mr. Heller asked for clarification on the interaction of the white paper and the recommendation and requested more information on how the white paper would be used (e.g., as a tool for FIO’s interpretation, a tool for interaction with the IAIS, etc.). Mr. Falzon responded that the white paper was intended to be a supplemental tool to help inform and provide FIO with further background and color on the specific recommendations. Mr. Falzon continued that, in the white paper, the subcommittee inventoried key issues embedded into the practices of different countries that could potentially be considered trade restrictions. He added that this inventory was done to identify where practices are occurring, so that as FIO engages with other agencies in the negotiation of trade agreements it would have a road map and context for engagement. Mr.

Falzon added that the white paper contains no specific recommendations. Mr. Heller commented that it was likely that recommendations would guide readers back to the white paper, and agreed with Mr. Birnbaum's concern that the white paper should be changed as a document of reference, particularly with respect to its discussion on explaining the difference between trade restrictions and legitimate consumer protections.

Mr. Kelleher asked whether Mr. Birnbaum's letter of dissent would accompany delivery of the recommendation to FIO. Mr. Falzon responded that it would be provided, given its importance to the discussion.

Mr. Kochenburger expressed his agreement with Mr. Heller and Mr. Birnbaum, and suggested that because this is a topic the subcommittee largely agreed upon, the white paper should be revised in the hopes that the subcommittee could agree to language addressing Mr. Birnbaum's concerns (as well as previous concerns expressed by Mr. Kochenburger in the subcommittee meetings). Mr. Kochenburger added that achieving near-unanimity in the recommendations would make the recommendation more important and potentially more powerful, and noted that although he had some disagreement with the language in the recommendation, he would have ultimately chosen to vote for the recommendation, but for his concerns about language in the white paper.

Chairman Glaser agreed with Mr. Kochenburger's statement that recommendations are generally more powerful when opinions are unified, but added that FACI provides a benefit to FIO by surfacing diverse opinions. Chairman Glaser also added that FACI developed the subcommittees as a methodology to handle differences of opinion, and the role of these subcommittees is to bring draft recommendations for the full FACI to consider. This format does not require unanimity.

Chairman Glaser called for a motion on presenting the subcommittee's recommendation to the FACI. He added that members had the option of presenting an amended recommendation for a vote, or an amendment could also be proposed once a motion was made on the original recommendation language prepared by the subcommittee.

Mr. Falzon made a motion for FACI to present the recommendation to FIO.

No points of discussion were raised on the motion.

Chairman Glaser conducted a voice vote on the motion for FACI to make the following recommendation to FIO:

*FIO should advocate for Treasury and the Office of the U.S. Trade Representative to pursue actions to ensure financial services are not exempt from commitments in trade agreements that promote the free flow of data consistent with consumer data privacy and protection. Such trade agreements should prevent unwarranted data localization, recognizing that such commitments do not restrict a government's right to adopt or maintain measures to protect personal data, personal privacy and the confidentiality of individual records and accounts, provided that such measures are not used to circumvent the data flow and localization commitments.*

The motion carried by voice vote; recommendation passed.

Chairman Glaser said that members who voted against the motion could provide a dissenting view to present to FIO, and recommended providing a consolidated dissenting opinion, if applicable.

Mr. Falzon began discussion on the International subcommittee's review of the Request for Information (RFI) on FIO's study of the International Capital Standard (ICS), which was intended to assist FIO during the ICS monitoring period by focusing on the implications to the ICS along with the design elements of a potential study by FIO on the ICS. Mr. Falzon reported that the subcommittee was unable to provide a direct response to FIO's request to review the RFI due to the technical nature of the RFI's questions and a lack of subcommittee time and resources. Instead, the subcommittee developed an approach to identifying themes in the submitted public comments and highlighting the themes that the subcommittee supported. The subcommittee's observations were provided in writing to members of the FACI prior to the meeting.<sup>1</sup> Mr. Falzon summarized the subcommittee's observations on the submitted public comments:

