

International Subcommittee

Discussion on Market Access / Level Playing Field Recommendation for the FIO

Proposed 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.

International Subcommittee

Request for Information (RFI) on a FIO ICS Study

The Subcommittee agrees with the following broad themes/points, which were largely consistent across the RFI responses:

- Implementation of the Market Adjusted Valuation (MAV) ICS would be detrimental for long-duration life insurance products and related long-term investment
- Implementation of the MAV ICS would entail significant unwarranted costs including development and maintenance of systems, processes, expertise, educating external consumers of capital measures (i.e., regulators, investors, and other stakeholders), etc.
- It is important to consider an insurer's capital position over time, rather than emphasizing a point in time valuation, and in conjunction with other tools
- The MAV ICS is being developed as a world-wide group capital regime and, to the extent it is implemented in a foreign jurisdiction, foreign supervisors should not apply it to operations of a U.S. insurer they do not regulate (i.e., they should not apply the framework extraterritorially at the worldwide parent level of the U.S. insurance group) – securing the IAIS' recognition of the Aggregation Method (AM) as comparable is important for avoiding such application
- The Monitoring Period should be extended due to the impact COVID-19 had in 2020

International Subcommittee

Request for Information (RFI) on a FIO ICS Study

The Subcommittee agrees with the following themes/points related to the design of the ICS study, which were largely consistent across the RFI responses:

- The FIO study should be analytical and focus on the performance of the AM relative to the MAV ICS
 - The study should explore the themes identified across the RFI responses and demonstrate how they would be treated/evolve under the AM and MAV ICS individually and relative to one another – e.g., effects for long-duration business and investment, procyclicality, implementation costs, consumer protection, etc.
 - The study should assess the performance of the AM relative to the MAV ICS over time – covering periods or scenarios sufficient to capture economic cycles and catastrophic financial events
 - Recognizing the respective mandates are different, the FIO study should complement rather than duplicate the study being undertaken by the Federal Reserve Board’s Insurance Policy Advisory Committee (IPAC)
 - The scope of the study should be established up front and existing data sources should be leveraged when possible rather than pursuing new/additional industry data calls; to the extent additional data is pursued, the requests should be tailored to addressing predefined research objectives and elements thereof that cannot be addressed through existing data sources

International Subcommittee

Request for Information (RFI) on a FIO ICS Study

The Subcommittee agrees with the following themes/points related to the design of the ICS study, which were largely consistent across the RFI responses (*continued from prior slide*):

- The study should consider the potential competitive implications that could arise under the various ways the MAV ICS could be implemented; for example:
 - In the domestic context, this should include both an assessment of the potential impact of application to insurers that are identified as Internationally Active Insurance Groups (IAIGs) but not the peers they compete with and an assessment of the potential impacts that could arise from broad implementation across the U.S. market
 - From an international perspective, this should include an assessment of the potential impact of the foreign supervisor applying the framework extraterritorially at the worldwide parent level
- The study should include an assessment of select topics/issues – such as the design and calibration of certain stresses within the ICS – that would benefit from deeper attention (as proposed within the response from the North American CRO Council)