



REPORT TO CONGRESS

Engagement in Global Insurance Regulatory or Supervisory Forums in 2022

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Introduction

This report is submitted by the Secretary of the Treasury and the Chair of the Board of Governors of the Federal Reserve System (Federal Reserve) pursuant to section 211(c)(1) of the Economic Growth, Regulatory Relief, and Consumer Protection Act, Pub. L. No. 115-174, 132 Stat. 1296, 1317–18 (the Act). The Act directs the Secretary of the Treasury and the Chair of the Federal Reserve, or their designee, to submit an annual report to Congress on their efforts with the National Association of Insurance Commissioners (NAIC) “with respect to global insurance regulatory or supervisory forums.” The Act requires the report to include descriptions of:

1. “the insurance regulatory or supervisory standard-setting issues under discussion at international standard-setting bodies”;
2. “the effects that proposals discussed at international insurance regulatory or supervisory forums of insurance could have on consumer and insurance markets in the United States”;
3. “any position taken by the Secretary of the Treasury, the [Federal Reserve], and the Director of the Federal Insurance Office in international insurance discussions”;¹ and
4. “the efforts by the Secretary of the Treasury, the [Federal Reserve], and the Director of the Federal Insurance Office to increase transparency at the Financial Stability Board with respect to insurance proposals and the International Association of Insurance Supervisors, including efforts to provide additional public access to working groups and committees of the International Association of Insurance Supervisors.”

This fifth annual report follows the same format as prior reports.² This report covers activities and developments during calendar year 2022. Specifically, the report begins, in the section “[International Insurance Issues, Positions, and Effects](#),” by describing in general terms the efforts of the

¹ Title V of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) established the Federal Insurance Office (FIO) within the U.S. Department of the Treasury (Treasury). In addition to advising the Secretary of the Treasury (Secretary) on major domestic and prudential international insurance policy issues, FIO is authorized to 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 U.S. financial system, and 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 and assisting the Secretary in negotiating covered agreements, among other functions. See 31 U.S.C. § 313.

² Treasury and Federal Reserve, *Engagement in Global Insurance Regulatory or Supervisory Forums in 2021* (Washington: Treasury and Federal Reserve, December 2022), <https://www.federalreserve.gov/publications/files/global-insurance-forums-20221228.pdf>; Treasury and Federal Reserve, *Engagement in Global Insurance Regulatory or Supervisory Forums in 2020* (Washington: Treasury and Federal Reserve, February 2022), <https://www.federalreserve.gov/publications/files/global-insurance-forums-20220201.pdf>; Treasury and Federal Reserve, *Report to the Congress: Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with respect to Global Insurance Regulatory or Supervisory Forums in 2019* (Washington: Treasury and Federal Reserve, December 2020), <https://home.treasury.gov/system/files/311/Treasury-FRB-Report-2020.pdf>; Treasury and Federal Reserve, *Report to the Congress: Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with respect to Global Insurance Regulatory or Supervisory Forums in 2018* (Washington: Treasury and Federal Reserve, September 2019), <https://www.federalreserve.gov/publications/files/Report-on-global-insurance-regulatory-or-supervisory-forums2019.pdf>.

Federal Reserve and Treasury (specifically, the Federal Insurance Office or FIO) in global insurance regulatory and supervisory forums, including a short overview of the International Association of Insurance Supervisors (IAIS), the international insurance standard-setting body. It explains the IAIS's structure, governance, and role in insurance supervision. This section also includes an overview of the Financial Stability Board (FSB), which coordinates among the different standard-setting bodies, and the Organisation for Economic Co-Operation and Development (OECD), which has a limited role in international insurance discussions.³

In the subsection “[IAIS Activities](#),” the report outlines key international insurance standard-setting initiatives in 2022, such as activities related to the work on the Insurance Capital Standard (ICS); the Aggregation Method (AM), including the related comparability assessment; implementation of the Holistic Framework for Systemic Risk in the Insurance Sector (Holistic Framework) and macro-prudential work; climate-related financial risk; and other initiatives.

The report continues, in the section “[Transparency Efforts at the IAIS and the FSB](#),” by providing a summary of ongoing efforts by FIO and the Federal Reserve to increase transparency at the FSB and at the IAIS as well as coordination with the NAIC and the U.S. state and territory insurance regulators (together with FIO and the Federal Reserve, collectively referred to as Team USA).⁴ This section also provides an update on the Insurance Policy Advisory Committee (IPAC), which was established by the Act to advise the Federal Reserve on insurance issues.⁵ Additionally, it provides an update on the Federal Advisory Committee on Insurance (FACI), which provides non-binding advice and recommendations to FIO to assist it in carrying out its duties and authorities.⁶

The “[Conclusion](#)” of the report emphasizes that FIO and the Federal Reserve will continue to advocate for insurance regulatory and supervisory standards that are appropriate for the United States and will continue to report to Congress on their efforts. Team USA members' leadership and involvement in the IAIS and in other international forums, as discussed in this report, are intended to ensure that the United States continues to be able to influence international standards for insurance supervision and regulation. It remains important to recognize, however, that international standard-setting bodies, such as the IAIS, do not have the power to establish standards that would be binding in the United States. In the United States, no international insurance standards

³ Other standard-setting bodies include the Basel Committee on Banking Supervision, which is the primary standard-setting body for the prudential regulation of banks, and the International Organization of Securities Commissions, which is the primary standard-setting body for the securities sector.

⁴ See, e.g., *Engagement in Global Insurance Regulatory or Supervisory Forums in 2018*, Treasury and Federal Reserve, *Report to the Congress: Efforts to Increase Transparency at Meetings of the International Association of Insurance Supervisors (2018) (Transparency Report)* (Washington: Treasury and Federal Reserve, November 2018), <https://www.federalreserve.gov/publications/files/report-on-efforts-to-increase-transparency-at-meetings-of-the-international-association-of-insurance-supervisors.pdf>.

⁵ See Act § 211(b) (establishing the Insurance Policy Advisory Committee), 31 U.S.C. § 313 note.

⁶ The FACI was formed in 2011 pursuant to 31 U.S.C. § 313(h).

are operational unless implemented through the relevant state or federal legislative or administrative process, as appropriate.

This report discusses topics that are also discussed in the 2018 *Transparency Report* as well as in FIO's 2020 and 2021 annual reports.⁷ These annual reports include detailed descriptions of FIO's international and domestic activities in 2020, 2021 and in the first half of 2022. FIO's annual reports also discussed international activities outside of the global insurance regulatory and supervisory forums addressed here. These activities include bilateral and/or multilateral discussions (such as those that led to the covered agreement with the European Union and the covered agreement with the United Kingdom), as well as information exchanges that do not involve setting standards (such as the EU–U.S. Insurance Project). In addition, FIO's annual reports discuss input received from the FACI, including through its subcommittee on international developments.⁸

⁷ FIO, *Annual Report on the Insurance Industry* (2020) (Washington: FIO 2020), <https://home.treasury.gov/system/files/311/2020-FIO-Annual-Report.pdf>; FIO, *Annual Report on the Insurance Industry* (2021) (Washington: FIO, September 2021), <https://home.treasury.gov/system/files/311/FIO-2021-Annual-Report-Insurance-Industry.pdf>; *Annual Report on the Insurance Industry* (2022) (Washington: FIO 2022), https://home.treasury.gov/system/files/311/2022%20Federal%20Insurance%20Office%20Annual%20Report%20on%20the%20Insurance%20Industry_0.pdf.