1. In the RFI, FIO identified that it was open to feedback on the ICS, and there was a high degree of engagement on this topic in the comment submissions. The subcommittee identified the following themes in the comment submissions, with which it agreed:
  - a. Implementation of the market adjusted valuation (MAV) would have material and negative impacts on long-duration products in the life sector and the corresponding impact to investments that the life sector makes to back long-duration products.
  - b. An insurer's capital position should be considered over time (rather than emphasizing a point-in-time valuation) and should be considered in conjunction with other tools, such as liquidity metrics, to obtain a more holistic view. Looking at behavior over time would also help flaws inherent in the ICS design to become more apparent, compared to looking at a single point in time.
  - c. Foreign supervisors that adopt the ICS should not apply it to operations of a U.S. insurer that they do not directly regulate.
  - d. The monitoring period should be extended by an additional year to account for the impact of COVID-19 in 2020, to provide more time to engage with collected data from a supervisory standpoint and within the industry.
2. FIO's study should focus on the performance of the Aggregation Method (AM) against the ICS's Market Adjusted Valuation (MAV) to demonstrate how each reacts under different circumstances, as well as compare relative performance with respect to issues identified by industry during field testing (e.g., potential for procyclicality, cost, consumer protection).

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<sup>1</sup> A copy of the subcommittee's observations is available on the FACI website at <https://home.treasury.gov/system/files/311/FACI-Perspectives-RFI-ICS-2-21.pdf>.

Mr. Falzon outlined additional points identified by commenters:

- Assess the performance of the Aggregation Method and MAV approaches across a range of economic cycles and market stresses.
- Consider the potential competitive implications of various forms of ICS adoption/implementation, particularly potential evolutions that could apply in the United States, as well as extraterritorial application at the worldwide parent level, if adopted by foreign jurisdictions.
- Explore select technical topics, such as including non-default spread risk shocks and calibration of mass lapse shocks (Mr. Falzon noted that these and a number of other issues have been identified as significant issues of concern and have already been raised to the IAIS).
- Ensure that FIO's study complements, rather than duplicates, the study that is being undertaken by the Federal Reserve's Insurance Policy Advisory Committee (IPAC).
- Leverage existing data sources rather than creating additional industry data calls. If additional industry data is requested, the data should be pursued in a very targeted way.

Mr. Birnbaum provided additional comments based on a written submission provided to the committee's members prior to the meeting.<sup>2</sup> He stated that he agreed with the majority of the subcommittee's paper, but disagreed with portions where the subcommittee agreed with conclusory statements made by other stakeholders. He specifically outlined disagreement to items 1(a) and 1(b) (listed above) for assuming the outcome of FIO's study rather than presenting them as issues to be analyzed. With respect to the subcommittee's conclusion that making a claim that implementation of the MAV ICS would be detrimental to long-term life insurance products and related long-term investments, he added that he disagreed with the statement as written and said there are many examples of long-term duration life insurance products that have failed to perform as expected, including long-term care insurance, universal life and index, and commercial life products. He said that if a different capital standard had been in place to prevent performance problems of these products, any product insecurity for consumers and reduced product availability resulting from such a capital standard, might have been offset by improvements in consumer protection and product performance. Mr. Birnbaum emphasized that he did not intend to agree or disagree with the statement in the subcommittee draft, but rather to suggest that the matter be framed as an issue for study rather than a conclusory statement to be affirmed. Mr. Birnbaum concluded by referring members to his written statement for further details.

### **Discussion of 2021 Priorities for the Subcommittee on FIO's International Work**

Chairman Glaser asked Mr. Falzon whether the International subcommittee had discussed additional planning for its 2021 work. Mr. Falzon responded that the subcommittee had been

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<sup>2</sup> Mr. Birnbaum's written comments are available on the FOCI website at <https://home.treasury.gov/system/files/311/FOCI-Dissent-Birnbaum-2-21.pdf>.



focused on the topics presented at today's meeting, and would be holding discussions at subsequent subcommittee meetings. However, he said the subcommittee agreed that, given the substantial uptick of activity on the ICS, the subcommittee would pivot its focus from market access topics towards initiatives on the horizon at the IAIS and the FSB. Mr. Falzon added that four public consultations have already been introduced in 2021 on items that are material to the industry, and suggested that the subcommittee would focus on these items and consider whether it has the capacity to address additional topics.

