

**UNITED STATES DEPARTMENT OF THE TREASURY
FEDERAL ADVISORY COMMITTEE ON INSURANCE
SUMMARY OF PUBLIC MEETING**

May 7, 2015

The Federal Advisory Committee on Insurance was convened at 1:00 P.M. on May 7, 2015, in the Cash Room at the U.S. Department of the Treasury, 1500 Pennsylvania Avenue, NW, Washington, D.C., with Daniel Glaser, Chair, presiding.

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

Committee Members Present:

DANIEL GLASER, President and Chief Executive Officer, Marsh & McLennan Companies, Inc., *Chair*

DAVID (BIRNY) BIRNBAUM, Executive Director, Center for Economic Justice

ELIZABETH BROWN, Professor, Georgia State University

BRENDA CUDE, Professor, University of Georgia

JACQUELINE CUNNINGHAM, Commissioner, Virginia Bureau of Insurance

LORETTA FULLER, Chief Executive Officer and Chief Financial Officer, Insurance Solutions Associates

MARK GRIER, Vice Chairman, Prudential Financial, Inc.

DAVID HERZOG, Executive Vice President and Chief Financial Officer, American International Group, Inc.

GEORGE KEISER, Representative, North Dakota House of Representatives

JAMES KELLEHER, Executive Vice President and Chief Legal Officer, Liberty Mutual Insurance

BENJAMIN LAWSKY, Superintendent, New York Department of Financial Services

THEODORE MATHAS, Chairman, President, and Chief Executive Officer, New York Life Insurance Company

SEAN MCGOVERN, Chief Risk Officer & General Counsel, Lloyd's of London

FRANKLIN (TAD) MONTROSS, Chairman, President, and Chief Executive Officer, General Re Corporation

THEODORE NICKEL, Commissioner, Wisconsin Office of the Commissioner of Insurance

Also Present:

MICHAEL MCRAITH, Director, Federal Insurance Office, U.S. Department of the Treasury

BRETT HEWITT, Designated Federal Officer, Federal Insurance Office, U.S. Department
of the Treasury

BRIAN PERETTI, Director, Office of Critical Infrastructure Protection and Compliance Policy,
U.S. Department of the Treasury

ERIC LETVIN, Director for Hazard Mitigation and Risk Reduction Policy, National Security
Council Staff, the White House

MARK WEIL, CEO, Marsh UK

JULIE ROCHMAN, President and Chief Executive Officer, Insurance Institute for Building and
Home Safety

Introduction and New Business

Director McRaith welcomed the members of the Federal Advisory Committee on Insurance (FACI) and convened the meeting.

Update from the Affordability and Accessibility Subcommittee

Chairman Glaser introduced Birny Birnbaum, Chair of the Affordability and Accessibility Subcommittee. Mr. Birnbaum provided a summary of two Subcommittee calls on which the Subcommittee discussed the use of big data in insurance and price optimization. The members then engaged in a discussion about the use of big data and price optimization, with contributions from Chairman Glaser, Mr. Birnbaum, and Representative Keiser.

Update from the International Development Subcommittee

Chairman Glaser introduced Superintendent Lawsky to provide a summary of the work of the International Development Subcommittee on behalf of Commissioner McPeak, Chair of the International Development Subcommittee. Superintendent Lawsky provided a summary of a Subcommittee call on which the Subcommittee discussed the process that international standards have been historically implemented in the United States, and whether there is a need for this process to change in regards to future international standards. The members then engaged in a discussion about the domestic implementation of international standards, with contributions from Director McRaith and Mr. Mathas.

Update from the Domestic Prudential Issues Subcommittee

Chairman Glaser introduced Ted Mathas, Chair of the Domestic Prudential Issues Subcommittee. Mr. Mathas provided a summary of a Subcommittee call with Commissioner Joe Torti of Rhode Island and Commissioner McPeak. On this call, the Subcommittee discussed principles based reserves. The members then engaged in a discussion about principles based

reserving, with contributions from Director McRaith, Mr. Mathas, Superintendent Lawsky, Mr. Herzog, Representative Keiser, and Mr. Birnbaum.

Natural Catastrophes and the Role of Mitigation

Chairman Glaser then introduced the topic of natural catastrophes and the role of mitigation. Julie Rochman, President and Chief Executive Officer of the Insurance Institute for Business and Home Safety (IBHS), began her presentation with a short video showing samples of the research that IBHS is conducting. Following the video presentation, Ms. Rochman discussed the benefits of mitigation related to damage caused by wind and wildfire. Members then asked questions of Ms. Rochman, with contributions from Chairman Glaser, Director McRaith, Mr. Birnbaum, Mr. Montross, Mr. Kelleher, Mr. McGovern, and Representative Keiser.

Eric Letvin, from the National Security Council, then presented on President Obama's Executive Order 13690, *Establishing a Federal Flood Risk Management Standard*. Members engaged in a discussion and asked questions regarding the Executive Order, with contributions from Director McRaith and Representative Keiser.

The Committee then recessed for a short break.

Cyber Security

Following a fifteen minute break, Chairman Glaser introduced the next topic of discuss, cyber security. Superintendent Lawsky presented on the New York Department of Financial Services' report on cyber security in the insurance sector, and led a discussion regarding this report, with contributions from Chairman Glaser, Director McRaith, Mr. McGovern, Mr. Mathas, Mr. Birnbaum, Professor Cude, Representative Keiser, and Ms. Fuller.

Chairman Glaser then introduced Mark Weil, Chief Executive Officer of Marsh UK, to present on a report published jointly by Marsh and Her Majesty's Government in the United Kingdom titled, "Cybersecurity and the Role of Insurance in Managing and Mitigating the Risk." Following Mr. Weil's presentation, members engaged in a discussion on the report, with contributions from Director McRaith, Mr. Kelleher, Commissioner Nickel, and Mr. McGovern.

Brian Perreti, Director of the Office of Critical Infrastructure and Compliance Policy at the U.S. Department of the Treasury, concluded the Committee's discussion of cyber security with a presentation on the Department of the Treasury's role in supporting cybersecurity in the financial sector. Following Director Perreti's presentation, members engaged in a discussion on Treasury's role, with contributions from Director McRaith and Superintendent Lawsky.

Terrorism Risk Insurance Program

Director McRaith provided an update on the status of the efforts of the Federal Insurance Office (FIO) in implementing the Terrorism Risk Insurance Program Reauthorization Act of 2015. Mr. Birnbaum asked questions regarding FIO's work related to TRIA.

International Association of Insurance Supervisors

Director McRaith then provided an update on developments at the International Association of Insurance Supervisors (IAIS) related to stakeholder engagement and transparency.

Certification of Minutes

Prior to the Committee adjourning, Chairman Glaser raised the only item of new business, certifying the minutes from the February 10, 2015 FACI meeting. The minutes were certified.

At 4:30 P.M., Chairman Glaser concluded the meeting.

I hereby certify these minutes of the May 7, 2015 Federal Advisory Committee on Insurance public meeting are true and correct to the best of my knowledge.



Daniel S. Glaser, FACI Chair