⁸ *Federal Advisory Committee on Insurance (FACI)*, Treasury, <https://www.treasury.gov/initiatives/fio/Pages/faci.aspx>.

International Insurance Issues, Positions, and Effects

The Act requires that this report include, among other things, a “description of the insurance regulatory or supervisory standard-setting issues under discussion at international standard setting bodies,” and a “description of any position taken” by the Secretary, the Federal Reserve, and the director of FIO in international insurance discussions at global insurance regulatory or supervisory forums.⁹ As previously reported, in discussions at global insurance regulatory and supervisory forums, FIO and the Federal Reserve promote robust engagement to ensure that U.S. insurance stakeholders and the federal government are well represented.¹⁰ The Federal Reserve and FIO continue to advocate for positions in international insurance discussions to help ensure that international standards reflect the U.S. insurance regulatory regime, and that the U.S. insurance sector remains competitive internationally.

The Act also requires that this report describe “the effects that proposals discussed at international insurance regulatory or supervisory forums of insurance could have on U.S. consumers and insurance markets in the United States.”¹¹ While certain IAIS standards remain under development, depending on how they are finalized, they could affect U.S. insurers operating in foreign markets, regardless of whether the standards are implemented in the United States. Treasury and the Federal Reserve acknowledge that they are required, in consultation with the NAIC, to “complete a study on, and submit to Congress a report on the results of the study, the impact on consumers and markets in the United States before supporting or consenting to the adoption of any final international insurance capital standard.”¹² In their international engagement on insurance issues, FIO and the Federal Reserve continue to coordinate closely with each other and with the other U.S. members of the IAIS.

International Forums: the IAIS, the FSB, and the OECD

IAIS Overview

Established in 1994 and hosted by the Bank for International Settlements (BIS) in Basel, Switzerland, the IAIS is the international standard-setting body responsible for developing and assisting in the implementation of principles, standards, and other supporting material for supervision of the

⁹ See Act § 211(c)(1)(A)(i), (iii), 31 U.S.C. § 313 note.

¹⁰ See, e.g., *Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with respect to Global Insurance Regulatory or Supervisory Forums in 2018*.

¹¹ See Act § 211(c)(1)(A)(ii), 31 U.S.C. § 313 note.

¹² Act § 211(c)(3)(A), 31 U.S.C. § 313 note.

insurance sector.¹³ The IAIS also serves as a forum for members to exchange ideas and share experiences about insurance supervision and insurance markets. IAIS members include insurance supervisors and regulators from more than 200 jurisdictions, accounting for 97 percent of worldwide insurance premium volume.¹⁴ In 2022, Russia agreed not to participate at the IAIS as it was suspended from all BIS activities.¹⁵

The IAIS has stated that it is “a stand[ard]-setter, not a legislature. Members do not pass laws; through agreement, they recommend principles and standards and provide supervisory guidance. It is the prerogative of the appropriate sovereign authorities whether to implement IAIS core principles, standards or policies.”¹⁶

The IAIS operates through five key mechanisms: (1) the General Meeting, which ultimately oversees all matters before the IAIS; (2) the Executive Committee, which serves as the principal decision-making body of the IAIS; (3) the Policy Development Committee, which is responsible for standard-setting activities; (4) the Macroprudential Committee, which oversees the IAIS work on financial stability issues; and (5) the Implementation and Assessment Committee, which is responsible for assessments and assistance in implementing IAIS principles, standards, and guidance.¹⁷ Outside of its standard-setting and policymaking activities, the IAIS has an Audit and Risk Committee that monitors and evaluates its risk exposures and a Budget Committee that oversees its financial condition and management.¹⁸

Multiple working groups and task forces, focused on a range of prudential regulation and market supervision topics, report to these committees.¹⁹ All of the committees and subcommittees (“subcommittees” includes both IAIS working groups and IAIS task forces) are composed of and chaired by IAIS members. The IAIS operates with the support of a secretariat under the direction of a secretary general. [Figure 1](#) illustrates the IAIS organizational structure in 2022. FIO, the Federal Reserve, and the states are represented on the IAIS Executive Committee.

¹³ See, e.g., IAIS, *IAIS Annual Report 2020* (Basel: IAIS, November 2021), 8, <https://www.iaisweb.org/uploads/2022/01/211115-IAIS-AR-2020-Digital-PDF-Def.pdf>.

¹⁴ *2020 IAIS Annual Report*, 8. See also IAIS, *List of IAIS Members* (February 23, 2022), <https://www.iaisweb.org/uploads/2022/02/List-of-IAIS-Members.pdf>.

¹⁵ The access of the Central Bank of the Russian Federation to all BIS services, meetings and other BIS activities was suspended as of end-February 2022. See *BIS Annual Report 2022/2022*, 44, <https://www.bis.org/about/areport/areport2022.pdf>.

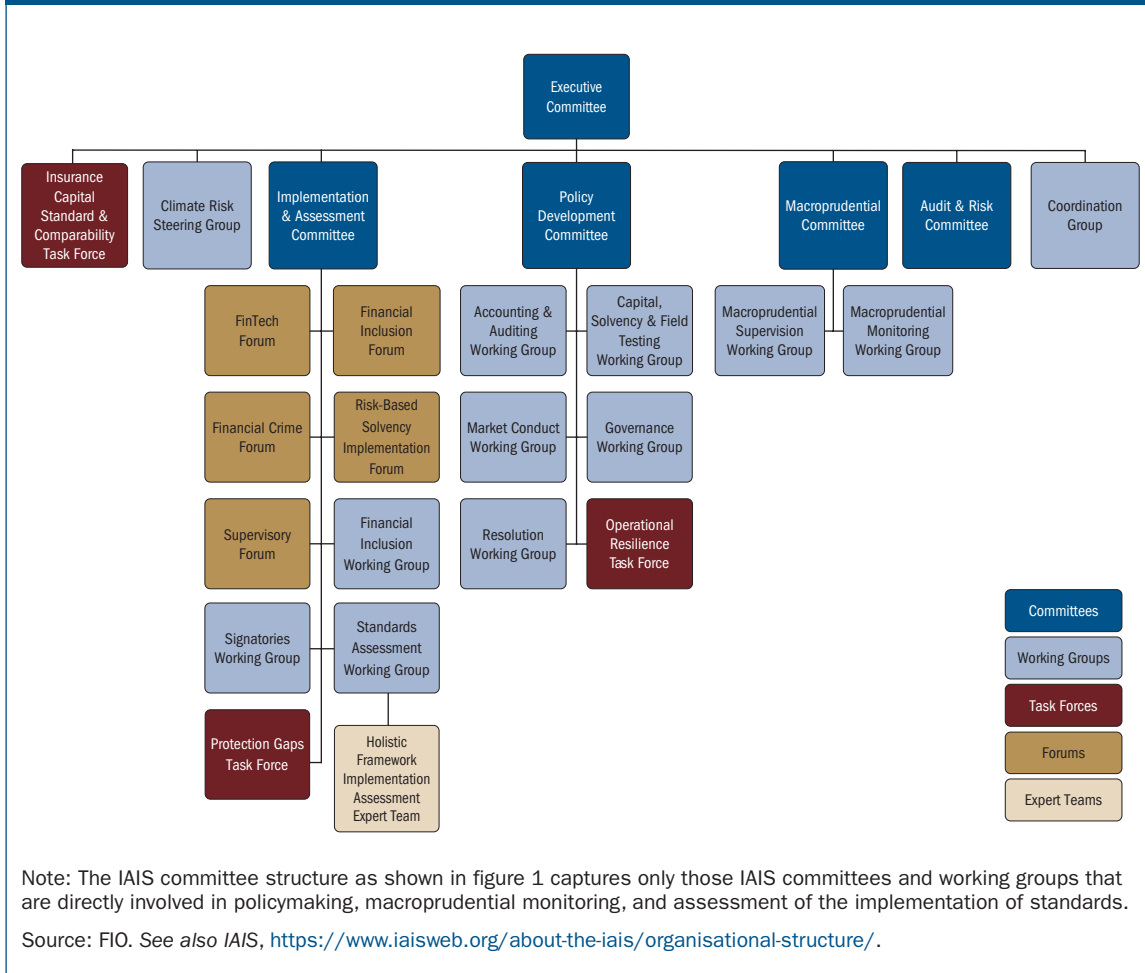
¹⁶ IAIS, *IAIS Annual Report 2017* (Basel: IAIS, November 2018), 10, <https://www.iaisweb.org/uploads/2022/01/181113-IAIS-AR-2017-Digital-PDF-Def-SP.pdf>.