### **Discussion of 2021 Priorities for the Subcommittee on Addressing the Protection Gap Through Public-Private Partnerships and Other Mechanisms**

Mr. McGovern reported that the Protection Gap subcommittee has not had a meeting to discuss a work plan, but noted that the subcommittee has been asked to support FIO by responding to questions raised by Senator Feinstein of California with regards to the current and likely future impacts of wildfire risk and the availability of private market insurance, including seeking recommendations on how to ensure that insurance coverage for businesses and consumers in wildfire areas remains available and affordable. Mr. McGovern noted that Ms. Bach has extensive experience on this subject, and the subcommittee will address this topic in the first half of the year.

Mr. McGovern reported that the subcommittee was also considering how FIO may use its convening authority to convene the industry and government agencies and identify how the industry can better support the National Investment Mitigation Strategy, noting that the FOCI had previously recommended fully supporting the Strategy, as well as carefully examining how incentives for mitigation could be provided through the government and how the industry could incentivize strong mitigation practices by consumers and businesses. Mr. McGovern said that the subcommittee would hold a meeting within the next few weeks to discuss additional topics, and welcomed suggestions from the FOCI's members.

Ms. Bach reported that United Policyholders had reached out to Senator Feinstein's office about the origin of the letter to FIO, and said that a working group convened by United Policyholders helped in part to prompt the letter. Ms. Bach added that this working group, based in California, has been looking at the issue of competition drying up and home insurers losing appetite to do business in certain areas of the state. She said California was having an experience similar to some Gulf Coast states, so California is examining these states to explore solutions to restore competitive markets and restore the confidence of P&C companies and reinsurers in undertaking risks again. Ms. Bach said that the working group is based on mitigation, and has started to draw attention from Cal Fire, the California Department of Insurance, and the Office of Emergency Services. The Governor of California and the Department of Insurance also made an announcement in the past week on the implementation of statewide standards. Ms. Bach said that she would provide updates on these efforts to the subcommittee.

Ms. Bach also noted that several years ago, she did a presentation with the South Carolina and Alabama Departments of Insurance to the NAIC about mitigation programs that the Gulf Coast states have implemented, and she believes that the different approaches taken in those areas will also help inform the subcommittee's work.

Ms. Bach described climate change as the “elephant in the room” when discussing mitigation topics, and said that actions to address underlying increased risk (i.e., reducing investment in coal) can be balanced with mitigation efforts to decrease risk.

Ms. Bach concluded by commenting that FACI is a good forum to have a dialogue between industry and consumer representatives and producers, and this is needed because there is a significant amount of work that needs to be done to implement and promote mitigation.

Chairman Glaser opened discussion to the committee.

Mr. Heller commented that FIO could serve a useful role in demonstrating the monetary value of mitigation in the insurance context, adding that the perspective of FACI could help frame this work. He suggested this work would have incredible utility in creating a national report that could be shared with regulators, insurers, and agencies that are not insurance-focused. Ms. Bach agreed and noted that FEMA previously presented to FACI and provided some dollar figures on the benefits of mitigation, and suggested that FEMA’s work could be included in the Protection Gap subcommittee’s current work.

Mr. McGovern stated that the subcommittee would welcome the participation of any FACI members interested in joining the subcommittee. Ms. Bach added that it would be particularly valuable to have the perspective of the P&C sector on the subcommittee to provide feedback on what types of incentives could be provided to property owners that the P&C sector would be comfortable offering.

### **Discussion of 2021 Priorities for the Subcommittee on the Availability of Insurance Products**

Prior to the meeting, committee members were provided with a document outlining suggested topics for the Availability subcommittee’s 2021 work, which was based on discussions held by the subcommittee’s members.<sup>3</sup> Mr. Birnbaum noted that while the subcommittee had more interest in some topics than others, FACI’s role is to assist and advise FIO, so if FIO has prioritize issues it would like the subcommittee to work on, the subcommittee would welcome such guidance.

Mr. Birnbaum reported that at a February 8 subcommittee meeting, the subcommittee generally agreed to prioritize the following topics: continuing review of a disparate impact methodology and standard for unfair discrimination in insurance, developing recommendations for updating FIO’s analysis of availability and affordability in personal lines auto insurance and for examining availability and affordability in other lines of insurance, and considering reforms to the National Flood Insurance Program to promote greater availability and affordability of flood insurance. Another topic considered by the subcommittee was deemed of lower priority: continuing to monitor the long-term care insurance market with particular emphasis on the activities underway at the NAIC.

