

Federal Advisory Committee on Insurance

March 30, 2012 1:00PM-4:00PM

Meeting Minutes

Committee Members Present:

Brian Duperreault, Chair

Birny Birnbaum

Michael Consedine

Jacqueline Cunningham

John Degnan

Loretta Fuller

Scott Harrington

Scott Kipper

Benjamin Lawskey

Thomas Leonardi (by phone)

Christopher Mansfield

Sean McGovern

Michael Sproule

William White

Treasury Officials Present:

Michael McRaith, Director Federal Insurance Office

Jim Brown, Designated Federal Officer

Introductions:

Director McRaith welcomed committee members and public attendees to the inaugural meeting of the Federal Advisory Committee on Insurance ("FACI"). He informed the audience that written statements could be submitted to the Committee by sending them to faci@treasury.gov. At the conclusion of the introductory remarks, Director McRaith announced that Mr. Brian Duperreault would serve as Chair of the FACI and Mr. Duperreault accepted the responsibility.

McRaith then asked each of the members to introduce themselves by stating their current affiliation and their background. Each of the members who were physically present gave a brief presentation covering their experience in the industry and their goal in serving on the FACI.

Charter:

Director McRaith informed the committee that the Charter had been approved pursuant to and in accord with provisions of the Federal Advisory Committee Act. He gave an overview of the Charter including quoting the sections which established the purpose of the FACI as advising the Federal Insurance Office (“FIO”) in the conduct of its duties.

Briefing on Ethics Guidelines:

Christian Furey of the Office of the General Counsel of the Department of the Treasury was then introduced. Mr. Furey briefed the members on: the distinction between representative capacity versus special governmental employee status; responsibilities specific to representatives; ethics considerations for all; and requirements of the Federal Advisory Committee Act.

By-laws Discussion:

Director McGraith provided an overview of the committee’s draft By-laws explaining that they provided more detailed guidance on how the FACI would operate. He pointed out that among other things, the By-laws define quorum, allow for the creation of subcommittees and attendance by telephone and set forth rules for amendments. Unlike the Charter which is approved by the FIO, the By-laws require adoption by the FACI. The Chairman called for a vote by the Committee to approve the By-laws. After the motion was seconded, the Committee voted unanimously to approve the By-laws as submitted

At this point Commissioner Leonardi joined the meeting by telephone.

Role of FACI:

Director McRaith initiated a discussion concerning the role of the committee, the identification of topics of interest, work process and deliverables .He went on to say that there should be a focused analysis or discussion of issues that this committee thinks are worthy of national study, national discussion, national attention. Several topics were offered by committee members for consideration. Topics offered for consideration included: catastrophe insurance, credit scoring and globalization of insurance and markets. After considerable discussion on each, a consensus emerged around the value in evaluating the effect of national and international demographic and socio-economic developments on the insurance sector. Two subcommittees were established to study: (1) the impact of these developments on affordability,

accessibility and capacity, and (2) the key principles, objectives or concerns that promote the supervisory balance essential to insurance firms looking to expand into an emerging market.

Federal Insurance Office-Recent Developments:

Director McRaith provided the Committee on certain recent activities of the Federal Insurance Office (“FIO”)

EU-US Insurance Dialogue-

He informed the Committee that a very constructive insurance dialogue with the EU was in process. The objective of that dialogue is to enhance mutual understanding and cooperation for the benefit of insurance consumers, to improve business opportunity and to promote effective supervision. That dialogue is steered by a six-person committee. There are three members from the EU one from the European Commission, one from EIOPA and one from the UK's FSA. On the U.S. side, Director McRaith, Commissioner Kevin McCarty of Florida and Terri Vaughn, the CEO of the NAIC are involved.

Insurance Association of Insurance Supervisors-

The FIO became a member of the IAS executive committee in late February at a meeting in Basel. The meeting was attended by Director McRaith and Commissioner Leonardi. As it related to designations, our goal was to align criteria, methodology and timing internationally with the national process. The IAS announced in its newsletter in March that, at this point, it does not intend to recommend companies for designation to the FSB until sometime in the first quarter of 2013 at the earliest.

Federal Government Insurance Forum-

On the 22nd of March, the FIO hosted a federal government insurance forum. Individuals from a wide variety of federal agencies with some aspect of insurance responsibility took the opportunity to meet one another, to interact and to discuss issues of common interest. One topic which was focused on at length was the internationalization of insurance markets. Over 50 people from more than 20 federal agencies attended. Attendees demonstrated the depth of insurance expertise within the federal government. There was a significant exchange of ideas and identification of opportunities for collaboration. The unanimous view was that these types of meetings should continue in the future.

Future Meeting Dates Discussion:

The members all agreed that quarterly meetings were appropriate. Staff was tasked with developing a contact list to be distributed to all members and setting the date for the next meeting in consultation with the members.

Adjournment:

The meeting was adjourned at 4:00pm.