¹⁷ See, e.g., IAIS, “IAIS By-Laws,” <https://www.iaisweb.org/uploads/2022/01/181207-2018-By-Law-Amendments-8-November-2018.pdf>; IAIS, “Organisational Structure,” <https://www.iaisweb.org/about-the-iais/organisational-structure>.

¹⁸ IAIS, *Year in Review 2022* (Basel: IAIS, November 2022), <https://www.iaisweb.org/uploads/2023/03/iais-year-in-review-2022.pdf>.

¹⁹ See also IAIS, *Year in Review 2022*, 55, <https://www.iaisweb.org/uploads/2023/03/iais-year-in-review-2022.pdf>.

Figure 1. IAIS organizational structure, 2022



In line with its 2020–24 Strategic Plan and Financial Outlook, the IAIS has increased its focus on assessing the implementation of standards and applying best practices as well as increasing its efforts to help its members understand the challenges posed by climate-related financial risk, cyber risk, technological innovation, inclusiveness, and sustainable development.²⁰

FSB Overview

The G20 established the FSB in 2009 to promote international financial regulatory reform and financial stability, and tasked it with coordinating the work of national financial authorities and international standard-setting bodies, including the IAIS, “as they work toward developing strong

²⁰ IAIS, *The IAIS Strategic Plan 2020-2024* (June 2019), <https://iaisweb.org/uploads/2022/01/190613-2020-2024-Strategic-Plan.pdf>.

regulatory, supervisory and other financial sector policies.”²¹ The FSB’s decisions are not legally binding on its members; the FSB “operates by moral suasion and peer pressure, in order to set internationally agreed policies and minimum standards that its members commit to implementing” in their jurisdictions through the relevant financial authorities.²²

The FSB’s current membership consists of 71 institutions from 24 jurisdictions and 13 international organizations and standard-setting bodies, including the IAIS. Treasury, the Federal Reserve, and the Securities and Exchange Commission are the FSB’s U.S. members.²³ Russian authorities have agreed not to participate in FSB meetings at present.²⁴

The FSB has created a compendium of standards that have been developed by various standard-setting bodies, including the IAIS. The compendium includes standards considered by the FSB to be “key for sound financial systems and deserving of priority implementation depending on country circumstances.”²⁵ Included among these are standards that pertain to insurance, including the Insurance Core Principles, Standards, Guidance, and Assessment Methodology; the Key Attributes of Effective Resolution Regimes for Financial Institutions (discussed later in the “[FSB Cross-Border Resolution](#)” section); and the G20/OECD Principles of Corporate Governance.²⁶

OECD Overview

The OECD operates through more than 300 committees, experts, and working groups, supported by a secretariat.²⁷ Within this structure, insurance matters are addressed by the OECD Insurance and Private Pensions Committee (IPPC), which is the parent committee for the Working Party on Private Pensions (WPPP). The U.S. delegation to the OECD varies by committee. For the IPPC and WPPP, delegates from FIO, the U.S. Department of Commerce, and the U.S. Department of Labor, along with state insurance regulators, represent the views of the United States.

²¹ Treasury and Federal Reserve, Report to the Congress: *Efforts of the U.S. Department of the Treasury and the Board of Governors of the Federal Reserve System with respect to Global Insurance Regulatory or Supervisory Forums in 2018*. (Washington: Treasury and Federal Reserve, September 2019), <https://www.federalreserve.gov/publications/files/Report-on-global-insurance-regulatory-or-supervisory-forums2019.pdf>. See also Treasury, *Insurance EO Report*, 57–59, 130; FSB, “History of the FSB,” <https://www.fsb.org/history-of-the-fsb/>; FSB, “About the FSB,” <https://www.fsb.org/about/>.

²² FSB, “About the FSB,” <https://www.fsb.org/about/>.

²³ FSB, *FSB Annual Financial Report 1 April 2020–31 March 2021* (Basel: FSB, August 2021), 19, <https://www.fsb.org/wp-content/uploads/P300821.pdf>.

²⁴ See <https://www.fsb.org/about/organisation-and-governance/members-of-standing-committee-on-supervisory-and-regulatory-cooperation/> for more information.

²⁵ FSB, “The Compendium of Standards,” <http://www.fsb.org/work-of-the-fsb/about-the-compendium-of-standards/>.

²⁶ FSB, “Key Standards for Sound Financial Systems,” https://www.fsb.org/work-of-the-fsb/about-the-compendium-of-standards/key_standards/.

²⁷ OECD, “Organisational Structure,” <https://www.oecd.org/about/structure/>.

The OECD develops legal instruments to express policies that its membership has developed. Typically, these instruments are non-legally binding recommendations and declarations. As of December 31, 2022, the IPPC has helped develop nine in force, non-legally binding recommendations as shown on [table 1](#), including the Recommendation for the Good Design of Defined Contribution Benefit Plans developed by the WPPP and adopted in February 2022.²⁸

Recommendations	Date adopted
Good Design of Defined Contribution Pension Plans	Feb. 23, 2022
Financial Literacy	Oct. 29, 2020
Disaster Risk Financing Strategies	Feb. 23, 2017
Core Principles of Private Pension Regulation	Sep. 27, 2016
Policy Framework for Effective and Efficient Financial Regulation	Nov. 26, 2009
Guidelines on Insurer Governance	Apr. 28, 2005
Establishment of a Check-List of Criteria to define Terrorism for the Purpose of Compensation	Dec. 9, 2004
Good Practices for Insurance Claim Management	Nov. 24, 2004
Common Classification of the Classes of Insurance Recognised by the Supervisory Authorities of the Member Countries	May 30, 1984

Source: OECD, "OECD Legal Instruments," <https://legalinstruments.oecd.org/en/instruments?mode=advanced&committeelds=1651&dateType=adoption>.