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<sup>3</sup> The Availability subcommittee’s document on proposed 2021 work topics is available at <https://edit.treasury.gov/system/files/311/FACI-Proposed-Workstreams-Availability-2-21.pdf>.

Mr. Birnbaum reported that one subcommittee member expressed concern about continuing work on the Department of Housing and Urban Development (HUD) rule on disparate impact. However, Mr. Birnbaum reported that since that meeting, HUD confirmed that it would not appeal a court ruling placing a temporary injunction on HUD's implementation of last year's revisions to the disparate impact rule. Mr. Birnbaum said that while the rule will stay in place, it is not in effect and the prior rule remains operative. Mr. Birnbaum said that based on the subcommittee member's concern about spending more time on the HUD rule, combined with this update, he personally would like to focus the subcommittee's work on race and insurance around current issues being discussed amongst state insurance regulators and legislators, mainly proxy discrimination against protected classes or disparate impact as unfair discrimination in insurance. He added that if FIO wants feedback on HUD's disparate impact standards under the Fair Housing Act, the subcommittee can respond to that request, but otherwise would avoid moving forward on work related to the HUD rule.

Ms. Haas commented that Amerisure believes that the flood work is going to be important, particularly given FIO's work with FEMA. She said that Amerisure advocates that the flood work be one of the subcommittee's biggest priorities, because it is a topic where the subcommittee can add value. With respect to the discussion of disparate impact, Ms. Haas suggested that given the updates regarding the HUD court ruling, the subcommittee should hold additional discussions to find areas of specific consensus on disparate impact and determine where to add the most value.

Mr. Kochenburger expressed agreement with Mr. Birnbaum and Ms. Haas regarding the HUD rule, but noted that HUD's timetable is not clear, and that following President Biden's inauguration, the administration ordered HUD to re-evaluate the current rule (which he noted remains in place though not in effect). Mr. Kochenburger said he assumed that HUD would address this matter quickly and would likely start the rulemaking process again, and if that happens the subcommittee should look at the issue again because of its importance. He stated that the subcommittee should have flexibility and recognition that the topic will likely re-emerge this year, and it should resume the same importance with the subcommittee that it had earlier.

### **Discussion of 2021 Priorities for the Subcommittee on the COVID-19 Pandemic**

Ms. Ward provided an update on the Preparedness workstream, noting that at the previous FOCI meeting, the workstream proposed six specific recommendations that would help the insurance industry better serve consumers during the COVID-19 pandemic and future pandemics (and these recommendations were ultimately approved by FOCI and presented to FIO). She said that the workstream plans to meet in the near future to continue its work on establishing consensus on one additional recommendation related to premium relief principles. The subcommittee hopes to present a detailed recommendation on the topic of premium relief later in 2021. She added that the workstream will continue to consider new lessons learned to propose additional recommendations, as appropriate.

Chairman Glaser provided an update on the Protection workstream, noting that the workstream had presented several speakers, including academics, industry professionals, and policyholder representatives to discuss the role of insurance in managing future pandemics. He reported that

conversations on the topic are ongoing, and the OECD will be hosting a conference in March 2021 entitled “Addressing the Protection Gap for Pandemic Risk.” Chairman Glaser described the purpose of the event as to better understand the global impact of the COVID-19 crisis on different types of policyholders and the challenges that insurers and reinsurers face in extending greater support to society and managing the financial impact of infectious disease outbreaks. Chairman Glaser confirmed that the workstream would provide a readout of this event.

Chairman Glaser reported that the Protection workstream has a subcommittee call scheduled for March 5, at which it will identify agenda items for 2021. He said that some possibilities under consideration are looking at the economic impact of COVID-19 and the implications for insurance, and comparing early assumptions about COVID against current knowledge (particularly related to mitigation measures).

### **New Business**

Mr. Heller asked whether the June 2021 meeting would be in-person or virtual. Chairman Glaser responded that he had not discussed the meeting format with FIO. Director Seitz added that FIO would discuss internally and inform the membership with sufficient notice if the meeting will be held in-person.

Chairman Glaser confirmed that the date of the next FACI meeting will be June 2, 2021.

At 1:48 pm, Chairman Glaser concluded the meeting.

I hereby certify these minutes of the February 18, 2021 Federal Advisory Committee on Insurance public meeting are true and correct to the best of my knowledge.



Dan Glaser  
Chair