IPPC delegates also participated in the review and update of the Recommendation on High-Level Principles on Financial Consumer Protection adopted by the OECD and endorsed by the G20 in December 2022.²⁹

In 2022, the IPPC contributed to several OECD publications, including *Global Insurance Market Trends Preliminary 2021 Data*, *Could Insurance Provide an Alternative to Fiscal Support in Crisis Response?*, and *Impact of the Russian Invasion of Ukraine on Insurance Markets*.³⁰ Also in 2022, the IPPC undertook a review of the implementation of the OECD Recommendation on Disaster Risk Financing Strategies, with related work continuing in 2023.³¹ FIO participated in a Roundtable on Financial Protection Gaps in the December 2022 IPPC meeting.

²⁸ OECD, "OECD Legal Instruments involving the Insurance and Private Pensions Committee," <https://legalinstruments.oecd.org/en/instruments?mode=advanced&committeelds=1651&dateType=adoption>; OECD, "Recommendation of the Council for the Good Design of Defined Contribution Pension Plans," <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0467>.

²⁹ OECD, "Updated G20/OECD High-Level Principles on Financial Consumer Protection," <https://www.oecd.org/finance/high-level-principles-on-financial-consumer-protection.htm>.

³⁰ OECD, *Global insurance market trends Preliminary 2021 Data* (July 2022), <https://www.oecd.org/daf/fin/insurance/global-insurance-market-trends-preliminary-data-2022.pdf>; OECD, *Could insurance provide an alternative to fiscal support in crisis response?* (September 2022), <https://www.oecd.org/daf/fin/insurance/could-insurance-provide-an-alternative-to-fiscal-support-in-crisis-response-4b3dd441-en.htm>; OECD, *Impact of the Russian invasion of Ukraine on insurance markets* (Oct. 2022), <https://www.oecd.org/daf/fin/insurance/impact-of-the-russian-invasion-of-ukraine-on-insurance-markets-731d1305-en.htm>.

³¹ See OECD, "Public consultation on the draft Recommendation on Building Financial Resilience to Disaster Risks," <https://www.oecd.org/daf/fin/insurance/publicconsultationonguidelinesonthedraftrecommendationonbuildingfinancialresiliencetodisasterrisks.htm> (discussing 2022 work).

Over the next few years, the IPPC is expected to continue to address issues relating to, among other things, cyber insurance, disaster risk financing, data and analysis, and insurer regulation and supervision.³² Many of these issues relate to significant U.S. policy initiatives being led by Treasury and therefore FIO plans to continue to take a leadership role on insurance matters at the OECD.

IAIS Activities

The key issues under discussion at the IAIS include those related to (1) the ICS; (2) the AM, including the related comparability assessment; (3) the Holistic Framework and macroprudential work; (4) climate-related financial risk; (5) assessment work; (6) other IAIS activity; and (7) FSB cross-border resolution. Much of the work described below is ongoing and is expected to continue through 2023 and beyond.

ICS

The IAIS is developing the ICS, a risk-based global insurance capital standard for internationally active insurance groups (IAIGs). The ICS will be the quantitative component of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame).³³ As a group-wide, consolidated approach, the ICS aims to provide a comparable measure of group solvency, facilitating a common understanding of IAIGs' capital adequacy, which is expected to enhance cooperation and coordination among supervisors around the world. The ICS is currently in the fourth year of a five-year monitoring period, which is aimed at evaluating the performance and practicality of the ICS. The IAIS plans to adopt the ICS at the end of the monitoring period in 2024. If adopted, group-wide supervisors would then be expected to implement it as a prescribed capital requirement for their IAIGs.³⁴

The IAIS's ultimate goal is a single ICS that includes a common methodology through which the ICS would achieve comparable supervisory outcomes across jurisdictions. In order to attain that goal, the IAIS will make certain key decisions during the monitoring period on whether additional elements will be part of the final structure of the ICS. An alternative valuation methodology (i.e., GAAP with adjustments) and "other methods" of calculating the ICS capital requirement (e.g., the use of internal models) are under consideration for inclusion in the ICS in its final form.

As part of the monitoring period activities, the IAIS continued confidential reporting of the ICS during 2022. As in 2021, 42 insurance groups from around the world participated in the reporting

³² OECD, "Insurance," <https://www.oecd.org/pensions/insurance>.

³³ ComFrame, adopted in November 2019, establishes supervisory standards and guidance focusing on the effective groupwide supervision of IAIGs. IAIS, "Frequently Asked Questions: IAIS Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame)," <https://www.iaisweb.org/uploads/2022/01/191120-ComFrame-Frequently-Asked-Questions.pdf>.

³⁴ See IAIS, *Risk-Based Global Insurance Capital Standard Version 2.0 Public Consultation Document*, <https://www.iaisweb.org/uploads/2022/01/180731-ICS-Version-2.0-Public-Consultation-Documents.pdf>.

exercise. Six were headquartered in the United States. While the ICS monitoring period is intended to be a period of stability, where the overall structure remains unchanged to allow for assessing the performance of the ICS, the period also provides the IAIS with an opportunity to address major flaws or unintended consequences. In 2022, IAIGs and other volunteer insurance groups continued to report results of ICS version 2.0, as adopted in 2019 by the IAIS, as well as the results from applying design alternatives meant to address some potential flaws.

It is the position of Team USA that the ICS contains flaws, which will be important to address prior to the end of the monitoring period. The Federal Reserve and FIO will continue to work with other IAIS members on making the ICS a credible global standard prior to its planned adoption.

The IAIS is planning to conduct an economic impact assessment on the implementation of the ICS prior to its adoption. The results of this impact assessment will be considered in the design of the final ICS and will help to determine the need for any transitional arrangements related to implementation of the standard.

Team USA continues to advocate for an ICS that is appropriate for the United States and better reflects U.S. insurance practices and markets.

Aggregation Method

The United States, along with other interested jurisdictions, is developing the AM, which is built upon the regulatory standards of existing jurisdictional capital regimes. The AM is being developed with the aim of being considered an outcome-equivalent approach for implementation of the ICS as a prescribed capital requirement. The IAIS will determine whether the AM produces comparable outcomes to the ICS prior to the end of the monitoring period.

In 2022, the United States and other interested jurisdictions continued to develop the AM. At the same time, the IAIS worked to finalize comparability assessment criteria that will be used by the IAIS to determine whether the AM is deemed comparable to the ICS. The IAIS conducted a public consultation in June 2022, resulting in valuable input for finalizing the comparability criteria. FIO and the Federal Reserve continue to actively engage in the comparability-related planning and discussions at the IAIS.

Holistic Framework and Macroprudential Work

In 2022, with support from the Federal Reserve and Treasury, the FSB endorsed the IAIS's Holistic Framework for the assessment and mitigation of systemic risk in the insurance sector. The FSB also, based on the initial years of implementation of the Holistic Framework and in consultation with the IAIS, decided to discontinue the annual identification of global systemically important insurers (G-SIIs).

The FSB will use information collected through the Holistic Framework to inform its decisions regarding systemic risk in the insurance sector.³⁵ This will include an annual update from the IAIS on the outcomes of its Global Monitoring Exercise, including the IAIS's assessment of systemic risk in the global insurance sector, possible concentration of systemic risks at an individual insurer level, and the supervisory response to identified risks. In support of this assessment of sector-wide trends, with regard to specific activities and exposures and its annual update to the FSB, the IAIS will continue its annual data collection from individual insurers. To support the assessment, this data collection from insurers is complemented by a data collection from supervisors. The IAIS will also continue its annual reporting to the public on the outcomes of its assessment and progress among jurisdiction in implementing Holistic Framework supervisory policy measures.

As part of the Holistic Framework, the IAIS completed its annual Global Monitoring Exercise, a risk assessment framework to monitor key risks and trends and to detect the potential build-up of systemic risk in the global insurance sector. The IAIS held a collective discussion on the outcome of the Global Monitoring Exercise, based on a defined scope of individual insurers and three sector-wide macroprudential themes: (1) lower macroeconomic outlook, high inflation and rising interest rates; (2) structural shifts in the life insurance sector, including the involvement of private equity; and (3) climate-related risks. Findings from the 2022 Global Monitoring Exercise were published in the Global Insurance Market Report.³⁶ The results showed that on aggregate, systemic risks in the insurance sector remained moderate with an upward trend in systemic risk scores driven primarily by higher exposures to illiquid assets, over-the-counter derivatives, short-term funding and intra-financial assets. Findings also demonstrated improved solvency ratios in all regions.

At the end of 2022, the IAIS conducted a public consultation on the methodology used to calculate individual insurer systemic risk scores for the individual insurer monitoring component of the Global Monitoring Exercise. Feedback received on the methodology informed the finalization of the assessment methodology that will be used for the next three years.

Additionally in 2022, following a public consultation, the IAIS published a technical document describing the liquidity metrics it will use as ancillary indicators for the Global Monitoring Exercise in 2023-2025.³⁷ The ancillary indicators include multiple liquidity metrics to monitor the global insurance industry's liquidity position as well as a company projection approach utilizing insurers' projections of cash flows to assess liquidity risk. One metric is the exposure approach, which includes a liquidity ratio by dividing liquidity sources by liquidity needs. As ancillary indicators, the

³⁵ See <https://www.fsb.org/2022/12/the-fsb-endorses-an-improved-framework-for-the-assessment-and-mitigation-of-systemic-risk-in-the-insurance-sector-and-discontinues-annual-identification-of-global-systemically-important-insurers>.

³⁶ See <https://www.iaisweb.org/uploads/2022/12/GIMAR-2022.pdf>.

³⁷ IAIS, *IAIS finalises liquidity metrics as an ancillary indicator for its Global Monitoring Exercise*, <https://www.iaisweb.org/2022/11/iais-finalises-liquidity-metrics-as-an-ancillary-indicator-for-its-global-monitoring-exercise/>.

metrics are not included in the calculation of individual insurer systemic risk scores, but do support the IAIS's assessment of the potential build-up of systemic risk in the insurance sector.

Climate-Related Financial Risk

During 2022, the IAIS continued work on climate-related financial risks by developing educational material on climate scenario analysis and supervisory practice material on climate-related risks that will be consulted on in 2023. The IAIS also integrated elements of climate-related risks into the 2022 Global Monitoring Exercise, publishing the results in the IAIS's 2022 Global Insurance Market Report.³⁸

The IAIS collected climate-related risk information with a focus on insurers' assets for a second year in 2022. The IAIS's analysis utilized quantitative and qualitative data gathered on a stand-alone, voluntary data call from 34 IAIS members. The quality of the 2022 data was better than that from the first collection in 2021. However, the IAIS analysis of the data continued to face certain methodological, analytical, and data challenges, such as the lack of a globally consistent taxonomy and a globally accepted framework for measuring climate-related risks. In addition, the IAIS noted that there were substantial data gaps and a lack of consistency and quality of the submitted data.

As part of the information collected, the IAIS received information from supervisors on their views of the impacts of climate change on the insurance sector and the ensuing protection gaps. The report indicates that many supervisors expect increasing natural catastrophe claims, potential impacts to insurer assets, and an increasing protection gap.

The Federal Reserve and FIO advocate for IAIS's climate-related financial risk work to align with their respective mandates.

Assessment Work

Throughout 2022, the IAIS continued to support the implementation of its standards and the assessment of such implementations.

A focus for the IAIS in 2022 was its continued assessment of insurance supervisors' implementation of the Holistic Framework supervisory material. This was a key component of the FSB's review of whether to permanently suspend or re-establish G-SII designations. The assessment was designed to promote globally consistent and effective implementation of the Holistic Framework's supervisory material.

³⁸ IAIS, Global Insurance Market Report (GIMAR), <https://www.iaisweb.org/uploads/2022/12/GIMAR-2022.pdf>.

As agreed in 2020, the IAIS completed the second phase of this implementation assessment, a targeted jurisdictional assessment, in 2022. The targeted jurisdictional assessments featured more intensive assessments by the IAIS of the implementation of the Holistic Framework supervisory material in ten major markets: Canada, China, Hong Kong SAR, France, Germany, the Netherlands, Japan, Switzerland, the United Kingdom, and the United States. The assessment reports for each jurisdiction were used as the basis for an aggregate report on the implementation of the Holistic Framework to the FSB on the overall state of implementation of the Holistic Framework in November 2022.

This assessment noted that overall implementation of the Holistic Framework's standards was consistent and strong. However, the IAIS did identify some issues for follow-up work, including some related to recovery and resolution. These issues will form the basis for future IAIS work.

Other IAIS Activity

Cyber Risk and IT Third-Party Outsourcing

In October 2022, the Operational Resilience Task Force published an Issues Paper on Insurance Sector Operational Resilience for consultation.³⁹ The objective of this paper was to identify key issues impacting operational resilience in the insurance sector and provide examples of how supervisors are approaching these developments, specifically on information technology third-party outsourcing and insurance sector cyber resilience. The paper also sought feedback on potential future areas of IAIS focus with respect to insurance sector operational resilience more broadly.

Transition to Risk-Based Solvency Regimes

The IAIS, in collaboration with its implementation partners, plans to provide guidance to insurance supervisors from emerging market and developing economy jurisdictions on the practical aspects of how to implement a risk-based solvency regime. The IAIS intends to develop a platform for peer exchange of experiences on the transition to risk-based solvency.⁴⁰

Financial Crimes Forum

In 2022, the IAIS announced that it will establish a Financial Crime Forum to monitor Financial Action Task Force developments related to money laundering, terrorist financing, and proliferation

³⁹ IAIS, Issues Paper on Insurance Sector Operational Resilience (October 2022), <https://www.iaisweb.org/uploads/2022/10/Issues-Paper-on-Insurance-Sector-Operational-Resilience.pdf>.

⁴⁰ IAIS, 2022-2023 Road Map (April 27, 2022), <https://www.iaisweb.org/uploads/2022/03/2022-2023-Roadmap.pdf>; IAIS, IAIS Roadmap sets workplan for the next two years, <https://www.iaisweb.org/2022/01/iais-roadmap-sets-workplan-for-the-next-two-years/>.

financing in the insurance sector.⁴¹ In December 2022, the Financial Crime Forum met virtually to discuss: (1) jurisdictional updates, (2) activities of the Financial Action Task Force, (3) green-washing, and (4) data and data models for anti-money laundering for insurance.⁴²

Diversity, Equity, and Inclusion

Following engagement with stakeholders, the IAIS published a stocktake report on diversity, equity, and inclusion (DE&I) in December 2022. This report described the insurance sector's efforts and supervisory measures in support of DE&I objectives.⁴³ Key findings of the report included the following:⁴⁴

- Roughly half of the supervisors that responded to the survey indicated that insurers assign a medium or high priority to taking supervisory action to promote DE&I, with the remainder viewing it as a low priority.
- Most of the respondents indicated that they have a supervisory mandate to act, while a minority indicated they did not. There was broad agreement that a key challenge is the lack of an agreed DE&I-related standard or best practices.
- There is less DE&I-related supervisory focus in the area of market conduct.
- A third of respondents reported having conducted analysis of the state of DE&I in the insurance industry in their jurisdiction.

Protection Gaps Task Force

In 2022, the IAIS established the Protection Gaps Task Force as part of the ongoing work with its implementation partners to promote capacity building and support through training and peer exchange activities. In 2023, the IAIS plans to focus the Protection Gaps Task Force on developing a report by year-end on the role of supervisors in addressing natural catastrophe protection gaps.⁴⁵

⁴¹ The Financial Action Task Force is an inter-government body, established to set international standards for anti-money laundering and combating the financing of terrorism. IAIS, *Insurance Core Principles and Common Framework for the Supervision of Internationally Active Insurers* (November 2019), <https://www.iaisweb.org/uploads/2022/01/191115-IAIS-ICPs-and-ComFrame-adopted-in-November-2019.pdf>.

⁴² IAIS, *Newsletter* (December 2022/January 2022), <https://www.iaisweb.org/uploads/2023/01/230131-IAIS-Newsletter-Dec-2022-Jan2023.pdf>.

⁴³ See IAIS, *Stocktake on diversity, equity and inclusion in the insurance sector*, <https://www.iaisweb.org/uploads/2022/12/IAIS-Stocktake-on-diversity-equity-and-inclusion-in-the-insurance-sector.pdf>. Information from the report was drawn from a total of 39 responses from jurisdictions around the world, with the largest proportion of responses coming from Western European, North American, and Asian jurisdictions.

⁴⁴ See IAIS, *Stocktake on diversity, equity and inclusion in the insurance sector*.

⁴⁵ IAIS, *Newsletter* (December 2022/January 2022), [230131-IAIS-Newsletter-Dec-2022-Jan2023.pdf](https://www.iaisweb.org/uploads/2023/01/230131-IAIS-Newsletter-Dec-2022-Jan2023.pdf) (iaisweb.org).

Access to Insurance Initiative

In September 2022, the IAIS and Access to Insurance Initiative⁴⁶ prepared a note that focused on addressing the role that supervisors could play in the design, development, and implementation of insurance-based programs for pandemic risk following the COVID-19 pandemic.⁴⁷ At the IAIS Annual Conference in November 2022, the Access to Insurance Initiative hosted a session that featured its Inclusive Insurance Innovation Lab.⁴⁸ During the session, the Access to Insurance Initiative provided an overview of its objectives in setting up the Inclusive Insurance Innovation Lab and the innovation design thinking methodology used.⁴⁹ In November 2022, the Access to Insurance Initiative, in partnership with the IAIS and the International Actuarial Association, held an actuarial skills training (virtually) for insurance supervisors.⁵⁰

FSB Cross-Border Resolution

The FSB oversees some insurance resolution-planning work through the Cross-Border Crisis Management Group for Insurers.⁵¹ Both FIO and the Federal Reserve are members of the Cross-Border Crisis Management Group for Insurers.

In January 2022, the Cross-Border Crisis Management Group for Insurers published Practices Papers on interconnectedness as it affects resolution planning, and the identification of funding sources in resolution; these were followed by a technical workshop on these topics for industry and authorities in July 2022.⁵² The Practices Papers are intended to facilitate effective resolution planning through a look at practical elements of internal interconnectedness in resolution planning and funding, both from an authority's point of view. In December 2022 the FSB issued its eleventh report on the implementation of resolution reforms (2022 Resolution Report), which was informed by results of the fifth annual resolvability monitoring survey undertaken by the Cross-Border Crisis

⁴⁶ The Access to Insurance Initiative is a joint initiative between international development agencies and the IAIS. The Access to Insurance Initiative is the key IAIS implementation partner for access to insurance and financial inclusion with the mission to strengthen the capacity and understanding of insurance supervisors to advance inclusive insurance in their jurisdictions. IAIS, *Partnership Agreement between the International Association of Insurance Supervisors (IAIS) and the Access to Insurance-Initiative (A2ii)* (November 15, 2021), <https://www.iaisweb.org/uploads/2022/01/211122-IAIS-A2ii-Partnership-Agreement.pdf>.

⁴⁷ IAIS, *The role of insurance supervisors in multi-stakeholder approaches to address pandemic protection gaps* (September 2022), [220929-The-role-of-insurance-supervisors-in-multi-stakeholder-approaches-to-address-pandemic-protection-gaps.pdf](https://www.iaisweb.org/uploads/2022/01/220929-The-role-of-insurance-supervisors-in-multi-stakeholder-approaches-to-address-pandemic-protection-gaps.pdf) (iaisweb.org).

⁴⁸ In November 2021, the IAIS and the Access to Insurance Initiative signed and published a partnership agreement, formalizing their long-standing working relationship and confirming their mutual commitment to supporting each other's work through a variety of activities.

⁴⁹ IAIS, *Newsletter* (November 2022), <https://www.iaisweb.org/uploads/2022/11/IAIS-Newsletter-November-2022.pdf>.

⁵⁰ IAIS, *Newsletter* (November 2022), <https://www.iaisweb.org/uploads/2022/11/IAIS-Newsletter-November-2022.pdf>.

⁵¹ Treasury and Federal Reserve, *Engagement in Global Insurance Regulatory or Supervisory Forums in 2020*. (Washington: Treasury and Federal Reserve, February 2022).

⁵² FSB, *Internal Interconnectedness in Resolution Planning for Insurers: Practices Paper*, (Basel: FSB, January 10, 2022), <https://www.fsb.org/2022/01/internal-interconnectedness-in-resolution-planning-for-insurers-practices-paper/Internal-Interconnectedness-in-Resolution-Planning-for-Insurers-Practices-Paper>, Financial Stability Board, and FSB, *Resolution Funding for Insurers: Practices Paper*, (Basel: FSB, January 10, 2022), <https://www.fsb.org/2022/01/resolution-funding-for-insurers-practices-paper/>.

Management Group for Insurers.⁵³ The report again noted mixed progress on resolution planning for systemically important insurers, and additional progress on implementation of the Key Attributes for Insurers (Key Attributes).⁵⁴ Throughout 2022, the FSB Resolution Steering Group, through the Cross-Border Crisis Management Group for Insurers and in consultation with the IAIS, examined possible ways to ensure monitoring of effective application of the resolution planning standards in the Key Attributes if the identification of G-SIIs is discontinued and replaced by the IAIS Holistic Framework.⁵⁵ FIO and the Federal Reserve engaged in this work.

Immediately following the release of the 2022 Resolution Report, the FSB announced that it had endorsed the Holistic Framework and discontinued its annual identification of G-SIIs. The FSB included a statement indicating that beginning with the 2023 Resolution Report, it would publish a list of insurers, as reported by FSB-member authorities, that are subject to resolution planning and resolvability assessment requirements consistent with those in the Key Attributes. Further, the FSB retained the right to publicly express its views on the propriety and sufficiency of the scope of those insurers subject to the Key Attributes requirements, based on whether an insurer could be systemically significant or critical if it fails. The FSB also noted that it intends to develop further guidance about approaches to determining the scope of application of the Key Attributes by jurisdiction. The IAIS will provide input into the resolvability monitoring and the annual public reporting previously described. In November 2025, the FSB will also review its experiences with the process of assessing and mitigating systemic risk based on the Holistic Framework. In light of this review, the FSB, in consultation with the IAIS, may decide to adjust its process, including, amongst other alternatives, the possibility to reinstate an updated G-SII identification process if deemed necessary.⁵⁶

⁵³ FSB, *FSB 2022 Resolution Report: Completing the agenda and sustaining progress*, (Basel: FSB, December 2022), [2022 Resolution Report: "Completing the agenda and sustaining progress"](#).

⁵⁴ FSB, *Key Attributes of Effective Resolution Regimes for Financial Institutions* (Basel: FSB, October 2014), https://www.fsb.org/wp-content/uploads/r_141015.pdf.

⁵⁵ IAIS, *Holistic Framework for Systemic Risk in the Insurance Sector*, (Basel, IAIS, November 2019), [191114-Holistic-Framework-for-Systemic-Risk.pdf](#).

⁵⁶ FSB, "The FSB Endorses an Improved Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector and Discontinues the Annual Identification of Global Systemically Important Insurers (G-SIIs)", news release, FSB, (December 9, 2022), <https://www.fsb.org/2022/12/the-fsb-endorses-an-improved-framework-for-the-assessment-and-mitigation-of-systemic-risk-in-the-insurance-sector-and-discontinues-annual-identification-of-global-systemically-important-insurers/>.

Transparency Efforts at the IAIS and the FSB

FIO and the Federal Reserve continue to promote increased transparency at the IAIS and the FSB, including as described below. In addition, FIO promotes transparency by engaging with stakeholders through the FACI, which provides non-binding advice and recommendations to FIO. For example, at each FACI meeting, the FIO Director typically delivers a public update on both domestic and international activities of FIO.⁵⁷ The Federal Reserve performs a similar function through the IPAC.

IAIS Transparency Efforts

Under its bylaws, the IAIS undertakes to “operate in an open and transparent manner.”⁵⁸ The IAIS seeks to accomplish this through a range of engagement opportunities, as outlined in the 2017 IAIS Stakeholder Engagement Plan,⁵⁹ such as its annual conference, which is open to all stakeholders and the general public.⁶⁰

The key means by which IAIS engages with stakeholders and the public is through its various and wide-ranging stakeholder consultations and events, through which the IAIS shares with the public the work of its committees and working groups while under development, providing stakeholders and the public with opportunities to comment and share input on the work and to engage with the international supervisory community on topics of collective interest.

In general, public consultation in connection with development of IAIS supervisory and supporting materials consists, at a minimum, of the following components:⁶¹

- One or more public consultation sessions providing background on the project and the specific issues for which the IAIS is seeking targeted input. Some projects include multiple consultations prior to publication, which may consist of surveys, information sessions, and targeted interactions with relevant stakeholders.

⁵⁷ Additional information regarding FACI, including links to videos of past meetings, is available on FIO’s website at <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/federal-insurance-office/federal-advisory-committee-on-insurance-faci>.

⁵⁸ See “IAIS By-Laws,” Art. 2(3).

⁵⁹ IAIS, *IAIS Annual Report 2017*, 10 (referencing the “commitments contained in the IAIS Stakeholder Engagement Plan”). <https://www.iaisweb.org/uploads/2022/01/181113-IAIS-AR-2017-Digital-PDF-Def-DP.pdf>.

⁶⁰ IAIS, *Stakeholder Engagement Plan*, <https://www.iaisweb.org/uploads/2022/01/IAIS-Stakeholder-Engagement-Plan-2017.pdf?msclkid=fb737296d0ae11ecbe148156d5aa9f53>, section I(J).

⁶¹ IAIS, “Consultations,” <https://www.iaisweb.org/consultations/>.

- Publication of comments received through the public consultation process, noting the resolution of or response to them after consideration by the relevant working group or committee.
- One or more public discussion sessions at which the outcome(s) of the public consultation(s) are presented.

Table 2 summarizes IAIS public consultations and other stakeholder engagement opportunities in 2022. In the first half of 2022, the IAIS continued operating without in-person sessions, making use of videoconferences as the primary means of engagement (both with regard to working sessions of members as well as public engagement activities). Beginning in June 2022, the IAIS began holding some meetings in person. Team USA continued to be engaged in all IAIS workstreams during 2022, with members thereof chairing many of them. Team USA members have and

Table 2. IAIS stakeholder consultations, meetings, and other public events in 2022	
Date	Consultations and meetings
June 15, 2022	Public consultation on the draft comparability criteria that will be used to assess whether the AM provides comparable outcomes to the ICS (including explanatory note on the draft criteria for the AM comparability consultation)
June 16 – June 17, 2022	IAIS Global Seminar (Dubrovnik, Croatia), including: <ul style="list-style-type: none"> • Updates from IAIS Committee Chairs and Vice Chairs, with Q&A • Panel discussion on supervisory approaches to inclusive insurance and sustainable development • Panel discussion on operational and cyber risks • Panel discussion on implementation of the Holistic Framework • Panel discussion on developing effective climate risk scenario analysis • Panel discussion on finalization of the ICS
July 19, 2022	Holistic Framework virtual roundtable
September 12, 2022	Accounting and Auditing Working Group stakeholder update and consultation session
October 13, 2022	Public consultation on Issues Paper on Insurance Sector Operational Resilience
October 19, 2022	Project update for the AM comparability assessment and announcement of additional opportunity for stakeholder engagement for scenario development related to the AM comparability assessment
October 27, 2022	Operational Resilience Task Force public background session for consultation on draft Issues Paper on Insurance Sector Operational Resilience
November 10 – November 11, 2022	IAIS Annual Conference (Santiago de Chile), including: <ul style="list-style-type: none"> • Updates from IAIS Committee Chairs and Vice Chairs, with Q&A • Joint IAIS – IMF workshop on risk-based solvency • Panel discussion on cybersecurity • Panel discussion on natural catastrophe protection gaps • Panel discussion on diversity, equity, and inclusion—supervisory and industry perspectives • Panel discussion on implications of changing consumer preferences for insurance supervision • Panel discussion on macroeconomic risks to the insurance sector • Panel discussion on looking ahead to finalization of the ICS • Panel discussion on developing effective climate risk scenario analysis
November 18, 2022	Resolution of comments for the public consultation on Liquidity Metrics, Phase 2
December 15, 2022	ICS and AM comparability assessment stakeholder meeting
Source: IAIS, “Stakeholder Events,” https://www.iaisweb.org/news-and-events/stakeholder-events/ ; “Closed Consultations,” https://www.iaisweb.org/consultations/ ; “Meeting and Events Calendar,” https://iasweb.org/news-and-events/events/ .	

will continue to advocate for transparency by the IAIS and will continue consulting among themselves and with U.S. stakeholders in support of such efforts.

As noted in last year's report, in 2021, the IAIS Executive Committee approved a framework "that considers the benefits of in-person meetings, particularly the social capital built by groups being able to meet in-person, tempered with the recognition that meetings might still be difficult for some."⁶² Implementation of this approach was evident during 2022, when there was a return to in-person engagement in June 2022, but also continued use of electronic means to connect both members and non-members to IAIS events. Two notable examples of this approach to engagement with stakeholders were the IAIS Global Seminar in June 2022, and the IAIS Annual Conference in November 2022—both were live, in-person events that also included virtual access and the ability to review key topics by viewing publicly available videos.⁶³ Additionally, as U.S. in-person activities expanded, the NAIC held its annual International Insurance Forum in-person in May 2022. The IAIS Deputy Secretary General traveled to Washington, D.C. for this engagement opportunity.⁶⁴

FSB Transparency Efforts

Treasury and the Federal Reserve have worked to increase transparency at the FSB, which is partly reflected in the FSB publishing its annual work programme. This was first published in 2019 when a former Federal Reserve Board Governor served as the FSB Chair. The FSB has also increased its outreach to provide an effective dialogue with the FSB's stakeholders.

The Federal Reserve and Treasury also have advocated for increased transparency on IAIS matters at the FSB. This includes engagement by the Federal Reserve and Treasury at both the IAIS and FSB in support of a public consultation as part of the FSB's planned 2022 review of G-SII designations. To accommodate this public consultation after the delays in implementation of the Holistic Framework due to COVID-19, the Federal Reserve and Treasury continued to suggest postponing this review until 2023.

Federal Advisory Committee on Insurance

FIO receives non-binding advice and recommendations from FACI, which includes a cross-section of members who represent the views of state and non-government persons having an interest in FIO's duties and authorities, including state insurance regulators, industry experts, and consumer

⁶² IAIS, "IAIS Concludes Mid-Year Committee and Stakeholder Meetings, Noting Solid Progress In Delivering on the IAIS Strategy 2020-2024 and Sharing Key Learnings from the COVID-19 Crisis," news release, June 28, 2021, <https://www.iaisweb.org/uploads/2022/01/210628-IAIS-concludes-mid-year-Committee-and-Stakeholder-Meetings.pdf>.

⁶³ Links to YouTube recordings of Global Seminar panels and other events are collected at [2022 Global Seminar - International Association of Insurance Supervisors](#). Links to YouTube recordings of Annual Conference panels and other events are collected at [2022 Annual Conference - International Association of Insurance Supervisors](#).

⁶⁴ NAIC Summary of 2022 International Insurance Forum, <https://content.naic.org/article/2022-international-insurance-forum-wraps-washington-dc>.

advocates. During four FOCI meetings in 2022, members were briefed and provided feedback on a number of global insurance issues, including developments at the IAIS with respect to the ICS, and on the IPAC Report on the potential impact of the ICS on the U.S. life insurance industry, policyholders, and markets.

In February 2022, FOCI formed a new Climate-Related Financial Risk Subcommittee charged with supporting FIO's overall climate objectives, which include ensuring the resiliency of the financial system to climate-related risks along with enabling and expediting the global net-zero market transition. That subcommittee held its first meeting in May 2022.

Insurance Policy Advisory Committee

In 2022, the IPAC, which was established by Congress in 2018 through the Act, advised the Federal Reserve primarily on capital standards, climate risk and proposed insurance supervisory standards.⁶⁵ The IPAC completed a study on the impact of a hypothetical adoption of the ICS on the U.S. industry, markets, and consumers and presented findings to the Federal Reserve and other key stakeholders, including FIO, the NAIC, and IAIS. The IPAC provided the Federal Reserve with a response to an IAIS public consultation on the draft criteria that will be used to assess whether the AM provides comparable outcomes to the ICS.⁶⁶ IPAC members led a climate risk roundtable where they provided information on how climate change could impact the insurance industry as well as general information about how insurance rates are determined for property and casualty insurance. The IPAC also provided feedback on the Federal Reserve's proposed Framework for the Supervision of Insurance Organizations.

The Federal Reserve also solicited applications for eight IPAC members.⁶⁷ The Act provides that the IPAC shall be composed of not more than 21 members, "all of whom represent a diverse set of expert perspectives from the various sectors of the United States insurance industry, including life insurance, property and casualty insurance and reinsurance, agents and brokers, academics, consumer advocates, or experts on issues facing underserved insurance communities and consumers."⁶⁸ In 2022, the Federal Reserve reappointed one of the IPAC members and appointed seven new IPAC members.⁶⁹ The reappointed IPAC member will serve a one-year term while the

⁶⁵ See Act § 211(b), 31 U.S.C. § 313 note (establishing the Insurance Policy Advisory Committee).

⁶⁶ IAIS, *Public Consultation on the draft criteria that will be used to assess whether the Aggregation Method provides comparable outcomes to the Insurance Capital Standard* (June 15, 2022), <https://www.iaisweb.org/uploads/2022/06/Draft-Comparability-Criteria-for-Public-Consultation.pdf>.

⁶⁷ Solicitation of Statements of Interest for Membership on the Insurance Policy Advisory Committee, 86 Fed. Reg. 42,828 (August 5, 2021), <https://www.federalregister.gov/documents/2021/08/05/2021-16669/solicitation-of-statements-of-interest-for-membership-on-the-insurance-policy-advisory-committee>.

⁶⁸ Act § 211(b)(2), 31 U.S.C. § 313 note.

⁶⁹ Federal Reserve, "Federal Reserve Board Announces members of its Insurance Policy Advisory Committee," news release, November 24, 2021, <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20211124a.htm>.

seven new IPAC members will serve three-year terms commencing in January 2023. The Federal Reserve continues to build a diverse IPAC membership.

Conclusion

In 2022, Treasury and the Federal Reserve—in coordination with other Team USA members—continued to advocate for the development of international insurance standards that are appropriate for the United States. Treasury and the Federal Reserve will continue to strengthen their engagement in the work of the IAIS, FSB, and OECD, including, but not limited to, the ongoing development of the ICS and implementation of the IAIS’s Holistic Framework.

Going forward, Treasury and the Federal Reserve will continue to advocate for insurance regulatory and supervisory standards that are appropriate for the United States and will continue to report to Congress on their efforts. In addition, Treasury and the Federal Reserve will continue their efforts to increase transparency at the IAIS and the other relevant standard-setting bodies.



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